

**THE MANUFACTURING SECTOR IN RURAL AND TOWNSHIP AREAS IN UMVOTI LOCAL
MUNICIPALITY AND UMZINYATHI DISTRICT, SOUTH AFRICA.**

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ABSTRACT

The low investments in the manufacturing sector in the rural and township areas at uMvoti Municipality, uMzinyathi District Municipality represent a thorny issue to the people of uMvoti Municipality and the uMzinyathi District in KwaZulu-Natal, having a dire impact on their socioeconomic well-being. Within the context of uMzinyathi District, KwaZulu-Natal in South Africa, uMzinyathi District, the study looked into more detailed information on how to address the issue of the rural and Township areas and the potential investments therein. The study revealed that rural and township economies are as important as that of the towns and cities and a shortage of investments by the government and the private sector contributes to a high level of unemployment and low activism by the economic participants, which may result in a loss of income and encouraging instability in the country.

Keywords: - Manufacturing sector, rural and township areas, the impact of low investments in these areas

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CHAPTER 1: INTRODUCTION

1. Research problem

1.1 Introduction

With an unemployment rate of 27.9 percent among workers aged 35 to 44 years and low levels of self-employment, South Africa needs to encourage entrepreneurship (Statistics South Africa, 2022). Due to underdevelopment and extreme poverty in rural areas, the informal economy and townships are paramount (Malebana, 2017). Several national, provincial, and urban policies focus on revitalising township economies and the informal sector. The three most prominent plans of action for township spatial development initiatives and the new growth areas for economic development since the advent of democracy are:

- The Special Integrated Presidential Projects (1994);
- National Urban Renewal Programme (2001)
- The neighbourhood Development Programme (2004-2005}

Various stakeholders should examine how the manufacturing sector can fit into rural and township areas. A report by Proudly South African emphasises the importance of the manufacturing sector in driving economic growth, exports, job creation, and fiscal revenue generation. There is a need for policies and initiatives to support the development of the manufacturing sector, particularly in township and rural areas. A study by the OECD highlights the importance of rural manufacturing, noting that, in 14 OECD countries, the employment share in rural regions is higher in sectors considered traditional or mature. This suggests that rural areas can leverage their existing industrial base to drive economic growth. At uMvoti, we based our research on Twin Twice Tissue in the manufacturing sector, which has produced enough outcomes to fit in as the developing project in the rural areas of KZN.

Since researchers and other observers have not paid much attention to these projects, it is unclear how they have affected economic growth (Jürgens & Donaldson, 2012). Even though the informal sector has been the subject of much research over the past few decades, there are still many information gaps regarding the best strategies to support the township and informal sector

economies (Charman & Petersen, 2015). The National Development Plan 2030 of the Government of South Africa (SA), which outlines its growth plan, recognises the significance of small, medium, and micro-enterprises (SMMEs). To deliver conclusions, the research on the township manufacturing sector focuses on identifying and summarising the difficulties that local enterprises face.

1.2 Problem statement

SMMEs have received much attention from the South African government, but little has been done to support this sector. A lack of start-up-supportive infrastructure, inadequate start-up skills, human capital and a subpar Small Business Development Ministry are contributing factors (Mathibe and Van Zyl, 2011).

Township SMMEs in this industry continue to face difficulties that limit their ability to expand and operate effectively. Issues, including a lack of financial access, skill sets, and specially designed support systems packaged to help SMMEs operating in the manufacturing sector, are at the foundation (Ayandibu & Houghton, 2017). Due to a shortage of investors, there is a gap between the government, entrepreneurs, and the market. This problem is the root of the economic conflict in townships.

1.3 Aim and Objectives

The study investigates the challenges that local manufacturing sectors face in townships. Considering this aim, the study objectives are:

- To research the difficulties SMMEs encounter in the manufacturing sector in townships.
- To profile existing manufacturing support from small enterprises in South Africa
- To assess how these difficulties affect the manufacturing SMMEs in uMvoti Local Municipality.

1.4 Case Study of South Africa

The government fosters the creation of small businesses, run by individuals or cooperative enterprises, to help improve rural and township South Africa (Small Enterprise Development Agency, 2016). SMMEs, or small, medium, and micro-enterprises, are many small firms in the manufacturing and service sectors. Under the National Small Business Act 102 of 1996, South Africa defines five types of businesses. The number of employees (the most common categorisation) in each enterprise size category is merged with the yearly turnover categories, but fixed assets are excluded. By implementing this act, the government has built frameworks to help small enterprises expand and grow. Even though there are various SMME support institutions, each with unique support mechanisms and programmes, rural and township entrepreneurs are unaware of this information. Support institutions are frequently placed in large cities rather than townships and rural areas, putting them far away from people who may benefit significantly from their assistance. Lack of capital, managerial skills, equipment and technology, regulatory concerns, and access to foreign markets are all obstacles to SMME development.

1.5 Methodology

1.5.1 Research approach and design

1.5.1.1 Introduction

The study employed a case study design and gathered data utilising qualitative research techniques (Yin, 2003). A case study design helps to examine global concerns by normalising them to the appropriate local size. The conclusions are then applied to a worldwide interpretation of the issues. Since the research aims to provide a thorough understanding and insight into the problems affecting SMMEs, the study will adopt an exploratory qualitative methodology (Lawrence and Tar, 2013). The study is divided into two phases, with the first phase collecting primary data and the second gathering secondary data (literature).

This research contained a literature analysis examining the manufacturing industry's global environment and local contexts. It also investigated other obstacles to SMME development, such as lack of infrastructure, unfavourable regulatory conditions, difficulties accessing capital, difficulties accessing company development services, and problems with skills. This study is exploratory in nature (Lawrence & Tar, 2013). The open-ended and exploratory nature helped to investigate the difficulties that small auto businesses face in the uMvoti Local Municipality. The respondents were requested to complete the informed consent form before data collection. Once that was completed, the interviews resumed using a tape recorder to ensure proper transcription of the responses. The transcripts of the interviews were kept in rich text format.

1.5.1.2 Data collection

Both primary and secondary data were incorporated into this study. While secondary data includes information previously gathered and vetted by other writers, primary data refers to data or information that has been gathered, processed, and collated by the researcher. Journals, books,

reports, maps, newspapers, and data from government departments are just a few examples of secondary data sources (Creswell et al., 2003).

I used four semi-structured interviews to collect the primary data. According to Khan (2014), both the interviewee and the interviewer actively participated in the interviewing process. They contributed their perspectives, experiences, and emotional baggage to the interaction. The author explicitly mentioned the many responsibilities the researcher had while conducting interviews. Since the researcher plays several roles in the research process, it is crucial to understand what is needed to ensure a productive interview.

Before data collection, the respondents were introduced and asked to complete an informed consent form (Khan, 2014).

The interviews were recorded to ensure proper transcription. The semi-structured interview consisted of two sections. Section A covered demographics and business information, while Section B included open-ended questions addressing the concerns mentioned in the research questions. Structured questions went in the order of the research questions for convenience of reporting since the research was intended to address the research questions. The researcher gathered data personally. This was accomplished by visiting the interviewees' locations; appointments were arranged. These meetings were one-on-one and in-depth with the respondents from the following four township manufacturing businesses: Twin Twice Tissue's CEO, Msinga Clothing Factory's CEO, the LED manager, and uMvoti Business Chamber member.

Luthando Tissue is a black-owned manufacturing company in Greytown CBD. After being in business for several years, its founder and employees are experienced and provide good customer service. Despite increasing demand, Luthando Tissue's founder and owner, Thabiso Mncwabe, decided to manufacture toilet paper because it was not made locally in his region. He had recognised that people would need affordable toilet paper with the government installing sanitation systems in rural areas. In July 2017, Twin Twice Tissues caught the attention of the SAB Foundation Tholoana Programme. They were selected from more than 2,000 applications countrywide to participate in the programme to develop entrepreneurial aspirations. Twin Twice Tissue won the Umyezane Awards 2018. Twin Twice Tissue completed a major SMME development programme run by Transnet Port Terminal (TPT) in conjunction with Economic Development Tourism and Environmental Affairs (EDTEA) and the Coastal TVET College in Hammarsdale.

Mr T S Buthelezi has been the director of planning and development since 2018 at uMvoti local Municipality and reports to Miss Ngiba, former Municipal Manager. UMvoti Municipality is a semi-urban municipality with a population of 122,423 (Stats SA 2016) and 14 wards. The current political party is Inkatha Freedom Party (IFP), leading with ABC and opposition parties ANC and DA.

To reduce the unemployment rate and poverty in the area, Ms Lelly Mntungwa (42) started to empower the Msinga community through job creation and skills capacitation. Mntungwa later established Msinga Clothing Factory in 2016 to further her ambition to train, upskill and employ the youth and women from the area who had no economically tradable skills. Speaking from her factory, Mntungwa said the Health and Welfare Sector Education and Training Authority (HWSETA), responsible for all its training and skills development requirements, came to their rescue in 2019 when they could implement skills training in Msinga. Msinga Clothing Factory, which employs 100 women on site, is currently making garments for the Foschini Group, Mr Price, and Ackermans and Mntungwa has since been nominated by HWSETA to mentor other projects in the rural areas of South Africa.

Arvin is the CEO (Managing Director) of Aheers Group. The company started operating back in 1993. Arvin has been a member of the uMvoti Business Chamber since 2018. He's been instrumental in the uMvoti business chamber since its inception. A leader in many forms and shapes. The mandate is to gather as many businesses as possible to start recognising each other and trade amongst themselves, serving the greater uMvoti community. He is an esteemed businessperson with many accolades, the best businessperson in the municipality, and a patriarch. Serves on many social integrations. Leader of the Chamber with a vision to make the necessary and impactful change.

I arranged interviews with relevant stakeholders and included the equipment needed, note-taking, and equipment-handling assistance. We had audio recorders, a notepad with a pen, assistance from a scribe and follow-up question carrier, ethics clearance, and a list of prepared questions. The advantage of using one-on-one in-depth interviews is that you get authentic responses from people with first-hand experience or knowledge of the topic; it also eliminates errors caused by using multiple unverified sources. The most important aspects are that it simplifies data analysis due to the specific data collected and saves time for data analysis.

The researcher must also be aware of their bias during the research process. Researchers maintain objectivity (Bogopane, 2013); however, at the same time, they are establishing a rapport of trust with the participants. Thanks to this interaction, a genuine insider's perspective arose from the participants' encouragement to express themselves freely. The quantity of data produced by qualitative interviews is a drawback. The amount of vividly descriptive data generated during the process causes this data overload. If not managed correctly and methodically, the researcher ends up in a data quagmire and experiences futility and despair. What is relevant to answer the research question should always be considered while looking at the data, according to Cassell et al. (2004). As was already said, interviews can produce the necessary data to address the research question.

1.5.1.3 Population and sampling design

Purposive sampling was used for the interviews. Four samples were used for in-person, in-depth interviews with respondents that the researcher had to schedule independently. One representative each from the CEOs of Twin Twice Tissue (Thabiso Mncwabe), Msinga Clothing Factory (Lelly Mntungwa), uMvoti Municipality's LED Manager (T.S. Buthelezi), and the uMvoti Business Chamber member (Arvin).

According to Onwuegbuzie et al. (2007), purposive sampling is ideal for qualitative research since it allows for a clear description of many qualities and the careful selection of units. I used purposive sampling to learn about the respondents' distinctive attributes, experiences, attitudes, or perceptions. Malterud, Siersma, and Guassora (2016:1756), Sebele-Mpofu, F.Y (2021), Baker and Edwards (2012) provided more evidence to corroborate this, suggesting that a limited number of interviews might still be sufficient. Leaders from departments, businesses, municipalities, organisations and academic informants with business expertise and experience make up the study's units. Purposive sampling primarily represents a vast population by using a small number of residents to express their opinions (Onwuegbuzie et al., 2007). It effectively manages time and avoids the recurrence of stories from participants affiliated with the same business sector. Due to the varying backgrounds, the researcher can compare replies in the analysis and reflect various business denominations.

1.5.1.4 Data analysis

Regarded as a core activity of the research, data analysis is the process where inferences are made from the data collected and a conclusion is reached. Lacey and Luff (2007) state that although analysis appears very structured and mechanical, the process requires it to be performed. The research approach followed in this research project is the qualitative approach. In analysing the data collected through the qualitative research instrument, Chimucheka and Mandipaka (2015) state that data analysis in qualitative format is part of data collection and evaluation. The process is circular in that while data is collected, the analysis continues, evaluation and interpretation follow, and the circular process continues until all units have been studied and nothing is left to research. Chimucheka and Mandipaka (2015) state that the result of the analysis process is a large volume of data, which is different from quantitative data in the following ways:

- they appear in words;
- they have been collected in a variety of ways; and
- they need to be processed before they are ready for use.

