

## Rural Entrepreneurship and Welfare in South Africa: A Case of Nkonkobe Municipal Area in the Eastern Cape Province

Grace P. K. Ngorora\* and Stephen Mago\*\*

*University of Fort Hare, Department of Development Studies, Alice 5700, South Africa*

*\*Email: gpkngorora@gmail.com*

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**ABSTRACT** This paper presents findings on the role rural entrepreneurship plays in improving welfare in South Africa's Eastern Cape Province. Qualitative and quantitative research methodologies and survey designs for data collection were used. Questionnaires were used to collect data from 53 rural entrepreneurs. Findings showed that 83 percent depended mainly on entrepreneurial activities for income. Rural entrepreneurship positively affects the welfare of families and communities in the Nkonkobe Municipality. It enables individuals to access basic needs such as health facilities. Entrepreneurial families had more income to acquire assets. Entrepreneurs' earnings made it possible for them to enrol their children in good schools and contribute to the welfare of their relatives by providing food, shelter and paying educational expenses. Rural entrepreneurship is a major source of employment in the Nkonkobe Municipal area. It brings the alienated and marginalised youth into the economic mainstream, giving them a sense of meaning and belonging. There was a significant positive correlation between rural entrepreneurship's role in generating income and the rural dwellers' ability to send their children to good schools ( $r = 0.46$ ,  $p < 0.01$ ). These findings suggest that rural entrepreneurship improves the quality of livelihood in rural areas through the creation of wealth and employment.

### INTRODUCTION

The well-being of many people, especially those living in rural areas has been affected by the global economic crisis (GFC). The GFC has adversely affected nearly every citizen in sub-Saharan African countries (IFAD 2010; Pedro et al. 2010; Prabhakar 2010; Ngorora and Mago 2013). Decreases in real incomes of many ordinary men and women have led to a decline in their welfare positions. Welfare refers to the well-being, happiness, health and prosperity of a person or community (Greve 2008). Welfare also refers to utility or the consumption of market goods (Gowdy 2010; Hunt and Lautzenheiser 2011). This concept entails fulfilling an individual's and family's essential needs. Gowdy (2010) views welfare as the amount of satisfaction derived from consuming market goods and services. It is the value assigned by the individual to income or contribution to well-being made by goods and services that are acquired in exchange of money.

In pursuit of their self-interests, entrepreneurs undertake courses of action that may pro-

mote the welfare of people (Hunt and Lautzenheiser 2011). In this paper, welfare is viewed as involving all aspects that promote good life among individuals. These include the ability to effectively use economic resources, access to happiness and guaranteed minimum income to avoid living in poverty. The decline of welfare is manifest in the general decrease in major social indicators<sup>1</sup> of progress as well as the widespread and deepening poverty in Africa (Chigunta 2002).

South Africa has not been spared from the effects of global economic recession. It is, however, facing problems of unemployment, inequality and poverty (Rautenbach 2009). Entrepreneurship is increasingly accepted as a viable means of earning income, acquiring assets and promoting rural development (Fortunato 2014; Elson et al. 2015). "Entrepreneurship is the act of initiating, creating, building and expanding an enterprise or organisation and gathering other resources to exploit an opportunity in the market place for long-term gain" (Rautenbach 2009: 186). In view of this, there is an urgent need exists for poverty alleviating interventions in the rural areas. Rural entrepreneurship can be pursued as an option. Approximately 3.4 billion people are in rural areas worldwide (International Labour Organization (ILO 2008), ninety-sev-

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*\*\*Address for correspondence:  
E-mail: stepmago@gmail.com,  
smago@ufh.ac.za*

en percent (97%) of the world's rural population lives in developing countries. In addition, Christensen et al. (2010) state that about four billion of the world's poor barely survive on an average income of US\$2 per day.

Rural entrepreneurship refers to new ventures created in rural areas (Lee and Phan 2008). Diversification into non-agricultural activities enables rural entrepreneurs to become creative and innovative thus expanding into other business ventures. These include catering for tourists, carpentry, blacksmithing, spinning, operating spaza shops and welding (Petrin 1994; Fortunato 2014). According to Oostendorp et al. (2008), non-farm household economic activities help in creating income and employment opportunities in Vietnam.

