

Informal Support Impact and Challenges Faced by Entrepreneurs in Swaziland

Marietta P. Dlamini

Department of Agricultural Education and Extension

Faculty of Agriculture

University of Swaziland

Tel/Fax: (268) 527 4021 Ext. 1197

Email: mper@agric.uniswa.sz or bmd@africaonline.co.sz

Micah B. Masuku

University of Swaziland

Barnabas M. Dlamini

University of Swaziland

Abstract

Unemployment is a great developmental challenge in Swaziland. One coping strategy is promotion of small and medium enterprises. A descriptive-survey research was conducted to determine the informal support utilized by small and medium entrepreneurs, in the four regions of Swaziland, and by type of qualification. A panel of enterprise educators before administration validated an interview protocol. Findings include: mentoring support used was more from the male group, with the experienced entrepreneurs leading. Both the male and female mentoring groups had all types of impact to SMEs: knowledge, skills, attitudes, and social, in descending values. Respondents experienced breakfast and dinner meetings attended by more male, in which topics were prominently on business development and marketing. Visits were made more by government officials, bankers, established-business owners, friends, and university students, and topics were business development, financial management, and health and hygiene. Impact of breakfast and dinner meetings and visits were similar, in the importance order of knowledge, skills, attitude, and social aspects, although the impact of breakfast and dinner meetings was slightly more on social aspects than attitude. Significant differences in informal types of support by region was that the Lubombo and Shiselweni region groups had fewer number of SMEs who experienced mentoring and some impact as compared with Manzini and Hhohho region groups. The non graduate group was fewer in number among those who experienced impact of mentoring by all categories of mentors. Fewer numbers of non graduates also experienced higher number of male mentors.

Keywords: Informal Business Support, Entrepreneurs Support Impact, Entrepreneurs Support Challenges, Small Business, Medium Business

Introduction

The formal employment sector in Swaziland is dominated by the private sector (69%), with the manufacturing and processing industries leading (food and beverage, timber, pulp and paper, metal and engineering, clothing and textiles, plastics, glass, and chemicals). The agriculture industry is as important (sugar, citrus, pineapples, maize, milk, livestock and poultry, cotton, and forestry). Geology and mining come third (coal, quarried stone, sand, and soapstone) among formal employers. The construction industry is least (housing, commercial buildings, shopping centers, government projects). Other industries contributing to formal employment were housing projects, transport and freight, communications, tourism, handicrafts, technical and specialist suppliers, and consultancy and training, according to Swaziland Industrial Development Company (SIDC) (2007). However, the private sector employment has been decreasing in the recent years, the value of local currency is decreasing, some preferential agreements were lost, which further resulted in job losses (SIDC, 2007). More than a quarter of the one million inhabitants in Swaziland today are unemployed (Ministry of Economic Planning and Development, 2006). The population affected comprised mostly of school leavers and tertiary institutions graduates. The government is reducing its recurrent budget allocated to salaries by reducing the size of the civil service, through encouraging 55 years of early voluntary retirement. Some better-paid retiring officers upon receiving their terminal benefits invest in small to medium enterprises.

The Swaziland Business Year Book of 2007 (SIDC, 2007) stated that job creation and economic growth depends on investment in small and medium enterprises. The government of Swaziland believing in the potential of small and medium entrepreneurs (SMEs) is facilitating different types of support. The types of support range from facilitating loans from commercial banks, large organizations, special projects, to assisting with business plans, training, and provision of business premises.

Dunn and Gallon (n.d.) emphasized that expertise of individuals from different organizations must be utilized by entrepreneurs, for advice and mentoring. Experts included those of academics, entrepreneurs and external business professionals. However, Hytti (2004) noted that relatively little is known about the appropriateness of support offerings, such as advice, counseling, and consultancy. Small business owner or managers have reported more informal sources of support (Tackey and Perryman, 1999) from entrepreneurs or small business owner or managers acting as mentors. The least useful support reported was the careers service staff in universities. Challenges in SMEs start-up and expansion in Swaziland were generally characterized as financial and structural. However, availability of business sites, business licensing, access to land, lack of business skills, legislations and procedures, and investment and business ideas are still real issues (Ministry of Enterprise and Employment, 2005). Fear of debt as much as accessibility to loans were also identified as challenges to using banks for support (The National Council for Graduate Entrepreneurship, 2004). Documentation of the informal types of support entrepreneurs actually utilized and the impact of these, and challenges faced in these supports, will assist in advocating for better informal strategies for better impact and responding to the associated challenges.

