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# Women Income Generation Projects in Rural

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**2011-06-15**
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# Women Income Generation Projects in Rural Mpumalanga, South Africa

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**Master of Management**

**2008**

## DECLARATION

I declare that this research study: WOMEN INCOME GENERATION PROJECTS IN RURAL MPUMALANGA, SOUTH AFRICA, unless specifically indicated to the contrary in the text, is my own work in both conception and execution. All the sources that have been used or quoted have been duly acknowledged by means of complete reference.

Signed:

_____

# ACKNOWLEDGEMENT

Undertaking this research would not have been completed without my supervisor Dr. Matshabaphala, I thank you for your patience, understanding and constructive comments, which were not only valid for this research but for many years to come in my professional life.

I also extend my appreciation to Mr Charles Nyukonge whose editing skills support and motivation made this investigation what it is today.

I would also like to extend my gratitude to all those people who responded to the questionnaires and participated in the interviews in Mpumalanga. These includes Mme Mkori and Mam's Mthembu to mention only a few.

# ABSTRACT

In the search of solutions to socio-economic problems, there is global consensus on the fact that, alleviating the plight of small medium macro enterprises (SMMEs) is a condition *sine qua non*. Poverty, unemployment, and other societal ills which ensue from such socio economic problems are very prevalent in developing countries. In South Africa, efforts to resolve such ailments have produced disappointing results—with poverty and unemployment growing by the day especially in the rural areas. Women driven SMMEs in rural areas are unsustainable, ineffective and remain subsistent in nature. The lack of basic social amenities (water, electricity, and proper health care facilities), infrastructure, proper communication facilities, and prevalence amongst others, of HIV/AIDS has greatly incapacitated the functionality and industrialisation of SMMEs in South Africa. Government efforts to resolve some of these socio-economic problems, has been through support for urban and rural SMMEs. Notwithstanding this, such efforts have not been very successful due to lack of sound policies which bears into mind that, problems of rural and urban SMMEs are of different magnitude. The difficulty is further exacerbated by geographical and technological factors, and the absence of published data on the severity of the situation. This research hypothesises that, available policies are not factually backed and equipped to respond to contemporary challenges, and that the equal status quo treatment of urban and rural SMMEs and assumption that they are vibrant and properly functional are amongst other presumptions which have ill-affected government programs. With the example of Learning for All (LFA) Care Clubs, this research interrogates factors that incapacitate the sustainability of SMMEs. In this esteemed regard, the role of government policies towards the inefficacy of rural SMMEs will be reviewed.

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# ABBREVIATIONS

1. ABE Adult Basic Education
2. AIDS Acquired Immune Deficiency Syndrome
3. ASGISA Accelerated and Shared Growth Initiative for South Africa
4. CCs Care Clubs
5. CDE Centre for Development Enterprise
6. CSBP Centre for Small Business Promotion
7. CSI Corporate Social Investment
8. CBOs Community Based organization
9. CSO Civil Society organizations
10. DTI Department of Trade and Industry
11. ECCD Early Childhood Care and Development
12. EFA Education for All
13. HIV Human Immuno-deficiency Virus
14. HSRC Human Science Research Council
15. GEAR Growth Employment and Redistribution
16. GDP Gross Domestic Product
17. GEM Global Entrepreneurship Monitor
18. GCIS Government Communication Information Systems
19. IGAS Income Generation Activities
20. IFAD International Fund Agricultural development
21. IRIN Integrated Regional Information Network
22. ISDRS Integrated Sustainable Development Rural Strategy
23. LFA Learning for All
24. NGO Non Governmental Organizations
25. OSISA Open Society Initiative for Southern Africa
26. RDI Rural development Initiative
27. RDF Rural Development Framework
28. RDP Reconstruction Development Programme

| | |
|---|---|
| 29. SADC | Southern Africa Development Community |
| 30. SARPN | Southern African Regional Poverty Network |
| 31. SAMAF | South African Micro-Finance Apex Fund |
| 32. SMMEs | Small Medium Macro Enterprise |
| 33. TIPS | Trade and Industrial Policy Secretariat |
| 34. UNDP | United Nations Development Programmes |

# CHAPTER 1

# Introduction and Background

---

## 1.0. Introduction

The economic marginalization for rural women has compelled them to explore various alternatives including income generation activities in most developing countries, South Africa is not an exception. Most projects aiming at women's economic advancement particularly in rural areas have concentrated on income generation projects since they are viewed as having a potential to give sustainable livelihood to people in rural communities who are living in the brink of despair. These projects include capacity building, facilitating access to finance and close accompaniment to gain better insight and influence women's economic empowerment more effectively.

Focusing on Learning For All (LFA), a Care Club (CC) in Mpumalanga, this research seeks to understand the reasons for the ineffectiveness and unsustainability of CC. Findings from this study will lead to policy recommendations which will re-shape conceptual thinking on what needs to be done to militate against poverty, unemployment and other socio-economic vices which ensue from ineffective and unsustainability of SMMEs. The importance of such a study for developing countries which are rudely wracked by the scourge of poverty and unemployment cannot be overemphasized.

Following this brief introduction of what the research is about, this chapter proceeds by providing a background to the study, while setting the stage for a theoretical discussion and analysis which seeks to test the hypothesis as to whether poor government policies contribute to ineffective and unsustainable SMMEs. A combination of qualitative and quantitative research design will be used in data analysis.

## 1.1. Background

CCs are income generation projects initiated in February 1999 by LFA in rural communities of Mpumalanga namely; Moutse, Elandsdoorn and Kwaagasfontein. The project targeted unemployed women for enhancing the livelihood and bargaining power within the household at community level. These were initiated as a response to a high rate of unemployment and poverty.

The objectives of this project were to:

- Create wealth using the community's resources;
- Provide rural women with leadership experience and skills;
- Empower women to provide welfare of children under school going age;
- Improve numeracy and literacy background.
  (LFA Annual Report, 2000:23)

Women in rural areas are often denied their rights to education due to impoverished economic situation, early marriages or the prevailing bias towards educating males. Women's chores in rural areas also include caring for the children despite the overwhelming house chores. Significant activities carried out in these clubs include literacy classes and the provision of Early Childhood care and Development (ECCD) to prepare a child for a successful engagement with formal schooling.

CCs Participants were meeting twice a week at a local pre-school to execute their activities and for information sharing. The activities included manufacturing of *amacansi, (grassmats) izinkamba, (clay pots) amagula, (calabashes) izingqoko (traditional meat platters) food* gardening etc. These were manufactured from the resources available within their communities

## 1.2. The profile of Mpumalanga Province

Mpumalanga province formerly known as Eastern Transvaal has overall population 15,5% (National Census, 2001: 42)). Languages mainly spoken in this province are

Siswati, isiNdebele and sePedi. The HIV/AIDS prevalence rate is estimated at 28,6% the majority of this being women. Manufacturing and mining are the two strong money-spinners for this province. Mpumalanga produces about 85% of the coal in the country. It houses the largest power stations. Paper mills, fruit (mainly citrus) and stainless steel are also main products.

Tourism plays an important part in the economic development of Mpumalanga and is a popular gateway to the world-renowned Kruger National Park. The Maputo Corridor runs through this province and it has great potential for fast economic growth.

## 1.3. Problem statement

Income Generation Activities (IGAs) have become an important component of many sustainable development programs throughout the Developing World. By training local populations to start their own income generating activities and by providing those with initial start-up resources in order to do so, organizations have successfully empowered people to contribute to their own communities and sustain their community development projects. .

Income generation projects are a very effective way of providing much needed resources to manage the hardships caused by poverty in rural communities; while in some cases they do offer temporary relief generally they are inefficient and unsustainable. There was incredible level of excitement and enthusiasm at the beginning, with a total number of 150 women enrolling and actively participating. Towards the end of the year in November the excitement and the enthusiasm disappeared and subsequently Care Clubs (CCs) collapsed.

Studies have been undertaken in the area of women and rural development in South Africa, some include positive findings about the value added to rural development and others include negative on opportunities lost. But little has been done to examine the case studies of economic development initiatives in rural areas, and factors that affect their success and failure both in the short and in the long term

## 1.4. Objectives of the Study

The objectives of the study are to:

- Identify factors leading to functionality and disfunctionality of the Care Clubs;
- Present Findings on factors leading to functionality and disfunctionality of the Care Clubs (CCs);
- Interpret and analyze data collected; and
- Recommend innovative approaches towards the functionality of the Care Clubs (CCs.)

## 1.5. Research Questions

Questions leading the present study are as follows:

- What are the factors leading to functionality and disfunctionality of the Care Clubs?
- What are the innovative approaches that could be utilized to ensure the efficiency and sustainability of the CCs?

## 1.5. Purpose of the study

The purpose of this study is to examine LFA case study to understand why CCs became ineffective and unsustainable. This research will be guided by the following questions:

- Why CCs became infective and unsustainable?
- What is the government position on rural community income generation project?
- What support can these acquire from Non Governmental Organizations?
- What support can these acquire from government departments?

## 1.6. Aims of the Research

Aims of the research were to:

- Highlight the role that could be played by NGOs and Government departments to make such projects sustainable and effective;
- Identify and analyze the factors that contributed towards the attitude change of the participants towards the project;
- Contribute positively to an ongoing process for policy formulation in the area of rural development;
- Seek solutions towards making CCs effective and sustainable.

## 1.7. Limitations of the Study

Leedy points out "the researcher can be beguiled by discovering interesting information that lies beyond the precincts of the problem being investigated". (1997:59). In order to ensure that a framework is set to assist the researcher not to fall into this trap the limitations of this research need to be identified.

The key possible limitation of this study was that the researcher is passionate about rural SMMEs and has formed strong ideas and opinions over the years involved in this field in different communities in South Africa. Her ideas and opinions might impact on this study. In order to minimize the risk flowing from this, the researcher was mindful of this, all the steps of the way ensuring that the study reflects ideas of the people interviewed.

A final limitation of the study is language -related since the researcher is not fluent in Sepedi and Ndebele, the languages commonly utilized in these communities. Fearing that data might lose its meaning during translation, the tape recorder was utilized to minimize the negative impact might have been caused by the language barrier.

## 1.8. Outline of the investigation

Following this introductory chapter, the research in its second chapter examines a vast array of literature related to the study, the research question and hypothesis. Chapter three focuses on the modus operandi which speaks to data collection, compilation and mode of analysis, while Chapter four focuses on the contextualization of such data to answer the questions, and culminates with policy recommendations, a detailed bibliography and relevant appendices.

# CHAPTER 2
# Literature Review

## 2.1. Introduction

This chapter discusses literature relevant to the present study. It is presented in three thematical areas relevant to the study, namely; Rural development which is presented to locate rural income generation project within a broader context and as an acknowledgement that it does not happen in a vacuum but as part of a bigger process. The section looks at the overview and challenges; income generation projects to highlight the purpose of these, opportunities and challenges; and gender and development. This is significant since the main drivers of these CCs were women.

## 2.2. Rural development

Rural development is an integral part of this study. This is for the purposes of providing an overview of rural development, which is significant to understand why CCs in rural Mpumalanga were not sustainable. Attempts to define rural and rural development will be made. Also, attempts will be made to highlight the challenges faced in rural development and later explore the revolution of policy issues on rural development which emerged after 1994 including the constitution of the country.

### 2.2.1. Overview and challenges facing rural development

Rural development has been part of the modernisation paradigm for decades. According to Shepherd (1998:1) modernisation theory equates development with four basic processes namely; capital investments which leads to productivity increases; the application of science to production and services; the emergence of nation states and large scale political and economic organizations; and urbanization. The only clear success according to Shepherd (Ibid:2) is with promoting traditional

export crops and reducing trade deficit despite adverse terms of trade for those major exports. Largely the modernisation paradigm failed development on a number of accounts: (1) it excluded women although they are the majority in any rural community; (2) it concentrated on the economic element; (3) It failed to address poverty, and (4) generally it is incapable of promoting sustainable development.

Burkey (1993:13), perceives rural development as being more than the provision of social services and the introduction of new technologies, but involving changes in awareness, motivation and behavior of individuals and in relations between groups within a society. For the purposes of this study, Southern African Regional Democracy Fund (SARDF)'s definition of rural development shall be adopted. According to SARDF:

> Helping rural people to set the priorities in their own communities through effective and democratic bodies, by providing the local capacity; investment in basic infrastructure and social services; justice, equity and security; dealing with the injustices of the past and ensuring safety and security of the rural population, especially that of women.
>
> (SARDF,1997:19)

The definition above views rural people as critical stakeholders rather than passive elements. However, it acknowledges that outside assistance is important to assist them to set their priorities, build the required capacity and to break political bureaucracies existing in rural communities.

It is important to look at how the South African government defines rural development since the study is looking at South African rural development. ISRDS understands rural development as:

> Multi-dimensional, encompassing improved provision of services, enhanced opportunities for income generation and local economic development, physical infrastructure, social cohesion and physical security within rural communities, active representation in local political processes, and effective provision for the vulnerable.
>
> (ISRDS, 2000:19)

Rural development in this context is thus much broader than poverty alleviation places emphasis on facilitating change on rural environments to enable poor people to earn more, invest in themselves and their communities, contribute towards maintenance of the infrastructure key to their livelihoods, in other words to identify opportunities and to act on them.

The key challenge towards rural development efforts in South Africa is that, currently there is no agreement on what constitute rural areas and rural populations. Ambiguities still surround the concept of rural. This has resulted in a problem which mostly manifests itself in policy formulation and implementation. This problem according to ISRDS (2000:7) is that rural/ non-urban areas are far from homogenous and include geographical areas and populations that often differ markedly from one another. For example, most concepts of rural areas and populations include commercial farmers, some small towns and villages, and nature reserves that have very different and even contradictory functions and developmental needs.

Fisher & Knutson (2003:31) share similar sentiments that mmostly, development programmes meant to address socio-economic challenges in urban and rural areas are similar.

The Committee Review Organisation (1995:13) describes the conditions in rural areas as:

- High level of poverty, especially among those in women-headed households;
- Agricultural dualism, both in land use and support devises;
- Spatial chaos and stark constrains between the former homelands and the areas around, in terms of settlement patterns land ownership and use, transport and other infrastructure;
- Historical restrictions on entrepreneurial development and poor support;
- New local government's structures set up in 1995, with no history or experience of planning, democracy or service.

Living conditions in rural areas, as described above, are pathetic. People struggle to find enough to eat, they are defenceless against diseases including HIV/AIDS, their children die due to the high mortality rate. On the other hand, urban communities tend to have better infrastructure and facilities for employment and career prospects. In fact, this concentration on urban communities has created a social dilemma where rural people, especially men, migrate to the urban areas with the hope of a better livelihood both for themselves and for their families left behind. Very few, however, manage to achieve this with reasons ranging from the overwhelming city life to high unemployment rate.

Ideally rural people are supposed to be responsible for driving their development interventions since they understand their conditions and realities. However this has failed for a number of reasons including the lack of access to relevant information and the capacity to drive their own development initiatives. De Beer & Swanepoel (1997:73) reckons other reasons include:

> "lack of necessary resources that are required for the initiation and maintenance of development efforts; the lack of organizational structures that are able to cope with initiatives that do emerge from community and because of various historical factors most of these communities are trapped in dependency relationship which hampers spontaneous development activities".

The lack organizational structure and resources that De Beer and Swanepoel talks about is a result of the underdevelopment of rural communities with no industries for employment forcing rural people to leave their communities for better opportunities in the cities. In addition to that due to underdevelopment rural people can not act although they are aware of heir situation.