According to Di Domenico and Miller (2011), rural non-farm activities, for instance tourism, allow rural dwellers to diversify their sources of income. In Elson et al.'s (2015) view, entrepreneurship is explored as a response to meeting the needs of people while developing the community. Such activities can draw on local knowledge (indigenous knowledge systems-IKS), skills and experiences by tapping into local resources. Rural entrepreneurs create new economic opportunities and generate new employment by providing goods and services such as groceries which larger organisations cannot profitably provide (Saide 2006; Sandeep 2012; Patel and Chavda 2013). This paper views rural entrepreneurship as an individual's ability to see and exploit potential business opportunities in his or her surroundings which generate income and assets to improve their livelihood.

Development agencies view rural entrepreneurship as an important employment generation intervention. Rural entrepreneurship is viewed as an alternative form of organising that serves local development purposes (Dubais 2016). Petrin (1994) interestingly points out how different groups view rural entrepreneurship. Petrin states that politicians perceive it as a strategy for preventing rural unrest, farmers view it as a catalyst for farm earnings, the general people view it as independence or empowerment and the government perceives it a tool for reducing the need for social support. Khan et al. (2012) propound that farmers, agricultural business people, researchers and governments have recognised the need for a more entrepreneurial culture in rural areas. Rural entrepreneurship en-

hances agricultural production (Zhaox and Liu 2016). Entrepreneurship contributes to increased community welfare by creating new jobs and generating additional income for the rural communities. To all these groups, however, entrepreneurship stands as a vehicle for improving the quality of life through livelihood enhancement. It also promotes local economic development (LED). Marini and Mooney (2006) view rent-seeking economies and dependent economies as not sustainable for rural development. Instead an entrepreneurial economy associated with preserving rural environments presents better quality of life and provides a getaway for stressed metropolitan newcomers (Day-Hookoomsing and Esso 2003; Marini and Mooney 2006; Patel and Chavda 2013). It is considered a sustainable economic strategy (Lyons 2003; Robinson et al. 2004). Rural entrepreneurship presents multifunctional activities that add income and create employment opportunities that correspond with the needs and expectations of the society at large (Hassink et al. 2016).

Rural entrepreneurship is believed to be a source of employment (Christensen et al. 2010; Faria et al. 2010; Naude 2011; Ngorora and Mago 2014; Fortunato 2014). It brings alienated and marginalized youth into the economic mainstream; thus, giving them a sense of meaning and belonging (Schoof 2006). It creates value for the rural place (Dubais 2016). Since rural entrepreneurship creates employment and contributes towards productivity, growth and commercialised innovations, positive regional spill-overs are created (Minniti and Le'vesque 2008). Elson et al. (2015) add that entrepreneurship is explored as a response to meeting the needs of people for community development. Rural entrepreneurship also improves livelihoods and promotes economic independence in developing countries (Chigunta et al. 2005; Schoof 2006). Rural entrepreneurship redefines and reconfigures rural resources (Hasssik et al. 2016).

Current research on entrepreneurship has been biased towards developed countries (Halla et al. 2010). The business environmental contexts of rural areas differ with the stages of development. Hence, opportunity recognition by entrepreneurs in rural areas of developing countries is both timely and worthwhile. The opportunity recognition model which was developed by Ozgen and Minsky (2007), underpins this study. This model argues that a rural entrepre-

neurial system speeds up the development of self-sustained rural communities since it promotes infrastructural development, income generation, capacity building thus leading to poverty alleviation (Ozgen and Minsky 2007; Fortunato 2014).

Even though entrepreneurship is important for employment creation, its role in rural and underdeveloped communities in the Eastern Cape (one of the province of South Africa) is yet to be known. The role of rural entrepreneurship in welfare and the impact it can make on the standard of living is not known. Policy makers need this information in order to craft prudent policies that promote rural entrepreneurship. The high poverty and unemployment rates in South Africa have clearly shown that social security grants alone cannot sustain poor rural communities. Considering the nature of rural areas, the paper proposes that rural entrepreneurship be promoted to create employment and provide incomes for rural people. The paper explores the role of rural entrepreneurship on welfare in Nkonkobe Municipality in the Eastern Cape.

