

Youth entrepreneurship in a rural context: the motivational impact of community and family factors

Thobekani Lose

, Faculty of Commerce and Administration
Director of the Center for Entrepreneurship Rapid Incubator
Walter Sisulu University, South Africa.

Keywords

Entrepreneurship, unemployment, rural entrepreneurship, self-employment, community enterprises

Abstract

With high youth unemployment rates in South Africa, strategies to increase youth entrepreneurship have become essential. Youth in rural communities tend to face circumstances which require proper examination to establish how they can be motivated to engage in entrepreneurship. The purpose of this study is to explore the question: How do community and family factors in a rural context influence youth to engage in entrepreneurship? To address this research question, a case study research design was adopted, and data were collected through focus group discussions with youth entrepreneurs in a rural township community. The fifteen-member focus group discussion provided evidence that youths in rural contexts face unique challenges and scenarios that demand specific consideration. Essentially, it was established that the community and the families of the entrepreneurs provided the motivation to overcome circumstances and to achieve. Community elders and leaders were found to be critical in influencing the psyche and entrepreneurial behavior of the youths. Resources and entrepreneurial ideas and skills were also found to be passed from generation to generation through inheritance systems or through sharing. Rural communities were further found to be endowed with various resources whose exploitation was based on the collective culture in rural communities. Families were also found to be sources of number of entrepreneurial traits such as risk taking, desire for independence or the need to achieve. This study recommends that both public and private institutions in rural communities should promote the welfare of rural communities and families so that imperative entrepreneurial behavior emerges.

Introduction

Youth entrepreneurship in South Africa has remained low despite widespread efforts to increase it. This has been attributed to numerous factors, among them community, family, societal and individual-based factors (Franco, Haase & Lautenschlager, 2010:160). This study considers the motivational impact of community and family factors in propelling entrepreneurial behaviour among the youth in a rural context. Bosma, Hill, Ionescu-Somers, Kelly, Levi and Tarnawa (2020) observe that some communities and environments have a stronger entrepreneurial disposition than others. Environments, families, and societies have the capacity to motivate or demotivate the entrepreneurial drive among the youth or can help in the development or growth of entrepreneurial traits among the youth (Bowmaker-Falconer & Herrington, 2020). Research has established that some countries and regions have entrepreneurs who are more driven by families and communities than others (Bosma *et al.*, 2020). The Statistics South Africa (2019) found that the main reason for starting new ventures in South Africa is unemployment and approximately 60 per cent of business owners were motivated by unemployment. It should be noted that youth unemployment remains high in South Africa yet entrepreneurial activities have been observed to be low among the youths (Tamizharasi & Panchanathan, 2010). This problem is of particular importance in rural environments which have always been marginalised and have been lagging in many matters of development. This study advances the argument that, despite unemployment, certain conditions and factors entrenched in communities and other micro- societies might motivate business startups. The key question which was

addressed in this study was: How do community and family factors in a rural context influence youth to engage in entrepreneurship?

Literature Review

Perspectives of youth entrepreneurship can be understood from general theories of entrepreneurship. Youth entrepreneurship denotes the assigning of an age dimension to the practice of entrepreneurship (Tamizharasi & Panchanathan, 2010). It then considers the identification of viable business ideas and enterprise management among the youth. This is an essential component of the entrepreneurship ecosystem of any country. In most developed countries, the youth represent the greatest percentage and their matters tend to be critical.