Purpose and Objective

The purpose of the study was to describe the informal support utilized by entrepreneurs. The specific objective was to describe the specific types of informal support utilized and their consequent impact, and corresponding challenges faced in these supports.

Methodology and Data Sources

The researchers used a descriptive-survey of SMEs with a sampling frame (N=68, 350) in the country, obtained from Ministry of Enterprise and Employment (2003), in which selection control was applied. A representative minimum sample of 382 was needed (Krejcie and Morgan, 1970), and was drawn using a stratified systematic random procedure. The actual sample reached was 430. An interview protocol, which was validated by four academics, was used that covered entrepreneur business facts and background and informal types of support utilized. Reliability testing was not conducted, as the instrument contained open-ended and categorical responses. Non-response error was controlled. Content analysis was used with qualitative data. Data input and descriptive analysis of frequencies and percentages, and chi-square tests with an *a priori* alpha level of .05, for categories of region and type of entrepreneurs, were conducted using the Statistical Package for Social Sciences version 10.

Findings and Conclusions

Mentoring Support

Mentoring is the act of close, regular consultations between and among male and female SMEs who were recent graduates, experienced SMEs and/or small business managers. In the study, the mentoring utilized by SMEs was segregated by variable sex. Looking at mentoring utilized by SMEs, the recent male graduate entrepreneurs were used only by 106 (25.1%) of the 422 respondents, while the recent female graduate entrepreneurs were used by a lower 68 (15.9%) of 427 respondents. The experienced male entrepreneurs were utilized by 172 (40.5%) of the 425 respondents, while only 122 (28.4%) of the respondents have utilized experienced female entrepreneurs. Regarding use of small business managers, males were used by 137 of 423 (32.4%) while females were used by 103 of 428 (24.1%).

Impact of mentoring. Impact was defined in terms of knowledge, skills, attitudes and social aspects. Of the 289 respondents, the impact of mentoring by male or female was similar. Knowledge was the greatest impact (n=94; 21.9% with male; n=56; 13% with female); followed by skills (n=76; 17.7% with male; n=48; 11.2% with female); attitude (n=45; 10.5 % with male and n=31; 7.2% with female); and social aspects (n=32; 7.4% with male; n=27; 6.3% with female). With regard to the use of mentoring by experienced entrepreneurs, a slightly different trend was observed. Skills was the greatest impact (n=144; 33.5% with male; n=98; 22.8% with female); followed by knowledge (n=140; 32.6% with male; n=92; 21.4% with female); attitude n=100; 23.3 % with male and n=65; 15.1% with female); and social aspects (n=81; 18.8% with male; n=61; 14.2% with female).

Challenges associated with using mentoring. The challenges experienced with the use of recent graduate entrepreneurs were: having abundant theory information, but lack practical experience to draw from, as reported by 28 (30.8%) of 91 respondents. Some (n=15;16.5%) reported: they are difficult to find. Another 12 (13.2%) felt, they did not have time to talk. The other challenges as reported by half (n=45) are spread on: their language level is high; demand money for their service; still talking about being employed; unable to do market research; afraid of risk-taking, protective of their business ideas, discouraged with struggling income, but technology-adept and willing to get experience from established businesses.

Challenges associated with use of experienced entrepreneurs according to 156 respondents were: they are too busy or out of office (n=70; 44.9%), reluctant to share ideas

(n=20; 12.8%); have high business language, (n=8; 5.1%); and demand a high fee (n=8; 5.1%). Nineteen (12.2%) respondents were thinly spread with their responses on: they are far, they like paper work and record-keeping (n=3; 1.9%); tended to be exploitive (n=3; 1.9%); few locals (n=2; 1.3%) and other isolated challenges (n=42; 27%).

