Chapter 20

Problems Preventing Growth of Small Entrepreneurs: A Case Study of a Few Small Entrepreneurs in Botswana Sub-Urban Areas

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ABSTRACT

Lack of growth of small entrepreneurs can be attributed to insufficient support by the Government through its support programs as well as to their own internal weaknesses in terms of applying the right business strategies. An inductive, quantitative approach was used for carrying out the research. The data was collected through questionnaire method from three localities selected at random from sub-urban areas of Botswana, a landlocked country in Southern Africa. Most of the problems preventing growth of small entrepreneurs were lack of funds and difficulty in accessing Government support programs. The study recommends that the Government should provide training about viable small entrepreneurs which are highly recommended for funding and owners should change their approach to running business and engage in efficient business strategies that can give them growth. These recommendations, if applied properly will create small entrepreneurs growth not only in sub-urban areas of Botswana but also elsewhere.

INTRODUCTION

An entrepreneur who manages a small business is termed as a small entrepreneur. Small business is defined differently in different countries. The main yardsticks that are employed in the identification of a small business are number of employees and annual turnover. Number of employees as a measure to locate the small business different in different countries such as in Australia less than 15, in European Union less than 50 employees, in USA less than 500 and in Botswana 5 or less employees and annual turnover up to P100, 000 (Ministry of Trade and Industry, 2011) (Botswana
Problems Preventing Growth of Small Entrepreneurs

In Botswana the small enterprises are originated either from Sole Proprietorship, Societies, Cooperative Societies, Joint Ventures and Private Limited Companies.

Small entrepreneurs are the backbone of the economic development of any country more so for developing nations such as Botswana. They are the feeders for the development of big businesses and industries. They work like intermediaries between the rural and urban areas. They collect raw material from rural areas and supply them to urban (industries) and at the same time secure finished goods and deliver them to the needy in the rural areas. Though the small entrepreneurs are the life blood of economic development of any country, they face many problems including those associated with starting the enterprise and keeping the enterprise running. Beatlie; (2014) aptly stated that the small business units (small entrepreneurs) face the problems of securing enough clients to break even, money management to secure appropriate funds at appropriate time, fatigue due to running business as a sole trader, depending on others, balancing the quality and bottom line. In addition to the above stated problems, the small entrepreneur is not successful due to the following other variables such as lack of accounting knowledge, non-embracement of new technology, non adoption of marketing strategies, lack of venture capital, difficulty to secure government help at proper time. In order to alleviate these problems many governments, non-government organizations and charitable institutions across the world are coming forward to render a helping hand to these small entrepreneurs more so in the developing nations. Despite these interventions, the development and growth of small enterprises in developing countries still appears to be slow and difficult. This paper thus seeks to generate an in-depth understanding of problems or challenges that hamper the development and growth of small enterprises, using Botswana as a case study.

Problem Statement

The Government of Botswana on recognizing the role played by small entrepreneurs in the economy provided support programs designed to develop and promote them. The programs provided by the Government include, Citizen Entrepreneurial Development Agency (CEDA), which provides financial assistance in the form of loans at subsidized interest rates. It also provides business coaching, mentoring and technical assistance to CEDA funded businesses. Local Enterprise Authority (LEA) does not provide finance but provides business development services such as screening, business planning facilitation, training and mentoring services to small entrepreneurs. The Youth development fund (YDF) under the Ministry of Youth, Sports and Culture provides financial assistance in the form of grants and loans. However, many small entrepreneurs in Botswana are continuing to close down their businesses despite the fact that the Government has provided these business development programs. These businesses are not succeeding and many of them have failed to get off the ground. This infers one to wonder what causes small entrepreneurs to fail even though there are programs and schemes put in place by the Government to assist them.

Scope of the Study

The research was carried out on small entrepreneurs at Mochudi, Mmathubudukwane and Malotwane sub-urban areas in Botswana. These are small firms which operate with less than five employees, with skilled or unskilled labor, and part time or full time employees. These small entrepreneurs were classified into manufacturing, services and trading businesses.

They include a wide variety of firms-village handicrafts, small machine shops, restaurants and general dealer shops. They are directly controlled by owner-managers. Some are dynamic, innovative
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