Research by the Global Entrepreneurship Monitor (GEM) notes that entrepreneurship rates tend to be low among the youth and gradually increase in the Middle Ages and then start to decline (Bosma *et al.*, 2020). In South Africa, as in most African countries, the youth represent the majority of the population and issues that affect them often shape national development. Statistics South Africa [SSA] (2020) reveals that 28,6 per cent of the 59,62 million South African population is aged below fifteen (15) years and an estimated 9,1% percent (5,4 million) of the population is 60 years or older. As such, entrepreneurship remains critical in fostering development. Factors that motivate entrepreneurial behaviour among the youth have received consideration over the years. These factors have been considered from social, economic and psychological perspectives. Saiz-Alvarez and Vaquero (2017) reveal that psychological factors that motivate entrepreneurship have been researched from the 1960s, and notable seminal studies were conducted by McClelland (1965), Rotter (1966), and Atkinson (1966). Psychological aspects such as personality traits and cognitive strength of individuals have received consideration from researchers. On the other hand, research into the social motivators of entrepreneurship, has been of interest to researchers. In a study by Gray and Crofts (2002), it was established that the need to satisfy social values can function as a motivator for engaging in entrepreneurship. Echoing the same views, Lan, Zhu, Ness, Xing and Schneider (2014) explain that social entrepreneurs are often inspired by community leaders and their actions are focused on the need to promote wellness and development of communities. This study aims to determine the community and family-based factors that can be central in motivating youths to engage in entrepreneurship.

Simpeh (2011) presents a review of the theories of entrepreneurship and classifies them into: (1) economic theories, (2) psychological theories, (3) sociological theories, (4) anthropological theories, (5) opportunity-based theories, and (6) resource-based theories. This study was formulated to investigate the motivational impact of community and family factors in influencing entrepreneurship in rural contexts. To some extent, the study was based on economic, psychological, sociological as well as anthropological entrepreneurship theories. Economic theories consider the economic factors that motivate entrepreneurship activities. Economic entrepreneurship theories emerged from the Industrial Revolution when there was an obsession with the need to creatively combine forces of production to boost production and economic outputs. Schumpeter's (1934) work has received notable recognition within the economic school of entrepreneurship as it describes entrepreneurs as innovators who create something new. Psychological theories have focused on the individual as an entrepreneur and have been interested in qualities possessed by entrepreneurs. In this regard, psychological theories have considered personality, locus of control and needs as the central motivators of entrepreneurs. The observation that social contexts and relationships and networks tend to have implications on entrepreneurial behaviour has been considered by various researchers (Simpeh, 2011). From the sociological perspective, family backgrounds and upbringing tend to have an impact on entrepreneurial behaviour. The rural environments in South Africa that are discussed in this study, tend to suffer from marginalisation and are generally disadvantaged. As such, they can either motivate or demotivate individuals. From an anthropological view, the culture of the people in a community has also been recognised as a key element in affecting entrepreneurial behaviour. Some cultures tend to cultivate entrepreneurial attitudes and values relative to others (Bosma *et al.*, 2020). Theorists who study entrepreneurship based on the availability and exploitation of opportunities tend to view entrepreneurship to be associated with the exploitation of possible opportunities. Other scholars prefer to take a resource-based perspective of entrepreneurship, in which case they consider the availability of resources that enable the capacity of individuals to engage in entrepreneurship.

Meyer and deJongh (2018) uphold that entrepreneurship is a key contributor to economic development and sustained growth, and entrepreneurship is unquestionably a significant contributor to a country's GDP. Entrepreneurship can be viewed as a vehicle of economic sustainability and expansion, however, the impact of entrepreneurship on the growth of the economy differs from one region to another and varies according to the phase of economic development (Doran *et al.*, 2018; Lose & Kwahene, 2021). Doran *et al.* (2018) are furthermore of the opinion that the impact of entrepreneurship in communities is not the same in developing and developed counties. Modern day communities utilise entrepreneurship as a tool for job creation and improving economic power, however, the concept of entrepreneurship has undeniably become a potent and necessary skill for survival (Byun *et al.*, 2018). Considering the importance of entrepreneurs in communities, for one to be successful, support structures and factors such as infrastructure, access to funding and supportive government policies are fundamentally important (Amuna, 2019). In South Africa, entrepreneurship is encouraged and supported through business incubation (Lose & Tengeh, 2015). Withstanding the development of the concept of incubation, one can clearly say that business incubation has largely impacted the movement of entrepreneurship in communities since its genesis in the late 1990s. (Lose, 2016).

