

Factors affecting entrepreneurial growth for petroleum wholesalers in South Africa

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Abstract

The petroleum wholesale sector plays a significant role in the value chain of South Africa. Although there has been strides by the South African government to provide an inclusive and enabling entrepreneurial ecosystem for emerging businesses, some industries have been affected and therefore lagging behind. The petroleum industry is a case in point and has been moving slowly toward achieving its ambitious transformation goals as committed in the Liquid Fuels Charter. This article seeks to analyse the factors affecting SMEs' entrepreneurial growth. A qualitative approach followed, and the findings suggest that the power of the oil majors in the value chain and the apparent government support hinder SMEs' ability to grow in the sector. The paper recommends that small businesses in an interdisciplinary programme gain skills from different industries, and therefore able to service various industries which will broaden their service and competencies.

Introduction

Small and medium-sized enterprises (SMEs) are the drivers of economic growth, job creations and entrepreneurship internationalization across several nations. The SME sector has an important standing to the South African economy. This sector offers about 60 percent employment, accounts for 91 percent of all formal business entities and underwrites around 57 percent of South Africa's GDP per-capita (Abor and Quartey, 2010; Bullough and Renko, 2013; Fatoki, 2018). For that reason, there is growing attention from the policymakers, development agencies and researchers in the small business sector. Because entrepreneurship is critical in the progress of an economy, with high SMEs contributing to the creation of employment and economic development (Mahadea (2012; Fatoki, 2018). However, SMEs in South Africa continue to suffer from a wide range of barriers hindering their growth which negatively impacts on South Africa's sustainable development. Regardless of their economic importance, the growth rate of SMEs in South Africa is exceptionally low. About 75% of SMEs in South Africa fail within the first five years of creation attributed partially to the lack of financial accessible to SMEs (Fatoki, 2018; Kato and Chiloane-Tsoka, 2020), and the Petroleum Wholesalers SMEs in South Africa are not exceptional. While there is existing material about entrepreneurship and entrepreneurial growth, there are limited studies dealing with the application of entrepreneurial growth in the petroleum downstream sector. The existing material focuses mainly on the barriers to entry and their effect on the transformation agenda. These studies tend to neglect the factors that affect entrepreneurial growth in this important sector.

According to the Global Entrepreneurship Monitor (Álvarez, Urbano & Amorós, 2014) entrepreneurial activity levels are perceived as below average for a developing economy with the level of unemployment at 40%. The GEM (Global Entrepreneurship Monitor), (2016) report did not convey positively on the nation's entrepreneurial performance, particularly, South Africa ranked 28th out of 32 rankings of efficiency-driven economies, with the total entrepreneurial rate down by 25%. Such frustrations demonstrate urgent government intervention to avert the acute decline in entrepreneurial

activity. Furthermore, although South Africa is viewed among the top twenty countries with rapidly growing economies comparable to the Western countries, the nation lacks entrepreneurial proficiency on account of lack of entrepreneurship education, lack of access to entrepreneurial finance instruments and limited business networks (Mckelvie, Brattström & Wennberg, 2017).

On this backdrop, it is imperative for government to create favourable policies tailored to SME development and support entrepreneurial growth Hoeppli (2013). Therefore, the research explores the factors affecting entrepreneurial growth in the petroleum wholesale sector of South Africa. The petroleum industry of South Africa is critical to the success and growth of the country's economy due to its linkages that generate opportunities in the different sectors of the economy (SAPIA (2016). While the role of entrepreneurship and SMEs growth has been widely explored in different perspective there has not been any empirical survey that explore the factors affecting entrepreneurial growth for petroleum wholesalers in South Africa. This offers an opening for future explorations in this sector to contribute to the existing literature.