Todaro (1994:85) looks at the central argument of the neoclassical counterrevolution that, the underdevelopment is the result of poor resource allocation due to incorrect pricing policies and too much state intervention by overly active Third World governments. While leading scholars[1] for neoclassical counterrevolution argues that

[1] Including Lord Peter bauer, Deepak Lal, Ian Little, Harry Johnson, Bela Balassa, Julian Simon etc

state intervention in economic activity is the one that slows the pace of economic growth.

Due to development models that have been used for decades that include top-down approach, rural people have developed what Burkey (1993) calls "dependency thinking" which resulted in a dependency relationship with people whom Chambers (1983:9) refers to as outsiders to drive their development initiatives although these have very limited experience of rural community life. Their understanding of the rural community is limited to hurried visits.

Rural people are trapped on what Chambers (1983:73) term as deprivation trap, often they cannot act. Their development depends on outsiders (referred to earlier). According to Chambers, these outsiders are attracted to and trapped in urban cores, which generate them and communicate their own sort of knowledge while rural peripheries are neglected and isolated. Outsiders have the power and resources but do very little to assist the rural people, often attributing their failure to do so to poor road conditions.

### 2.2.2. Policy issues

The Reconstruction and Development Programme (RDP) was set out to dismantle apartheid social relations and to create a democratic society based on equity, non-racialism and non-sexism. New socio-economic policies and programmes emerged from RDP to improve the quality of all people.

The Freedom Charter indicates that the land shall be shared amongst those who work on it and an end shall be put to the restriction of land ownership on a racial basis. This was a guiding principle of the liberation movement's vision for land reform in a post-apartheid era. Cross and Hornby (2002:52) refers to the ANC's RDP document which states government's intention of transferring 30% of agricultural land to black South African (particularly the landless poor, labour tenants, farm workers and emerging farmers) for residential and productive purposes within five years.

Despite the good intention alluded to above, there has not been a significant shift in land ownership patterns in South Africa to date. SARPN (2006:23) indicates that less than 2% of land has been redistributed through the reform programme. The majority of land is still in the hands of a white male class and class, race, and gender relations have been further entrenched. RDP document prioritizes the empowerment of the rural people including women; funds allocation; provision of basic services and the participation of rural people, including women, to ensure their control of government development interventions.

The year 1999 was marked by optimism after the government developed socio-economic policies some of which advocated for the use of the clustering and integration approach towards poverty alleviation in rural areas but little was done in practice. There was confusion regarding the RDP office and government officials were not certain of what they were expected to do.

A few achievements were witnessed after the 1999 policy amendment though, including, better data capturing and management methods to ensure that funds reach rural communities. Policies drawn from different departments acknowledged that poverty is multifaceted and requires an integrated approach from different government departments. However this good idea did not yield any desirable outcomes, as a result the activities of NGOs began to flourish even in rural communities.

Despite the achievement noted above, however, rural development is still facing a myriad of challenges; organizations advocating for rural development lack capacity for gender mainstreaming; designing sustainable rural development projects; HIV/AIDS which continues to hamper rural development initiatives; lack of access to information and communication facilities; and there are uncertainties regarding the extent to which basic services are provided.

The adoption of ISRDS in 2001 brought hope to rural people as one of its major goals was to put them in charge of their development. Its objectives include:

- Helping rural people set the priorities for development in their communities, and supporting their access to government non-government funding in promoting local economic development;
- Creating greater equality in resource use in the rural areas, especially

- land, through better security of tenure, restitution and reform programmes, and farmer support to all producers;
- Water, through extension of services, extension of rights, and charges in the Water Act;
- Financial services, for production inputs, infrastructure development, and access to land, through extension of services, and through appropriate policy development following the report of the Commission of Inquiry into the Provision of Rural Financial Services;
- Management, through training and capacity building;
- Increasing access to services through the provision of physical infrastructure and social services such as water and sanitation, transport, health services, and schooling;
- Increasing farm and non-farm production in poor rural areas, and increasing the incomes of poor rural men and women;
- Improving the spatial economy of rural South Africa, including through coordination and co-operation with the southern African region;
- Ensuring the safety and security of rural people.

(ISRDS, 2001: 28)

Committee Review Organisation, (1995:32), advises that to achieve the objectives articulated above, rural people need access to good information, increased capacity to evaluate, and access to planning, implement and monitor support. Rural people have a right to demand support for their development initiatives but they need information on the role of government, what assistance is available, for who and what are the conditions.

The intention of ISDRS was on course; to address the weaknesses of the past, deepen the impact of government delivery and bolster local capacity and participation and the strategies for implementing the programme are well thought out. Thus, it has been criticized for being an ambitious and fragile programme and it is moving on a snail pace. It would be immature to draw lessons from the programme at this stage since very little has happened.

Fast-tracking, the rural anti-poverty programme established in 1998 was allocated R 85 million targeting rural communities in KwaZulu Natal, Eastern Cape and Northern Province. Most families from these provinces benefited from the programme; it made it possible for women to support their families, through selling vegetables to the local community and local supermarkets.

Women who were already engaged in the informal economic activities did not fit the criteria required to access resources from the programme since it was only meant to benefit women who did not belong to any socio-economic structure and the poorest of the poor. Thus groups that benefited did not have experience in undertaking rural economic activities therefore these collapsed.

High-speed rural development can work under specific conditions or with realistic objectives but suffers from poor or lack of proper planning, and proper implementation. Fast tracking development initiatives can work in conditions where there is sufficient capacity to carry out the activities but highly impossible in rural areas where there is lack of capacity. Community participation in a fast-tracked programme lacks proper planning and the design becomes limited rather done to legitimize the process as community members are usually denied time to process the idea.

Everrat and Zulu *(*2002:17*)* argue that sustainable community-based development targeting the poorest of the poor cannot be fast tracked. It may achieve some success in specific circumstances such as when there are local initiatives with the capacity to grow rapidly but this is at the expense of the key objective of identifying and incorporating the poorest of the poor.

Government Communication Information Systems (GCIS) indicators utilize a blanket approach and conclude that the government has done a remarkable progress towards implementing rural development programmes and policies stipulated on the RDP document. This is partially true; Statistics South Africa report (20001; 18) indicates that there was a significant progress observed between 1995 and 2000 regarding wage measures. The statistics report further indicates that People were able to get basic services such as health care and schooling, and access to electricity for lighting arose from 64% to 72%. This shows that South Africa have succeeded on some fronts and failed on others. The neo-liberal policies such as GEAR, emancipated from RDP created an investor friendly climate, but failed to address the apartheid socio-economic legacy in which rich people continue getting richer while the rural majority continue to suffer from worsening income, poverty and inequality.

## 2.3. Community Income Generation Projects

The Income Generation activities are seen as an alternative for the economic advancement of rural women; hence their failure is often a cause of grief. These projects therefore, need to be clearly understood and effectively implemented. This section of the paper explores opportunities, challenges facing the implementation of income generation projects, what rural developers need to take into account when designing rural development programmes and related policy issues.

### 2.3.1. Opportunities

More than 41 companies in South Africa have realized a need to meet social corporate targets through Corporate Social Investments (CSI)'s. It has dawned on these companies that the benefits of engaging in development initiatives in their area of operation are immediate and visible. People from local communities can see and feel what the company is doing to improve their lives. Companies like Transnet have taken a step further to focus in rural communities where most companies are reluctant

to reach by implementing ISDRS in three provinces namely; Limpopo, Eastern Cape and North West. The CSI Handbook, (2002: 19), indicates that Transnet strategy seeking to ensure that the impact and growth factors are broader has the potential to be a model of integrated development in South Africa.

CSI Handbook indicates challenges facing the CSI programmes which include unnecessary competition among companies with CSI, which result in the duplication of efforts; and CSIs are being positioned at different levels which might not accord them the status they deserve if they are positioned in a less priority area.

IFAD (1997:14) initiated credit projects to provide the rural poor with financial and physical resources to which the group did not previously have access. IFAD further reckons that credit should be viewed as an instrument to argue for the command of the rural poor over economic resources by increasing their bargaining power *vis-à-vis* the exploitative elements of the society. According to IFAD credit projects assist to breakdown patterns of indebtness among the poor, allowing them to form their own organizations at local level. These also help the rural poor to overcome their dealing with outsiders. According to AMDA International (2003).

> Credit projects are the most sustainable programme package that does not require heavy financial grants or subsidies. It does, however, provide innovative financial management with commitment to reach those members of the community most troubled by the disastrous effects of poverty. (2003: 2)

### 2.3.2. The key challenges

There are three major challenges facing the implementation of income generation projects in rural communities. These are financial resources, capacity, and HIV/AIDS. Each of these is discussed below.

### 2.3.2.1. Financial Resources

SARPN (2006:3) indicates that Although South Africa has scaled up social spending over the last decade; considerable additional funding is needed to improve SMMEs. SARPN further argues that increased access to social services largely benefits urban and peri-urban households while authorities are still struggling to provide basic infrastructure and social services to the rural poor. As De Beers & Swanepoel have it,

> When deciding between policies on investment in urban and rural areas, cities get preferential treatment. Not only do politicians and the privileged in the cities benefit from urban development, but also they are also able to appease a large number of potential voters. While rural development policies have the potential to address the needs of the majority, the political will to do so is often lacking. (1997:32)

De Beers & Swanepoel above, clearly indicate that government officials charged with rural community development responsibilities act with the expectations of acquiring favours. In most cases donors are more inclined to support initiatives that will provide them with publicity while organisations that are not capable continue to be neglected. Rural communities are geographically challenged with poor road conditions, which discourage potential funders to support projects located in these communities, as it is impossible to undertake a site visit for monitoring purposes. Most people in rural areas are illiterate; writing in their mother tongue is a challenge not to mention writing in English. Clearly this excludes rural people from obtaining funds to support their development initiatives since funding proposals are to be written in English.

### 2.3.2.2. Capacity

The ISDRS (2000:17) indicates that when programmes are intended to benefit the poor or previously disadvantaged people, targeting mechanisms should be simple explicit and easy to monitor. CCs did not take this into account, as they could have realized that the project implementation was not meeting the targets. Monitoring

according to this project meant ensuring that the participants were attending meetings although no clear indicators of success were in place.

Literacy classes, basic business management skills, marketing, training on how to manufacture various products and child rearing were running parallel. This is not absolutely wrong when one considers that the needs of the rural community are interrelated thus one cannot successfully address one while ignoring the other. However, participants were deprived an opportunity to acquire skills of reading and writing before proceeding into other programmes. Roux, (2002:42), notes that it is extremely difficult in a technology driven world to teach people skills if they lack a solid educational background. Malawi Education for All Action Plan, (2004:19) also emphasizes the point by posting that:

> Any development initiative requires that the people support it with appropriate knowledge, skills, attitude and values acquired through education. Otherwise development opportunities go past them unnoticed. (2004: 21)

In the case of CCs an idea was already presented to them and they were convinced that that was a way of alleviating poverty but due to lack of necessary knowledge, skills, attitude and values they were not able to conceptualise business concepts such as business plan costing etc. that were necessary for their businesses to be successful.

The pressure from struggling to conceptualise these while they were also struggling to read and write might have frustrated them and eventually demotivated them to attend meetings. This also highlights another crucial dimension, that teaching adults is a specialized area that needs specialized skills to avoid boredom and ensuring that the classes are meeting the learner's expectations to minimize pre-mature abandoning of classes. Sadly, the adult literacy sector is not accorded the status that other educational sectors are enjoying in South Africa. Although adult education is a specialised area, most adult education practitioners are high school graduates or dropouts without any training on adult teaching and learning.

Training sessions were offered in English. Apart from struggling with reading and writing skills they also had to struggle to understand the foreign language. This

accentuates the problematic misconception that Africans cannot work or develop in their own languages but in colonial languages. Noting the risk of administering development initiatives in colonial languages, Prah posits that:

> It is indeed amazing that at the onset of a new millennium, Africa represents today the only major historical and cultural area of the world where despite their indigenous socio-cultural majorities, countries prefer to use the languages of their erstwhile masters in their attempts to develop and make social progress. The result of this neo-colonial approach to culture and democracy is that the scientific and technological culture of Africans is hardly advancing. (2002:1)

### 2.3.2.3. HIV/AIDS as a challenge towards rural development

HIV/AIDS has become one of the major challenges for any rural development initiatives; it undermines any progress that has been made in any development sector. Members of the income generation activities might have ceased their participation to take care of their sick relatives or they themselves got sick. leading to eventual withdrawal and unwillingness to meet other members of the group or they even got too sick to attend.

Products being produced by the income generating groups do not have a reliable market because people who are supposed to be contributing towards the economic development of these communities are sick or dead. Products end up being sold on credit with some people paying eventually while others end up not paying at all.

## 2.3.3. POLICY ISSUES

South Africa has not escaped the global trend in development wisdom that looks at entrepreneurship, in the form of SMMEs in particular, for a variety of desirable outcomes especially dynamic economic growth and employment creation. The South African government issued a white paper in 1995 and the legislation in 1996, which laid the foundation of government support for SMMEs in the first decade of

democratic rule and gave SMME's a central place in country's development strategies.

Organizations like Khula Enterprise were established to promote sustainable access to loans and equity through effective network offering a range of financial resources and information to the public as well as small business premises. Khula Enterprise established Macro Credit Outlets in rural and peri-rural areas in all provinces of South Africa. These areas were identified as areas that were in need of micro loans to start or expand their businesses.

According to Khula Strat Programme, (2004:37), beneficiaries used group solidarity methodology in which loans are given to groups. The requirement for such loans is to meet the criteria established for group participation. Groups have to be cohesive and loans are disbursed on an incremental basis from R300-R3500 per person within a group. The group decides, based on the activity of the individual business, how much each member receives, and subsequently stand surety for the full amount owed by the group. Khula Strat programme offers the rural women involved in income generation activities the hope to access credit to start or to expand their activities since this programme prioritises women. Furthermore, it takes into consideration the interests and the needs of the rural people and plays a facilitative role in business development using rural business model, which enables rural women to drive their economic development.

Business Referral and Information Network (2004:6) indicates that an impact study undertaken by the Bureau of Market Research in 2001 indicated that more than 1.5 million people have benefited directly or indirectly from Khula since its inception in 1996. This is a remarkable achievement considering the resistance from the banks to finance small businesses due to perceived risk associated with the market.

On the other hand, Khula's strategy did not work very well because it is based on the assumption that there are enough linkages between the first and second economies to generate demand for microcredit for microenterprises that would act as suppliers to the first economy. The quantity of these linkages, however, is insufficient. Khula is

therefore designed to provide microcredit to a class of microenterprises that do not really exist in South Africa because of lack of opportunity. In other words, Khula and the strategy that underpins it are based on the mistaken notion of a single, fully integrated South African economy.

Post 1994 there was desperation to improve the well being of the people from disadvantaged background. The government identified programmes of this nature in the US and in the UK for replication purposes where the need was funding and it was also assumed that people in South Africa also needed funding alone to produce successful SMMEs. Unfortunately, this thinking did not succeed in South Africa, as there are more challenges such as infrastructure, capacity etc other than just funding.

## 2.4. OTHER RELATED ISSUES

The subsequent paragraphs are going to highlight other issues that are related to rural development, significant if initiatives aiming at making a difference in rural communities were to succeed. This ranges from approach to looking at the issues around the concept entrepreneurship.

The commonly used rural development approaches operate under the assumption that rural communities are a harmonious unit and fail to recognize the basic contradictions or conflicting interests existing within communities. According to Burkey (1993:43), these approaches assume that the interests of the rural population are sufficiently common to create general enthusiasm, and that conflict of interests is equally reconcilable.