The challenges with using small business managers according to 87 respondents were: they do not have time to socialize (n=25; 28.7%); have fear of competition (n=20; 23%); not available (n=7; 8.1%); talk about being discriminated by large business managers (n=4; 4.6%); not quite educated (n=3; 3.5%); not very useful (n=3; 3.5%); have difficulty in expressing their thoughts (n=2; 2.3%); gender is sometimes a barrier (n=2; 2.3%); not accessible through mobile phone (n=2; 2.3%), and others (19; 21.8%).

Conclusion. Mentoring support used was more from the male group, with the experienced entrepreneurs leading, followed by small business managers, and least, recent graduate entrepreneurs. With regard the use of all the three mentoring groups: recent graduate entrepreneurs, experienced entrepreneurs, and small business managers, both the male and female groups had all the types of impact to SMEs: knowledge, skills, attitudes, and social, in descending values. A slightly higher social impact was from breakfast or dinner meetings, with using both male and female, was observed.

Other informal support utilized. Respondents reported two other types of informal support. The first type of informal support was breakfast and dinner meetings attended, and the second was visits. Both happened in the last five years (2001-2005), with respective topics.

During breakfast and dinner meetings, of 425 respondents, 54 (12.7%) have observed that the males were attending in large numbers, while 48 (11.3%) have observed the female presence in large number. Topics of meetings were business development (n=49; 31.8%); issues in business (n=17; 11%); markets and marketing (n=17; 11%); business advancement (n=12; 7.8%); customer care (n=10; 6.5%); resource mobilization (n=9; 5.8%); policies (n=7; 4.6%); quality and safety (n=5; 3.3%); taxation (n=4; 2.6%); sourcing raw materials (n=4; 2.6%); employees' concerns (n=4; 2.6%); banking (n=3; 2%), and others (n=13; 8.5%).

Visits according to 147 respondents were made to SMEs by government officials, especially extension and labor officers (n=20; 13.1%); bankers (n=15; 10.2%); Minister of Enterprise and Employment (n=12; 8.2%); established-business owners (n=12; 8.2%); friends (n=12; 8.2%); university students (n=11; 7.5%); health inspectors (n=10; 6.8%); policy-makers (n=10; 6.8%); financial institutions representatives (n=6; 4.1%); concerned customers (n=6; 4.1%); business association representatives (n=5; 3.4%); specialized enterprise groups, e.g. poultry association (n=5; 3.4%); cooperative officers (n=3; 2%); and others (n=20; 13.6%). The male visitors were received by 53 (12.4%) of 427 respondents, while the female visitors were received by 34 (7.9%) of 428 respondents. Topics of visits among 170 respondents were: business development aspects (n=30; 17.7%); financial management (n=20; 11.8%); health and hygiene (n=17; 10%); observing special aspects of business (n=17; 10%); pricing ((n=14; 8.2%); advice on recent issues affecting enterprise (n=11; 6.5%); assessing site (n=10; 5.9%); business licensing (n=7; 4.1%); increasing sales (n=5; 2.9%); networking (n=4; 2.4%); social responsibility (n=3; 1.8%); assessing site (n=5; 2.9%); and others (n=22; 12.9%).

Impact of breakfast and dinner meetings. Of the 213 respondents, the impact of breakfast or dinner meetings using male and female participants was similar in frequency, with the slight difference in impact of social aspects. Knowledge was the greatest impact (n=48; 11.2% with male; n=44; 10.2% with female); followed by skills (n=40; 9.3% with male and=31; 7.2% with female); third is social aspects (n=25; 5.8% with male; n=23; 5.3% with female); higher than attitude impact (equally n=23; 5.3% with male and female).

