Evaluating the capacity of rural-based South African stakeholders in the transformation of small, medium-sized and micro-enterprises

**Background:** The South African job creation challenges have been well documented by different scholars. The knowledge gap is what the transformational role of rural stakeholders is in securing sustainable livelihoods through small, medium-sized and micro-enterprises (SMMEs). This study is an attempt to fill that gap.

**Aim:** The study is aimed to contribute to an understanding of the capacity of rural-based stakeholders in the transformation of rural economies to sustainable livelihoods and SMMEs in South African municipalities.

**Setting:** This study focused on the capacity of rural-based stakeholders in the transformation and sustainability of South African SMMEs in the municipalities of Jozini Local Municipality (JLM) and Matatiele Local Municipality (MLM).

**Methods:** A qualitative, inductive, interpretative approach was used to achieve the research objectives. Data were collected from 34 purposive (social network analysis group) interviews and 35 snowballing (semi-structured one-on-one) interviews with selected participants from the two rural municipalities. Data were analysed using Nvivo 12.

**Results:** The findings of the study reveal that the rural-based stakeholders are not capacitated to transform and sustain, on their own, livelihoods and SMMEs, without well-coordinated external support from national, provincial and district stakeholders.

**Conclusion:** It is, therefore, concluded that such a lack of capacity and poor coordination between the relevant stakeholders impact negatively on the transformation sought to assist securing a sustainable livelihood by means of SMMEs. The original contribution to knowledge (also summarised as a framework) in this study lies in the process that rural-based stakeholders follow in creating sustainability in rural SMMEs and livelihoods.

**Keywords:** capacity; rural-based professionals; SMMEs; job creation; local leadership; sustainable livelihoods framework.

**Introduction**

Cimadamore (2016) has correctly pointed out:

> During the past decades … the international community has consolidated a discourse on the eradication of [extreme] poverty that has been articulated in various international commitments (such as the United Nations Decades for the Eradication of Poverty, the Millennium Declaration, and the Millennium Development Goals [MDGs]/Sustainable Development Goals [SDGs] initiatives). (p. 131)

It is in this same spirit that the South African government had over the last two decades and a half, been trying to contribute to the eradication of poverty through job creation and the sustainability of other livelihood strategies within South Africa (SA). Research papers by Seekeitoleko and Du Plessis (2021), and Paver et al. (2020) corroborate this and point out that the goal of SA’s post-1994 national government (NG) has always been to address the imbalances of the past and implement a developmental local government (LG) that creates jobs, grows the economy and mitigates poverty using small, medium-sized and micro-enterprises (SMMEs). In displaying transformational leadership in this way, SA strives to be an example that Africa and the world can learn from (Gorgens-Ekermans & Roux 2021). Gorgens-Ekermans and Roux (2021:2) went on to point out that ‘leaders possess the capacity to influence followers to aspire towards a collective purpose’. Muller and Pelser (2022) affirm and assert that ‘a gap exists to unify traditional and contemporary leadership theories which employ collaborative, multi-level techniques to increase leadership capacity’. Such a collective in SA rural areas is composed of all stakeholders (such as
LG, traditional authorities, private companies [including SMMEs] and other organised groups) and often led by rural traditional leaders and/or local municipality leaders.

In line with this goal pursued by the SA Government, the paper is aimed to contribute to an understanding of the capacity of rural stakeholders in the transformation and sustainability of South African SMMEs during the current job creation challenges in rural municipalities. Therefore, the following objectives anchor this study: (1) To identify the stakeholders who are key in transforming structures and processes favourable to SMMEs; (2) to evaluate the strengths/abilities, and weaknesses of the rural local-based stakeholders; (3) and to explore the processes that local leaders follow in communicating to the local SMMEs. The Jozini Local Municipality (JLM) and the Matatiele Local Municipality (MLM), rural-based local municipalities in SA, were chosen as relevant case studies due to their ongoing job creation challenges and existing SMME sustainability initiatives.

Therefore, the original contribution to knowledge (also summarised as an adapted Sustainable Livelihoods Framework [SLF] in Figure 5) is in the process that rural-based stakeholders follow to empower rural SMMEs, rural entrepreneurs or aspiring entrepreneurs to change the processes favourable to SMMEs; (2) to evaluate the strengths/abilities, and weaknesses of the rural local-based stakeholders; (3) and to explore the processes that local leaders follow in communicating to the local SMMEs. The Jozini Local Municipality (JLM) and the Matatiele Local Municipality (MLM), rural-based local municipalities in SA, were chosen as relevant case studies due to their ongoing job creation challenges and existing SMME sustainability initiatives.