Burkey (ibid: 43) suggests that rural development workers should be wise to analyze forms of socio-economic structures existing in the community they intend to serve. According to Burkey's formulation, poor people (those who have insufficient land and livestock to meet their basic needs) and rich people (those who have more than sufficient land and livestock to meet their needs) will not equally participate in any development activities and their contributions will not be accorded similar respect.

Proper analysis of the forms of socio economic structures enables the design of rural development interventions that benefit both poor and rich. Burkey further suggests possibilities of implementing such structures:

> To do this we must discriminate in favour of the poor. This can be done by consciously directing our efforts to smaller, more homogenous groups such as fisherman, landless labourers, potters etc. This must however be done slowly and carefully. A large sudden influx of money and other resources will make such a discriminatory approach explosively disruptive. (1993:43)

The discriminatory approach alluded to above, grants all the classes existing in the community freedom of participating in their development without the fear of being ridiculed or undermined by the people of a superior class.

Rural development workers, as change agents, need to be familiar with social cultural systems in which they are working, in order to successfully promote change. This will assist to avoid designing development interventions that are in conflict with beliefs and traditions existing in the community. The familiarity with beliefs and traditions should not aim at changing them but to appreciate and built upon those which contribute towards bringing positive change. Hammering on this argument, Burkey, (1993) says:

> Traditional values should instead be recognized and appreciated for their special contributions to a better future. Development workers should therefore respect the beliefs and traditions of the poor, while at the same time help them to analyze how these beliefs and traditions of the poor either provide them with emotional or economic support or contribute to keeping them in a state of poverty and oppression. (46)

According to Burkey (1993:42), those wishing to provide technical advise and assistance to groups implementing development activities must first try to gain understanding of the social realities within which groups are functioning. This understanding will facilitate the process where the group finds its own consensus from which group behavioral change can proceed. This will not only give a passage for

behavioral change but will also lead to social transformation, which should reflect on individual personalities.

CCs project took into account the fact that development activities should not be limited by sectoral thinking and budgetary parameters but should follow where people lead. Burkey clearly states the reasons for the need to tailor development activities according to the people's needs as follows:

> People's lives are composed of many interrelated parts which form an integral whole. A transformation or change in one sector cannot be achieved without simultaneous changes in other sectors. (1993: 26)

Burkey, quoted above, indicates that rural people's socio-economic needs are enormous and they need prioritization. Members of the CCs prioritized activities with a possibility to remove economic constraints but they later realized that they also needed literacy classes and ECCD activities for the welfare and the stimulation of their children. However, Burkey also emphasizes that it should be upon the participants to decide the rate of the expansion (page).

The anti- poverty fast tracking programme and economic development initiatives aimed at the community level operate under the assumption that anybody in the community has a potential of being an entrepreneur. However, past experience has proven that this is not the case. People participate actively as they are promised start-up funds but immediately lose hope after realizing that either it is harder than anticipated or that they are not getting free money as they expected. CDE sheds some light on this matter in the argument that,

> Entrepreneurship is a quality and not a deliverable commodity. It is a mistake to believe that there is an unlimited pool of entrepreneurs, which needs only technical and financial support for a wave of successful small business to emerge. Entrepreneurship is a quality made up of psychological disposition and cultural attitudes expressed in skills that can be learned as well as knowledge and experience gained in education and employment. (2004:13)

Donor agencies and government departments have spent significant resources in vain because of this notion. Not anybody can be an entrepreneur and it does not happen automatically. Entrepreneurship has been turned to be the last resort if somebody fails to find a desired job.

## 2.5. Gender and development

It is almost impossible to talk about rural development and income generation projects without looking at gender issues particularly women issues. This section of the paper will provide an overview of gender and development including the challenges facing gender development. Later, policy issues on gender and development shall be highlighted.

### 2.5.1. Overview of Gender and Development

There has been widespread theoretical consensus that women are denied access to basic services and essential assets such as land, are excluded from decision-making processes and their contribution to development processes have not been fully or systematically recognized.

It is imperative to establish a working definition of the concept gender analysis for the purpose of this paper. Oxfarm (2003:28), indicates that a gender analysis to rural development enables one to view women's location in social structures and to trace the cause of women's subordination. Canadian Development Agency (2003:4) defines gender analysis as the variety of methods used to understand the relationships between men and women, their access to resources, their activities, and the constraints they face relative to each other. Gender analysis provides information that recognizes that gender, and its relationship with race, ethnicity, culture, class, age, disability, and/or other status, is important in understanding the different patterns of involvement, behaviour and activities that women and men have in economic, social and legal structures. Oxfarm *(*2003:29) considers gender, as about men and women, however, gender has been perceived to be emphasizing more women's issues than

men's because of their historical subordination. There is still the need to advance women's position in politics, economy and in other development spheres.

Women activities on reproduction and human resources are often viewed as non-economic, with no financial remuneration and they are excluded from the national income account while in fact they are essential to perform economic functions that ensure the development and preservation of human capital. Any project planning particularly on socio-economic issues, which fails to consider the above, might result into a defective project design. Anderson & Overholt share a crucial insight on this subject in the argument that

> Giving explicit attention to these functions is critical. Women's project involvement can depend on whether or how a project affects reproduction and maintenance activities, the production of goods and service, or the interrelationships between these activities. The scarcest resource for rural women is time. The design of projects that increase time requirements for particular activities must consider these requirements in relation to time required for other necessary activities. (1991: 13)

There is a possibility that issues highlighted on the above quote were not carefully considered at the planning stage of the project. CCs participants begun to miss the meetings during spring season which is actually the planting season. As stated above, one of the scarcest resources for rural women is time. It is obvious that attending meetings during this season became difficult since there are other activities that women are mandated to do apart from planting.

Identifying gender specific activities in production, reproduction and maintenance is necessary but not enough. It is also important to understand the flow of resources and benefits, which is significant to illustrate how the project will affect and be affected by women. There are two issues that need to be understood clearly in relation to this. The first one is the difference between access and control and the second one is access to and control over the benefits derived from the mobilization of resources. Barriteau & Connelly (2000:34) indicate that:

> Even where women have unrestrained use of resources, they are not always able to realize the gains from their use. Men have power and control over the fruits of women labor because the tradition gives men a position of authority over womeBarriteau & Connelly, (2000: 34)

Understanding the flow of resources and benefits as indicated above would have assisted project designers to assess whether the project would be worthwhile or not given the possibility of the women getting discouraged as they were not benefiting from the project.

Panuka's Proposal to OSISA (2004:12) acknowledges that the introduction and co-ordination of rural women development programmes is a community empowerment strategy seeking full participation of both women and men. Women oriented development strategies among communities strongly governed by tradition need careful approach to avoid resistance. It is crucial to acknowledge that, for women programs to work in villages, it is important to involve and engage traditional leaders, men and women together at the initial stage and make men part of the process. Traditional leaders are still relevant in governance and they are very influential in development interventions. Thus, there is less agreement among developmental theorists about the approaches that should be taken into consideration to resolve gender issues within development arena.

### 2.5.2. Policy Issues

There has been more emphasis on gender mainstreaming within the development sector but very little has been done in developing policies to create an enabling environment for empowering women to contribute meaningfully towards the economic development of the country. The South African government introduced Affirmative Action policies in 1994 to address the issues of discrimination against gender, race and disability. Oxfarm (2004: 42), defines Affirmative Action as "positive steps taken to increase the representation of women and minorities in areas of education, employment and business from which they have been historically excluded."

The South African Affirmative Action act of 1999 laid more emphasis on the number of women employed and participating in decision-making positions, but there was less emphasis on meaningful participation during decision making processes. While it is a known fact that South African women have shown remarkable progress in all spheres of development, including economic and political development, over the past thirteen years. They have taken aggressive strategies to claim their positions even in domains that were previously known as men's domain such as mining. However more empowerment is still required to ensure that women already in power consider the interests and the needs of rural women during policy making processes, and to ensure that rural women, as well, do play a meaningful role in decision making in all spheres of development.

Oxfarm (2003:44) reckons that women should be empowered to articulate their concerns and needs to transform economic policies in a gender perspective. If women participate in the transformation of economic policies they would utilize an opportunity to express their needs and concerns within a gender perspective.

In South Africa, the Department of Land Affairs has put in place a gender policy, which seeks to ensure that gender equality is addressed within all aspects of land reform. However, SADC (2004:4) report on the implementation of the Beijing Platform for Action noted that, some policies may disadvantage women as the intention is to restore land to those who had land rights previously, most of whom are not women.

Women's limited land ownership retards development and contributes to poverty. Encouraging women to purchase land and obtain land title deeds, as well as taking claims to courts, are some of the initiatives being advocated for, and adopted to encourage economic independence and enhance women's access to land.

# CHAPTER 3

# Research Methodology

## 3.1. Introduction

This chapter deals with identifying the research design and methodology employed in collecting data for the present study. In the first chapter it was noted that the present study aims to find out the factors contributing to the dysfunctionality of the Care Clubs (CCs) in rural Mpumalanga. Thus an attempt was made to collect necessary data by employing a variety of data collecting techniques, which will be discussed below. An initial brief discussion on both merits and demerits of case study as a research method is worthwhile.

## 3.2. Case Study

Case study research is good at providing an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. Case studies emphasize detailed contextual analysis of a limited number of events or conditions and their relationships. Researchers have used the case study research method for many years across a variety of disciplines. Social scientists, in particular, have made wide use of this qualitative research method to examine contemporary real-life situations and provide the basis for the application of ideas and extension of methods.

Case study method enables a researcher to closely examine the data within a specific context. In most cases, the case study method selects a small geographical area or a very limited number of individuals as the subjects of study. Case studies, in their true essence, explore investigate contemporary real-life phenomenon through detailed contextual analysis of a limited number of events or conditions, and their relationships. Yin (1994:23) defines the case study research method "as an empirical inquiry that investigates a contemporary phenomenon within its real-life context;

when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used."

Case study has been employed as a research method suitable for this study as it has several advantages summarized as follows:

- The examination of the data is most often conducted within the context of its use (Yin, 1994), that is, within the situation in which the activity takes place. A case study might be interested, for example, in the process by which a subject comprehends an authentic text. To explore the strategies the reader uses, the researcher must observe the subject within her environment, such as reading in classroom or reading for leisure. This would contrast with experiment, for instance, which deliberately isolates a phenomenon from its context, focusing on a limited number of variables (Zaidah, 2003).

- Variations in terms of intrinsic, instrumental and collective approaches to case studies allow for both quantitative and qualitative analyses of the data. Some longitudinal studies of individual subjects, for instance, rely on qualitative data from journal writings, which give descriptive accounts of behaviour. On the other hand, there are also a number of case studies, which seek evidence from both numerical and categorical responses of individual subjects (such as Block, 1986; Hosenfeld, 1984). While Yin (1994:25) cautions researchers not to confuse case studies with qualitative research, he also notes "case studies can be based …entirely on quantitative evidence".

- The detailed qualitative accounts often produced in case studies not only help to explore or describe the data in real-life environment, but also help to explain the complexities of real life situations, which may not be captured through experimental or survey research. A case study of reading strategies used by an individual subject, for instance, can give access to not only the numerical information concerning the strategies used, but also the reasons for strategy use, and how the strategies are used in relation to other strategies.

Apart from the common criticism of the case study method, which Tellis 1997 argues, depends on a single case exploration making it difficult to reach a generalising conclusion, the method also,

- Lacks rigor. Yin (1994:21) notes, "too many times, the case study investigator has been sloppy, and has allowed equivocal evidence or biased views to influence the direction of the findings and conclusions".

- Provides very little basis for scientific generalisation since they use a small number of subjects, some conducted with only one subject. The question commonly raised is "How can you generalise from a single case?" (Yin, 1994:21).

- Case studies are often labeled as being too long, difficult to conduct and producing a massive amount of documentation (Yin, 1994). In particular, case studies of ethnographic or longitudinal nature can elicit a great deal of data over a period of time.

## 3.3. Quantitative and Qualitative Research methods

Generally speaking, methods or approaches are divided into two broad categories: quantitative and qualitative. The two methods differ in their orientation to social life, and use different techniques in collecting appropriate data for their purposes, yet they may also complement each other (Neuman, 2000:122).

### 3.3.1. Quantitative paradigms

A quantitative approach to research mainly focuses on quantifiable data in terms of numbers and measures that can be analysed statistically. Quantitative research, if carried out with care and in a rigorous way, can carry with it a great deal of power and influence. Neuman describes the quantitative approach as:

> More concerned about issues of design, measurement and sampling, because their deductive approach emphasizes detailed planning prior to data collection and analysis. ( 2000:122)

Due to its emphasis on quantifiable data, the quantitative research method measures objectives and facts, focuses on variables free of value judgements, and claims to detach researchers from the actual research.

Quantitative approach in the present study was used for the following reasons:

- To measure everything that could amount for variation in the outcome of the study; and
- To determine how one variable affects another in the population.

This type of approach to research has its own merits and demerits. For instance, Bless and Higson-Smith (1995) note that numerical data collected through a quantitative research method is believed to be more reliable and easier to utilize, though science is inconceivable without non-statistical data.

### 3.3.2. Qualitative Paradigm

Paradigms differ not only in concepts and assumptions but also in the research problem. The present study utilized mainly study qualitative approach, which is mostly defined as an inquiry process of understanding social or human problems.

According to McKay (1999), qualitative approach is based on an interpretive or critical educational theory, where people's feelings, emotions, and ideas cannot be observed in terms of the numerical data; but can be interpreted and analyzed to give as complete a picture of the social reality as possible. One example of such is in a learning center, the interaction between a facilitator and the learner. In contrast to a quantitative approach to research, a qualitative approach constructs social reality and cultural meaning, both of which focus on interactive processes and events, give due attention to value judgment and allow the involvement of researchers in interpreting data.

Qualitative paradigm has been deemed suitable for this study for the following reasons:

- Educational researchers adopting this approach attempt to produce data that is holistic, contextual and descriptive-in-depth, i.e, data that are rich in detail.
- Qualitative research can be used to obtain ethnographic data (cultural description). This is significant as the province with which this study is concerned has a diverse variety of cultural practices.

The distinction between quantitative and qualitative research is not referred to here in order to argue that one is better than the other. As noted above, these methods may complement each other. Their distinction only shows that while one puts greater emphasis on certain qualities such as numbers, the other focuses on other non-numerical qualities. Researchers such as Neuman (2000) and Johnson (1992) seem to agree that neither of the two approaches completely represents research as a whole. In this regard, Johnson points out:

> It is important to emphasise that the quantitative versus qualitative distinction, like any dichotomy, does not adequately characterize research. That is, while any particular piece of research may be primarily oriented towards the quantitative analysis and description. Conversely, a primarily qualitative and interpretative ethnographic study may include numerical data. (Neuman (2000:34)

## 3.4. Population

All participants included in this study were women since the project was meant to benefit women. Approximately half of them were married and about a third over the age of 25. This study included 60 women who participated in Care Clubs project from 1999 to 2001 in two communities of Mpumalanga:Moutse and Elandsdoorn. .

The process included women who dropped out and those who carried on until there was no activity. Those who dropped out of the project were able to tell their reasons for dropping out. While those carried on until there was no activity, were able to tell their reasons for holding on.

The process also included 2 LFA facilitators which are both women. The interviews with LFA facilitators probed issues regarding the design of the project, the role played by the community, the quality of training offered and what their future plans pertaining the project were. These also helped to establish the challenges on their side for implementing this project and suggestions as to how such initiatives could be improved upon to ensure their efficiency and sustainability.

