

# Youth Entrepreneurship in Swaziland: Viability and Support

Research conducted in rural and urban Swaziland January – June 2011



**Author: Signhild Brosvik**  
**Funded by Sahee Foundation**

# Youth Entrepreneurship in Swaziland: Viability and Support

## List of Contents:

<b>1.0 Introduction</b>	<b>3</b>
<b>2.0 Methodology</b>	<b>3</b>
2.1 <i>Methods used:</i>	3
2.2 <i>Choosing respondents:</i>	3
2.3 <i>What data is used?</i>	4
<b>3.0 Description of Youth Run businesses in Swaziland</b>	<b>4</b>
3.1 <i>Why do Swazi youth start up entrepreneurial activities?</i>	5
3.2 <i>How did the respondents decide what type of business to start?</i>	6
3.3 <i>What is the main stumbling blocks facing young Swazis running own income generating activities?</i>	7
3.3.1 <i>Lack of start-up capital:</i>	7
3.3.2 <i>Lack of capital to keep business going</i>	7
3.3.3 <i>Limited Markets</i>	8
3.3.4 <i>Costs and lack of transport</i>	9
3.3.5 <i>More business skills</i>	10
3.3.6 <i>Process of registering business</i>	10
3.3.7 <i>Commissions</i>	11
3.4 <i>What strategies do youth running own businesses make use of to overcome these stumbling blocks?</i>	11
3.5 <i>Expectations vs. Experience</i>	11
<b>4.0 Support Institutions</b>	<b>12</b>
4.1 <i>Which support institutions are available for young Swazis running own enterprises?</i>	12
4.2 <i>What types of support are on offer?</i>	13
4.3 <i>Do the support institutions meet youth entrepreneurs' needs?</i>	13
<b>5.0 Recommendations to Sahee</b>	<b>14</b>
<b>6.0 Outcomes of discussion at Presentation of Research, Manzini 15.09.11</b>	<b>16</b>
<b>Annex 1</b>	<b>18</b>
<i>Explanation of methods used</i>	18
<b>Annex 2:</b>	<b>20</b>
<i>Lists of Interviews and Focus Groups conducted</i>	20

## 1.0 Introduction

The study **Youth Entrepreneurship in Swaziland: Viability and Support** was conducted from January to June 2011. Through a qualitative focus the research attempted to answer the following research questions: **1) Is starting and running entrepreneurial activities a viable alternative for income generation for Swazi youth? And 2) What support institutions are available, and how far do these institutions meet the entrepreneurs' needs?** The data was gathered through focus groups, semi-structured interviews, observation and a survey.

This document will start by outlining the methods used to gather the data, before it moves on to describing the types of businesses included and mapping out the findings. The last section is aiming to give recommendations to Sahee based on the findings of the research.

## 2.0 Methodology

### 2.1 *Methods used:*

The research was conducted from January to May 2011. The focus has been mainly qualitative. Three main methods have been used: individual interviews, focus groups and observation. In addition the focus group respondents, within the right age bracket, have filled in a survey<sup>1</sup>. It has been important to listen to the respondents and their stories in order to collect as many different viewpoints as possible regarding micro and small businesses in Swaziland. The aim of this has been to create a holistic picture of what challenges are facing young Swazis starting up their own income generating activity. Knowledge is generated from both rural and urban parts of Swaziland. The focus groups have focused on rural areas, mainly the Lebombo region, while observation mainly has occurred in urban areas. Individual interviews were conducted in both rural and urban areas. All the participants who were interviewed individually were also asked to range 37 statements in the categories strongly agree, agree, not sure, disagree and strongly disagree. This is called the q-method. See Annex 1 for explanations of the methods used and Annex 2 for a list of focus groups and interviews conducted.

### 2.2 *Choosing respondents:*

In choosing respondents the help of the research assistant, Stanley Ndzinisa, was important. He organized most of the focus groups and the majority of individual interviews. He used his network to arrange both research activities. When arranging the activities he was either co-operating with the

---

<sup>1</sup> In some focus groups more respondents than expected showed up, resulting in not having enough copies of the survey for everyone. In these cases those aged between 16 and 35 were focused on.

local political authority or other influential individuals in the community. Thus it was not a random selection. The observation took place at the Youth Enterprise Services programme, run by Manzini Youth Care, where the researcher was working. In total 18 young business owners were attached to the YES programme at the time of data collection. The researcher was working with these youth on a daily basis throughout the research period. This was not a random selection. The third category of respondents was young individuals running businesses at the Manzini or Mbabane market. The researcher went around the two market places to interview those below the age of 35 running businesses.

In total 107 respondents attended the focus groups, out of these 83 responded to the survey. 21 interviews were conducted and the researcher was working together with 18 young business owners in Manzini. This made a total of (107+21+18) 146 respondents<sup>2</sup>.

### **2.3 What data is used?**

When analysing the data and writing this report the written data is the main source. This includes notes/recordings from focus groups and interviews, field diary, pictures of “tree exercise” and “Expectations vs. Experience” used in focus groups and records of q-method ratings. In addition are written notes from observation and own experience used. The data collected from the survey is also included. This is mainly used to support or differ from stories collected through the focus groups and interviews.