Impact of visits. Of the 213 respondents, the impact of visits made by male and female SMEs reported were: Knowledge was the greatest impact (n=43; 10% with male; n=29; 6.7% with female); followed by skills (n=41; 9.5% with male; n=25; 5.8% with female); attitude (n=30; 7.% with male; n=21; 4.9% with female); and social aspects (n=24; 5.6% with male; n=19; 4.4% with female).

Challenges associated with breakfast and dinner meetings. Twenty SMEs responded to the item. Of the 20, five reported that breakfast and dinner meetings were costly; and another four stated that very little time is spent on this. Three stated that participants tended to lose focus in these fora, while two reported doubting the facilitators' capability. Another two stated rural SMEs shy away from these. The other four were spread in the challenges of: fora rarely occur; some invited guests do not come; participants play the "better SME" game; and some have information but not experience.

Challenges associated with visits. Thirty-six SMEs responded to this item. Ten reported visitors do not give specific information. Six reported, visitors come only when there is a problem affecting SMEs. Another six stated time spent is normally short. Four groups of two each reported that some concepts they talked about were not clear; visit was not consultative; inspectors come unexpected; and financing was never a topic of the visit. The last five were spread in the challenges of: some SMEs are not well-educated to cope with the demand of visit; visitor from consultancy firms are costly; frequency of visit is too few; providing refreshment to visitors is costly; and, mobile network not available for communication of visit.

Conclusion. Respondents experienced breakfast and dinner meetings attended by more male than female. Topics discussed were prominently on business development issues, markets and marketing, and business advancement. Visits to SMEs sites were made more by government officials, bankers, established-business owners, friends, and university students. Important topics of visits were business development, financial management, health and hygiene, observing special aspects of business, pricing, and advice on recent issues affecting enterprise. Impact of breakfast and dinner meetings and visits were similar, in the domains of knowledge, skills, attitude, and social aspects. However, the impact of breakfast and dinner meetings was slightly more on social aspects than attitude. Very few of the 430 SMEs reached were able to articulate the challenges faced in using breakfast and dinner meetings and visits. More important challenges stated were: breakfast and dinner meetings were costly, very little time spent, participants tended to lose focus, doubted the facilitators' capability; and, rural SMEs shy away from these. Fewer respondents submitted challenges in using visits, and those who submitted challenges stated that visitors did not give specific information, visitors came only when there is a problem affecting SMEs, and time spent was normally short.

Significant Differences in Informal Types of Support Utilized by Region

Table 1 shows the informal support variables and their impact that were subjected to Chi-square test, by the four regions (Manzini, Lubombo, Shiselweni, and Hhohho), where the samples were based. Thirty variables were tested under mentoring support, while 10 variables were tested under breakfast and dinner meetings, and another 10 variables were tested under visits support.

Mentoring support and impact by region. Of the 30 variables tested, only 3 variables came out having significant differences: in the (1) number of experienced entrepreneurs male mentors used, and, in the (2) attitude and (3) social mentoring impact of small business managers. The table shows that only two respondents in the Shiselweni region reported on

Table 1

Significant Differences in Informal Types of Support Utilized by Region

	Region				Total	Chi Square	Sig. (2-tailed at P≤.050)
	Manzini	Lubombo	Shiselweni	Hhohho			
1. Number of Experienced Entrepreneurs (EE) Male Mentors							
No experience of EE	84	37	83	47	251		
1	21	17	14	16	68		
2	28	6	11	9	54		
3	9	4	2	4	19		
4 or more	10	6	4	10	30		
Total	152	70	114	86	422	23.107	.027
2. Attitude Impact of Mentoring by Small Business Managers							
No	81	39	53	65	238		
Yes	28	6	6	11	51		
Total	109	45	59	76	289	8.222	.042
3. Social Impact of Mentoring by Small Business Managers							
No	78	40	49	68	235		
Yes	31	5	10	8	54		
Total	109	5	59	76	289	11.973	.007
4. Number of Male in the Breakfast and Dinner Meetings (BDMs) Attended (in the last 5 years)							
No experience of BDMs	138	62	102	66	368		
1-5	3	4	3	14	24		
6-10	3	0	1	2	6		
11-15	5	2	5	4	16		
More than 15	3	2	3	0	8		
Total	152	70	114	86	422	28.798	.004
5. Skills Impact of Visits by Male							
No	60	31	27	54	172		
Yes	25	4	4	8	41		
Total	85	35	31	62	213	9.434	.024
6. Attitude Impact of Visits by Male							
No	67	34	26	56	183		