The DTI is known for financially supporting income entrepreneurs through institutions such as Khula etc. It was therefore necessary to include them in this study to ensure that hypothesis number 4 of this study is explored. This was mainly to establish the kind of support they offer, the challenges they face if there is any and to solicit suggestions as to how these initiatives could be improved upon.

## 3.5. Sampling Methods

This study utilized a non-probability sample, which allowed the researcher to select members from a population in a non-random manner. Leedy (1997: 200) also mentions that there is no way of forecasting, estimating, or guaranteeing that each element in the population will be represented in the sample. Leedy's justification for utilizing this method is suitable and sound in this situation since these women are no longer meeting for CCs therefore their availability was not guaranteed.

Non-probability sampling is categorized into seven categories. However, for the purposes of this study, snowball sampling was used. This was utilized, as mentioned above, for the dismantlement of the group. The researcher knew where two members of the group resided which assisted in the process of connecting the researcher to other members. However, it was difficult to trace most of the participants since some

of them were reported to have moved to cities like Johannesburg or Pretoria for employment opportunities. StatPac (2004:10) emphasizes that snowball sampling is more effective in situations like this where it is difficult or cost prohibitive to locate the respondents. Also, the method helps to break the ice between the researcher and the participants.

## 3.6. Research Instruments

The following is a discussion of the research instruments, some of which were used in this research.

### 3.6.1. The questionnaire as a research instrument

Van Rensburg, Landman and Bodenstein (1994:504), define a questionnaire as a set of questions dealing with some topic or related group of topics, given to a selected group of individuals for the purposes of gathering information on a problem under consideration. In this study , a questionnaire refers to a prepared set of questions which was submitted to a group of women who attended the Care Clubs both who dropped and those who attended until the end.

The questionnaire plays a very important role in the operational phase of the research process. This is further echoed by Scnelter (1993:77) who points out that questionnaires as measuring instruments have the greatest influence on the reliability of data. The careful construction of the instrument best controls the characteristics of measurement. The questionnaire, as an instrument for data collection, has been intensively used in most researches. A questionnaire is used when authentic information is desired. According to Kiddler and Judd (1986:126-128) and Behr (1988:156) any questionnaire should be constructed according to certain principles.

A well designed questionnaire is a culmination of a long process of planning the research objective, formulating the problem and generating the hypothesis (Chettey,

1998:131). A poorly designed questionnaire can invalidate any research results, not withstanding the merits of the sample, the field workers and the statistical techniques. Hysamen (1989:2) and Scnetler (1993:61), in their criticism of questionnaires object to poor design rather than questionnaires as such. A well designed questionnaire, on the other hand, can boost the reliability and validity of the data to acceptable tolerance (Schumacher and Mellion, 1993:42).

Several factors should be considered in designing a questionnaire. According to Dane (1990:315-319) the length of the individual questions, the number of response options, as well as the format and wording of questionnaires are determined by the following:

- The choice of the subject to be researched;
- The main aim of the research;
- The size of the research sample;
- The method of data collection; and
- The analysis of data.

### 3.6.2. Questionnaires in this study

When the researcher is involved in designing a questionnaire, he or she does not do it in isolation. The researcher should consult and seek advice from specialists and colleagues at all times during the construction of the questionnaire (Van den Aarweg & Van den Aarweg, 1988:198)

Questionnaires were piloted in a group of Income generation projects in Alexander called Ikageng. This was to test the questionnaires in a smaller group of people to eliminate possible errors. A question may appear correct to the researcher when written down but can be interpreted differently when posed to another person. Some questions were corrected but the original ideas were kept. This therefore emphasizes the point that a researcher needs to spend valuable time in drafting questionnaires.

One of the important aims in the construction of the questionnaires for this investigation was to present the questions as simply and as straightforward as

possible. The researcher also designed the questionnaire in such a way that it avoided ambiguity, vagueness, bias, technical language and prejudice.

The aim of the questionnaire was to obtain information regarding the implementation of the Care Clubs (CCs) in rural Mpumalanga. The questionnaires were formulated to establish factors that lead to functionality and disfunctionality of the CCs.

The questionnaires were designed in English and used an interview guide to ensure that respondents were comfortable without having to worry about writing since their level of literacy varied and some of them were unable to read and write.

### 3.6.3. Advantages and Disadvantages of the Questionnaire

Data can be gathered by means of a structured questionnaire in, inter alia, the following ways: a written questionnaire that is mailed, delivered or handed out personally, personal interviews, or telephonic interviews (Kiddler & Judd, 1986:221) Each mode has specific advantages and disadvantages which the researcher needs to evaluate for their suitability to the research question and the specific target population being studied, as well as the relative cost. The researcher used the written questionnaire that was delivered and some handed out personally, as the research instrument. The researcher put into consideration nonetheless, the advantages and the disadvantages of the written questionnaires.

### 3.6.4. Validity and Reliability of the questionnaire

Validity and reliability are the two concepts of critical importance in understanding issues of measurement in a scientific research. According to Cooper (1989:15) many questionnaires lack validity and reliability. Questionnaires have a very limited purpose. In fact they are often one-time data gathering devices with a very short lifespan, administered to a limited population. The researcher can have means by which his/her questionnaire can be both valid and reliable. The most important

guideline that is basic to the validity of a questionnaire is asking the right question phrased in the least ambiguous way.

Kiddler & Judd (1989:53) maintain that although reliability and validity are two different characteristics of measurement, they tend to overlap. They are two ends of a continuum but it is difficult to distinguish them at the middle point. Validity and reliability are especially important in socio-economic research because most of the measurements attempted in this area are obtained indirectly. Researchers can never guarantee that a socio-economic measuring instrument measures precisely and dependently what it is intended to measure. (Van den Aardweg and Van den Aardweg, 1988:198). It is important to assess validity and reliability of the instruments one is using in any research. Researchers need to have a general knowledge of what validity and reliability are and how one goes about validating a research instrument and establishing its reliability.

### 3.6.5. Administration of the Questionnaires

Cooper (1989:309) maintains that if properly administered, the questionnaire is the best available instrument for obtaining information from widespread sources or large groups simultaneously. The researcher visited participants at their homes in Mpumalanga and had a discussion with them based on the questionnaire. This was time consuming but at least the researcher obtained reliable data. In addition to home visits, the researcher also met the participants at a workshop organized at a local pre-school, through this, a full return rate was achieved.

Interviews were conducted face to face; this varied in length depending on the language of communication. Since the researcher was not fluent in these languages especially Pedi, the services of an interpreter were engaged. Interviews were conducted at a local pre-school ground, which was convenient to most participants.

### 3.6.6. The interview as a research instrument

According to Behr (1988:150) the interview is a direct method of obtaining information in a face- to-face situation or telephonically. The interview is sometimes preferred to the written questionnaire, more especially when it involves complex topics or where the investigation concerns matters of a personal nature. The researcher believes the interview in this study made responses given through questionnaires more authentic and valid.

The interviewer has the opportunity of giving a full and detailed explanation of the purpose of the study to the respondent; and to ensure that the latter fully understands what is required of her/him. The interview is a more complex approach than a written questionnaire because the researcher can clarify the questions further and the respondents have the chance to ask for clarification on the questions.

It must be pointed out however that, complete flexibility of the approach, particularly where information is sought from a number of persons, can result into bias. To obviate this problem, the interviews can be structured. In this research the interview was used to gather information from the government, private sector officials and to supplement the findings obtained through the written questionnaire.

#### 3.6.6.1. Types of research interviews

According to Behr (1988:157) research interviews are classified according to their purpose and design. In terms of purpose, interviews seek either objective information in the form of facts, or subjective information in the form of attitudes, beliefs and opinions. In terms of design, interviews can be either structured or unstructured.

##### 3.6.6.1.1. Structured Interview

The unstructured interview consists of a series of questions to be asked which are prepared beforehand, but the interviewer is permitted to use his or her discretion and

to divert from the set questions as well as their order of presentation as the situation demands. In other words in an unstructured interview, there is much flexibility, and both interviewer and the interviewee do not necessarily follow specified questions only. The choice of an unstructured interview data gathering technique for the present study again makes clear independence on a qualitative research strategy. Since the choice of an unstructured interview was made in order to allow the effective articulation of factors that contributed to determine the functionality and disfunctionality of the CCs.

The interviews were done telephonically to officials working for the government Department of Trade and Industry and those in the private sector. This was to establish the kind of support they offer rural SMMEs. In most cases the researcher was referred to web sites for such information.

The unstructured interview does have its limitations too. It is difficult to compare the data obtained from the various respondents so as to arrive at a reliable generalization. An experienced interviewer, however, can use this approach to a great advantage. This research used unstructured interview.

#### 3.6.6.1.2. Conducting an interview

In conducting an interview, the first task of the interviewer is to establish rapport with the interviewee (Behr, 1988: 152). To achieve this, the researcher can assure the respondents that information which is needed for the research is confidential and cannot be used for any other purpose.

According to Behr (1988: 152) the interviewer should have the following:

- S/he must be pleasant and restrained in his or her own manner;
- S/he must be a good listener, and avoid interjections;
- S/he must not be distracted by the irrelevancies; and

- S/he must avoid giving any hints by her or his facial expressions, tone of voice or use of implied questions which suggest the kind of answers she or he would prefer to be given.

#### 3.6.6.1.3. Recording the interview data

The researcher must keep a record of the interview. This can be done by taking down full written notes during the interview. This may be time-consuming. The use of tape recording becomes a very convenient method in this regard. Tape recording provides not only a complete and accurate record of the entire interview, but it also preserves the emotional and vocal character responses. Tape recording can be replayed and a written record made. It is for these reasons that tape recording was used in this research.

## 3.6.7. Data Processing

After data was collected, it had to be captured in a format that would permit analysis and interpretation.

## 3.6.8. Conclusion

The purpose of this chapter is to examine the methodology used in data collection. This study used questionnaires as the main data source. Interviews and discussions with the respondents were also used in collecting data to validate information obtained through questionnaires.

Despite limitations, this investigation provides a much needed basis for future research, more especially on how rural SMMEs can contribute to develop skills and contribute towards employment creation in rural areas.

### 3.6.9. Projection for the next chapter

The next chapter (4) deals with the presentation of the research result.

# CHAPTER 4

## Presentation of the Findings

## 4.1. Introduction

This chapter is mainly concerned with presenting data gathered using various data gathering methods- interviewing, administering questionnaires and observation. The data gathered from questionnaires will be presented first.

## 4.2. Collection of data

The preceding chapter explicated the research design and methodology. The results shown below reflect, to a certain degree, the opinions of the individual members of the CCs. By prompting them to voice their individual opinions in a group setting, the researcher gathered a greater range of opinions, adding further reliability to the data collected. The questionnaire was used as a guide during the interview. This approach, however, is not perfect, given that it deprives of the respondents the chance to answer questions freely in their own time. However, given the low levels of literacy of the participants, the researcher believes that this method yielded better results since participants did not have to stress about whether or not they will be able to fill in the forms.

### 4.2.1. Data from the Care Clubs Participants

This section will begin by looking at data on factors that contributed to functionality of the Care Clubs. Although to a large degree the CCs failed, there were some good in them.

When asked about issues of interest in the project they responded as follows:

Table 1

| **Benefits from the Project** | **%** |
|---|---|
| 1. Spending time away from home | 28% |
| 2. Interacting with other women | 22.% |
| 3. Our children getting free pre-school education | 19.% |
| 4. Getting new skills | 13% |
| 5. Teaching us how to save | 11% |
| 6. The manufacturing of cultural products | 7% |
| | |

Twenty four percent (28%) of respondents feel that spending some time away from home was good, provided them with some time-off from their daily chores such as fetching water, cooking, collecting wood etc. When probed further, they indicated that they did not like what they were doing but they were doing it because they had no choice. Therefore these workshops, designed on a weekly basis, gave them something different to do.

Twenty eight percent (22 %) felt that this gave them a perfect time to interact with other women during classes and after classes since they were accommodated at the centre. This gave them time to share their experiences and arrive at solutions to problems they usually face such as medication for children and food recipes. Presumably, women carry heavy loads on their shoulders which they rarely share with anyone from their families or neighbouring households. It becomes easy therefore for women to share their problems with a stranger since usually a stranger is less judgemental compared to a relative or a neighbour. The centre served as an ideal accommodation as they did not have to worry about transport fee and also the means of transport. This arrangement also eliminated the need to walk over long distances which often resulted into exhaustion resulting at negative implications on their productivity and well-being.

Nineteen (19%) of respondents felt that the allowance of bringing their children to the learning centre was good. They did not have to worry about leaving their small children behind. The more interesting issue was that children were benefitting from free child care facility in the center and playing with other children. Local women who are graduates from LFA ECCD practitioner course from the community were responsible for delivering child care while mothers were busy. Such arrangements gave children a feeling of what they were missing as they were not attending any pre-schools.

Thirteen percent (13%) felt that learning new skills was important and exposing them to choices available. They felt that they did not have or were not exposed to sufficient choices such as ways of dealing with poverty in their communities. The only available option to them, for example, was subsistence farming which is not productive in case of a drought or in winter. They felt that with skills acquired they could organize themselves and engage in other activities such as buying clothes from Johannesburg for resale.

Eleven percent (11%) of respondents felt that the project encouraged them to save money to start their own small business instead of the project giving them money. Since they were expected to match start up funds of R800, 00, they had to contribute R20 for two months per person to make R400, 00. Some of them got the money to contribute from their mothers who were pensioners and others from their husbands etc. They further added that this made them feel that they could also do it and it gave them a feeling of ownership.

Nine percent (7%) of the respondents felt that products that they were manufacturing were part of culture. In a community where culture is still relevant, this contributed to the community's positivity towards the CCs thus sales were higher than was expected. People in these communities use these products *( izinkamba, amacansi, izingqoko etc*) during their traditional events or gatherings.

The least useful but most reported data from respondents who have received training and technical assistance focused on their satisfaction level. Regrettably, most training evaluations undertaken do not go beyond measuring the degree of satisfaction with the trainers, conditions in which training occurs or food served. For this evaluation participants were asked to select among the following categories: very satisfied, average and not satisfied.

The responses on usefulness of the training are presented in the table below:

Table 2

| **Your thoughts about training** | **%** |
|---|---|
| Very satisfied | 77% |
| Average | 23% |
| Not satisfied | 0% |

Their responses above indicate that respondents were satisfied with training and support they received. For further information the interviewer probed further by asking participants to list the skills gained. Words such as "things" were used to reduce bias in the question, instead of new skills as in "What new skills did you learn?". Such open-ended questions typically turn up number unwanted answers, such as respondents citing skills they learned that were not part of the intervention. Therefore, the question asked was what "things" you learned from the workshop. Responses are depicted in the table below:

Table 3

| **Things learned** |
|---|
| 1 The importance of keeping minutes of the meetings |
| 2. How to draw a budget |
| 3. Record keeping |
| 4. Proposal writing |

The other follow up question on the usefulness of training was to establish whether the respondents practically used what they indicated to have learned after the training programme. The table below depicts the responses.

Table 4

| **Applicability of the training** | **%** |
|---|---|
| Yes | 22 |
| No | 88 |

88% of the responses indicated that they were not able to apply what they learnt in practice. They mentioned that they thought it was going to be easy to develop a viable funding proposal for their clubs after receiving LFA training, unfortunately this was not the case, and they were not able to follow funding guidelines from most funding agencies.

Section two of this chapter looks at the data pertaining factors that contributed to the disfunctionality of CCs.

