

CHAPTER 1

UNFOLDING THE POVERTY PICTURE

1.1 Background

Many people in the world today are regarded as poor today (UN, 2010). One in five people live in poverty, and there are almost one billion of hungry people worldwide. Although the UN (2010) has been of the opinion that the undernourished live in the rural areas, Abgeibor (2006) has also argued that there is a significant number poor people also living in cities of developing countries without adequate shelter and with low health standards. This situation that the poor find themselves in negatively affects their quality of life and their productivity (FAO, 2009; as quoted by UN, 2010). Poverty claims the lives of 25 000 children on a daily basis, who die quietly in some of the poorest villages on earth (United Nations Department of Economic and Social Affairs Division for Social Policy and Development, 2010).

Limited access to education is one of the key contributors to the world poverty situation (Economy Watch, 2010). According to Economy Watch (2010) education is a key to career success and economic self-sufficiency. It is one of the most effective strategies through which parents can raise their families' incomes while low education levels of parents may impede on the learning of their children and lead to illiteracy. Low literacy skills cause children to fall behind their classmates; the youth to drop out of school and the adults to lack the skills to succeed in today's economy.

Lack of education and skills leads to higher probability of unemployment, while the illiteracy or low literacy situations that result thus paving the way to poverty (Doors to Diplomacy Web Project, 2006). Unemployment is also one of the prominent factors behind the existence of poverty. It leads to financial crisis and reduces the overall purchasing capacity of a nation, and is usually followed by a burden of debt (Economy Watch, 2010).

Essentially, Chambers (1998) draws a clearer picture about poverty at a household level when notes that it is known that a household is poor when its assets are few, and has no land or when the one it has barely assures subsistence or is rented or sharecropped. A poor household is in long-term debt and has a few clothes that are worn until they are old. Food or cash obtained are used to meet the immediate needs and are soon used up and the returns to the

family's labour are low. Children do not go to school or when they do, they drop out early. And small needs are met by drawing on slender reserves of cash. Consequently this means that a household is left powerless and has to compete for employment and services with others in a similar condition (Chambers, 1998:109-110). It has thus been necessary to reduce the effect of poverty among communities, and several attempts have therefore been made to this effect.

One of the attempts has been the Millennium Summit, in which the world community agreed on a common platform and agenda to work in harmony, in the efforts to alleviate extreme poverty in the world. It is in this Summit where the UN Millennium Declaration, by which all the nations of the world made commitments to a new global partnership to reduce poverty was made (SESRTCIC, 2007). Another declaration was that made by the Heads of State and Governments of the African Union at the 3rd Extraordinary Session in their Assembly in Ouagadougou, Burkina Faso on Employment and Poverty Alleviation in Africa (AU, 2004).

In Nigeria, the Poverty Eradication Programme was implemented in 2001, under which schemes like the Youth Empowerment Scheme (YES) to empower the youth of Nigeria with skills; and the Rural Infrastructure Development Scheme (RIDS), to ensure provision of infrastructure needs were formulated to deal with the situation of poverty regionally and locally respectively (Elumilade et. al., 2006).

Lesotho like several other Southern African countries has been hardest hit by the situation of poverty. One of the mechanisms put in place to counter the situation of poverty in the country has been the implementation of Start Improve Your Business (SIYB) program. The SIYB is a component of the Youth Employment Program, which was jointly implemented by the UNDP, ILO and UNICEF; and the Ministry of Gender and Youth, Sports and Recreation (MGYSR) of Lesotho. Implementation of the Youth Employment Program by the ILO was an initiative to operationalise the Decent Work Country Programme, deriving from the Extraordinary Summit on Employment and Poverty Alleviation in Africa (UNDP, 2006). It is the SIYB programme that forms the major focus of this evaluation study.

1.2 The Start and Improve Your Business

The Start and Improve Your Business (SIYB) is an entrepreneurship training program meant to support the development of small to medium scale enterprises in Eastern and Southern

Africa through provision of management training and other development services (ILO, 2010). In Lesotho, the programme has been introduced as an attempt to contribute towards efforts to create an enabling national environment for the promotion of youth employment and enterprise development, and to support poverty reduction initiatives in the country (UNDP, 2006).

One of the central issues to the issue of poverty in Lesotho is that of unemployment (UNDP, 2006). While the country visualises that by 2020 it shall have a strong economy and a prosperous nation (Government of Lesotho, 2006); the state's Poverty Reduction Paper recognises that development of small, medium and micro-enterprises could be the best strategy by which Lesotho could achieve economic development and poverty reduction, thus realising its vision (Government of Lesotho, 2006).

In that way, the SIYB programme has been implemented with the following three objectives:

- To create an enabling policy environment. This is aimed at addressing legislative policy and structural barriers, to increased decent employment of young people in Lesotho.
- To facilitate enterprise Development for Youth Employment. This is aimed at training of young people in entrepreneurship and providing them with credit to start small businesses. And
- To facilitate formation of Strategic Partnerships and resource mobilisation. This is meant to increase resource mobilisation to increase resource mobilisation for the programme and rope in more stakeholders and partners in the execution of the programme (Informative, 2010).

1.3 Aim

With particular interest of the study being on the program's objective of facilitating enterprise development for youth employment; which aims to train young people in entrepreneurship and providing them with credit to start small businesses, the aim of this research is to evaluate the impact of Start Improve Your Business program on the basis of this particular objective, to see what impact it has had on the abilities of the youth to start and improve their businesses or where these have already been started, to make improvements where the small

businesses were started prior to their owners registering for the SIYB program training. This is therefore an evaluation study.

The assumption is that if the youth are able to start their own businesses and make improvements in them at a later stage, they can be able to employ themselves and their unemployed counterparts; thus relieving themselves from a terrible unemployment situation they mostly find themselves inside that consequently integrate them into the situation of poverty. A further assumption is that the entrepreneurship training further enhances their abilities to start and note aspects for improvements in their businesses.

Evaluation of the program is therefore done in order to see if the SIYB program is managing to cause the desired change in the target population, and if further intervention in support of the Start Improve Your Business is necessary. The program has been running since 2007, and to date no assessment has been carried out.

Specifically, the aims of the proposed study include:

- i. To identify what new business management skills the participants have acquired and how such skills have helped them in improving or setting up of new businesses.
- ii. To establish if participants have access to other services that may be needed for running their businesses;
- iii. To establish the extent to which the newly set up or improved businesses are able to employ more people.

1.4 Rationale and Problem Statement

Lesotho has for a long time been classified as one of the poorest countries in the Southern African Region (ILO, 2006). Although various efforts have been dedicated to the alleviation of poverty by a number of governments that have been in power in the country; the incidence of poverty and underdevelopment remains serious (LST, 2005; ILO, 2006). The SIYB's feature of youth targeting makes it a unique poverty alleviation strategy. As has been noted by Sendenowitz (1998), 'The youth are active, ambitious, and productive and have talents in both organisation building and technical entrepreneurship' (1998:9). Drawing from these

characteristics, poverty alleviation programs that aim to empower the youth like the SIYB can have far reaching positive impacts if they enable the youth to fully participate.

Further worrying is that the SIYB program hardly recognises other sectors and institutions that may be vital to the development of SMEs that it is trying to forge. within the objective of entrepreneurship training and micro-credit loans, the institutions may useful in terms of provision of a wide range of Business Development Services, that could can help them supplement the training and micro-loan assistance and help their businesses grow out of the survivalist stage that most of them are currently in (MTICM, 2008).

The Business Development Services (BDS) could also guarantee their sustainability and ensure employment prospects as expected of them, thus making development in this sector a good strategy for poverty alleviation. Non-access to BDS vital for their growth means that Small to Medium Enterprises (SMEs) development would not be sufficient, thus making them fall short of the expected goal of sustainable and decent employment creation for which they are seen as capable of bringing up. Ultimately the small businesses created by the SIYB program graduates could fail to have effect on poverty, which is the ultimate role with which SMEs are entrusted.

1.5 Research Question

As the SIYB program has been running for three years, it is appropriate at this time to ask:

What impact has the SIYB programme had on the abilities of the youth in Lesotho to start and make improvements on their businesses?

The following are sub-questions that will assist in responding to the research main question:

1. What are elements suitable for entrepreneurship and a complete small to medium enterprise development?
2. What role does entrepreneurship training play in small to medium enterprise development?
3. How do small enterprises solve the unemployment problem?

4. What is the role of network relations in enhancing the performance of the small to medium enterprises?

1.6 Study Areas

The study is based in the country of Lesotho. This is one of the latest Southern African countries in which the Start Improve Your Business entrepreneurship training program was introduced with realisation that in it as well, poverty among the youth was still rife hence necessitating the need for intervention. Specifically two study areas have been used for data collection purposes. These areas are Leribe in the North of Maseru which is the capital city, and Mafeteng in the South. These are some of those districts in which the program was launched in the early part of 2007. At the time of the survey, it will have been three years since graduation of the first trainees from the program. Evaluation of the program is therefore appropriate at this point in time.

Figure 1. Map of Lesotho showing Leribe and Mafeteng study areas.



Source: Images for Map of Lesotho (2007)

1.7 Research methods

Qualitative research methods were used. They entailed a survey in which interviews were used to collect data. Purposive sampling approaches were used to construct a sample of respondents, who are graduates of the SIYB program on whom the first training sessions were done between May and June 2007. Data was therefore collected from this sample of SIYB graduates using interviews. Data collected from the respondents has also been analysed qualitatively, and in some instances a quantitative approaches have been included.

1.8 Study limitations

The SIYB program has been widely applied in Lesotho, covering all ten districts of the country. However, the study will limit itself to two districts only. Furthermore, the survey carried out by this study will not cover the whole geographic areas of the districts, but will consider only two boundaries of local governance in the districts; known as community council areas. While the aim was to carry out ten interviews in each of the two districts, which would bring the total amount of interviews to twenty; only eight interviews per district were done, bringing the total amount of interviews to sixteen. This was due to some respondents no showing up at agreed places for interviews and the high costs and resources that could have been yielded in the process of reaching their places; and these were not available to the researcher's disposal.

1.9 Ethical considerations

According to Owen (2007) the ethics of research dictate that where research involves people in the primary data collection, procedures and methods that take into account the rights and welfare of participants have to be engaged. One way to observe such procedures and methods is through ensuring informed consent of participants. Informed consent is a procedure by which individuals choose whether or not to participate in a study after being presented with information that impinges on decision.

Another point to consider within the ethics of research is that of confidentiality (Neuman, 2010: 413). Confidentiality includes keeping information confidential from others in the

field, and disguising members' names in field notes. In an attempt to keep the respondents' identities confidential, they may also not be quoted. The researcher may rather employ a strategy in which documentation that says the same thing as that said by the respondent is quoted. The documentation may be an old memo or a newspaper article (Neuman, 2010: 413).

In line with Owen (2007) and Neuman's (2010) recommendations regarding ethics, during the survey, the researcher will ensure that respondents are made aware that they are not forced to respond to questions in the interview; but that their contribution is voluntarily. They will also be notified that even after they start responding they may stop at the exact moment when they feel uncomfortable with the interview. Each of the respondents will be asked similar question as others, and they shall be given codes by which they will be referred to instead of using their real names. This will be done to ensure confidentiality. Submission of the proposal shall therefore be done to the ethics committee for ethical considerations.

1.10 Outline of the Report

This report is divided into five chapters. Having used this chapter to introduce the study by providing a brief overview, the report will go into the second chapter. This chapter will emphasise the role of entrepreneurship education in effecting the development of small to medium enterprise sector and job creation. It will make use of various examples of entrepreneurship training programs and similarly the SIYB entrepreneurship training programs in other countries where it was implemented before Lesotho.

The third chapter will present the research methodology used by the study to collect data about the SIYB in Lesotho; while the fourth chapter will present the findings revealed by the data and engage a discussion on them. The last chapter which is the fifth will summarise the study and make a conclusion about the SIYB entrepreneurship program in Lesotho before proceeding to make recommendations and suggestions about future research pertaining to entrepreneurship training.

CHAPTER 2

USING THE SMME APPROACH TO SOLVE THE POVERTY CRISIS

2.1 Introduction

SME and entrepreneurship development programs are very important because of the assistance they provide for creation of employment and sustainability they create for small businesses. The most important among these programs are those orientated towards training, an example of which is the SIYB, around which the evaluation in this study revolves. However, entrepreneurship training on its own cannot provide a sustainable SME sector. SME and entrepreneurship development programs ought to feature more kinds of assistance to complement training in order to be practical so as to create a sustainable SME sector.

A vast amount of literature has been written in regards to entrepreneurship and small to medium enterprise development programs that have emphasised provision of business development services, assistance in access to facilities and technology and facilities; while others have been aimed at SME and entrepreneurship development emphasising training. This chapter presents a review of various example of SME and entrepreneurship development programs against the SIYB youth entrepreneurship program.

2.2 Elements of the SME and Entrepreneurship Development

The concept of SME and entrepreneurship development can be seen as a continuum with two extreme ends, one bearing inputs while the other end bears outputs. At the input end of the continuum generally lie a number of factors contributing towards an effective SME sector. These factors include programs dedicated towards development of the sector, and feature a variety of components essential for effective SME sector development. The features include entrepreneurship training, micro-loan and business finance services, business development and advisory services and provision of assistance in access to facilities and technology; as well as networks.

At the output end of the continuum also generally lies an effective small business sector, able to generate jobs for most unemployed people in a given community; thus having a positive

impact towards the alleviation of poverty in a society given that unemployment plays a significant role in the contribution towards poverty in a given community. These entire features act as essential elements necessary for effective SME and entrepreneurship development, and some of these elements exist in the SIYB entrepreneurship training program. The next section will present a detailed discussion on the SME and entrepreneurship development elements.

2.2.1 Small businesses and job creation

The small businesses and job creation is one of the effects of SME and entrepreneurship development. Among several definitions that have been used to describe small businesses, Binks (1990) has defined small businesses as those businesses that employ a few people, usually below twenty. According to a report by the OECD (2010), small businesses in the OECD region account for sixty to seventy percent of newly created jobs. Small businesses also account for a disproportionately large share of jobs in countries which have displayed a strong employment record including the United States and the Netherlands. An important characteristic in small businesses has been seen as age more than size because young firms are reputed for their character in generating more than their share of employment.

However, OECD's (2010) further argument is that less than one half of start-ups survive for more than five years, while only a fraction develops into the high growth firms. Broersma and Gautier (1997) both agree with the OECD (2010) that high growth firms make an important contribution to job creation because they result in a high job turnover (OECD, 2010). High job turnover poses problems for employment security, and small establishments are often exempt from giving notice to their employees; which constitutes poor human resources management practices. Small firms also tend to invest less in training and rely relatively more on external recruitment for raising competence (OECD, 2010).

Hart and Hanvey (1995) have observed that over the decade of the nineties in the United Kingdom, small firms accounted for a substantial, and growing, proportion of total employment. They came to a conclusion that increasing number of small scale activities resulting from high birth rates of small firms and growth performance of surviving small

firms; as well as the decline of large firms lead to a substantial growth in employment and ultimately lead to economic growth (Hart and Harvey, 1995: 97).

Close to Hart and Harvey's (1995) view has been Broersma and Gautier's (1997) observation that in the Netherlands, job creation rates of small firms are considerably higher than those in large firms. According to Broersma and Gautier (1997) small firms also have high turnover rates than large firms, and the timing of job turnover also differs between small and large firms. Further relating their observation, Broersma and Gautier (1997) have expressed that the share of small firms in total job creation is substantial; whereby small firms with less than 100 employees account for roughly 50 per cent in total job creation and the case is lower in job destruction pertaining to small firms. Broersma and Gautier (1997) conclude on the basis of these features that small firms are crucial in the process of job creation and employment growth.

2.2.2 Poverty Reduction

Another important effect resulting from SME development strategies is that of poverty reduction (Mnenwa and Maliti, 2008). As recognised by Mnenwa and Maliti (2008), 'The role of small businesses in poverty alleviation and economic growth has emerged as an important topic not only for policy makers but also for academic research' (Mnenwa and Maliti, 2008: ix). It becomes necessary to first try and understand the meaning of poverty. Poverty has either been viewed as the inability to satisfy one's need of food, shelter and health or simply as a consequence of economic underdevelopment (Yapa, 1998). To Maxwell (1999), two attributes can be used to define poverty. The first one deals with income obtained by households or individuals; the low level of which constitutes poverty as derived from the Gross National Product per head. The second is lack of access to social services and the inability to participate in society economically, socially, culturally or politically (Maxwell, 1999).

Some of the major aspects by which poverty shows itself include poor health, poor education and poor sanitation (FAO, 2002: 3). Poor health leads to infant, child or maternal mortality and low life expectancies. Poor education, brought about by low literacy rates because of few people completing primary school also leads to poverty. Low levels of education, skills training and employment all contribute to a vicious cycle of poverty (ILO, 2004: 5). Poor

sanitation is also a social indicator of the impacts of poverty in terms of morbidity, due to water-borne diseases (FAO, 2002: 3).

Persistent prevalence of the above-mentioned characteristics of poverty in the long run, leads to a decline in the standard of lives of communities around whom the conditions prevail. This is why Harber (2002) viewed that in adopting strategies to eliminate poverty through enabling poor people to develop skills; education productivity is enhanced. This creates a way for economic growth without which there cannot be a sustained and an equitable growth; which also means creating a way out of poverty. It is important at this point to get into discussion on the strategies to reduce poverty.

2.2.3 Youth Empowerment

In the same spirit, programmes that target the youth are understood as a gateway to confronting the core causes behind poverty, which may be attributed to a lack of labour market skills and professionalism. Absence of these attributes lessens chances for employment for the youth, thus contributing to poverty and many other social problems. According to the National Peace Corps Association (NPCA) (2010), providing the youth with capital is important in reducing poverty among the youth population (NPCA, 2010).

The SIYB entrepreneurship training program specifically exemplifies a development initiative built with youth empowerment in mind, to enable them to participate in the development of the SME sector. However, entrepreneurs need more than just knowledge and skills acquired from training programs to get their small businesses started and running. Resourceful linkages and groupings; as in a small business group (SBG) structure, in which a dominant shareholder holds several firms the size of a small and medium enterprise (SME), through a control chain can play a big role in the development of a sufficient SME sector (Hamelin, 2010). Business development services can perhaps provide access to this type of linkages and groupings, thus facilitating a way towards effective SME development.

2.2.4 SMEs and Unemployment

In line with Echtner's (1995) and the Lesotho' Poverty Reduction Strategy view, a large body of literature on SMEs shows that SME development has been an excellent strategy towards poverty alleviation because of the important role the sector plays in economic stability (Enterprise Development Strategy, 2010). As explained by the Economic Development

Strategy (2010), SMEs are more intensive than larger firms and have lower capital costs associated with creation of jobs. Their advantages further lie in fostering income stability, growth and employment (EDS, 2010). The World Business Council for Sustainable Development (WBCSD) (2004) has also acknowledged that SMEs and microenterprises account for sixty to seventy percent of employment and generate a large share of new jobs in the OECD economies.

According to the WBCSD (2004), if SMEs are well managed and healthy, they can be a source of employment opportunities and wealth creation for government. They can be a source of local supply and service provision base for larger corporations with their extensive local knowledge of resources, supply patterns and purchasing trends. They can be a source of community development because of their tendency to draw upon the community for their workforce, and their reliance on it to do business.

In addition to this, they can also provide the goods and services tailored to local needs at costs affordable to people. SMEs are also an important source of employment for low-skilled workers. This is the case particularly with women and the youth who make up a large proportion of the unemployed in developing economies (WBCSD, 2004). Smaller scale locally owned enterprises also have a tendency to enhance community stability and to do less harm to the physical environment; while they also raise the level of popular participation in the economy (Echtner, 1995: 123). Given the advantages that the SMEs have towards provision of jobs and the eradication of poverty, it is very important that the youth acquires training on how to start and manage their own small businesses. This is one of the major observations along which programs like the SIYB have been introduced. A look at the nature of businesses that the SME sector represents is necessary.

2.2.5 Characteristics of SMEs

According to Mead and Liedholm (1998), most activities of SME category are usually small, enabling employment range of between only one person working alone and 50 workers; which differs a bit from Bink's (1990) definition of small businesses provided earlier on. Small businesses are also characteristic of working proprietors as the largest employment category; and although in Liedholm's (1998) experience they largely locate in rural areas, they can also be found in urban areas and are mostly composed of small traders. While Mead and Liedholm (1998) also noticed that in some instances, a majority of small businesses are owned

and operated by women, some small businesses are also owned and operated by men as their sole employees (Mead and Liedholm, 1998).