Given the above, the aim of the study was to explore how community and family factors in a rural context influence youth to engage in entrepreneurship. In order to achieve this aim, the specific research question was: How do community and family factors in a rural context influence youth to engage in entrepreneurship?

Method

The research utilised an exploratory case study approach to enable the researcher to answer the research question that guided the study. The study was guided by the following research question "How do community and family factors in a rural context influence the youth to engage in entrepreneurship?" In order to effectively address this question, the study explored the relationship between entrepreneurial motivation and community or family factors. Such exploratory research was viewed from the critical realism philosophy, which argues that reality is multi-layered and cannot be simply established through empirical findings as in positivism or through induction as in constructivism (Fletcher, 2016).

Kivunja and Kuyini (2017) describe the critical paradigm as an assessment of social structures as they interact politically creating power and political issues. This study is premised on the recognition that rural communities tend to be marginalized and excluded from important necessities. As such, issues affecting rural communities appear to suit a transformative or critical approach to address them (Mertens, 2016). To allow for the critical analysis of how community and family factors influence motivation to engage in entrepreneurship, a case study design was adopted. As explained by Christensen, Johnson and Turner (2015), a case study design allows for the in-depth analysis of rich and comprehensive data that is context-based. Creswell and Creswell (2018) support this view and claim that case studies are an important research design that promote adequate appreciation of phenomena.

The researcher selected a rural community which is located in Mthatha in the Eastern Cape, one of the rural provinces of South Africa, where several entrepreneurial activities take place. The township emerged from a small mining community, which employed several people around the rural community during the tenure of the apartheid-era government. The township was later converted into an entrepreneurship centre when the minerals were depleted, leaving many youths unemployed. The unemployed youth started a number of self-employment activities with some of them growing to become very successful under that rural and marginalised background.

In this study, fifteen young entrepreneurs were conveniently and purposively sampled to participate in a focus group discussion. The fifteen participants were divided into 3 groups, provided with a set of guiding questions to engage in a 1-hour facilitated session of sharing different cases, opinions, thought and experience pertaining to the subject matter of how community and family-based factors influenced their motivation to become entrepreneurs. After the 1-hour session, the feedback was brought back for preliminary analysis and each participant response was allocated to the relevant questions. The discussion was recorded using a tape recorded and summaries were documented by the assigned moderator for further analysis and interpretation. A number of key factors were raised in response to the study objectives.

Results

The community and family factors that motivate entrepreneurial behaviour among the youth were extracted from the focus group using a data collection sheet which is shown as Table 1. Initial coding of responses was based on the theories of entrepreneurship and their perspectives of the several factors that motivate entrepreneurs. These codes were: economic, psychological, sociological, cultural, opportunity-based, and resource-based dimensions of entrepreneurship. Relevant data were collected during the discussions and an analysis sheet was used to capture and summarise the data as presented in the subsequent table.