The table below depicts responses from respondents, when asked about what in their view contributed towards the disfunctionality of the CCs.

Table 5

| **Causes of CC dysfunctionality** | **%** |
|---|---|
| 1. Poverty | 24% |
| 2. Gender issues | 11% |
| 3. HIV/AIDS | 16% |
| 4. Lack of finance | 17% |
| | |
| | |

Twenty four (24%) of the respondents felt that poverty was one of the factors that might have contributed to the disfunctionality of the CCs. CCs participants had their hopes high that CCs were going to generate income to assist them in alleviating poverty, hence, when CCs failed, they had to look for other alternatives to ensure that their children had food. They further added that since they took nothing home they

could not justify the need to attend these meetings to their husbands and children who were already asking, “Why do you keep on attending these?”

Seventeen percent (17%) of the respondents felt that lack of finance was also a contributing factor. They mentioned that they were attracted by the start -up funds of R400, 00 (four hundred South African Rand) and had hopes of generating more funds to expand their activities. The training on proposal development gave them confidence, although in practice, attempts to solicit more funding turned out to be unsuccessful.

Sixteen (16 %) of the respondents felt that HIV/AIDS also contributed towards the disfunctionality. When asked about factors that discouraged them from attending CCs, although not directly, their responses gave an implication that HIV/AIDS is one of the factors. One could tell from the tone of the respondents’ voices that they were in fact saddened by the pandemic. The direct responses varied from, (1) “We are dying (2) “Our children are dying leaving us with the burden to take care of the orphans” etc. When probed further they actually opened up that the pandemic had left them with no energy for any constructive thinking and that they were spending most of their time on caring for patients which resulted in the loss of man-hours/labor, and undermined the family's income earning potential.

Eleven percent (11%) of the respondents felt that women’s domestic responsibilities issues also contributed to the disfuntionality of the CCS in the sense that, they were spending most of their time at the centre while they have other domestic chores to attend to such as drawing water, collecting wood, food production, cooking etc.

### 4.2.2. Other Relevant Factors

The following are the factors that might have contributed to disfunctionality of the CCs. Although they were not explicitly mentioned they were implied by the participants during the interviews.

The purpose of this question was to establish the level of literacy of the participants. The question was framed in a sensitive manner to avoid embarrassment in the class. The question asked was: What was the last standard you attended at school? Responses are shown in the table below.

Table 6

| **Highest Standard attended at school** | **%** |
|---|---|
| 1. Never went to school | 3% |
| 2. Grade 0-4 | 18% |
| 3. Grade 5-7 | 47% |
| 4. Grade 8-11 | 26% |
| 5. Grade 12 | 6% |
| | |

Previously educating girls was regarded as a waste of resources such as labour money and time particularly in rural areas as girls were supposed to get married and bring *lobola* (bride price) to the family. The only concern for parents was ensuring that girls were ready for marriage (well trained in domestic chores). After some time, it dawned on others that at least girls should be able to read and write so that they can communicate with their spouses in the cities. This explains the high percentage on Grade 5- 7 categories. It was believed that they would be able to communicate with their spouses. After that period some people began to prioritize education for girls to ensure that they were able to get better jobs which explains 26% of between Grade 8-11.

The subsequent question was "How was the project idea conceived?" the purpose of this question was to establish how the project was designed. 100% Responses indicated that they were notified about this idea in a half a day meeting and asked whether they would like it or not. They were promised skills training before receiving a start up fund of R400, 00 per group and requested to contribute the same amount.

The table below presents data that was gathered on the participant's main motive for joining the CCs.

**Table 7**

| **Motive for joining the CCs** | **%** |
|---|---|
| 1. To take care of my children | 71% |
| 2. To supplement my husband's income | 18% |
| 3. To have my own money | 4% |
| 4. To gain my husband's respect | 7% |

Seventy one (71%) of the respondents indicated that their main reason for joining the CCs was to feed their children; this was followed by supplementing their husband's income (18%) . This is not surprising since the main participants of these were women. When probed further to find out whether these achieved their expectations the 100% response was no.

The question which followed was meant to establish how suitable the market was; responses indicated that their main client was the local community at pension points. Unfortunately these products were not attracting local people, as there were other people who were manufacturing the same goods in the community and selling them at a lower price.

When asked about the support they were acquiring from government (100 %) responses indicated that they were getting none apart from the craft market sponsored by the government where people were allowed to sell their products at a reasonable fee. In addition to that they mentioned that they are aware of government facilities such as Instika and Khula. When probed further to find out whether they had approached this or not. The answer was a clear no.

## 4.3. Data from Government Officials

Although 100% responses from respondents indicated that they were not receiving any support from government, however, they were aware of government mechanisms to assist income generation projects like CCs. Interviews with government officials from the Department of Trade and Industry confirmed that the government was supporting rural SMMEs and talked about the recently established one called SAMAF. SAMAF's presence is in all provinces for accessibility. SAMAF is one of the instruments designed to close the inequality gap by providing access to affordable financial services to the enterprising poor.

SAMAF (2006) Annual report indicates that the services offered by SAMAF include the following:

- **Micro Enterprise Development Loan:** This product is aimed at financing both Micro Finance Institutions (MFI) and Partner Organizations (PO) for lending to clients earning R1500, 00 per month. The maximum exposure per MFI is R10 million and R4 million per PO. Funds are sold at a wholesale rate ranging from 6% -8% per annum.
- **Poverty Alleviation:** This product specifically aimed at financing Partner Organizations for lending to clients earning less than R1500 with emphasis on development projects. The maximum exposure including the micro-enterprise development loan is capped at R4 million. Funds will be wholesaled at the rate ranging from 6%-8% per annum.
- **Capacity Building Fund:** This product is aimed at equipping Partner Organizations and MFI with funding meant for building infrastructure to ensure that they are functional, effective and sustainable.
- **Savings Mobilization Fund:** This product is aimed at providing funding to enhance savings mobilization. The maximum fund of R200, 000 will be made available to capacitate existing savings scheme.

## 4.4. Data from Learning for All Coordinators

A researcher also conducted interviews with the coordinators from LFA to obtain their thinking behind the establishment of CCs. The first question was to find out reasons for targeting women. Their responses on this included the following:

- To increase women economic power;
- The development of women has a potential of developing a nation as a whole;
- Women economic activities and contributions to family livelihood need to be given greater visibility.

The other question looked at factors that might have led to the disfunctionality of the CCs. Their response clarified that LFA managers were new in their positions as directors and training coordinators since former directors and training coordinators had resigned to undertake an assignment in the Department of Education on ECCD. Therefore those with whom the researcher consulted were promoted from being project facilitators to directors responsible for fundraising, designing projects etc. This was overwhelming; they found themselves under pressure to impress the donors and the board. It was hoped that it was going to less challenging be easy for them since they had been with the organization for more than two years. In reality the situation was different.

The other issue relates to funding the amount and time span. LFA received funding for the project from Rockerfeller Brother's to set up CCs in rural Mpumalanga to cover which in their view was insufficient not covering other critical aspects of the project such as administration and this funding was only for a year Funding was disbursed accordingly unfortunately in reality R400,00 was too little. LFA attempts to solicit additional fundings became unsuccessful.

## 4.5. Data from Private Sector

A Project Coordinator from ABSA was interviewed mainly to find out the kind of support that ABSA and other foundations like ABSA are providing to rural SMMEs and to find out suggestions as to how these can be improved.

ABSA Foundation does not have the special focus on rural SMMEs. However, it has the programme that seeks to contribute towards social economic upliftment by engaging disadvantaged communities in both urban and rural areas in sustainable job creation activities as well as promoting an entrepreneurial culture.

ABSA Foundation pays attention to entrepreneurship development and job creation aimed at engaging disadvantaged and developing communities in sustainable job creation activities and promoting a culture of entrepreneurship. This is achieved through a focus on job creation, skills development and survivalist projects where funding is provided for skills training, start-up capital and/or equipment as well as after-care support for mentorship.

- **Job creation:** these projects include the development of income generating projects that has the potential to become sustainable. Typical projects include incubator model programmes where industry specific skills are transferred to individuals who then start their own businesses.
- **Skills development:** these projects include the schools-based entrepreneurship programmes, as well as supporting existing skills development projects within specific industries, such as the training of artisans for the construction sector.
- **Survivalist's projects:** These projects tend to be for creating short term income generation however, these projects are still a big priority for Absa. Examples of projects that fit within this category are disability workshops.

SELDA (2007:1)

The following is the list of private sector foundations supporting rural SMMEs in South Africa. The table below indicates the kind of services that these are rendering to initiatives like CCs.

**Companies Supporting Initiatives such as CCs**

**Table 8**

| **Company** | **Services** |
|---|---|
| 1. Ernst & Young | 1. Funding; and<br>2. Capacity |
| 2. ABSA | 1. Facilitating access to funding;<br>2. Funding and<br>3. Capacity |
| 3. SANLAM | 1. Funding and<br>2. Capacity |
| 4. ENGEN | 1. Funding and<br>2. Capacity |
| 5. Industrial Development Corporation | 1. Funding and<br>2. Capacity |
| 6. Eskom | 1.Funding and<br>2. Capacity |
| 7. Standard Bank | 1. Funding and<br>2. Capacity |

# CHAPTER 5

# Analysis of the Factors That Contributed Towards Functionality and Disfunctionality Of The CCs.

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## 5.1. Introduction

The preceding chapter explicated the presentation of data. This chapter will be the analysis and interpretation of data and the findings of the study presented in detail. First will be the analysis of the questionnaires with the Care Clubs participants on factors that contributed to the functionality and disfunctionality of the CCs; data gathered through interviews from government and private sector officials will then be analysed; data directly aimed at answering the four research questions will be analyzed systematically; and the findings with regard to government approach towards rural development and SMMEs drawing attention to policies and programmes aiming at supporting these since 1994 followed by the responses from the CCs participants on factors that contributed to functionality and disfunctionality of the CCs. Reference will be made throughout to the data presented in the previous chapter.

## 5.2 The Results of the final study

### 5.2.1. Data analysis on factors that led to disfunctionality of the CCs

Questionnaires that were administered to Care Clubs participants at the respondents' homes and at the local pre-school were mainly to answer research question 1 and 2, that is, what are the factors that contributed to the functionality and disfunctionality of

the CCs. The analysis of data gathered from the project beneficiaries on functionality and disfucntionality is presented as below:

To an extent the course design took into consideration challenges facing rural women mainly time, the course was structured in a one week module allowing the participants time away from home for concentration. Thus ensuring that they do not spend too much time away from their role as primary care givers for their families which makes demands on their time and energy. The other consideration was the accommodation which was at the centre meaning that they did not have to think about transport given the scarcity of transport in rural communities as a result of bad road conditions.

The major problem with poverty alleviation projects is that they tend to be one-dimensional focusing on one problem while there are many problems connected to poverty in rural communities. CCs were designed to address this problem ensuring that the project addressed child development in a holistic manner. Initially LFA's main goal was to ensure that children under the age of six get proper care and stimulation. It later, dawned on them that, they could not continue talking about childcare while the children with whom they were concerned were hungry and parents being trained on these issues remained worried about the next meal.

It is not surprising that these communities have a very high percentage of people who want to take care of children since women and children form the largest population in rural communities while their husbands are in the cities for better opportunities. In cases where husbands send money home, this kind of arrangement works. In other cases, however, this does not work, either due to the lack of employment, expensive lifestyle in the city or by the husband's unwillingness to support the family. Therefore, the burden of raising children remains with women in the community. Clearly from the above figures having their own money is the least reported reason for the women's joining the CCs. This actually shows that it is not a priority, they are more concerned with survival issues like putting food on the table and being able to send their children to school.

One exciting feature of this project was the fact that women were getting an opportunity of learning new skills. This should be seen from two angles The first is learning that was intended and formally taught by the facilitator and learning that Jarvis, Ford, and Griffis, (1998) calls hidden curriculum, learning that happens between learners themselves which is the significant factor to learn. The intended learning that occurred was techniques of fundraising, managing the CCs and to develop a viable funding proposal while learning occurred among them included knowledge values, beliefs and attitudes. It is important for women especially in rural communities to continue acquiring new skills given their history and their critical role as caregivers and the production of economy from local level.

Most African children are not traditionally raised by adults as they spend a considerable amount of time with peers, some of whom are mentors which is where significant learning takes place. Although there was significant learning that was taking place it was not sufficient the evidence for this is that, there were repetitions reported at lower primary school level in communities concerned. With industrialization in urban communities, ECCD centres have become popular as they are regarded as a safe place to leave children during parent's working hours. Although most rural women are not formally employed there are a number of activities that keep them busy the whole day, ECCD centres offers them a relief and enable them to focus on their daily domestic chores without having to think about the safety of their children. Obviously there is an affordability issue involved since sending a child to ECCD centre cost a minimum R50,00 which is not affordable by most parents. The government through Department of Education is attempting to address this however the arrangement covers children from 4-6 through grade R programme children below that are not covered. Therefore this project was unique and exciting in all ways to women as it was encouraging women to bring their children for free pre-school facilities while they were busy with their activities.

Although not to a large extent, participants felt that their products were part of the community's culture. Following Kaplan's definition of culture as "the diverse ways of life, tradition, beliefs, artistic practices, indigenous knowledge systems and history of

South Africans" (1999: 121), these heritage community-based assets can be built upon and used as a catalyst for development including poverty alleviation.

The definition above indicates that culture has the potential to contribute towards alleviating poverty. UNDP and Governance (2003:6), indicate that cultural industries worldwide are estimated to account for 7% of the world's GDP. A recent study on cultural industries reckons that, activities whose primary economic value is derived from their cultural value have a potential for wealth and job creation through the generation and exploitation of intellectual property.

The paragraphs which follow below presents the analysis of the factors that led to disfuctionality of the CCs which ranges from poverty to a lack of the suitable market.

#### 5.2.1.1. Poverty As a challenge towards Rural development

The government has a constitutional responsibility of ensuring that its citizens have enough to eat. However, this right continues to be violated as more than 40% of the population lives in abject poverty. One third of this population lives in rural communities. Poverty is not locked up into statistics but it is something that people feel and experience, with devastating effects. The rural poor are trapped in a cycle of poverty which Chambers (1983:13) calls the deprivation trap. It is difficult for people enmeshed in this trap to make meaningful contribution since it is known that poverty dispossess people's self esteem.

Poverty alleviation programmes targeting women in most cases are a quick fix, usually income generation projects that are also considered as not contributing towards the national economy.

#### 5.2.1.2. Women Domestic Responsibilities as a challenge towards Rural Development

SARPN (2005:3) indicates that in most cases women chose agricultural initiatives as a way of generating income particularly in poverty stricken communities. It is for these reasons that respondents during the discussion indicated that they would have

preferred consumable products. This makes sense as women generally control the production of food crops for family consumption and local markets not for national and international sale. Attempts have been made to assist women to gain national and international exposure. However, these attempts have been hindered by obstacles in accessing financial assets, information, and transport and storage network.

The scarcest resource for rural women is time, due to their role as primary care givers for their families making disproportionate demands on their time and energy. This was also reported as one of the contributing factors. Since CCs were not generating any income, they had to look for other alternatives in addition to their daily chores. This point also questions the popular 'male as bread winner' ideology since rural women work hard to ensure that their husbands and children have food, clothes and a roof over their heads and still manage to send children to school. Sadly, this has resulted in more violence against women, as men attempt to regain a sense of power.