Yes		18	1	5	6	30		
	Total	85	35	31	62	213	8.281	.041
7. Skills Impact of Visits by Female								
No		67	32	30	59	188		
Yes		18	3	1	3	25		
	Total	85	35	31	62	213	12.665	.005
8. Attitude Impact of Visits by Female								
No		71	35	30	56	192		
Yes		14	0	1	6	21		
	Total	85	35	31	62	213	9.546	.023

the mentoring support by three experienced entrepreneurs. Data show also that 28.9% (n= 122) reported having been mentored by one (n=68) or two (n=54) experienced entrepreneurs. Fewer respondents (n=6 each) in the Lubombo and Shiselweni region groups reported an attitude impact of mentoring support by small business managers, while the same finding is true for social impact of mentoring by small business managers, but with Lubombo and Hhohho groups. The concentration of attitude impact of mentoring support was in the Manzini region.

Breakfast and dinner meetings attended and impact by region. Of the 10 variables tested, one variable showed significant difference, and that is, in the large number of males observed present. Of those who have attended breakfast and dinner meetings, fewer respondents in the Lubombo and Shiselweni region groups reported having observed 6-10 male participants being present. The higher values categories were in the 1-5 and 11-15 ranges, as reported by all the groups. The concentration of social impact was in the Manzini region respondents.

Visits support and impact by region. In the 10 variables tested, four variables came out having significant differences: (1) skills, and (2) attitude impact of visits by male, and also (3) skills, and (4) attitude impact of visits by female. Of those visited by male, very few respondents in the Lubombo and Shiselweni region groups reported skills impact of visits, while only in Lubombo region where only one respondent reported attitude impact. The concentration of skills and attitude impact were in the Manzini region respondents. Regarding those visited by female, only in Manzini region group where substantial number of respondents reported skills impact of visits, while in Lubombo and Shiselweni region groups, none and only one respondent reported attitude impact. Manzini region respondents reported higher frequencies of skills and attitude impacts.

Conclusion. The trend of significant differences in informal types of support by region observed was that, the Lubombo and Shiselweni region groups were fewer in number of SMEs who experienced mentoring support and some impact as compared Manzini and Hhohho region groups.

Significant Differences in Informal Types of Support Utilized by Type of Qualification

Chi square test was conducted with the informal types of support utilized and impact, by the two types of qualification: non-graduates (primary to post-secondary short-training certificate) and graduates (vocational/technical diploma and above) as shown in Table 2. Thirty variables were tested under mentoring support, 10 variables under breakfast and dinner meetings, and another 10 variables were tested under visits support.

Mentoring support and impact by type of qualification. Of the 30 variables tested, 13 showed some significant differences. (1) In the mentoring support by recent graduate male entrepreneurs, significant differences in reported knowledge, skills, attitude and social impact were observed. The non-graduate group was lower in number than the graduate group in having the four types of impact made by recent graduate male entrepreneurs. Same trend can be observed with regards three types of reported impact (knowledge, skills, and attitude) by mentoring support by recent graduate female entrepreneurs. Regarding mentoring support by experienced male entrepreneurs, same trend again can be observed, although, only in attitude and social impact. Also with mentoring support by experienced female entrepreneurs, same trend can be observed, although, only in social impact. About the mentoring support by male small business managers experienced, the non-graduate group again had lower number of mentors in the categories of 3 and 4. Regarding impact by the male small business managers, fewer non-graduates again reported attitude and social impact.