## **3.0 Description of Youth Run businesses in Swaziland**

The respondents to this research have been young Swazis aged between 15 and 36. 51 of the respondents to the survey are running their own businesses, in addition have the individual interviews been with young adults running their own income generating activities. The average age is 23.5 years old<sup>3</sup>. In total 61 of the respondents were male, while 67 were female<sup>4</sup>. One can ask what is meant by “running own business.” For this research business is used as a wide concept including informal roadside and one-person micro business to bigger and more established businesses. The majority of respondents are running one-person micro businesses, few of these are registered businesses and few have access to loans from formal institutions. 43 respondents (N=80) answered 'yes' to the question “Does your family rely on your income?” This indicates, as the interviews also are supporting, that the income generated through informal micro businesses is important to the respondents’ families, and helps them in covering basic needs.

A range of different types of businesses are included in the research: shoe repair, hawkers, vegetable gardens, buy and sale of household goods, selling of crisps, sweets, buns and fat-cakes, sewing, upholstery, carpentry to mention the most common ones. In addition there are a number of businesses within newer technologies such as computer repair, video filming and photography and scanning, printing and typing. Only three of the respondents to the survey have a certificate from one of the skills centres<sup>5</sup>. 8 have attended college. 25 have graduated from Form 5 while 24 have

---

<sup>2</sup> Later in the text different numbers of respondents will occur, this is referring to how many respondents answered to the topic in question.

<sup>3</sup> Based on respondents to the survey.

<sup>4</sup> These are the numbers of respondents to the written data material; the survey and individual interviews. In addition are the youth at the Youth Enterprise Services and members of focus groups where there were not enough copies of the survey to distribute to everyone.

<sup>5</sup> In addition the majority of respondents at the Youth Enterprise Services had a diploma from one of the skills centres.

finished Form 3. 21 respondents have only Standard 5 schooling<sup>6</sup>. 66 of the respondents (survey + individual interviews) are running their business alone, while eight groups were included. One of the findings from this research is indeed that it is most common to run a business alone.

In the following chapters the report will answer the research questions posted in the research proposal.

### **3.1 Why do Swazi youth start up entrepreneurial activities?**

The great majority of the respondents answered that they started their own income generating activity in order to *improve standard of living*. Both in rural and urban areas the respondents told stories of difficulties in covering basic needs for themselves and their families, consequently they had to do something to generate more money. Thus one can say that experienced financial poverty is one of the main reasons why the respondents have started their own income generating activity.

*Lack of employment opportunities* have been an issue that has come up in many of the interviews and focus groups, especially those in more rural parts of the country. Many of the respondents, in both rural and urban areas, are saying that there are no employment opportunities in the areas where they live. Respondents in the rural areas stated that in order to get employment they have to move to the more urban centres. However, many of those I interviewed did not want to move to more urban areas, because the situation would not improve. The respondents told stories of people they knew in the urban areas living under harsh conditions, as they were not able to get full-time and secure employment. Some of the youth interviewed had finished Form 5, but still found it very difficult to find employment. Both respondents who had graduated from Form 5 and respondents with less education had decided to start their own business because of the difficulties of getting employment.

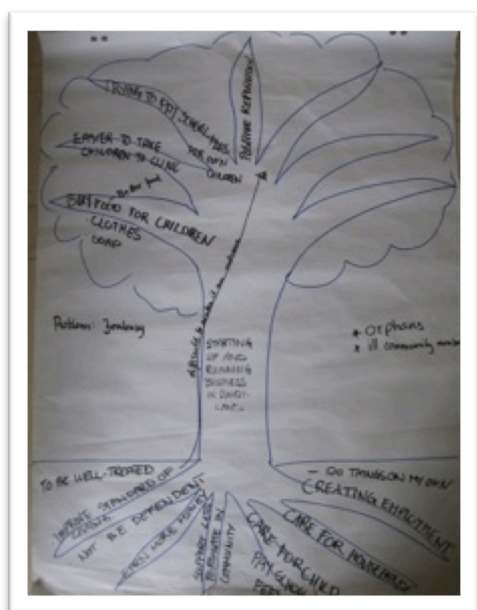
The other option many of the interviewees mentioned to running their own business is seasonal work at sugar cane or citrus plantations or full-time work in textile factories. The respondents complained about this type of employment as it was very hard work and poorly paid. The respondents interviewed had chosen to run their own income generating activity instead of this kind of employment. It was also highlighted that when running own businesses they were in charge of own time and there were no boss who could shout at them. This was seen as a benefit to running own business. Although seasonal employment is poorly paid and the conditions often are harsh, some respondents pointed out that one is facing hard competition when applying for the said jobs. This might also be a reason why the respondents were negative towards them.

Not all the respondents were unemployed when they decided to start their own business. It was also common to have been employed, but not satisfied with the income they made. In several of the focus groups the respondents complained that when you are employed you do all the hard work but *“you don't see the money”* (Focus Group 02.04.11). Especially male respondents told that they had started their own business in order to make a better income than what they did when being employed.

---

<sup>6</sup> The respondents included here are those who answered the question in the survey. N= 83.





**Figure 1: Tree exercise. The participants filling in the reasons why they started a business, what challenges they are facing, and what outcome running a business gives.**

The results from the q-square data shows that the respondents on average agreed (score 4.3<sup>7</sup>) to the statement: “I had to start my own business to make an income” (N=19).