SMEs activities can be based on various sectors of production, from the industrial sector; services sector (WBCSD, 2004) to the tourism sector (Echtner, 1995). The WBCSD has provided examples in which prominent companies have partnered with the SMEs whose activities are based on particular sectors of production; to enhance particular sectors of production in some parts of the world.

Industrial based SME activities in Brazil and South Africa have centred on an objective to locally and sustainably source raw materials for automobile production. In India the objective had been to train local youths to become masons and to secure employment in the building industry. For the tourism based SMEs, activities include guiding services; home stay or bed and breakfast; and food services like tea stalls. Examples also include small cafes and restaurants; shuttle services and tours of the local area (Echtner, 1995: 123).

It has to be observed/ noticed here that the SME program here was designed to take advantage of the construction and tourism industries. This could be a result of the program implementers' awareness of the potential of the places they designed the programs for; hence the programs may have been designed to take advantage of these places. This is unlike the SIYB that offers skills for small business management but not for any business in any specific sector. Imparting skills for a specific business sector would make the program a bit more relevant for the places it has in which it was implemented.

2.2.6 Importance of Entrepreneurship development

Central to entrepreneurship development is the issue of entrepreneurship training about which several researchers with interest in small to medium enterprise development have argued positively. While Echtner (1995) supports the idea that, '...one of the most critical needs of the developing countries is the fostering of both entrepreneurs and an environment within which entrepreneurship can flourish' (Nehrt, 1987: 76; as quoted in Echtner, 1994: 123); she goes on to suggest that entrepreneurship can be taught, in spite of other views that entrepreneurs are born and not made.

Training of entrepreneurs to empower them with adequate skills makes SMEs have far reaching impacts in the economies where they are needed (Echtner, 1995); and is therefore an important phase in the development of SMEs. Of similar opinion is Van Vuuren (2002), who has argued that training can help owners and managers of small and medium firms learn how to approach certain problems. In this way time and money is saved while owners and managers become aware of certain rules and procedures that could help them do the work with fewer difficulties (Van Vuuren, 2002).

Van Vuuren (2002) makes reference to Van Vuuren and Nieman's (1999) model that proposes a way to improve the entrepreneurial performance of an individual by means of training intervention. The model suggests three aspects that promote entrepreneurial performance. The aspects are motivation, and Entrepreneurial skills. Motivation emphasises the entrepreneur's level of need for achievement. Entrepreneurial skills emphasises creativity, innovation, risk taking and the ability to interpret successful entrepreneurial role models and the identification of opportunities. Another aspect is that of business skills; which entails the ability to formulate business plans and financial, marketing, operational, human resources, legal, communication and management skills (Van Vuuren, 2002).

Van Vuuren (2002) views that lack of training for entrepreneurs is the main reason for SME failure. The findings of the research conducted in Gujarat, India on entrepreneurship training; as reported by Van Vuuren (2002) revealed that trained entrepreneurs had a closure rate of less than ten per cent compared to the 20 and 25 per cent among other small enterprises. According to the research's profit analysis, 80 per cent of the trained entrepreneurs were making profits as opposed to 60 to 70 per cent of the other small enterprises (Van Vuuren, 2002).

Taking Van Vuuren's (2002) point further, Echtner (1995) views that if entrepreneurs are trained, they have the potential to raise productivity; create employment and make contributions in the restructuring and diversification of the economy. Trained entrepreneurs can reduce market inefficiencies by making the market place more dynamic and competitive, as well as commercialising innovative products and services and creating new markets (Ray 1988; as quoted in Echtner, 1995).

Echnter (1995) also commends entrepreneurship as being a low cost strategy of economic and social development, whose payback is very large in relation to each unit of government

assistance; whether in the form of training of entrepreneurs or provision of low interest loans (Ray, 1988; as quoted in Echtner, 1995). There is substantive literature covering examples of entrepreneurship training programs, and it is important to have a look at them so as to see how their different features have made them have influence over the development of small to medium enterprises.

2.2.7 Business Development Services

Business Development Services (BDS) are ‘...services that improve the performance of the enterprise, its access to markets, and its ability to compete. The services include a multitude of aspects such as training, consultancy, marketing, information, technology development and transfer and business linkage promotion. Furthermore, Business Development Services are mechanisms for addressing market failures, which according to the UNDP (2004) are particularly evident in transition economies. These include lack of information on market opportunities, rules and regulations, access to credit, and quality standards for export.

In a more elaborate way, the ILO (2004) realises that the main types of BDS generally involve provision of market access, infrastructure, policy and advocacy, input supply, training and technical assistance, and technology and product development. Market access entails market research, market information, trade fairs and product exhibitions. Infrastructure entails storage and warehousing, transport and delivery, and business incubators and telecommunications (ILO, 2004).

Policy and advocacy entails training in policy advocacy, analysis of policy constraints and opportunities (ILO, 2004). Input supply entails linking of SMEs to suppliers, improving suppliers’ capacity to deliver quality inputs. Training and technical assistance entails mentoring, feasibility studies, business plans, franchising and management training, technology and technology suppliers. Alternative financing mechanisms entail factoring companies providing capital for confirmed orders and equity financing (ILO, 2003: as quoted in UNDP, 2004).

Business Development Services are designed to serve individual businesses as opposed to the larger business community ‘...they also provide a range of business advice, information and support to the sector and stimulate a sustainable Micro to Small and Medium Enterprise development by improving the general business environment.’ (Committee of Donor

Agencies for Small Enterprise Development, 2001; as quoted in UNDP, 2004: 5). It is perhaps the business advice and the information and support part of the business development services that the small business sector; particularly in its earliest days needs in order to ensure the needed growth. Absence of these elements in SME development acts as a barrier to faster economic development and growth in particular areas (UNDP, 2004).

UNDP (2004) adds that the focus on BDS is important because it can contribute to development goals such as economic growth, employment generation and poverty alleviation. The BDS enhances achievement of development goals by striving to raise the profitability and enhance the growth and competitiveness of enterprises; an element which directly raises incomes (UNDP, 2004). A well developed SME sector has to operate in an environment that has these kinds of services. This supplements the skills with which the youth is empowered with through entrepreneurship training program and makes the resulting small businesses run effectively with decent job prospects, as expected of the SIYB program.

2.2.8 SME and Entrepreneurship development Programs

The first of the programs has been reported by The USAID (2006) and is known as Afghanistan Small and Medium Enterprise Development (ASMED). According to USAID (2006) the ASMED is one of the projects that promoted SME development in Afghanistan, and was implemented in Afghanistan under assistance from the USAID, with the objective of increasing opportunities for trade, employment and investment by improving private sector productivity. Through the ASMED project, USAID provides a wide range of business development services as a way of encouraging establishment and growth of small and medium enterprises (SMEs) as these are major drivers of Afghanistan's economic development (USAID, 2010).

The ASMED project also builds the capacity of business associations to provide valuable member services and to serve as voice for their members, advocating for policy reforms that support private sector development. Through the project, USAID also facilitates public-private partnerships and supports practical business training for Afghanistan's private sector future leaders. There is also facilitation of internal and external market linkages for Afghan SMEs, whose activity is mainly centred on manufacturing of carpets, marble, wool and cashmere, dried fruits and nuts, food processing, gemstones and handicrafts (USAID, 2010).

Activities in ASMED project include provision of market information, under which information regarding markets is generated and disseminated to the private sector. There is also analysis of potential high-growth sectors in Afghanistan; market research to improve access to finance for small businesses and implementation of a market information system for entrepreneurs in high-risk areas. Like the SIYB it can be noticed that the SME development program under the ASMED had a similar major objective of developing the small business sector for employment. However it goes further than that point to avail the BDS, and trade improvement for the entrepreneurs developed under the program.

Another activity under the project is that of strengthening the capacity of business associations. Under this activity, the associations serve their members through initiatives like trade promotion and advocacy for regulatory forms that advance private-sector; and provision of small grants for market and association development. The project also creates business development service firms whose role is to provide training in management; accounting; marketing; export promotion and support services to value chains so as to enable SME owners to establish market linkages and expand their businesses.

The Global Development Alliance (GDA) activities are meant for promoting public-private partnerships to encourage investment, provincial and regional economies and create sustainable livelihoods. Under the GDA activities entail human capital development within the private sector through associated training courses; leadership training; mentoring programs and nation-wide internship programs in partnership with several universities and business training providers are held (USAID, 2010).

To this end the following achievements have been recorded in the ASMED project:

- The project has provided 550 business skills training sessions throughout the country,
- 25000 full-time jobs have been created since late 2006 through the project,
- The project has supported 6 370 Afghan businesses and facilitated access to bank loans and equity for 64 of those companies.
- Through the project, more than 120 business associations were established and more than 230 associations were supported with grants for equipment, capacity building and improving member services.

- The project has provided 137 small grants totalling 3.57 million for market development, value chain improvement and association capacity building.
- An internship program has been established benefitting 1 025 university students; 25 per cent of whom were women and 75 per cent of graduated interns have received full time employment offers from their host companies.
- 521 professional mentorship opportunities have been offered, linking young entrepreneurs with business executives.
- The project has also facilitated the sale of more than \$30 Million of Afghan SME products at national and international trade shows (USAID, 2010).

Further differing from the SIYB are programs targeted at SME development through soliciting linkages, both internal and external for products produced in small businesses. An objective which goes beyond that of the SIYB in realising that beyond the starting of businesses products markets will enhance the small business production. This is one of the features that could be of use to the SIYB trainees.

The second of the SME development projects contained in this literature has been the American Refugee Committee (ARC) in Sierra Leone. According to McVay (2004) the committee provides entrepreneurs with access to business management training through local NGOs and microfinance through a separate local MFI. While no results had been recorded due to the project being new (McVay, 2004); McVay (2004) has also reported on a similar project that has been implemented in Guinea.

The American Refugee Committee in Guinea provides business management training to refugees as a prerequisite to obtaining credit; where remarkable repayment of less than 3.5 per cent arrears have been recorded. The clients of the program have also reported that the business management training has helped them to manage their businesses more effectively although it has been difficult to determine whether the repayment is due to the business management training or to other factors (McVay, 2004).

Another program is the Enterprise Works Worldwide (EWW). The EWW is a project involved in wholly commercial market development approaches to helping conflict affected

farmers reach markets in Guinea- Bissau and Senegal. The EWW works in the cashew sector, introducing local processing, and connecting processors to domestic; regional and international markets. The project also helps vegetable farmers to access small-scale irrigation technology and commercial inputs (McVay, 2004). Once more, this was a program aimed at SME development through taking advantage of a locally available resource. Compared to the SIYB, this would be a stronger program as it concentrates on a particular resource while the SIYB does not specifically concentrate its efforts on any particular resource available in its areas of operation.

There is also the Private Sector Promotion Project (PSP) in Nepal and is BMZ-funded and GTZ implemented. It targets conflict affected rural areas and promotes high potential value chains with rural links in the agro or forestry based sub-sectors. The project further plans to promote local economic development (LED) in less developed regions of the country and support the introduction of enterprise education in vocational training to encourage self employment (McVay, 2004).

Some entrepreneurship and SME development programs have been of the educational nature emphasising SME development through entrepreneurship education Echtner (1995). One of the programs according to Echtner (1995) include the Entrepreneurship Development Program in India; which was developed in the 1980s. The program is offered through the Entrepreneurship Development Institute of India. Its duration varies from fifteen to ninety days depending on the extent of detail and complexity desired. Training focuses on achievement motivation; business opportunity guidance and management skills (Gupta 1989: 68, as quoted in Echtner, 1995: 124).

Another program is the Programa de Bolivia. It is a twenty hour course designed over a two-week time frame. It was developed through the Mennonite Economic Development Associates and features the prominent role of the consultant/ mentor, in which a business person is individually matched to each student in the program and provides support and practical advice. The content of the program is centred on the business skills necessary to develop and manage an entrepreneurial venture (Mennonite Economic Development Associates, 1989; as quoted in Echtner, 1995). This is one desirable feature that could be adopted by the SIYB Lesotho, given that the trainees are not being trained within any specific

business content. So in their individual business settings, a program with this feature would be applicable to ensure that the skills in the program are effectively implemented in the businesses.

The UNDP (2006) has also reported on the GIDEM- GAP project in South-eastern Anatolia; Turkey's least-developed region. According to UNDP (2006) SMEs in this region are faced with major problems of limited opportunities for capital accumulation. SMEs in this region also have a limited capacity for associational activity and lack of links to, and information about internal and external markets (UNDP, 2006). As a way to deal with these problems, the long-term vision of the GIDEM-GAP project is to improve the competitiveness of South-eastern Anatolia in national and international markets. The mission of the GIDEM program is to improve the entrepreneurial, operational and managerial capacities of existing entrepreneurs, small, medium and micro enterprises by providing information, training and advisory services (UNDP, 2006).

Also similar to the objectives of the SIYB in Lesotho, however the advantage it has over the SIYB is that it seems to have an understanding that entrepreneurship does not stop at the end of training but goes beyond to the point where goods and services produced by the entrepreneurs may have to be sold for internal and external markets, hence its assistance to its trainees to access such markets. This is also a similar initiative to that of the ASMED project related by McVay (2004). This feature would therefore be desirable for the SIYB Entrepreneurship training in Lesotho.

To ensure that the long term vision is realised, GIDEM offices were built in four provincial capitals of the GAP region to provide a wide range of business development services and consultancy. Training services were provided free of charge with no reservation needed. The topics covered included trade and investment, management, new trends in business, quality, standards and environment and sector-specific capacity improvement (UNDP, 2006).

Special clusters of GIDEM services that are geared towards meeting the specific needs of local SMEs by achieving best practices in their region; called opportunity windows have also been implemented, and they operate in the following sectors (UNDP, 2006):

- Textile Training Centre in Adiyaman;
- Development of agro-based industries with garlic being the major focus in Adiyaman;

- Development of Women Entrepreneurship in Diyarbakir;
- Development of house wine sector in Merdin;
- Development of Silver Handcrafting Sector in Mardin;
- Development of agro-based industries in aromatic plants in Sanliurfa;
- Development of Organic Agriculture in Sanliurfa.

The Government of Turkey visualises that by improving the competitiveness of small and medium enterprises in South-eastern Anatolia, GIDEM will help to alleviate regional disparities in Turkey. Secondly, the Government realises that by promoting the investment opportunities in the region and facilitating investment through the development of feasibility studies and business plans, GIDEM will help create new jobs; thus contributing to poverty reduction (UNDP, 2006).

With example from the GIDEM SME program, it can be seen that some programs have been implemented as a strategy to improve conditions in certain regions where a certain extent of poverty may be experienced. Introduction of programs contextualised in such regions therefore implies those not only do programs target people but may also target certain places. This implies familiarity of places by the program implementors and their conditions, based on which programs are designed and introduced. It is therefore also necessary to design programs based on the context of places they are designed for. These makes such programs to be more relevant to the needs of their places and their people and are thus more likely to become successful.

In South Africa, Kekana (2003) has reported on the Youth Entrepreneurship Programme. One of the three youth development programs funded under the Umsobomvu Youth Fund. According to Kekana (2003), the youth entrepreneurship program has the following three major projects; enterprise funding, micro-finance, and business development services. At the time of the launch of the program, the anticipation was that 700 SMMEs and 3 640 micro-enterprises would benefit from the projects by the end of a three year period; and that approximately 17 000 jobs would be created.

The Enterprise funding project launched the FNB-Momentum- UYF Projects Fund which complemented the Franchise Fund launched in partnership with business partners. The

Micro-Finance project was focused on entry level investment, and its pilot projects with the Nations Trust and Micro-Enterprise Finance were funding micro- enterprises and co-operatives. It featured the business development services voucher programme component, that helped young entrepreneurs to access quality business support from approved service providers through vouchers ranging in value from R 1 500 to R 23 000 (Kekana, 2003).

Further developed under the business development services voucher programme was the Take it to the People project. It was launched to create the locally based economic opportunities for young people. The project focus was on income generation and self-employment for young people living in twenty one urban and rural areas identified as significant poverty pockets. The aim of the project is to develop local solutions to unemployment by investigating options for youth development in the form of micro and small businesses and co-operatives. The project was also expected to work in conjunction with local municipalities and donors (Kekana, 2003).

Whilst in South Africa, another entrepreneurship program that was started under fashion entrepreneurship also makes a good example. The program was started with a vision of establishing an educational institution that would help develop entrepreneurs whose talents are focused on fashion and fabrics. The idea evolved into a fashion entrepreneurship program called Designer Solutions. According to the Entrepreneur journal (2009) the program provides graduates with support, access to facilities in recognition that after graduating from the program, ‘Many graduates do not get to follow their dreams because they do not have access to facilities or infrastructure to get going’ (Entrepreneur, 2009:31-32).

The program therefore helps its graduates to use the institution’s facilities and equipment. Furthermore, the fashion entrepreneurship program puts the graduates in touch with the local fashion stores with whom it has relationships so that the graduates can gain access to the market. According to the Entrepreneur (2009) this gives the graduates a chance to get their own operations up and running (Entrepreneur, 2009).

The examples discussed above, of the South African entrepreneurship programs show an effort made by the entrepreneurship development programmes to go beyond training and micro-financing as the only objectives of the SIYB program in Lesotho under evaluation in this study. Further provision by the South African programs of Business Development Services and assisting entrepreneurs developed under them with technological facilities

creates an advantage to the small businesses of enabling them to better deal with the hardships of the business world that may need more than finance and basic skills; which might cause them to close down along their operating path. These are some of the considerations the SIYB program administrators ought to have taken into consideration as they were planning for the program in the Lesotho context.

The Improve Your Business (IYB) has been another important entrepreneurship program. According to Echtner (1995) the IYB was originally designed in Sweden in the late 1970s by the International Labour Organisation and the Swedish International Development Authority. It was subsequently adapted for use in various developing countries, by redesigning the program materials to overcome the cultural and literacy differences between Sweden and the African countries. The IYB typically takes 5 days and it covers general entrepreneurial business skills. The program also provides individual counselling to existing entrepreneurs and training of trainers' workshops (Dainow, 1988: 51; as quoted by Echtner, 1995: 125).

The program was initially adapted to eleven African countries. . A handbook that presented the theory in simple practical terms, with use of many illustrations, graphics and local examples was produced along with a customised workbook specifically tailored to each set of users; that provided exercises to apply the concepts (Dainow, 1988: 58-59; as quoted by Echtner, 1995: 125). With time, the IYB has evolved into SIYB (ILO, 2010).

The SIYB project is a programme involved in supporting the development of small to medium scale enterprises (SMEs) in Eastern and Southern Africa through the provision of management training and other development services (ILO, 2010). McVay (2004) reports that in Sri Lanka the program initially targeted ex-combatants to get them back to their homes and improve their livelihoods, and it provides target groups with four copies of the SIYB training package. The SIYB approach develops trainers to deliver SIYB training rather than use subsidies or free money. Relief and development organisations promote the training and some offer the first stage- Generate Your Business Idea (GYB) for free in the hope that the strategy can market the commercial courses.

The programme currently covers 80 countries. In the Eastern and the Southern African region, the countries under its coverage include Angola, Botswana, Ethiopia, Eritrea, Kenya,

Lesotho, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe (ILO, 2010). The programme has expanded rapidly in the last 10 years. More than a 100 000 entrepreneurs and thousands of trainees, and hundreds of small enterprise development organisations in over 65 countries around the world have benefitted from the SIYB programme (Samuelsen, 2000).

Target groups on which training has focused have included women in Africa and India among others. In the Eastern and Southern Africa, it is more than 27 000 entrepreneurs who have been trained since 1984. In addition, the programme has had a large outreach to women entrepreneurs, whereby in India 3 workshops out of 42 held in the early 1990s were specifically meant for women entrepreneurs. The success of the SIYB programme has also been observed in the diversity of businesses that it has reached. The enterprises reached by the SIYB programme range from micro enterprises to large enterprises Samuelsen (2000).