#### RESEARCH METHODOLOGY

The paper mostly used a quantitative research methodology. Qualitative issues were approached from a qualitative methodological perspective. A survey research design was adopted since it permits data collection from many respondents. Cresswell (2003) points out that it also allows a more detailed analysis for the attainment of robust results. Ethical issues were also observed. The individual rights of respondents (entrepreneurs) were respected. They were given the right to consent and participate without coercion.

A sample of 53 respondents was drawn from a population of 530 entrepreneurs that were listed in the sampling frame that was made available by the municipality's Nkonkobe Economic Development Agency (NEDA). Ten percent (10%) was used to calculate the sample. The researchers were guided by the '10% condition' in statistics. This was viewed as representative of the target population. Simple random sampling (SRS) was applied on the sampling frame to draw the sample. Each element of the population was given equal chance of being selected (Cresswell 2003; Babbie 2010). Business owners comprised the key informant group of respon-

dents during the interviews. A questionnaire was used for data collection (Hofstee 2006). Data analysis was done with the aid of Statistical Package for Social Scientists (SPSS).

#### RESULTS AND DISCUSSION

Out of the 53 respondents, 47.2 percent were male and the rest were female. This confirms Khan et al.'s study (2012) who assert that the rural environment is pertinent to female entrepreneurship. Women usually reside in rural areas as custodians of rural family homes while men seek employment in large cities. They are therefore more capable of identifying opportunities for entrepreneurship in the rural areas which, they manipulate to earn some income.

There was an association between gender and the opinion that rural entrepreneurship allows entrepreneurs to spend more time with their families ( $\chi^2=10.998$ ,  $p < 0.05$ ). Women need more time at home with children and to cater for domestic needs. Women, therefore, are more likely to carry out rural entrepreneurship because it gives them more time to spend with their families. Women perform most of the domestic duties and being entrepreneurial allows them the flexibility to carry out family duties while they also run their businesses, unlike when they are employed somewhere else. This aligns with the assertion that entrepreneurship provides women with flexibility to cope with family commitments, as well as to balance family and work (Day-Hookoomsing and Essoo 2003; Shariff and Mohammad 2009). Shackleton (2004) adds that women with no means to leave their family to seek employment depend on entrepreneurship for an income. They view entrepreneurship as an employment opportunity near their homes. It provides them with an opportunity to autonomy, independence and empowerment. The findings however, disagree with Schoof (2006), who argues that, in Sri Lanka, jobs in the public service are favoured over entrepreneurship. This is mainly because they allow young men and women to negotiate better marriage agreements.

The common entrepreneurial activities identified among the respondents were art, craft and sewing for 22.6 percent of the respondents. The majority of viable entrepreneurs involved in this study make beads, necklaces, earrings and dresses with the South African local taste. Some of these entrepreneurs made their goods at the

market place while others bought them from producers for resell. Cultures and local knowledge systems may play an important role in supporting rural entrepreneurship (Saide 2006; Khan et al. 2012). An interview with the entrepreneurs revealed that, in as much as rural dwellers have embraced Western jewellery, they have an affinity for certain cultural styles. There are specific occasions, for instance the arrival of a new wife and circumcision, which require a particular way of dressing. These entrepreneurs provide such clothes conveniently.

The other entrepreneurial activities are spaza shops (18.9% of respondents), selling of agricultural products (15%), taverns (5.7%), motor mechanics (5.7%), transport and communication (5.7%), cooperatives (5.7%), tourism (5.7%) and welding (5.7%). The business types above show that in the Nkonkobe Municipal rural context, arts and crafts still dominate since many people want products that promote the cultural setting of the rural areas. The materials to produce the arts and crafts are readily available and cheaper in rural areas. Bigger retailers or supermarkets usually avoid the rural areas, maybe, because the markets are small, thus spaza shops provide groceries at convenient distances for rural dwellers. Rural entrepreneurs complement production from agricultural activities by selling maize, spinach, butternuts, oranges and onions. Petrin (1994) and Khan et al. (2012) argue that diversification into non-agricultural businesses involves innovation thus strengthening rural entrepreneurship activities. Even though tourism only added up to 5.7 percent, it was gathered from this study that lodges form a vibrant entrepreneurial activity in rural areas and they bridge the gap between the countryside and urban environment by guaranteeing accommodation for tourists in the Nkonkobe Municipality. Construction is also an entrepreneurial activity noted in the study, undertaken by 7.5 percent of the re-