Although the financial reasoning usually was first mentioned in the focus groups, other reasons to why they wanted to start up entrepreneurial activity were also important. Many of these reasons showed that the participants wanted to improve the situation of the community where they were living and help individuals who were worse off than them. It was important to the respondents to bring goods and services to their local area, to generate enough money to help OVCs<sup>8</sup> and ill people in the community and to create employment opportunities for their neighbours.

However, though many of the respondents were talking fondly of helping other members of the community some argued that this had to come later. The argument was that for the time being the business hardly generated enough money

to support the business owner and his/her family. These respondents also wished that in the future, when the business was doing better, they would support other members of the community.

It is worth questioning how much the respondents actually are able to help other community members. In one focus group they pointed out that they wanted it to be an outcome of running own businesses, but it was difficult to move it from being a reason why they wanted to start a business to an outcome of starting a business. As all the focus group participants were telling stories of difficulties in making ends meet for their business it is reasonable to question how much running a business enables the owners to help others.

See Annex 3 for a table showing all the different reasons the respondents mentioned for why they wanted to start their own business.

### **3.2 How did the respondents decide what type of business to start?**

When asking the respondents about this the majority did not know how to answer the question. To many of them it had been a logical development as they started the business within the trade they had skills, knowledge and experience. This is especially true for those who had training from a skills centre where they had learned carpentry, upholstery, welding or other practical skills. For many of the respondents in the most rural areas the choice of trade had been due to what services or goods were lacking in the community, or what was possible to grow in the area (vegetables). Another important reason was what they could afford to start up. Some respondents started up with one business demanding low start-up capital to graduate to a more capital demanding business when

<sup>7</sup> The score from the q-square method goes from 1-5, where 1 is “strongly disagree” and 5 is “strongly agree”. The score given in the text is the average from the sample.

<sup>8</sup> Orphaned and Vulnerable Children

they had saved some money. For instance one respondent started by making and selling buns, she saved most of the money to buy a sewing machine. She then started a sewing business, which again led to a higher income and laid the grounds for starting a floor polish business.

None of the respondents told of having a wide choice of what business to start.

### **3.3 What is the main stumbling blocks facing young Swazis running own income generating activities?**

#### **3.3.1 Lack of start-up capital:**

All the respondents to this research have witnessed that there is lack of money to both start up and run their businesses. For many the start-up capital is used to buy goods to sell or to buy tools to perform a service/produce a product. There are three groups of respondents regarding how they have dealt with the issue of start-up capital. The first group was attached to the Youth Enterprise Services where they get a loan to buy the tools needed to run their own business. These businesses are situated in Manzini, an urban area and are businesses focused on producing a product or performing a service. These businesses are part of a programme offering marketing support and training, and are thus in a more advantageous situation than the other respondents.

The second group have borrowed a small amount of money from another family member. These amounts are usually less than E 1000. It was common to buy goods in urban centres or in South Africa to re-sell to other community members (hawkers), or to spend the money on small tools needed to run the business.

The third group have previously been employed and saved up funds to buy the equipment or goods needed to start up their business. These amounts are also often less than E 1000.

None of the respondents, except those at the Youth Enterprise Services, got loans from formal non-governmental institution to start up their business. Some of the respondents had received loans from the Youth Enterprise Fund distributed by the government, but this was only when they already were established businesses. Some respondents have been members of saving and credit groups where they have small loans. It is common to pay 20% interest on these loans.

The majority of the respondents told that the start-up capital they had managed to get together were not enough to keep the business afloat. They experienced that they could buy some of the tools needed or some products to re-sell, but not enough to make a profit. For those attached to the Youth Enterprise Services the loan to buy tools were covering most of their needs, however they experienced difficulties in generating enough money to pay the monthly instalments on the loans.

#### **3.3.2 Lack of capital to keep business going**

When the respondents had overcome the hurdle of starting up the business several of them were telling about difficulties in keeping it going. Some of the respondents interviewed had been running own businesses earlier, but had closed it down, as they did not earn any money.

In all the focus groups and the majority of individual interviews it was discussed that many



customers fail to pay on time or at all. One respondent put it this way:

*“People don't have money, even those who are employed. The salaries are too low, so there is no money” (Focus group 30.04.11).*

What often happened was that customers would come at any time and ask if they could get a product or service, to pay at month end when they got money. A common experience was that month end came, but the customer did not pay for the product or service. Many of the owners of micro and small businesses found themselves chasing after their customers in order to get their money. The chase was often unsuccessful, resulting in a downward spiral for the business. Respondents in both urban and rural areas pointed out that this was a common scenario. When I challenged the respondents asking why they sold products without getting paid the most common answer was that they “were forced to” and it was “difficult to say no”. This was especially common in the rural areas.

Some of the respondents interviewed, who had closed down their business, mentioned that the fact they were forced to sell products and services on credit were one of the main reason why they failed in running their business. It was also mentioned that sometimes the customers die before they have paid back what they owe, then *“my money goes with them” (Focus group 05.03.11)*. Some of the business owners who were doing well, or having more business knowledge, refused to sell goods without getting paid. One woman sewing gave this story:

*“I started by selling to people in this community. But people in the community they don't pay right. When more people got to know I was sewing the business went up. Now I choose who I sew for. I sew for those who I know will pay me.”*

*Interview 08.05.11*

Another side to the lack of money to keep business going was that the entrepreneurs earned too little to cover their basic needs. As a result money was taken from the business to cover expenses such as food, school fees and other pressing needs. This resulted in some of respondents not being able to keep running their business, as the money had been diverted into other channels. Some respondents also mentioned that their families were demanding money from them when they were running own businesses. This was named as a challenge to the business as they were forced to give money to other family-members instead of reinvesting in the business.

