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# Rural entrepreneurship and transformation: the role of learnerships

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## Abstract

**Purpose** – The purpose of this paper is to investigate the lessons that could be learnt from the first year of implementing the Wholesale and Retail Sector Education and Training Authority's Rural Development Programme.

**Design/methodology/approach** – This exploratory, qualitative study involved unemployed people from a rural location in Mpumalanga Province, South Africa. A focus group and in-depth interviews were held with the current learners, the programme manager, the skills training providers, and the royal custodian of the locality.

**Findings** – While highlighting the factors that enhance success as well as those that impede development, the study found that the learnership contributed significantly to social transformation through rural entrepreneurship. It empowers disadvantaged women and youths to gain access and skills which, if the recommended measures to sustain the programme are implemented, could enable them to grow bigger businesses.

**Research limitations/implications** – Since this was an exploratory, qualitative study, the limitations of a small, convenience sample need to be overcome by a larger, quantitative study, and a more complete collection of accurate secondary data.

**Originality/value** – Despite the obvious limitations, this study has contributed to the literature on both rural entrepreneurship and transformation in South Africa. Both are under-researched topics, despite transformation being a socio-political imperative and entrepreneurship, especially in rural areas, being a key to overcoming South Africa's high unemployment rate.

**Keywords** Rural, Entrepreneurship, Retail, Social change, Transformation, Learnership

**Paper type** Research paper

## Introduction

### *Background*

South Africa's wholesale and retail (W&R) sector is considered to be highly competitive. Employing 21 per cent (3.1 million) of the total workforce makes it one of the country's biggest employers (W&RSETA, 2015). The sector contributes 12.5 per cent to the country's gross domestic product, making it the fourth largest contributor to the nation's economy. Small enterprises constitute about 86 per cent, medium 9.5 per cent, and large enterprises 4.5 per cent of the retail sector. In total, 67 per cent of retail employees are in formal employment, and the remaining 33 per cent are informally employed in the sector[1]. Men constitute 51 per cent and women 49 per cent of sector employees, while the African race dominates employment in the sector at 67 per cent. At 64 per cent white males are, however, overrepresented in top management, as the entire white population is only 8.9 per cent of all South Africans. African males only constitute 4.5 per cent of top management in the sector. People with disabilities are the most underrepresented – African females with disabilities are less than 1 per cent of top management. More than 50 per cent of retail employees have informal skills, and only 6 per cent are highly skilled. In terms of geographic distribution, the provinces of Gauteng, KwaZulu-Natal, and the Western Cape collectively employ 63 per cent of the sector's workforce, with Gauteng being the most economically active, as 37 per cent of businesses are concentrated in that province (W&RSETA, 2014).

The Wholesale and Retail Sector Education and Training Authority (W&RSETA) aims to facilitate the skills development and capacity building needs of the W&R sector through



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the implementation of learning programmes, disbursement grants, and monitoring of education and training as outlined in the National Skills Development Strategy (2011/2016). As such, the W&RSETA's objectives towards the government's development plans include contributing towards the attainment of equitable opportunities for employment for all the country's citizens, especially those who were previously excluded by the previous, apartheid, regime, as well as updating the workers in new technologies in the industry. Among the main stakeholders involved in these developmental activities are organised labour, organised employers, government departments, skills development and training providers (both public and private), professional bodies, and bargaining councils.

The Integrated Sustainable Rural Development Strategy (ISRDS) (Mbeki, 2000) set out the mechanisms by which rural people and their elected representatives on rural district councils and municipalities could take charge of the development process in their own geographic areas. Some of the goals of the ISRDS were that by 2020 South Africa's rural people will have basic infrastructure (e.g. decent toilets, roads and clinics), food security and freedom from poverty; full and productive employment; greater integration between towns and rural areas, especially on market days; accessible and democratic local government structures; and a healthy and productive environment. The development and implementation of the ISRDS was based on the principles of integration and partnership, thus assuming that rural development is the responsibility of government, civil society and business (the private sector). The ISRDS provided a clear distinction between the training of rural people and skills for rural development. The former had tended to train rural people in order for them to migrate to the urban areas, whilst the latter aimed to train rural people for the development of the rural areas themselves.

By 2005 reviews of the ISRDS were showing that while some progress was made on the implementation of infrastructure-based projects, very little was accomplished pertaining to the implementation of direct socio-economic projects; consequently more people continued to migrate from rural communities to urban centres. This therefore led to the conclusion that poverty alleviation would not be achieved under the current ISRDP project plan, as the projects that required long-term effort were not being implemented effectively (Kole, 2005).

Subsequently, the Departments of Rural Development and Land Affairs joined forces to develop the Department of Rural Development and Land Reform (2009). The Comprehensive Rural Development Programme (CRDP) that ensued aimed to achieve social cohesion and the development of rural areas by ensuring improved access to basic services, enterprise development and village industrialisation. Two of the five policy objectives of the CRDP that are most relevant to this study are mobilising and empowering communities effectively to take control of their own destinies, and stimulating rural job creation and promoting economic livelihoods.

The key policy findings from the implementation evaluation conducted in 2013 are that there is mixed evidence regarding the various CRDP mechanisms and how well these are working and delivering benefits. Even in this programme most success has been achieved with meeting basic needs, although only limited success has been achieved with community empowerment and job creation; Second, the major challenges in ensuring that meaningful benefits are achieved, centre around improving planning and implementation processes of all three spheres of government (national, provincial and local), and strengthening partnerships with civil society and business, so that the various initiatives are demand driven, and support and complement each other at a site, or local, level[2]. As a result of that evaluation, targeted activities have been geared towards increasing the economic development of rural areas so as to reduce poverty levels, strengthen capacity building initiatives, and increase socio-economic improvement. Currently, economic development not only refers to growth in per capita income, but growth plus social change.