According to Weyers et al. (2008), triangulation involves using multiple sources to verify the reliability and validity of the data collected and the results presented. Indeed, observing the phenomenon from different perspectives allows the researcher to uncover aspects that would not have been possible if only one measure had been used. The multiple-method approach fulfils an essential function of cross-checking the reliability of data collected and supporting the validity of the findings.

1.5.1.5 Research ethics

Research ethics was considered in this research project. Vainio (2013 p.688) posits that “the elements of research practice include informed consent and avoidance of deception, harm and exploitation regardless of the ethical approach taken”. The Faculty of Economic and Management Sciences had to provide ethics clearance for this study. The researcher informed the participants of the procedures and nature of the research study. They were given an informed consent form, with a message of caution that they are to read carefully before appending their signature. The form had detailed information on participation, which included the fact that participation is voluntary, and no financial benefit or monetary packages were to be derived from agreeing to participate in

the research project. It was also explained to the participants that their basic rights are to be acknowledged and that should they wish to not be part of the study after commencement, they could withdraw without further questioning. The anonymity and confidentiality of the names of the participants were protected as the participants were told that they would be given pseudonyms (Grinyer, 2002). They were also informed that the information they shared would be stored safely. The only people who would be allowed to access the information are the researcher and supervisors of this project.

1.5.1.6 Limitations of the study

In this portion of the study, I discussed the limitations I foresee while conducting the study. This study was conducted in the uMvoti Local Municipality and most participants are in full-time jobs, some as employers and some as employees, which means there have to be schedules set to avoid disruption, but it is going to be difficult to make schedules consecutively to all participants. This is a small-scale study under unique conditions in a different academic year, and the results can only be used to do further reviews for this study. Lastly, access to outside information may be hindered as travel costs to those individuals with relevant information are high; however, virtual meetings were tried as the alternative.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This section reviews the available literature. Although it starts broadly, it focuses on the manufacturing sector and the township economy. The world economy is forever changing and constantly shifting as the world becomes more connected. Globalisation has made it easier for countries to sell and buy goods and services anywhere. Although selling goods and services in the global market plays a crucial role in the sustainability and growth of the world economy, many issues and challenges come with it. These challenges vary from one region to the next. Looking at these challenges from a global and country-level perspective is important. Manufacturing is an economic sector of various human activities, including creating products from raw materials, labour, machinery, and tools (Zhong et al., 2016). If these enterprises are located in underdeveloped areas, the risks increase. This section reviews the available literature. Although it starts broadly, it focuses on the manufacturing sector and the township economy.

2.2 Industrialisation in Africa

There is an increase in trade, contributing significantly to economic growth. Several factors have contributed to this, including technological change, linkages among manufacturing sectors spreading efficiency gains, and manufacturing's employment profile helping to spread the benefits of exports and economic growth (Kaplinsky and Morris, 2019). While industrialisation is improving globally, this has not been without problems in Africa. SMEs face challenges that limit their ability to compete. In the past, Africa has shown limited progress in manufacturing value addition and employment, reflecting the de-industrialisation trends observed in developing countries (Rodrik, 2016). Advanced economies have lost considerable employment (especially of the low-skill type), but they have done surprisingly well in manufacturing output shares at constant prices. While these trends are not very recent, the evidence suggests both globalisation and labour-saving technological progress in manufacturing have been behind these developments. They affect their direct production costs (the transformation of inputs into outputs), indirect production costs (product development, design, distribution, and marketing) and control over input and output markets (Kaplinsky and Morris, 2019). Manufacturers must have access to markets where their products can be traded. One way of accessing markets is through trade agreements. Entrepreneurs often do not utilise the many trade agreements between Africa and Europe (Dana et al., 2020). Manufactured goods from various African countries

have preferential access to these trade agreements. Although African regional markets are desirable for goods manufacturing, inter-African trade is low. However, sub-Saharan African countries saw a growth in manufacturing employment growth between 2010 and 2018 (Kruse et al., 2021), reversing a decline that spanned from 1960 to 2010. Many sub-Saharan African countries have been actively pursuing economic diversification strategies to reduce their dependence on primary commodities and promote manufacturing as a key driver of economic growth. Investments in infrastructure development, such as transportation networks, energy systems, and telecommunications, have improved the business environment and increased the competitiveness of sub-Saharan African countries. Moreover, most African nations have formed regional economic communities (RECs) (Cramer, Sender, and Oqubay, 2020). Even though African countries desire greater economic integration. Africans are restricted from moving between countries due to visa requirements. Still, in their claims to protect local industries, their governments may impose tariff and non-tariff barriers on products from neighbouring countries (Cramer, Sender, and Oqubay, 2020).

The industrial growth path differed by country, shaped by external demand in nations such as Ethiopia, and by domestic demand in resource-rich countries such as Tanzania (Diao et al., 2021). Ethiopia's industrial growth path is characterised by export-led industrialisation, driven primarily by external demand. The country has implemented policies to attract foreign investment, promote exports, and develop labour-intensive manufacturing sectors such as textiles and apparel. In contrast, Tanzania's industrial growth path is driven primarily by domestic demand, fuelled by the country's natural resource endowments. The government has implemented policies to promote domestic industries, including developing manufacturing sectors such as food processing, textiles, and construction materials. The industrial growth paths of Ethiopia and Tanzania differ significantly, reflecting the unique characteristics of each country's economy. Ethiopia's export-led industrialisation strategy has created employment opportunities and driven economic growth, but it also poses risks related to dependence on external demand. In contrast, Tanzania's domestic demand-driven industrialisation strategy has promoted domestic industries and reduced dependence on imports, but it also faces challenges related to limited domestic demand and competition from imported goods.

2.3 Challenges for the manufacturing industry in Africa

2.3.1 Infrastructure

The lack of adequate basic infrastructure is a significant impediment to developing manufacturing in Africa. Without adequate infrastructure, Africa significantly increases the cost of doing business despite having a large pool of cheap labour. Because of this, African countries' advantages will no longer be as relevant (Dana et al., 2020). Many African countries lack the infrastructure for consistent and reliable electricity and water services. Due to the massive power and water needed in manufacturing, potential investors must be self-sufficient and support their primary manufacturing operations with ancillary activities (Dana et al., 2020). Adding these additional assets to the main investment would add enormous costs.

South Africa's existing infrastructure, which is critical to the Manufacturing sector, such as roads, trains, ports, and energy, desperately needs renovation and repair (Henke et al., 2020). New investments are needed in transportation and energy to construct infrastructure projects that will complement existing capacities and fulfil future demands. For example, the high transport cost can result in higher operating costs and lower returns. South African ports supporting industries such as automobile manufacturing are undercapitalised, resulting in high freight costs, delays, and port fees, all of which reduce the industry's competitiveness (Henke et al., 2020).

Infrastructure is one of the primary accelerators for the development of SMME (Henke et al., 2020). According to the GEM South Africa study (2016), new enterprises need simple access to communication infrastructure, utilities, transportation, and affordable land and space. Furthermore, the GEM report broadens the definition of infrastructure to include commercial and professional infrastructure, such as commercial, accountancy, and other legal services and organisations. These services must be given to help existing SMMEs, as well as new ones, survive and thrive. Gauteng has a more challenging time getting physical space for small enterprises to operate in (Henke et al., 2020). SMMEs in the North West reported issues with utilities, particularly interruptions in electricity

supply. On the other hand, the experiences in Mpumalanga and the Northern Cape were vastly different (Seda, 2016). Despite the challenging economic environment, fixed investment in the manufacturing sector expanded by more than 10% in real terms in 2011, reaching 80.6 percent capacity utilisation. The optimal capacity utilisation for a manufacturing organisation is between 80% and 90%, and if it routinely surpasses 90%, capital investment is required. Underutilisation of current capacity has more to do with macroeconomic conditions than a lack of infrastructure.

2.3.2 Access to Funding

Access to finance has been identified as one of the major constraints to the long-term viability of SMMEs. For SMMEs, obtaining finance from banks, stock exchanges, or other loan providers is more difficult than for more giant corporations (Schmidt et al., 2017). While all businesses require financial resources to start, grow, and expand, obtaining the necessary funds is difficult, even with all of the government's assistance. External financial resources are difficult and expensive for small and medium-sized firms, and their availability has deteriorated dramatically (Chowdhury and Alam, 2017). Adegboye and Iweriebor (2018) discovered that giving small enterprises low-interest loans enhanced their access to capital and efficiency. In addition, the increased availability and efficiency of finance sources pushed businesses to use circular economy methods.

Because they do not comprehend financial language, credit processes, or the function of credit agencies, most township business owners are frequently disadvantaged. Only a few business owners know the resources offered by private and state development finance institutions, the products they offer, and how to obtain them (Makena, Kubaison & Njati, 2014). The primary impediment to company innovation and development in townships is a lack of access to money. Small business entrepreneurs typically lack the resources to finance their ventures and may not have the necessary credit standing to be approved for funding. Lack of adequate financing hinders the expansion of small enterprises, making it exceedingly difficult to run a business without money or having the right financial management skills. Banks and other lenders in South Africa have a strong culture of conservatism because they are reluctant to lend to start-ups since they see them as risky investments (Van Osnabrugge and Robinson, 2000). A lack of entrepreneurship education contributes to the lack of capital (Beck and Demircuc-Kunt, 2006).

2.3.3 Education, skilled workers and technology adoption

While a large labour pool is available in Africa, an educated and skilled workforce is required for modern manufacturing. The manufacturing sector may also face this problem. A modern factory may have non-stop operations, with highly automated machines requiring skilled workers (Li et al., 2017). In contrast to the past, modern factories have highly automated machines that require skilled workers to operate and maintain them. Since local management expertise and operational knowledge are minimal, potential investors may not only be forced to employ expensive expatriates to manage the operations, but they may also have to plan to establish their training centres to impart skilled training to their future employees (Li et al., 2017). Before any of these operations can begin, it will take time and money

African countries, as a whole, are low in terms of digitalisation. In addition to technology adoption being below average, the majority of the population is still relatively immature and less sophisticated in terms of technology (Li et al., 2017). Consequently, training and development must be continuously provided so that local workers can understand the complex processes of manipulating and operating the machines' software. Broadband access is prohibitively expensive in Africa, further contributing to low digitalisation (Li et al., 2017). African countries can easily leapfrog technological barriers if they find cheaper and better connectivity options. Training and development will eventually enable the local workforce to reach the required level of skills despite the steep learning curve.

2.3.4 Labour and material costs and availability

There is a common explanation for the higher-than-average increase in labour expenses in South Africa, but there hasn't been a comparable improvement in labour productivity. Due to the attractiveness of local markets due to a combination of problems, including a small domestic market, cheap imports, policy uncertainty, high input costs, and a shortage of trained labour, South Africa's manufacturing sector is currently in survival mode. The future of this industry depends on a vibrant, developing, and competitive local market. It was deduced that several small business owners are unaware of the importance of accounting abilities and the accounting function, which is frequently the cause of business failure (Adebowale & Agumba, 2023). This remark supports the idea that implementing an effective accounting system and having suitable accounting abilities can improve a company's success and long-term viability. Many new and low-maturity SME

enterprises lack the financial, operational, and strategic structures found in larger corporations. This makes it difficult for them to maximise the utilisation (Adebowale and Agumba, 2023) available cash to expand their activities. This could be due to a lack of cash flow and reliance on clients paying their invoices on time, or it could be due to a lack of resources. Many SMEs fail to adjust to a more strategic role due to inadequate performance management systems, day-to-day operating models, clearly defined roles and duties, key performance indicators (KPIs), and designated decision-making. For example, one business process outsourcing (BPO) supplier provided customer management coaching but did not implement rigorous performance management on critical client service level agreements (SLAs). Even though he was scaling the business, another manufacturing SME owner struggled to detach himself from production and manufacturing and hire crucial expertise to take over these duties (Rajagopaul et al., 2020) Small businesses in the services sector are significantly impacted by skills deficit, according to the National Development Plan (NDP). This scarcity is especially noticeable in commercial services such as accountancy and sales. Surprisingly, the sales-oriented commerce and accommodation industry in South Africa has the highest number of SMMEs compared to the other sectors. The Department of Trade and Industry (DTI) is a government agency that deals with trade and recognises that a skills shortage and insufficient entrepreneurship capacity are barriers to job creation. (Seda, 2016).