spondents. These entrepreneurs are hired to construct houses for individuals. Day care activity was also seen as a viable business venture which constituted 1.9 percent. These provide services to other entrepreneurs by keeping their children while they go to their businesses.

This study's results show that rural entrepreneurship contributes most to the welfare of the family, as shown in Table 1. This was followed by the welfare of the community, welfare of relatives and welfare of people with the same background (Table 1). The findings suggest that rural entrepreneurship in the Nkonkobe Municipality affects welfare of the family and community more than it affects the welfare of the relatives of the entrepreneurs. The entrepreneurs indicated that they contributed least to the welfare of people with the same background probably because they concentrate on family and community welfare.

**Table 1: Rural entrepreneur's welfare category contribution rankings**

<i>Welfare category</i>	<i>Number of respondents (n)</i>	<i>Contribution rank</i>
Welfare of family	53	(1.75) <sup>1</sup>
Welfare of community	53	(1.94) <sup>2</sup>
Welfare of relatives	53	(2.98) <sup>3</sup>
Welfare of people with the same background	53	(3.38) <sup>4</sup>

<sup>1</sup>Superscript represents ranking on a scale 1-4 for contribution whilst the figure in brackets represents the Friedman's mean rank. The lower the rank the higher the contribution of rural entrepreneurship to that welfare category.

Source: Field Survey, April, 2011

At community level, rural entrepreneurship contributes most to the quality of livelihood for rural people (Table 2). Respondents indicated that their micro-entrepreneurial activities are im-

**Table 2: Descriptive statistics: Rural entrepreneurship role on community welfare**

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. deviation</i>
Quality of livelihood	53	3	5	4.43	0.605
Community development	53	3	5	4.25	0.515
Wealth and employment	52	1	5	4.21	0.723
Valid N (listwise)	52				

Source: Field Survey, April, 2011

(Averages on responses 1=strongly disagree, 2=disagree, 3=not sure, 4=agree, 5=strongly agree and were ranked to identify the perception of respondents in view of the roles of rural entrepreneurship. Roles appear in their order of importance. The most important is on top and the least important is at the bottom)

portant for improving the quality of livelihoods in rural areas. Secondly, rural entrepreneurship in Nkonkobe Municipality contributes towards community development and creates wealth and employment as shown in Table 2.

The results suggest that the role that rural entrepreneurship plays in creating wealth and employment improves the quality of livelihood in the Nkonkobe Municipal area ( $r = 0.318, p < 0.05$ ) as shown in Table 3. It is likely that the wealthier one becomes, the better the quality of one's life. Rural entrepreneurs have the ability to generate incomes to improve their livelihoods. The results showed that some families in the Nkonkobe Municipality go to bed on empty stomachs; thus, employing one person from those families can sustain livelihoods. These results confirm findings by Ozgen and Minsky (2007) and Robyn et al. (2014) that rural entrepreneurship enables the rural poor to access the economic infrastructure that is essential to their livelihoods. Rautenbach (2009) and Sandeep (2012) conclude that entrepreneurship eliminates

the high incidence of poverty. Rural entrepreneurship also provides products for local consumption at affordable prices (Schoof 2006; Chigunta et al. 2005; Fortunato 2014).

These findings also concur with Chigunta et al. (2005) and Khan et al. (2012) who argue that rural entrepreneurship is an important job creation intervention. Rural entrepreneurs are able to create new opportunities and generate new employment by providing goods and services which larger organisations are unwilling to provide. The role of spaza shops, art and craft shops and lodges in the Nkonkobe Municipality confirms Harbi and Anderson (2010) and Naudé's (2010) findings.