Table 2

Significant Differences in Informal Types of Support Utilized by Type of Qualification

	Type of Qualification		Total	Chi Square	Sig. (2-tailed at $P \leq .050$)
	Non Graduate	Graduate			
1. Knowledge Impact of Mentoring Support by Recent Graduate Male Entrepreneurs					
No	104	89	193		
Yes	37	57	94		
Total	141	146	287	5.336	.021
2. Skills Impact of Mentoring Support by Recent Graduate Male Entrepreneurs					
No	114	97	211		
Yes	27	49	76		
Total	141	146	287	7.653	.006
3. Attitude Impact of Mentoring Support by Recent Graduate Male Entrepreneurs					
No	129	113	242		
Yes	12	33	45		
Total	141	146	287	10.774	.001
4. Social Impact of Mentoring Support by Recent Graduate Male Entrepreneurs					
No	136	119	255		
Yes	5	27	32		
Total	141	146	287	16.176	.000
5. Knowledge Impact of Mentoring Support by Recent Graduate Female Entrepreneurs					
No	122	109	231		
Yes	19	37	56		
Total	141	146	287	6.432	.011
6. Skills Impact of Mentoring Support by Recent Graduate Female Entrepreneurs					
No	127	112	239		
Yes	14	34	48		
Total	141	146	287	9.19	.002
7. Attitude Impact of Mentoring Support by Recent Graduate Female Entrepreneurs					
No	133	124	257		
Yes	9	22	31		
Total	142	146	288	5.712	.017

8. Attitude Impact of Mentoring Support by Experienced Male Entrepreneurs						
No	104	84	188			
Yes	38	62	100			
Total	142	146	288	7.834		.005
9. Social Impact of Mentoring Support by Experienced Male Entrepreneurs						
No	110	97	207			
Yes	32	49	81			
Total	142	146	288	4.330		.037
10. Social Impact of Mentoring Support by Experienced Female Entrepreneurs						
No	122	105	227			
Yes	20	41	61			
Total	142	146	288	8.449		.004
11. No. of Small Business Managers (SBMs) Male Mentors						
No experience of SBMs	169	116	285			
1	19	20	39			
2	11	17	28			
3	6	7	13			
4	5	10	15			
5 or more	16	25	41			
Total	226	70	421	12.673		.027
12. Attitude Impact of Small Business Managers (SBMs) Male Entrepreneurs						
No	118	103	221			
Yes	24	43	67			
Total	142	146	288	6.352		.012
13. Social Impact of Small Business Managers (SBMs) Male Entrepreneurs						
No	117	106	223			
Yes	25	40	65			
Total	142	146	288	3.949		.047

Breakfast and dinner meetings attended and impact by type of qualification. In the 10 variables under breakfast and dinner meetings tested, no variable showed significant difference in the categories.

Visits support and impact by type of qualification. Ten variables were tested under visits support. Ten variables were tested, and all showed no significant difference.

Conclusion. On the significant differences in informal types of support by type of qualification, the non graduate group had fewer number of SMEs among those who experienced impact of mentoring support by recent male or female graduate entrepreneurs, experienced male or female entrepreneurs, or small business male managers. Fewer number of non graduates also experienced higher number of male mentors.

Educational Importance, Implications, and Applications

The study shows that the female SMEs need to be more encouraged to attend breakfast and dinner meetings. Visits between and among SMEs need also to be emphasized. The purpose for attending breakfast and dinner meetings and visits to SMEs need to be more pragmatic and

useful for SMEs, for better types of impact. The Lubombo and Shiselweni region groups and the non-graduates group need to invigorate the informal types of support they utilized.

The impact of, and the associated challenges with, the types of informal support utilized by entrepreneurs were documented. The foregoing findings updated the body of knowledge available about the informal support actually utilized, which divulge current and needed strategies about working with and among entrepreneurs (mentoring), in creating networks and collaborations, and in organizing suitable promotional events and functions. Informal support can be beneficial in ensuring that entrepreneurs update one another through networking strategies with colleagues and partners. The regular interaction can produce entrepreneurs with “added value” and bring about effective participation in the national, regional, and global economy.

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