The size of the enterprise in India is greater; with 50 per cent of entrepreneurs having less than 10 employees, 40 per cent having between 11 and 100 employees while about 10 per cent have more than a 100 employees. In terms of the educational background of entrepreneurs, the range is from participants with no formal education to MBA graduates. Only 12 per cent of the participants in the workshops are reported to be in possession of an undergraduate training, while a large number of the entrepreneurs have a high educational background of either bachelor level or most often have been qualified in the field of science and engineering.

In India, Peru and Jordan, much of the business that has been reached by the SIYB programme is made up of the manufacturing, service and trade businesses. For India, Peru and Jordan, the programme has had much influence on manufacturing, followed by services business and then trade. In China, the services business has been the dominant one, followed by manufacturing at 33 percent and then trade at four per cent (Samuelsen, 2000). In Africa, 61 per cent of entrepreneurs trained under the SIYB programme are women, and in the Southern and Eastern parts of Africa, almost half of the IYB participants are self employed with no employees. The others employ between two and ten workers which constitutes 46 per cent, while only a few employ more than 11 employees (IYB Bulletin, 2010: as quoted in Paulsen, 2000), concluding that the majority belongs to the lower end of the small enterprise sector.

In the Eastern and Southern Africa, 66 per cent of the entrepreneurs have primary or secondary education and only nine percent have no educational background at all. 25 per cent of the trained entrepreneurs have a higher education (IYB Bulletin No 23, as quoted in Samuelsen, 2000). The lower education levels among entrepreneurs are also characteristic in the Mexican and Peru workshops; with participants having had between one and seven years of schooling. Manufacturing is 41 percent services twenty seven percent while 32 percent is made up by trade. According to van Lieshout (2003) 76 percent of people participating in SIYB were already undertaking business activities at the time of training. Some participants entered the programme with the purpose to enhance their business planning skills. It has also been noticed that sixty seven percent of the potential entrepreneurs who are not yet doing business at the time of the training started business after training (van Lieshout, 2003).

In the newly created businesses, SIYB trainees guaranteed 2.5 jobs per business on average with the working owner included. While thirty eight percent of the newly started businesses were one person operations where the worker was also the owner, 37 percent started businesses with one or two workers; while 38 percent of the already existing businesses expanded their workforce after SIYB training creating between one or two jobs. Generally it has been estimated that SIYB training contributed to approximately 9 250 new jobs in the Eastern and Southern African region. Another finding pertaining to the Eastern and Southern African region has revealed that ninety two percent of trainees had gained new knowledge during the SIYB training, in terms of marketing and record keeping. Most trainees were also able to see an increase in their sales after the SIYB training (van Lieshout, 2003).

In Sri Lanka, barriers experienced by the SIYB have been related to the absence of a governmental institution responsible for entrepreneurship training on a national scale. Although entrepreneurship training programmes have existed in that country for more than a decade, absence of a governmental institution overseeing their running has rendered such programmes weak. This situation has resulted in those programmes not being able to relate to a 'One vision of entrepreneurial development as various institutions in random intervals conduct training courses that most of the time overlap in relation to content and course aims.' (SriLanka Labour Force Final Survey Report, 2007). Other problems facing the SIYB programme have been associated with limited access to finance, lack of business development support, sub-optimal cultural attitudes and lack of a coordinated mentorship

initiative; as well as social problems affiliated to ethnic fields. (SriLanka Labour Force Final Survey Report, 2007).

Beyond training involving governments and donors; Suzuki (2002) has presented examples of another type of training provided on a commercial basis. Suzuki (2002) has termed this approach to entrepreneurship training, private training. According to Suzuki (2002) private training entails two major types, the first of which is that offered by training businesses while the second one is training based on business relationships (Suzuki, 2002). Under training by training businesses Suzuki (2002) cites an example of a private college in Harare, which teaches both business and technical skills two to three days per year with 2000 and 2500 trainees per year.

The employees of the college are employed in SMEs and large companies and their fees are paid by their employers. Training accommodates both men and women and trainers who are in relevant businesses are invited from outside. The college has established an association of trainers and includes 100 trainers. Another example is that of a cooking college in Bangkok, which teaches Thai cooking skills. The director is the instructor and has a 40 year experience. The college trains 300 trainees annually and 90 per cent of trainees start businesses after the courses.

Under the business relationships based training; Suzuki (2002) makes an example of a franchiser training franchisees. In this example, a company in Thailand offers free training to individuals and small businesses interested in starting a fried chicken business as a franchise. The franchiser also grants the franchisee the right to use its logo and basic equipment, and provides marketing support to the franchisee. Another business relationship based scenario presented by Suzuki (2002) is that in which a large company trains sub-contractors in water tank construction skills. The big company itself runs the business of constructing and selling water tanks; and later sub contracts trainees.

These examples although may feature a classroom approach to business training, show a strong learning-by-doing character featured by elements such as facilitation of access to basic equipment by learners and offer of grants, and sub-contraction of learners to manufacture and supply the bigger water tank manufacturing company. Blending a mix of these different features into the SIYB programme would make it the action oriented entrepreneurship training approach it needs to be. However, adopting these kinds of approaches implies that

they would have to be adapted to suit the local conditions, and planning for local economic development would therefore play a significant part in this regard, as Wu and Barnes' (2008) literature suggests that global programmes can be used to shape and have a positive effect on the standards of lives when applied within a local context. In this case, local economic development planning would play a significant role in seeing that some of the critical elements of business training programmes needed for effective SME development in Lesotho become localised and assist in the development of skills by taking advantage of the local resources.

2.2.9 Situation in Lesotho

The results of the 1999 Labour Force Survey revealed that the unemployment rate in the country at that time was standing at 31 per cent and 35.8 per cent among the age group of 20 to 24 years, with females being the hardest hit part of the group (MGYSR, 2006). The figures had declined to 24 per cent in 2006 as a result of a decade long decline in the number of Basotho migrants employed in the South African mining industry, and the increasing number of youth entering the labour force every year. Another sharp reduction in jobs was experienced from late 2004 through to 2005 (UNDP, 2006).

The sharp reduction in jobs was due to the expiration of the Multi-Fibre Agreement (MFA) in 2004 that compromised the employment situation in the textiles sector (UNDP, 2006: 4). Slow economic growth and insufficient in-service programs in the country and the retrenchment of young men from the South African mines was another reason for unemployment, owing to the falling prices of gold and other precious metals (UNDP, 2006). There are no statistics of unemployment as of 2010, but it is hoped that the SIYB program would assist in increasing the employment levels in Lesotho.

2.2.10 The state of Small to Medium Enterprises in Lesotho

The Bureau of Statistics (BOS) (2009) has recently observed that most small and medium enterprises in Lesotho operate informally. They are mostly engaged in the production of goods and services, with the primary objective of generating employment and incomes to the persons concerned. BOS (2009) further states that the units typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and

on small scale. Where labour relations exist in these enterprises, they are mostly based on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees (Bureau of Statistics, 2009: 4).

The Ministry of Trade Industry Cooperatives and Marketing (MTICM); also did a survey in 2007 of just over 600 SMEs across the country, of the State of Small to Medium Enterprises; with the aim to inform the government of Lesotho on programs for SME support. The Ministry found that the large majority of SMEs in Lesotho are survivalists. According to the survey many have limited potential for growth and expansion (Government of Lesotho, 2008: 6). The survey further revealed that one third of the businesses it covered were operated by the business owner with no employees, while over a third employed only one person in addition to the business owner.

On top of that, 80 per cent of businesses reported an annual turnover of below M20 000 and less than four per cent reported a turnover of above M 1 million. The report further states that a majority of SMEs were retailers followed by the services sector SMEs, while agro-processing sectors and tourism and financial services sectors constitute a small number of SME activity. Also revealed was that the largest number of SMEs was owned by men while women mostly owned survivalist enterprises. Only fourteen per cent of people under the age of thirty years old owned businesses (Government of Lesotho, 2008).

Over half the businesses surveyed were registered with the Lesotho Revenue Authority (LRA), and medium sized SMEs had between 20 to 49 employees; while ten per cent of the SMEs were registered as companies. Around half of the surveyed businesses reported an increased turnover in the past three years. Fourteen per cent had increased their employee numbers, with the majority providing goods and services to the domestic market specifically within the local area (Government of Lesotho, 2008).

The survey also recorded challenges faced by the Lesotho SME sector. Some of the major challenges have included lack of demand for SME products by customers; competition presented by Asian owned businesses, and access to markets by businesses in remote areas. According to the Government of Lesotho (2008) other entrepreneurs have complained about limited linkages between small firms and larger mostly foreign-owned businesses in anticipation that the latter are able to deliver in quantities against short time frames; an expectation which is beyond the capacity of most SMEs (Government of Lesotho, 2008: 7).

There are also problems of access to finance, high operational costs, inadequate infrastructure and a limited range of suppliers. Other problems include difficult access to import permits and lack of enough knowledge about regulatory issues (Government of Lesotho, 2008). In addition, a weak demand for business development support, due to among other reasons cash flow problems and poor access to credit are among other experienced problems in the sector. Lack of knowledge and information about business development services also add up to key challenges facing the SME development in Lesotho (Government of Lesotho, 2008: 9).

2.2.11 Framework for Small Businesses in Lesotho

The sustainable development of small business sector in Lesotho is overseen by the Ministry of Trade, Industry Cooperatives and Marketing and the Lesotho Chamber of Commerce (MTICM). The Ministry of Finance and Development Planning also has roles and responsibilities towards the development of the SME sector (Government of Lesotho, 2008). The sector is specifically run by one of the agencies of the MTICM, the Basotho Enterprise Development Corporation (BEDCO), and BEDCO's duty over the SME sector is to ensure efficient promotion of SME industrial activity, and trade and development of market for Lesotho's commodities and services (Lesotho Science and Technology, 2005: 49).

Before BEDCO, the SME sector was run by the Lesotho National Development Corporation; also an agency of the MTICM from its formation in 1967 (Genesis Analytics, 2003: 18). At the time, the SME sector was in a form of small companies producing handcrafts, light fittings, and candles. There were also the garages and a tyre retreading facility; and all the activities represented a total employment of less than 200 jobs. Between 1980 and 1985, the LNDC shifted its focus from the small handcrafts industries to bigger industrial activity leaving the small enterprises in the hands of BEDCO, which was established in 1975 to promote local entrepreneurs. Like the SIYB, BEDCO has offered and continues to offer business management training and business plan writing; marketing and basic record keeping. BEDCO also markets its students' products through strategies such as monthly flea markets (Genesis Analysis, 2003: 18).

Further on offer from BEDCO for its students is the machine rental service in regards to woodwork and sewing. If equipment to be used is expensive, BEDCO buys it and leases it to

the client. There is also provision of assistance in marketing of products (Genesis Analysis, 2003: 18). The Government has further developed a charter in which it commits to the SME development by familiarising itself with the SMEs in the country and the services they provide. The Government further commits to a promise to take steps to find out and remove the barriers preventing the Government from doing business with SMEs; and to openly publish guidance, including on-line documents to brief SMEs on its requirements and available opportunities, as well as how to tender for its business. The Government of Lesotho has further committed itself to ensuring that its procurement and other internal systems create a level playing field for SMEs, and a fair competition that does not discriminate against SMEs (Government of Lesotho, 2006).

Referring specifically to procurement, the Government's commitment under the SME charter to SME development states the following:

- That the tendering process is as simple and as possible to minimise cost and to make it easier for companies to tender;
- That its procurement processes are explained to SMEs and how the latter needs to comply with Lesotho and international law;
- That a Basotho private sector empowerment scheme is implemented to ensure that national businesses are given an element of preference in the tendering process.
- In return for this commitment, the Government expects the following from small entrepreneurs:
- That the small enterprises register on the Approved Supplier List as a potential supplier to the Lesotho Government;
- That the SMEs know what is required of them to meet the Government's requirement and to seek advice if they do not know;
- That the SMEs take up new methodologies as the Lesotho Government becomes capable of using them;
- That the SMEs maintain a reputation for and prepare to provide Government with a high quality competitive service by continuously updating personnel skills and their

business capability, seeking assistance from Business Support Agencies in the country if appropriate (Government Of Lesotho, 2006).

Many of the entrepreneurship programs reported above prove that training is important for effective SME development that can impact heavily on the issue of unemployment. The SIYB entrepreneurship program also executes a good example of SME development through training and provides credit to the graduates to either start new businesses or to improve the already existing businesses; like in the case of the American Refugee Committee (ARC) which provides management training and microfinance among other facilities (McVay, 2004). However sole provision of training for entrepreneurs and micro lending does not guarantee sustainable and effective SME development that can effectively solve the unemployment problem; but a whole range of Business Development Services are required to intervene in this situation.

Entrepreneurs need to be fully participative in the SME development that they are responsible for. Provision of a wide range of services and information empowers them to effectively improve their businesses or start them with an informed decision on top of the skills acquired in training, and enables them to be participative in issues that affect the development of their enterprises. Constant provision of information on international market trends like in the case of the ASMED project (USAID, 2010) is important as Sievers and Vandenberg (2006) have viewed that productive activities of MSEs will have little impact on poverty if their goods and services do not find adequate markets, as lack of market demand is a key constraint to enterprise performance. Market information helps entrepreneurs better understand markets so that they can develop products, refine production and improve management (Sievers and Vandenberg, 2006).

Also important is facilitation of small business association development. According to Sievers and Vandenberg (2006) the associations can also be an important form of networking for members who can provide new business opportunities. Facilitation of public private partnerships like in the case of the Global Development Alliance (GDA) and constant mentoring are important as they may help entrepreneurs keep up with changing trading and policy trends. Without such aspects, training and micro-credit lending cannot really result in a sustainable and effective SME development. This can result in an SME development strategy

that could fall short of its development goal objectives of reducing unemployment and impacting on poverty as seen by the WBCSD (2004).

The research will assess the impact of the SIYB entrepreneurship training program on youth employment situation in Lesotho. The belief is that although entrepreneurship training and micro-credit lending that the SIYB offers to its trainees are essential to the development of small businesses; they are not enough for effective development of a sustainable SME sector. In this way, the SIYB would not have an effective impact on the youth unemployment situation in Lesotho.

2.2.12 The SIYB Programme in Lesotho

In Lesotho, the SIYB commenced with the implementation of the Youth Employment Promotion Programme, whose aim was to target poverty alleviation through empowering the youth with skills to start small businesses, by the Ministry of Gender and Youth, Sports and Recreation. The overall objective of the programme was (Informative, 2010):

- To create an enabling and a conducive national environment to strengthen national and institutional capacity for the promotion of youth employment and enterprise development to support poverty reduction initiatives in Lesotho.
- The project aims to particularly assist young women and men of the country to set up and run their own enterprises thus creating jobs not only for themselves but also for those they are likely to employ as their businesses grow.

The SIYB project is divided into 3 main components which are (Informative, 2010):

- i. Creation of an enabling policy environment which is aimed at addressing legislative policy and structural barriers to increased decent employment of young people in Lesotho.
- ii. Enterprise Development for Youth Employment aimed at training of young people in entrepreneurship and providing them with credit to start small businesses; and
- iii. Formation of Strategic Partnership and resource mobilisation which is meant to increase resources mobilisation which was meant to increase resources for the programme and rope-in more stakeholders and partners in the execution of the programme.

To this far, a number of challenges have been met. These entail (Informative, 2010):

Lack of sustainability measures within the project,

- i. A number of areas related to business development services have not yet been covered.
- ii. The current business process of the MGYSR is not coordinated towards one common goal; therefore there has been a lot of duplication of activities and conflicts of interest between different departments.
- iii. Linkages with other stakeholders has been weak;
- iv. The management of the Youth Employment Promotion is weak and fails to provide the necessary direction and guidance to the implementation of the programme most effectively.

These challenges confirm the observation noted about the program, regarding absence of the necessary aspects to make it a practical approach to SME and entrepreneurship development program that would enable it to effectively result in the needed changes among the target group. In the absence of business development services, weak stakeholder links and ambiguity in the business process of the Government department responsible for the administration and management of the program, the necessity to evaluate the program and examine how its effects in changing the conditions among the youth of Lesotho remains.

2.3 Conclusion

This chapter has presented and discussed the examples of different approaches to SME development. Some have emphasised entrepreneurship and SME development through provision of support service and facilities while others have made such emphasis through provision of education in entrepreneurship. Of particular interest have been entrepreneurship programs whose objectives even though have been similar to those of the SIYB under evaluation in this study, which are business management skills training and micro-financing; have gone further than the basic aspects to emphasise a practical approach which has made them more effective than the SIYB. One can almost argue that the purpose of adopting such practical approaches may have been a response to the realisation of the ever changing

business environments and a diverse nature of target areas that potentially presents a complex nature of challenges thereby calling upon the need to deal with those using robust approaches acquired through practical methods of entrepreneurship training and SME development. Table 2.1 shows a summary of the various programmes and their main elements.

Checking the SIYB program against most programs similar to it, that have been discussed reveals that it is not quite effective in its efforts to empower the youth with business management skills and micro-financing within a context of diverse business settings and local environments. With a likelihood of similar programs having been introduced before, and offering training in similar skills to the SIYB; focus may have had to shift basic training to assistance in access to technology and facilities as in the case of Designer Solutions entrepreneurship program in South Africa (Entrepreneur, 2009).

Table 1: Summary of business training programs and their main elements.

PROGRAMMES	COUNTRY OF IMPLEMENTATION	KEY PLAYERS	OBJECTIVES	ACHIEVEMENTS	MAIN ELEMENTS
ASMED	Afghanistan	USAID	<ul style="list-style-type: none"> Increasing opportunities for trade, employment & investment by improving private sector productivity. Represents members in advocating for policy reform Builds capacity of business associations to provide valuable member services and t represents members in advocating for policy reforms Facilitation of public private partnershipsand practical business training for future leaders Facilitation of existing market linkages for SMEs Market research for improvement of access to finance 		<p>Advocacy for policy reforms.</p> <p>Market linkage facilitation</p>
GDA (Global Development Assistance)	Afghanistan	USAID and afghan government	<ul style="list-style-type: none"> Promotion of Public-private partnerships to encourage investment, provincial and regional economies. Human capital development through associated training courses, leadership training and internship programs in partnership with several universities 	<p>550 business skills provided</p> <p>25000 full time jobs created since 2006</p> <p>6370 Afghan businesses supported</p> <p>Bank loans facilitated for 64 companies</p> <p>More than 120 businesses established and more than 230n supported with grants for equipment, capacity building and</p>	<p>public-private partnership facilitation like similar to ASMED.</p>

				member service improvement. Internship program benefitting 1025 stakeholders provided.	
ARC (American Refugee Committee)	Sierra Leone	Local NGOs in Guinea	Business management training through local NGOs to refugees as a prerequisite to obtaining credit	Graduates of the programme able to effectively manage their businesses.	Business management training. Assistance in access to credit.
Enterprise Works Worldwide	Guinea-Bissau and Senegal		<ul style="list-style-type: none"> To help conflict affected farmers reach markets in Guinea Bissau and Senegal Also connects farmers to domestic, regional and international markets. To assist vegetable farmers to access small scale irrigation technology and commercial inputs. 		Market facilitation. Assistance in access to technology.
PSP (Private Sector Promotion Project).	Nepal	GTZ and BMZ	<ul style="list-style-type: none"> To promote high potential value chains with rural links in the agro-forestry based sub sectors. Promotes LED in less developed regions of the country. Supports introduction of enterprise education in vocational training for self employment. 		Promotion of LED in less developed regions. Vocational training.
Entrepreneurship Development Programme	India	Entrepreneurship Development Institute in India.	<ul style="list-style-type: none"> To provide training on achievement motivation. To provide business opportunity guidance 		
GIDEM-GAP	Turkey	UNDP	<ul style="list-style-type: none"> To improve Southern Anatolia's competitiveness to international markets. To improve operational and managerial capacities of existing entrepreneurs, small, medium micro enterprises by providing training information. To alleviate regional disparities in Turkey. To assist the government in creating jobs 		Business management.
Youth Entrepreneurship	South Africa	Local	To develop local solutions to unemployment		Entreprise micro finance

Programme		Municipalities			and BDS
Designer Solutions Fashion Entrepreneurship Program	South Africa	Private sector	<ul style="list-style-type: none"> To provide access to facilities to the program's graduates. To connect graduates to the local fashion stores with whom it has relationships. 		Market access
IYB (Improve Your Business)	Eastern and Southern Africa	ILO, SIDA	To support SME development	<p>Implemented in 80 countries in Eastern and Southern Africa.</p> <p>More than 100 000 entrepreneurs, 1000s of trainees and 100s of small enterprises benefitted.</p>	
SIYB (Start Improve Your Business)	Lesotho	ILO, UNDP, Ministry of Gender, Youth Sports and Recreation	<ul style="list-style-type: none"> To create an enabling and a conducive national environment to strengthen national and institutional capacity for promotion of youth employment and enterprise development to support poverty reduction initiatives in Lesotho. To assist the youth of the country to set up and run their own enterprises thus creating jobs for themselves and other youth 		<p>Enterprise development through business management training</p> <p>Credit provision.</p>
Private Business training programmes	Bangkok	Private companies	<ul style="list-style-type: none"> Provide cooking skills Facilitate small business start up Construction skills 	90% of trainees start businesses after training	<p>SME development like the SIYB</p> <p>Association of trainers for better presentation in business forums</p>

The SIYB may therefore have to adopt some of the elements featured in the other SME and entrepreneurship development initiatives that have been discussed in this chapter. The next chapters will expose the kind of approach the SIYB has adopted in the context of Lesotho.