### Role of Rural Entrepreneurship in Individual Welfare

In assessing individual welfare, most respondents agreed that business was the most important activity in their lives and that business enabled them to have more contacts (Table 4). The other important role rural entrepreneurship plays is that it provides rural entrepreneurs access to quality health facilities (Table 4). In addition, the respondents agreed that rural entrepreneurship has resulted in an improved quality of life for them; confirming Anthopoulou's (2010) findings that rural entrepreneurship results in an improved family financial situation and a better quality of life for the entrepreneur and the family. The results above agree with the assertion that successful rural entrepreneurial activity creates a community environment that supports a very high quality of life (Lichtenstein et al. 2004; Macke and Markley 2006; Fortunato 2014). This also confirms propositions made by Ozgen and

**Table 3: Pearson's correlations of entrepreneurship roles on community welfare (n = 53)**

	<i>Community development</i>	<i>Wealth and employment</i>	<i>Quality of livelihood</i>
Community development	-		
Wealth and employment	0.237	-	
Quality of livelihood	-0.040	0.318*	-

\*Correlation is significant at the  $p < 0.05$  level.  
Source: Field Survey, April, 2011

**Table 4: Roles of rural entrepreneurship on individual welfare**

	<i>N</i>	<i>Minimum</i>	<i>Maximum</i>	<i>Mean</i>	<i>Std. deviation</i>
Business important activity	53	2	5	4.58	0.795
More contacts (networking)	53	1	5	4.28	0.863
Quality health facilities	53	1	5	4.06	0.864
Improved life quality	53	1	5	4.06	0.818
Generate personal wealth	53	1	5	3.85	0.928
Employment when unemployed	53	2	5	3.85	0.794
Valid N (listwise)	53				

Source: Field Survey, April, 2011

(Averages on responses 1=strongly disagree, 2=disagree, 3=not sure, 4=agree, 5=strongly agree and were ranked to identify the perception of respondents in view of the roles of rural entrepreneurship. Roles appear in their order of importance. The most important is on top and the least important is at the bottom).

Minsky (2007) that rural entrepreneurial activity provides a mechanism for improving the quality of life of the rural poor.

Empirical evidence from the study discloses a correlation between the role of rural entrepreneurship in generating employment and the business being an important activity in respondent's lives ( $r = 0.386, p < 0.01$ ) (Table 5). This indicates that rural entrepreneurial activities created employment opportunities for rural dwellers in the Nkonkobe Municipal Area who might otherwise be unemployed. Farming is not a viable option because of unfavourable rainfall patterns. The results above confirm conclusions that rural entrepreneurship is a source of employment (Christensen et al. 2010; Faria et al. 2010, Hassink et al. 2016). Morris and Bruun (2005) and Elson et al. (2015) argue that in rural areas, generating jobs is essential for reducing poverty. Entrepreneurship has a positive effect on poverty eradication, achieving the United Nations Millennium Development Goals (MDGs) and creating rural vitality (IDC 2008; Amoros and Cristi 2010; Naude 2010). A number of authorities have propounded that employment is the principal route out of poverty (Robinson et al. 2004; Macke and Markley 2006). Oostendorp et al. (2008) argued that in Vietnam, non-farm household economies play an important role in creating income and employment opportunities. Awogbenle and Iwuamadi (2010) point out that entrepreneurship is accepted as a means and valuable strategy to create jobs and improve livelihoods. Christos (2010) also opines that rural entrepreneurship is a viable source of employment; it strengthens the linkage between rural

areas and the global economy and enhances economic development.

The correlation between the role rural entrepreneurship plays in generating personal wealth and the ability of rural entrepreneurs to access quality health facilities is highly significant ( $r = 0.610, p < 0.001$ ) (Table 5). The finding shows that rural entrepreneurship enables individuals in the municipal area to generate personal wealth which makes it possible for them to access quality health facilities. This confirms the findings that rural entrepreneurship enables entrepreneurs to access expensive health facilities thereby improving the standard of living in rural areas (Patel and Chavda 2013).