In view of the above motivations, the current study attempts to explore the factors influencing the entrepreneurial growth in the petroleum wholesale sector of South Africa. The approach used in this study was qualitative to gain a deeper understanding of the sector. Therefore, the paper examines opportunities in the sector, together with factors that influence the ability to recognize an opportunity by an entrepreneur. We further explore the factors affecting firm growth in the petroleum wholesale sector and examine the entrepreneurial profile and capabilities of individuals obtaining a petroleum wholesale license. Moreover, the paper focuses on how entrepreneurial personality affects individuals' general capacity to recognize and exploit opportunities, those that exist in the sector.

The paper makes several contributions to the body of knowledge, among other things; first, the paper contributes by encouraging industry and government to invest in the development of small businesses in the sector, creating opportunities and a fair environment allowing for competition, which will stimulate innovation and job creation. These can be achieved by approaching enterprise development from a collaborative approach, instead of the traditional approach, which places the development of a small firm on the buying firm only

Second, the paper contributes by suggesting a model that will minimize the effects of vertical integration by the oil majors. By adopting a collaborative and multidisciplinary approach, small players will accumulate skills and competencies from shared experience. An interdisciplinary programme will bring skills from different industries, and therefore enable small businesses to service various industries, which will broaden their service and competencies.

The paper is structured by presenting the literature review as well as providing empirical evidence that underpin the study, section 2, covers the research methodology and research design, while section four is about results and data analysis, section 5, discusses the findings in connection with the literature reviews and finally section 6, involves the conclusion and contribution to the body of knowledge and how the results in the conceptual model can be operationalized by future studies.

2. Literature review and development

2.1 Theoretical framework for petroleum industry

Petroleum wholesale activities play a significant role in the value chain, providing storage facilities and distribution networks. According to the SAPIA (2016) report on the petroleum industry's contribution to South Africa, 13,169 million and 11,344 million liters (about 2996767168 gal) of diesel and petrol were consumed, respectively. This is a clear justification of the role petroleum wholesalers can play in safeguarding security of supply in the country and the opportunities presented in the value chain through connections to some subdivisions of the economy, for example, manufacturing, construction, insurance, mining, farming, and transportation. In line with the intention to transform the industry, there have been many initiatives to support smaller industry players in the downstream sector. However, there is limited data available to establish if these activities allow smaller players to participate sustainably in the industry.

Considering the presence of these barriers in the petroleum market, the government has been seeking to undo the injustices created by the apartheid legacy. One of these initiatives is the pioneering

Liquid Fuels Charter (LFC) signed by major industry players, including the South African Petroleum Industry Association (SAPIA) and the Department of Energy (DOE), which seek to correct the past injustices and achieve an inclusive market Paelo, Vilakazi & Robb (2014). Nowadays the petroleum pigeon-holed by restricted involvement and growth, from factually underprivileged individuals. To address the tradition of the monopolistic practices of the industry, the post-apartheid government established economic transformations such as the Liquid Fuels Charter (LFC) to liberalize and encourage rivalry as key strategies to open the market (Makhaya & Roberts, 2013). This was geared to steer the transformation and economic empowerment of the historically disadvantaged South African citizens (Makiva et al., 2019). These transformation and economic empowerment initiatives were to be achieved by focusing on SMEs in the sector to formulate favorable policies and develop initiatives that foster and accelerate economic growth.

SMEs are universally acknowledged as fundamental tools in the emerging nations to realize their national economic development agenda (Drinkwater et al., 2018). Even though there were variations in regulatory frameworks announced by the new government, the system was founded by the apartheid government to grow the local fuel industry. The old regime used definite rents unscathed with little interest to influence regulation in support of the downstream sector or other players in other stages of the value chain (Mondliwa & Roberts, 2019). The post-apartheid government's efforts to encourage inclusive participation in the sector have not produced many successful petroleum wholesalers. They cannot be justified by the high number of petroleum wholesale licenses issued by the Department of Energy.