The Government have initiated the distribution of the Youth Enterprise Fund. Youth who are running businesses can apply to the Youth Fund for funding up to a certain limit. The idea is that it should be easier for youth to access money and in that way stimulate micro and small businesses in Swaziland. Some of the respondents had received loans from the Youth Fund to run their business, and it has helped them in developing more successful businesses. However, in other locations where focus groups and interviews were conducted the respondents witnessed that they had applied for the youth fund but to no avail. Many indicated that there was corruption in the distribution of the youth fund and thus if you received it or not often depended on your contacts. It seemed like the youth fund was distributed in some areas, while other areas had not seen any of the money. One respondent said: *“you know, in our country the government talks about these things like the youth fund and the poverty fund. But they don't do anything” (Focus group 19.03.11).*

### 3.3.3 Limited Markets

Another major obstacle was the lack of customers. Swaziland is a small country with a high unemployment rate. Many of those who recently have lost their jobs are forced to start small businesses. There are many micro- and small-businesses fighting for the same customers, this is true

for urban as well as rural areas. One of the consequences of this is that the prices are forced to a level where it is difficult for the businesses to generate an income.

In the urban areas, where there are a higher number of customers, the competition is very high. It is difficult for a newcomer to establish a customer base. However, my experience from the Youth Enterprise Services also indicated that it is difficult to think outside the box in order to attract new customers, especially regarding what people to contact and how to advertise their products and services. The social barriers are challenging; it takes a great amount of courage and self-esteem for a business owner from a “poorer” background to contact and try to sell their product/service to members of the middle class or bigger companies. Where the young entrepreneurs choose to market their products often depends on where they know people. If they have a relative or person they know working for a company or school they are often good at using this contact to get in touch with the management of the said establishment. If they don't know anyone within the establishment it seems to be much harder for them to approach the potential customer. Their personal network is very important in selling their products/services.

In one focus group the participants complained that they had to compete with people who only wanted to generate money “*to buy bread*” (*Focus Group 30.04.11*), or what they perceived as less serious businesses. These businesses did not seek to really make profit, but to earn enough to get by at the moment. The respondents said these businesses popped up and closed down within a short time span, but while operating they posed hard competition. The respondents argued that if they were to compete with these prices it would lead to a loss and they would be out of business within short time. They argued that as they were serious businesses who wanted to generate a greater income and stay in business over a long time it was impossible for them to sell their products at the same prices.

In the rural areas micro businesses are also struggling to get customers with purchasing power. Many of the respondents operating in rural areas are telling about a difficult situation since their customers are the other members of the community. The majority of these are living under the same challenging circumstances as the business owners, where they experience an acute shortage of money. This makes it difficult to pay for the goods and services. In turn this makes it very hard for the business owners to generate enough income to make the business run at a profit. When I challenged the business owners in these areas and asked why they didn't take the bus to a more urban area where there are more potential customers they all answered that they could not afford the bus fare/transport.

### **3.3.4 Costs and lack of transport**

Many of the business owners had to travel to either collect goods or to reach their customers. The cost of transport often came up as an issue facing their business. Especially businesses dependent on importing goods from South Africa, or to travel within Swaziland, said transport were a major cost it was difficult to find money to pay for.

This might indicate that when costing their products transport is not included. My experience from the Youth Enterprise Services shows that the cost of the raw material used and the time spent producing it often is included in the costing, while transport costs easily are forgotten or miscalculated.

In the most rural areas difficulties in getting transport had another dimension, as the roads often were of a quality that made them impossible to make use of. This was especially the case during summer months when the rain destroyed the roads. Especially the members of one focus group highlighted this, as the bad quality of the road made it difficult for them to reach a market place with their produce. They often had to walk more than five kilometres to reach the road. The members of this focus group wished to establish a community garden where they could grow vegetables for own consumption and to sell at the market in Hlatikulu. At the time of the focus group they were worried that the bad condition of the road would make it difficult for them to reach their aim.

### 3.3.5 More business skills

The respondents were asked if they had all the skills they needed to run a business. The response to this question varied a bit, where some said they had the skills needed while others pointed out that they needed more business skills. Few of the respondents stated that they needed more practical skills (such as carpentry, sewing or welding skills). From the q-square method one can see that on average the respondents agreed to the statement 'I have the skills I need to succeed in running a business' (N=19, value 4.2).

Nevertheless, in some of the focus groups there was a strong attention to skills development and the need to learn more technical business skills. In the survey the respondents listed skills such “business management”, accounting, marketing and record keeping as topics they wanted more training in. These were also the topics discussed in the focus groups and in the individual interviews. Some of the respondents highlighted that they needed more training within these topics in order to manage the business in a better way, and thus earn more money. The results from the q-method also show this as the respondents agree to the statement 'I need to learn more about business skills' (N=19, value 4.4). However, some respondents pointed out that they did not need any training in business skills.