Table 1. Extract of the focus group interview responses analysis sheet

Dimension of community and family factors	Comment
Community and family situation affect my motivation to engage in entrepreneurship	All fifteen respondents strongly agree that life is about trade and economic stability. They also indicated failure to get employment resulting in them resorting to self-employment. A summary of the family discussion provided by the moderator, reads: <i>"Apartheid critically influences all our present actions in this community, despite this being a historical mining community, we were marginalised and ill-treated, and we were made to only attach value to working for whites. It was like, we cannot do anything on our own other than working under instruction from whites. We were economically disadvantaged, as explained by my colleagues, this made us rely on meagre wages that left us poor and worthless. Furthermore, our values, beliefs and norms were transformed during the apartheid times. At present, the majority of us do not believe they can have assets. So now, in a democratic South Africa we can't be fully accommodated in industry, so we have that fighting spirit that we have. We believe the fall of apartheid means that we should do what whites did. This means taking ownership of enterprises and running them. That's why we are determined now."</i>
Community and family background influence my psyche and motivated my entrepreneurial activities	All respondents agree that community and family background influence their motivation to be involved in entrepreneurial activities. The views of one member were widely supported and echoed by all other members. This view was that <i>"in the African culture, families have certain economic activities that are unique to them, the skills of which they pass to new members of the family. The psychological preparedness to engage in any activity emerges from families and communities. In many cases in the African community, the responsibility to raise youths lies with all the elders of a community. Cognitive capabilities are partly in-born and partly nurtured by families and communities. As a result, the motivation to be entrepreneurs or not to be entrepreneurs is influenced by families and communities. One major point is that we do what we saw being done by our elders as we grow. Families who do not have it in their families cannot do it. In addition, the family history is the source of the personality traits such as independence, risk taking, sociableness and competitiveness, which are regarded as important in order to successfully engage in entrepreneurship."</i>
Social interactions and networks motivate my entrepreneurial behaviour	Majority of the respondent strongly agree that social interactions and networks play a major role in influencing their entrepreneurial behaviour. The moderator concluded with a summary of the views of the discussion and highlighted that <i>"as entrepreneurs in this community, our neighbours, friends, community and family members are also our biggest customers. The social networks that we have, and which arise from community and family gatherings, parties and in beer halls or churches tend to be essential for our entrepreneurial activities. Our social and community networks provide strength and ideas to support our activities. If you have weak social networks, your business may not thrive."</i>
Community and family resources motivated me to engage in entrepreneurship	The summary provided by the moderator was that <i>"the spirit of ubuntu in the South African community and family set-ups believes in the sharing and inheritance of resources and assets for use across generations. As a result, the resources that were used by earlier generations remain available for use in successive generations. In addition, communities are endowed with different resources which can be exploited, and act as a motivation to start entrepreneurship."</i>
Communities and families provide the basis for opportunities that can be pursued by the youth in entrepreneurship	In the moderator's summary it was revealed that the respondents agree that communities and families provide the basis for opportunities for youth entrepreneurship. In summary one of the respondents indicated that <i>"opportunities for entrepreneurship ventures in the community often arise from discussions and ideas shared among the youth with their elders. In our rural communities, the elders are the sources of knowledge which they acquired from their own experiences as well as those which they got from their forefathers. Their wisdom is a source of opportunities for entrepreneurs. In addition, take note that our totems, names and traditional names strongly inform what we are to do in life."</i>

The results presented above were based on six (6) codes extracted from theoretical literature on entrepreneurship. To establish how community and family factors influence the motivation of youths to engage in entrepreneurial activities, further thematic codes from the empirical findings were created. The thematic codes were used as sub-codes or categories that explain the main six codes above. These sub-codes are depicted in Figure 1 below.