SME growth can be debated from two academic standpoints. The first is the resource-based view (RBV), which connects the growth forecasts of an enterprise to its rushed resources such as growth in the business's activities, financial and human resources (Burvill et al., 2018). The second is the motivation-based view with attentions on the motivation that stimulates individual activities (McKelvie et al., 2017). Overall, motivation involves the requirement to realize, enterprise control, economic freedom, and entrepreneurial orientation (Solesvik et al., 2019). In contrast, task-specific motivations include setting goals and self-efficacy (Elfving et al., 2017). However, entrepreneurial motivations are also shaped by the country in which the entrepreneurial activities are performed. The appeal of pursuing an entrepreneurial occupation is influenced by perceptions of how attractive entrepreneurship is in that country. Hence, the attractiveness is related to the wealth that can be accumulated, the likelihood of becoming independent, and other economic achievements that can emanate from entrepreneurial activities. Therefore, petroleum wholesales will pursue an opportunity that yields a good mix of financial gains, independence, stake, and rewards that amplify their anticipated value; thus, growth results from determination (Solesvik, 2013; Eijdenberg et al., 2019).

Notwithstanding the experience of industry-specific material, a favorable policy environment, it is still uncertain if the petroleum wholesalers would be talented to exploit the market opportunities in the downstream sector. Although the existing condition is regarded as undesirable for a wholesaler, the two utmost critical questions to be answered are if the wholesale entrepreneurs hold the required business knowledge to operate successfully. Amidst such frustrations, it remains unclear if the SMEs in the petroleum wholesale sector can expand the petroleum value chain in the current situation.

2.2 Factors affecting entrepreneurial growth for petroleum wholesalers in south africa

Studies that investigate the high-performance firms in Africa are characterized by two fundamental aspects; First, many of these studies tend to commonly neglect the socio-cultural context of Africa, by using the high-growth firms framework established in the advanced economies dependent on either a single sector or firm level performance (De Waal, 2012; Bagorogoza et al., 2013). Although many of these studies emphasize the factors hampering the growth of early-stage firms, such as lack of access to finance, mismanagement, weak institutions, inadequate finance, to the best our knowledge there has not been any study of this nature which examines role of petroleum wholesale industry to South African economy. Therefore, this study contributes to the understudied with novel data. From a different standpoint, openings and funds which can drive high-performance in Africa have been overlooked or informally revealed. De Waal (2012) specified that inadequate management skills and ability have caused the

incapability of emerging states to grow firm level- performance management systems. Consequently, this adversely influences the growth of SMEs for which the petroleum wholesale sector is not protected.

In another development, for the petroleum wholesale companies to progressively grow and thrive in a competitive business environment, they certainly require financial resources. However, access to sustainable funding instruments has proved a major hindrance to their growth over the years (Fatoki, 2018; Kato & Chiloane-Tsoka, 2020). Previous research of Herrington et al. (2009) posits that main problem for the South African entrepreneur is a lack of access to finance. It has been rated in several literature as the second top barrier to new firm creation and failure, after education and training. While Foxcroft et al. (2002) uncovers that 75% of business loans requests by new SMEs in South Africa are rejected. In this respect, this is a major to both the entrepreneurs and policymakers. New SMEs can be funded from potential entrepreneurial investors through accessing equity financing instruments such as banks, venture capitalists and private equity firms (Kato & Chiloane-Tsoka, 2022). This proposes that new SMEs deprived of financing opportunities may not be talented to survive and grow. These variables depressingly impact the demand for goods and services and henceforth the growth of new SMEs.

To that end, the synthesized literature provides a foundation to respond to our primary research question: *What are the main factors perceived to affect the entrepreneurial growth of petroleum wholesalers in South Africa?*

2.3 Research Methodology

The primary purpose of this study was to explore the factors affecting the entrepreneurial growth of petroleum wholesalers in South Africa. The research strategy chosen for the study was intended to understand the deeper meaning of what was being said, develop frameworks and elements to identify, and study the relationships between these variables Walliman (2018: 73). The research method of this study allowed for an exploration and comprehensive analysis of factors affecting entrepreneurial growth in the petroleum wholesale sector. The case study strategy has uncovered broad details of wholesale entrepreneur's perceptions of operating a business in the sector, their motivations, and considerations for trading in this specific sector, the challenges that their business is exposed to, and the policy regulating the industry. Using this approach, similarities between the entrepreneurs' worldviews were scrutinized in depth, which allowed the researcher to gain deeper insight into the ways in which these SMEs operate and perform and determine the reasons for some choices in the sector. This research takes place in the participant's regular environmental setting Verschuren and Doorewaard (2010: 170).