2.3.5 Costs of energy and policies

Unexpectedly, this competitiveness driver has received such high rankings, given the recent cost hikes anticipated by Eskom's power development programme. Because of electricity shortages and load shedding since 2008 and a trebling in electricity prices from 2009/2010 to 2017/2018, businesses in South Africa have been adversely affected by problems related to energy security (Nkosi & Govender, 2022). The load-shedding of electricity negatively impacts small business owners' dependence on electricity for their operations. Fast-Moving Consumer Goods (FMCG) include the food industry as one of its most delicate segments. Epileptic power supplies could damage food stored in refrigerators and compromise customer service. For businesses, including small and medium-sized enterprises, to run efficiently and contribute to poverty reduction and economic development, reliable electricity supplies are essential. (Onakoya et al., 2013) have highlighted this importance. To be successful in the food sector, small and medium businesses need

reliable electricity supplies (Nkonde et al., 2023), South Africa has competitively priced electricity. Still, the uncertainty of electricity supply compels many firms to rely on backup power provided by diesel generators, which is typically more expensive than Eskom-provided electricity, raising production costs in some situations.

2.3.6 System of economics, commerce, finance, and taxation

The government has a critical role in fostering a favourable climate for manufacturing. Manufacturing investments by the government and a hostile relationship between the government, labour, and industry make it difficult to manage the sector as a whole. The state's primary obligation is to create an enabling environment. Consistent trade and industrial policy implementation are required to promote competitiveness. Several SMMEs have expressed difficulties in reaching out to potential buyers. Small businesses are often overly dependent on a few clients; sometimes, a single redistributor can control an entire company. One way to help manufacturers overcome this problem is by allowing them to access new markets via online marketplaces and micro sales platforms. (Rajagopaul, Magwentshu, and Kalidas, 2020).

2.3.7 Township Economies in South Africa

Township businesses engage in various economic activities, including spaza stores, street vendors, hair salons, shebeens, minibus taxis, mechanical services, manufacturing, burial societies, stokvels, and child care facilities. According to Manik et al. (2020), a convenience store, also known as a spaza shop in South Africa, is a significant and indispensable component of South African townships and plays a significant role in food security, self-employment, and communal cohesiveness. Shebeen is referred to as a liquor store that is "operated from residential houses and has the required alcohol trade license to make the business legitimate," yet many unlawful operations are the subject of numerous "moral and public health. Most township enterprises are small, capital- and skill-light microbusinesses (Black Business Quarterly, 2017).

According to Powell et al. (2014), certain townships still experience exclusion and containment because of their marginal geographic location. According to Sibiya (2012), these regions were distinguished by intentionally excluding certain racial groups (blacks, coloureds, and Indians) from mainstream economic involvement and services. The unequal allocation of resources under apartheid, the housing patterns, poor support services and inadequate infrastructure that

characterised the towns were all common (Rynhoud, 2019). Low community amenities and business investment levels, high unemployment, low household incomes, and poverty distinguish these locations (Charman et al., 2017). While most township firms are classified as necessity microbusinesses (defined by low income and poverty), some are opportunity businesses fostering successful black entrepreneurs (Ntshangase. et al., 2024).

The taxi industry thrives in the services sector and is the foundation of associated service businesses like car washes and tyre maintenance. The rest of the service industry—restaurants, hair salons, and early childhood development centres—often focuses on personal and social services. Fewer manufacturing operations exist. The existing enterprises are seldom integrated into supply systems or marketplaces beyond the township. Most occupations are unofficial and unstable (Philip, 2020). Townships, however, also have high urban poverty and unemployment rates. Because there aren't many jobs in the area, many individuals rely on distant economic opportunities. This significantly raises commuting expenses for employees, depreciates their pay, and reduces their free time after work. These variables boost the cost of labour and impair productivity, with economy-wide implications. The expenditures of job-hunting activities are frequently insurmountable for unemployed people.

The issues facing township entrepreneurs may seem far removed from South Africa's highly concentrated core economy. However, this core economy shapes the competitive environment in which they operate, directly impacting the types of opportunities in townships. Locals serve as a clear target market for township business owners. Nevertheless, a sizable section of the population in this sector is underprivileged. They spend a certain amount of money on a fixed range of items. Like a typical household shopping list, the great majority of goods are mass-produced by huge corporations or conglomerates. As Philip (2020) points out, many of these products are produced by small businesses in other developing nations and sold in local markets; however, in South Africa, small-scale production of these products puts producers in direct competition with the giants of the core economy in terms of price, packaging, brand recognition, and consumer habits, with brands holding strong sway. Small-scale producers are frequently unable to compete on these terms.

Customers frequently visit malls outside the township to find the best deals on less often purchased things like school uniforms. Hire-buy payment conditions are frequently the deciding.

factor for major items like furniture because smaller producers cannot provide them. Several of these products are also produced in vertically integrated value chains, where the producers of the final products and the suppliers of essential raw materials are sometimes in rivalry. In the bread price-fixing case, for instance, the Competition Commission discovered that large-scale millers had conspired to keep the price of four artificially high, limiting competition from small-scale bakeries, even though the focus was on the costs to consumers (Ledger, 2020). High degrees of concentration and vertical integration influence markets worldwide, even in townships. The difficulty for small business owners is comprehending this competitive environment, developing strategies to differentiate their goods, finding ways to add value, including convenience and finding untapped niche markets. This is the township area where successful action can be observed in practice.

The term “township economy” describes all economic activity in formally recognised areas known as townships. Contrary to the term “informal economy,” which refers to all unregulated economic activity regardless of location, “spatial economy” refers to specific economic activities. The term “township” is typically used to refer to neighbourhoods that were purposefully planned during colonialism and apartheid to serve as segregated dormitories that supplied labour to economic hubs elsewhere in the city. Today, townships refer to communities created by the democratic government’s housing subsidy program (Reconstruction and Development Programme and Breaking New Ground). Rows of modest, free-standing houses typical of the large-scale RDP/BNG program’s outcomes were often positioned outside cities, just as far away from employment possibilities as their apartheid forebears. Most post-apartheid townships have experienced equal economic and social marginalisation (Philip, 2020).

Nonetheless, it is important to distinguish between townships created under various forms of government and to take informal settlements into account. As a result, townships can be divided into three categories: Apartheid townships, Post-Apartheid Townships, and Informal Settlements. It is important to avoid generalising too much because every township is different, but they also have many similar characteristics (Mosia, 2021). Minimal investment in productive people, places, and activities, financial leakage at high rates and low resource retention, and limited connections to other formal value chains.

Unsupportive economic structures and governance frameworks, high rates of unemployment, poverty, and social evils (violence, drug abuse, gangsterism, xenophobia, stigma against private enterprise). In addition, townships vary from one another in terms of their size, physical makeup, infrastructure services, social dynamics, and other factors. These distinctions are crucial to their prospects for economic growth. For several reasons, physical location is significant. Cities grow, and the layout of nodes and corridors changes; a township's position over the rest of the urban economy may shift over time. For instance, Soweto was peripheral when it was first founded. Still, as the metro area has grown and more diverse economic functions, such as retailing, entertainment, and tourism, have emerged, this has altered. Better-located townships typically have higher economic potential, but being close to places of employment and social possibilities can also present problems, such as the strain that in-migration and overpopulation put on the land and infrastructure. Most businesses are small and informal. However, huge, formal corporations run some. The Sustainable Livelihoods Foundation has gathered the most comprehensive data on township economics, surveying 11,000 township businesses across nine sites in four provinces, Sustainable Livelihoods Foundation, 2016. They discovered that local services, such as barbershops, hair salons, traditional healers, mechanical and electrical repairs, recycling, churches, and early childhood education facilities, account for 34% of all township businesses. At the same time, groceries, food, and liquor make up 54% of all township businesses. The importance of the minibus cab sector is also reflected in the shortage of regular public transportation and the poor location of many townships. In contrast, only 2% of businesses are manufacturing-related, and these businesses hardly ever connect to larger value chains or external markets Sustainable Livelihoods Foundation, 2016.

These data do not account for other illicit activities like drug dealing, selling fake items, using illegal smokes, and sex work. The principal activity is informal retail trade, which includes shebeens, spaza stores, and street vendors. Sustainable Livelihoods Foundation, 2016. Its size indicates low entry barriers, start-up costs, and a strong desire for convenience (daily top-up shopping). Township businesses have a complementary role in allowing formal wholesalers and retailers to reach an expanding group of low-income consumers with significant collective purchasing power (Todes & Turok, 2018). Since supermarkets can undercut their pricing,

informal traders oppose their township expansion. Although quantification is challenging, supermarkets may have beneficial and harmful effects on informal traders, depending on the physical layout and goods offered. One popular complaint is that supermarkets are frequently located in shopping centres, excluding street vendors from their establishments (Battersby and Watson, 2018). Principal Obstacles for Township Entrepreneurs Notwithstanding the inclination in recent policy announcements to link rural and suburban areas together, towns are difficult places for economic development and quite different from them. In his ANC election platform address in January 2019, President Ramaphosa cited townships six times, each time with rural areas. This implies a lack of understanding of township economies' unique challenges and opportunities. The physical world for business, human abilities and knowledge, access to finance and businesses, distance from affluent consumer markets, crime, insecurity, and police harassment are just a few of the factors that prior studies suggest may hinder the growth of township businesses (Jürgens et al., 2013).

According to World Bank research conducted in Diepsloot, approximately 30% of owners of informal businesses cited business regulations and licensing procedures as obstacles to their operations (Mahajan, 2014). According to a survey of 414 firms in two municipalities in the Free State province, the total annual compliance costs exceeded R80 million. The study found that because of the high compliance costs, 26% of examined enterprises purposefully maintained below specific personnel and income criteria and engaged in 32% of informal procedures (ILO, 2016). According to Charman et al. (2013), licensing and registration-related obstacles are significant barriers for informal businesses in the alcohol industry. Unwieldy processes and inappropriate regulations encourage informality and weak government enforcement (Scheba & Turok, 2020). Functioning without a coherent formal governance framework produces an atmosphere of ambiguity and informal regulation that discourages investment and growth and gives the “strong man” syndrome preference to some more powerful groups in township communities. This position also allows some business owners to operate formally for tactical reasons, such as avoiding paying taxes, upholding minimum standards for working conditions, or taking advantage of openings in illegal commerce or criminal activity.

When the state backs down from enforcing laws, it forfeits the power to regulate areas and stop behaviours damaging to people and the environment. Entrepreneurs ignore the potential benefits of

formalisation and the original intent of the regulations are lost (such as access to formal value chains, government tenders and mainstream finance). While there are certain advantages to automated communities, there are drawbacks when there is no official government since informal rules may be inconsistent and unaccountable depending on who holds the balance of power. The swinging between a laissez-faire policy of ongoing neglect and stringent implementation of current laws and regulations hinders the economic growth of the township. The majority of restrictions target business owners. They must produce the required documentation to formally establish their operations and comply with all applicable legal obligations (Malefane, 2013). For instance, applicants for land use permissions for a new building or an expansion must provide documentation that they are the legal owner of the property in question. The title deeds to the property on which entrepreneurs operate are not in their possession. In addition, many families renting backyard homes or residing in unofficial settlements can never establish a legitimate business because the property they are on is privately owned.

2.3.8 Small Business Development Agency (SBDA)

In particular, entrepreneurship can be a potent tool in the fight against poverty and unemployment among the youth. Some of our youth acquire university degrees. Still, it is a fact that, apart from working toward their university life, they cannot show any skill set obtained while at the institutions of higher learning. The Small Business Development Agency bridges that gap by capacitating those young leaders who wish to enter the business realm.

The importance of small business development organisations in South Africa, where unemployment among young people is startlingly high, cannot be emphasised enough.

The roles of government and the private sector need to be visible in assisting our young adults; there are many opportunities in the areas where the youth reside. The local government needs to strengthen the economic sector under the Planning Department to pursue and fund the youth with the potential to be effective. These organisations give young entrepreneurs the tools, encouragement, and training they need to succeed by enabling them to overcome the particular obstacles they encounter.

2.3.9 Tshumisano Trust

Every country's progress depends on its youth, and South Africa is no exception. The nation's future depends on investing in its youth, as over 60% of the population is under 35. On the other hand, many young South Africans deal with serious issues such as unemployment, poverty, and limited access to training and education. This paper looks at the Tshumisano Trust's contribution to youth development and how important it is to achieve the goals of the National Youth Development Agency.

In conclusion, the future of South Africa depends on Tshumisano Trust's dedication to fostering youth development inside the National Youth Development Agency. The Trust's initiatives help young people thrive in their personal and professional lives by giving them the tools and chances they need. After looking at the function of the Tshumisano Trust, let us move on to the foundation and history of the National Youth Development Agency.