CHAPTER 3

THE SIYB ENTREPRENEURSHIP TRAINING PROGRAM LESOTHO

3.1 Introduction

This chapter aims to present the methodology that was used in the study to collect data from the respondents. Based on the literature pertaining to various research methods, the chapter will show how specific approaches in the methodology were decided upon in the study. It will further give a description of the type of primary data used, the study areas chosen and how they were chosen, and the sampling approaches used to get to the units of analysis. The chapter will also give a brief description of the questionnaire used and will also go on to describe data analysis used.

3.2 Data

The evaluation in this study has been done on the basis of qualitative data, therefore a qualitative approach to research was used (Sarantakos, 2005). This is because the data that was collected was of soft nature (Neuman, 2010). According to Neuman (2010) qualitative research looks at soft data. He explains that soft data is usually in the form of impressions, words, sentences, photos and symbols. This differs from what he describes as hard data, that he explains as usually coming in the form of numbers. In addition, Neuman (2010) elaborates on the differences of these two types of research by explaining that ‘...people who judge qualitative research by standards of quantitative are often disappointed, and vice versa’ (Neuman, 2010: 151).

The kind of data that this study relied on was mainly qualitative, through which the informants expressed themselves as they related their experience with the SIYB. Inferences about the performance of the program in terms of the objectives it was meant to achieve have been made from the respondents’ account. This explains why the research method used by this study was qualitative. The primary data about the SIYB program was collected from the program graduates in the districts of Leribe and Mafeteng in Lesotho by way of structured interviews guided by a questionnaire.

3.3 Study Areas

Primary data was collected from two districts in Lesotho. These were Leribe, the second largest district in the country, situated approximately 140 km north of the country's capital city; Maseru. Another one was Mafeteng, located approximately 76km south of Maseru (USAID, 2007). There are several other districts which are among the first ones in which the program was launched but their location is in remote areas. On the one hand collecting data from them would imply a need for more time and financial resources than were available for this study. Maseru was another place that could have been chosen for data collection being the easiest to access and being the capital city, however the study needed to concentrate in places that were not as developed as it is in terms of job opportunities. For this reason it was not chosen for data collection.

On the other hand Mafeteng and Leribe were some of the districts in which the program was first launched and it made sense that the evaluation of the program could be made in them. The two districts were easily accessible, as compared to other districts in the country; and travelling to them for data collection would not be costly, and as such Mafeteng and Leribe appeared to be very convenient study areas. A further aim in using these two districts was to examine if the SIYB program impact on the youth's abilities to start and improve businesses would be similar in the context of these two different districts. Collecting data in as many districts as the study would have liked to cover would have taken more time and financial resources than were available for this study.

Figure 1. Map of Lesotho showing Leribe and Mafeteng study areas.



Source: Images for Map of Lesotho (2007)

3.4 Sampling

Due to the nature of this study being qualitative, the non random sampling approach to sampling was used to sample the units of analysis, this mainly being purposive sampling. The choice of sampling method was in line with Neuman's (2010) view who argues that qualitative researchers tend not to be interested in a sample's representativeness, but are rather interested in how the sample or small collection of units illuminates social life (Neuman, 2010). In this case, a Neuman (2010) show that the primary purpose of sampling in as far as non random sampling is concerned is to collect specific cases or events that can clarify and deepen understanding (Neuman. 2010). Neuman goes on to explain that it is relevance to the research topic rather than their representativeness which determines the way in which the people to be studied are selected.

Perhaps this would explain why random sampling, as another way of sampling has not been an option for this study. According to Marshall (1996), random sampling is inappropriate for qualitative studies. One of the reasons Marshall provides for this argument is that random sampling of a population is likely to produce a representative sample if research characteristics are normally distributed within the population (Marshall, 1996).

According to Marshall (1996) there is no evidence that the values, beliefs and attitudes that form the core of qualitative investigation are normally distributed, making the probability approach inappropriate. Another reason why Marshall (1996) has suggested that random sampling is inappropriate in qualitative studies is that some informants in a qualitative research are more likely to provide insight and understanding for the researcher; which suggests that random sampling might end the researcher up with inappropriate informants.

3.5 Units of Analysis

The units of analysis for the study were the SIYB program graduates who were trained between the months of March and April 2007. A judgement sampling technique was used to select them (Marshall, 1996). According to Neill (2005) judgement sampling-also known as purposeful sample entails a study of units from a prespecified group which are purposively sought out and sampled. It is the most common sampling technique in which the researcher actively selects the most productive sample to answer the research question (Marshall, 1996).

Marshall (1996) views purposeful sampling as a more intellectual strategy than the simple demographic stratification of epidemiological studies, though age gender and social class might be important variables. It can involve developing a framework of the variables that might influence an individual's contribution and will be based on the researcher's practical knowledge of the research area and the available literature and evidence from the study itself (Marshall, 1996).

The major advantage of purposeful sampling is that it allows the researcher to study a broad range of subjects, outliers, subjects who have specific experiences, known as critical case samples; or subjects with special expertise known as key informant sample. It also shows the researcher subjects who support emerging explanations and those who disagree with such. These are also referred to as confirming and disconfirming samples (Marshall, 2003:523). The study anticipates much of the characteristics tabled out in judgement or purposive

sampling for acquisition of a broad base of data. Due to this anticipation, the judgement sampling approach turned out to be the most preferable and was therefore used in this research.

Engaging purposive sampling technique led to the former program trainees who attended during the first round of the Start Improve Your Business program training in the districts of Leribe and Mafeteng in 2007 as units of analysis. Apart from the fact that they attended the SIYB Training program, the assumption is that by this time they should have started businesses and those who already had businesses, would have experienced changes. This makes the purposive sampling much more relevant in determining the former trainees as study units in this study. Hence purposive sampling approaches to sampling were used to determine the study units.

3.6 Questionnaire

A questionnaire was used as a research instrument to guide the interviews. It consisted of a mix of closed ended and open ended questions. This was a fourth version and questions were written in Sesotho language, meaning that the interviews were also conducted in Sesotho, to make the interviews easy to the respondents (see Appendix 1; p 91). The open-ended questions in the questionnaire were an advantageous as had been viewed by Owen (2007) in that they gave respondents an opportunity to express their views in their own words. In this way these questions ensured that as much useful data as possible would be gathered from the respondents. Based on the SIYB Lesotho programme's three main objectives, the questionnaire was structured into three main categories. In the first category, the questions brought into perspective, the kind of environment that existed, at the time when the respondents started operating their businesses prior to enrolling for the SIYB entrepreneurship training program in 2007.

The aim was to expose the challenges that used to confront the respondents' businesses at the time when they were new with a belief that these challenges may have imposed a certain extent of difficulty on respondents' abilities to start their businesses and to make improvements in those businesses, such that chances for employment for other people would be created, where necessary. This would justify the need for the SIYB entrepreneurship training and funding among the respondents. Furthermore, the aim was also to examine the

possibility of the program building its skills training on the local conditions of the areas in which it was introduced.

In the second category the line of questioning established how the skills acquired from training may have enhanced the respondents' abilities to start and make improvements in their businesses. This would assist in evaluating the possibility of growth among the respondents' businesses and thus the chances for employment of more people.

The third category of questions was meant to establish possibilities of the program assisting the respondents to network with experienced businesses whose activities might be similar to theirs. Furthermore, the line of questioning in this category also tried to establish what kind of facilities and resources the respondents had for use in their businesses to further assist them to operate efficiently; which would result in the growth of such businesses, thus building more prospects for employment for other unemployed youth as expected that the SIYB program would be able to influence. Other questions sought to find out what kind of businesses the entrepreneurs operate and the kind of infrastructure available to help their businesses perform better. The questions also sought answers on the respondents' level of education.

3.7 Pre-testing

Pre-testing was done before the survey was carried out. It was done on fellow students and mainly on campus before the actual interviews could be carried out. This resulted in various versions of the questionnaire being developed until a fourth one was developed. The changes included integrating some of the questions that had been left out like those inquiring about the age categories and education levels of the respondents.

The language also had to be changed from English to Sesotho, and this resulted in the questionnaire ending up in four versions. It was thus the fourth version of the questionnaire that was used in the data collection. Giddens (2006) has observed that pretesting is necessary as it helps pick up any ambiguities that may be present in questions and other problems that might be connected to questioning, that may result in respondents being confused. So pre-testing the questionnaire before the actual survey was done helped iron out such problems.

3.8 Analysis of data

Data collected from the respondents in Leribe and Mafeteng was analysed using the content analysis method of data analysis. Just like in Rudolph's (2006) description the analysis was started after all the data had been collected, then three categories were established for the responses in the questionnaire that basically established the business environment of the respondents before they attended the SIYB training, then characteristics of the SIYB with the last category establishing the changes in the respondents' businesses that had come as a result of the SIYB training. Then codes were assigned for each question on the questionnaire according to different characteristic emerging from the responses.

In line with Kondracki et al.'s (2002) views about the content analysis method of collecting data, the creation of categories and codes under the method made it very convenient to analyse the open ended type of responses from the data. Secondly, it was also easy to detect trends while using this method, hence using this method for analysis was an advantage. The labour intensive use of the content analysis method on the other hand turned out to be a disadvantage that can be associated with it, a point to which Kondracki et. al (2002) also agree.

3.9 Ethical Considerations

According to Owen (2007) the ethics of research dictate that where research involves people in the primary data collection, procedures and methods that take into account the rights and welfare of participants have to be engaged. One way to observe such procedures and methods is through ensuring informed consent of participants. Informed consent is a procedure by which individuals choose whether or not to participate in a study after being presented with information that impinges on decision.

Another point to consider within the ethics of research is that of confidentiality (Neuman, 2010: 413). Confidentiality includes keeping information confidential from others in the field, and disguising members' names in field notes. In an attempt to keep the respondents' identities confidential, they may also not be quoted. The researcher may rather employ a strategy in which documentation that says the same thing as that said by the respondent is quoted. The documentation may be an old memo or a newspaper article (Neuman, 2010: 413).

In line with Owen (2007) and Neuman's (2010) recommendations regarding ethics, during the survey, the researcher would ensure that respondents are made aware that they are not forced to respond to questions in the interview; but that their contribution is voluntarily. They would also be notified that even after they start responding they may stop at the exact moment when they feel uncomfortable with the interview. Each of the respondents would be asked similar question as others, and they would be given codes by which they will be referred to instead of using their real names. This would be done to ensure confidentiality. Submission of the proposal would therefore be done to the ethics committee for ethical considerations.

3.10 Conclusion

All in all the research methodology used in the study was generally qualitative. It relied on purposive samples, made out of the 2007 SIYB program graduates, for data collection, which was done through surveys guided by a questionnaire. Taking into consideration the ethical precautions, the data collection process was conducted by way of interviews. While conducting surveys in almost all the districts in which the SIYB program was launched would have provided even more insight into the effects of the program on unemployment in Lesotho, more costs than were available for the study, in terms of finances and time would have been incurred, hence the survey was confined to only two districts of Lesotho.

The aim still remained however to observe whether or not the program has had a similar impact on the issue of unemployment among the youth in different areas across the country, and Mafeteng and Leribe being widely spatially separated from each other turned out to be convenient for use as areas for surveys. A content analysis method of data analysis appeared to be useful in dealing with the qualitative nature of the data that had been collected in the study and was therefore used for data analysis. The next chapter will present and discuss the findings of the Leribe and Mafeteng field surveys.

CHAPTER 4

CHARACTERISTICS OF THE SIYB SMALL BUSINESS ENVIRONMENT IN LESOTHO

4.1 Introduction

This chapter aims to present the findings of the survey done on the 2007 SIYB program graduates in the Leribe and Mafeteng districts of Lesotho, to find out the impact of the SIYB entrepreneurship training program on the issue on unemployment among the youth in Lesotho. The findings have been broken down to a number of variables that have assisted in the evaluation of the SIYB program, and these have been laid out in an order similar to the one which the interviews followed in the interviews. On every variable, a finding will be presented as is, then followed by a discussion which makes reference to similar literature. These will be followed by the researcher's note comment on the emerging trend out of the finding and the discussion.

4.2 The survey structure

In the districts where the program was launched, the trainings were done in groups of 10 to 15 people. Within the context of the two districts used for the study, two local governance areas known as community councils were picked up from which one training group was chosen for interviewing per district. From each group was taken 4 respondents. This means that in general, four community council areas and four groups were chosen for interviewing; from which a total of 16 respondents were sourced.

Although the initial target was to interview five respondents per community council; which would total to 20 respondents the target was not achieved as some of the graduates had migrated to the urban areas of Maseru and South Africa in search of jobs that according to their colleagues were going to provide better incomes. Although their businesses had been started, some of them abandoned the businesses while others left them in the care of their relatives. The major reason was that they felt the businesses were not generating enough income to support themselves and their families. The program caters for both entrepreneurs who already have businesses and wish to use the skills acquired, to improve the performance

of their businesses; as well as those who wish to start new businesses. As such, the respondents consisted of business starters and improvers. Three out eight respondents in Leribe were business starters, while only two starters were interviewed in Mafeteng.

In each district one trainer had been assigned two groups, and it was through the trainers that the respondents' contacts were obtained, from which a snowballing technique was used to contact one respondent to the other. In Leribe arrangements were made to meet up with the respondents in the community council premises in their respective villages; from where interviews were individually conducted with them. A different way of reaching the respondents was used in Mafeteng where interviews were conducted from the respondents' business sites rather than in the community council office premises like in Leribe.

This chapter presents a discussion on the findings of the study on the socio-economic characteristics of the respondents, their businesses and their different locations. Furthermore, the chapter discusses the characteristics of the respondents' businesses performance and how the SIYB program has impacted on the respondents' abilities to start and make improvements towards a sustainable performance of their businesses.

Presentation on the major types of businesses features categorisation of the respondents' businesses based on their activities. There were small businesses whose activities involve piggery, poultry and egg production and selling. These have been given a category of agricultural-production based small businesses. There were also tuck shop type of businesses selling household commodities and were mainly found on sites already earmarked for business. These were categorised under retailing.

Retailing business also features a tuck shop located along a busy road, selling medicinal products. Another type of activity was a car wash, also located along a busy road and was placed under the services category. The last major category of activity was manufacturing under which falls activities involving sewing and dress-making and welding works. Reference to the business types has therefore been made in terms of the categories. Under each of the major aspects on which the chapter has been built, will be presented the findings of both Leribe and Mafeteng districts.

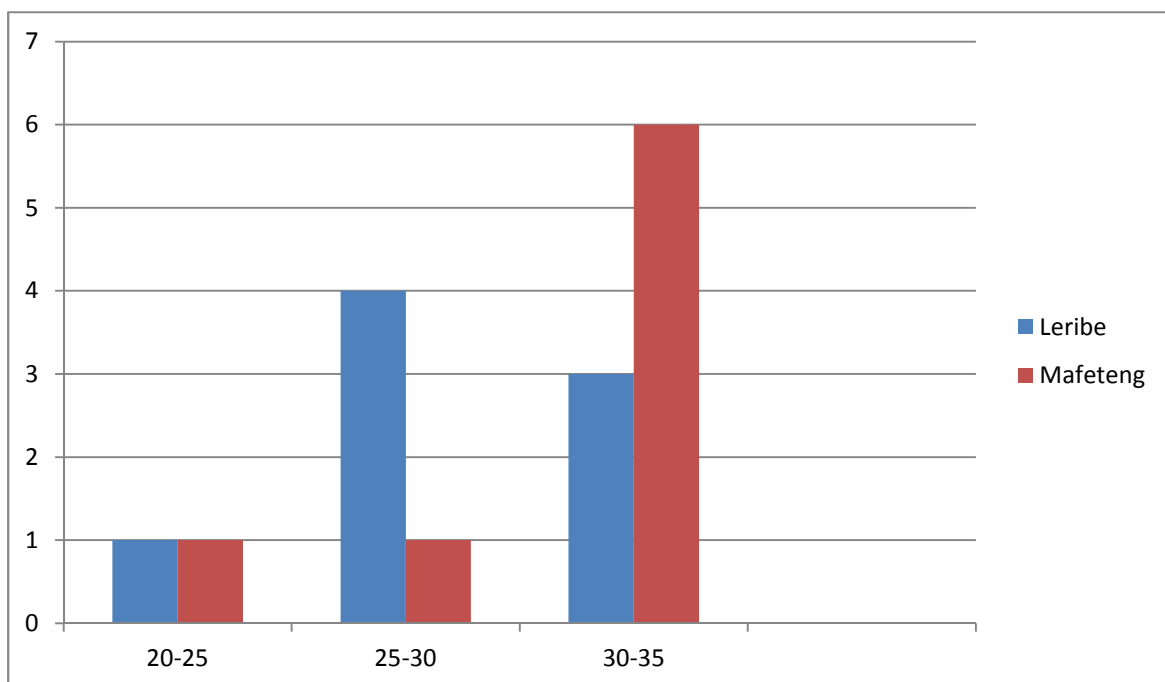
4.3 Demographic characteristics

The demographic characteristics have been presented in terms of ages, gender and the educational backgrounds of the respondents.

4.3.1 Age groups

One of the first questions in the questionnaire was the one enquiring about the respondents' age groups. Studying the age groups of the program graduates would help determine assist in the evaluation on how successful the program was in reaching the target group for which it was intended. Rossi and Freeman (1989), explain that one of the key considerations of evaluation studies is to make an evaluation of the extent to which a program causes changes in the desired direction in a target population. In the case of the SIYB the target population is the youth. While the World Youth Poverty (2003) uses the age range of 15-24 to define the youth; in the case of Lesotho the youth is denoted by the age range of 15 to 35 years (ILO, 2006). The survey therefore set out among other things to get a picture of the ages of the youth who participated in the SIYB program.

Figure 2: Age Categories of Participating Entrepreneurs in Leribe and Mafeteng



Source: Field Survey (2010).

In each district, one in eight participating age group was that of 20-25, in which participation is at the lowest. The second highest participating age group was the 25-30 followed by 30-35.

The second highest participating groups are the 25-30; although it is minimally represented, with four out of eight respondents in Leribe and only one out of eight participants coming from this group in Mafeteng. The 30-35 is on average the highest participating group; featuring and three out of eight owners in Leribe and six out of eight in Mafeteng.

4.3.2 Education

All of the respondents surveyed in two districts have a high school level education ranging between Form 3 which is the equivalent of South African Grade 10, and Form 5 which is equivalent to the South African Grade 12.

All the respondents surveyed have an educational background below the tertiary level. They all have a secondary level of education. Proponents of entrepreneurship education have argued that educational levels are essential in entrepreneurship development, with the role of backing up the skills acquired from entrepreneurship training, and to enhance the development of a business. One of them has been McPherson (1996) who has argued that the performance of a firm including its growth depends in part on the level of human capital embodied in its proprietor. She expands on this point by illustrating that entrepreneurs with larger stocks of human capital will be better able to adapt their enterprises to constantly changing business conditions.

Considering the respondents' educational situation in light of McPherson's (1996) argument, the businesses performance would not be very high and the abilities among the respondents to adapt the businesses to the ever changing business world would also be minimal under these conditions. So ending up with the desired goal of reducing the levels of unemployment among the youth would hardly be realised with the current level of human capital possessed by the respondents in relation to the performance of their businesses. It is the work of the SIYB entrepreneurship program to ensure that it is as practical and as demonstrative as possible to cover this gap.