These effectively place the traditional leaders in a position to influence the processes in new economic development initiatives and, therefore, SMMEs in their areas.

Mabunda (2017) points out that the Traditional and Governance Framework Act (Act 41 of 2003) provides for structures that not only empower the traditional leadership, but also the citizens in rural areas to participate in improving service delivery. The Traditional Leadership and Governance Framework Bill (TLGFB) of 2003 further provides for the traditional authorities to be at the heart of local governance in the country; that is, they need to work with other Local Community Structures (LCS).

Local community structures such as non-governmental organisations

In rural areas, several organisations or structures operate, for various reasons, associated with job creation and other livelihood strategies. Non-Governmental Organisations (NGOs) are also present on their own, or through invitation by the government, to participate in initiatives for sustainable rural economic activities. All such organisations and institutions in local (rural) areas will be referred to as Local Community Leadership (LCL) (Nel 2018) as there are different structures working for the sustainability of local enterprises.

The formations of LCS and management of local relations through LCL are, therefore, the fulfilment of Section 152 (1) (e) of the constitution and the Municipality Systems Act (Act 32 of 2000), as they make provisions for the local community to participate in the governance of their area. Thebe (2016) is also amongst those who advocated the involvement of all other stakeholders in the area by arguing that such participation serves both the government and the people better. Thebe’s advocacy is consistent with Muller and Pelser’s (2022) assertion quoted in the introduction section.

The following section reviews the challenges that LG, Traditional Authorities and LCS currently face in trying to partner with each other and other implementing partners.

Challenges of the institutions and organisations in rural areas

The challenges of the institutions and organisations to be mentioned impact the partnerships needed to implement rural-friendly SMME strategies, processes and policies.
Tradtional authority challenges

Dodo (2013) argues that traditional leaders are dignified civil servants without any real power to contribute to sustainable livelihoods for their subjects. Mabunda (2017:81) affirms this view by arguing that, ‘traditional leaders fail to realise the nature of the abuse because of poverty and semi-illiteracy, and they easily fall into the trap’. Meaning the trap of apartheid to use traditional leaders against their subjects. Educational qualities are thus brought into such an argument, pointing to the fact that SMME policy making and implementation might need some form of literacy on the part of the implementing partners.

While Matsila (2016) agrees that traditional leaders acted improperly during apartheid days, Matsila insists that there is still a role for them in securing sustainable rural livelihoods. Furthermore, traditional leadership is still very active and highly respected in rural areas. Matsila credits such respect from the locals as born of cultural tenacity.

On the other hand, Mabunda (2017) details his concern in this way:

> A major concern is the lack of understanding between the roles of councillors and the roles of traditional leaders. When local councillors were appointed, their roles appeared to be the same as the roles that traditional leaders are supposed to perform. (p. 80)

Nevertheless, Tutu (2008) pours water on the suggestion of conflicts born out of overlapping roles. Tutu points to the collaboration that is already happening in many rural areas whereby roles are shared between local councillors and traditional leaders. The partnership between Traditional Authorities and LG officials is, therefore, very important in ensuring that SMME policies and strategies are implemented, monitored and evaluated.

Local government’s challenges

Local Government’s challenges (relevant to the study) are summarised in this section under three headings: Past imbalance, Leadership challenges and the LG’s inability to self-monitor and evaluate livelihood strategies such as SMMEs.

Past imbalances: Despite the current LG enabling legislation, past imbalances continue to hinder the LG from being an effective partner in implementing SMME policies and strategies. Taylor (1994) credits the challenges of LG in impacting rural economic activities and SMMEs in general to the enduring effects of the pre-democracy era in SA. Mazibuko (2013) also points out that pre-1994, government institutions were directly used to suppress the indigenous black majority’s livelihood options by crafting and advocating policies that disempowered them.

Mazibuko, also points out that land reform policies were adopted, and relevant authoritative institutions enforced such policies. Now LG does not seem to be capacitated to reverse the impact of these past policies on its own. Mubangizi (2019) also points out that the habit of allocating insufficient LG resources to deal with the needs of rural people is a product of apartheid. Mubangizi further illustrates that because of the nature of the location of rural municipalities (economically depressed areas), such municipalities find it difficult even to rely on tax revenue as other metropolitan municipalities could. Capacitated LG leadership, therefore, becomes very important so that whatever little resources exist are managed properly.

Leadership challenges: Moreover, researchers such as Luthuli (2009) established that effective leadership in public administration is born out of experience and proper qualifications, the very attributes that the rural leadership are accused of lacking. Matjie (2018) affirms and adds that being emotionally competent and possessing effective leadership abilities are important skills that are expected of leadership. In rural municipalities, where economic challenges seem to be more dominant than opportunities, informed leadership of the municipality cannot be more relevant.