2.3.10 Khula

Support for the industry also includes financing plans that use guarantees, one supplied by Khula, in addition to the chosen SME government programmes. The Khula Credit Indemnity Scheme was created to enable access to capital for those who want to launch or grow small- to medium-sized businesses but lack the necessary security or collateral to support the loans that participating banks offer (Chakabva & Thurner, 2015). The programme includes facilities costing between R10 000 and R3 000 000. Entrepreneurs looking for a Khula credit indemnity can get guidance and help to develop a business strategy by contacting one of the Khula Credit Indemnity partner financial institutions (ABSA, First National Bank, Nedbank, and Standard Bank) or a Khula Regional Office (Khula, 2003). Once the business plan has been evaluated, the partner financial institution will facilitate the application process according to its lending guidelines. The financial institution will contact Khula for indemnification coverage after the application has been accepted, and a mentor may be chosen to assist with the execution of the business plan, the development of operational processes, and general business management. For the term of the facility, the financial institution is in charge of facility management and payment collection. The applicant is still in charge of completing the facility's payment.

2.3.11 Thembani International Guarantee Fund (TIGF)

This partner initiative started by black South Africans living in exile in the US led to establishing Thembani International Guarantee Fund (TIGF) in 1996 as a Section 21 (not-for-profit) organisation. As security for guarantees to cover loans from South African banks, TIGF employs loan and grant funding raised from people and organisations in the US and Europe. For loans from South African banks to qualified borrowers, TIGF offers partial guarantees (up to a maximum of 75% of the loan amount not exceeding R10 million) for one to three years. Local banks and borrowers must share the credit risk. Borrowers are not given money directly by TIGF. TIGF keeps track of the development of the projects for which loan guarantees have been given. According to the loan agreement, loans must be repaid on schedule. The FinScope poll found that 75% of small business owners were unaware of any organisations that offered advice and support to other business owners, with the Northern Cape having the highest percentage at 58%. About 10.3% of those surveyed were aware of the Umsobomvu Fund, the NYDA, the Sector Education and Training Authorities (SETAs), Seda, Khula, the Bank Support, 2.3% of the SETAs, and 1.2% of the South African Micro Apex Fund (Samaf) (Turner, Varghese and Walker, 2008).

2.4 Government support

2.4.1 Small Enterprises Development Agency (SEDA)

Despite abundant natural resources and cultural diversity, South Africa has a high youth unemployment rate, which presents a serious concern.

With more than 50% of South African youth unemployed, programmes targeted at empowering this group are desperately needed, according to current figures. The youth unemployment rate in South Africa is a call for concern, which is why government agencies must provide services to empower our youth. We cannot make it a norm that half the population of our youth cannot find jobs and cannot create opportunities for themselves. The question is, what kind of education are we feeding our youth? Is it still relevant?

This study examines the vital role of the Small Enterprises Development Agency (Seda) in empowering young people in South Africa through encouraging entrepreneurship and small enterprises. SEDA needs to partner with various local businesses to bring the services closer

to the needy community. We have witnessed that SEDA offices are based in bigger cities and metros, whereas most disadvantaged communities are in townships and rural areas.

2.4.2 Industrial Development Corporation (IDC)

Since its establishment in 1940, the corporation has been instrumental in implementing South Africa's industrial development policy, establishing some industries that have become cornerstones of the country's manufacturing sector. During these days, IDC was made for particular citizens and excluded some, and consequently, African descendants never benefitted from the corporations. These include the petrochemical, mining, and mineral beneficiation industries, fabricated metals, agro-industries, clothing, and textiles. Previously, no black person was in these sectors; however, after 1994, things changed, and most nationals took part in the IDC business.

Although our priorities and focus areas have evolved over the years in line with the policy direction of our shareholder (government), the IDC remains committed to its objectives of developing South Africa and the continent's industrial capacity and, in doing so, plays a major role in facilitating job creation. Furthermore, our role in the rest of Africa remains to proactively develop and implement strategies that create linkages and integrate value chains across the continent. Through our subsidiary *sefa*, the corporation has played a critical role in promoting entrepreneurial development by supporting small and medium enterprises (SMES). The IDC remains committed to promoting sustainable growth and increasing sectoral diversity, thereby boosting local production of goods. It is evident that the IDC remains committed to changing people's lives; however, these offices remain in the cities and towns, making it impossible for those living in the townships and rural to have access. We remain resolute that these offices should be focused on the entire population rather than choosing the lit and those with deeper pockets. In addition to job creation, IDC funding helps promote regional development and economic integration, including advancing black economic empowerment initiatives.

2.4.3 The Khula Mentorship Programme

The Khula Mentorship Programme is one illustration. The Centre for Innovation and Entrepreneurship (CIE) at the University of Cape Town (UCT) has performed research revealing that mentors can benefit small businesses. The centrepiece of the UCT CIE's extremely successful

loan programme matches loan recipients with mentors. However, finding mentors with the right experience is the key to these mentors providing value to their clients.

Nevertheless, in the case of the Khula Mentorship Programme, many of the mentors employed have little to no business experience, have difficulty grasping fundamental accounting principles, and as a result, are unable to generate value for their clients. A hugely expensive initiative with little to no influence is the end consequence. Government actions were “poorly implemented and ineffectively marketed,” according to the 2001 GEM report. Khula Enterprise Financing and the date received harsh criticism, but more specialised initiatives such as the National Manufacturing Advisory Centre were found to be more effective. According to the 2002 GEM study, “there is a noticeable absence of microloan organisations offering smaller loans (R300 - R3500) without exorbitantly high interest rates.” This underlines informal companies’ need to establish an efficient community-based microfinance infrastructure.

2.4.4 An evaluation

Many independent surveys indicate that only a small minority of small businesses know of the government’s measures to help small businesses (Gherhes, Vorley & Brooks, 2021).

More than 60% of firms knew about SETAs, 45% knew about the Industrial Development Corporation (IDC), and fewer than a third knew about the Competitiveness Fund, according to the SME Annual Survey (2004), which sampled more than 2 500 SMEs and focused primarily on SME perceptions of government support. Less than 15% of enterprises, however, were aware of any alternative government support systems. Much less was used of government support systems. Ntsika, the MACs, Khula, Brain, and Umsobomvu had only been used by 1% of firms. The SETAs and the Competitiveness Fund were the only two structures adopted by more than 10% of the enterprises examined.

Ineffective marketing is the cause of the lack of awareness. According to the SME survey, 70% of the enterprises questioned believed that the government communicates its incentives ineffectively. According to the SME survey, 63% of small firms believe that the effects of available government incentives are either extremely negative or negative, and 54% believe that the effects of support structures are similarly either extremely negative or negative. Also, no proof of using a particular government service increases the likelihood that firms will view government assistance for small

enterprises as helpful or extremely helpful. Most of the government's initiatives to promote small businesses appear unknown to small businesses in general. Even when they are aware of them, they are sceptical about the value they will have for their company, according to information from various sources, including anecdotal evidence from interviews the GEM team did in South Africa.

There are several reasons why government support for small enterprises has failed. The reasons given include (1) a lack of awareness (outreach); (2) unequal distribution (concentration in metropolitan regions); (3) the high cost of seeking support services, which has not been reduced by adequate information on how and where to receive support; and (4) onerous administrative requirements of government programmes leading to user fatigue and high levels of disappointment (Gherhes Vorley and Brooks, 2021).

It is stated that the institution overestimated its capacity and the capacity of the local business service centres using the success of Ntsika's Local Business Service Centre (LBSC) initiative as an example (Gherhes Vorley and Brooks, 2021).

Due to the institution's inability to obtain sufficient money from Ntsika, most LBSC programmes were forced to invest time and resources into fund-raising efforts or rely on service fees.

To maximise service revenues, referrals to qualified service providers were less common than initially planned. Both harmed the LSBC programme's capacity to support small enterprises in the manner originally intended. By working with a smaller number of companies, the Manufacturing Advisory Centres (MACs), which have a much more narrowly defined role and use experienced service providers, were able to achieve significantly better results. An indication from the GEM reports implies that, in addition to the factors above, a significant factor in the failure of government programmes to support small businesses is poor delivery (Bloch and Daze, 2000) - more specifically, the incompetence of the individual delivering government support.

Access will be hampered by people's ignorance of these programmes' existence. Therefore, even if finance is available, individuals who might need it will not be able to obtain it. According to Chimucheka and Rungani (2011), 28% of the SMMEs examined had never requested bank assistance. The primary explanations provided were ignorance of the loan application process (53%), lack of knowledge of bank sources of financing (23%), and excessive interest rates (7%).

17% of respondents said they have the resources to launch and manage their enterprises. The FinScope survey, which looked into the barriers to financial inclusion, discovered that the biggest obstacles to admission were primarily attitudinal or perceptual, like those mentioned above, rather than regulatory or supply-related. Most business owners said their income's unpredictability and amount did not make having a bank account necessary. The lack of a bank account was primarily due to income-related factors. Still, there were other factors, including costly bank fees, strict minimum requirements, and not qualifying for an account (including the business not being registered). These results highlight the critical need for small business owners to receive financial education (Molapo, 2007). Consequently, it is essential to ensure that interventions focus on attaining this goal. The literature review found no examples of governmental or private sector interventions or programmes emphasising financial literacy.

2.5. Legal framework

2.5.1 The legal framework of South Africa's manufacturing sector in rural and township areas

This study looks into the intricate relationship between the law and the growth and development of the manufacturing industry in rural and township areas. The complex framework of national legislation and provincial regulations weaves together to create a legal framework that significantly impacts economic prosperity and social development in these areas. This complex legal framework is vital to the industry's success, and the remainder of this study will provide a comprehensive overview of the legal framework governing manufacturing in rural and township areas of South Africa.

The manufacturing sector in rural and township areas of South Africa is subject to various national and provincial regulations that aim to promote sustainable development, protect the environment, and ensure fair trade practices. According to the Department of Trade and Industry (DTI) of South Africa, some of the national legislation that governs the manufacturing sector in these areas includes the National Environmental Management Act (NEMA) and the National Standards Act (NSA). The NEMA aims to protect the environment and ensure sustainable development, while the NSA provides for developing, maintaining, and promoting standards in South Africa. The National Environmental Management Act (NEMA) of 1998 is a crucial piece of legislation that sets

out the framework for the sustainable development of the manufacturing sector. NEMA provides guidelines for the integration of environmental considerations into decision-making processes and the implementation of measures to prevent, reduce, and control pollution and degradation of the environment

Additionally, the Occupational Health and Safety Act (OHSA) sets the standards for the health and safety of employees in the manufacturing sector. The Occupational Health and Safety Act (OHSA) of 1993 aims to protect the health and safety of workers in the manufacturing sector. The OHSA requires employers to provide a safe and healthy working environment, to ensure that workers are trained and competent, and to respond appropriately to prevent accidents and occupational diseases.

Provincial regulations also govern manufacturing in rural and township areas, such as the Gauteng Industrial Development Zone Policy, which aims to promote industrial development and investment in the province. These regulations are implemented and enforced by various government agencies and departments.

These regulations aim to protect the environment, promote health and safety, and ensure fair trade practices in the manufacturing sector. However, some may argue that these regulations may hinder the growth of the manufacturing sector in rural and township areas due to the bureaucracy and costs associated with compliance.

The township economy refers to all the economic activities occurring in formally promulgated urban areas known as townships. This encompasses producing, distributing, exchanging and consuming goods and services. Unlike the informal economy, it is a spatial concept, which refers to unregulated economic activities irrespective of location. The township is commonly used to describe neighbourhoods that were deliberately designed under colonialism and then apartheid to function as segregated dormitories supplying labour to economic centres elsewhere in the city. Nowadays, townships refer to settlements developed through the democratic government's housing subsidy scheme (Reconstruction and Development Programme and Breaking New Ground). The large-scale RDP/BNG programme typically resulted in rows of small, free-standing houses on the urban periphery, located just as far from economic opportunities as their apartheid predecessors. One reason for this is that many RDP/BNG townships were built on land acquired during the apartheid era. Most of these post-apartheid townships have been equally

It has been marginalised economically and socially (SACN, 2016; Philip, 2014; NPC, 2012). Nevertheless, it is helpful to distinguish between townships established under the different governance regimes and include informal settlements. The manufacturing sector makes up only 2% of all enterprises and is rarely linked to wider value chains and external markets (SLF, 2016). There are also illegal activities such as drug dealing, counterfeit goods, contraband cigarettes and sex work.