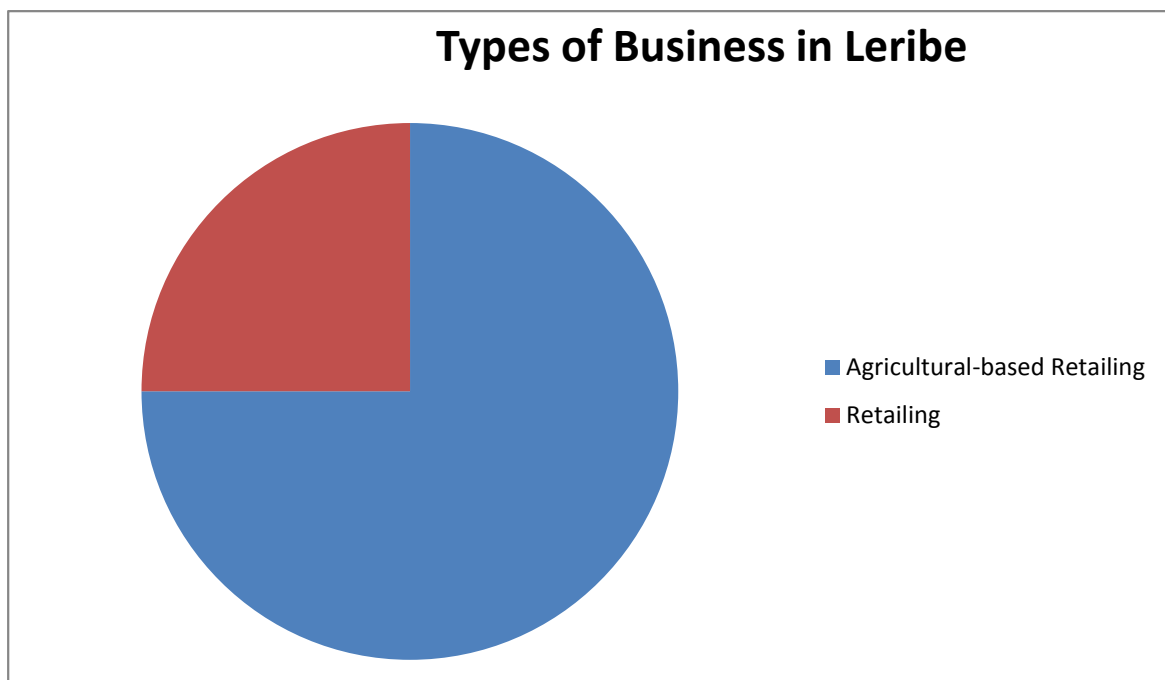
4.3.3 Gender

Five females in Mafeteng were interviewed while three males were interviewed. In Leribe, it there were four males and four females making up a sample of respondents. Out of all the 16 respondents, there were 7 males and 9 females.

4.3.4 Main types of business

The purpose of studying the main types of businesses that the program graduates own was to acquire a better understanding of the main characteristics of emerging small businesses in Lesotho. Some of the characteristics of Lesotho's SME sectors found by the Ministry of Trade and Industry, Cooperatives and Marketing's (MTICM) study (2008) were that a large majority of SMEs in Lesotho are in retail and service sectors. A look into the main types of business would therefore be helpful in helping evaluate whether there have been changes between completion of the MTICM's study and the launch of the SIYB both in 2007; and the time of this study in November 2010 in the small to medium enterprise development patterns. Figure 3 (a) shows the types of businesses owned by the SIYB entrepreneurs in the Leribe district.

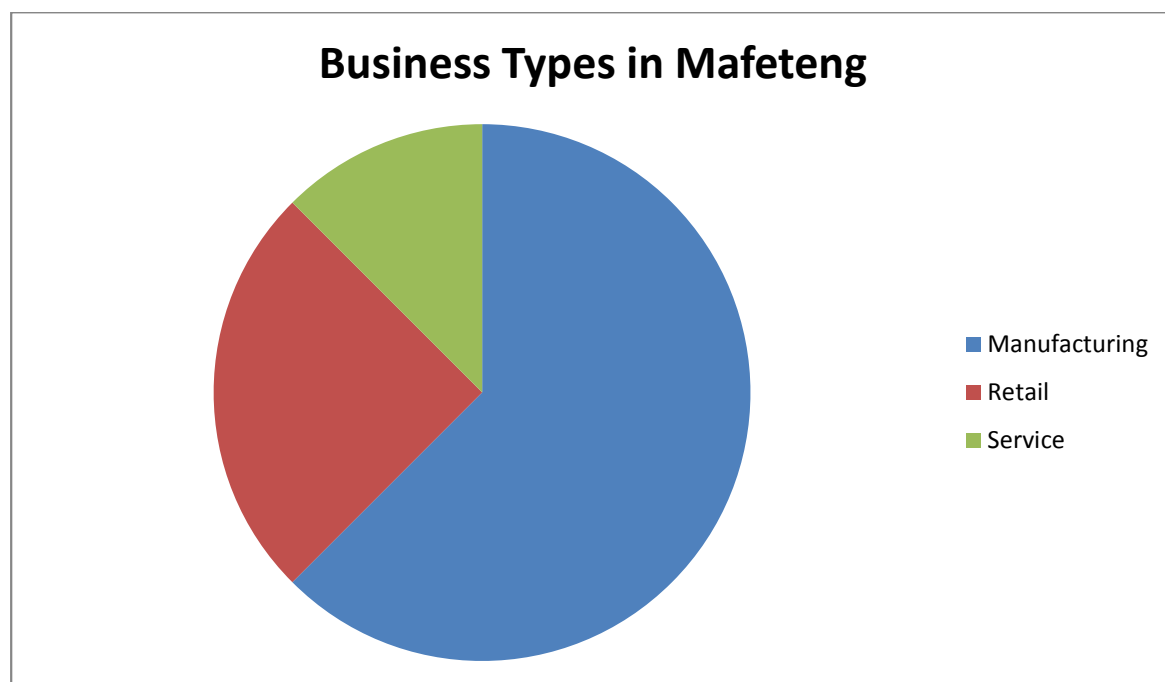
Figure 3 (a): Main Types of Businesses Owned by the SIYB Program Graduates in Leribe



Source: Field Survey (2010).

Out of all the types of business the agricultural production based small businesses were the dominant ones in Leribe followed by reatailing. This finding makes sense because Leribe has a strong orientation of agriculture. Mafeteng was a bit different form Leribe. Figure 3 (b) shows the main types of businesses owned by the respondents in Mafeteng.

Figure 3 (b): Main Types of Businesses Owned by the SIYB Program Graduates in Mafeteng



Source: Field Survey (2010).

In Mafeteng the types of business owned by the respondents are mainly involved in manufacturing, retail activities and service provision, giving a different picture from that of Leribe in that the latter district does not have manufacturing and service, while the former district lacks activities in agricultural production. The only similarities registered between the two districts have been the presence of retail activities. Manufacturing constitutes the most popular type of business in Mafeteng, characterised by activities such as welding works and sewing and dress making.

The findings show that a large part of small enterprises in Leribe are in agricultural based production, while Mafeteng has the largest enterprise activity in manufacturing. Mafeteng

also has representation in service based enterprises; although this sector appears to be minimal as compared to manufacturing and retailing. This implies that the Mafeteng youth have skills in manufacturing which may have been acquired from several vocational training schools located in the neighbouring districts to Mafeteng. The skills also seem to work to the respondents' advantage because most of their businesses are located close to the district's urban centre, which provides a good market for their products due to diverse needs of the community using the area. There was minimal representation of service-based activity among the Mafeteng respondents. This could be because of the opportunities that the respondents have identified in manufacturing sector, whose benefits may be more than those that could accrue from the service sector.

Leribe has a strong agricultural orientation. This may be because of its good weather conditions that have normally favoured agriculture both in terms of animals and crop production. This background may have to the largest extent been the one that influenced agricultural based entrepreneurship, observed among the SIYB trainees from this district. In a study in which McPherson (1996) attempted to explore the issue of growth using data from five countries of Southern Africa; namely Swaziland, Zimbabwe, Lesotho, Botswana and two South African townships, McPherson came upon a finding that the sector in which a small enterprise operates influences its growth.

While, this could also be in line with the sector whose products are the most demanded in a given area, producing in a sector in which the local area is well endowed with the needed resources could also have influence in the particular sector's growth. McPherson (1996) also observed that in the South African townships, small enterprises involved in business services have growth rates lower than in retail trades; while enterprises engaged in wood production and processing, paper, printing and publishing as well as construction grow more rapidly than retail firms (1996: 266).

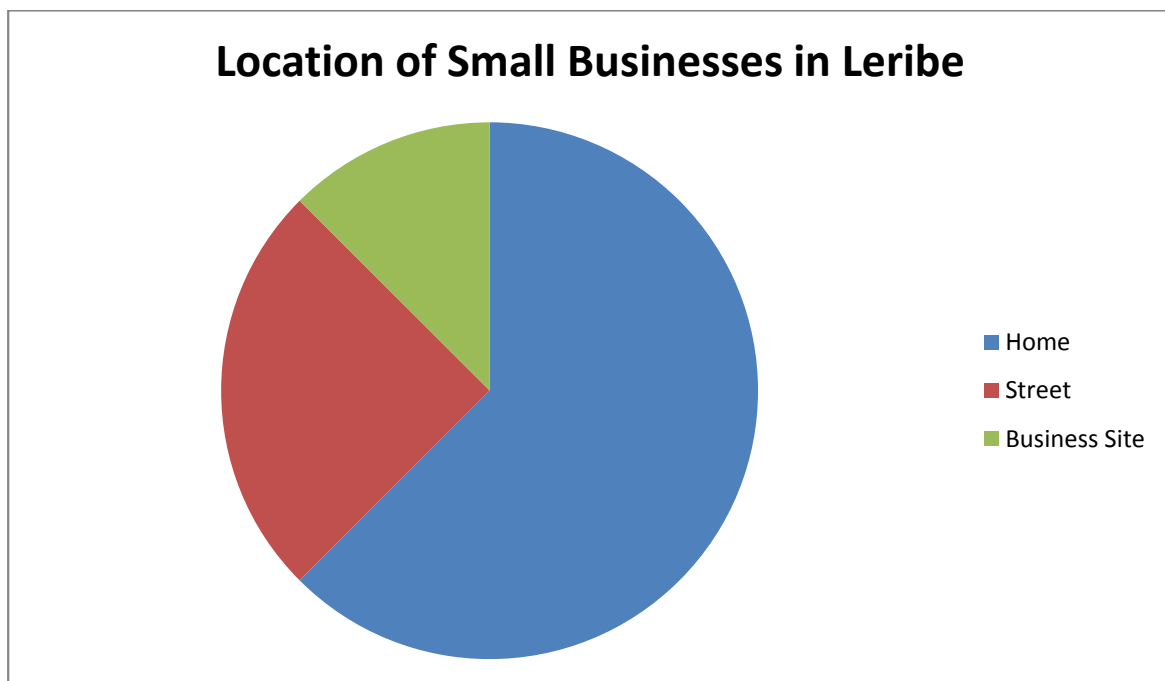
Leribe is predominantly an agriculturally favourable place, and the conditions that prevail in that region will obviously favour enterprises based on agriculture. Mafeteng on the other hand is not as well endowed with conditions that favour agriculture as Leribe. As a result entrepreneurship could have had to be built around the manufacturing and services sectors. This does not suggest that the program was adapted to the conditions of the two districts. It

has rather been a result of the respondents determining for themselves prior to attending training, what kind of business activities they thought they would be able to manage.

4.3.5 Main Business Locations from which the Respondents' Businesses Operate

Studying the main sites from which the SIYB graduates' businesses operate; like in the case of the types of businesses they own, as was found by the MTICM (2008) also helps determine the characteristics of the emerging small businesses in the country. The characteristics would also determine the extent formality characterised by the businesses. Figure 4 (a) shows the main business location sites of the SIYB entrepreneurs in Leribe.

Figure 4 (a): Main Business Location Sites from Which SIYB Entrepreneurs' Businesses Operate



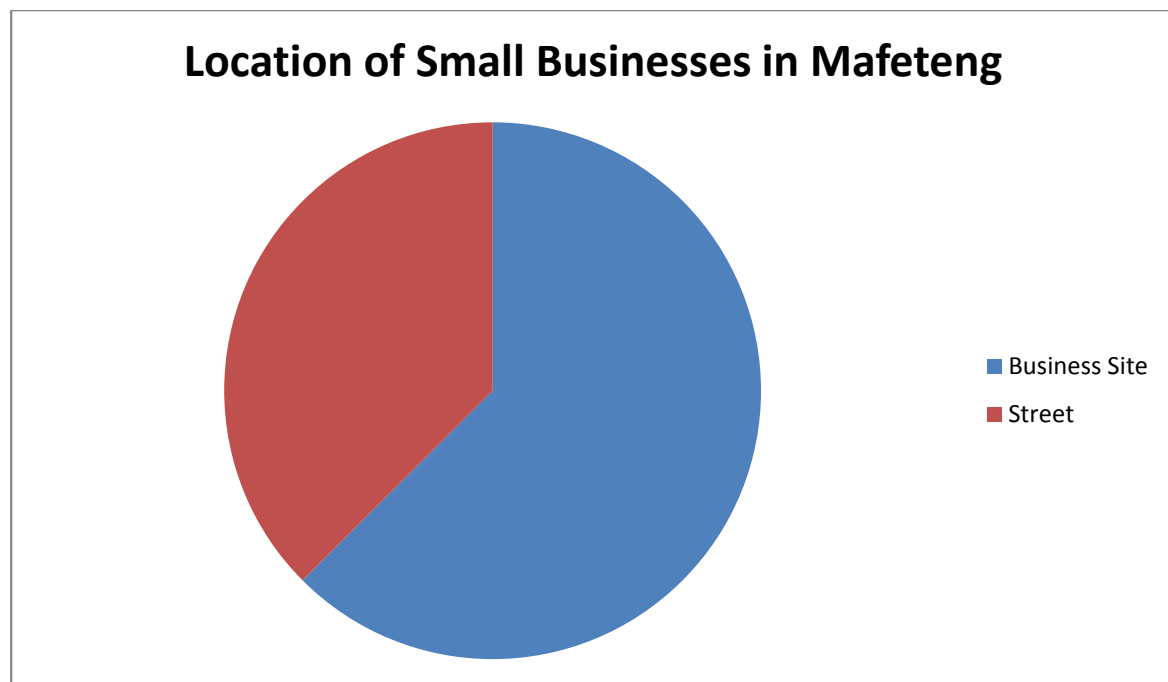
Source: Field Survey (2010).

In Leribe, 5 out of 8 businesses operate from home, and these are mainly businesses whose activities are based on agricultural production. These businesses seem to be the dominant ones in Leribe. This is followed by those that operate from the streets, which take up the second largest proportion, 2 out of 8 participants working in them. They are mainly characterised by

businesses that operate on the side of the tentatively busy main roads. Only one out of eight of the surveyed businesses operate from proper business sites, making the smallest proportion of this type of businesses in Leribe. The business is a general dealer shop operating from the site that was permitted for business activities by the local authority body and in a proper building designed specifically for that kind of activity.

In contrast to Leribe, 5 out of 8 businesses surveyed in Mafeteng operate from a business site suited to the kind of businesses run by the entrepreneurs. These businesses include dress-making and sewing businesses in which tailor made clothing is sold to customers. Another type of business operating on a business site was that of a general retailer selling commodities that are used for households' requirements on a daily basis; like the one in Leribe. Figure 4 (b) shows the main business location sites of the SIYB entrepreneurs in Mafeteng.

Figure 4 (b): Main Business Location Sites from Which Program Graduates' Businesses Operate



Source: Field Survey (2010).

The second largest business operating place is the street. There were three out of eight owners working from this type of site, like in Leribe. These businesses are run from the side of the road. A good example of this kind of business is a car wash services business operating from the side of the main road accessing the Mafeteng CBD from Maseru. Others entail retail type

of business selling merchandise to the people as they walk on the streets at different times of the day. The proper business site and the street are the main places from which the surveyed small businesses operate from in Mafeteng.

The findings pertaining to the main business locations of the respondents' businesses show that home, and street locations are the most used locations for business. These are followed by the proper business site located businesses. In McPherson's (1996) view, location has a strong influence on the survival chances of African small to medium enterprises, whether the businesses are located in a rural or urban setting. It helps determine their growth rate. According to McPherson (1996) agglomeration externalities imply that urban-based firms will grow faster than those located in rural areas.

Another finding that McPherson (1996) came up with in his study was that medium enterprises located in commercial districts grow more rapidly than home based enterprises. He suggested that this might be an indication of access to high income customers which gives a significant edge to these small enterprises. However, in contrast to this observation, she also found out that South African firms set up in the commercial areas had a tendency to grow at a slower rate than the home based small enterprises.

McPherson (1996) explains that the reason behind this contrast may be that of the harassment by government authorities that the commercial area based firms face; that hinder their growth as opposed to the home based ones. McPherson (1996) then concludes that firms located in commercial districts and those located in traditional market settings are at a growth advantage hence the observed higher growth rates.

A large proportion of businesses locating at home may have meant that owners may have found it easy to locate at home where they would not have to go through the hassles of applying for business sites, in which process they would have to wait for long periods before the local authorities respond to their applications. Locating at home could have also meant that no taxes and rent would have to be paid for the place to be kept. In most incidents where businesses appear to have been located in proper business places, this is a result that of owners hiring spaces that were no longer in use by their proper owners; and are also using the landlords trading licences where those are in use.

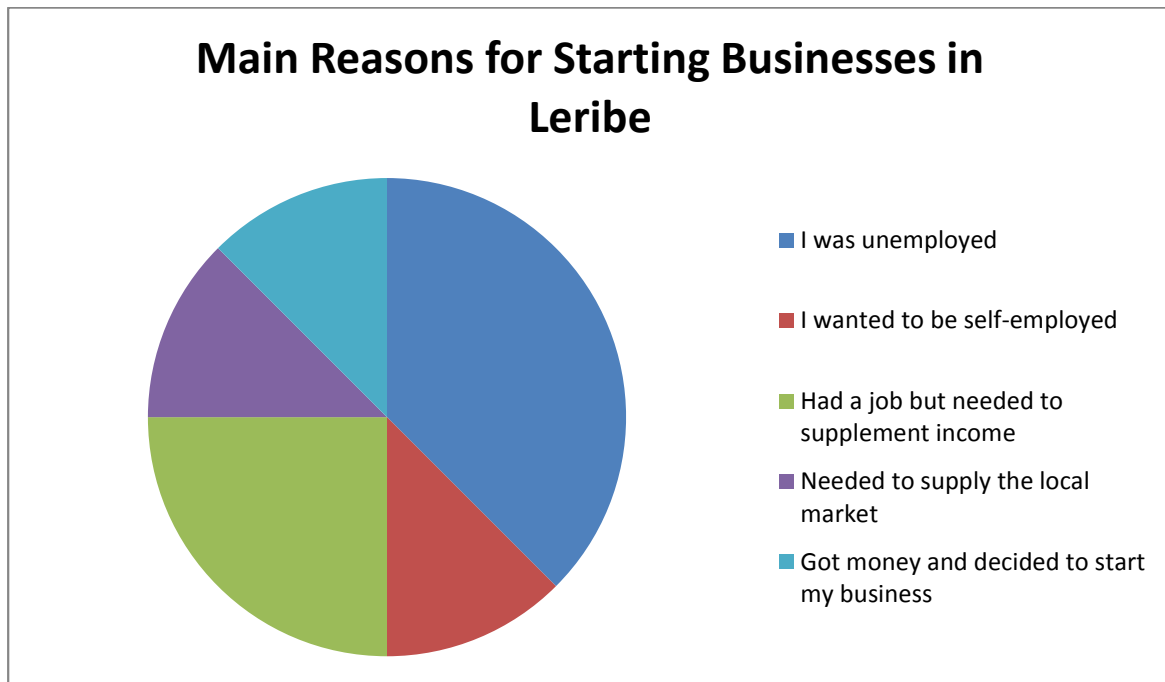
The location of one of the businesses located in areas specially demarcated for business use has turned out to be strategic for such businesses. An example of such a business was a general dealership in one of the two Leribe villages that were surveyed, which happened to be the only accessible shop serving the community with household commodities. As such, most community members in that area used the shop to source their daily household requirements thus placing it in a good position for growth. While a similar observation was recorded in Mafeteng concerning a retail business, the sewing and dressmaking small businesses were also dominant in the traditional market settings and business places, in relatively busy areas.