A recent positive development on gender issues has been gender budgets which have sought to mainstream a concern for gender equity and justice within the process of economic policy formulation and execution, holding government accountable for their national and international commitments towards women's advancement. These were initially devised as a way of analysing budgets from women's perspective. Oxfam (2003:23), indicates that gender sensitive budget initiatives start from the premise that national budgets may appear to be gender neutral policy instruments dealing with financial aggregates, expenditures and revenue surpluses and deficits rather than with real men and women. From the perspective of gender analysis, it is clear that women's gendered responsibilities coupled with inferior economic power and political voice means that government expenditure is frequently allocated in a way that entrenches women subordination rather than reduces it.

The main stumbling block to gender-sensitive reform at the local level is the deeply entrenched acceptance of male traditional authority and patriarchal controls in households and local government. Serote, Mager and Bundler (2000:169), referring to Walker, reckon that one of the biggest obstacles for rural women is the contradiction between government's commitment to gender equality and its persistent engagement

with the politics of traditionalism. South Africa defines itself as a non-racial and non-sexist society and the government concedes that rural society is patriarchal in its functioning and that rural women are disadvantaged by patriarchal controls. Addressing these challenges requires certain changes in power relations meaning that development strategies need to address the gender power relations operating in households, institutions, different spheres of government and the society as a whole.

#### 5.2.1.3. Negative Effect of HIV/AIDS in Rural Development

TRALSO (2006:1) emphasizes that labour, in most rural communities, has been the greatest resource and thus HIV/AIDS directly and indirectly attack this resource thus eroding the physical energy of those with the disease as well as energy and time of those who care for them.

HIV/AIDS is proving to be one of the biggest challenges that development has ever faced in meeting its goals. The nature and extent that the scourge of HIV/AIDS presents development is at the moment not very well understood although efforts have been made to understand its impact in bringing negative consequences. For rural communities its impact is more visible in land issues. The effect and impact of HIV/AIDS threatens and undermines the community's collective ability to cope and implement various land and rural development activities to sustain their livelihoods. HIV/AIDS has also the ability to undermine both the social and economic fabric of affected communities that are poised to benefit from the land reform programme as the disease targets those in the reproductive, productive and bread-winning ages. This has already resulted in decreasing of skilled labour in rural communities.

#### 5.2.1.4 Lack of Finance

Finance is another constraint for emerging entrepreneurs, because even with their powerful ideas they have to go door-to-door looking for finance in some cases without any success. TIPS, (2003:1&2) attribute this to low bank borrowing in the sector varies from lack of capacity to lack of investment or demand opportunities.

One of the participants actually indicated that after approaching Lottery National Fund for funding she was given proposal-writing guidelines looking for the technical information that she could not understand. This is another form of discrimination indirectly ensuring that such services are not attainable by the poor. The reason usually cited by these organizations for not being able to support these initiatives is that supporting such organizations exhibiting inadequate capacity to articulate project ideas is risky.

Low levels of literacy are national issues not just for people in Mpumalanga but also for the entire country worse in rural communities. Various reasons contributing to this state of affairs include colonialism, lack of education opportunities especially for women and rural people, civil strife and poverty. Poverty and illiteracy are interlinked in some kind of vicious circle. While poverty contributes to illiteracy, illiteracy contributes towards the slow progress of socio- economic development. As a result, views on how to define literacy have become broader; moving away from the narrow notion of simply the ability to read and write to include numeracy and the application of knowledge in problem solving.

Associated to literacy issues alluded above, language remains a major factor in the provision of literacy. Prah, (2002) emphasizes on education as the medium of instruction, usually an official language, which ignores the needs of the learner. It is now widely understood that teaching in and study of mother tongue has benefits especially in adult learning settings. Among many, it increases national pride, facilitates learning and ensures success in acquiring knowledge. Adults benefit more from learning that taps into locally existing knowledge and resources, including language.

There are two issues highlighted above that the researcher would like to dwell on a bit. The first is the participation. The kind of participation that took place in this project is what De Beers & Swanepoel (1997:25) explain as participation as a way to collaborate and provide information, participation in this context is merely a passive process to provide information where decisions have been taken already. The people concerned are merely asked to provide information and they are not in a position to

question existing structures. The second issue is replication of projects. As indicated that CCs were modeled in a project in rural KwaZulu Natal. De Beers & Swanepoel (1997:51), emphasize that it is extremely difficult to replicate development efforts. History has shown that some successful projects fail if they are repeated elsewhere. There are many factors contributing to this including, local situations and specific dynamics. Need to explain this more clearly.

UNDP and Governance (2004) reckon there has been a gradual recognition and acknowledgement among donor agencies and government institutions that development is more successful if it views people as both the owners of their problems and the solutions to those problems. Each successive phase has moved more closely to defining a people-centered approach. Local people need to become partners from the outset, participating in planning and implementation management. Local CBOs make powerful partners. Delivery also becomes enhanced where traditional leaders are involved since they are still playing a critical role in decision making pertaining community issues including development.

The argument is that large-scale development initiatives with strong top-down initiatives may dampen local initiative and the real needs of the people at grassroots level may be neglected. Issues like indigenous knowledge, which kept the local form of social organizations intact for years, may be smothered to the detriment of everyone. De Beers & Swanepoel (1997:52) stress that top- down and bottom-up initiatives should meet one another halfway. Grassroots development attempts may benefit from government support for development, although this does not mean that government or perhaps an NGO should make the final decision as far as development priorities are concerned.

Logically, one could perhaps ask why there seems to be such a neglect of rural development when rural poverty dominates world poverty, and when combating poverty has received increased attention in international development agencies. The answer is in part found in the observation that past efforts at rural development have often met with mixed success. As a consequence, many development agencies have shifted their anti-poverty programs toward the easier approach of welfare transfers,

instead of more difficult attempts at raising rural incomes. The modest decline we observe in the share of total poverty, that is, rural as income per capita could be attributed more to migration to metropolitan areas than to improvement in rural incomes. Yet, ill prepared rural migrants have generally only contributed to transferring poverty from their rural habitats to the urban sector. This is indeed an important reason why urban poverty has increased faster than rural poverty. It is precisely this drift in rural development away from income generation by the rural poor towards transfers, and reliance on migration to the metropolitan areas as the main instrument to contain rural poverty that needs to be corrected.

#### 5.2.1.5. Poor Local Market

The quarters on Chinese textile imports which according to the DTI was meant to stimulate local production failed, the recent study on this, financially supported by Woolworths, Truworths and Mr Price indicated that exports of South African production to the world has not been stimulated. South Africa is not the only country that has been adversely affected by this. Lesotho and Swaziland are facing the same dilemma. CCs in Mpumalanga were also affected by Chinese imports. Children's dresses and pinafores that CCs were sewing for sale did not have a market since there are Chinese shops in their community selling children's and women's dresses at relatively low prices.

After failing to attract the local market these clubs got discouraged and some of them indicated that at this point they had to look for another alternative. The case study below of Marang community illustrates the importance of community leading their development initiatives.

**Entrepreneurship in Marang, North West**

In 1997 a group of 12 (mostly unemployed women) in North West began to put money aside for a project to help them gain financial independence. They began planting green pepper and tomatoes on two of the women's plots. Despite harvesting a crop of organically grown green pepper, they were forced to give them away because they were unable to gain access to any markets. However, a visit to the Rand Show and a well- timed documentary on bee farming proved inspirational. A local bee farmer trained them and gave them one hive box per person. The Marang project is now a thriving and growing business. There are 75 hives, with plans to expand to 300. Flowers are also being planted, and the women plan to get involved with local schools by helping them to create vegetable gardens or produce honey. The company sells honey, honeycomb, beeswax, beeswax candle, pollen, and propolis, and also sells used brood chambers to stock farmers (who grind them up and use them as medication for their cattle). They also hire out beehives with residents, swarms of bees to local fruit, Lucerne and vegetable farmers as a pollination service.

**CDE (2004:73)**

This group clearly also did not undertake proper market analysis before embarking on their activities. Green pepper would be a luxury in a poor rural setting where very few people would even know what it is. Their case is similar to the CCs in Mpumalanga, they were supposed to do their market analysis from the beginning to see whether their products would attract local people or not. However, the good ending of the Marang story narrates the importance of the community leading their development initiatives. The participants did not abandon the project even after realizing that they were not achieving the intended goals but instead they looked for solutions. This is because they were attached to the project with a feeling of ownership. In addition to that, networking and exposure also helped, if they had not visited Rand Easter show in Johannesburg, their story would not have been such a success.

#### 5.2.1.6. Problems related to the design

Participants were not provided with enough time to think about their economic situation and to come up with suggestions of improving it. Participants indicated that they would have suggested other products to attract local people such as consumables, since food is not adequate for most people in this community if a chance to do so was available. Participants were involved in the design of the project but clearly their role was passive rather than active, project managers from LFA copied the project from KwaZulu Natal to Mpumalanga without proper consideration of the community dynamics.

The high percentage indicated that they were not able to use skills learned from the workshops. These reflects major factors which include that the competences transferred by LFA were inappropriate in the rural, largely illiterate participants in other words the training was not carefully designed to match the user level and the context; the organization did not have the capacity to transfer intended competencies as a result participants were not able to apply the skills learned, this explains the low degree of application of skills acquired.

#### 5.2.1.7. Support Acquired from Government Departments.

Despite government efforts to support SMMEs there is a very low level of awareness of such support. Although some indicated that they had heard about government institutions such as Intsika and Khula, they did not have in-depth understanding of their programmes. What was amazing is that they had not attempted to consult them for more information. This shows the little faith that the rural community seemed to have in the government's ability to make interventions that would lead to an improved environment.

Reasons for this little awareness might be attributed to the fact that CCs are based in rural areas where there is lack of information and communication facilities. Secondly, this may also be due to the fact that funding agencies are not in touch with the entrepreneurs; they often exhibit reluctance in proactively getting in touch with the

entrepreneurs. The other issue, which has already been mentioned elsewhere in this report, is that the language that these institutions use is not the language of the target group.

#### 5.2.1.8. Poor Capacity of the CSO operating in rural communities

One of the challenges that the CSOs in South Africa went through in the 1990s is the withdrawal of foreign funding. Foreign donors redirected funds previously channeled directly to CSOs to the democratic government. Combined with the political and ideological climate, this had two consequences. The first was that a number of CSOs closed down and they were unable to adapt to a more market related relationship between donors and recipients of funds. It therefore became imperative for the recipients of funds to establish defined programmes with measurable outcomes. Many were unable to comply with the new criteria thus the number of CSOs decreased dramatically with the smaller rural Community Based organization (CBOs). The second consequence of the change in funding channels was the rapid professionalization of the CSOs as financial management, efficiency, and tangible outputs became increasingly important. CSOs began to align their programmes with donor priority areas and lost their responsiveness to the grassroots constituencies they were meant to be accountable to. In the first years of democratic government, CSO also lost a large number of experienced members to government, and a secondary layer, which was inexperienced both in politics and organization, took on leadership of the CSOs.

LFA was an incredible organization in the field of community development using ECCD as an entry point thus they should have utilized their credibility to influence policies in order to ensure that issues related to rural women are taken into consideration. There is a growing realization that there is a role for the civil society organization to participate in policy-making processes and in the delivery of services especially services aimed at poverty reduction. This is because the civil society organizations have an ability to reach the marginalized and excluded persons, a potential to provide alternative services where state provision is absent or insufficient such as providing ECCD services etc; and a reputation of utilizing innovative

approach which makes them sources of new thinking and practices necessary for rural development. Another opportunity missed is the lack of civil society‘s participation during development of the ISDRS.

Undoubtedly CSOs are well suited as instruments to facilitate the process of development. Hence it is important to note certain limitations that sometimes inhibit effective functioning of the CSOs. Merrington (1992:16) summarizes these as follows:

- Inadequate planning, organization and management;
- Inadequate staff training;
- Inability to replicate projects and ensure sustainability;
- Inability to effectively collaborate at appropriate levels with government services; and
- Lack of coordination of the efforts of individual CSO to ensure an effective macro level spread of development.

Merrington’s (1992:16) limitations summarized above are very true for LFA, as shall be elaborated in the paragraphs that follow. In addition to the above, LFA also had leadership challenges, since directors were new in their positions. The evidence presented on this paper convinces me to say that the directors were not ready for leadership positions. De Beers & Swanepoel (1997:75) clearly state that the situation is aggravated by the fact that leadership in CSOs relies on one person which leaves a leadership vacuum once such a person disappears. LFA directors were panicking because they were not even certain of donor support as the initial directors were no longer managing the organization.

LFA also failed to put sustainability mechanism in place right at the beginning of the project planning. In the context of community based programme such as CCs, sustainability includes empowerment, equity etc. It may also include support after the implementation phase. From the discussions they did not foresee any challenges after providing. CCs products were going to sell and the main objective of the project was going to be achieved.

Empowerment, as one of the key ingredients for sustainability, has been a common objective of rural development and anti-poverty programmes with a vague understanding of what exactly the concept means. Though rarely defined in any details it has as many meanings as there are people discussing it. A more rigorous definition is still required. For the purpose of this paper, empowerment is concerned with providing relevant training and support. If people are required to participate in any development initiative, they need to be empowered to ensure that they are not just passive participants but active participants.

An enormous body of research including an Evaluation report by the Community Resource Mobilization Movement (CRECCOM) 2007:15 indicates that sustainability is significantly enhanced by using community based- approach because when the participants take part in the plan and design of the project, they are more likely to ensure its success. It was hoped that these activities would generate income for the participants advancing their economic status and also promote job-led growth instead of discriminating against them. World Education (2003:23) argues that some of the most successful projects have been those that expanded existing CBO initiatives. However, this requires enormous time for capacity building and skills transfers in order to play their role.

However, critics point out that community-based-development projects are slow, uneven, and difficult and almost never in synchronized with financial calendars or delivery targets. However, community based development initiatives it remains a prerequisite for sustainability during planning and implementation period. Community development initiatives that lack active community participation in these phases do not succeed as was the case with the CCs; participants were not active during planning and although they were present most ideas came from the facilitators. Participants were shifted from being partners to being recipients with a concomitant drop of local ownership. Respondents indicated that they would have suggested products they presume were to attract the locals such as consumable products like food. Participants were hoping to get assistance in identifying tourist spots either in Johannesburg or Pretoria to sell their products.

Initiatives such as CCs require concerted efforts, clearly this was lacking, the project missed an opportunity of benefiting from a number of government departments including Local Government, Education and that of Social Welfare, and other NGOS in the community. Interfund Development Update (2003:48) indicates that "the relationship between local government and civil society has a critical impact on the potential for local government to promote development". Legislation and policy directives emphasize the role of community participation in local government planning and implementation.

Managers or project coordinators for rural development projects aiming at improving the lives of the poor need to be clear of the impact they want to see from the project and justification for their project. Continuous monitoring is significant for critical reflection to guide the activities towards achieving the maximum impact and evaluation, where periodic assessment of internal efficiency and external impact is undertaken to influence the future of the project.

The CSOs are also willing to learn from the evaluation process; however, since they are donor driven and donors are also having their own mandate to execute it sometimes becomes difficult for the CSOs to implement the recommendations of the process. This again ends up being an administrative requirement. The researcher's analysis on monitoring and evaluation indicates that monitoring is still widely regarded as policing and that monitoring data is rarely consulted when management decisions are taken. Everatt and Zulu (2004:26) indicate that monitoring has been an area of conspicuous failure for most anti poverty and development programmes. Systems have been non-existent, have malfunctioned and failed to provide adequate and accurate data. Some systems have been so high-tech that they cannot be utilized in poor rural areas.