An observation made by the research team is that the majority of the respondents who have attended training in business skills have attended short courses with 1 – 2 weeks duration. We have not looked at the content of these courses, but have found that it is worth questioning how far these short courses equip the respondents well enough. The reason behind this is that from what the respondents are telling the trainings have touched on the different topics in a light manner, without going into the context of where the participants are operating. In addition these trainings are not offering follow up over time, which observation from the Youth Enterprise Services has indicated to be important.

### 3.3.6 Process of registering business

Some of the respondents were running businesses they wished to formally register. These were often bigger businesses that aimed to do tenders for Government or parastatal institutions. To get jobs worth more than E10 000 they have to be a registered business. However, for many it was difficult to register. Mainly due to two reasons: 1) the cost of registration, and 2) the demanding process.

The exact cost of registration varies a bit from one type of business to another. However, in common for all businesses is that they need to register their business and get a trading licence to

become an official and legal business entity. The total cost of this is about E 5000, which is a big investment for most small businesses. Many of the respondents who wished to register their business were not able to as they were not able to save up the amount needed.

The second obstacle is the process of registration. It is a demanding process where many forms have to be filled in, and where a proper business plan is required. Owners of micro and small businesses found this difficult and expensive. Many stated that they needed a consultant to help them through the process, which was an extra cost for them.

### 3.3.7 Commissions

Another obstacle that was observed by the researcher, but less discussed with the respondents was commissions. If a small business wish to get a tender from a bigger company it is common to pay commission to the individual who is securing the deal for the business. This becomes an obstacle for the businesses as they are left with a very small profit after finishing the job. The commissions they are paying decreases the amount of money they could use to reinvest in the business, and as a result make it more profitable. When I was confronting respondents with this they answered that if they don't pay commissions it would result in loosing jobs and hence not earn any money at all. The respondents saw it as a practice harming their business, but a system they were unable to work outside.

### 3.4 What strategies do youth running own businesses make use of to overcome these stumbling blocks?

This question is difficult to answer based on the data collected. However, what seems to be common is that when the businesses are facing serious challenges, such as lack of money, many close down. Some respondents told of diverting their business into another field in order to make more money. Many of the respondents seemed to be doing the best out of the situation, without being really content with the returns from the business.

FACTOR	EXPECTATION	EXPERIENCE
1. INCOME	10	3
2. CARE FOR FAMILY		
↳ BUY FOOD	10	3
↳ EDUCATION	10	1
4. TO BE INDEPENDENT	10	3
5. BE MY OWN BOSS	10	3

Figure 2: Focus Group 26.02.11, participants rating expectation versus experience. 10 = very good, 1= very poor.

### 3.5 Expectations vs. Experience

During the focus groups the respondents were asked if running a business was how they expected it to be before they started up. The general consensus to this was that it was not as good as they expected. Different groups focused on different factors, however income, care for family, independence and being own boss were common. As you can see from the picture the expectations were much higher (rated 10, meaning very good) than the experience (second column). Both the participants of the focus groups and some of the individual interviews showed that many of the respondents experience a gap between expectations and experience.

My experience from working with this on a daily basis was that the respondents had very high aims when starting a business. This can also be seen from the q-method where the statement 'running a

business will make me rich' scored 4.3, meaning the respondents agreed (N=19). Many young business owners were dreaming of driving their own car, to have a company covering the whole of Swaziland, have many employees and earn a lot of money. I often experienced that the challenges were overseen in what was expected to become a business adventure. Over time many of the business owners experienced disappointment, as it was more difficult than what they thought to run a business, and they did not have the returns they dreamt of.

## 4.0 Support Institutions

### 4.1 Which support institutions are available for young Swazis running own enterprises?

The answer to this question varies from community to community. In some locations there are NGOs who have started projects aimed at helping individuals in starting micro businesses. Other communities have seen no such projects. Similarly the respondents are witnessing that the Government's Youth Enterprise Fund is of good help to some respondents, while others have not seen any of the money and are dissatisfied.

It is difficult to map out all the organisations and institutions offering some kind of support to young people who are starting their own business. In the survey the Tinkhundla, Youth Fund and Imbita<sup>9</sup> and SIFE<sup>10</sup> are mentioned as organisations offering business training. However, only twelve respondents are mentioning these organisations (N=83). The survey results are showing that the training mentioned have lasted for one week, or in some cases two, and focused on 'what is a business', book keeping and other similar topics.

The respondents have not mentioned other formal support institutions. Informal institutions, such as family and friends, also play an important role. This research has found that the majority of respondents experience support from friends and family. The respondents agree to the statement 'my friends are supporting me' (N=19, score 4.1). Similarly they disagreed to the two statements 'My family did not support me in the beginning when I started up my business' and 'My family would prefer it if I was employed somewhere' (score 2.4 and 2.7 respectively, both N=19). This is a small sample, thus the results cannot be generalized. However, the interviews and focus groups are supporting these findings.

Regarding support from local community the answers differs more. Whereas some experienced great support from local community others complained that they did not. It is difficult to draw any conclusions based on the data material, but it is obvious that to some lack of support from local community plays an important role. This was especially found in rural areas and was often seen as "jealousy". The respondents to the q-method disagreed to the statement "People in my community are jealous of my business" (N=19, value 2.5). However, while some of the respondents 'strongly disagreed' to this statement others 'strongly agreed', showing that the experience of jealousy differs from individual to individual. In some interviews jealousy and lack of support from community members came up as an important issue, while others stated that it was not a problem.