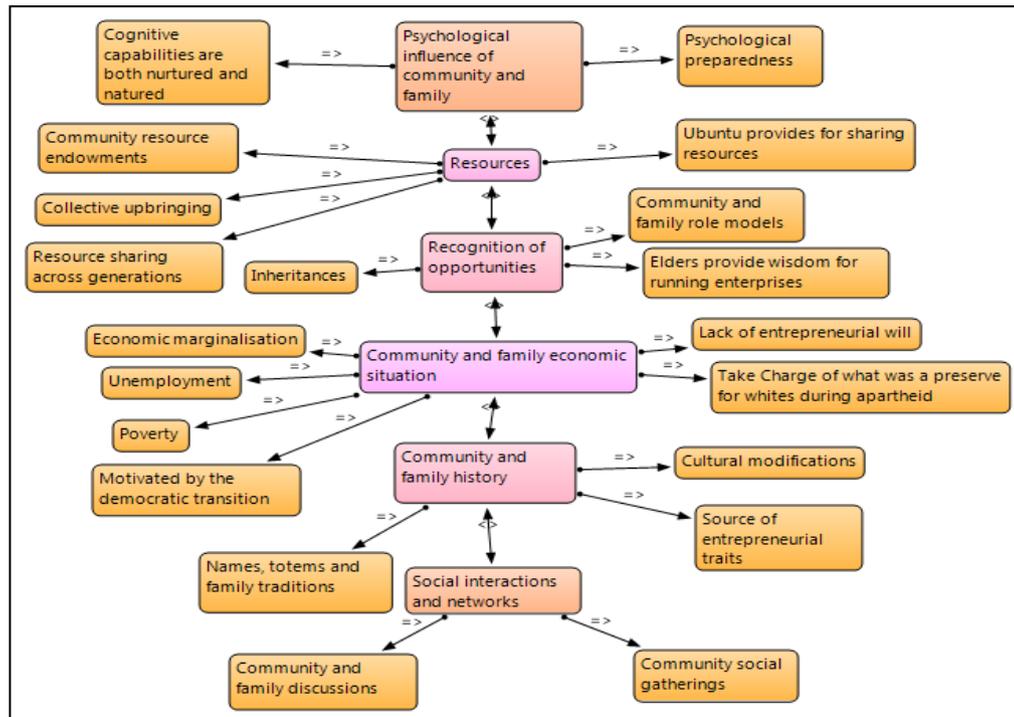


Figure 1: Sub-codes for entrepreneurial activities

Discussion

The study found out that family and communities tend to shape the cognitive capabilities of the youth and qualities such as resilience, risk taking, desire for success and confidence were nurtured by communities and families. The study supports that youth from the rural environment tend to acquire unique psychological qualities that motivate their entrepreneurial achievements. These findings align with the psychological theories of entrepreneurship and earlier studies of entrepreneurial activities in bottom-of-the-pyramid environments which found that certain unique conditions tend to characterise and affect them (Acheampong & Esposito, 2014). In the same manner, this study found some unique psychological factors that motivate and drive youth entrepreneurship. Similarly, Frese & Gielnik (2014) agree that identified psychology and sociology as the main drivers of entrepreneurship. Supporting the study findings, Simpeh, (2011), also agrees that the social background that one comes from plays a major role in determining how far they can go, with people coming from disadvantaged community or family or background striving through to improve their lives.

The resource-based view of entrepreneurship when considered in a rural environment takes on an important dimension that involves inheritance and community-based endowments, which are available to youth and are passed from generation to generation. In Pfeilstetter (2015) it was argued that many rural and township environments tend to possess heritage sites, which can function as the basis for entrepreneurship activities. This was also widely supported in this study as respondents highlighted that communities and families tend to have wide endowments and resources which are shared and received from generation to generation. The youth entrepreneurs in this study indicated that they have inherited some key resources that they have used in their entrepreneurial activities.

The responses provided by participants also indicated the essence of community and family history. In particular, respondents critically pointed to the negative impact of the apartheid-era maltreatments and racial discrimination which placed black people outside the scope of development and in the peripheries. This resulted in economic marginalization, poverty and deprivation of economic opportunities among the black majority. Youth suffered as they migrated to seek employment and were treated as servants. This had a psychological impact on the African population as it destroyed their sense of worth and made them feel inferior. After the democratic transition, the youth started to feel that they had to effectively put the transition into practice by taking over the economic activities of their former oppressors. Charlotte & Faure (2021) agrees that apartheid still plays a significant role in discouraging entrepreneurial activities and still has a negative impact on the future generations.

This study confirms previous research which concluded that cultural values could have both negative and positive impact on the development of entrepreneurial activities in the society (Thurik & Dejardin, 2011; Calza, Cannavale & Nadali, 2020, Castillo-Palacio, Batista-Canino, & Zúñiga, 2017). The study found out that families and communities tend to nurture individuals as well as provide the environment in which youth grow, subsequently the youth want to use their elders as role models whom they emulate and imitate as they grow up. This study also focused on the cultural aspects of entrepreneurship and how families and communities strengthen cultural values and norms. These cultural virtues can motivate individuals to engage in entrepreneurship. It was further found that totems, clan names and other traditional forms of identity among the youth also impelled action and entrepreneurial ventures among the youth who were interacted with in this study agree that cultural dimensions can affect the entrepreneurial activities both positively and negatively.