2.3.1 The main research question was: "What are the main factors perceived to affect entrepreneurial growth in the South African petroleum wholesalers in the downstream sector?"

The secondary research questions were:

- What are the main reasons for the poor entrepreneurial growth in petroleum wholesalers?
- What are the opportunities available for small business in the petroleum downstream sector of South Africa?

2.4 The primary objectives for the research enquiry were to identify the main factors perceived to affect entrepreneurial growth in the South African petroleum wholesalers in the petroleum downstream sector.

2.4.1 Secondary Objectives

Investigate the reasons for poor growth in small businesses operating as petroleum wholesalers.

Determine the effects of the vertical integration of the major oil companies on SMEs' ability to grow.

2.4.2 Research Design

A research design instrument was used to link the methodology, which was seen as a plan for approaching research, and the research methods that would focus on the research questions thus, the qualitative research method was appropriate in this paper as the objective was to gain a deeper

understanding of the factors that affect the entrepreneurial growth of petroleum wholesalers in a complex sector consisting of different stakeholders. An in-depth qualitative analysis was relevant for the paper as it sought to gain a deeper understanding of how the design and history of the petroleum sector affects entrepreneurial growth and entrepreneurial activity by small businesses. The paper also attempted to understand the reasons why, despite the initiatives by the government, there is still minimal participation by small businesses in the sector. Moreover, the paper sought to understand the effect of the enterprise development initiatives launched by major oil companies and assess their effectiveness. Finally, the paper was concerned with understanding the crippling effect of vertical integration on the entrepreneurial growth of the sector. In this paper the vertical integration was excluded as it did not form part of the objectives and research question under investigation.

2.4.3 Unit of Analysis

The unit of analysis is the petroleum wholesale sector. Because this study used a multiple-case study method, other players in the petroleum wholesale sector were studied as embedded units of analysis:

2.4.4 Population and Sampling

A strategic or purposive sampling technique was used as the researcher was informed by the information required and believed that the selected participants were best suited to present the required information Verschuren and Doorewaard (2010:185). The organisations and role players selected have influenced and play a leading role in the industry and could therefore provide rich insights related to the entrepreneurial growth and dynamics that influence the performance in the sector. The sample comprised of (i) SAPIA, (ii) LFWA, (iii) The DoE, (iv) non-integrated entrepreneurs and new entrants, and (v) integrated oil companies

2.5 Data Collection

Semi-structured interviews were utilized to collect primary data from each case. Secondary sources included studying and interpreting government reports and presentations. The interviews lasted 25 minutes to an hour and they were arranged according to each participant's preferred time and place. The interviews were digitally recorded and transcribed. Respondents were informed before the interview of the intention to record the interview; this was also stated in the consent letter, which required participants to sign to grant permission to the recording