If one wanted to take this study a step further it would be good to focus on the point of view of organisations offering support and the other members of community where the businesses are located. In this way one would be able to gather information from different viewpoints, thus get a more holistic picture.

---

<sup>9</sup> Imbita is given the task of distributing the Youth Fund on behalf of the Government.

<sup>10</sup> Students In Free Enterprise



## **4.2 What types of support are on offer?**

The organisations offering support mainly focused on financial factors and business training. The Governmental Youth- and Poverty- Funds gave financial support, together with the Youth Enterprise Services. These organisations together with Imbita and SIFE also offered business training.

No other type of support was recorded from formal institutions.

Regarding support from family, friends and local community the type of support varies more. The two statements “It gives you social status to run a business” and “My local community supports my business” both gained a score of 3.9 (N=19). Which shows that the statements are ranged in the category “not sure.” This implies that the respondents are disagreeing on how running a business is received by other community members. However, it is closer to the category of “agreeing” than “disagreeing,” indicating that the majority of respondents experience increased social status and support from community when running a business.

It is difficult to outline the type of support offered by local community, except for financial support in buying their products/services. But experienced social status and/or jealousy are important indicators of an overall sense of well being generated by running a business. On average this research found that running a business increases the respondent’s sense of social and psychological well-being. Especially as the respondents reported they are proud of running their own business. The statement “I am proud of running my own business” scored 4.6 placing it in the upper half of the “agree” category (N=19). The focus group discussions and individual interviews also support this finding. In addition participants of all the focus groups pointed out that running a business was good as it keeps them occupied during the day.

## **4.3 Do the support institutions meet youth entrepreneurs' needs?**

The support institutions available do not meet youth entrepreneurs' needs. The discussion from all the focus groups showed that the respondents need more assistance in running their own businesses. The main theme was financial assistance. The respondents wanted an organisation where they could get loans without paying a high interest rate in order to boost their business. One problem some of the respondents faced regarding the institutions available was the requirements that had to be fulfilled before they could borrow money, such as demands of security (owning property or money) or a formal business plan. Some of the respondents had borrowed money from “shylocks<sup>11</sup>” to overcome acute financial difficulty. When doing this it was common to pay 30% or more in interests, making it a very expensive loan and thus a dreaded solution.

In some of the focus groups the focus was broader than financial assistance, though this was also important. Some focused on the need for training and one-on-one mentorship. One focus group argued that there should be given business training before any money was distributed. The training should focus on practical needs; mentioned examples were how to reach customers and how to cost a product. This focus group argued that it was important that the youth running businesses had someone, a mentor, to ask when they had questions regarding their business. They envisioned that the same person who had given them training before receiving capital could be available later for seeking advice and motivation.

Several of the focus group members argued that a local person should be responsible for the assistance that was offered. In some areas it was the local *Indvuna*, while in others it could be an influential member of the Church or other organisations. It was important that it was someone in charge that was trusted in the community.

---

<sup>11</sup> Private people or organisation leading out money.



Another need that was mentioned in several of the focus groups was a location where they could run their business. In many areas of Swaziland there is no building where young people can set up businesses such as carpentry, sewing or upholstery. Some of the respondents pointed this out and said it was needed to build more such locations in order for small businesses to succeed.

### 5.0 Recommendations to Sahee

One of the questions that initiated this study was how far supporting individuals in running micro and small businesses would make it easier for them to generate an income and thus improve their living conditions? This led to the main research question “Is starting up and running entrepreneurial activities a viable alternative for income generation for Swazi youth?” This is a difficult question to answer, and I believe there is no clear-cut answer to it. On the one hand, this research has found that running small businesses does help financially and becomes an important side-income to the family. The research has also showed that running an own business might be the only option many young Swazis have, as it is increasingly difficult to find secure employment. On the other hand the research has showed that it is extremely difficult to grow the business beyond the micro-stage and that the business owners are facing challenges that threatens the existence of the business.

This research recommends Sahee to focus on youth running own businesses and offer support. The reason behind this is that it is the only option many young Swazis have to earn an income. In addition it helps young people to keep occupied, which the respondents argued led to reduced crime-rate and drug abuse in the communities. But when focusing on youth entrepreneurship the people receiving support has to be screened: not everyone is suitable to run a business. Projects have to be designed carefully in order to avoid “free riders” who wants “free” money, and sees running a business as the fastest way to get rich. Following are a few points this research has found to be issues and important focal points when supporting young people starting up their own micro or small business.

- **Be clear on what type of project it is.**

It is easy to include too much in a project, as one always wants to “help everyone.” When designing a project aimed to help youth starting business one has to keep in mind what types of businesses one wants to include. Both micro and small businesses need support. And both categories need financial support, training in business skills and mentorship support. But they are at different levels and needs to be supported on the level they are at. It can be difficult to combine the two levels in one project. One important question to ask when designing the project is what aims the participants have?

- **Focus on training and motivation.**

Many of the respondents to this research have experienced a great gap between expectations and experience. They have not been able to reach the aims and goals they had when they started the business. For many this is challenging as it can lead to negative emotions towards the business. My opinion is that projects aimed to help youth in starting business should focus on training and keeping the motivation up for the youth. Through training sessions the aims and goals can be discussed, and the youth can be guided towards more realistic goals. The objective with this is to avoid the great gap between expectations and experience many of the respondents experienced. At the same time it is important to motivate the youth when they are facing difficulties!