Local governments’ inability to self-monitor and evaluate livelihood strategies such as small, medium and micro-enterprises: Mubangizi (2019) argues that because rural municipalities …

> … are located in economically depressed areas and have difficulty in attracting and retaining skilled managers, professionals, and technicians, it follows that some of these municipalities are seriously challenged to fulfil their obligations. (p. 556)

Without skilled LG officials, it becomes impossible for LG to self-monitor and evaluate themselves without the assistance of other stakeholders.

Community leadership challenges

Mthethwa (2012) argues that there is a need for more research to understand the ways that local structures may contribute to policymaking and implementation processes. Baruah (2012) concurs and points to examples whereby the institutions, meant for the empowerment of the poor, were formed in haste without an adequate framework, or the participation of the poor themselves.

Other studies on livelihood approaches and their implementation, such as the one done by Gok (2012) argued that SMMEs’ owners who participated in rural local structures are equally to blame for unsuccessful, pro-poor policy implementations due to lack of cooperation. Nevertheless, Williams et al (2011) argued that while strained relationships between members of the rural local structures could have a negative impact, it is the political interference by those in power that makes local structures weak and unable to participate meaningfully in policymaking and implementation. The following section reviews the steps that could be taken to monitor and evaluate SMME implementation strategies by all concerned stakeholders using SLF as a guide.
Sustainable livelihoods approach and framework

Toner and Franks (2006) argued that the Sustainable Livelihoods Approach offers the best framework to deal with poverty and the roles that institutions, their policies, processes and their officials play in livelihood strategies. Small, medium and micro-enterprises are strategies to secure a livelihood, and as has been reviewed in preceding sections, there is a close link between policies, strategies and relevant institutions. Scoones (2009); and Baffoe and Matsuda (2017) are amongst the researchers who corroborated this view citing the unique ability of the SLF to address issues associated with empowerment processes and roles of the different stakeholders.

The SLF make it possible to position different stakeholders/professionals/representatives at appropriate places, according to their specialisation, or mandate, as per the relevant legislation. This means that professionals that make themselves available to support LG in sustaining rural SMMEs will be easily placed where they may make a difference, while government departments, focusing on certain areas, would be positioned at their appropriate place within the partnership arrangements. An example of such partnership arrangements, from left to right (See Figure 1), would include a combination of institutions (such as all levels of Government departments and local institutions) and experts (NGOs and Community Based Organisations) in different categories, such as the vulnerability context, Livelihood Assets, as well as Transforming Structures and Processes.

Nevertheless, several researchers (Carney et al. 1999; Mazibuko 2013) raised issues over recent years of what they considered a gap in the ability of the Sustainable Livelihoods Approach (SLA) ability to solve perceived power relations problems in processes that lead to the empowerment of the locals. McLean (2015) also argues that SLA lacks flexibility and that in so doing, therefore, imprisoned other aspects that should have been there to solve power relations problems. These power relations problems that are being raised, have to do with how much voice other rural stakeholders have at different levels, and how much influence they have. This is where the institutional theory’s cultural cognitive element comes in.

Institutional theory

Scott and Meyer (1983:140) place the institutional theory as a theory that seeks to explore the rules and processes that organisations are required to conform to, so that they get support or legitimacy in the eyes of their sponsors and other important actors/stakeholders. Scott (2013) corroborates and points out that analysing an organisation’s subjections to the institutional process is certainly the institutional theory’s main concern.

While the institutional theory has three elements (regulative, normative and cultural cognitive), only the cultural cognitive element will be explored in detail here. Palthe (2014) points out that the cultural cognitive element allows for the analysis of the impact of shared values, beliefs and assumptions. To successfully work with rural stakeholders, all of the other stakeholders, professionals and representatives, need to understand and respect the values, beliefs and assumptions of the locals.

Research design

Research approach

The study employed a qualitative research methodology and followed the inductive research approach. According to Eriksson and Kovalainen (2008), the inductive research approach is a process that requires the observation of patterns before generalisation, conclusions and new theories or frameworks are proposed. An interpretive paradigm was chosen for this study due to its ability to provide an understanding of people’s lived experiences (Chilisa 2011).
Research method

Sampling

Purposive sampling was used in this study. Due to the nature of rural areas, whereby institutions are scattered and not properly documented, it was important for snowball sampling to be carried out to supplement purposive sampling. Snowball sampling assisted in identifying institutions that could give further corresponding information, or other rural SMME supportive institutions that the researcher was not familiar with, but which other participants knew, as they worked together for local SMME sustainability. The Social Network Analysis (SNA) tool became important in this regard, due to its ability to identify existing and potential institutions (connections) that are critical for SMME sustainability in rural areas (Jaja, Dawson & Gaudet 2017).