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It is within this policy framework that the W&RSETA embarked on its Comprehensive Rural Development Strategy in 2011. From 2014, its mission has been to implement the region-specific projects that contribute to the social and economic growth of rural areas by enabling education and training of the highest quality in the W&R sector. While the W&RSETA has numerous other programmes to enable people with no previous retail work experience to participate in opportunities meant to transform the sector, this study is limited to the learnership that is rolled out in the rural development programme.

A learnership is:

[...] a structured learning process for gaining theoretical knowledge and practical skills in the workplace leading to a qualification registered on the NQF (National Qualifications Framework). Learners participating in a learnership have to attend classes at a college or training centre to complete classroom-based learning, and they also have to complete on-the-job training in a workplace. The workplace experience must be relevant to the qualification (South African Qualifications Authority, 2014).

The learnership under discussion is for the W&RSETA's National Certificate: Informal Small Business Practice. The minimum requirement for entry is Grade 8, and learners must be either actively involved in the process of starting up a small retail business or currently self-employed in an informal business in the small, micro and medium enterprises (SMME) environment. The learnership enables participants to gain 12 months' theoretical and practical training. The certificate forms part of a learning pathway in the W&R sector that focusses on the SMME sector. Competencies addressed focus on understanding of retail operational requirements; financial transactions, basic merchandising and stock; safety and security in the business environment; and customer service. The learners thus become retail managers, thereby addressing a scarce skill in the W&R sector. Some of the outcomes are that, at the end of their training, participants should have registered their businesses with the Companies and Intellectual Property Commission (CIPC), the South African Revenue Services (SARS), and the W&RSETA, such that they can employ unemployed youths. The goal is to create new business owners instead of creating more job seekers.

#### *Socio-economic conditions in KwaNdebele Royal Mgibe II traditional council*

The previous apartheid regime classified areas where Royal Kingdoms and Traditional Councils are based as Bantustans or homelands. The South Africa (2003) recognises the appointment of, and provides guidelines on the responsibilities of, the Traditional Royal Kingdoms and Chieftaincies that were disrupted by apartheid. The inefficiency of the apartheid regime's spatial arrangements ensured not only that races were separated geographically but also that the poor were pushed to the edge of working systems. In addition, they were separated in administrative, economic, social, service, information and cultural ways. Historical restriction on entrepreneurial development, poor support from government in terms of providing people with training that addresses scarce skills, and the increasing number of retrenched who have returned to their rural homes and have no other means of generating income have all added to the high levels of poverty in rural areas, especially among those households headed by women.

Royal Mgibe II is in the Thembisile Hani Local Municipality (Coordinates: 25° 30' 0" S, 28° 55' 0" E; Area 2,384 km<sup>2</sup>), which has a total population of 310,458; an unemployment rate of 37 per cent; a youth unemployment rate (ages 15-34) of 49 per cent; and only 26.1 per cent of its population has completed Grade 12. The average household size is 4.1; and female headed households are 46.1 per cent[3]. Poor households in rural villages protect themselves from income risk by diversifying their sources of income. A rural household is likely to depend on some subsistence agricultural production, small scale entrepreneurial activities, a remittance

from a family member working in a city, and, if at all possible, a pension or other social grant. However, none of these is secure. Current beneficiaries of the W&RSETA's rural development programmes are school leavers, youth and unemployed people with a desire to develop their entrepreneurial skills. The learnership is, therefore, meant to provide participants with the necessary skills to make their small enterprises sustainable, so they can generate a secure source of income for themselves and create jobs for others. The learnership has no age restriction and does not exclude participants who are already in other government programmes, e.g. the Extended Public Works Programme, thus making it a vibrant and inclusive programme, which enables the economic participation of a wide range of rural inhabitants.

#### *Rationale for undertaking the study*

In light of the CRDP's aim of increasing socio-economic improvement, the rationale for undertaking the study is to identify to what extent such a learnership contributes to rural development, through advancing entrepreneurship, in South Africa. The study is intended to estimate how much transformation has been achieved in the first year towards strengthening the economic activity of the majority who were previously excluded from participation, ownership and management in the industry. Increasing the participation of rural and small town dwellers in the larger economy would be a major achievement demanded by the current political dispensation to create an inclusive and robust economy.

#### *Research objectives and questions*

In seeking to understand the role that the learnership plays in promoting socio-economic transformation through rural entrepreneurship development, the questions that this study intends answering to meet this objective are:

- RQ1. What are the main success factors that have contributed to the achievement of socio-economic transformation in this rural area, if any?
- RQ2. What are the main challenges that hamper such achievement?
- RQ3. How can this intervention be implemented with more efficiency and effectiveness to ensure sustainability?

### **Literature review**

#### *International trends in rural entrepreneurship*

Noting the shortcomings of quantifiable measures, such as regional productivity and population size, in defining the "rural", Henry and McElwee's (2014) working definition of a rural enterprise is one that is located in a rural setting, employs people within a specified travel-to-work area, and contributes to gross value-added. In their conceptualisation of rural enterprises, Henry and McElwee (2014) posit that the difference between a rural and an urban enterprise is almost insignificant in terms of the structure, i.e. how the business is organised and managed. There is barely any difference in the characteristics of the individual entrepreneurs either. Rather, the most pronounced difference is the very location itself, meaning the "rural" as opposed to the "urban" environment. Therefore, a rural entrepreneur is essentially an individual who conducts business in a rural, instead of an urban, setting. It is, therefore, how exogenous factors impact on the growth or failure of the enterprise that differentiates the two types (Henry and McElwee, 2014).