Conclusions

Essentially, the study was guided by the research question: How do community and family factors in a rural context motivate the youth to engage in entrepreneurship? The results of this study showed that youth in rural environments are influenced by certain unique circumstances and the community or family significantly influences their entrepreneurial behavior. It was found that rural environments tend to have communities that are strong culturally and are inclined to be collective and inspired by their history and relations. In addition, elders in communities were found to be essential in having a bearing on values such as risk taking, confidence, desire to succeed and self-reliance. These values are essential in grooming young entrepreneurs. The findings of the study are consistent with echoes from literature, namely, that entrepreneurial activities are motivated by certain economic, psychological, sociological, anthropological, resource-based and opportunity-based factors. It was found in this study that the community and the family have cognitive, social, resource, cultural and opportunity dimensions in motivating youth to engage in entrepreneurship. Based on these findings of the study, it can be concluded that rural entrepreneurship has the potential to increase if community and family welfare is strengthened and valued. This is important in order to allow community and family values to shape youth to become entrepreneurs. Following these findings, it is recommended that youth be encouraged to cherish the knowledge and values that they acquire from their families and communities. The government and other community development initiatives in the private sector such as non-governmental organisations (NGOs) should promote community health and harmony so that youth in such circumstances are well-equipped.

Areas for further research

In light of the study findings, and areas covered in this research, the researcher recommends the following areas for further study:

- Different models of support to youth entrepreneurship in marginalised communities.
- Exploring the different types of orientation, training that can be given to youth entrepreneurs in order to reduce the impact of community and family factors on youth entrepreneurship.
- Investigating other factors affecting motivation for youth entrepreneurship.

References

Acheampong, G. & Esposito, M. 2014. The nature of entrepreneurship in bottom of the pyramid markets. *International Journal of Entrepreneurship and Small Business*, 21(4):437-456.