### Rural Entrepreneurship and Family Welfare

Rural entrepreneurship is the only source of income for the majority (83%) of entrepreneurs in the Nkonkobe Municipality. These entrepreneurs added that the income they earned made it possible for them to buy houses, cars and furnish their homes with good furniture. This improved their standard of welfare to an extent that they could not afford before they became entrepreneurial. Seventeen percent (17%) of the respondents replied negatively to the assertion that the business alone provides them with income. This is because they are engaged in other activities. The survey showed that 7.5 percent of the entrepreneurs are also employed, 3.8 percent receive social grants, 3.8 percent get financial assistance from relatives and 1.9 percent also buy and sell in addition to the other entrepreneurial activities they are engaged in. The re-

**Table 5: Pearson's correlations among the roles of rural entrepreneurship (n = 53)**

	<i>Business important activity</i>	<i>Improved life quality</i>	<i>More contacts</i>	<i>Quality health facilities</i>	<i>Generate personal wealth</i>	<i>Employment when unemployed</i>
Business important activity	-					
Improved life quality	-0.022	-				
More contacts	0.118	0.167	-			
Quality health facilities	-0.105	-0.005	0.339*	-		
Generate personal wealth	0.070	0.214	0.342*	0.610**	-	
Employment when unemployed	0.386**	0.013	-0.077	-0.099	0.099	-

\*\* Correlation is highly significant at the  $p < 0.01$  level.

\* Correlation is significant at the  $p < 0.05$  level.

Source: Field Survey, April, 2011

sults showed that rural entrepreneurship's role in providing more income enables people to send their children to good schools ( $r = 0.46, p < 0.01$ ) (Table 6). When rural entrepreneurs become financially secure, they are able to send their children to good schools ( $r = 0.370, p < 0.01$ ) (Table 6). These results confirm those of Macke and Markley (2006) and Fortunato (2014) who viewed entrepreneurship as a way to realise personal and collective economic and social success. This further reinforces an opinion Hugh and Pardy (1999) as well as Khan et al. (2012) that rural entrepreneurship enhances social wealth by creating new markets, industries, jobs and new ways of doing business that promote productivity, thus enhancing social welfare. Robyn et al. (2014) add that rural entrepreneurship enables rural dwellers to use effective resource mobilisation strategies for positive local development outcomes. In their view, Hassink et al. (2016) state that rural entrepreneurship redefines and reconfigures rural resources.

The role of rural entrepreneurship in providing more income enables the entrepreneurs' families to reside in a desirable location ( $r = 0.272, p < 0.05$ ) (Table 6). From these results it can be concluded that entrepreneurship is important in the welfare of families since it results in extra income. Earning more income makes it possible for rural entrepreneurs to stay in any location. They are able to acquire land in any location they may desire. These findings agree with Minniti and Levesque's (2008) and Patel and Chavada's (2013) conclusions that rural entrepreneurship allows families to get greater incomes which enable them to educate their children, access better health facilities and eat healthy food.

**Table 6: Pearson's correlations of rural entrepreneurship roles on family welfare (n = 53)**

Variable 1	Variable 2	Correlation
More income	Desirable location	0.272*
More income	Send children to good schools	0.460**
More income	Financial security	0.373**
More time with family	Desirable location	0.275*
More time with family	Work for family	0.392**
More time with family	Send children to good schools	0.292*
Welfare of relatives	Send children to good schools	0.304*
Welfare of relatives	Financial security	0.509**
Send children to good schools	Financial security	0.370**

\*Correlation is significant at the  $p < 0.05$  level

\*\*Correlation is Highly Significant at the  $p < 0.01$  level

Source: Field Survey, April, 2011

Rural entrepreneurs agreed that it has been possible for them to live in a desirable location but they were not sure of the impact of the entrepreneurial activities in allowing them to spend more time with their families ( $t = 4.450, p < 0.001$ ) (Table 7). Entrepreneurial activities make it possible for rural people to earn more income which enables them to buy houses in the locations of their choice. Since the entrepreneurs take up all roles of an organisation such marketing, financial accounting and management, they usually spend more time at work and take the risk of not giving their families much time. However, most female entrepreneurs find business activities flexible, allowing them to accomplish both family