LFA as an organization does not exist any longer since it collapsed in 2001. Clearly this means that there is no future plan for the CCs although the participants indicated that they would still like to continue with clubs. However, there is a number of organizations involved in rural income generation project with some innovative efforts that include:

- Facilitating direct marketing links from rural producers to the urban consumers, in a context of urbanization and challenges for the poor to take benefits from increasing urban purchasing power.
- Enabling rural producers to get access to trading or processing their products, in a context of increased (industrial) concentration within the commodity chain;
- Representing the poor via membership based participatory processes in a context of increasing organizational efforts from the grass roots level up to the national or even international level.

While these efforts are commendable it is clear that they are strongly rooted in the immediate concerns and the interests of the poor. As a result they do not offer long term solutions to the problem. Poor rural producers continue to suffer and end up selling their products at a low price.

### 5.2.2. Analysis of the Data from Private sector

Although government policy is important for developing entrepreneurship and small business, the private sector has also come to play an increasingly important role. The CDE indicates that there is a lack of systematic research -based review of private sector initiatives in this field. This is a notable omission given the growing importance of black economic empowerment initiatives for small business development especially the affirmative procurement through outsourcing that is a requirement of various sectoral charters. There are two aspects to the role played by the private sector so far in SMME development, corporate social investment, and business relationships with SMMEs including procurement of services

UNDP (2004:17) clearly demonstrates the extent to which corporate support for small entrepreneurship has become part of mainstream development practice. Firstly, there is need to realize that the poor entrepreneur is as important a part of the private sector as the multinational cooperation. This postulation acknowledges that the private sector is already central to the lives of the poor and has to make their lives better using

organizational and technological innovation and by, unleashing the power of local entrepreneurs to reduce poverty in their communities.

Secondly, UNDP points out that corporate engagement with small enterprise can lead to reduced costs, improved market access, improved supply, closer compliances with environmental regulations, a closer relationship with governments branding benefits and more vibrant and diverse local economies (2004: 17). The telephone interviews indicated that there is a notable willingness to support these initiatives although inadequate capacity to do so remained a challenge. Initiatives like CCs require not just funding but extensive mentoring starting from conceiving the idea, developing a proposal to implementation. The private sector is not able to interact with grassroots' communities like the CSOs. As a result their programming is not sufficiently able to cover rural SMMESs. In some cases these are still viewed as a poverty relief rather than a business promotion.

Regardless of the fact that the private sector funding accounts for 25% of all non-profit income in South Africa, there is no link between this investment and any real impact on poverty. It is still not clear whether CSIs have the type of impact that both corporations and development practitioners would like to see. The capacity to reach the grassroots is a major challenge for the private sector. News from Africa (2007:2) indicates that NGOs often find that they have the misfortune of being confronted by a front-office desk clerk with limited understanding of social issues. Other gaps on CSIs service delivery include:

- The lack of documented information on what CSIs fund and what they do not and the application procedures;
- There is little engagement with grassroots at a strategic level in order to ensure that CSIs initiatives are closely aligned with what is happening on the ground; and
- The lack of feedback as a result of poor proposals.

News for Africa (2007:2)

### 5.2.3. Analysis on Government's approach towards rural development

A thorough understanding of rural development is necessary in this study to understand factors that might have contributed to inefficiency and unsustainability of the CCs in rural Mpumalanga as argued in the following paragraphs.

The government has a task at the national level, but that task is limited to creating a space for making development possible locally. In other words, two things are necessary at the national level. The first is the firm political commitment towards development, which entails a commitment towards a holistic human-oriented development. The second is the policy, setting broad goals indicating pathways of achieving the set goal. The following paragraphs will be looking at the government's approach towards rural development since 1995 as briefly summarized in this paragraph, one in policy-making and at displaying a firm political commitment.

Millions of South Africans livings in rural communities had been neglected for decades until 1995 when the government issued a draft rural strategy aiming at focusing the public's interest and debate on the problems of the many South Africans living in rural areas. Unfortunately the nature and the content of this document is a disappointment. According to CDE (1997), "it is inadequate and a government companion to the government draft urban strategy document and a very poor cousin to the new Green paper on land Policy." This confirms the second hypothesis in this report that rural development attempts tend to be similar to urban development attempts. Although South Africa is an urbanizing country, rural communities are increasingly becoming dependent on urban economy despite the fact that the challenges, needs and interests of rural people remain different from those of the urban population.

CDE further reckons that the document failed to identify or define elementary building blocks or even the terms for an analysis of the rural areas; capture the factual information that is available about rural South Africa; it does not identify key policy

choices that face the government in deciding on a new approach to rural areas and it does not provide strategy for national action. In 1997, the government attempted to address the criticism of the strategy by producing a revised RDF. The approach advocated by the RDF according to Interfund Development Update, (2003:14), placed an increased emphasis on the role of rural municipalities in creating sustainable livelihood and reducing poverty in South Africa. With the RDF closure, the document was shelved shortly after it was released.

In 1999 the government renewed its commitment towards rural development through the production of the ISDRS. This was partly a response to agitation by rural people through the RDI (Coalition of rural NGOs, and community representatives). The ISRDS views local government structures, specifically district municipalities, as a major role-player in managing and integrating rural development programmes at a local level to ensure they respond appropriately to the local needs. However, the ISRDS is not the best strategy to guide rural development as it is both ambitious and fragile resting heavily on the ability of local government structures to undertake a genuinely participative process in identifying and prioritising needs, and on their having the capacity to manage and monitor implementation, operation and maintenance.

To this day, local government structures are still viewed as relevant in rural development initiatives aiming at improving service delivery and poverty reduction. However, the structure and content of local government system in rural areas raises important paradoxes and contradictions that may prove to be daunting obstacles for the tasks required for the developmental local government. Moreover, many rural municipalities are plainly ill equipped to play a meaningful role in creating sustainable livelihood and reducing poverty. For example, municipalities in rural areas face an even bigger set of challenges in stating civil society synergies since the civil society is almost non-existent. In communities where it has been existing and active, it has been sidelined by the government.

The key challenges critically remain in the distribution of power and functions between districts and local municipalities, financing and revenue sources for local

government, administrative capacity and community empowerment and participation. The risks are that while policy and legislation suggest a rational system on paper, the complex rural context, with its high levels of poverty and lack of capacity of municipal structures to deliver, may threaten the vision of developmental local government and sustainable livelihood.

Government is the most important development agent thus a divided entity consisting of ministries divided into departments, which are often further divided into branches. As a result government, the development agent only addresses the matter with which it is concerned and for which it is responsible. Child health will address child health; education will address education issues, each to the exclusion of the other. It is understandable that the government service is divided into sectors and it is impossible to conceive of a government service where everyone is responsible for everything. However, it is vital for the government to realize rural community's needs are interrelated therefore needs concerted efforts to address its challenges.

The other issue about government approach is that, although there are policies in place, (putting aside the content issue) aiming at guiding rural development interventions, few people of whom it meant to serve are aware of these policies. Those who have heard of it perceive it as another empty promise.

### 5.2.4 Government Approach towards SMMEs

There has been a general consensus that SMMEs play a key role in economic development. Government planners; civil society, academics and business people agree that entrepreneurship and smaller aspirant entrepreneurs in particular need to be vigorously encouraged. However, this consensus lacks focus and a concentration of purpose displaying several conceptions of the meaning and purposes of entrepreneurship. Notably the government has sought to promote entrepreneurship in order to achieve a variety of hoped for benefits including black empowerment and providing cushion for people who have lost their jobs in the formal sector as a result of restructuring exercises.

According to GEM compiled by the University of Cape Town, South Africa achieves the lowest score of all developing countries on entrepreneurship when indicators such as opportunity, necessity, start ups and new firms; it is at the bottom quartile of all countries and achieves a low rate in terms of the survival on entrepreneurship start-up.

There have been government efforts towards supporting SMMEs dating back in 1996 when the National Small Business Act was adopted and the establishment of supporting structures such as Intsika, CSBP, Small Business Council and Khula which was added at a later stage. This laid a foundation for SMMEs support, provided bureaucratic structures to deliver support directly to the targeted recipients. The establishment of these structures was based on the assumption that access to finance was the most important constraint on black small businesses. This study disputes that assumption; there is a glaring lack of capacity both at policymaking level and implementation level.

It is difficult for rural people to access government structures aiming at supporting entrepreneurs including the recently formed SAMAF and its provincial branches while it is easy for urban based entrepreneurs to access these structures physically or through internet or telephone. These are not the only differences; entrepreneurs in both rural and urban areas are also classified in different categories outlined below:

- *Survivalist enterprise*s: Pre-entrepreneurial, low income usually no paid employees, directed mainly at keeping alive, unregistered, non-tax paying, and hence informal in status.
- *Micro Enterprises*: Operating below the vat registration limit. Often unregistered for other purposes as well; fewer than five employees.
- *Small enterprises*: Fewer than fifty employees, and formally registered;
- *Medium Enterprises*: up to 100 employees, or 200 in mining, manufacturing, and construction.
- *Large enterprises*: more than 100 employees, or 200 in the case of mining, manufacturing, and construction.

CDE (2004:16)

As illustrated by CDE's breakdown above, we can safely say CCs fall into category number one, since there is no paid employee and still struggling with survival issues.

Geographical and classical diversity discussed and illustrated above makes the policy-making process impossible considering that the need of the CCs variety. The Civil society would definitely provide meaningful partnership in urban areas unlike in the rural areas where they are non-existent. The needs per class as illustrated above varies, the survival class will be more concerned about cash while large enterprises will be more about tax or human resource issues.

Another glaring gap in the area of SMMEs in South Africa is the lack of research data to inform policy-making process and programme intervention. The situation is worse in the informal ones described as survivalists in previous pages. Women in rural areas not just Mpumalanga have been involved in these activities for a long time, however, data is still lacking on what works and on what does not work. This information is important to assist these women to be able to support their children, which is their main concern.

TIPS (2003:4) indicates that further research is needed on international comparisons, as well as longer time-series research to determine SMMEs growth paths and ascertain the reasons behind successes and failure; and to provide up-to-date and reliable information on what SMMEs are producing and for what segment of the market. As illustrated above, research is necessary on qualitative assessment of the outcome of government initiatives in enterprise development. Moreover, the lack of longitudinal or time series data illustrating the effects of government's enterprise development strategy over time has long been a critical weakness of research efforts around SMMEs.

CDE (2004: 9) indicates that there is a growing belief that regulatory environment is a crucial factor in promoting or retarding entrepreneurship. CDE continues to refer to evidence based in Africa that there is only one factor; a nation's level of available skills especially technical. The absence of technical skills in the area of SMMEs is the biggest mistake that continues to hamper government's efforts towards successfully supporting SMMEs. This area does not only require administrators and finance but technical advisers, serving as sources of new thinking.

Throughout the developing world, the developmental micro-finance movement has emerged as a powerful intervention to push back the frontiers of poverty. However CDE (2001:17) reckons South Africa has been unable to generate the type of pro-poor microfinance sector that has been successful in many countries. There have been attempts such as the establishment of Intsika and Khula as discussed in Chapter Two. However, the South African President's announcement of SAMAF targeting the poor raises the possibility of new impetus for such programmes. SAMAF emerged from a broader initiative established in 2006 known as the Accelerated and Shared Growth Initiative for South Africa (Asgisa), a continuation of past efforts with emphasis on accelerating infrastructure development, programmes to improve performance in certain targeted economic sectors, unblocking of bureaucracy for small-business success, addressing poor delivery from government and improving access to skills. In my opinion as a researcher, support offered through SAMAF is more relevant for rural SMMEs.

## 5.3. Key Findings

The key findings of the study are summarized below based on the key research questions.

### 5.3.1. The underdevelopment of rural communities a key constraint

It is clear that the underdevelopment was the major factor that contributed towards the disfunctionality of the CCs. This was clear from the responses of the CCs participants when asked about factors contributed towards the disfunctionality of the CCs. Responses were mainly indicators of the underdevelopment such as poverty, HIV/AIDS, illiteracy and the lack of infrastructure. Rural people are aware of their situation and they are willing to do something about it. However they can not act. According to chambers (1983:13) they are trapped. For example, they are aware that having sex with multiple partners might result to HIV/AIDS however this is not always avoidable since it assists them against poverty.

The sad case is that some development efforts bring relief but the relief is temporary for it returns to the original situation once the equilibrium returns. According to Galbraith (1979:46)

> What seems plausible is real. The tendency of the rich country is to any economic increase the income; the tendency of the poor is to equilibrium of poverty. And in each there is an accommodation, in the one case to the fact of improvement, in the other the hopelessness of the prospect.

Galbraith argues that in a poor community or society any economic progress gets to a stage where it is cancelled. For example literacy and skills development programme might produce results however, these cancelled due to other factors including urban migration or death from killer dieses such as HIV/AIDS.

In the past the equilibrium of poverty was attributed to capitalism, the rich exploiting the poor; or colonialism and neocolonialism. Most economic development theories are implicitly or explicitly negatively biased towards rural areas. Based on facts articulated earlier on the paper, very often economic policies are geared towards favoring urban, industrial sectors, and rarely is a decentralized rural economy supported preferentially. In most cases policies and programmes for rural development ignore the realities and challenges of rural communities which include both inadequate human capacity and resources.

### 5.3.2. Inappropriate Methodologies

Top -down approach was used in this project. Literature has proven that community development initiatives that lack active community participation at early stage do not succeed. This was the case with the CCs; participants were not active during planning and although they were present, most ideas came from the facilitators. This created what Burkey (1993:46) term as "dependency thinking. " Their expectations were that LFA was always going to be there to provide solutions to their problems including additional funding.

An enormous body of research [2]shows that proper participation leads to sustainability. Sustainability is significantly enhanced by using community based- approach because when the participants take part in the plan and design of the project, they are more

[2] CRECCOM, (2007) Evaluation Report on Community Involvement in Primary Education (CIPE)

likely to ensure its success. It was hoped that these activities would generate income for the participants advancing their economic status and also promote job-led growth instead of discriminating against them. World Education (2003:23) argues that some of the most successful projects have been those that expanded existing CBO initiatives. However, this requires enormous time for capacity building and skills transfers in order to play their role.

### 5.3.4. Poor Capacity for LFA as Change Agents

Clearly the intentions were good. However, LFA failed to play its critical role as a change agent. They utilized traditional formulas that seek to deposit, transmit or extend their ideas to others as if development is a one way process. There is a participation that occurred in this project, thus it is a participation that De Beers and Swanepoel describe as the participation to collaborate and to provide information where decisions are already taken. People concerned are not in positions to question any existing structures. This participation is a favorite to many since it is considered as easy. De Beers and Swanepoel (1997:25) view this kind of participation as a typically liberal approach reflecting modernization.

The poor capacity of LFA is not only evident in the project design particularly participation as discussed above. Participation is emphasized as it is believed to be the foundation of any development project since it provides in-depth understanding of the real problem, what the local people think might be the solution and mainly what role are they going to play during the project implementation process. LFA capacity gaps was evident in many ways including the inability to advocate for issues relating to the rural poor which include the implementation of rural development strategy paper and networking with relevant stakeholders such as local municipalities and private sector.

### 5.3.5. Market Access a Key Constraint

The poor face new challenges of isolation and exclusion; they cannot access their own local market as they are out-competed by products from all over the world which are flooding the market at lower prices, in better qualities or as more appreciated brands.

As a result this has led to a problem of lack of access of rural SMMEs to a suitable market. When this issue is carefully analyzed it appears that most of the causes of this state of affairs are related to socio-economic constraints, weak institutions and lack of investments in human resources.