Data collection and methods

In line with the interpretive paradigm, SNA, together with one-on-one interviews, were chosen as research instruments for the collection of data from two rural municipalities. The study was conducted (as part of a PhD research project) in a space of two years during which both primary and secondary data were collected. Secondary data were collected throughout the study period while primary data were collected in six months from two municipalities about 800 km apart. This meant that time was set aside for each local municipality (Jozini & Matatiele Local Municipalities) that had more participants confirming their availability.

Table 1 below gives an account of the participants and tools used in this study. A total of 69 participants representing all leaders and stakeholders in the study areas were interviewed. Altogether 18 such participants were interviewed from JLM, using SNA, and 16 participants were similarly interviewed from MLM using SNA. The rest of the participants were interviewed using semi-structured interviews making sure that all institutions and structures (see Figures 2 and 3 in the following findings section) were identified. That is, all leaders/stakeholders who availed themselves to represent their institutions were interviewed in both municipalities. Secondary data were collected from the websites of JLM, MLM, The Department of Small Business Development (DSBD), and the operating documents of the MLM LED (Local Economic Development) unit.

Data analysis

In line with the research objectives mentioned in the introduction section, this study followed the Grounded Theory (GT) analysis. Strauss and Corbin’s (1990:7) clearly defined process was followed in this study. Strauss and Corbin (1990) state that GT process starts with:

[O]rganizing data into discreet categories according to their properties and dimensions and then using descriptions to elucidate those categories and then theorizing, conceiving or intuiting ideas-concept – then also formatting them into a logical, systematic, and explanatory scheme. (p. 7)

Nvivo 12 was used to analyse the vast data collected due to the software’s ability to analyse different types of data. Bazeley and Jackson (2007) corroborate by pointing out that:

The efficiencies afforded by software release some of the time used to simply ‘manage’ data and allow an increased focus on ways of examining the meaning of what is recorded. (p. 22)

Nvivo 12 made it possible to import and analyse and present the data collected during fieldwork using semi-structured interviews, social network analysis, and secondary data.

Findings

The analyses in this section are presented in line with the study objectives. These are: 1, To identify the stakeholders who are key in transforming structures and processes favourable to SMMEs; 2, to evaluate the strengths/abilities, and weaknesses of the rural local-based stakeholders; 3, and to explore the processes that local leaders follow in communicating to the local SMMEs, the identification of the professionals and rural community leaders who are key in transforming structures and processes favourable to SMMEs (see Figures 2, 3 & 4); Strengths/abilities, weaknesses of the local community leaders, and processes that local leaders follow in communicating to the local SMMEs (see Figure 4).

Figures 2 and 3 below summarise institutional networks in both JLM and MLM.

Identification of stakeholders who are key in transforming structures and processes favourable for small, medium and micro-enterprises

Local Economic Development (LED) officials, traditional leaders, NGO leaders and local business leaders play
crucial leadership roles in sustaining rural SMMEs. The participants in both study areas in MLM and JLM indicated that such stakeholders/leaders play different, complementary roles.

The interviewed Local Economic Development officer (Participant 1, male) responsible for SMMEs at Matatiele Local Municipality gave a detailed explanation concerning such roles. He states that:

‘Small Enterprise Development Agency (SEDA), DSBD (National office), Department of Economic Development and Environmental Affairs (DEDEA) – it is based in Maluti i.e provincial province), Matatiele Business chamber, Matatiele Multi Secondary Sectoral Cooperatives: responsible for SMMEs in Matatiele, Eastern Cape Development cooperation

It is, therefore, clear that different departments and their agencies are being credited for crucial resources needed in sustaining rural SMMEs. Resources such as financial, physical, human and social resources. The LED officer is, therefore, crucial in making sure the resources that SMMEs need are available to them.
The senior LED officer in JLM, (Participant 2, male) in Ndumo responsible for SMMEs also explained how he ensures that the SMMEs are supported using a formal platform. He stated: ‘We form a formal business structure known as Jozi Business Chamber of Commerce. It’s a legal entity that starts with provincial. We do business issues with them.’ He went further to explain that such a platform is crucial for relevant stakeholders to discuss on an equal footing among themselves issues of business sustainability within the municipality. That is, how to mobilise different resources to sustain the business ecosystem whereby SMMEs thrive and, in turn, create jobs. Mobilising available human resources is particularly important given that JLM is a rural municipality with limited resources. A senior councillor interviewed at JLM, (Participant 6, male) corroborated the municipality’s lack of financial and human resources by admitting that ‘they are not enough’.