Additionally, the National Regulator for Compulsory Specifications (NRCS) ensures that products manufactured in South Africa comply with relevant standards and specifications. The NRCS also oversees the implementation of technical regulations and the issuance of product certifications. However, critics may argue that national legislation does not adequately address rural and township areas' specific needs and challenges. To address this issue, the national government has taken steps to provide financial and technical assistance to rural and township manufacturers. For example, the Department of Trade and Industry has established several initiatives to support small and medium-sized enterprises (SMEs) in rural and township areas, including the Manufacturing Competitiveness Enhancement Programme (MCEP) and the Black Industrialist Scheme (BIS). These initiatives provide funding and technical assistance to help SMEs comply with national regulations and improve their competitiveness.

In South Africa, the manufacturing sector in rural and township areas is governed by a complex set of provincial regulations tailored to each region's unique needs and challenges. These regulations, which vary from province to province, cover various issues, including environmental protection, labour standards, and safety requirements. For example, the Eastern Cape Provincial Government has implemented regulations to promote the development of small and medium-sized enterprises (SMEs) in the manufacturing sector by providing financial assistance and training programmes to help these businesses grow and compete in the market.

A neglected but integral aspect of township economies' systemic constraints is the governance regime, which is the framework of rules and procedures that influence how enterprises operate (Charman et al., 2017; SLF, 2016). The current regulatory framework and administrative processes are in many ways unsupportive and inappropriate, which results in “enforced informality” (Charman et al., 2013).

The land-use management system is another major challenge. Pressure on land and organic township development has made workplaces, public spaces and private homes become intertwined and physically inseparable (Charman et al., 2017). Township entrepreneurs often employ multiple livelihood strategies on the same site, which contradicts the requirements of official zoning schemes and land-use plans for keeping different activities separate. Although mixed land uses create more integrated, compact and vibrant places, they contravene zoning regulations, which are often a pre-condition for other permits and licences. Formalising an informal business requires a change in land-use rights or rezoning, a complex, slow and costly process that few people understand.

The KwaZulu-Natal Provincial Government has implemented regulations to ensure that manufacturers in rural and township areas comply with environmental protection standards, such as measures to control pollution and reduce the impact of manufacturing activities on the local environment. While some may argue that this complex and diverse system of regulations creates a confusing legal landscape for manufacturers, it is necessary to ensure that manufacturing activities are conducted responsibly and sustainably in each province. Overall, these provincial regulations are vital in promoting sustainable and responsible development in the manufacturing sector in rural and township areas in South Africa.

The legal landscape of South Africa's manufacturing sector in rural and township areas is multifaceted, including national legislation and provincial regulations. This framework offers guidance and structure to the manufacturing sector, ensuring that it operates to promote economic growth and social development. The role of national legislation in regulating the manufacturing sector is crucial, and the impact of provincial regulations further strengthens the regulatory environment. Overall, the legal framework reflects the government's commitment to governing the manufacturing sector in these areas while considering the unique challenges and opportunities present in rural and township communities. By continuing to engage with stakeholders and refine the legal framework, South Africa can unlock the full potential of its manufacturing sector and drive sustainable development in rural and township areas.

The National Building Regulations and Building Standards Act 103 of 1977 as amended (in terms of which the National Building Regulations, SABS 0400, have been developed) prescribes another set of unsuitable regulations for informal enterprises and township contexts. Many of its norms and

standards related to fire safety, ventilation and building structures are too rigid and demanding, considering the resources available to such enterprises. Structures must be built out of brick or timber unless they have an agreement certificate (NBHRC approval) or “fit for purpose” design. People cannot formalise their businesses if their premises are constructed with corrugated iron, zinc sheets, homemade bricks or other unconventional materials.

Enterprises operating out of old shipping containers also fall foul of these standards. Many social enterprises that provide valuable community facilities and welfare support, such as children’s nurseries and education centres, cannot receive government support (Charman et al., 2017). The way forward may be to allow exceptions to the regulations in certain circumstances and permit an incremental approach to adoption. Small-scale enterprises could be incentivised to upgrade their premises progressively over time as their viability improves and resources become available. National legislation plays a vital role in regulating the manufacturing sector in rural and township areas in South Africa. The national government has enacted various laws and regulations to ensure sustainable development, protect worker health and safety, and ensure product compliance. Moreover, the government has provided financial and technical assistance to support SMEs in rural and township areas, promoting inclusive growth and development.

2.5.2 In conclusion

The complex framework of national legislation and provincial regulations weaves together to create a legal framework that significantly impacts economic prosperity and social development in these areas. The manufacturing sector in rural and township areas of South Africa is subject to various national and provincial regulations that aim to promote sustainable development, protect the environment, and ensure fair trade practices. According to the Department of Trade and Industry (DTI) of South Africa, some of the national legislation that governs the manufacturing sector in these areas includes the National Environmental Management Act (NEMA) and the National Standards Act (NSA). The current government is spearheading equal opportunities amongst all races in South Africa. The laws and regulations are now applied equally to all who live in South Africa, unlike in the previous regime before 1994. The rules and regulations were based on the skin colour and that person's originality. The current dispensation of the government of National Unity is also bringing changes and challenges to those who have been party allegiances. The government works for every citizen, and the opportunities are to the exposal of all who live in

the Country. Areas like rural areas and townships will take a different turn in the economic space, and we hope to see changes in the places where people live and reside.

CHAPTER 3: Findings

3.1. Introduction

This chapter analyses the interviews with the various respondents. These interviews provided insight into the experiences of establishing and managing enterprises in rural and township areas. This chapter examines the challenges to producing high-quality goods and services and the landscapes of small business ownership in townships and rural areas. The focus is on comprehending the difficulties and rewards of launching a business in a small town and the part played by government regulations.

3.2 Government regulations

The entrepreneurial landscape in underdeveloped areas is rife with complexities and adversity. This chapter investigates the role of local government in supporting and regulating small and medium enterprises in underdeveloped areas, the potential policy and regulatory changes to empower entrepreneurs and the positive and negative aspects of the business location. Several national, provincial and urban policies focus on revitalising township economies and the informal sector. The three most prominent plans of action for township spatial development initiatives and the new growth areas for economic development since the advent of democracy are:

- The special Integrated Presidential Projects (1994)
- National Urban Renewal Programme (2001)
- The neighbourhood Development Programme (2004-2005)

3.3 Difficulties and rewards of launching a business in small towns

The government of South Africa is working tirelessly to address the issue of unemployment and enable the areas in township and rural areas through NDP 2030. Though the informal sector has been the subject of much research over the past few decades, there are still many information gaps regarding the best strategies to support the township and informal sector economies (Charman and Petersen, 2015).

The National Development Plan 2030 of the Government of South Africa, which outlines its growth plan, recognises the significance of small, medium and micro-enterprises (SMME). The intricate entrepreneurial journey in these areas necessitates an in-depth understanding of the experience and needs of small enterprises, particularly within the context of township manufacturing businesses.

3.4 Training and development

Training and development play a critical role in the success of businesses, particularly for rural entrepreneurs with financial challenges. For example, the Department of Economics and Development trained businesses in customer service, financial literacy and marketing expertise. The responses highlight the importance of entrepreneurship training and development programmes, emphasising the Department of Economics and Development's financial literacy, marketing, and sales initiatives. The municipality took ten individuals into the training programmes. Unfortunately, only six individuals succeeded in the business training and development programme.

One respondent said: “We embarked on the training because 99% of attendees do not have a financial background. The kind of training we received in financial literacy, followed by marketing and sales, assisted most of us from rural backgrounds and had no business experience.”

The above quote confirms the value of basic entrepreneurship training. All interviewees highlighted how important it is to reform policies, provide support, and provide training to help entrepreneurs overcome challenges and develop their businesses. For example, two respondents stated the following:

“The department of economic and development through the local municipality also includes the information pack that capacitate the small business owners about the policies that regulate the various industries, including but not limited to manufacturing sector but tuck-shop owners.”

When we engaged the local municipality on the business capacitation, we were introduced to the EDTEA Department officer, with whom we set an agenda for the items we needed capacitation.

“The Department of Economics and Development invited the interested stakeholders to attend a training and development session.” The training was designed to serve

entrepreneurs, small and medium enterprises and co-operatives. All parties were trained in financial literacy and marketing skills.”

The above quotes confirm that training and development help business owners build companies, overcome challenges, and improve strategic planning and operational efficiency. This has contributed to a range of skills. The value of marketing, financial literacy, and customer orientation is visible in the above analysis. These training needs are often fundamental, and addressing these needs could be helpful for entrepreneurs in rural settings where basic knowledge is often unavailable. Below, a more detailed assessment of the various aspects follows.

3.5 Financial literacy

Financial literacy is understanding and effectively using various financial skills, including personal financial management, budgeting and investing. Knowing and understanding financial literacy is essential. It helps the attendee understand the difference between financial management, budgeting and investments. As per our literature review quoted below:

“Manufacturing investments by the government and hostile relationship between the government, labour and industry make it difficult to manage the sector as a whole.”

The Department of Economic and Development Tourism and Environmental Affairs (EDTEA) introduced township business owners to financial literacy, and how to comply with government regulations. One of the interviewees expressed the value of financial training in the following:

“I had no financial qualifications or experience when I started the business. The workshop was based on marketing acumen, financial literacy and customer services.”

Another interviewee mentioned a different perspective about the local municipality's involvement in local business upliftment:

“The Department of Economics and Development and the uMvoti local municipality invited us to attend a training and development session in financial literacy, but unfortunately, the financial literacy workshop was too shallow, and I expected more consultations with the presenter.”

This indicates that, sometimes, the time allocated for workshops is insufficient for the participants and the presenter to have a deeper discussion and understanding of financial literacy to last longer.

The quote from the second respondent reflects the need for mentorship and support beyond the classroom. This is challenging in remote areas as mentors might not always be available.

3.6 Marketing

Marketing promotes and sells products or services, including market research and advertising. Marketing helps customers be aware of the product offerings, engages them, and provides them with product benefits. As the literature review indicated below:

“One way to help manufacturers overcome this problem is by allowing them to access new markets via online marketplaces and micro sales platforms” (Rajagopaul, Magwentshu and Kalidas, 2020). When interviewing the participants, the participants noted that they gained much experience during their training and development.

One respondent said:

“The training and development provided to us were and are still evident in our practice and our businesses; I am saying this because my marketing skills were blunt, the training provided me with different soft skills in marketing; I hardly depend on the next person for business marketing, sales, promotions and access to online marketing.”

“I can safely say the skills attained during my training work well for me; some of my products are sold online, and the skills acquired play an important part in marketing my products.”

Another respondent said:

“The marketing training attended was indeed useful; however, my shallow background became disadvantageous to me; the information provided at the training was intended for someone with a background in marketing and also exposed to various forms of marketing.”

This shows that the training provider needs to understand each participant’s background and enterprise differences. It also reiterates the limitation of teaching business skills as the experiences of those in the class differ.

3.7 Skills development

Most respondents said they require more skills development, but they all acknowledged the training and development provided by EDTEA and the local municipality. As quoted from the literature review earlier:

“Many new and low maturity SMMEs lack the financial, operational and strategic structures in larger corporations.” According to the National Development Plan, the skills deficit significantly impacts small businesses in the service sector. One respondent said:

“There were skills that I felt were lacking in me as an individual and a business owner; those skills include but are not limited to presentations and concept development. After attending the session on skills development, I can now easily use Microsoft Office (Word, Excel and PowerPoint presentations).”

This skill is important, as indicated by the interviewee above, as knowing the software used to draft their business proposals and present their business ideas to potential investors is central to business development. These skills are essential to access markets and investors. Another respondent valued the training but still wanted more training, saying that:

“When I completed the skills development, I still found it hard to work on Excel spreadsheets because there were many calculations to make, and the PowerPoint presentations were difficult to understand.”

“This is because I have never had any background, and I feel more time is required to attend this course. We were only afforded a day to understand the office, which to me was not enough.”

The above interviewee’s concern is a common concern regarding entrepreneurship training. Having people with different skills in the same classroom does help some but frustrates others (either because they know enough or because their foundation is not good enough). It also suggests that one-on-one mentoring should also be considered.

3.8 Growth and development

This training and development focused on business growth and individual growth within the space of businesses. Business growth refers to the company’s size, revenue, market share, and

profitability, which increases over time. As referred to by the study in the literature review below, training and development must be continuously provided so that local workers can understand the complex process of manipulating and operating the machines' software.

This can be achieved through various means, including expanding into new markets, developing new products or services and increasing sales. One of the respondents highlighted the following that hinders the expansion:

“One aspect that hinders our growth and business expansion is the availability of suitable workspace at a reasonable rate within our municipality.”

This is because the municipality (or private sector) cannot provide the required workspace and affordable rental facilities. This is a significant drawback for rural enterprises. The interviewee mentioned that the business was growing and that attempts were made to contact the local municipality, asking for their interventions. Unfortunately, all the cries were ignored by the municipality and the private sector, seeing that they did not have enough funds. He has to look outside his local municipality for expansion and business growth.