**Table 7: Paired t-tests of rural entrepreneurship's role on family welfare (n = 53)**

Variable 1	Variable 2	t-value	P-value
Work for family	Sending children to good schools	-3.295	0.002
More time with family	Sending children to good schools	-4.841	<0.001
More income	Work for family	3.017	0.004
More income	More time with family	4.370	<0.001
Welfare of relatives	Desirable location	0.000	1.000
Desirable location	Work for family	2.670	0.010
More time with family	Desirable location	-4.450	<0.001
Welfare of relatives	Work for family	2.399	0.020
More time with family	Welfare of relatives	-3.478	0.001
Work for family	Financial security	-2.337	0.023
More time with family	Financial security	-3.200	0.002
More time with family	Family status and prestige	-2.916	0.005

Source: Field Survey, April, 2011

chores and business activities. This agrees with the findings that, through entrepreneurship, women can earn a living (Naude 2010; Khan et al. 2012).

Rural entrepreneurs confirmed that the role of rural entrepreneurship in providing financial security for the family is more significant than its role in providing work for their families (Table 7). The provision of more income for the family was perceived to be significantly more important than the creation of work opportunities for family members ( $t = 3.017, p = 0.004$ ) as shown in Table 7. A paired difference t-test indicated a similarity in the way rural entrepreneurs perceived the role that rural entrepreneurship plays in the welfare of relatives in comparison to its role in allowing rural entrepreneurs to dwell in a desirable location ( $t = 0.000, p = 1.000$ ) (Table 7). Rural entrepreneurship is believed to enable entrepreneurs in the Nkonkobe Municipal Area to send their children to good schools more than it allows them to spend more time with their families ( $t = -4.841, p < 0.001$ ) and provide work for their families ( $t = 3.295, p = 0.002$ ) (Table 7).

These findings show that for rural entrepreneurs in the Nkonkobe Municipal area, the role of entrepreneurial activities in providing work for their families is perceived to be still very low. Even though it was anticipated in this study that rural entrepreneurship would provide work for family members, most respondents claim not to employ family members because family members do not take entrepreneurship seriously and they usually steal from the businesses. It was gathered from the entrepreneurs that, in as much as they may be willing to employ family members, many times their relatives lack the necessary skills to complement their own in exploiting opportunities. Ozgen and Minsky (2007) proposed that more training programs on entrepreneurship will improve the rural people's ability to identify opportunities for entrepreneurship in rural areas. Findings from this study, therefore, confirm the proposition of the opportunity model, that training improves the ability of rural dwellers in developing countries to discover opportunities to start new ventures. These results show that earning a living does not need to be expensive, but it involves creativity, innovation and passion. Training programs will promote the development and sustainability of new business ideas, identification of entrepreneurial

opportunities thus impacting positively on the livelihoods of people.

## CONCLUSION

Rural entrepreneurship allows rural people to meet the welfare needs of their dependents and provide employment for many people in the Nkonkobe. It is the only source of employment for people with a high school qualification or lower in the Nkonkobe Municipal area. It generates more income which improves livelihoods of people in rural areas. In addition, rural entrepreneurship brings the alienated and marginalised youth into the economic mainstream, giving them a sense of meaning and belonging. Entrepreneurs in this municipality are able to create jobs and wealth and improve the quality of life of the rural communities.

## RECOMMENDATIONS

In light of the findings discussed above, it is recommended that capacity-building initiatives could transform rural dwellers from the dependency syndrome. Provision of entrepreneurial education and training can help to increase entrepreneurial activities in rural areas.

Policies that promote rural entrepreneurship and pay attention to the social context and views of entrepreneurs, could offer greater income potential for the poor than agriculture in the Nkonkobe Municipal area. Start-up funding programmes and micro-finance schemes should be introduced by the government to finance individual and group income generating activities. It is important to move away from poverty alleviation to wealth creation as well as acquisition of assets. Rural development initiators must encourage rural citizens to come up with their own preferred entrepreneurial activities that respond to their real local needs

## NOTE

- <sup>1</sup> Social indicators are measures of social well-being which provides a contemporary view of social conditions and monitor trends in a range of social concern over time (McEwin 1995: 314-315 in Genov Niolai Ed. (2002).

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