- **Follow up over time**

To offer training in business skills is not a quick fix. Training needs to be over time and in depth. Some respondents pointed out that it would be good to have a mentor which they could ask questions while they were running business. I believe this is a good idea. When following up over time the trainers can also offer motivation, and it can be a venue for people with similar issues to meet and inspire each other.

- **Focus on, and problematize, practical questions**

Through conducting this research I learned that many of the respondents did not problematize practical issues before they started a business. This is especially relevant for youth who wants their business to graduate from “micro” to a “small” business. Make the participants critically reflect on questions such as:

- Who are your customers?
- How will you reach your customers?
- What costs will you have in reaching your customers?
- What are the short term and long term aims of your business?

Again, it is important to guide the participants towards realistic answers.

- **If the project gives out loans: give small loans.**

All the respondents to this research stated that they need financial assistance, either to start up their business, or to keep it going. The lack of capital is a real issue in Swaziland and makes it difficult to run small businesses. However, it is not a good solution to give money “for free.” This research recommends giving small loans that the participants are able to pay back. There needs to be strict rules for the loans, and these rules needs to be adhered to. As the participants not are likely to have any form for security there needs to be other guarantees for the loan. In other countries, such as Bangladesh, group-loans have become popular. This research is not recommending this as the great majority of the respondents are operating their business alone.

One option is to give small loans for the beneficiaries to earn the project’s trust. Later they can be rewarded with bigger loans. But remember, they are loans, not money that is given to the participants!

- **Anchor the projects locally**

One finding from this research was that some focus groups highlighted that the projects need to be anchored locally. Some wanted the local government, Inkhundla, to be involved while others wanted the local church. The reasoning why were that it made the project more reliable, and less chance that the project would only be around for a few years. When the project is anchored locally it also makes it easier to offer support and training that is aware of the Swazi context and as such better prepared to deal with the issues facing the

businesses.

## **6.0 Outcomes of discussion at Presentation of Research, Manzini 15.09.11**

An audience of different NGOs working within the field of youth development and support in Swaziland was invited to a presentation of the research findings. Following the presentation there was a discussion regarding some of the topics brought up by the presentation, these were: registration of businesses, commissions and how to design a project aiming to support youth entrepreneurship. The following is aiming to summarize the points of views that were presented.

- **Registration of business**

The participants in the discussion pointed out that difficulty in registering the business was an issue of capacity. It was pointed out that there was clear guidance on the procedure of how to register a business, but that the respondents to the research had not been able to gather this information. The answer from the participants was that the youth had to be exposed to the procedure and their capacity had to be strengthened in order for them to overcome the stumbling block of registering their businesses. The participants pointed in the direction of mentorship as a solution to the issue. The participants did not discuss the cost of registering a business.

One of the participants also pointed out the forms needed to register a business can be collected at the local Inkhundla centre, making the process simpler for the young business owners.

The researcher's opinion is that more discussion is needed on the topic, and that one need to come up with concrete suggestions for how the youth can be capacitated and how they can collect the information needed on how to register a business.

- **Commissions**

The second issues discussed were commissions. Before the discussion started the participants asked for a clarification whether it was legal or illegal commission that were in question. It was pointed out that commissions are legal, while it is illegal to buy business. It was clarified that the issue was illegal. When this was the case the participants said it should be called bribery, as that is what it is.

To overcome the issue of bribery they also pointed in the direction of capacity building. Youth starting businesses should be educated that bribery is illegal and not accepted. One suggestion was to make legal commissions more open, and increase the divide between commissions and bribes.

Projects working within the area also had to focus on building the confidence of the business owners, in order for them to say no to bribes.

However, it was recognized that this is a major issue, and difficult for young business owners to deal with.

- **How to run projects aiming to support individuals who want to start up and run own income generating activities?**

One factor that was pointed out, and that the majority of participants agreed on, was that group loans do not work. It was argued that no-one felt ownership over the loan, thus did not feel obliged to pay it back. The participants argued that individual loans were the way to go.

Another point was that projects within this field had to empower the individual, in order for the individual to run a successful business. As a result this individual could employ other community members and in that way a bigger group of people would be supported.

It was further focused on that a market research had to be a component of a programme aiming to support micro-businesses. What needs are there in the community? What products and services are there markets for? However, in terms of customers it was argued that it is not viable to only focus on the local community. Micro-businesses needs a wider focus in order to make a sustainable income.

In my recommendations I stated that it is better to start small by giving small loans. Some of the participants in the discussion round argued this. Their argument was that by starting small the business will not have enough capital to take on bigger orders, and therefore be facing severe challenges from day one. However, other participants of the discussion round argued this was not the case and that all businesses have to start small in order to succeed.

One of the suggestions that came out of the discussion was to establish a **forum focused on youth development**. Stakeholders from different civic organisations, relevant bodies of Government, youth groups, interested businesses etc. could take part in this forum in order to get a better overview of what is going on in the youth development scene. The forum would meet at a regular basis in order to keep up to date on what is going on and to share knowledge. However, it was pointed out that such a network needs an individual to organize it in order for it to work properly.