Traditional leaders in rural areas covered in these study areas have been described by the participants as influential when it comes to land and other resources. The traditional leader interviewed (Induna) (Participant 4, male) corroborated with the other participants concerning their influential role in sustaining local rural SMMEs. In his own words he stated:

‘We work together with Umnotho Phansi, farmers. They are the ones that if they have issues, they talk to us and we look for a way forward. We talk to the higher authorities.’

He further pointed out that these issues often had to deal with resources that the local SMMEs need to sustain their SMMEs. Resources, such as financial (grants), physical (land and equipment) and human resources (e.g. relevant professionals to attend to water-related challenges). Thus, traditional leaders assist directly with staff capacity in the rural municipalities and national developments that do not have staff based in rural areas.

Non-Governmental Organisations differ in size and footprints. Some NGOs have footprints in one municipality only while others have offices and officials in several municipalities, provinces and even countries. The size of the NGO will determine the leadership hierarchies and other important support services needed by the local SMMEs. In both JLM and MLM there are several NGOs such as LIMA (found in both municipalities and has national footprints in other provinces) or Technoserve (found in JLM but has international footprints). A participant (Participant 5, female) who works for an NGO in Matatiele and acts as a secretary to the local sustainable livelihood partnership at MLM elaborated on the role of NGOs in sustaining rural SMMEs. She remarked that ‘we are the implementation agency for the government’. She went on to explain how they assist the local municipality and the Department of Economic Development and Environmental Affairs to reach the far-flung rural villages with their support. The support to farmers ranges from financial (market to auction animal) to physical resources (vaccinations).

Business leadership in both JLM and MLM has also been found to be according to the size of the organisation in question. In JLM, Massmart has Boxer and Cambridge stores and each store has different leaders (managers) with buying authority to trade with local SMMEs. The bigger the size of the Spar franchise (as the one at Ndumo, JLM) the higher the likelihood of SMMEs negotiating directly with leaders on various business terms when it matters. The participant (Participant 7, male) who works for JLM in Ndumo Spar elaborated on the business relationship between themselves and the local rural small-scale farmers. He stated that:

‘We receive potatoes, cabbages, carrots as well as other fresh produce from the local farmers. We buy from them because we receive it fresh, rather than to buy it from Johannesburg. The difference is the cost. If you order from Johannesburg, which we call the fruit spot, we get it at a higher price as opposed to buying it locally.’

The perspective (on the value of the products to the retailer’s branch) of the rural store manager is, therefore, crucial and determines whether the local farmers have a market and the much-needed financial resources.

Strengths/ abilities, weaknesses of the local community leaders

Local leaders have several strengths or abilities, as well as weaknesses that are crucial in sustaining or transforming rural SMMEs.

Strengths and abilities of the local leaders that assist in sustaining or transforming rural small, medium and micro-enterprises

There are several strengths or abilities (of local rural leaders) that are crucial in sustaining or transforming rural SMMEs as identified in both the JLM and MLM study areas. These include the leaders’ deep knowledge of the communities they serve, their ability to fluently speak the language of the locals, and the walking distance between rural-based leaders and local SMMEs. Deep knowledge about the locals is important because the local leaders understand the background of the people better and, therefore, may give resources needed by the SMMEs without much background research on the applicant. A good example is the business relationship between Ndumo retail store manager and the local rural SMMEs in the area as described above.

Weaknesses of the local leaders that impact negatively on sustaining or transforming rural small, medium and micro-enterprises

The JLM rural-based councillor interviewed, (Participant 3, male) in Ndumo pointed out that illiteracy among the local traditional leaders is a problem. He points to how they treat women who need land for business or personal purposes by stating that:

‘If a woman wants the land to build a house or if they want to have a company, there is a challenge because Induna or Inkosi will ask them about their husband. According to their laws, they cannot give a woman land.’
Nevertheless, one traditional leader interviewed disputed such utterances of the Councillor.

On the other hand, the same village traditional leader, who disputed the Councillor’s explanation of traditional leaders’ illiteracy impact on women, showed confusion and a lack of understanding regarding the local processes. When asked whether the prospective business owners who needed to be allocated land to build their new business in the area are happy with the process, Participant 4, (male), stated that, ‘They are happy about the process because it is quick’. On further questioning concerning the number of those who were frustrated along the process and never returned to follow up and get the land to build the business, he stated, ‘There are many’. His inconsistency may be associated with illiteracy and may be one of the reasons some of the ‘many’ he referred to are not returning.