2.5.1 Data Analysis

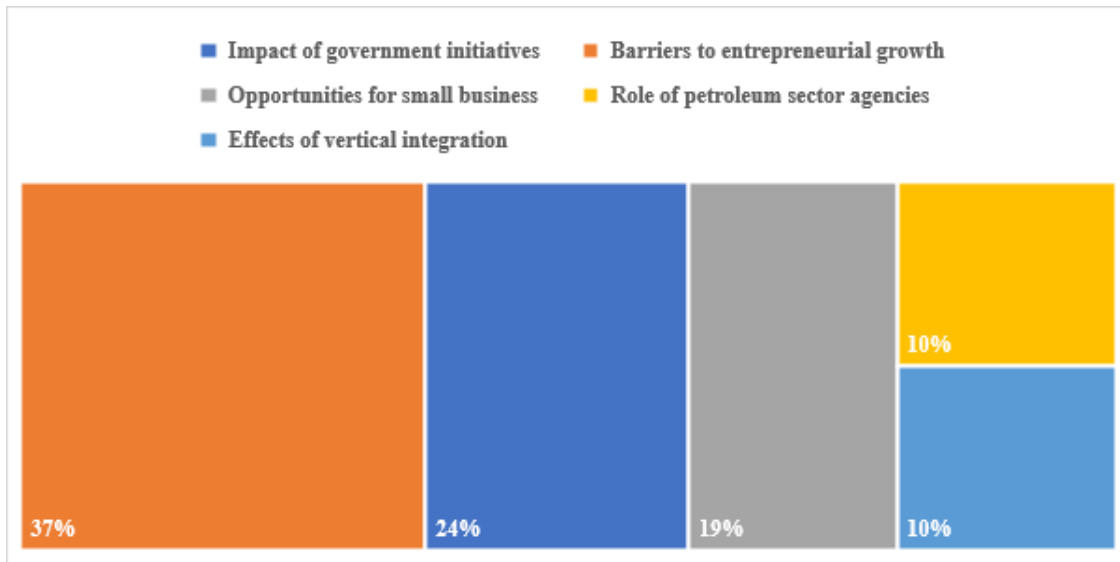
The Atlas.ti software as a data management tool was used. Data were coded manually by the researcher and co-coded by the specialist who was engaged to help after the coding. This was a measure taken to guarantee that the data are credible and trustworthy. Transcriptions of interviews that were converted from audio files into text. Separate files for each participant were saved as Word documents, with the pseudonym allocated to each participant to maintain anonymity. According to Saunders et al. (2019: 653), coding was vital in data analysis as it ensured manageability and accessibility of data.

2.6 Ethical considerations

The Department of Applied Management Ethics Review Committee (DAM-REC) issued the ethical clearance for this research project before the case study research began. Since it was a qualitative paper issues of trustworthiness, reliability and Validity were carefully observed to ensure that the

3 Discussions

Digitally recorded data were subsequently transcribed into text format in preparation for data analysis. Interviews were transcribed and verified by listening to the transcriptions several times to certify that the transcribed data matched the recorded interview. During this process, keywords were noted by means of open coding



Theme 1, *Impact of government initiatives*, had two subthemes attached to it: 1) Importance of transformation, and 2) Transformation instruments

To gain an insightful understanding of the performance of small businesses in the petroleum wholesale sector, and the industry in general, participants were asked to discuss their perceptions of entrepreneurial growth in the sector in relation to how entrepreneurs performed, and to make suggestions about what can be done to facilitate inclusivity in the sector. The responses indicated that the following factors affect entrepreneurial growth in the sector, namely a) policy and regulatory environment, b) Competitive environment c) Access to finance d) market structure e) Knowledge and skills, f) cost of operations, and g) infrastructural and logistical capacity. These factors are depicted in figure 6. Table 9 outlines the codes used to analyse the barriers to entrepreneurial growth.