The traditional market settings and designated business places are better accessible to various customers as opposed to only high income customers, which could also influence growth. Also dominant in Mafeteng were the street located businesses. These together with the business areas located manufacturing businesses were in strategic places where they could be described as having a better access to the well off customers than the mainly home based businesses in Leribe. The discussion strengthens the observation that Leribe is quite popular with home based agricultural production orientated businesses while Mafeteng was popular with street and market based manufacturing and retail small businesses.

4.3.6 Main Reasons for Which the Respondents Decided to Start their Businesses

The questionnaire asked the respondents as to the main reason they started their businesses. This could assist in clarifying the issue of unemployment amongst the youth. The unemployment and the age variables together form the rationale on which implementation of the in Lesotho is founded; under the Youth Employment Program (ILO, 2006: 20). Figure 5 shows a pattern of reasons behind the SIYB entrepreneurs starting their businesses in Leribe.

Figure 5: Main Reasons for Starting Businesses in Leribe

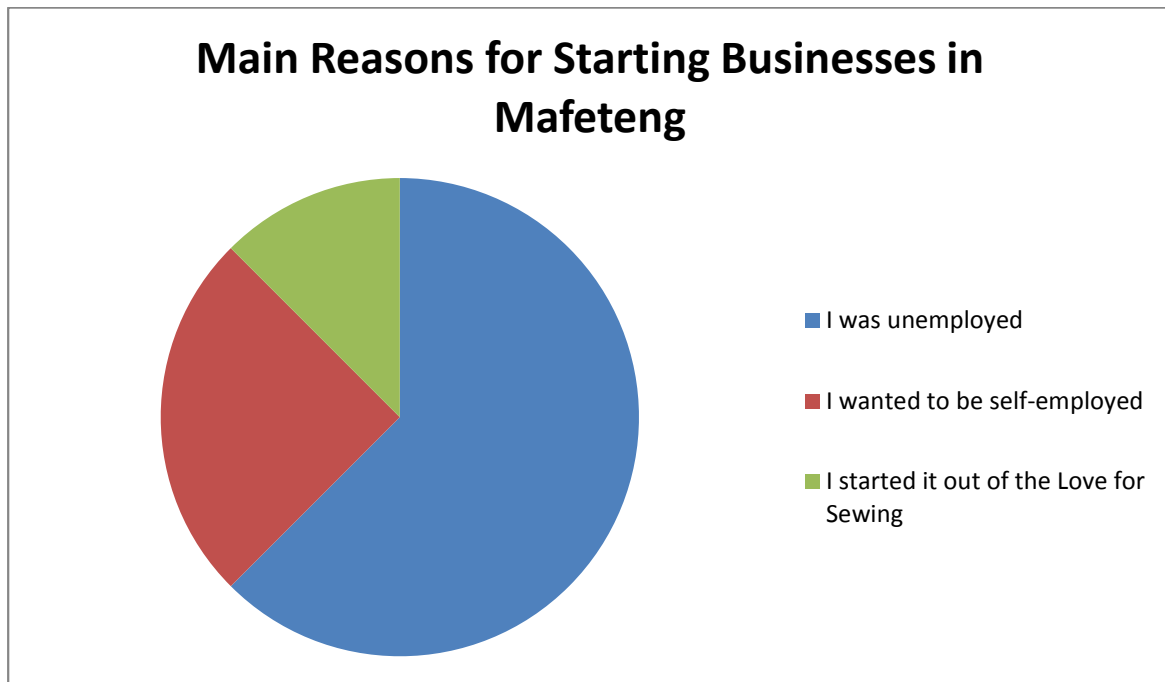


Source: Field Survey (2010)

In Leribe, unemployment was the most popular reason why the respondents ended up starting the businesses. Three out of eight respondents reported that they resorted to starting their businesses because of reasons of unemployment. The second main reasoning had to do with the need to supplement income received from more formal job settings, and it was two out of eight respondents in this district who were of the opinion that the small businesses would supplement the income they got from their formal jobs. Other reasons showed that entrepreneurs wanted to be self employed, got money and decided to start their businesses; and one respondent started the business in realisation of a gap in local supply of eggs at a local school; hence her decision to start the agricultural production based small business.

Similar to Leribe, the main reasons for which the surveyed entrepreneurs started their businesses in Mafeteng pointed to unemployment. Figure 6 shows the patterns of reasoning behind the respondents starting their businesses.

Figure 6: Main Reasons behind Starting of Businesses in Mafeteng



Source: Field Survey (2010)

Five out of eight respondents interviewed in this district pointed out to unemployment as the major reason that drove them to start their small businesses. Two out of eight respondents reported that they wanted to be self employed.

While one respondent pointed out that she was in the dress-making business because she had the love for that kind of activity. The observed difference between Leribe and Mafeteng has been that the latter district had one more respondent who had started a business out of the need to be self-employed, than the former district. These were the respondents who were in the dress making businesses; while Leribe had two respondents who were still employed, but decided to supplement their incomes with home located agricultural-production based small businesses.

However, from what can be observed from figure 5 and 6; unemployment forms the major reason for which the businesses were started confirming that the issue of unemployment, for which the SIYB program was introduced, exists among the youth. Another observation is that unemployment levels are higher in Mafeteng than in Leribe. The second major reason is that of the respondents realising the need to supplement their incomes; followed by those who simply found the need to be self employed. To a greater extent, this situation relates to

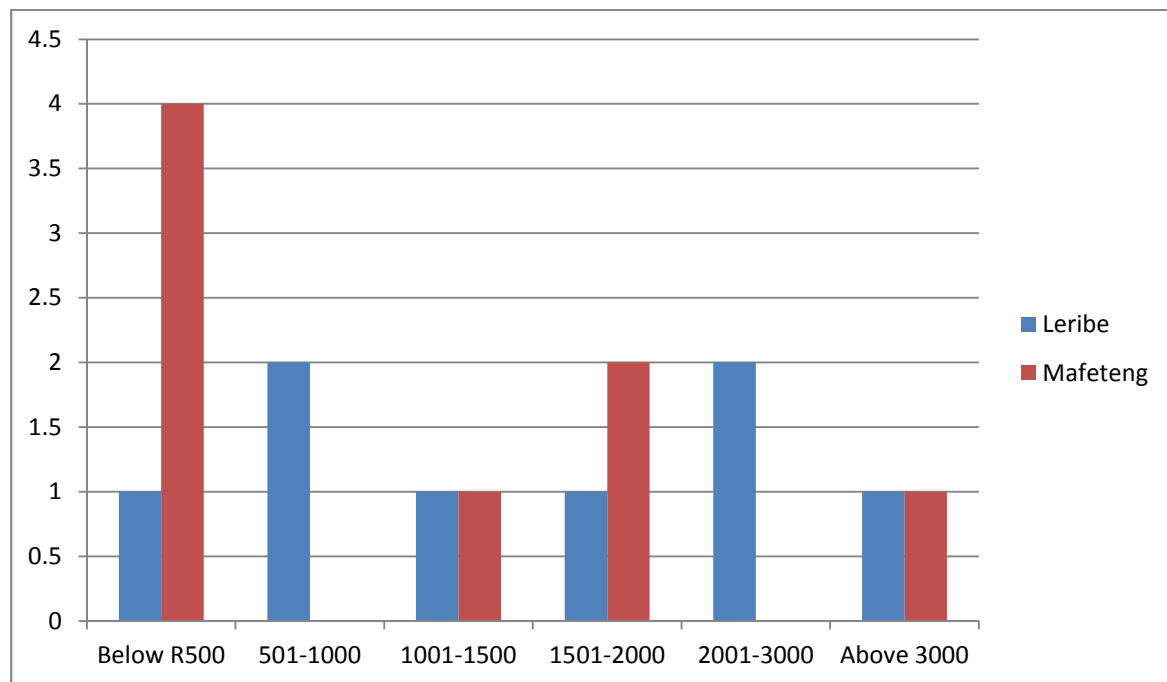
Wegelin and Borgman's (1995) argument. They argue that while incomes of the poor consist of the return from their own labour, which is the main and often the only income generating asset at their disposal, many of them are either unemployed or underemployed. Viswanathan (2008) has suggested that for creation of employment opportunities, individuals in many developing countries need interventions by and for entrepreneurs (as quoted by Christensen et. al., 2010).

The respondents' individual efforts of starting their own businesses mostly even before they were introduced to the SIYB entrepreneurship training program was in response to the circumstances whose feelings have been expressed by Wegelin and Borgman (1995) and Viswanathan (2008). The respondents' need to be self employed and to supplement incomes from the jobs they may already be in has an indication of Wegelin and Borgman's (1995) notion of underemployment wherein the respondents may even be getting lower salaries than can afford their costs of living. A response to this situation sees them execute an intervention to the issue of unemployment and underemployment; as has been prescribed by Viswanathan (2008). On top of these efforts therefore, the government's intervention with the SIYB training program further comes acknowledges these views.

4.3.7 Profits Made by the respondents' Small Businesses

The respondents were asked about the profits their businesses made over particular periods of time. This was meant to help the study assess the level of performance of these businesses; in relation to the anticipated growth prospects following training. In the Ministry of Trade Industry Cooperatives and Marketing report (2008), studying the level of small business turnover was also used to assess the level of the businesses' performance; and to project the growth potential and prospects for job creation. This is one way by which the extent of possibilities for job prospects expected to come along with the businesses' growth would be determined. Figure 7 shows the estimated profits made by the respondents' small businesses in Leribe and Mafeteng.

Figure 7: Estimated Profits of Surveyed Small Businesses in Leribe and Mafeteng.



Source: Field Survey (2010)

The profits have been expressed in monetary terms using the Maluti, which is Lesotho's currency. One Luti (M1.00) is equal to the South African 1 Rand (R1.00), and the Rand is usable in Lesotho. For presentation purposes the Rand will be used. In both districts, the profits range between from below R500 and above R3000. Four out of eight of the surveyed businesses in the Mafeteng district fall in the R500.00 and below category of monthly profits. While all the respondents' businesses are small businesses, the earning category of these two businesses in both Mafeteng and Leribe, particularly This strongly suggests a survivalist nature of the businesses and thus places them at the extreme end of micro level activity. Two of the Leribe small businesses were earning between 500 and 1000 Rand, and these include the agricultural production based businesses engaged in egg production and selling located at home, and a general dealer located on business site in the village.

Two other businesses were found to be between 2000 and 3000 Rands, and included the poultry and piggery businesses, and a piggery business both located at home. One business in the Leribe district was on the above R 3000 category, this being the retailing of sheep. There was only one business in the Leribe whose earning was on the below R 500.00 category egg selling business located at home. There also appears to be a good distribution of the Leribe surveyed businesses over all the profit categories.

While Leribe is closely distributed over all the profit categories, Mafeteng has not been well represented over all the profit categories. As can be observed from figure 7, there were no businesses falling in the 501-1000 and the 2001- 3000 categories in this district. Half of the Mafeteng businesses are well distributed over the 1001 to above the R3000.00 categories. They include the welding business located on the street, the car wash services also on the street alongside a busy road, a tuck shop and a sewing and dress-making business located in a business site in town. This entails 1 business in the 1001-1500 category; two businesses in the 1501-2000 category and another business in the above R3000.00 category.

However, in some instances the research found that the 3000 is earned in a period of two months; hence these have been halved to fall in the categories of 1001-1501 Rands per month. Businesses of these types are particularly the dress-making businesses for which it was indicated that payments are usually made after the merchandise has been manufactured to the customers' satisfaction and delivered to them. Four other businesses in the district are in the below R500.00 category. They include the sewing and dressmaking businesses located in a business area but outside of town. In essence, the small businesses surveyed in Mafeteng and Leribe earn from below 500 Rands to a little above 3000 Rands on a monthly basis.

The location of the businesses may be playing a vital role in terms of the amount of money the businesses make. In some instances, businesses which are located in town seem to be performing better than their similar counterparts located in out of town areas which are still demarcated for business. In some instances, it would seem like the kind of products the business sells are the ones which gives it an advantage over the others. A piggery business' performance in Leribe implies that there is a high demand for the product that the business produces.

The respondents' businesses make relatively very low profits. This characterises an observation made earlier by the Ministry of Trade, Industry Cooperatives and Marketing (2008) from its survey of small to medium enterprises in Lesotho. From the survey it was found that a quarter of the enterprises they surveyed reported an annual turnover of under R 10 000 per annum; while 80 per cent of those reported an annual turnover of below R 200 000. According to the MTICM (2008), these turnover figures reported in its survey were very low, and made an indication that a large majority of small businesses were survivalists with a limited potential for growth and expansion.

The SIYB respondents' businesses were also observed to be characteristic of the MTICM's (2008) survey finding. This kind of situation implies the need for injection of capital into the small enterprises if they are to experience the needed growth sufficient enough to cure the unemployment problem. The businesses surveyed largely portray a survivalist character seen from the profits they make.

4.3.8 Business Documents

Understanding the tendencies of possession of official business documents by the respondents was also of importance to the study. It would provide an important insight into the extent of formality of the respondents' businesses. The understanding behind this inquiry was that if businesses are formal, they have recognition from the government; which can in turn provide them with the services needed for their improved performance thus guaranteeing the growth needed to enable them to take in more employees than their owner managers. Perhaps a tax clearance certificate would mostly be characteristic of an official business document, as was used by the MTICM (2008); to determine the formality of the small businesses under its survey. Like the general pattern of location and the types of businesses owned by the program graduates, information obtained in this regard would also help determine the level of formality of the businesses.

In Leribe six out of eight entrepreneurs surveyed indicated that they did not have business documents, while two out of eight said they had the business documents. Of the two, one had a livestock permit which he must have obtained from the local police department that allows ferrying of livestock within certain local boundaries, and he referred to it a business document, while the other one was actually in possession of a dress-making certificate; to which she also referred to as allowing her to run the business. As it turned out, none of the documents the Leribe respondents pointed out to as business documents characterised any kind of tax clearance certificate.

In a similar way, most of the Mafeteng respondents did not have business documents. six out of eight respondents did not have the documents while two out of eight of the entrepreneurs declared that they had business documents, one pointing to a retailer's card obtained from the medicinal products supplier; while the other referred to a dressmakers' certificate probably obtained from the dressmaking and fashion design vocational school from which she learnt dress-making. None of the documents characterised any form of tax clearance.

Of those who indicated not to be in possession of any business documents, one respondent whose retail business operates from a rented business site indicated that her landlord was the one who had a tax clearance certificate; and that arrangements had been made to allow her to run her business using their landlords' tax clearance certificate. The basic understanding had been that the documents belong to the landlord hence her declaration of not being in possession of business documents.

Most of the SIYB entrepreneurs do not have official business documents. This implies that their businesses may not have been formally registered. This is a very interesting observation considering that the respondents have undergone business management skills training. One would expect that having provided this training, the SIYB could have also encouraged business registration in one way or another. However the situation that has turned out has been that the respondents went to attend the SIYB business management training, after which they continued to operate their businesses informally. Once again this is another confirmation of the MTICM's (2008) survey findings that most SMEs in Lesotho operate informally. This is one of the conditions over which the SIYB entrepreneurship program could have had influence. Perhaps this is because it was not one of the program's objectives to address this kind of a situation.

4.3.9 Employment characteristics of the respondents' small businesses

It was also important to get a picture of how many people the small businesses have employed apart from the owners. The purpose is to see the employment abilities of the respondents' businesses and to try and determine the extent to which they can assist in the relief of the unemployment problem. Table 1 below, shows the number of employees in the respondents' small businesses apart from their owner managers in Leribe.

Table 1: Number of Employees in the Leribe SIYB Entrepreneurs' Businesses Apart from the Owners.

Number of businesses with more than 1 employee	Number of People Employed

3	1
1	2

Source: Field Survey (2010).

Three businesses out of eight claimed to have hired at least one person apart from the owner, these were the general dealer shop on a business site and the piggery and poultry businesses based at home. In all these business settings, the employees were direct family members of the owners' families. Another business had 2 more employees than the owner and this was a home located piggery business in which the employees were also members of the direct family with the owner. 4 of the businesses whose owners were interviewed did not have any employees apart from their owners.

Mafeteng is slightly different from Leribe. Businesses in Mafeteng have employees who do not have any family relations with the owner. Table 5 shows the employment patterns of the respondents' businesses in Mafeteng.

Table 2: Number of Employees in the Mafeteng SIYB Entrepreneurs' Businesses Apart from the Owners.

Number of Businesses with more employees than the owner	Number of People Employed
2	1
2	2
1	5

Source: Field Survey (2010).

Three out of the eight of the surveyed businesses have no employee apart from the owner while two of the businesses have one employee. These include the sewing business in a business site in town and a car wash also located on a street in town. Another two businesses also have two employees. These include the tuck shop on a rented business site and the welding works in the street. The employees in the tuck shop are direct family members with the business owner while one of the two employees in the welding business is a direct family member while the other one has no family relations with the owner. The medicinal products retailing business, located on the street close to the Mafeteng CBD was found to be an outlier

with five employees apart from the owner in this business as well, the employees have no family relations with the owner.

The research further found that for businesses located at home, employment is on a casual arrangement; family members are expected to provide an extra hand in the business while the owner manager takes care of other business related matters. The arrangement is slightly different for town located businesses. The owner manager works with other people on a bit more formal employment arrangement in which he is expected to pay salaries to the employees at the end of a given period. The medicinal product retailing business located in the Mafeteng district's urban centre and some of the dressmaking businesses provide good examples of this view.

Another finding related to the employment arrangements was that most of the respondents' small businesses do not have any other employees than their owner managers. Very few of them have up to five employees apart from the manager. Otherwise in many cases where there are more employees, it is mainly close relatives of the managers who assist with daily management of the businesses under informal arrangements. This kind of employment situation in the SIYB entrepreneurs' businesses has almost remained the same before the owners enrolled for training and even three years after they graduated from the program.

The changes in the number of people a small firm employs can be used to determine the growth of that firm. According to McPherson (1996) growth rate of a firm may either be defined on the basis of the number of workers, or as the percent change in employment; inclusive of the proprietor from the time the enterprise was started until the time during which the survey on it was undertaken (1996: 257).

Focusing on determining growth using the number of workers the small businesses have employed, the SIYB has not been of much influence in getting the respondents to generate more employment prospects in their businesses. In that way they remain micro enterprises (SMME) with a very few going up to a medium size (SME).

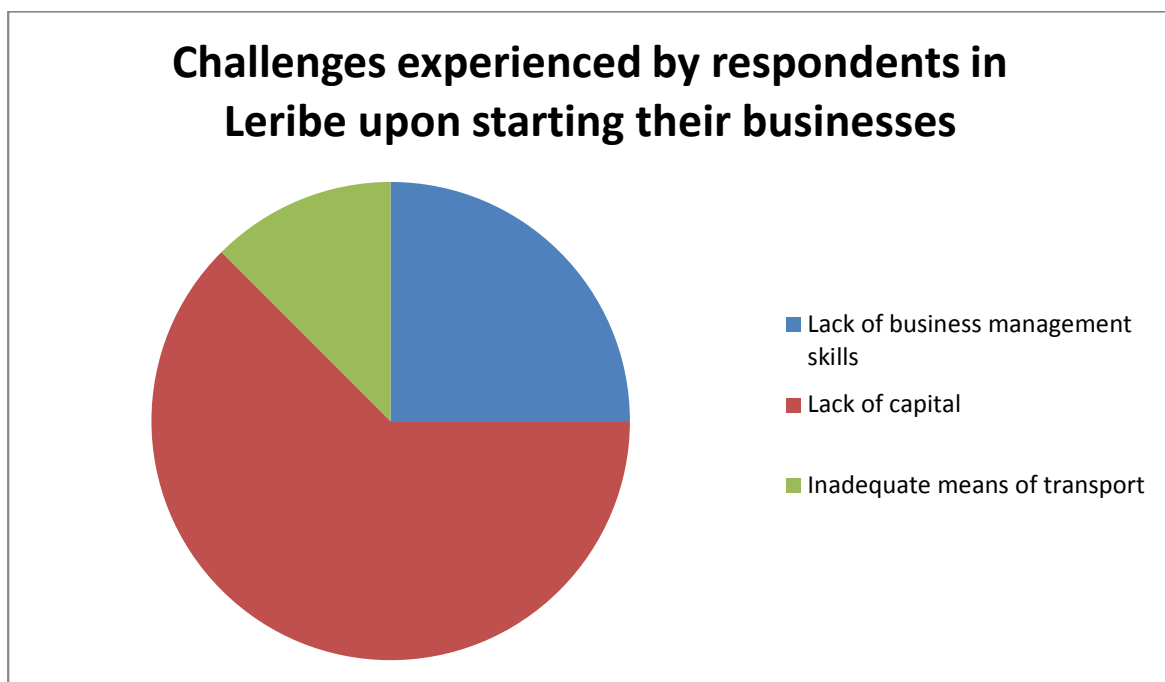
4.3.10 Difficulties Experienced Upon Starting the Businesses

Enquiries were made from the respondents, of the nature of problems they encountered while attempting to start their businesses. This would be important in informing program coordinators, some of the considerations that may have to be taken for future implementation

of similar programs; as a foresight to some of the problems that hinder the development of small businesses for which programs of this sort are specifically intended.