NGOs in both JLM and MLM seem to also send the less educated and less experienced in deep rural areas to work daily. The reasons for such habits are many, amongst them being the unwillingness of more qualified and more experienced personnel to live in deeply rural areas. Therefore, the more experienced personnel and better services and resources would likely be easily accessible in local towns and not in the villages themselves. The same applies to municipality officials (such as LED officials, responsible for agriculture or SMMEs) who prefer to send interns to villages while they remain in their offices.

Processes that local leaders follow in communicating with the local small, medium and micro-enterprises

There are different processes that local leaders of NGOs, local big businesses, municipal offices and chiefs use in communicating with the local SMMEs. The officials of the local municipality LED departments in both JLM and MLM hold quarterly meetings with the majority of SMMEs. Such quarterly meetings happen between the LED official responsible for a specific sector (e.g. tourism) and the representative of small businesses in the form of local associations or structures that represent them. A participant (Participant 8, female) who has been a LED intern in JLM for over a year in tourism stated:

‘In each year we have 4 quarters. In every quarter we have a midterm. And then there is another program that is called the Tourism Forum whereby it’s also set quarterly. We invite all the stakeholders that we work with.’

According to all the local municipality officials interviewed, the District Municipality and provincial officials from the same ministry often attend such quarterly meetings organised by the local municipality official responsible for implementing that ministry’s policies, laws and regulations.

The SMMEs interviewed disagree with the assertions of the LED officer in MLM that opportunities are widely and locally ‘advertised’. They claim that opportunities are not well advertised and communicated but given to friends and well-connected business associates of the municipal officials. A white business owner (Participant 9, male) interviewed at MLM also complained about the lack of communication and support from the local municipality when there are tenders. He stated: ‘I employ 20 black people on a full-time basis, and they don’t factor that in their BEE [Black Economic Empowerment] application to my business’.

Eight hundred kilometres (800 km) away from MLM, a JLM senior councillor (Participant 6, male) interviewed corroborated the assertion by stating that the problem that hinders sustainability of rural SMMEs and sustainability of livelihoods is often ‘politics’.

Non-Governmental Organisations in the MLM study areas are more active than in JLM and, therefore, it was easy to see current communications between NGOs in MLM than in JLM. In MLM, officials of NGOs such as Lima, Conservation SA, Meat Naturally and ERS, have been praised by the local municipality officials and interviewed SMMEs for being very active. In the JLM study area, Lima and Technoserve, the NGOs that had contributed to much of the development in the area, were closing offices, and, therefore, communication was rare and the local SMMEs were not sure what would happen in the future.

Very few were available to be interviewed among MLM’s big businesses to conclude research on the communication between SMMEs and big businesses. The only big business owner to be interviewed indicated that there are little to no business deals between his business and local SMMEs; that is, the business gets suppliers from other big business in the area, while the rest of the services are on house/produced within the business and no contracting of SMMEs. In JLM, the retail, local game reserve and local lodge indicated that they have business relations with the local SMMEs. Nevertheless, communication between local supportive big businesses and SMMEs has been described as informal; that is, there are no weekly or monthly meetings, but communication occurs when a big business such as Spar contacts the local farmers or SMMEs for a once-off business deal. Figure 4 summarises the capacity of professionals and rural community leaders in the transformation of structures and processes favourable for SMMEs in the study areas.

Discussion

This section is subdivided into three subheadings in line with the study’s objectives: the identification of rural stakeholders in transforming structures and processes favourable to SMMEs; strengths/abilities, weaknesses of the local community leaders; and processes that local leaders follow in communicating to the local SMMEs.

Identification of rural stakeholders who are key in transforming structures and processes favourable for small, medium and micro-enterprises

The findings and analysis section has shown that LED officials, traditional leaders, NGO leaders/professionals and local business leaders play crucial roles in sustaining rural SMMEs.
Strengths and abilities of the local leaders that assist in sustaining rural small, medium and micro-enterprises

The findings section revealed that deep knowledge, living within walking distance (to rural SMMEs) and the ability to fluently speak the language of the locals are strengths. Strengths that are crucial for professionals and the rural community leaders (from the transforming structures. See Figure 5) to possess in their daily duties to sustain rural SMMEs. The deep knowledge that Ndumo Spar manager possessed concerning the products of local farmers and what his customers needed, gave him the ability to act in sustaining both his store’s financial growth and fulfilling the local SMME’s market and financial needs. Speaking the same language and living within walking distance made it easier for knowledge sharing. That is, the retail store manager can tell the farmers the quality he expects for his customers and the prices such quality will earn. Such knowledge assists the local farmers to comply with the required quality from seedling to harvest. Such findings and analysis are consistent with the cultural-cognitive element of Scott and Meyer (1983)’s Institutional Theory. Palthe (2014) points out that the cultural cognitive element allows for the analysis of the impact of shared values, beliefs and assumptions. The findings are also consistent with the regulative element because farmers may conform to the rules that the retail manager sets for the good quality of the products. This is consistent with Gorgens-Ekermans and Roux’s (2021) views on transformational leadership and influence as quoted in the introduction section.