Exogenous factors, often outside the control of the individual entrepreneur, include the characteristics of the enterprise itself, characteristics of the village itself, access to markets, transport infrastructure, policies and environmental factors, such as topography

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(Bosworth *et al.*, 2015). Referring to Defra (2005), Annibal *et al.* (2013) note the following as advantages that rural areas can demonstrate: lower input costs (e.g. wages, building and rental costs), greater premises for expansion, amicable labour relations and attractive housing. Furthermore, the quality of life associated with living and working in a rural setting can have a positive impact on competitiveness, as it can attract new businesses that enliven the economic, political and cultural life.

Taking the investigation of how rural entrepreneurship engages with place and space even further, Korsgaard *et al.* (2015) apply concepts from human geography to develop two ideal types of entrepreneurship in rural areas. The first is entrepreneurship in the rural; the second is rural entrepreneurship. For these researchers:

The former represents entrepreneurial activities with limited embeddedness enacting a profit-oriented and mobile logic of space. The latter represents entrepreneurial activities that leverage local resources to re-connect place to space. While both types contribute to local development, the latter holds the potential for an optimized use of the resources in the rural area, and these ventures are unlikely to relocate even if economic rationality would suggest it (Korsgaard *et al.*, 2015).

Despite the many advantages, it is worth noting that, even in developed economies, rural entrepreneurs can face major challenges. For example, the smallness and remoteness of the rural area can make it difficult to develop critical mass and economies of scale, thus increasing the cost of goods. The further away the metropolis, the more acute the lack of transportation infrastructure and internet or high-speed broadband access, which are vital to e-commerce development. In addition, rural entrepreneurs experience more difficulties than their metropolitan counterparts in accessing venture or equity capital, as many funders still consider the risks as much higher. Finally, rural entrepreneurs often have few qualifications and therefore less technical and managerial expertise than their metropolitan peers, a clear disadvantage in an era when economic development depends more than ever on a highly skilled workforce. Consequently, studies on innovation and entrepreneurship in rural communities, such as Henderson's (2002) in the USA or Escalante and Turvey's (2006) in Canada, have long concluded that a conducive entrepreneurial ecosystem for successful rural development ought to be based on the following four pillars: entrepreneurship education and training; policies that foster business networks linking entrepreneurs to suppliers; policies that ensure access to capital; and infrastructure and entrepreneurial support.

The development of rural entrepreneurs is a strategy that has been used since the 1990s in the USA to stem the escalating rural poverty. It had become evident that rural poverty levels were approaching those found in the inner cities, due to economic globalisation and the decline of textile industries and farm-based jobs over the past decades. Most of the new jobs being created were in sectors such as business, finance and health services, often scarce in rural areas. In many non-metro counties lower-paying jobs in services and retail replaced higher-paying work in factories (Wortman, 1996). For instance, by 1997 many of the counties in North and South Carolina were reporting poverty levels of 20 per cent (The Rural Program, 2001). What subsequently became apparent as policy makers attempted to reverse this trend in the USA, and in European economies, was the need to customise approaches to building rural social capital according to the specific needs of the entrepreneurs to be served (Lyons, 2002; Stathopoulou *et al.*, 2004). Policies that work best have high levels of local involvement in project formulation and implementation (North and Smallbone, 2006).

So, in developed countries, a large body of work has been published on rural entrepreneurship, most of it on agricultural enterprises. In addition to the constant challenges of accessing capital (Zhang and van Auken, 2011), some of the pertinent publications include studies on skill sets required for successful "agripreneurship" (McElwee, 2006); farm diversification in response to local and international trends (McNally, 2001; Jostein and McElwee, 2011); illicit rural economic activity (Somerville *et al.*, 2015); and the critical role of

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the internet in creating virtual bridges that expand markets and develop social capital for rural micro-enterprises (Burke, 2011; Townsend *et al.*, 2016). With the increased participation of women in entrepreneurship, there is also a growing amount of literature on how personal and family responsibility affects rural female entrepreneurs and how policy and support measures need to accommodate these (Warren-Smith, 2014).

Furthermore, entrepreneurial studies are increasingly being offered by a number of business schools globally. However, Higgins *et al.* (2013), from the UK, posit that traditional pedagogical methods of learning may be inadequate to develop entrepreneurs who can master the complexities of running and creating innovative business opportunities. Traditional approaches that focus on theory rather than practise tend not to address the uncertainties and ambiguities of the entrepreneurial process. In addition, the historical individualist approach to entrepreneurship tends to marginalise the broader social context of the entrepreneur. As a result, Higgins *et al.* (2013) propose that attention should be shifted towards “learning for” instead of “learning about” entrepreneurship. In essence, their study reflects on the role of reflexivity in entrepreneurial education as a means of highlighting the diverse skills and new modes of behaviour required to critique what it means to be an entrepreneur.

#### *Rural entrepreneurship in developing countries*

Studies have also been undertaken in developing countries to investigate both the regulation and application of policies on rural development, especially concerning women and the youth. Cho and Honorati's (2014) reviews of various entrepreneurship programmes in developing countries, found a wide variation in their effectiveness depending on types of beneficiaries, outcomes and country. To combat the lack of qualifications and skills, many rural policy makers have introduced entrepreneurial development programmes focussed on improving the skills of the individual. Overall, entrepreneurship programmes had a positive impact on the youth and on increased business knowledge and practice. However, the achievements did not immediately translate into the setting up or expansion of businesses nor did they increase income. They found that promotional packages that combined training and financing were more effective for improving business activities, with financing being more effective in improving business performance for women and business training being more effective for existing entrepreneurs.