The interviewee shows his growth emanating from the knowledge gained during his training and development session: “After attending various business trainings from EDTEA and the local municipality, we started experiencing upward growth in our business. Therefore, we had to look for a bigger workspace to absorb the pressure and respond accordingly.”

The interviewee believes that when a business owner owns the land, it becomes easier to access anything, including business expansion, which translates into much higher production, bigger revenue, and increased profitability.

3.9 Infrastructure

Infrastructure has a critical influence on business growth and productivity. As the literature review below notes, “many African countries lack the infrastructure for consistent and reliable electricity and water services.” South Africa's existing infrastructure, which is critical to the manufacturing sector, such as roads, rail, energy and ports, desperately needs renovation and repair.

As indicated by interviewee 3 (Ekukhanyeni Creations, and also confirmed by interviewee 2 (Umndeni skin care products), the infrastructure indirectly affects their capacity to expand and prosper, including access to dependable transportation and suitable storage facilities. Both businesses highlight that they work in areas outside of town where the market is and where most clients live. There is a positive side and a negative side to their location. One is that having a business closer to the community provides security and easy customer access. The second one is that delivering the products to clients outside the area where businesses are located is costly. Areas with a high demand for delivery and lack of access to these also impact their operations and revenue.

3.10 Road infrastructure (transport)

Rural and township road infrastructure needs to be maintained, and it isn't easy to use at night and during heavy rains. This infrastructure also needs pointing directions, which a lack of causes unfamiliar visitors not to find their locations on time. Rural and township visitors charge an extra fare when delivering in these areas; the average fare to town from Durban is R500 per trip but producing in the township costs about 25% more and in the rural costs about 60% more than the fare charge because there are no clear directions and road signs. The interviewee highlighted that:

“We need the government to start recognising businesses in rural and township areas; our poor road infrastructure is damaged. It is deteriorating, and when we engaged the municipality, they indicated that the amount to repair and put a new surface will cost over R16 million in the financial year, the official said.”

The quote shows the respondents' belief that the government does not recognise the rural areas and give them better treatment, similar to what the towns are receiving. Insufficient delivery vans and storage negatively affect profits by delaying deliveries and raising overhead costs. One of the respondents said:

“We source our sewing material in Pietermaritzburg and Durban. The service providers we work with always make deliveries in our areas, but because of the distance, we cannot get them on time, which is too expensive.”

One respondent from the local municipality indicated that the reason for poorly maintained road infrastructure is that most roads do not fall under the municipality. Consequently, the business cannot keep the local municipality accountable.

3.11 Warehousing and storage facilities

All interviewees indicated that the shortage of warehousing is a concern. Some participants are faring with their materials to and from work, impacting their finances. Suitable warehousing is needed for rural and township entrepreneurs, even the manufacturers of our society in these areas. The UMzinyathi District municipality interviewee said:

“The major reason we have identified with our stakeholders in the small business space is that there is a huge cry for storage available to keep their stock safe. The District does not have enough funding to cater for this. However, we are contacting the business chamber to bring them on board to assist as a business fraternity.”

This illustrates how vital warehousing is to the growth and success of companies in rural areas. While some may argue that constructing infrastructure could lead to more taxes or government spending, the advantages of empowering women to run businesses and develop infrastructure far exceed any potential disadvantages. Additionally, for many businesses, the benefits of infrastructure expenditures exceed any minor concerns about increased costs. It is clear how crucial adequate infrastructure is to the expansion and prosperity of businesses.

Business operations in rural areas are severely hampered by inadequate warehousing infrastructure and small workspaces. Local business owners (interviewee 1) shed light on the drawbacks of their location, emphasising how their limited space affects their productivity and the shortage of sufficient storage facilities to keep their produce, which makes it difficult to deliver goods on time.

He said: “Warehousing seems to be another obstacle; for suppliers who live in our rural areas, we find it difficult to keep our produce safer and longer.” Rural businesses require clients to increase storage capacity for products, as a shortage of warehousing poses a significant threat to their operations.”

These difficulties make it more complex for businesses to expand and satisfy the rising demand. Although some might contend that these difficulties do not constitute significant barriers to company

operations, his first-hand account demonstrates the real effects of these difficulties on the company's growth and productivity. The significant impediments to business growth and the ability to meet market demands posed by location and infrastructure challenges in rural business operations highlight the critical need for improved infrastructure and location considerations for rural businesses.

3.12 Market Access

The interviewees revealed several insights about market access. As noted from the literature review quoted below: "Due to a shortage of investors, there's a gap between the government, entrepreneurs and the market. This problem is the root of the economic conflict in townships."

Interviewee 2 highlighted the difficulties in launching a business in the remote town of uMvoti Municipality. They both discussed challenges in gaining access to capital and breaking into the market, highlighting the significance of tenacity and zeal in conquering the barriers. Despite setbacks and challenges, the interviewees persevered in their mission, landing contracts with stores and growing nationwide to realise their full potential. The products are widely known in South African stores and pharmacies, and the business has grown into a national brand.

I realised the volatility regarding market access from the interviews conducted among the participants. Case in point, interviewee 3 discussed the difficulties she encountered when launching her company.

"Although we had no prior experience or background in fashion, we were searching for partners with industry knowledge when we first launched our business. After chatting with various clients and family members, we were introduced to a few folks who had worked in the sector but are currently unemployed."

The interviewee discussed the accomplishments, such as signing a contract with a supplier and growing the workforce and output. The answers point to the complexities and difficulties that firms, especially those in rural areas, face when trying to access markets. The interviewee highlighted the shock he experienced when attempting to have a bigger share of the market by stating:

“As the local manufacturer, I was under the impression that accessing the local market would be easier until our products were rejected based on not being trusted products by the retailers.”

The interviewee indicated the plight of emerging businesses in rural areas and the danger imposed when they approach the market. The following were identified as a central aspect restricting access:

1. Each product needs to have a unique license to be on the shelves
2. Each product needs unique branding before it is acceptable to the market.

This highlights the importance of resource accessibility, supporting regulations, and cooperative efforts between companies and local governments to create an atmosphere favourable to enterprise expansion and development.

3.13 Access to finance

It is evident from the interview excerpts that the participants covered a wide range of financial topics related to their enterprises. External financial resources are difficult and expensive for small and medium-sized firms, and their availability has deteriorated dramatically (Chowdhury and Alam 2017).

They discussed the difficulties of getting capital to launch and expand their companies and the barriers to markets, capital, and infrastructure. They also discussed the necessity of financial support from local government and how funding affects the accomplishments and success of their companies. An interview with a business owner from uMndeni Skin Care Products highlights the challenges of starting a business in a rural town when capital was scarce. The response said:

“It was so difficult; the salary was not enough to start and pursue the dream, the business owner said. I had to start saving, and with our little money, we had to go to various production machinery suppliers to seek the quote first.”

The respondent highlighted the financial need and required tenacity. In township and rural entrepreneurship, overcoming financial barriers is essential to success. Acknowledging these experiences as evidence of the perseverance and resolve needed to succeed in such settings is critical. Township and rural business owners frequently need financial assistance to address the lack of capital and restricted resource access. In an interview, a local entrepreneur stated:

“It was challenging. I recall that we lacked capital when we wanted to launch the company, and since I was working then, my pay was insufficient to launch and support the venture.”

This illustrates the financial obstacles that business owners encounter when they first launch their ventures. These illustrations show the monetary obstacles that rural entrepreneurs face and the tenacity needed to overcome them. Despite financial barriers, the ingenuity and tenacity of the township and rural business owners are insurmountable. Despite the challenges, they have sought new funding sources. Overcoming financial challenges is evidence of the township and rural business owners' adaptability and capacity to succeed.

The interviewees discussed their encounters with monetary limitations, including restricted workspace, transportation expenses, and obtaining funds from regional administrations. They also discussed the advantages and disadvantages of their company locations, stressing the need for improved policies and funding to overcome challenges.

“Being in the rural area and again experienced by the township businesses is that no financial institution is willing to assist with financial backing; we have to depend on ourselves whenever there is a project to be exposed to.”

It is clear from examining these answers that financing is essential to the expansion and success of the companies under discussion. The opportunities and difficulties around money brought to light the significance of having access to capital, local government support, and the effect of financial limitations on corporate operations. The answers provide insightful information on the company's financial situation and the municipality's role in encouraging women-owned enterprises and entrepreneurship

3.14 Quality products or services

It is evident from the interviews with companies that they work hard to offer quality goods and services. Every firm has experienced development and success, proving the benefits of high-quality goods and services. However, they have also encountered challenges, including tight budgets and the requirement for a larger workspace.

The significance of providing quality products and services in rural areas cannot be overstated, as it contributes to the overall well-being and satisfaction of the community and the significance of offering top-notch products and services to the community to solve its issues. One respondent said:

“Regarding the quality of our products and services, we depend on the companies outside the local municipality; they are the backbone of our businesses. They supply us with their materials to produce our products.”

The interviewee showed the importance of working with other businesses outside the municipality. These businesses support our local business ventures and become a backbone for the stability and growth of local enterprises.

The dedication to excellence and the desire to change the world, despite the challenges encountered in a remote location, are essential components of the path. The interviews’ experiences, which show the potential for a positive impact on the business community, illustrate the importance of offering high-quality products and services in rural areas; it is critical to acknowledge the difficulties and rewards of launching a business in a small rural town especially when there is no support either from the municipality or other businesses. Overall, the responses emphasise how critical it is for companies to prioritise offering premium products and services and how crucial it is to create frameworks that allow small business owners to thrive in this respect. One respondent said:

“Small and medium enterprises are the backbone of our economy; by creating more business ventures and employment opportunities within the municipalities, the government needs to support and invest more in their growth. That is what our training indicated during our interaction with the facilitators.” The government shows little effort in SMMEs and entrepreneurship development and assistance.

3.15 Business drives

The company was founded due to the founder’s views and personal experiences, which show a strong sense of purpose and dedication to meeting a need in the community. The company’s vision and principles are emphasised through a clear branding strategy focusing on treating skin problems and developing solutions.

“Based on the fact that our business was established based on the need to solve the challenges faced by the rural community, I remember when I attended business sessions that introduced us to another dimension of marketing and customer service; that is where all began.”

Until now, the training and workshops that EDTEA and the local government at uMvoti have provided for company owners in the townships and rural areas have had a favourable impact. This is demonstrated in how business entrepreneurs manage the challenges they encounter regularly.

The theme analysis also highlights the difficulties encountered in the early phases of the company, particularly when establishing a firm in an underdeveloped area. The interviewee’s tenacity and a will to overcome financial obstacles and navigate the market indicate an enterprising and resilient spirit. The company has had notable achievements despite early failures, including market penetration, collaborations with merchants, and invites from pharmacies.

“Though the journey to where we are today has not been easy, due to the resilient mind and soul, we are standing strong; we are the generation that faced the odds and succeeded.”

The interviewee’s observations regarding the Department of Economics and Development (EDTEA) support and the absence of local government assistance provide insight into the function of outside help in expanding businesses. The interviewee’s capacity to bounce back from setbacks and persevere in achieving success independently indicates strong adaptability and self-reliance.

The difficulties, like establishing credibility with clients and merchants, negotiating industry red tape and obtaining funding, highlight how difficult it is to run a firm in this sector and from a rural base. However, the interviewee’s proactive strategy to get beyond these challenges, such as consulting financial institutions, highlights a clever and effective way of thinking. The interviewee highlights the need for better government policies that support business activities regarding policy and regulatory changes.

In particular, the focus is on budget allocation for business support and resolving market access restrictions. The interviewee’s support shows the need to level the playing field for companies of all sizes for reforms in private business rules to help start-ups and smaller businesses access the market. The interview offers valuable perspectives on the journey of uMndeni skincare products, highlighting the company’s entrepreneurial spirit, tenacity, and ambition for strategic expansion.

3.16 Red tape

The interviewees talk about their challenges with red tape, the phrase for regulations and bureaucratic roadblocks that hinder business operations. The first respondent, a business entrepreneur in the healthcare products industry, highlights the red tape in obtaining funds and licenses. He stated:

“Due to government red tape, it took years to be afforded a producing license, though the area I was working at is my residence; I needed to comply with the statutory requirements.”

This is indicated by the interview conducted with the interviewee that when the rural and township SMMEs and entrepreneurs approach the local municipality and the district municipality, they face several hindrances that prevent them from receiving any assistance. The red tape proved to be a headache to all small entrepreneurs in South Africa, especially in rural and township areas, forcing many to sway away from their dreams and vision, but few soldier on, as mentioned above by the interviewee:

“There is too much protocol that we have to follow; till today, we are still working on getting those building/s to grow our business and increase the number of our employees and volumes.”