As will be seen in figure 8 (a), all of the entrepreneurs surveyed in Leribe agreed to having experienced some difficulties while starting their businesses. Five out of eight businesses experienced a problem associated with inadequate funds. Two entrepreneurs confirmed experiencing a problem of lack of business management skills. Some of the problems were associated with non access to facilities that enable efficient running of business, such as transport. This was prior to attending the SIYB entrepreneurship program. Figure 8 (a) shows the distribution of challenges experienced by the Leribe respondents at the time when they started their businesses before they were introduced to the SIYB training program.

Figure 8 (a): Challenges experienced by respondents in Leribe upon starting their businesses



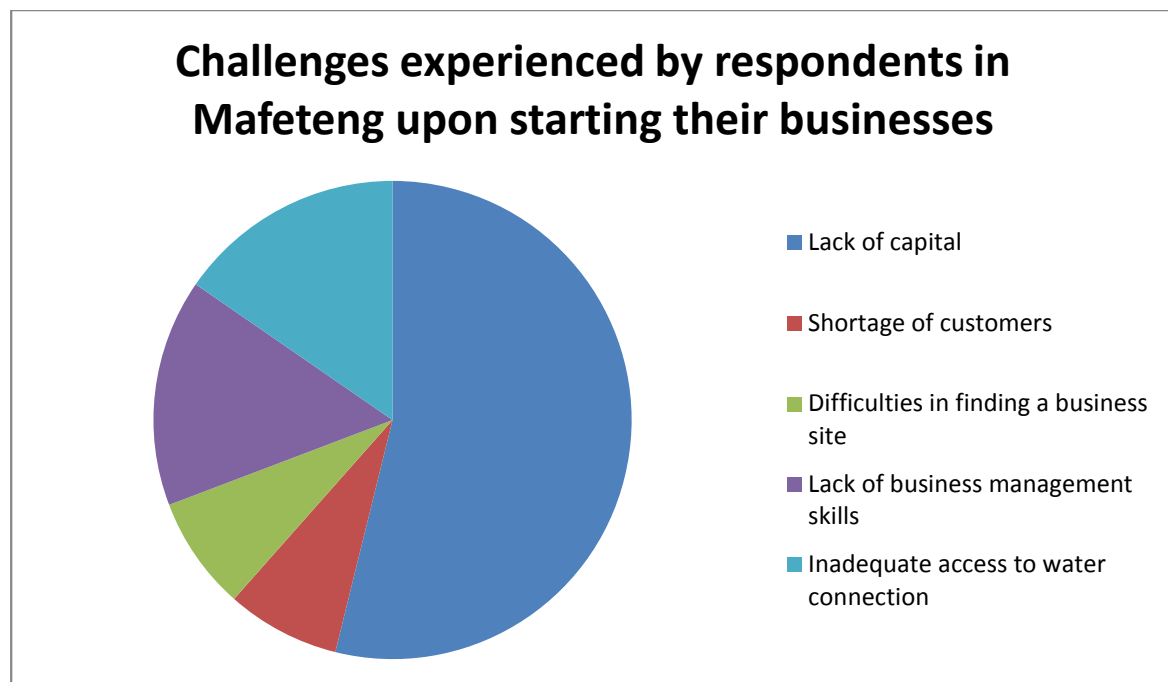
Source: Leribe Field Survey (2010).

Similar to Leribe, Mafeteng, respondents confirmed the experience of a set of difficulties in the process of starting their businesses prior to attending the SIYB program. As was the case, one respondent experienced one or two of these difficulties and like in Leribe, the most prominent reason for the difficulty experienced while in the process of starting businesses

was that of lack of capital, with seven respondents in this situation; followed by two respondents with lack of business management skills.

There were several other difficulties experienced generally in the nature of services to support businesses and lack of utilities the presence of which would assist an efficient running of business. Mafeteng respondents also experienced some problems upon the processes of starting their businesses before they were introduced to the SIYB training program. Figure 8 (a) shows the distribution of challenges experienced by the Leribe respondents at the time when they started their businesses before they were introduced to the SIYB training program.

Figure 8 (b): Challenges experienced by respondents in Mafeteng upon starting their businesses



Source: Leribe Field Survey (2010).

Business management skills in this district like in Leribe, the main challenges facing the SIYB entrepreneurs before training was that of lack of capital business management skills, among other challenges.

Lack of capital and business management skills are among the challenges facing the respondents starting their businesses at the time before they enrolled for the entrepreneurship training program. Lack of access to capital among entrepreneurs in the developing economies

is one of the major challenges impeding the development of small businesses. In view of this challenge Iarossi (2009) has expressed concern that high interest rates which African firms usually find themselves having to pay constitute a limited access to capital.

Iarossi's argument is that in Africa, smaller firms pay an interest rate that is one percentage point higher than the interest paid by medium firms and three percentage points above the interest paid by large firms. According to Iarossi (2009) this lack of access to and high costs of credit for African firms constitutes a limited access to credit amongst African small enterprises. Whilst faced with this challenge, Iarossi (2009) shows that firms need credit to be able to function and that a sound business environment requires an efficient financial system capable of allocating resources to their most productive uses.

Business management skills are also important within the context of small to medium enterprise development and training. Van Vuuren and Nieman (1999) have advocated for entrepreneurship training intervention, arguing that training is necessary for business skills development in order to enhance the ability to formulate business and financial plans, marketing, operational, human resources, legal, communication and management skills (as quoted by Van Vuuren, 2002). In their view, following this principle of entrepreneurship training constitutes a step towards improving entrepreneurial performance of an individual and that of a firm. They (2002) view the lack of training for entrepreneurs as the main reason for SME failure.

The respondents' small businesses are no exception to the issue of finance and credit and entrepreneurship training for their survival. While they are faced with challenges revolving around limited access to finance and credit, the lack of entrepreneurship skills have equally played a limiting role to the growth of their businesses. The SIYB has therefore been a relevant intervention to assist the Lesotho entrepreneurs. This is mostly because of its feature of small credit provision on top of the entrepreneurship skills training; all on offer to its trainees. To this point, the SIYB program can be seen as an answer to these major challenges facing the small business sector in Lesotho, on the basis of which job opportunities for the youth are scarce.

4.3.11 The SIYB Training

Although the SIYB entrepreneurship training program started in 2007, several rounds of training were undertaken in that year taking different groups of trainees in different areas but within similar geographic areas. It was therefore important to ask the respondents when in 2007 they started training and how long the training programs ran, so as to determine its consistency of training.

The findings were that the earliest SIYB trainings in Leribe started in May and July of 2007, and ran for two and three weeks respectively. One half of the entrepreneurs surveyed attended the first round of training in May while the second half of the entrepreneurs attended the second round of training in July.

Mafeteng differs a bit from Leribe. In this district trainings started a month earlier, and there were more rounds than in Leribe, where the earliest started in April 2007, May 2007 and June 2007. While the trainings in Leribe mostly ran for approximately three weeks, the Mafeteng trainings ran for a month to up to three months.

Generally the SIYB program training duration was short. There may not be any standard duration set for entrepreneurship training programs, and perhaps trying to get such programs to comply with a certain standard duration would prove to be irrelevant; depending on the content of such a program. However, evidence from Rasmussen and Sorheim's (2006) seems to suggest that a reasonable entrepreneurship training program would take a year to a year and a half it is to be practical and action-based.

With the duration the SIYB training programs took; it would not be possible to integrate a practical approach to training that is ideal for the respondents to take for them to be declared fully equipped by the program. However, at this point this raises a debate of the period of time over which the program administrators had hoped to achieve whatever they wanted to achieve with what amount of content aimed at fully equipping the respondents. While the program training sessions may have been meant to take the length of time they took; the issue of unemployment remains a serious one whose attempts to lower it need to be made with serious commitment. Based on the findings of the research, this does not seem to be happening with the SIYB program in as far as training is concerned at this point in time.

4.3.12 Main types of Skills Acquired from the Program

As has been observed in the previous sub-section, the respondents admitted to experiencing a number of difficulties in the processes of starting their businesses some time before the SIYB entrepreneurship training was introduced in Lesotho. Getting from them what new skills they felt they had acquired from the program would confirm the significance of the program in empowering the respondents with skills to address some if not most, of the challenges that confront them while starting their businesses and to subsequently making a living.

The following is a list of the main type of skills that the respondents in Leribe and Mafeteng acquired from SIYB training:

- Business Management
- Preparation of Business Plans
- Business Records Keeping
- General Business Management Skills and Marketing.

All of the respondents in both Leribe and the Mafeteng districts acknowledge having acquired new skills from the program. Looking at both districts, the major skills acquired were in line with business management; business records keeping and business plan preparation skills. Some respondents in Mafeteng have reported learning about other business skills such as marketing during training; and from what was reported by one of the respondents in the Leribe district, the program also instilled a sense of business in her mind. According to the respondent, the training has made her aware of the business environment and has made her mind to keep thinking about business all the time.

Three main types of skills have been acquired from the SIYB program. Business management skills, business records keeping and business plan preparation skills. Proponents of entrepreneurship education have argued for its essence in an effective development of small enterprise sector. Both Van Vuuren and Nieman's (1999) and McPherson (1996) support this view, with McPherson (1996) arguing that there is a positive correlation between skills training and firm growth.

This is a direct answer to the challenges the respondents used to encounter in their businesses before they could enrol in the program. Even though in most businesses employment levels have not risen, the respondents reported that they are now able to record their sales and have become aware of how to use the business funds efficiently; unlike before the training when they would use the business funds for their households' needs. Like changes in employment and documentation, acquisition of skills is as much significant to the growth of the respondents' businesses, hence there is a need for entrepreneurship education and training.

4.3.13 Relevance of Skills Acquired From Training to the Respondents' Individual Business Settings

Very closely related to the question of what new skills have been acquired from the training program is the issue of how these are of relevance to the respondents' individual business settings. In their responses, the respondents perceived that:

- It was now easy for them to visualise on time if the business was not keeping up to the required performance.
- They were able to avoid using business money for family requirements; and are now able to record money spent for business purposes.
- It is now not easy for their businesses to close down due to bad performance, and that they would be able to foresee the challenges that would arise, that would cause their businesses to close down.
- That they are now able to perform informed management of their businesses;
- That they sell their merchandise based on the market prices and thus do not run a loss.

There perception was generally the same in Mafeteng. The respondents' perceptions about the abilities that the program had given them were that:

- They were better able to assess the level of progress made by their businesses
- They would be able to actively make their businesses grow and avoid spending unnecessarily

- The program had enabled them to identify proper methods of marketing
- And were now able to see exactly how much profits they are making

4.3.14 The Role of Funding provided at the end of the Training in Starting and Improving the Respondents' Businesses

One of the major factors affecting the development of small to medium enterprise sector is the issue of financial constraints facing entrepreneurs (Meh, 2007: 2972). As such, provision of funding is one of the key initiatives towards the development of the small to medium enterprise sector, just like training. In recognition of this fact, the SIYB entrepreneurship program features provision of funding to its trainees at the end of the training, and the funding comes to the trainees in a form of a loan. At this point, it was therefore important to learn from the respondents how the funding provided to them at the end of training complemented the skills to assist them in either starting or making improvements in their businesses.

Following interaction with the respondents, the field survey found that 2 respondents in Leribe acknowledged that the funds provided at the end of training helped them in improving their businesses. Two other respondents thought the loan had not been of any assistance to them because the rate at which they are expected to pay it back is high; which takes up all the money intended for use in the business in the process of its pay back. Four respondents in the Mafeteng district reported not having been issued the loan, while three respondents were able to use the loan to make various improvements in their businesses. This was accounted for in terms of the increased stock that the respondents were able to buy. A few other respondents also reported being able to top up the money they already had, to buy a few more sewing machines; and 5 respondents reported not getting the loan at all. On the issue of access to funding, the program trainees get funding upon approval of business plans by the micro-loan agency assigned to work with them on the SIYB programme. However, at the time of the survey, the respondents who had attended training during the second round reported that they had submitted their business plans to the agency but had not been issued with any loans. The reported not knowing what the problem behind this was.

From what has been accounted by the respondents, the program funding has been of minimal assistance. Reference is once more made to Iarossi's (2009) view, which has shown that firms need credit to be able to function. While the SIYB has been introduced in recognition of this fact, evidence from the respondents' accounts has revealed that not all the respondents who enrolled for the program were provided with funding to make the necessary improvements in their businesses seeming that most of them had already started them.

Furthermore, the funding together with the skills that the respondents have acquired from the program are supposed to play a complementary role with each other; where skills alone can only give a up to a certain effect to the business growth and therefore need a financial boost to give the businesses a full effect they need for the desired growth that will ultimately provide the needed employment prospects. This has however not been the case as there has almost been no funding phase of the program for most of the respondents.

The small business funding that the respondents had anticipated at the end of their training is an anchor feature of the program, and thus a significant element to the development of the small business sector for which it has been introduced. However if this is lacking the implication is that the SIYB has not been able to perform the role for which it was intended.

In this way the skills acquired are just like the natural entrepreneurship skills that some entrepreneurs are believed to possess, on which proponents of entrepreneurship education like Van Vuuren (1999) have taken an effort to show why it is necessary to build on. So the situation is quite similar to when the respondents had started their businesses but had not been in the training, implying therefore that the SIYB training has not been of any use to them.

4.3.15 Business after SIYB Training

To evaluate the program's impact on the respondents' businesses in relation to the aims it was set out to achieve; an account of the current situation of the respondents' businesses after training was taken and compared to the situation of the businesses prior to the respondents attending the training program.

The finding was that although all of the entrepreneurs reported that their businesses were still running a while after training, a few reported on their businesses not properly running; mainly citing inadequate funding. This was the case both in Leribe and Mafeteng.

4.3.16 Changes that have occurred in the Businesses from August 2007 to November 2010

Along with trying to learn of the impacts that the program has had on the businesses of the respondents comes the necessity to learn of the changes that the respondents have experienced in their different business settings coming as a result of the program. While most of the respondents' businesses had been established three years prior to the introduction of the Start Improve Your Business entrepreneurship training program, the aim of this section is to establish what the role of the program has been towards enhancing the abilities of the youth of Lesotho to start and improve sustainable businesses with job prospects.

This evaluation however focuses on the period starting from the end of training, which was August 2007 to the time when this survey was done in November 2010. At the time of the survey, three respondents had observed some changes in their businesses, while five of them had not observed any. The situation was split into two equal proportions in Mafeteng. One half of the entrepreneurs agreed to experiencing some changes while another half did not seem to have observed the changes in their businesses.

Where the changes had been experienced in Leribe, they entailed some entrepreneurs getting documents for their businesses, where the relevant entrepreneurs thought these would be helpful in helping them buy their stock from bigger suppliers than the ones from whom they had been getting those at a discount. Another change reported was that of increasing profits and in some instances profits decreasing.

A bit similar to some instances in Leribe, one of the entrepreneurs in Mafeteng reported the declining performance of their businesses and partly but importantly owing to some pieces of sewing equipment disappearing. For other entrepreneurs in the Mafeteng district, the profits had been increasing while others had acquired a new business site from which business was expected to run operate conveniently, which was in a rented shack; while some had been able to buy new equipment with the profits they were managing to get.

While changes have been experienced, ranging from increase and decrease of profits at certain times; some respondents had been able to increase stock and in some instances respondents feeling they have been able to acquire one type of documentation or the other to run their businesses. However, among these changes, those that characterise growth

according to according to McPherson's (1996) illustration; like the percentage increase in the number of people employed by the firm between the time it started running and when a survey was done on it are quite low. Only one respondent's business had a significant number of people working for them other than the owner.

Perhaps changes entailing increases in profits may be an indication of improved marketing skills coming as a result of training. As has been presented in the findings, some respondents indicated that they were taught some new approaches of marketing in the training. Better marketing techniques may have improved the sales which could have in turn had effect on the amount of stock purchased. However, other changes experienced may have been a function of daily business conditions; and may to a greater extent not have had anything to do with the training program.

In essence, apart from the technical entrepreneurship content that the SIYB training program had to offer, it has not had much effect on the changes experienced by the respondents' businesses over the last few months after the respondents graduated from it.

4.3.17 Networking

As was argued in the second chapter, business development services are as essential to the effective development of the SME sector as the entrepreneurship skills training advocated by the SIYB program. With the understanding that business networks are encompassed in the business development services, the line of questioning in the third category of the questionnaire sought to find out what efforts the SIYB had taken to assist its trainees with formation of networks with relevant business communities. Assisting the respondents with forming networks with the relevant business community during the period of training would enable them to gain experience of the dynamics of the real business environment in the businesses similar to theirs. The assumption is that this kind of service could help them better understand the nature of businesses they operate thus helping them to effectively manage their businesses towards growth.

One of the questions therefore attempted to find out from the respondents if as part of training, there had been any moment when they were actually taken out or even had an individual or a representative of such an organisation present to them a picture of what goes

on in the real business setting; and particularly aligning themselves with the respondents' types of businesses. Apart from the small financing company that was introduced to the respondents to provide them with small loans, the Leribe respondents were of the opinion that the SIYB program did not take any effort to assist them with networks with established business organisations or individuals, who would be of advice to them in the processes of running and improving their businesses.

The Mafeteng respondents also reported not being introduced to any established business organisation or individual. However, one of the respondents in this district recalled that during their training, a group from the Nedbank Branch in their district were invited over to their session to be introduced to the respondents and the SIYB entrepreneurship program; as to acquaint themselves with the kind of businesses the trainees of the program were involved in.

There was a further enquiry pertaining to whether the respondents thought being linked to the already established business organisations would be of assistance to their emerging businesses beyond provision of a training program. On the overall, the respondents thought that this would be helpful; and for Leribe the linkage to established business organisations would be fruitful except for only one respondent who had been in the group that had not been issued with the loan, and thought that this would not be of help.

The opinion was quite different in Mafeteng from the ones indicated in Leribe. In this district all of the respondents thought that if the program would create a link between them and the established business entities, with a certain degree of relevance to their individual businesses; this would prove to be fruitful to their small businesses. In Leribe most of the respondents thought that the established business organisation would help them have a better and easy access and alternative means to business micro financing. Other opinions suggested that established business entities would provide guidance and mentorship to their small businesses and that linkages would enable the entrepreneurs to form relations with business people of similar businesses as theirs.

In Mafeteng the entrepreneurs thought forming linkages with the established business organisations or individuals would help in the dissemination of information concerning the steps they would have to follow as young entrepreneurs to achieve the success that has been achieved by their already established counterparts. In one incidence one respondent actually

expressed his thoughts that if the program had linked them with established business people or organisation, the latter would constantly provide information on business management under different conditions that would help sustain the lives of these businesses long after they are started.

Another respondent showed that there needs to be present at all times, advice pertaining to business development and alternative ways of accessing finance apart from one way introduced by the program. And most respondents expressed belief that relations with established business individuals or organisations would lead to alternative ways of access to finances.