Key findings from Mexico also highlighted the need for entrepreneurial training programmes for rural producers to improve critical skills, such as marketing, finance, networking and logistics, while also underlining the importance of properly planned policies that enable effective dialogue between the community and the state (Bosworth *et al.*, 2015). Similarly, a study from Iran shows that providing training opportunities for entrepreneurs increases profit (Hosseini *et al.*, 2012). The literature reviewed by Fernando *et al.* (2014) underscores the effectiveness of experiential learning, i.e. learning which occurs in the process of doing instead of following the conventional/formal mode of education. Their literature review also confirms the increasing rate of women entrepreneurs in developing countries, such as, Kenya, Tanzania and Ethiopia – thus acknowledging their contribution to economic growth and social development through job creation and the reduction of poverty and unemployment.

In many instances, however, women are disproportionately challenged by family responsibility, traditional sexual divisions of labour, lack of education (which affects their access to information and knowledge), and by barriers to obtaining credit and financial support. According to the study by Fernando *et al.* (2014) which reports on the experience of entrepreneurial training for female farmers in Uganda, the success of the entrepreneurship programme that the UK researchers were implementing was essentially hampered by these same challenges. The conclusion was that more training schemes (that also include men) will be required to reverse the long-term effects of the barriers above, so as to improve women's

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knowledge and skills at all stages of the entrepreneurial process. This conclusion is supported by others who emphasise the importance of imparting technical knowledge, skills training and marketing techniques to women. Without women, economic development cannot take place (Paramanandam and Packirisamy, 2015).

There is a dearth of literature on rural entrepreneurship in South Africa. While Watters' (2008) study points to the need to have a holistic approach when implementing rural interventions, she limits her emphasis to emotional and ongoing support for development. Somewhat relevant for our purposes, however, is a study on the linkages of theory and practice in the W&R sector in South Africa that was conducted by de Mink (2007). She examined the experiences of learners who completed a W&R "learnership", a programme that combined structured college-based learning, practical work-based learning, as well as the integration of theory and practice. She found that South Africa's multi-level National Qualifications Framework provides for academic as well as vocational training and promotes a "multi-pronged" skills development strategy. This suggests that the learners had integrated theory and practice, which increased their competency. The study concluded that the structured college-based learning enabled the learners to implement in the workplace what they learnt at the college.

In summary, it seems skills development programmes have a significant role in enabling rural entrepreneurship to transform the lives of participants. It is also evident that the approach for developing and enhancing rural entrepreneurship must combine theoretical and practical elements in a manner that conceives of the entire intervention as a learning process. The approach should, obviously, also take into account the specific needs and geography, while ensuring access to finance as a way of embedding sustainability. As the global economy becomes more digitally advanced, the information technology and physical infrastructure in rural communities should keep up, or those inhabitants will fall further into poverty.

### Methodology

The purpose of this exploratory research was to delve into an under-researched area, namely how the application of a retail learnership can contribute to increased entrepreneurship in rural areas, and how such increased entrepreneurship could contribute to socio-economic and socio-political transformation in the retail sector. A case study design within the interpretive research paradigm was used to focus this research study – the case selected was the W&RSETA's "Informal Small Business Practice" learnership as it is implemented in KwaNdebele Royal Mgibe II Traditional Council.

The KwaNdebele Royal Mgibe II Traditional Council is one of five rural areas in which the W&RSETA piloted its "Informal Small Business Practice" learnership in 2015[4]. A total of 500 learners participated from the five rural areas, and 255 of them were from Royal Mgibe II Traditional Council. For our purposes, this site was chosen because it has the largest number of learners and being only 90 minutes away, is closest to Pretoria, the W&RSETA head office.

Legislative and policy documents, such as the W&RSETA'S Sector Skills Plans, annual reports, and programme implementation and monitoring documents, were first reviewed. These provided useful information that provided a better understanding of how the W&RSETA has used its mandate to shape its role and responsibilities towards the process of rural transformation through entrepreneurship development. A review of the literature on international and local practices and the application of entrepreneurship education proved useful in guiding the data collection processes and in focussing the analysis, so that sound recommendations could be made and a viable way forward could be proposed.

Regarding the empirical study, a focus group consisting of eleven rural learners was held in the KwaNdebele Royal Mgibe II locality. The learners were chosen based on their proximity and availability when the prince (the current "royal custodian" in KwaNdebele)

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invited at least 15 to come to a focus group discussion. One-on-one, in-depth interviews were subsequently held with four of the learners to solicit their opinions on their experiences of the programme. Two of these four learners were interviewed in even more detail and their experiences are presented below as case studies. Depth interviews were also held with the W&RSETA programme manager, the prince, and the director of the company that provides the training. While some of the interviews were face-to-face, others were telephonic. A carefully designed short questionnaire consisting mainly of open-ended questions was developed from the literature review and was used to guide both the focus group discussion and the depth interviews. This questionnaire sought to elicit participants' comments on the successes and challenges of the programme, how the learnership enabled their participation in the socio-economic development of their villages, the appropriateness of the training curriculum and recommendations on how the programme could be made more effective.

Interviews and focus group discussions were digitally recorded and then transcribed verbatim. Before analysing the data, all questionnaires, transcripts and field notes were checked for completion. Hard copy transcripts were used to manually analyse the data. Open coding was used to organise the data into categories (Chilisa and Preece, 2005). This is the process of interpreting data by linking a word or a phrase, or by breaking down words or phrases, in the transcripts, into themes or concepts to form a meaningful finding from all the data collected. When similar codes are found throughout the transcripts, a strong case for the credibility of the research findings can be made (Chilisa and Preece, 2005). Transcription and analysis of the data was guided by the following thematic categories: the role that rural entrepreneurship plays in transformation at both personal and community levels; the contribution of skills development and training to entrepreneurial success; the perceived efficiency and effectiveness of the programme; and advice on what the W&RSETA ought to do to ensure that its programme becomes sustainable.