Weaknesses of the local leaders that impact negatively on sustaining rural small, medium and micro-enterprises

The key finding about the weaknesses of the local leaders in both JLM and MLM is that the leadership and professionals closest to the rural SMMEs are less capacitated regarding education and the resources of the very institution or organisation (local municipality, NGO or traditional authority) specialises in. This is consistent with the findings of Dodo (2013) and Mabunda (2017) concerning traditional leadership’s capacity as discussed in the literature review section. As part of the rural transforming structures (see Figure 5), traditional leaders are key links between the SMMEs, other transforming structures and their assets/resources needed for SMME sustainability.

Moreover, the lack of capacity on the side of the officials (see Figure 5 for the transforming structures’ relevance), sent by their respective institutions, has been shown to vary. To vary and sometimes fall outside the ability of the institution’s capability to address. As the participants in the findings revealed, the inability of rural municipalities to acquire enough funding to address incapacity, is seen to be beyond the local leadership powers because of current and past systems in place. Mubangizi (2019) corroborates that the resources awarded to LG, are not nearly enough to deal with

Turning the weaknesses of the local community leaders into strengths and connecting local strengths with provincial and national strengths

In the following two subsections the process is discussed of turning the weaknesses of the local community leaders into strengths that sustain rural SMMEs and connect local strengths with provincial and national strengths.

Strengthening the local leaders’ capacity to sustain SMMEs

The findings section revealed that local stakeholders are crucial in availing themselves of much-needed assets/resources (see livelihood assets base in Figure 1 and Figure 5) to make rural SMMEs and economic activities sustainable. The formation of JLM’s Jozini Business Chamber of Commerce is one such example of the findings. These are consistent with Toner and Franks’ (2006) analysis concerning the Sustainable Livelihoods Approach and framework.

FIGURE 4: Summary of the capacity of leaders in the transformation of small, medium and micro-enterprises.

SMMEs, small, medium and micro-enterprises; NGO, Non-Governmental Organisations; LED, Local Economic Development.
the needs of rural people. As already discussed in this article, the habit has its roots in the apartheid system. Capacitated LG leadership, therefore, becomes very important so that whatever little assets/resources exist, are managed properly (see Figure 5). Muller and Pelser (2022), as well as Thebe (2016), concur and advocate the involvement of all other stakeholders in the area. Their arguments are consistent with SLF and institutional theory’s cultural cognitive element.

**Rural and cultural-based communication processes**

Gorgens-Ekermans and Roux (2021) point out that transformational leadership is only evident when the leaders communicate clearly about being tasked with empowering others. The findings and analysis section revealed several communication strategies used by different leaders/professionals/stakeholders when they communicate with their counterparts. These communication methods range from contact meetings, phone calls, media and organisational websites. The findings also reveal that readily available and cheap methods are not being used enough in such communications: methods such as WhatsApp and Facebook are hardly mentioned in communication meetings, advertising tenders or opportunities, and the selling or advertising of local products.

Relying on traditional methods of newspaper and websites has been found to reach very few rural SMMEs with announcements of new tenders or local opportunities the local municipality or local NGO have to offer. The majority of rural SMMEs spend more time on social media platforms like WhatsApp and Facebook and do not read a newspaper or browse the local NGOs websites. Such findings reveal the breakdown of communication regarding better ways to pass critical information between stakeholders (see Figure 5 arrows for suggested smooth flow of information and resources). The findings are consistent with those of Mthethwa (2012) and Baruah (2012). Both researchers point out that when LG leaders close or rarely use communication channels between themselves and the other stakeholders, the sustainability of local livelihoods is impacted negatively. By keeping communication channels open, the local municipality officials in the study areas may effectively advertise tenders and opportunities needed by rural SMMEs to sustain themselves and their local livelihoods.

The favoured, locally friendly and traditional method of using the local traditional leaders to inform the local SMMEs about tenders and opportunities has proved ineffective. Such ineffectiveness has been blamed on nepotism and corruption on the part of the municipality officials and the local traditional leaders. Such findings are consistent with those of Williams et al. (2011) and Mulika and Routray (2016) who have all identified unwanted interferences that undermine the fight against rural unemployment challenges, transformation or the sustainability of local livelihoods. This is also consistent with Louw and Barker (2021), as well as Gorgens-Ekermans and Roux’s (2021) assertion that leaders influence those they lead.