However, the owners of businesses in the agricultural production; like the piggery, poultry and egg production and supply businesses in the Leribe district have taken it upon themselves to approach government departments whose services are in line with their work. This is particularly the Agricultural Department's resource centre found in the Mahobong area which is one of the four community council areas in which the survey was conducted. The trained respondents in this area have thus taken advantage of this resource centre. On the overall, while needs vary with different types of businesses; it would be a worthwhile effort for an entrepreneurship training program to feature a practical phase entailing exposing the trainees to a real business world, this would be for the sake of entrepreneurs whose businesses are not agricultural orientated and with none almost relevant organisation in their vicinity like in the case of the Leribe respondents, to also know where they can get regular advice pertaining to their businesses.

Linking the respondents to the local business community was not part of the **SIYB** entrepreneurship training program. Where links were created between the respondents and the local organisations, they were individual efforts by respondents seeking advice related specifically to their own businesses with the relevant organisation like the local agricultural department.

While the small scale enterprise sector activities cover multiple economic sectors including capital and employment; Wengelin and Borgman's (1995) argument suggests that the small business units; usually in an informal state, lack access to resources and most particularly to training and credit from formal institutions. Wegelin and Borgman (1995) therefore suggest training approaches that liaise with NGO activities or support in an attempt to solicit full

support for the enterprises for which entrepreneurs get trained for. As they further suggest, the training approaches should be dovetailed with opportunities to establish small businesses; with their output matching the skills to the needs of entrepreneurs.

The SIYB appears to be a program exactly designed with the kind of views forwarded by Wegelin and Borgman (1995) in mind, by its virtue as an entrepreneurship training program. To this far it seems to fall short of the suggestions presented above due to its inability to link its trainees to the practical world, on top of its inconsistencies in credit provision to the trainees. In this way, it takes the respondents a longer time to try and figure out the relevant established business advisory organisations to network with to enhance the business performance as a result of which the needed growth that comes along with job prospects and ultimate gradual steps away from poverty is needed.

4.3.18 Utilities of Business Importance to which Entrepreneurs Might have Access

Going a bit further than looking at what the training program had to offer, the survey also assessed what kind of facilities and utilities; which are believed to play a significant role in the development of small to medium enterprises, the respondents may have access to in their respective business settings. Wegelin and Borgman (1995) have been of the opinion that because informal sector activities cover multiple sectors and vary in sizes; their expansion requires an integrated approach in terms of space and supply of infrastructure facilities like power, water and roads; including constant training and workshops.

As such, a collective provision of these enhances informal sector productivity. In a similar way, this opinion would apply within the context of small to medium enterprises in Lesotho. This is because in this country, infrastructure delivery excludes a number of places that are still lagging in terms of development and where services and infrastructure form the immediate need; to stimulate the development and to boost the performance of small businesses to cause employment and curb the poverty levels found in such places. This is particularly observable in the rural towns of the country and in some of the peripheral areas of the urban centres. Infrastructure, utilities and Training are therefore needed to cause effect to the development of small businesses within the context of Lesotho.

Micro-loan Financing

Another important component in the BDS essential to the development of the SME sector, as was shown in the second chapter is finance. Five of the respondents in Leribe were found to have no access to other means of micro-loans, apart from the loan issued from the program. Only three of the respondents admitted to having access to alternative means of micro-lending. According to the respondents they obtain it from community associations in their areas, although these usually come in minimal amounts as a result of the interests at which the micro-loans have to be paid back. This thus makes the micro loans to be minimally helpful in the development of the Leribe respondents' small businesses.

All of the Mafeteng district's respondents reported not having any access to alternative means of micro-lending for the development of their businesses. This may have to do with the economy of the area. To build on this communities in Leribe are able to organise themselves in groups and associations with the aim of assisting one another. In this kind of an arrangement, members lend one another money at affordable interest rates to carry out small income generating projects.

The groups are characterised by investment in trust in fellow members. While the Mafeteng have an arrangement of this sort, there may not be a major economic activity in this district supporting the group members, like the agricultural activity in Leribe. In a way, successful arrangement in groups in terms of the abilities to circulate micro-loans amongst members for execution of small income generating projects; depends on the local economy of the place.

Infrastructure

Infrastructure could also be included in the BDS facilities. Utilities have included phones, electricity connections that businesses have access to, business site, transport facilities and water connection. The findings in this line of enquiry have been that seven of the Leribe respondents and seven of the Mafeteng respondents use their own cellular phones for private communication, for conducting business related communication. Personal phones usage is a good sign that communication facilities are available in those areas, which is good for business, as landlines may be difficult to install in those areas.

Unavailability of other utilities may pose a problem for small businesses in some areas. One of the respondents actually expressed concern that inadequate supply of water in his area was

an inconvenience to his piggery production business as he needed to constantly supply water for the pigs, while five of the respondents in Mafeteng had water connections in their businesses. None of the surveyed respondents in Leribe had their business connected to a power line, while seven of the Mafeteng entrepreneurs have electricity connections in their small businesses

In Leribe, 3 businesses operate from the owners' business sites and 2 of the entrepreneurs have their own means of transport. The surveyed Mafeteng entrepreneurs do not operate from their own business site and also do not have their own means of transport.

Training Workshops

Regular training workshops relating to changing conditions in business; which could be done as a follow up on basic training could be another feature of the BDS. Many of the respondents in Leribe reported that the SIYB training program had not organised any follow up training workshops for them to enable them to keep up with the daily challenges of the business world. However around half of them went to the local agricultural resource centre to introduce themselves as farming based entrepreneurs and asked for a short training workshop on piggery among other interests; and for workshops pertaining to what the market expectations are in relation to the farming production that they would later on retail.

Two of the entrepreneurs in the Leribe district indicated that they did not have any idea that they could approach such departments as that of the Agriculture for assistance with their business activities. Could be that their businesses are not agriculturally based, so for other types of businesses intervention and consultation with organisation that are concerned with similar types of business might seem far- fetched. Four respondents approached the local agricultural resource centre to request training and for advice on our businesses. In Mafeteng three of the respondents reported that an Improve Your Business (IYB) follow up training program was held for them in May 2010 although they did not specify on the contents of the program.

Marketing

In terms of follow up training on marketing, the Leribe respondents felt that this was not necessary because as the SIYB training had covered it. They also mentioned that the SIYB training emphasised marketing strategies such as the use of stickers and media in advertising their businesses. All of the Mafeteng respondents reported that training on marketing skills was covered by the recently held follow up IYB training.

Furthermore, while some of the Leribe respondents had also been attending product shows organised by the Agriculture Resource Centre of the Department of Agriculture to enhance marketing of their merchandise, the Mafeteng entrepreneurs did not have exposure to exhibitions under assistance of any government department. A few reported having tried to organise a product exhibition for themselves; however they did not report on the extent of its success in marketing the products.

Just like in the case of established organisations, the respondents do not have access to many of the essential utilities and facilities of mainly credit, which could enhance the performance of their businesses. The utilities collectively form what the UNDP (2004) describes as the Business Development Services, particularly the business linkage promotion; which improve the performance of a business and are therefore essential.

The UNDP (2004) has also suggested that training can also be of assistance to entrepreneurs by exposing its trainees to these kinds of services. The program's inability to link the respondents to utilities constitutes a series of its weak points that have been revealed to this far, whose purpose would be to ensure performance and growth of businesses for which it has been introduced to give effect to.

The discussion covered the essential variables on which evaluation of the **SIYB** entrepreneurship training program was founded. From educational backgrounds through to the types of businesses and their locations; down to the profits made by the businesses, the conditions around which to start small enterprises by the youth prove to be difficult. The willingness among the youth to start their own businesses is high, but the unfavourable conditions; including unavailability of the relevant skills undermines their abilities to realise this dream. However, with the high prevalence of unemployment and low educational

background and the subsequent lack of skills among the youth, the need for establishment of small businesses continues to be urgent.

Beyond the SIYB training entrepreneurship training intervention, there are hardly any changes observed; which could have resulted from the intervention. Furthermore there is no linkage of any sort between the program trainees and the established business communities of the areas in which the training programs were conducted. This denies the respondents the opportunity to create a solid vision of how they could shape their business management approaches to enhance their businesses' performance, and create the needed employment prospects. The situation further incapacitates the youth and takes them a step back from having preconceptions about how in the real situation they should manage their businesses in a way that strives towards growth.

The youth abilities to start and make improvements on their businesses as far as the SIYB program is concerned have further been undermined; with the situation of small business start up among the youth in the study areas being pretty much the same as the time before the program was introduced. It is highly possible that this has been aggravated by the inconsistencies around funding provision, in which some groups have had access to the funding while others have not.

4.4 Conclusion

This chapter has presented the findings and discussion from the survey to find out the impact of the SIYB entrepreneurship program on the issue of unemployment among the youth in Lesotho. The findings have confirmed that the program was able to reach the youth as had been intended. There are three major trends that emerged and were highlighted in the discussion. They included the nature of the SIYB training; whose discussion entailed how it has influenced the desired growth among the small businesses that would be suitable for creating employment prospects for the unemployed youth.

The second trend was the small business environment in which the SIYB trainees' businesses operated prior to the introduction of the program, whose purpose for discussing it was to basically highlight the kind of environment into which the SIYB was introduced on the basis of which could be argued that indeed entrepreneurship development programs of the SIYB nature are needed to make improvements on.

The third trend was a visualised a well developed SME sector resulting from the SIYB, in which the presence of facilities and relevant technology as well as continuous provision of Business Development Services would be constant, thus influencing small business growth which would in turn result in the employment prospects desired for the unemployed Lesotho youth. The discussion of the findings within these three trends was therefore able to reveal the impact of the SIYB impact on the unemployment levels among the youth in Lesotho. The next chapter will make conclusions about the findings pertaining to the SIYB program.

CHAPTER 5

ENHANCING PERFORMANCE OF THE SIYB PROGRAM

5.1 Introduction

The aim of this chapter is to draw conclusions about the SIYB entrepreneurship program in Lesotho, based on the findings presented and discussed in the fourth chapter. As a way to get to the conclusion, the chapter will also make a recap of the broad picture of poverty whose effects make such programs as the SIYB, which targets the youth for empowerment justifiable.

5.2 Looking back at the picture of poverty

Referring to the point of view which formed the background of this study, many people continue to live in and suffer the consequences of poverty around the world. Most acutely hit have been the youth in the developing economies; from whose production the economies are expected to benefit. While a number of interventions have been implemented to respond to this situation, absence of skills among the youth, coupled with scarcity of formal employment opportunities has further undermined their abilities to exploit the available resources to create employment for themselves and for their unemployed counterparts.

Within the context of an effective SME and entrepreneurship development, the need for intervention by way of entrepreneurship education, to supplement the entrepreneurship abilities found among the youth with willingness to start their own small businesses; has therefore been necessary. To this effect, the SIYB entrepreneurship training program has been one among other interventions in recognition of this necessity. Covering the Eastern and Southern parts of the African continent it has managed to take advantage of the existing conditions to make an observable extent of change in the youth to start their businesses and subsequently create employment opportunities for others.

Lesotho has suffered similar characteristics that have necessitated implementation of the SIYB program, like its other African counterparts. Implemented in 2007, this is the picture it has had to get into to cause the needed change among the youth in the country. These are the characteristics of the small business environment in the midst of which the program has had to cause changes.

Unemployment is indeed the major reason driving the youth towards establishment of their own businesses in Lesotho, although some young people also aspire to be self-employed and enhance their wealth. While there is willingness to start businesses, lack of and limited accesses to capital, the business management skills and other business related skills; which are the essentials needed for effective small business development, have been among the challenges facing the youth. Further aggravating these challenges have been the educational backgrounds of the youth trained under the program whose minimal level apart from the fact that it subjects them to scarce formal employment opportunities; has further undermined their ability to make informed decisions to start businesses which can create of employment for themselves and for other unemployed youth.

Prior to attending the SIYB program, the respondents had already started running various kinds of small businesses; from which the study found that home-based businesses are popular among the SIYB entrepreneurs, followed by street located businesses. The businesses mostly generate minimal profit margins. This factor together with that of no formal documentation implies non formal recognition by the state and therefore displays informal and survivalist characteristics about the businesses. Apart from the location tendencies of the businesses, Further characterising informality are the employment arrangements. The SIYB entrepreneurs' businesses have no other employees than their owner managers and where they are present there are no significant numbers. No formal employment arrangements and employment prospects are still low.

With a lot of complexities characterising the previous business environment in which the SIYB entrepreneurs businesses were developed, access to capital, skills shortage and minimal employment prospects remain at the top of the list of the aspects calling for attention from the Government; hence the introduction of the SIYB entrepreneurship training program.

5.3 The SIYB program

The objectives of the SIYB under evaluation in this study, these being that assistance to entrepreneurs to either start or make improvements in their businesses and that of provision of micro-loans; all of which is dedicated to the effective SME development sector that can ensure that the job prospects for the unemployed youth are generated. Based on these objectives, the SIYB program has been a relevant program. The program graduates' demographic characteristics confirm the success of the program in realising the potential of

the youth in starting businesses to enhance employment prospects for themselves and their unemployed peers. As a result it has been able to empower the unemployed youth of minimal educational backgrounds with business skills to enable them to create employment for themselves and their unemployed peers.

The program has also been able to address some of the challenges faced by entrepreneurs while in the process of starting their businesses by providing the skills in business management, business planning preparation, and business records keeping on top of which it was also able to offer funding in partnership with a private company to its trainees at the end of training to enable them to start or make improvements to their businesses. The program has therefore been an advantage to this point. All these, it was able to offer in a diverse environment of different business cultural understandings and characteristics; including instilling entrepreneurial thought even among entrepreneurs in the rural areas.

In this way, the program has shown its strength and ability to make use of different business settings in the local areas of the youth it has empowered; thus entrenching diversity in the local small business sector development. To this point, SIYB entrepreneurship has been a good program. However, the SIYB program has been associated with a few disadvantages. The first one has to do with the inconsistencies pertaining to the allocation of micro-loaning. In this instance some of the groups were issued with the loan while others did not. This factor about the program cripples the youth's abilities to start their own businesses and thus subjects them to the same conditions they were subjected to before the start of their businesses. Secondly, Training duration was short. Longer training durations would have given the program a good chance to link up the trainees to the business environment outside of their class even if it would not have been for a longer time just to give as much exposure to the trainees to enable them to acquaint themselves with the real business world and its dynamics in as far as the type of businesses they run are concerned.

The SIYB program has been able to bridge the knowledge gap by equipping the youth with skills necessary for small business development. To this point it has therefore been an effective program. However, there are two aspects that have rendered it inconsistent. The first inconsistency points to the loaning phase; while the second one can be associated with the classroom oriented training approach and its short training duration. Failure of the program to keep up with its promise of providing all entrepreneurs trained under it with micro-loans at

the end of training; to supplement the skills imparted to the trainees implies that the program has not been able to serve its other purpose of micro-loan funding.

In short, this side of the program has failed. This was also confirmed by Rogerson (2008), ‘...access to finance remains one of the priority challenges faced by micro-enterprises and any improvement in the investment climate for micro-enterprises is conditioned upon an enhanced access of entrepreneurs to finance’ (Clarke et. al., 2005; World Bank, 2006; as quoted in Rogerson, 2008: 63).

The second aspect which is that of the classroom oriented approach and that of short training duration; play a significant role in the effectiveness of the program. In this regard, the argument has been that for the program of the SIYB nature to be effective, it has to adopt a practical approach. The SIYB’s duration and classroom orientated nature as was implemented in Lesotho did not make an allowance for this type of approach. If the approach is not applied; particularly if the SIYB is to empower the trainees of the educational backgrounds it has trained, then the trainees will not be sufficiently equipped to run their businesses in the midst of the ever changing business environment and the various challenges that come along with such changes. The practical approach to training has therefore not been applied. The classroom oriented approach and failure to issue loans to all the trainees have rendered the program ineffective.

In terms of the training and business skills empowerment objective targeting the youth, the SIYB has been successful. The inconsistencies that have emerged concerning the objective of the program’s assistance of the entrepreneurs through provision of micro loans, have undermined the program’s success, thus resulting in the SIYB being partially successful. The youth have been empowered with the relevant skills that they did not have prior to being introduced to the program.

However, the skills alone do not guarantee effective development of the SME sector from which it is expected that the job prospects for the unemployed youth would accrue. This outcome, plus the present SME environment on which the SIYB has not had influence, lead to a conclusion that the SIYB has not had a significant impact on the youth’s abilities to start and or improve their businesses, thus answering the question as to what has the SIYB impact on the abilities of the youth to start and improve their own businesses been?

5.4 Recommendations

From this conclusion, the recommendations can be made in line with strengthening of partnerships between the Ministry under which the SIYB program is administered, business registration and program training.

5.4.1 Strengthen partnerships with the private sector for improved assistance with micro-funding.

That the ministry of Gender, Youth Sports and Recreation (MGYSR); responsible for the implementation of the SIYB program in Lesotho should form more partnerships with the private sector, particularly banks. This would ensure that program trainees are provided with affordable loan services for effective development of their small businesses. The program could also instil strong accounting measures to the trainees to ensure that the loans are used and dedicated to the development and growth of the SME sector for increased job prospects.

5.4.2 Encourage business registration of SMEs in Lesotho.

The ministry should also encourage its trainees to register their businesses as a prerequisite to provision of a micro-loan. This could raise awareness in connection to the benefits that businesses can be exposed to if they are registered. Although at the moment no discussion has been made on the dynamics of registering a business in Lesotho, the ministry should make the process of business registration to be convenient for the trainees. In fact business registration under entrepreneurship training and assistance should be made between the end of training and the issuing of a loan by banks. The ministry could partner with another government ministry responsible for business registration.

This would ensure equal division of responsibilities between the MGYSR, the private banking institution that would be responsible for provision of loans to the SIYB trainees and the government department responsible for business registration; thus showing commitment towards youth development through the development of an effective SME sector.

5.4.3 Improvement of training by finding a way to assist trainees with networks

It is recommended that program training be improved by adding a practical phase to it. Introducing trainees to more experienced entrepreneurs in various businesses resembling their businesses could be made part of the practical approach to training. This would entail

identifying the relevant business community and forging partnership with it in participating in training. Trainees can also be taken on tours to the business sites of the program partners for a reasonable length of time to acquaint the learners with the realities of the business world. At a more extreme level this could translate into apprenticeship which could to a greater extent help the trainees develop a strong skills and the enthusiasm to start and run their businesses. In this way, training period can be added to two months in which one month would be spent in class while the second one on site touring.

5.5 Conclusion

Unemployment remains one of the contributing factors to the effects of poverty suffered by most youth in Lesotho. To this effect, the SIYB has exemplified a good initiative to counter the incidence of unemployment by imparting relevant business management skills to the youth; placing them in a better position to be able to create employment for themselves and their unemployed peers through creation and improvement of small businesses. Throughout the discussion highlighted in the literature and presentation of findings emanating from the evaluation of this program, three essential points have stood out.

The first point has confirmed that entrepreneurship training plays a significant role in SME and entrepreneurship development through the skills it empowers the entrepreneurs with, that enable them to make informed management and decisions; thus influencing sustainable SME development. The second point has been that a sustainable small business sector comes along with abundant employment prospects resulting from informed business management and decision making practices executed by the entrepreneurs. The third point has been that existence of networking relations in the business environment transfers experience to the small businesses and therefore boosts their performance towards growth and widening of employment opportunities.

The SIYB has successfully been able to build on the entrepreneurship abilities of the youth by imparting relevant skills on the one hand, thus it has been successful in realising this objective. The inconsistencies associated with provision of micro-loans on the other hand, to assist the entrepreneurs in starting and or improving their businesses has made the program not to be able to realise this objective; thus being unsuccessful on this part.

This factor, combined with an unsuitable business development conditions characterised by a lack of essential services and facilities, and a lack of network relations with experienced business communities have further made the SIYB to be less effective as an intervention to empower the youth for the development of a sustainable small business sector, that would create sufficient employment job prospects. Responding to the major question that was asked in the first chapter; The SIYB has had a minimal impact on the abilities of the youth in Lesotho to start and make improvements on small businesses, and therefore needs to be upgraded along the recommendations outlined above. In the meantime, small businesses and entrepreneurship development appear to be a good strategy in addressing issues of unemployment among the youth and all other categories of society; which necessitates the third world governments to put this strategy at the top of their development planning priorities.

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