Access to Debt Finance by Young Entrepreneurs in Polokwane, South Africa

Moliwa Rector, Olawale Fatoki and Olabanji Oni

Department of Business Management, University of Limpopo, Private Bag XI106, Sovenga, 0727, Limpopo Province South Africa

E-mail: 1<moliwarector@yahoo.com>, 2<olawale.fatoki@ul.ac.za>, 3<olabanji.oni@ul.ac.za>
Telephone: 1,2<00927 15 268 3897>, 3<00927 15 268 2646>


ABSTRACT The paper investigated the need for and access to debt finance by young entrepreneurs. In addition, the study examined the obstacles to access to debt finance by young entrepreneurs. This study was conducted at Polokwane, South Africa. Forty nine young SME owners participated in the study. Convenience and snowball methods were used to select the study participants. The self-administered questionnaire method was used for data collection. Descriptive statistics was used for data analysis. The results indicated that although there is a strong need for external debt finance by young entrepreneurs, however, access to debt finance is limited. Obstacles to debt finance by young entrepreneurs include lack of collateral and bad credit history. Recommendations to improve access to debt finance by young entrepreneurs are suggested.