Regarding ethical issues, the study received ethics approval from the Cape Peninsula University of Technology's Research Ethics committee on 25 March 2015 – Clearance Certificate No. 2015 FBREC 260. Consistent with this approval, all participants in the study were informed verbally about the study and their role, and completed an informed consent form, which assured them of confidentiality and anonymity. The purpose and objectives of the study and the importance of their contribution was emphasised.

## Findings

This section will highlight the findings on how the learnership helps to improve the quality of life of the participants, their families, and their community at large, according to the two main sub-themes of this research, namely, the role of the learnership in socio-economic transformation, and how the learnership contributes to entrepreneurial success.

### *Case study 1*

Before the learnership Agnes[5] had a catering business, which she had set up after taking a two-week catering and decorating course in Johannesburg. She provided food and décor, mostly for local government functions. Her market research revealed that people in the village would be happy to procure her services. Often working women do not have sufficient time during the week to prepare for a wedding, birthday party or other labour intensive family gatherings. So, Agnes subsequently diversified her clientele to include private households, for which she also bakes scones and makes traditional sorghum beer. As a result of the learnership, she learnt to market her company by getting business cards printed, which she distributes as widely as possible. She has also put flyers on store windows and other strategic public spaces to help advertise her services. This helped her get more clients, as she could rely on more than word-of-mouth to get more business from

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the people in the community. She is not shy to talk about her business anymore and has gained a lot of confidence in this regard.

Before the course Agnes used all the profit from her catering business to meet her personal financial commitments and maintain her lifestyle. From the course she learnt that the money belongs to the business and had to be used to grow it. She then started using it to buy more equipment, such as, larger pots, food warmers, stoves and additional décor items. This enabled her to diversify her services, as she was now able to hire equipment out to those villagers who want to cater for their own functions but do not have large pots and multi-cylinder gas stoves.

Moreover, she had to limit herself to a set monthly salary. In addition, while previously she had no books for recording her income and expenditure, the course taught her to file receipts and use basic accounting skills for monitoring the business' finances. Overall, profit has increase by about 50 per cent in the past year.

Because Agnes' business is growing, she now often caters for big functions and can employ about 15 people at a time to help with the cooking and décor at each event. Her contribution to job creation also transfers skills to the local villagers where she is catering, i.e., she does not take people from her own village to work with her in another village. Leftover food is given to those who were assisting with the cooking or to poorer people in the village. One of the women, who has worked with her in the past year, has now started offering her own catering services, thus setting up her own small business and generating income for herself. Because her business has grown busier, Agnes has also generated more income for the owner of the van that transports her equipment from place to place for functions.

### *Case study 2*

Jane's house is close to a school. Before the learnership she had a tuck shop, selling cold drinks, snacks, sweets, over-the-counter-medicine (e.g. pain killers and cough mixtures), as well as staples, such as, mashed potato with meat and gravy from her kitchen. She made additional income from braiding people's hair outside in the shade when business was quiet during the day.

During the learnership, she administered a market research questionnaire to 50 people. She asked what they would like to buy from her shop that would save them time; how much they pay for those goods elsewhere; how much they would be willing to spend on those goods at her shop, etc. Her findings were that about 35 per cent preferred to buy from her and the rest preferred the big retailers, such as, Spar and USave. Other findings were that clients wanted larger quantities of the goods she was selling, for example, 100 instead of ten tea bags in a packet, or 12.5 kg instead of 2 g of maize meal to last for a whole month. Even though she puts on a mark-up, they acknowledged that the tuck shop saves them time and money on transport to the nearest town 15 minutes away. From these findings Jane realised that she had to put on a higher mark-up to make more profit and she had to buy her stock at wholesale instead of retail prices, which would save her money. For instance, if she bought 20 bags of the 12.5 kg mealie meal, the goods would be delivered to her for free. To that delivery she could also add the cold drinks, sweets, etc., further saving on delivery costs. In the learnership she had also been taught how to pack groceries in boxes to maximise space utilisation. Jane's customer base has increased now that word is spreading that she sells a wider range of groceries. She also saves money by buying cheaper soft drink brands – Kingsley, Tweezer and Refresh – instead of the original Coca Cola.

Jane's tuck shop now opens at 6:00 a.m., as she has a bakery truck that delivers fresh bread daily. Villagers buy early in the morning to make lunch sandwiches for their children. She closes at 19:30 p.m. to enable customers to buy groceries for dinner. Her 15-year old daughter helps in the tuck shop after school. This has improved her marks in Maths and

Economic Management Science. Jane's husband, who has a full-time job elsewhere, also helps her on weekends and holidays.

The learnership also taught Jane bookkeeping skills and to set a monthly salary for herself. Because she now uses the rest of the profit to grow her business, she has been able to buy more stock. Instead of selling only cooked meat, she bought a second large freezer and now sells frozen packets of chicken wings and drumsticks. With the stipend from the learnership she installed security bars in the kitchen door and additional shelves for tinned goods. She also put a roof on her double garage. Now she is saving to buy the doors and to put in display shelves, as the kitchen is becoming too small for her burgeoning business. Operating from the garage will bring even more customers, as it faces the road, unlike the kitchen at the back of the house. While the tuck shop is rather quiet in the middle of the day, it is very busy all day at month end. Profit has grown by about 100 per cent since Jane started the learnership. Jane no longer braids hair, as she is focussing on growing sufficiently to be able to build a big store in the next five years, so that she can become a wholesale distributor for the small local tuckshops that would be buying from her.