Figure 2: Factors affecting entrepreneurial growth in the sector

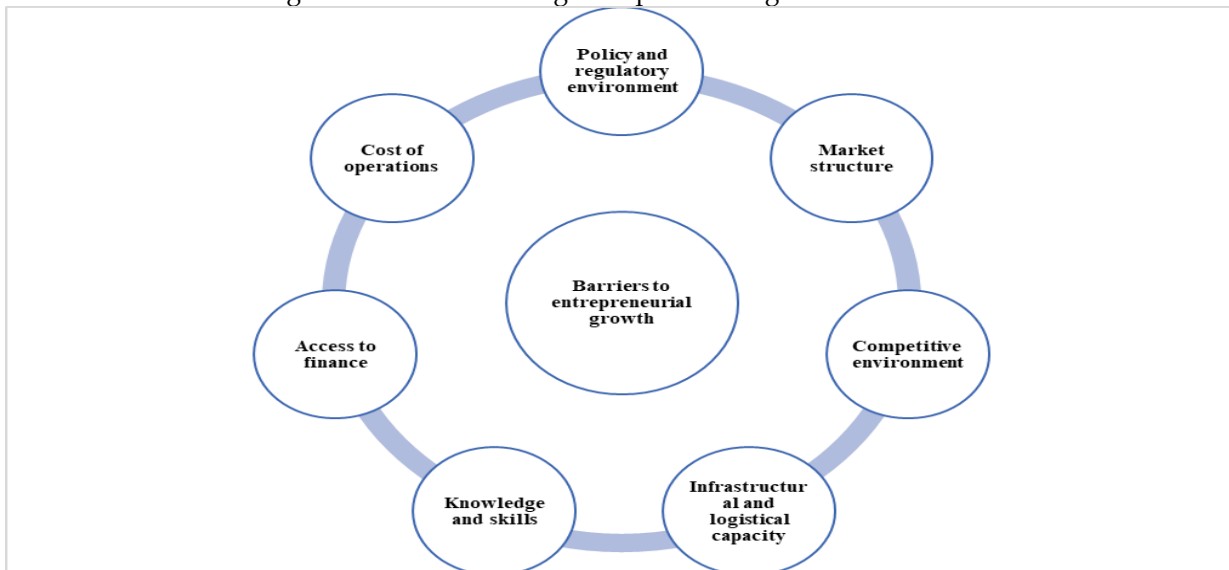


Table 4.8: Codes used to analyse barriers to entrepreneurial growth

Source: Authors own representation

3.2 Identified Barriers

Code and description of theme

Code	Description
Policy and regulatory environment	The policy and regulatory framework guiding the petroleum industry
Competitive environment	The competitive landscape in which petroleum wholesalers compete
Access to finance	Funding requirements to fund petroleum wholesale activities
Market structure	The market structure of the petroleum value chain
Knowledge and skills	Skills and competencies that are required to run a petroleum wholesale business
Cost of operations	The cost of running a petroleum wholesale business
Infrastructural and logistical capacity	Indication of infrastructural and logistical ability to carry out petroleum wholesaling activities

5. Conclusion and Recommendations Further Study

What are the opportunities available for small business in the petroleum downstream sector of South Africa?

This question sought to reveal the opportunities that are available in the petroleum downstream sector. The findings revealed that the sector and industry at large offer many opportunities, however, the closeness, sophistication, and complexities of the industry prevents small businesses from exploiting these opportunities. Entrepreneurs need to learn and understand the value chain to uncover these opportunities, particularly in areas that the oil majors are not interested in. Moreover, the wholesale industry does not provide much scope for exploitation by small businesses owing to the structure of the industry, which positions the wholesaler as a competitor of the oil majors. Integrated companies therefore prevent small businesses from participating in this area

Research question (b)

What are the opportunities available for small business in the petroleum downstream sector of South Africa?

Research Question (b) was aimed at revealing the opportunities available in the petroleum downstream sector. The responses revealed that the sector and industry at large offer many opportunities, but that the closed nature, sophistication, and complexities of the industry prevent small businesses from exploiting these opportunities. Entrepreneurs need to learn and understand the value chain to uncover these opportunities. Moreover, the industry does not provide much leeway for exploitation by small wholesale businesses, wholesalers are viewed as competitors of the oil majors. Integrated companies therefore preclude small businesses from this area.

The responses to the research question revealed that there are many opportunities in the downstream sector and the petroleum sector in general. The 40% shortage of fuel month-on-month is a challenge that can be turned into an opportunity, because the growth of the middle class is linked to more vehicles on the road and an increasing demand for fuel. Participants noted that there were many other opportunities in the downstream sector value chain other than wholesaling, as trading was oversubscribed. A participant pointed out that there are opportunities in areas that do not interest big business, where small businesses could collaborate with the oil majors. While these collaborations already exist, there is scope for more. However, the existing pricing model with its slim margins could put further strain on small businesses.

The following opportunities were identified that small businesses could exploit:

Storage

Storage facilities sorely needed, particularly in non-coastal areas. Mondliwa and Roberts (2014) state that the lack of storage facilities in the inland region presents opportunities for small businesses. Wholesalers with offtake agreements can uplift the product from the storage facility.