Access to productive market is a concern which cannot be solved by the poor or the organizations alone. At the moment this problem does not warrantee governments and the private sector's attention as they are doing very little to address this problem. There is not even enough researched information to assist in the process of understanding the roots of the causes beyond the obvious and recommendations that can be explored.

### 5.3.6. Fragmented Efforts

Efforts aimed at supporting rural income generation projects are often fragmented even among government departments. Critical stakeholders in the promotion of income generation projects are highlighted in this study. These include government departments, donors, private sectors, civil society organizations and traditional leaders who often implement community development projects on their own.

It is important that this study examines the relationship between the government and the civil society. In most cases the relationship between the government and the civil society is hostile, volatile and unpredictable. There are various reasons for this including the unclear boundaries amongst state and civil society organizations due to high mobility and the tendency for people to be in one or more sectors for opportunistic and security reasons. Lack of trust between the state and civil society organizations continues to be a problematic issue. Often civil society organizations working in advocacy and human rights are targeted by the government as anti – government and often receive threats while organizations working on livelihood and development are seen by other organizations as too close to government and therefore supporters of the regime.

Fragmented efforts are also a big problem between government and the private sector in the area of SMMEs. Heierlie and Gass (2001: 5) argue that the engine for pro-poor growth is a dynamic private sector. This shows that private sector remains a critical stakeholder in rural development in general including economic development. The public sector also is a critical sector as argued in previous chapters for many reasons including providing a good environment through policies, effective infrastructure (research, education, communication, health etc).

### 5.3.7. Lack of enterprise education

Entrepreneurship and small business is still a relatively minor field of study as enrolments in this area represent a low percentage. There has been an assumption that everybody can be an entrepreneur thus in most cases people turn to it as a last resort after failing in their careers of choice. This has created a number of problems starting with what has already been said above that some people enter entrepreneurship as the last resorts in other words there is no enterprise culture and entrepreneurship spirit. There are two groups of people entering entrepreneurship, the one already mentioned above, with no passion of what they are doing, this group might not be risk takers and they might miss the opportunities right in front of them as a result fail. The second group has passion, they like what they are doing, have patience, able to identify opportunities and not scared at all of taking risks, with hard work these people are guaranteed success.

Are entrepreneurs born or made? While strong differences of opinion exist on the issue there is growing acceptance that entrepreneurial skills and attitude can be imparted through the education process (Scott, Rosa & Klandt, 1998). When individuals complete entrepreneurship education courses they are more inclined to engage in entrepreneurship and/or become more effective as entrepreneurs (McMullan & Vesper, 2000).

# CHAPTER 6

# Recommendations and Conclusion

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## 6.1. Introduction

Given the data presented in chapter four, analysis and findings in chapter five this chapter seeks to formulate conclusions and suggests recommendations towards effective and sustainable rural SMMEs.

### 6.2. Conclusions

Conclusions are formulated based on research objectives.

#### 6.2.1. Factors leading to Functionality and disfunctionality of the care Clubs;

Although to a large degree CCs failed there were some good elements in them. Apart from the fact that they meant to generate income for unemployed rural women, there were some good elements namely; participants viewed spending time away from home as the most factor that led to functionality; the project design took into consideration that time is the scarcest resources for rural women therefore designed programmes in a way that was not time consuming; the project offered them an opportunity to learn new skills such as record keeping, proposal writing and how to draw a budget. the arrangement of providing ECCD activities in the same centre where the workshop was taking place to ensure that children are taken care of and benefiting from ECCD activities while their mothers were busy with the workshop; the project encouraged women to save half of the start up funds; and participants felt that products that were being manufactured were part of culture.

While there were good elements in CCs as noted above, CCs to a large extent failed. This study highlighted a number of reasons to this effect, namely, poverty was the

major factor that led to the disfucntionality of the CCs. Since project failed to generate their income to buy food, they had to look for alternatives which meant ceasing their participation in meetings; Some participants had dreams that were unfortunately shattered after failing to solicit additional funding to expand their activities , Although they did not explicitly mentioned HIV/AIDS as another factor that led to the disfuctionalityof the CCs, it was clear from their responses that HIV/AIDS was another factor that led to the disfuctionality of the CCs, they actually mentioned that HIV/AIDS has left them with no energy for constructive thinking and they were spending most of their time on caring for patients.

### 6.2.2. Findings

Findings of the study are summarized as follows:

- CCs at community level especially in rural areas have a potential of addressing poverty which is currently one of the countries' major challenge. Initiatives like CCs generate income for women at local level, they do not have to migrate to the city;
- CCs were designed around women's social and economic needs;
- The underdevelopment which in most cases manifests itself through the level accessibility of basic services such as water and sanitation electricity etc by the public was the key constraint. This situation presents a myriad of challenges in rural communities as a result it is difficult for a single organization to make any developmental progress since issues are interrelated requiring concerted efforts from various stakeholders. However, there has not been a harmonized strategy that involves all key stakeholders;
- Top down approach was used in this project; participants were not actively engaged during the conceptualization of the project most ideas were imported by the project facilitators;
- Learning for all strategies on this project were somehow flawed from the project design, while some elements were good on the project design, critical elements were ignored such as involving and allowing participants to drive the initiative;

- Market access proved to be difficult, CCs participants did not have suitable market for their manufactured products. As a results most products were sold on credit;
- Although there are governments and private sector's programmes that could have benefited the CCs largely, no attempts recorded on this. As a result the project solely depended on LFA for support; and
- The lack of enterprise education in South Africa also presents a challenge as CCs are usually seen as a last resort when preferred careers are not materializing. Although participants indicated that they learned new skills which include proposal writing budget development etc, in reality they did not learn these skills as they were not able to utilize them in practice.

### 6.2.3. Interpretation and the Analysis of data

South Africa compares poorly with other countries on SMMEs but this poor performance does not indicate a lack of potential, as there is a very strong potential among South Africans for entrepreneurship. This study highlighted some of the deep-rooted structural reasons for this poor performance in general and for rural women in particular. These include insufficient or lack of human capacity, resources and confidence needed to embark on this venture. Moreover, for rural women the list above includes lack of infrastructure such as water and electricity, illiteracy, poverty, lack of private sector and vibrant civil society.

There are a number of government efforts aiming at supporting SMMEs. However, potential entrepreneurs in South Africa, especially those in rural communities, are unable to access information about the support either by government or by private sectors. Reasons for this vary from the lack of ICT infrastructure to illiteracy which makes printed media useless to them. The important factor at policy level is that there is lack of clear definition on what constitute rural areas. As a result, policies and programmes developed are one size fits all. One size does not fit all; as a result true priorities are obscured. The SMME sector seems to be complex; a situation which is compounded by lack of research data. The situation is worse with the rural SMMEs which are driven by rural people as they are unable to identify obstacles towards their growth. Although these small businesses may be contributing very little to the GDP it

is vital that they are supported to ensure that these people are able to support their children.

## 6.3. Suggested Recommendations

The study suggests the following recommendations:

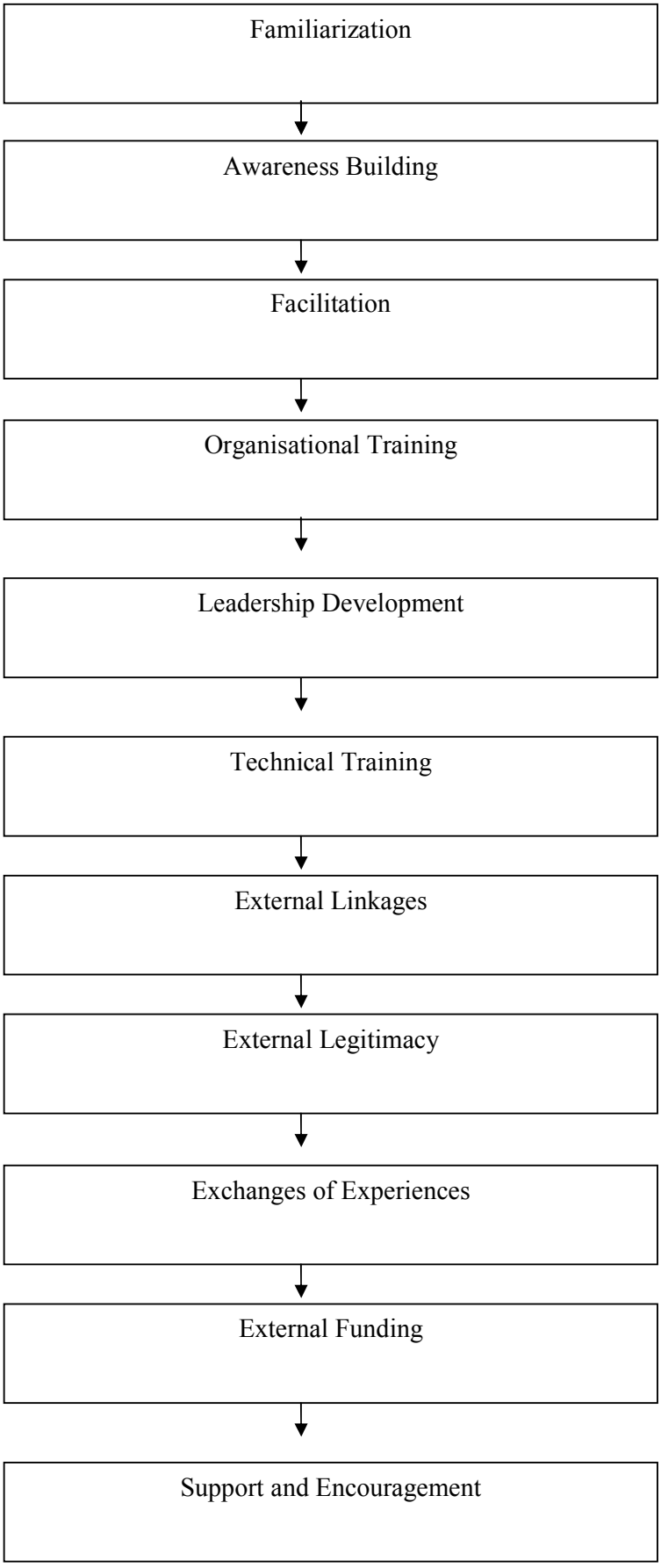
### 6.2.3.1. Rural Development Requires Relevant Methodologies

Burkey (1993) reckons poverty in rural communities is not only increasing but deepening despite myriads of efforts by various players to address it. This is a cause for a concern. However, when most of these projects are analyzed it is clear that one of the contributing factors is the methodology that these tend to deploy. For example the CCs it is clear that top-down approach was utilized. This happens even after the realization that top-down approach creates dependency thinking and sharpens social divisions among the community.

> Self Reliant participatory development is an educational and empowering process in which people, in partnership with each other and with those able to assist them, identify problems and needs, mobilize resources, and assume responsibilities themselves to plan manage, control and assess the individual and collective actions that they themselves decide upon.
>
> (Burkey 1993:205)

The researcher is convinced as Burkey (1993) that self reliant methodology is a foundation for true development; it is practical and field level. Self Reliant Participatory methodology acknowledges that an external catalyst is required to support the growth of the process at an early stage. This means that the external catalyst at some point in time will have to leave the implementation to the local people.

The diagram below illustrates steps for self-reliant participatory development methodology:


Familiarization
Awareness Building
Facilitation
Organisational Training
Leadership Development
Technical Training
External Linkages
External Legitimacy
Exchanges of Experiences
External Funding
Support and Encouragement

The implementation of these steps is a process that cannot be implemented spontaneously for various reasons including power relations. However they are all important and emphasizes that the change agent needs to spend some time getting to know the community, encourage the community to reflect on their own situations, assist them to do what they have opted to do, organize themselves, organize leadership development and training, skills training, networking, organizing exchange visits, soliciting funding and to offer support and encouragement. The change agent is crucial does this process to break deep rooted power relations exist in all communities and to release creative energies in people.

### 6.1.2. Capacity Building for Civil Society

Civil society organizations need to have a capacity that matches the tasks, in which they are engaged, an enabling environment which includes matters of policymaking, policy analysis, networking, facilitation, programme and project design; and proper management. The needs for the rural population are interrelated thus it is obvious that the CSOs might not have adequate capacity to address all the needs. CSOs need to develop a capacity on facilitation. Although they do not necessarily need to know everything concerning CCs, CSOs should know relevant institutions for collaboration purposes. To improve the performance of rural SMMEs collaboration with relevant stakeholders such as local government structures is important to ensure that projects or initiatives reflect the needs of the local community.

### 6.1.3. Develop New Guidelines for Supporting Entrepreneurship

Policies in the area of SMMEs should also take into consideration the conditions (lack of infrastructure such as water and electricity, literacy poverty, etc) of rural areas, allowing mentorship programmes as a way of building the capacity of promoting SMMEs in rural communities. The government should also assign a high priority to

the promotion of entrepreneurship, and move from service delivery to facilitation. The most important priority is to create the most enabling environment possible for entrepreneurs. This does not mean that emerging entrepreneurs should be left to sink or swim but in so far as resources are devoted to enterprise support, should be through meaningful partnerships

### 6.1.4. Strengthening the Private Sector

Stimulating private sector supply, and upgrading its capacity to respond to the demands of new and expanding private enterprises, should be a central tool for public policy. Entrepreneurship support should be shifted from state or quasi-state agencies to competitive private sector providers, by providing the private sector with incentives to work with emerging entrepreneurs. In the same way, incentives for large companies to subcontract smaller business could play a valuable role. CDE (2004:68) indicates that public-private partnership should be created to help the government to:

- Develop and apply a more entrepreneurial approach across all sectors of the economy;
- Assess what is appropriate for government to do in this field and what is best handled by the private sector;
- Decide how best to use government resources for assisting previously disadvantaged individuals with entrepreneurship potential;
- Decide on the most appropriate criteria for allocating enterprise assistance; and define what entrepreneurs in various sectors of the economy.

### 6.1.5. Entrepreneurship Education

The recognition of the crucial role that entrepreneurship and small business plays in creating a vibrant economy and reducing unemployment should be accompanied by education as a way of developing and sustaining a culture of entrepreneurship which is currently lacking in South Africa. The words ‘enterprise’ and ‘entrepreneurship’ embrace a wide range of meanings including small business and are sometimes used synonymously (Gibb, 1993). Enterprise education can be defined as ‘any educational

activity intended to stimulate and develop enterprising attributes and competencies in individuals that may be exhibited or exercised in a variety of tasks or environmental contexts'(McMahon,1989:63). Entrepreneurship education stimulates entrepreneurship through innovation, opportunistic endeavour and risk taking generally via small business ownership or corporate management (Garavan & O'Cinneide, 1994). Small business education can be defined as exposure to the skills, knowledge and attitudes required to understand and/or operate small business. Small business people may or may not exhibit stereotypical entrepreneurial characteristics. Enterprise carries connotations of vigour, dynamism and energy that embody the 'can-do' attitude that are felt to be necessary to succeed in today's complex and competitive world.

Entrepreneurship education started in British universities in the 1970s. The 'enterprise culture' was first identified by the British Prime Minister Margaret Thatcher in the 1980s and was primarily aimed, not at directly stimulating entrepreneurship either at the small business or big business level, but at developing enterprising people and inculcating an attitude of self-reliance (Gibb, 1993). The aim was to have an enterprise culture not a dependency culture. Although the message was unpalatable to many, the theme endured resulting in the establishment of enterprise courses in British universities. Given the socio-economic problems facing South Africa today, it is significant that such lessons are taken into consideration not just to create employment and to fight poverty but also to create a culture of enterprise and a pool of professional entrepreneurs.

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