The evidence of red tape faced by small business owners in uMvoti and the government, in general, is unnecessary. The communities need a government that cares and can enable the environment for SMMEs and other businesses to thrive. According to both Interviewee 2 and Interviewee 3,

“The red tape presents a major obstacle for entrepreneurs, especially when obtaining capital, building their infrastructure, and negotiating local laws. It is clear that bureaucracy stunts development and discourages entrepreneurship.”

As indicated by the interviewees above, the municipality failed the entrepreneurs to enable suitable land or property when needed in the challenge of red tape. The interviewee approached other districts outside the uMzinyathi District to expand his operations.

“Red tape failed us when we experienced upward growth in our products and numbers showed a positive trajectory, we approached our local municipality to source a bigger workspace.”

District-level authorities, local governments and business owners must work together to address these concerns. The load of red tape for business owners can be reduced by streamlining bureaucratic procedures, guaranteeing the uniform enforcement of laws, and encouraging open and inclusive decision-making communities.

3.17 Political meddling

Some red tapes are artificial, which means they are political rather than administrative. That is another challenge the local businesses face, especially in rural and township areas. Though this is an artificial red tape, it impedes the success and access to various assistance and attention.

The municipality represented by the fourth interviewee recognises the difficulty of political meddling and uneven collaboration between district and local municipalities.

He said: “We have identified much political interference in the district and local municipalities.”

It has been proven that political meddling in municipalities hampers development that should be targeted at the citizens. The answers highlight the importance of acting against bureaucracy to facilitate corporate operations and advance equitable economic growth. Stakeholders may cooperate to create a business-friendly climate that encourages entrepreneurship and gives women vendors more influence by working together to address these issues.

3.18 Expansion

The conversation covers various topics, such as obstacles to expansion, overcoming them, dealing with local government, and how bylaws affect local business expansions. As noted from the literature review below:

“To deliver conclusions, the research on the township manufacturing sector identifies and summarises the difficulties local enterprises face.”

One interviewee indicated the hindrance they faced when they wanted to expand their business operation within the local municipality:

“When our clients grew, and the demand was higher from our clients, we approached the local municipality for a bigger workspace and land. Unfortunately, that did not materialise; however, our businesses had to find alternative locations to cater to the higher demand and volumes.”

Some of the challenges faced by rural and township business owners are red tape, access to the market, and business expansion due to a lack of suitable land. Interaction with the district and local municipalities is essential for teaching, supporting and upholding women-focused businesses. The efficient cooperation between stakeholders, including financial institutions and small business development agencies, demonstrates a proactive strategy to empower individuals in business. Additionally, a conscious effort is made to include females, youth and people living with disabilities in decision-making processes that influence their companies, guaranteeing that their requirements and opinions are considered.

This strategy provides a welcoming and encouraging atmosphere for previously disadvantaged people to grow their enterprises while acknowledging businesses’ significant contributions to the community’s economy.

In summary, the interview highlights the significance of implementing inclusive and supportive policies, actively engaging with stakeholders, and empowering business owners to generate positive effects on their enterprises and the local economy.

3.19 The black industrialists

The purpose of the black industrialists’ policy is to leverage the state’s capacity to unlock the industrial potential that exists within black-owned and managed businesses that operate within the South African economy through deliberate, targeted and well-defined financial and non-financial interventions as described in the Industrial Policy Action Plan 2018/2019-2020/2021(IPAP) and other government policies. One respondent said:

“As black industrialists, after attending the training and development sessions, we became aware of the above plan and policy governing this sector.”

The principal objective of IPAP is to achieve structural change by encouraging the development, growth, and increased competitiveness of local businesses within the municipalities and the provincial and South African manufacturing industries.

Every guest shared personal anecdotes from their entrepreneurial journey, highlighting both obstacles and achievements as entrepreneurs. When discussing industrialists in the district municipality in the region, we identified that there needs to be more appetite for industrialists in our region. Yet, there are government policies to protect potential industrialists even in the district. This results from a high closure of the District Municipality's manufacturing, mining, and technology sectors.

“One of the primary reasons for opening our business was that we experienced many manufacturing industries closing down, e.g. Shoe production factory, Bakery manufacturing factory and Maize meal processing plant, to name a few.”

The local municipality and the private sector need a shared understanding of preventing many industrialists from leaving the district. This may bring a solution for the industrialists to invest more in the field and create more job opportunities in the region or district.

“As the district municipality, we are eager to bring back this sector; in this case, we will ensure the involvement of local players to sustain and ensure the continuity,” he said.

His words confirmed the desire to change the last status quo in the industrialist world by introducing new black players and having the industry share skills, capacity, and profit. During this study, we also identified that in most towns where such sectors were involved, investors took no precautions for the surrounding manufacturing or mining communities, resulting in stranded infrastructure buildings with no one to maintain them. A case in point is the area surrounding the uMvoti Municipality, where these closures left vacant infrastructural buildings unattended. We have a massive belief that involving local entrepreneurs in local businesses will enhance the value of our infrastructure and allow for a longer maintenance contract. The district representative noted that:

“We are engaging the Department of Economic and Development (EDTEA) on the program for the black industrialist in the district; the process is in motion.”

This attempt brings hope to the manufacturing and mining sectors and the empowerment of the black industrialists through training and development to facilitate the mutual arrangement between the potential investors and local industrialists. When engaging the district representative about funding the potential black industrialists,

He said: “We are confident that government agencies will also come into the party and afford the opportunity of our local citizens to benefit from this exercise.”

Upon examination of the answers provided, it became clear that the government of the day is adamant about the involvement of all citizens in the local municipalities’ economy. Despite the challenges we are experiencing as citizens in dealing with commercial banks to fund or finance our businesses, the hope is that the government will need to facilitate the qualifying service provider so that black industrialists are not subjected to malpractice practices, as was the case before.

“We are aware that political interference plays a crucial role in our societies; as the government, we will have strict policies if one needs to be an industrialist,” he said.

We are confident, as entrepreneurs, that the government will walk the talk, said all interviewees on hearing about the potential black industrialists in the region.

3.20 Safety and security

The uMvoti Local Municipality’s business owners’ triumphs and challenges were revealed by analysing the respondents’ replies about safety and security. It was revealed from the literature review that trading with foreign countries bears a challenge to local businesses,

“Even though African countries desire greater economic integration, Africans are restricted from moving between countries due to visa requirements, but in their claim to protect local industries.”

The second interviewee, who owns a company in the skin and healthcare goods sector, focused on the difficulties of launching a business in a small town, such as the early financial limitations and difficulty breaking into the market.

“The danger we took during our initial stages was that our premises had no insurance taken against any mishaps, no alarm system was sourced, and trusted on the good heart of the community and the mercy upon which our Lord spared us.”

The risks the rural and township businesses face are unimaginable; should there be any mishaps, they would have lost much money and had no place to claim because they had no insurance or security system.

Additionally, they stressed the necessity of government support and legislative changes, especially about extending market access and providing financial assistance, as well as the safety of businesses in rural and townships. The difficulties of launching a business in a small town were also apparent in the case of interviewee 3, a fashion industry owner. These difficulties ranged from requiring a larger workspace and effective delivery systems to early financial setbacks, and safety and security for small and medium enterprises are a concern. The respondent stressed the significance of encouraging local economic development and making constructive policy adjustments on safety and security to help the municipality's small businesses. During the conversation, the difficulties experienced by female sellers and the effects of political meddling on commercial operations were also brought up.

3.21 Bylaws

Speaking on behalf of the municipality of uMzinyathi District, the fourth interviewee provided insight into the municipality's support for females in business. The interviewee talked about how bylaws are crucial for encouraging female entrepreneurs and safeguarding neighbourhood merchants. They highlighted the initiatives to enhance the funding allotted to female businesses and encourage adherence to bylaws via seminars, training, and stakeholder participation.

“Bylaws are meant to protect local businesses against encroachment and should also provide a platform to engage on matters of interest to the business community.”

The conversations offered a thorough understanding of the safety and security issues that company owners confront and the programmes designed to support adherence to bylaws and empower females, youth, and people living with disabilities. The perspective provided by the interviewees highlights the significance of stakeholder collaboration, policy modifications, and government support in meeting the requirements of small businesses and female entrepreneurs individually.

3.22 Location

It is clear that geographical concerns are important to the success and difficulties that the firm confronts. As quoted from the literature review below:

“Although African regional markets are desirable for goods manufacturing, inter-African trade is relatively low.”

Due to the geographical area, most businesses in rural and township areas are compromised. Several factors impede the growth because of their locations; delivery vans find it hard to make their deliveries on time. However, the room for growth and little overhead expenses were attributed. The business owners emphasised that regulatory changes and government assistance are required to solve these issues. For example, access roads in rural and township locations are a considerable factor. During the second interview, the proprietor of the fashion business had problems, including restricted space for growth and transportation issues arising from the remote locations.

“Our business is renting the workspace closer to the road. Unfortunately, the space to expand our operations is limited. Our area does not have bigger spaces or vacant land to purchase when we have enough money.”

Challenges faced by rural and township businesses need a caring government; when engaging the chamber of business about the availability of workspace for emerging businesses, we concluded that the areas that the members of the chamber are willing to let out are far away from clients, which at our deduction could have a dire impact in the businesses.

During the third interview, the district municipality official discussed how training programmes, budget allocation, and bylaws help the municipality support women who vend. To empower women in vending, the representative emphasised the necessity of consistency, compliance, and inclusivity in decision-making processes. Overall, the interviews highlight how crucial it is to consider location concerns when conducting business analyses and how supportive policy measures from the government may help overcome obstacles and foster success.

3.23 Conclusion

The results of interviews with local company owners in undeveloped areas are the main topic of Chapter 4 of this thesis. The chapter discusses several issues, including infrastructure, growth, and

development, financial literacy, marketing, skill development, market access, access to financing, high-quality goods and services, the entrepreneurial journey, business drive, red tape, political meddling, expansion, warehousing and storage facilities, black industrialists, safety and security, bylaws, road infrastructure, and location. The interviews shed light on the challenges, successes, and obstacles small firms in rural areas encounter while highlighting government policies' importance in supporting company development and helping entrepreneurs.

The viewpoints and experiences discussed throughout the interviews shed light on the difficulties of running a company in a developing country. Additionally, they highlight how important it is for small companies in rural communities to have access to high-quality goods and services, government support, financial support, growth, training, and infrastructure to succeed and grow. Overall, the findings underscore the need for collaborative efforts between local government agencies, stakeholders, and small company owners to create an environment conducive to the growth and development of enterprises in underdeveloped areas.

CHAPTER 4: CONCLUSION AND RECOMMENDATIONS

4.1 Introduction

This chapter summarises the study on manufacturing in rural and township economies in the uMvoti Local Municipality and the uMzinyathi District Municipality. The study addressed the shortfalls experienced by the entrepreneurs in the manufacturing sector. The summary of the study will include the findings from the literature and findings from the primary research. Finally, the chapter will provide the conclusion and recommendations.

4.2 An overview of the study

In South Africa, the manufacturing sector is pivotal in propelling economic expansion and advancement, especially in rural and township areas. A National Development Plan report states that the industry employs more than 1.3 million people and adds more than 15% to the nation's GDP (National Planning Commission, 2012) by Zarenda (2013). However, despite its significant contributions, these industrial sectors still face many obstacles preventing them from reaching their full potential. This study will examine the numerous barriers to the manufacturing sector's expansion and its vital role in the township and rural economies of the uMzinyathi District Municipality and the uMvoti Local Municipality.

In Chapter 1 of the research, we introduced a problem statement and literature review that identified the nature of the struggle in the rural and township economy as the main problem. This problem results from the gap between the government, industrialists/entrepreneurs, and the market and the lack of funding. The statement set the following aims and objectives:

AIM: To transform the narratives faced by local manufacturing sectors in townships.

OBJECTIVES:

- To outline and discuss the challenges faced by SMMEs at uMvoti Local Municipality;
- To determine the extent of challenges faced by township businesses; and
- To offer alternative solutions that can change the aforementioned detrimental conditions of township businesses.

I collected in-depth data from four entrepreneurs through purposive sampling. Interviews were conducted in isiZulu and translated and transcribed into English. I also obtained ethics approval.

Chapter 4 of the research provides a comprehensive overview of the manufacturing industry, highlighting its potential to generate up to 3 million jobs in the next ten years. It also discusses these findings' positive impacts and challenges, with participants highlighting their experiences and appreciation. The participants were passionate about eradicating restroom waste and sought funding from various departments, including the National Youth Development Agency. They also addressed infrastructure issues, which disrupted small and medium enterprises, particularly in rural areas.