#### *Role learnership plays in socio-economic transformation, at both personal and community level*

An overwhelming majority of the rural learners were black women (228) of whom 68 per cent (155) were less than 35 years old. They are among the most disadvantaged in the country. Rural men tend to obtain jobs in the cities and mines, while women are left behind to tend to the children, the elderly, and the sick. Since this learnership programme helps non-farm entrepreneurial activities to improve the women's self-sufficiency, and, by extension, food security, it is a good indicator of a successful transformation initiative.

Second, as the development of the SMME sector is predicted to be the main factor in reducing unemployment, this learnership has the potential to enable the participants to be meaningfully engaged in their municipalities' local economic growth, in the W&R sector in particular, and in the larger national economy.

In addition, the entrepreneurial skills are spreading indirectly to other members of their families, as they often end up assisting the direct participants. Jane's family exemplifies this phenomenon well. Essentially, the overall quality of the participants' lives improves as they ignite the entrepreneurial spirit in their households and become better able to provide for themselves and their families with their profits. In general, since the programme started in 2015, there is an increased level of economic activity, enthusiasm and focus, which was not there before among the educated, but previously unemployed, youth. The learners are taking their businesses seriously, because the W&RSETA has also taken them seriously.

The programme also helped to galvanise Royal Kingdoms and Traditional Councils into becoming more organised and responsible stakeholders. The role of the prince, as an enlightened traditional leader and custodian of the programme, primarily is to ensure the proper implementation of the programme at the local level, i.e. to hold all the stakeholders (the W&RSETA, the training providers, and the learners) responsible for their deliverables, thus making him more involved in the economic development of his locale. For example, the royal incumbent has to call community meetings to publicise the programme, ensure candidates who meet the set criteria are appointed, monitor that all payments are made on time, that learners use their stipends to buy stock and grow their business, and take photos as evidence of work done.

#### *Contribution of learnership to entrepreneurial success*

This sub-theme highlights how the design and implementation of the learnership enables or limits the success of the learners.

The learnership offers a high quality of education that the learners can be proud of, meaning it is not condescending to the rural poor by offering them a low quality of education.

The majority of the participants have school leaving qualifications. However, while their oral communication might be good, their written communication is not. Therefore, attending the workshops in which manuals are written in English has helped to improve their English comprehension skills, which is important in a country where English is the language of trade. The learners' improvement in written and oral English language skills renders some to be better able to assist their children with homework. These are spin offs which are not financial but have the potential of improving the children's confidence and of opening up better opportunities in future (e.g. higher pass rates at school or better prospects of getting a job or owning a business). However, for some the numeracy components remained an obstacle as they had been out of school for a long time; consequently, the Maths module is enjoyed the least. As a result, the facilitators are considering implementing more user friendly examples to assist learners.

Second, the outputs are practical and relevant. For example, the learners have to open bank accounts to receive their stipends. They have learnt to separate their business accounts from their personal savings accounts; to keep records and invoices; manage cash flow; order stock; as well as develop customer service skills. The learners also conduct market research and write business plans. Their market research skills helped them to understand their target markets better. Now, as a result of the market research, during pension pay out days in the rural areas, some learners go out and sell their products closer to the pay points; this is evidence of knowing their customers and their buying trends. Previously the bulk of the government grants that are paid out on market days would be spent in big retail stores, thus enriching those who are already wealthy. These rural development initiatives are reversing that pattern, even if on a miniscule scale at present. This is another example of how the learnership has borne tangible results. These results provide the learners with confidence in their ideas, motivate them on the way forward, and also show them how they are progressing. The learners also have to register their businesses with the CIPC and with SARS, meaning that they are now legally trading South Africans. For many these activities alone create a "mind-shift" and transform their self-worth as they begin to see themselves as owning real businesses – not just pursuing hobbies. They thus begin to see themselves as being on a path to financial freedom. By December 2015, 189 learners from KwaNdebele Royal Kingdom were prepared for external moderation, which also demonstrates that the training providers are competent mentors.

All the participants now own tablets, as they were encouraged to buy these to be better able to access the internet for research purposes, e-banking transactions, and general electronic communication, such as CIPC online registration, which saves them from having to go all the way to the City of Pretoria just to register their companies. Sometimes the skills training providers e-mail additional educational resources to help them understand the lesson more thoroughly. For the most part the learners still rely on the two internet stores in the villages for printing, but it is liberating that they can perform most of the functions that require basic IT access from the palms of their hands.

Because the learnership has a strong practical component, those learners who did not have existing businesses have used their stipends to set up businesses from scratch. The range of small businesses that have been set up is quite varied. It includes buying and selling traditional Ndebele arts and crafts with the aim of participating in national expos and exporting to international markets; buying fruit and vegetables from town and selling from a stall; selling airtime from a machine; selling fast food (chips and quarter loaves with relish); and selling cleaning products for cars, domestic use and pit toilets. Many were able to buy stalls, erect shelves and hire a van to buy bulk stock from town.

Furthermore, the learners have also been taught to diversify their businesses so as to improve sustainability. For example, Agnes has also established a catering equipment hiring business instead of relying solely on her cooking services.

The learners are also being encouraged to form co-operatives where possible. For instance, a group of hair stylists joined forces to open a larger hair salon instead of individually competing for the same clients. Another group of learners saved their stipends collectively and now own a successful co-op selling chickens.