The following adapted SLF (Figure 5) is proposed to summarise the previous discussion section and contribute to the processes that are favourable (i.e. in line with the cultural-cognitive element of Scott and Meyer [1983]’s Institutional Theory) for the empowerment of rural SMMEs and sustainability of rural livelihoods through relevant stakeholders. The emphasis on

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**FIGURE 5:** A proposed framework adapted from sustainable livelihoods framework.
the collective human resources from all stakeholders/institutions improve local leadership mindset/capacity and do away with the local municipality’s leadership mindset/capacity challenges (Muller & Pelser 2022).

**Conclusion and recommendations**

This study is aimed to contribute to an understanding of the capacity of rural stakeholders in the transformation and sustainability of South African rural SMMEs during the current job creation challenges in rural municipalities. To achieve the aim of the study, three objectives were pursued: (1) To identify the stakeholders who are key in transforming structures and processes favourable to SMMEs; (2) to evaluate the strengths/abilities, weaknesses of the local community leaders; (3) and to explore the processes that local leaders follow in communicating to the local SMMEs.

The findings of the study reveal that the rural-based stakeholders/leadership (from transforming structures. See Figure 5) are not capacitated to transform and sustain SMMEs and livelihoods on their own without well-coordinated external support from national, as well as provincial and district stakeholders/leadership. It was also established that there are both rural-based leadership/stakeholder weaknesses and strengths that work for and against the transformation of failing SMMEs and the sustainability of local livelihoods. Existing and long practised local processes have both benefits/advantages and limits in sustaining SMMEs and rural livelihoods. It was further established that communication between stakeholders is inadequate and does not factor in rural SMME’s existing communication trends. It is, therefore, concluded that rural stakeholders’ lack of capacity and the poor coordination between relevant stakeholders impact negatively on the transformation and sustainability sought to sustain SMMEs and livelihoods.

The original contribution to knowledge (also summarised as a framework in Figure 5) in this study is in the process which rural-based stakeholders (from transforming structures) follow in the empowerment of rural SMMEs. The proposed adapted SLF suggests practical processes that could be beneficial to all stakeholders and serve as a guide. A guide in the distribution of much-needed assets/resources and empowerment processes that lead to job creation and sustainability of livelihoods in rural areas.

**Limitations and recommendations**

Well-coordinated external leadership support from national, provincial and district stakeholders would be critical to ensure the sustainability (by providing assets/resources. See Figure 5) of rural SMMEs and livelihoods. Key rural stakeholders such as municipal councillors, LED managers and rural traditional leaders (i.e. leaders from the transformational structures. See Figure 5) need to inform national, provincial and district stakeholders/leadership on what assets/resources are key in sustaining rural SMMEs, who in turn sustain rural livelihoods through the jobs that they create. That is, local leaders need to be specific on what assets/resources (financial, physical, human, social and natural) are needed and where to avoid duplication of allocation of assets/resources while other areas experience lack.

To maximise the roles of traditional leaders and other rural-based leaders/stakeholders, LG needs to motivate funding from relevant NG departments and big businesses to train such stakeholders. That is, the LG leaders, such as the municipality manager and LED manager, are responsible for finding alternative ways and funding to make use of the local human resources to supplement their poor capacity as shown by findings.

The recommendation concerning the communication process is that this process should be chosen by rural leaders and officials/professionals when communicating with rural SMMEs, and it must be accessible. That means only communication processes that all stakeholders can identify with and find easy-to-use must be prioritised.

There is a need for further research on the role of big businesses in empowering rural SMMEs to use technology in areas they need support in the most, such as marketing, diversity and innovation. Again, for the big business leaders to be fully committed and feel a sense of belonging, the LG leaders need to show that they take their concerns seriously, such as being discriminated against when there are business opportunities in the local municipality. Research on alternative empowerment processes that does not exclude people by their skin colour, such as BEE, is therefore necessary. This study focused on two rural municipalities that share their borders with foreign countries and therefore more research that includes other inland rural municipalities is needed.

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**Competing interests**

The author declares that he has no financial or personal relationships that may have inappropriately influenced him in writing this article.

**Author’s contributions**

T.R.F planned and conducted the research, reviewed the literature, formulated the research design, collected and analysed the data, made interpretations and finalised the paper. Prof Betty.C. Mubangizi supervised the PhD thesis but was unable to contribute directly to this paper.
Ethical considerations
This study followed all ethical standards according to the university of KwaZulu-Natal guidelines (HSSREC/00000 253/2019, 29 August 2019).

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Data availability
The data that support the findings of this study are available upon reasonable request.

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