4.3 Summary of vital main findings

We identified the main findings, which will be discussed below, as well as the reason for the finding and the possible recommendation/s.

4.3.1 Main finding 1: Training provided the basis for developing enterprises in rural and township areas

The literature review identified several vital aspects that drive training and development. A modern factory may have non-stop operations, with highly automated machines requiring skilled workers (Li et al., 2017). Consequently, training and development must be continuously provided so local workers can understand the complex processes of manipulating and operating the machines' software. Broadband access is prohibitively expensive in Africa, further contributing to the low level of digitalisation (Li et al., 2017). Rural areas, however, are still characterised by great poverty and inequality, with many households trapped in a vicious cycle of poverty. The government has implemented various policies, strategies and programmes to overcome the country's economic imbalances and underdevelopment.

These include but are not limited to the National Strategy for the Development and Promotion of Small Business, the KZN SMME and Co-operatives Development Strategies, BBBEE Act 53 of 2003 (Act 53 of 2003), KZN Informal Economy Policy of 2010, and the KZN BBBEE Strategy. The National Small Business Act was also introduced in 1996 to provide an enabling environment for small, medium, and micro-enterprises (SMMEs), and it further established several institutions.

To provide financial and non-financial support to entrepreneurs. There were several sessions where two participants brought forward contradictory claims concerning training and development, which is why the study should uncover the more profound truth about training and development. The remarks addressed the session attendees' concerns regarding training and development. The participants' struggles and the value they received are also reflected in these statements. The policy reveals the mandate of the government to enable the environment for rural and township economies. It promotes entrepreneurs' participation in training and development to sharpen their skills.

4.3.2 Main finding 2: Accessing finance remains a major obstacle for enterprises in rural and township areas

Access to funding is critical for promoting the growth and development of township businesses. Despite government assistance, external financial resources remain difficult and expensive for small and medium-sized enterprises, limiting their growth potential and preventing them from accessing new markets and opportunities. Providing education and resources to help township business owners better understand financial language and credit processes, as well as improving access to funding through banks and other loan providers, can help to address this challenge and promote the growth and development of township businesses.

LED is a mandatory function of local government entrenched in the Constitution and other accompanying legislations. These legislative frameworks mandate that local government facilitate and coordinate LED. The National LED Framework proposes six core policy pillars that will influence LED design, development and implementation in SA: Developing inclusive economies, enterprise development and support, economic governance and infrastructure and strengthening local innovation systems. The government will utilise the KZN Development Funding Institutions to support township and rural enterprises. Investing in township and rural economies requires a robust approach to funding. Legislation governing the provision of credit, such as the National Credit Act (NCA), stipulates guidelines to prevent irresponsible lending.

The literature review and policy on access to funding reveal a similarity, where the issues of funding in the rural and township businesses, a lack of investments, and government intervention have been identified through government funding strategies. Policies that regulate state institutions

To support emerging businesses, they do not have clear criteria for who and how to qualify; these government agencies only help businesses in towns and cities.

4.3.3 Main finding 3: Government investment in infrastructure is crucial to enterprises in rural and township areas

Despite the challenges, the government's commitment to infrastructure development is a step in the right direction. By improving infrastructure in rural and township areas, the government can help lower the cost of doing business, attract investment, and support the growth of the manufacturing sector. Implementing the Infrastructure Development Act 2014 (Act No.23 of 2014) would benefit the manufacturing sector, promote economic growth in these areas, and create massive job opportunities for community members.

The government has policy talks about the infrastructural development in rural and township economies and how it is expected to support these businesses in these areas. The government will support the facilitation of clustering of enterprises within the township and the rural regions space to promote inter-co-operation among township and rural enterprises rather than cutthroat competition. The Infrastructure Development Act (Act No.23 of 2014) provides for the facilitation and co-ordination of public infrastructure development, which is of significant economic or social importance to the Republic, to ensure that infrastructure development in the Republic of South Africa is given priority in planning, approval and implementation, to ensure that the development goals of the state are promoted through infrastructure development, to improve the management of such infrastructure during all lifecycle phases, including planning, approval, implementation and operations, and to provide for matters incidental to it.

Limited well-maintained infrastructure in the rural and township areas poses a significant challenge for rural and township manufacturing industries due to their remote locations and inadequate resources. It is essential to address the market access challenges faced by rural and township manufacturing sectors by developing appropriate infrastructure, resources, and initiatives to support their market reach.

The literature review and the policies also indicated that entrepreneurs and SMMEs face a challenge regarding market access and need a strong political will to drive the market from the public and private sectors. I realised the volatility regarding market access from the interviews conducted.

among the participants. The government should consider involving other stakeholders when drafting local entrepreneurship and cooperative policies.

Access to the market is the main challenge experienced by the participants; this resulted in most businesses closing down and few still feeling the heat. One participant indicated that when he approached several retail shops in the municipality, he faced tough responses, and no one wanted to offer any support and access to their businesses. Another finding that the participants revealed is that there is a huge challenge to match the pricing in the market, simply because most products on the shelves are for the well-established brands that have captured the market share for longer.

4.3.4 Main finding 4: Market access remains a major obstacle for rural enterprises

The literature review and the policies also indicated that entrepreneurs and SMMEs face a challenge regarding market access and need a strong political will to drive the market from the public and private sectors.

Several SMMEs have expressed difficulties in reaching out to potential buyers. Small businesses are often overly dependent on a few clients; sometimes, a single distributor can control an entire company. One way to help manufacturers overcome this problem is by allowing them to access new markets via online marketplaces and micro-sales platforms (Rajagopaul, Magwentshu and Kalidas, 2020).

In apartheid spatial planning terms, a township is defined as a dense urban settlement that is usually developed on the outskirts of the town, mostly removed from industrial and commercial activity and away from people's places of work (WCEDP, 2019). Under-developed, vast spaces speckled with individual homestead settlements and land in non-urban areas with limited economic and community services are often dominated by subsistence farming.

The study participants revealed challenges in market access and matching pricing due to established brands dominating the market, with many facing brutal responses from retail shops and no support for their businesses.

4.2 Recommendations

4.2.1 Introduction

This section of the chapter summarises the main findings identified and analysed in more detail above and provides future recommendations to the readers and the students of the same study.

Table 1: Recommendations

Main findings	Recommendation
<p>1. Training provided the basis for the development of enterprises in rural and township areas</p>	<ul style="list-style-type: none"> • The local government (LED) should be capacitated to structure the department to serve the entire business sector. • Training provided to stakeholders provided the foresight on financial literacy that has empowered the business owners in accounting. • The local government played a role in developing a well-structured system in consultation with the TVET schools to customise the training and development required by the business owners.
<p>2. Accessing finance remains a major obstacle for enterprises in rural and township areas</p>	<ul style="list-style-type: none"> • The government has collaborated with the private sector to foster a working relationship to bridge the gap between rural areas and the towns. • The private sector has opened banks in the rural and township areas to cater to the businesses in these areas. • The private sector, working with the government, promotes the use of banking institutions by emerging businesses and advises the rural and township enterprises to comply with the newly adopted regulations and policies.

<p>3. The government investment in infrastructure is crucial to enterprises in rural and township areas</p>	<ul style="list-style-type: none"> • Most investors identify areas for investments, and the government enables the playing field by providing well-maintained infrastructure. • The rural and township areas have poor infrastructure development, hindering investors from pursuing any business ventures. • Both the government and the private sector need to strengthen their policies; this will empower investors to associate with these communities and create more opportunities for the benefit of the community and the government.
<p>4. Market access remains a major obstacle for rural enterprises</p>	<ul style="list-style-type: none"> • We have witnessed that market access is for the elite. Therefore, we find it possible to involve the Chamber of Business to address this issue from emerging businesses. • There is a strong need to engage the bigger co-operates to lessen the entry-level SMMEs in the rural and township areas. • All parties concerned need a broader engagement on access to the market, as this will benefit the entire region and the province in terms of GDP.

Recommendation A

1. The local government (LED) should be capacitated to structure the department to serve the entire business sector.

2. This department has proven that there is little knowledge of what the businesses need, and many emerging businesses are not getting the required assistance due to a lack of skilled employees, funding programmes, and speed requirements in the business sector. Training provided to stakeholders provided the foresight on financial literacy that has empowered the business owners in accounting.

The intervention by the local government showed that the business owners benefited in many facets of their businesses, including financial literacy and customer services. This will benefit their entities in many ways. There would be huge monetary savings paid to the accountants and the like.

3. The local government collaborated with TVET schools to create a structured system for business owners, ensuring tailored training and development.

The programme is agreed upon to capacitate the local businesses, ensure that the other potential businesses find comfort in enrolling in university, and increase the possibility of rural and township business people. These were people with no formal background, and businesses were either inherited or started because of the complex situations at home.

Recommendation B

1. The government has partnered with the private sector to establish a working relationship to bridge the gap between rural and urban areas.

This attempt is meant to form a cordial working relationship between the rural township and the well-established businesses at uMvoti to achieve a common goal. Most well-established businesses have stable customers, whereas rural and township businesses sometimes struggle to find reliable customers.

2. The private sector has opened banks in the rural and township areas to cater to the businesses in these areas.

This is an attempt to boost rural and township businesses to have easy access to funding and loans; this exercise has been customised to favour rural and township businesses. Many rural and township businesses use their facility to boost their financial and productivity levels.

3. The private sector collaborates with the government to encourage the use of banking institutions by emerging businesses and advise them on compliance with new regulations and policies.

The banking institutions and the local government workshopped the rural and township business owners on policies governing the terms of loans and funding. The expertise gained by the business on policies is aimed at reducing the unworkable debtor's book.

Recommendation C

1. Most investors identify areas for investments, and the government enables the playing field by providing well-maintained infrastructure.

The rural and township areas have been a no-go area for established businesses; there are many reasons for this. One point is the dilapidating infrastructure, and the shortage of infrastructure is a common challenge. Investors always look for safety, favourable communication networks.

2. The rural and township areas have poor infrastructure development, hindering investors from pursuing any business ventures.

The government needs to work on this area of development to ensure that investors look at the rural and township areas for more business investment and job opportunities. Those local businesses also need the proper infrastructure to easily run their businesses.

3. Strengthening government and private sector policies can encourage investors to associate with communities, creating more opportunities for both communities and the government.

The working relationship between the government and the private sector will enhance the possibility of a working government. The rural township and the emerging businesses should understand each other's plight and learn to support each other. There should be policies that address the above.

Recommendation D

1. We have witnessed that market access is for the elite. Therefore, we find it possible to involve the Chamber of Business to address this issue from emerging businesses.

The well-established businesses in towns share the market among themselves and leave behind the emerging in the rural and township to fend for themselves. Therefore, we called for a coordinated effort to address this issue, foster a working relationship for the greater survival of the local municipality, and bridge the gap between the haves and the have-nots.

2. There is a strong need to engage the bigger co-operates to lessen the entry-level SMMEs in the rural and township areas.

The strategic role that the local government and the Chamber of Business should play at the policy level will be a pillar of how the businesses succeed at the uMvoti Local and the uMzinyathi District Municipality, including the provincial and the national governments.

3. All parties concerned need a broader engagement on access to the market; this will benefit the entire region and the province in terms of GDP.

The market should accommodate all businesses and allow emerging entities and entrepreneurs to enter the space without conditions. This is another area where the government works closely with the Chamber of Business in formulating policies that address the same challenges emerging business owners, face in accessing the market.

4.3 Further research

Another critical factor in the growth and development of the rural and township manufacturing sector is access to modern technology and equipment. Rural areas' lack of access to modern technology and equipment can result in lower productivity, lower-quality products, and higher production costs (Djokovic, and Souitaris, 2008). To solve this problem, the government should invest in constructing transportation, water, and energy infrastructure, increasing rural communities' access to contemporary tools and technology. Even though it plays a significant role in economic growth and development, the manufacturing sector is frequently disregarded in township and rural economies. Although it accounts for around 16% of all jobs in emerging nations, the manufacturing sector's share is frequently far lower in the township and rural municipalities. This study aims to give a succinct and understandable overview of the literature on the subject, highlighting the manufacturing sector's importance to township and rural economies worldwide.

According to a recent study by the National Rural and Township Economy Research Association (NRTERA), the manufacturing sector in rural and township economies is becoming more diversified and technologically advanced. Concerns over job displacement and the requirement for worker retraining have also arisen due to the shift to high-tech industries and the introduction of automation. According to the report, there is a critical skills gap in manufacturing enterprises located in rural and township areas. As a result, training programmes are required to provide workers with the skills they need to adjust to the rapidly changing manufacturing scene.

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