All the learners agree that the manner in which the modules are taught, the care that the service providers take to explain concepts (even in the isiZulu and Sesotho languages, where necessary), as well as the practical nature of the exercises, all contribute to meeting their educational needs. Consequently, only one learner out of 255 dropped out in KwaNdebele. The skills training providers have shown immense commitment to the programme. They train four different groups in KwaNdebele, for instance, meaning they are on site every week for four to five days. It is, in fact, a testimony to the commitment of the training providers that the majority of the learners agreed that anyone who participated in the learnership with a serious desire to own a business at the end – which is the main outcome of the Qualification – should be able to do so by the end of the year. In turn, the skills training providers have found excellent support from the W&RSETA head office. Their suggestions are implemented where possible, and an enabling relationship has been established.

### Challenges

This section identifies and describes those factors that have hindered, prevented or limited successful transformation.

While some of the learners found the intense lessons of benefit, forcing them to work hard under pressure, others felt that the modules had too much information to be absorbed during a four or five-day session. They wished for some of the modules to be spread over two training sessions. Moreover, most learners lamented that they did not have mentors who could give them advice. For example, although they had been taught conflict management skills, they sometimes faced challenges that they wished they could discuss with more experienced business owners who could coach them on how to resolve conflicts with clients or suppliers. The absence of practical workplace experience was cause for dissatisfaction for many learners. For instance, they desired workplace experience where they could see how the bookkeeping is actually done on a daily basis, instead of relying only on the theory and practical exercises they did in their manuals in class.

Furthermore, some learners found the large geographic area over which the programme was spread to be an inconvenience, as they had to take two minibus taxis to get to the training workshops. Switching from one taxi to another can cause long delays at the taxi rank, which sometimes made them late for the workshops.

Another challenge is that, because the penetration of foreign immigrants, from nearby Zimbabwe and Mozambique or faraway Nigeria, Somalia and Pakistan, into the rural areas has increased at an exponential pace, indigenous South Africans now have to compete with people with international entrepreneurship qualifications, which were introduced decades ago in some of the other African countries. In short, foreign immigrants have an advantage over locals, who, due to the legacy of apartheid's economic and educational policies, are just beginning to learn entrepreneurial skills.

The biggest challenge facing the rural development programme is that the national annual target for learnerships of 500 is too small. This makes the impact of this transformative intervention less than it could be.

### Implications

This section presents some recommendations for improved implementation and administration of the learnership, based on all the findings.

While R2,000 (approximately US\$130) per month might suffice for those learners who already own businesses, it is insufficient for those starting from scratch. They need a bigger stipend.

The prince should also be provided with running costs to ensure the smooth administration of the project. This would not be money for personal gain but rather to make sure he, as the local administrator, does not have to use his own private funds, or resources from the other activities of the traditional council, to subsidise this entrepreneurship programme.

Second, appropriate business mentors need to be identified. For instance, the learners could participate in the enterprise development programmes of the many big retailers and wholesalers that are registered with the W&RSETA. This, of course, would improve the retailers' Black Economic Empowerment score cards while also creating truly sustainable small businesses. The W&RSETA should therefore consider offering a further year of mentorship to the students, as the theoretical lessons and portfolios of evidence alone are not sufficient for sustainable entrepreneurial development. Such experiential learning would definitely prove more useful than the more advanced skills development courses that the learners desire, such as a business management learnership. Now that they have set up their small businesses, the learners expressed a desire to learn to manage human resources as their businesses grow. It is very expensive for the learners to register for such courses in private colleges, which are often far from their villages. While online options or more advanced courses currently available among the W&RSETA's offerings could be delivered, exposure to thriving large retail businesses would prove much more beneficial than more theoretical learning.

Furthermore, the learners had very impressive ideas about how they could truly diversify and improve the local economy if given capital and proper guidance. Instead of being limited to owning taverns, car washes, hair salons, or fast food stalls, they would like to learn upholstery and furniture manufacturing, or plumbing, so they can install pipes and taps for rural homeowners, as there are a growing number of modern homes replacing the traditional mud structures. Some wish to manufacture diapers, cleaning products, and hair pieces (weaves), or own a fried chicken franchise, or sell gas and petrol across the border into Zimbabwe, where such commodities are bought from private suppliers instead of petrol stations. It is, therefore, strongly recommended that the W&RSETA and relevant stakeholders (e.g. wholesalers, the Department of Trade and Industry, franchise organisations, other SETAs, etc.) rise to the challenge, collaborate and strategise on how to transform these small and micro businesses into diversified, high-growth enterprises. There is, indeed, a pressing need for the W&RSETA to implement a well-structured system for assisting learners to access capital and incubation programmes to help fulfil their true entrepreneurial dreams and ensure the long-term sustainability of the businesses.

Currently the W&RSETA is focussing only on small and micro businesses in the rural areas. Even these cannot grow fast enough when the majority of villagers are unemployed and therefore cannot support them. In fertile soil such as that found in Mpumalanga Province, large vegetable gardens can employ many people while supplying big retailers. This means more people will have money to support the small businesses and help them grow. Such vegetable gardens would also ensure local food security.

There are fewer males in the learnership as most males seem to prefer agriculture to any other training. It also seems that some of the males did not believe that this learnership programme would kick off or would be a success. Therefore, more attention needs to be paid to changing their attitude to such developmental programmes.

Furthermore, the W&RSETA should enable Technical Vocational Education and Training Colleges to offer this qualification as some have campuses in rural areas. The W&RSETA should also increase the number of accredited training providers to be able to deliver the learnership as far and wide and as fast as possible.