Import market

As indicated above, a participant suggested that South Africa's 40% deficiency in fuel month-on-month is an indication that there is a need for more fuel, and this can be achieved through importing crude oil or the finished product. Small players can enter the import market. Mondliwa and Roberts (2014) support this claim, stating that if local manufacturers cannot meet the demand, the finished product can be imported. There is hence scope for small importers as stipulated by the LFC, provided they can gain access to harbours and distribution infrastructure.

Distribution

Participants identified many opportunities in distribution apart from wholesaling, as it is a core element of the business. The product moves through numerous stages before reaching the end-user and is distributed inland by road transport. It was pointed out that small businesses do not need their own storage facilities, as they will be providing a service to oil majors. The cost of setting up and operating a storage facility is therefore eliminated. Matthews (2014) concurs and states that distribution opportunities extend beyond South Africa to landlocked neighboring countries.

Secondary manufacturing and distribution of other petroleum products

A participant remarked that there were few black small business owners trading in lubricants, gas, rubber and other by-products of petroleum. There are opportunities that they can exploit in these sectors. Matthews (2014) asserts that LPG presents opportunities to the small business sector as a cheaper alternative to electricity. With the government's drive to create an effective energy mix to take some strain off the grid, and the challenges of load shedding, opportunities are growing as the demand for energy continues to increase. South African households utilise LP gas as an alternative to electricity. More high-income households and commercial organisations are also beginning to use LPG as an energy source.

Refinery procurement, maintenance and engineering

Some participants indicated that small businesses should also explore opportunities to supply consumables to refineries. Small businesses need to acquaint themselves with business operations at the refinery level and identify areas in which they can add value. Opportunities in engineering work at refineries were also identified as available for small businesses to tap into.

Research question (c)

(e) What are the main reasons behind poor entrepreneurial growth in petroleum wholesalers?

The objective of this question was to identify the main reasons influencing the entrepreneurial growth of South African petroleum wholesalers. Responses to this question revealed several aspects that will be discussed independently.

Policy and regulatory environment

Respondents indicated that because the industry is highly regulated in general, stringent compliance requirements impede entrepreneurial growth as the cost of achieving and maintaining these requirements is too high. In addition, the high levels of churn in policymakers make it difficult to achieve results as incoming policymakers make changes that obstruct progress, creating inconsistencies and blurring objectives.

Competitive environment

The findings indicate that there are concerns about the uncompetitive nature of the industry. Access to the product and market is widely cited as the cause of this unfair marketplace. Paelo et al. (2014) posit that the LFC's goal of transforming the industry has been thwarted because the power exercised by the oil

majors continues to create a sector characterised by a lack of innovation, high prices and anticompetitive behaviour.

Access to product

Participants remarked on the stranglehold of the oil majors, who have big volumes and their own retailers and storage, which takes precedence over small-scale requests from new entrants

Access to market

As stated earlier, small players' absence of a record of accomplishment makes it challenging for them to find and attract new customers and bulk orders. Integrated systems respond more quickly to market changes and deliver product faster due to established and tested systems. Makiva et al. (2019) suggest that the dwindling number of active wholesale entrepreneurs in the sector is caused by the capital requirements, long-standing stock provisions, lack of markets and the unfavourable policy regulations guiding the sector. Moreover, customers tend to remain loyal to certain brands and associate them with product quality.

Access to finance

Participants' views on funding were fairly congruent. Some of them pointed out that it was difficult to get start-up funding in the industry, and even more difficult for wholesalers as compared to retailers. Because the industry is highly capital-intensive, attracting investors is a challenge. While some of the oil majors indicated that they offered financial support in terms of relaxed credit terms and loans, they asserted that they could only back a few wholesalers. The findings revealed that many new entrants find it difficult to gain access to government funding and institutions such as NEF because they are debt-ridden and blacklisted, mainly because of historical debt.