## Annex 1

### ***Explanation of methods used***

- **Focus Groups:**

Focus Groups are groups where participants are gathered to discuss an issue in question. For this research 7 focus groups were conducted at different locations in Swaziland. Youth who are running their own businesses were invited to the group discussions. However, in some of the groups youth who are not running their own businesses also participated.

During the focus groups a tree exercise was used. A tree with roots, stem and branches was drawn on a piece of paper and attached to the wall. The roots denotes the reasons why the participants had started their own business, the stem the challenges they are facing, while the branches are denoting the outcome they experience from running a business. This was a good tool to keep the discussion going and to hear different opinions from the various participants.

Another tool that was used during focus groups was listing of what factors were important to them when running a business, such as income, social status etc. Further the participants listed what their expectation was before they started a business and compared this with the experience of running a business.

- **Semi-Structured Individual Interviews**

These are interviews conducted with individuals or in some cases two individuals running a business together. Some of these interviews were conducted in English, while others were conducted in SiSwati. When conducted in SiSwati Stanley Ndzinisa was translating.

The interviews were semi-structured, meaning that an interview guide was prepared. This made sure that the same topics were covered in all the interviews. However, the interviews were also open to new questions or points of view. That the interviews were semi-structured enabled the research to compare the answers given in the different interviews.

- **Participatory Observation**

Observation was mainly conducted in Manzini where the researcher was working at the Youth Enterprise Services. This gave the researcher an understanding of the difficulties facing youth running own businesses, and gave insight in how the young business owners are running their business to generate an income. Observation has not been the main method used, but has added important information to the research.

The observation was participatory as the researcher interacted with the young entrepreneurs and assisted them in finding solutions to issues facing them.

- **Q-method**

A set of 37 statements was made based on findings from the researcher's master theses and experience. These were statements such as "it gives social status to run a business" or "running a business will make me rich." The respondents who were interviewed were also

## Youth Entrepreneurship in Swaziland: Viability and Support

asked to range these statements in the categories strongly disagree, disagree, not sure, agree, strongly agree.

The answers were collected and through data analysis the research can express how far the sample agrees or not with the statement in questions. A weakness of this method is that size of the sample as only 19 respondents did the exercises. However, the findings are used to support or differ from the findings in the three before mentioned methods.

- **Survey**

A survey was devised to collect individual information from the focus groups participants. The survey covered 1) social information, 2) information on the business they were running and 3) information on funding and if they have attended training. All participants answered the first section of the survey, while only those running own businesses answered section two and three.

The data gathered from the survey is, together with the q-square data, used as complimentary information.



## Annex 2:

### *Lists of Interviews and Focus Groups conducted*

**Table 1: List of Individual Interviews**

<b>Date+Location</b>	<b>Gender</b>	<b>Business</b>	<b>Length of interview</b>
04.01.11 Mbabane market (urban)	Male Male Male Male Male	Tip Top Shoe repair	Approx 40 mins.
04.01.11 Mbabane Market (urban)	Female	Selling lunch at market	Approx 20 mins
07.01.11 Manzini Market (urban)	Female	Selling clothes, hawker	Approx 40 mins
07.01.11 Manzini Market (urban)	Female Female	Selling clothes etc.	Approx 40 mins
11.01.11 Manzini Market (urban)	Female	Selling clothes, shoes, bags	Approx 1hr.
11.01.11 Manzini Market (urban)	Female	Sewing+selling clothes	Approx 1 hr.
19.01.11 Manzini Market (urban)	Male	Shoe repair +manufacture	20 mins (recorded)
08.05.11 Mpolonjeni (rural)	Male	Vegetable gardens	Approx 40 mins
08.05.11 Mpolonjeni (rural)	Female	Sewing, floor polish, baking buns	Approx 40 mins
08.05.11 Mpolonjeni (rural)	Male	Vegetable garden	Approx 30 mins
08.05.11 Mpolonjeni (rural)	Male	Producing traditional men's wear	Approx 40 mins
08.05.11 Mpolonjeni (rural)	Male	Selling fruits/vegetables	Approx 30 mins
13.05. 11 Gamula (rural)	Male Male Male Male Female	Group that has started youth club at Gamula	Approx 1 hour
13.05.11 Gamula	Male	Unemployed	Approx 30 mins
13.05.11 Gamula	Female Female Female Female	Importing clothes from SA and selling	Approx 40 mins
13.05.11 Gamula	Male Female Male	Youth group who started fire wood collection to earn money for OVCs	Approx 40 mins
21.05.11 New Heaven (rural)	Male	Photography/typing/video	Approx 30 mins

## Youth Entrepreneurship in Swaziland: Viability and Support

21.05.11 New Heaven (rural)	Male	Photography/typing/video	Approx 30 mins
21.05.11 New Heaven (rural)	Male	Photography	Approx 40 mins
21.05.11 New Heaven (rural)	Male	Carpentry	Approx 40 mins
21.05.11 New Heaven (rural)	Female	Hair dresser	Approx 30 mins

**Table 2: List of Focus Groups Conducted:**

Location	Date	No. of participants
Embka (Shiselweni)	19.02.11	+/- 30
Mambane (Lubombo)	26.02.11	8
Tikhuba (Lubombo)	05.03.11	27
Maphungwane (Lubombo)	05.03.11	9
Siphofaneni (Lubombo)	19.03.11	10
Mkhaba (Hhohho)	02.04.11	14
Mbukwane (Shiselweni)	30.04.11	9

Total: +/- 107