- Amuna, Y.M. 2019. Crowdfunding financing model effect on entrepreneurship aspirations. *International Journal of Academic Accounting, Finance & Management Research (IJAAFMR)*, 3(1):53-60.
- Bosma, N., Hill, S., Ionescu-Somers, A., Kelly, D., Levi, J. & Tarnawa, A. 2020. *Global Entrepreneurship Monitor, 2019/2020 Global Report*. London: London Business School.
- Bowmaker-Falconer, A. & Herrington, M. 2020. *Global Entrepreneurship Monitor South Africa (GEM SA) 2019/2020 report: Igniting start-ups for economic growth and social change*. Cape Town: University of Stellenbosch Business School.
- Byun, C.G., Sung, C.S., Park, J.Y. & Choi, D.S. 2018. A study on the effectiveness of entrepreneurship education programs in higher education institutions: A case study of Korean graduate programs. *Journal of Open Innovation: Technology, Market, and Complexity*, 4(3):1-14.
- Calza, F., Cannavale, C. and Nadali, I.Z., 2020. How do cultural values influence entrepreneurial behavior of nations? A behavioural reasoning approaches. *International Business Review*, 29(5):101725.
- Castillo-Palacio, M., Batista-Canino, R.M. and Zúñiga Collazos, A., 2017. The relationship between culture and entrepreneurship: from cultural dimensions of GLOBE project. *Espacios*.
- Creswell, J.W. & Creswell, J.D. 2018. *Research design: qualitative, quantitative and mixed approaches*. 5th ed. New Delhi: Sage publications.
- Christensen, L.B., Johnson, R.B. & Turner, L.A. 2015. *Research methods, design, and analysis*. 12th Global edition. Essex: Pearson Education.
- Doran, J., McCarthy, N. & O'Connor, M. 2018. The role of entrepreneurship in stimulating economic growth in developed and developing countries. *Cogent Economics & Finance*, 6(1):1-15.
- Faure, F. & Rankhasa, P.C., 2021. *Fostering inclusive entrepreneurship in South African townships: a contextual analysis* (Doctoral dissertation, Université Grenoble Alpes [2020]; University of the Witwatersrand (Johannesbourg, Afrique du Sud)).
- Fletcher, A.J. 2016. Applying critical realism in qualitative research: methodology meets method. *International Journal of Social Research Methodology*, <http://www.tandfonline.com/doi/full/10.1080/13645579.2016.1144401> [20/10/2021].
- Franco, M., Haase, H. & Lautenschlager, A. 2010. Students' entrepreneurial intentions: an inter-regional comparison. *Journal of Education and Training*, 52(4):260-280.
- Frese, M. and Gielnik, M.M., 2014. The psychology of entrepreneurship. *Annual review of organizational psychology and organizational behavior*, 1(1), pp.413-438.
- Gray, M. & Crofts, P. 2002. Social entrepreneurship and its implications for social work: preliminary findings of research into business and social sector relationships in Newcastle and the Hunter region of New South Wales, Australia, Asia. *Pacific Journal of Social Work and Development*, 12(2):95-122.
- Kivunja, C. & Kuyini, A.B. 2017. Understanding and applying research paradigms in educational contexts. *International Journal of Higher Education*, 6(5):26-41.
- Lan, H., Zhu, Y., Ness, D., Xing, K. & Schneider, K. 2014. The role and characteristics of social entrepreneurs in contemporary rural cooperative development in China: case studies of rural social entrepreneurship. *Asia Pacific Business Review*, 20(3):379-400.
- Lose, T. & Tengeh, R.K. 2015. The sustainability and challenges of business incubators in the Western Cape Province, South Africa. *Sustainability*, 7(10):14344-14357.
- Lose, T. 2016. The role of business incubators in facilitating the entrepreneurial skills requirements of small and medium size enterprises in the Cape metropolitan area, South Africa. Unpublished MTech thesis, Cape Peninsula University of Technology, Cape Town.
- Lose, T., & Kwahene, F. (2021). Demographical variables and entrepreneurial disposition: a narrative overview of literature. *Academy of Entrepreneurship Journal*, 27, 1-8.
- Mertens, D.M. 2016. Advancing social change in South Africa through transformative research. *South African Review of Sociology*, 47(1):5-17.
- Meyer, N. & de Jongh, J. 2018. The importance of entrepreneurship as a contributing factor to economic growth and development: The case of selected European countries. *Journal of Economics and Behavioral Studies*, 10(4):287-299.
- Morgan, D.L. & Nica, A. 2020. Iterative thematic inquiry: a new method for analyzing qualitative data. *International Journal of Qualitative Method*, 19:1-11.
- Pfeilstetter, R. 2015. Heritage entrepreneurship: Agency-driven promotion of the Mediterranean diet in Spain. *International Journal of Heritage Studies*, 21(3):215-231.
- Saiz-Alvarez, J.M., & García-Vaquero, M. (2017). Entrepreneurship concept, theories, and new approaches. In *Advanced Methodologies and Technologies in Digital Marketing and Entrepreneurship*. 457-470.
- Simpeh, K.N. 2011. Entrepreneurship theories and empirical research: A summary review of the literature. *European Journal of Business and Management*, 3(6):1-8.
- Statistics South Africa. 2019. *Survey of employers and the self-employed*. Pretoria: Government printers.
- Statistics South Africa. 2020. *Mid-year population estimates*. Pretoria: Government Printers.

- Tamizharasi, G. & Panchanathan, N. 2010. An empirical study of demographic variables on entrepreneurial attitudes. *International Journal of Trade, Economics and Finance*, 1(2):215-220.
- Thurik, R. and Dejardin, M.A.F.G., 2011. The impact of culture on entrepreneurship. *The European Business Review*, 1(2):57-59.
-