Market structure

The industry is highly regulated, and the regulations favour the oil majors, who created the industry for themselves. The petroleum market does not lend itself to growth in the wholesale sector, as regulated pricing is not designed for small businesses to thrive, according to some participants. Furthermore, the supply constraints caused by limited refining capacity further strengthen the oil majors, who own the entire value chain and only collaborate with a few wholesalers.

Knowledge and skills

The participants acknowledged that the industry's complexity and high-tech nature impeded growth. New entrants are not aware of general industry practices, nor do they understand the specific pricing models that inform their performance in the industry. Some participants alleged that there were misconceptions about the industry's profitability, ease of operating, market openness and competitiveness, and access to product supply. These misconceptions, coupled with expectations about tendering and submitting quotations, cause uninformed wholesalers to enter the industry with unrealistic expectations of the kind of support that will be offered to them

Cost of operations

Participants stated that the industry was capital-intensive, with a prohibitive cost-to-profit ratio, which impeded growth. They indicated that owing to the high infrastructure and coordination costs associated with compliance, insurance, maintenance, storage, transportation and equipment, the industry was not accessible to small businesses given their constrained cash flows. Because of these low margins, there is little left to reinvest in business growth.

Infrastructural and logistical capacity

Some participants indicated that wholesalers did not have the capacity to store and distribute the product due to the capital requirements of obtaining distribution vehicles and set up storage facilities. Storage and distribution facilities have to meet strict specifications, which come at such high costs that wholesalers struggle to meet them.

Findings

The findings revealed that the power of the oil majors in the value chain and the apparent government support hinder SMEs' ability to grow in the sector. Owing to vertical integration, the oil majors own key resources, further squeezing small businesses' margins and denying them the chance to prosper. Moreover, the current policies were created by the oil majors and did not have transformation at their core. As a result, anticompetitive practices by the oil majors leave no room for transformation or newcomers in the market.

The findings further revealed that the structure of the industry does not support entrepreneurial growth, as the integrated oil companies have refining capacity and supply power and therefore dictate the prices, making it difficult for small players to compete with them. There is no model yet that allows for fair competition in the industry, conversely, more regulation and a model that will inspire entrepreneurial growth is needed.

The findings therefore support the view that anticompetitive practices by incumbent firms in the petroleum sector paralyse smaller competitors, preventing them from performing effectively and growing sustainable businesses (Paelo et al. 2014)

Recommendations

Small businesses in an interdisciplinary programme will gain skills from different industries, and therefore be able to service various industries, which will broaden their service and competencies. For the benefit of this sort of structure, a joint industry-specific arrangement needs to be created with measurements that can be utilized in various ESD programmes Fröhlicher and Pothering (2013.). This model will create a competitive advantage for small firms and thereby facilitate productivity through resource sharing and knowledge transfer.

Future Research

A supportive policy needs to be in place to drive and guide the process, with access to finance, storage facilities, pipelines, and industry-focused skills training at the centre of these policies, as they are the fundamental barriers that need to be eradicated in order to foster growth Etuk et al. (2014)

Limitations

It is recommended that a different method be used to conduct the same study under a different context to test if findings will remain the same or a set of new findings may be developed. Furthermore, a larger sample, encompassing all nine provinces and other sectors of the petroleum downstream, be studied to test if there has been any advancement in entrepreneurial growth in general. A study to do a comparison study is suggested to benchmark against other developing countries

Conclusion

The paper adopted a qualitative approach using face-to-face interviews and a semi-structured questionnaire. Eight participants, representing various stakeholders in the petroleum sector were interviewed. The results of the study revealed several factors hampering entrepreneurial growth in the sector and were grouped into four major categories, namely, access to finance, competitive structure, policy and regulation and logistic capacity, education, and skills. The categories outlined play a significant role, however, it also emerged that ESD programmes to support petroleum wholesalers were not available due to how petroleum wholesalers are situated in the industry, competing, and buying from oil majors. Consequently, a framework was developed to suggest a collaborative and interdisciplinary approach to the development of petroleum wholesalers.

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