It was difficult to get information about the rural development programmes or interventions that were implemented before the current manager assumed the role in 2014, thus indicating a lack of continuity and a loss of institutional memory. It is therefore critical that accessible and

user friendly data capturing and archiving processes be implemented in order to keep proper records and analyses of the transformation to which the W&RSETA contributes. It is also necessary to track how the businesses fare after the learnership, e.g. how revenue or the number of employees grows, and how to optimise success. Rigorous monitoring and evaluation mechanisms need to be built into the rollout of the programme for the future.

### Discussion

So, what are the critical lessons learnt? This section aims to answer this question based on the findings and recommendations above. Our review of international literature indicated that successful rural entrepreneurship development depends on the agents being flexible enough to view the task as a learning process for all stakeholders. This involves learning to improve effectiveness, efficiency and expansion. This study evaluated the W&RSETA's role in rural socio-economic transformation with that approach in mind.

#### *What are the main success factors that have contributed to the achievement?*

With regard to assessing the role of the learnership in facilitating transformation through enhancing rural entrepreneurship, it cannot be denied that the programme has immense potential, as it focusses on the rural poor, especially women. This is a very important success factor, since most learners are young people, who would otherwise be unemployed, as there are few farming or commercial activities in their villages. Another lesson is that for the learnership to be transformative, it must be of high quality and have practical outcomes, e.g. bank accounts, market research, business plans and the diversification of offerings. The third lesson is that such a programme must be facilitated and implemented by committed training providers and programme managers. They should see themselves as the learners' primary mentors and coaches. They should, most crucially, perceive themselves as transformation agents with a strong interest in the development and success of the learners.

Moreover, that the W&RSETA encourages access to technology is highly commendable, as this will ensure that the learners do not become socially excluded from global opportunities. In a similar vein, it is useful to have a local authority figure overseeing the implementation of the programme. This forces all learners, service providers and head office to be accountable.

Perhaps the most important lesson learnt from the first year of this intervention is that it is indeed possible to transform the rural economy without pushing rural people into towns and cities. There are viable ways of creating jobs and livelihoods for the rural poor in their own communities.

#### *What are the main challenges that hamper the achievement?*

With regards to the challenges, the following are noteworthy: the stipend is insufficient, so financial support needs to be reviewed to ensure the continued involvement of participants. Neither the participants nor the royal prince can achieve their best if the budget is insufficient. The need for proper financial structuring cannot be underestimated in rolling out a programme of this nature. The second challenge is that of the small number of participants. In order to have the desired impact on the rural landscape, the national target must be increased exponentially. It is therefore important to plan for a much larger rollout in the future. The size of the intervention is therefore an important factor to consider. However, the most pressing challenge is that the learners need exposure to larger retail stores to be able to gain the much desired practical experience. The emphasis on registering the small and micro-enterprises with the appropriate regulatory government authorities takes away the focus and resources that should be on gaining experience in larger retail stores. Combining theory and practice in such a manner will enhance the establishment of sustainable businesses and perhaps even grow some into larger entities over time.

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*How can this intervention be implemented more efficiently and effectively to ensure sustainability?*

The learners' vision of the kind of businesses they would like to own differs greatly from the ones they are currently pursuing. They have identified what businesses would adequately address the cultural and socio-economic changes that are taking place in their villages. The programme sponsors need to take this into consideration. For the intervention to be more effective, learners should be trained in establishing and managing the businesses in which they are actually interested. This might also attract more male participants. The intervention will be implemented more efficiently if more relevant business choices, access to capital and incubation opportunities are provided for the learners. To this end, the need to assist learners to access wider markets (international or local expos), enterprise development programmes, etc., to grow their businesses and create more jobs is critical. Given the high rate of poverty in the rural communities, urgent collaboration between a wide range of like-minded organisations needs to occur for meaningful change to happen at the scale at which it ought to be realised.

Finally, while implementing the monitoring and evaluation mechanisms required to maximise efficiency and effectiveness in future, it will also be necessary to encourage some colleges in rural areas throughout the country to offer this qualification to ensure the scaling up of delivery.

### **Limitations and recommendations for further research**

This study was based on a case study of a single intervention with a relatively small, convenience sample. Therefore, any attempt at generalisation should be done with care. However, it should be remembered that one of the objectives was to understand how such an intervention can impact of transformation in the socio-development of entrepreneurs in a rural area. Thus, from an exploratory point of view, the study can be defined as having illustrated successful transformation from the perspective of the respondents. In order to be able to overcome these limitations, and to be able to generalise these findings, a larger, quantitative study (possibly including a longitudinal study with pre- and post-testing of skill sets, business growth, profit, etc.) and a more complete collection of accurate secondary data is recommended.

Furthermore, the sample was biased towards females, so a larger representation of males in future investigations should be sought, although it must be realised that the population of "rural entrepreneurs" does appear to be skewed towards females. As the learnership was piloted in only five royal rural localities, in future some of the other royal localities should also be researched to identify what differences or similarities exist between the various areas. Further research could also investigate the success and failure rates of the learners' enterprises to identify the specific circumstances enhancing success and sustainability in the medium to long term.

### **Notes**

1. Employment in the informal sector includes all jobs in private enterprises owned by individuals or households that are not constituted as separate legal entities independently of their owners (Hassmanns, 1993, p. 3).
2. Department: Rural Development and Land Reform, South Africa, "Implementation Evaluation of the Comprehensive Rural Development Programme," (5 September 2013).
3. [www.thembisilehani.gov.za](http://www.thembisilehani.gov.za) (accessed 30 November 2016).
4. The other four are the Batlokoa Traditional Council in Free State Province, and the Rharhabe Royal Kingdom, the Jalamba Traditional Council, and the Mhlontlo Local Municipality in the Eastern Cape Province.
5. Not her real name.

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