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**NON-FARM ENTERPRISES AND RURAL DEVELOPMENT IN SOUTH
AFRICA: A CASE OF THE EASTERN CAPE**

BY

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DECLARATION

I, **Clarah Dapira** the undersigned, student number **200253867**, do hereby declare that this thesis for Doctor of Philosophy in Social Sciences (Development Studies) is my own original work in design and execution and that it has not been submitted in its entirety, and will not be presented, to any other University for a similar or any other degree award. All reference materials used have been duly acknowledged.

.....

Signature

.....

Date

DEDICATION

This thesis is dedicated to the memory of my heroine late grandmother Mwaisekei, Annia Dapira. Thank you so much for instilling the values of hardworking, determination and perseverance in me. It is your tireless efforts in moulding and nurturing me that I am what I am today. Rest in power Sambiri!

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ABSTRACT

There is growing recognition that the limited success in rural development policies in many developing countries, including South Africa, is mainly a result of the failure to conceptualize such interventions beyond agriculture and incorporate non-farm enterprises into the mix. Non-farm enterprises are increasingly viewed as having the potential to become one of the drivers of rural development. However, it is an area that remains poorly documented and dimly understood as it has received limited scholarly attention in recent years. The study was carried out in the rural areas of Port St John's Local Municipality in the Eastern Cape Province of South Africa. The study was premised on the assumption that non-farm enterprises have the potential to become one of the drivers of rural development in terms of employment creation, income generation and diversification of the rural economy.

The thesis demonstrates that the hope that non-farm enterprises can add value to the rural economy in terms of creating the much needed employment opportunities is still a goal to be realised. Nevertheless, the income generated by these enterprises is contributing immensely to household welfare, especially improving accessibility to food by poor households. The study recommends the implementation of tailor made capacity building and training programmes aimed at enhancing the skills of rural artisans. This is an area that requires state-mediated intervention to augment the rural economy in order to redress the uneven development of the past.

Key Words: non-farm enterprises, rural development, diversification of the rural economy, job creation

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ABBREVIATIONS

ASGISA	Accelerated Shared Growth South Africa
CIGS	Cultural Industries Growth Strategy
CSIR	Council for Scientific and Industrial Research
ECCDA	Eastern Cape Craft Development Agency
ECDC	Eastern Cape Development Corporation
ECESCC	Eastern Cape Socio-economic Consultative Council
EPWP	Expanded Public Works Programmes
EU	European Union
HDI	Human Development Index
ICT	Information And Communication Technologies
IDP	Integrated Development Plan
IK	Indigenous Knowledge
LSMS-ISA	Living Standards Measurement Study - Integrated Surveys in Agriculture
OTOP	One Tampoone One Product
PACSA	Pietermaritzburg Agency for Community Social Action
PSJ LM	Port St John's Local Municipality
SOCPEN	Social Pension System
SPSS	Statistical Package for the Social Science
UNCTAD	United Nations Conference Trade and Development
UNDP	United Nations Development Programme

WESSA Wildlife and Environment Society of South Africa

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

The concept rural development has its roots in community development, which emerged as an alternative approach to address widespread poverty in the United States of America during the great depression of 1929-1933 (Holdcroft, 1976; Ashley and Maxwell, 2001). However, in developing countries the concept gained prominence during the 1950s when many Asian countries were on the brink of famine that sparked widespread rural unrest. Due to such rural unrest, Western powers increasingly became concerned that escalating poverty in many developing countries would lead to the spread of communism and offset the establishment of capitalism as the dominant mode of production. To avert this situation, Western powers introduced the green revolution, which involved the use of high yielding varieties of rice and wheat, modern pesticides as well as inorganic fertilisers (Hazell, 2009). Despite criticisms levelled against the Asian Green Revolution, it is often credited with underwriting the process of rural development, improving the region's food security, poverty reduction and transforming their economies from the agrarian base to a manufacturing one (Pingali, 2012, Hazell 2009).

In the South African context, the history of rural development dates back to the period of colonial conquest and the establishment of the apartheid government (Bundy; 1979; Mayende, 2011). It was a brutal epoch in the social history of South

Africa that saw the transition of rural Africans from pastoralist-cultivators to wage earners, earning a paltry salary insufficient to support their families. This transition was facilitated by the “mineral revolution”, especially the discovery of gold mines in the 1870s that created a high demand of cheap labour (Marks, 1988; Bundy, 1979). Prior to the mineral revolution the African agrarian society is depicted by Bundy (1979) and Mafeje (1988) as relatively prosperous as they participated in the mercantile colonial economy from the early 1870s to the first quarter of the twentieth century. During this period, Bundy (1979) and Mafeje (1988) concur that the native people in the rural areas still had access to means of production, especially access to arable land as capitalism and colonialism had not yet deeply penetrated the rural landscape.

The decline of the prosperity of the African agrarian society, and the eventual elimination of African peasants, are argued to be inextricably linked to the mining revolution and the increased demand for land that fuelled the rise of capitalist agriculture, which all demanded cheap African labour (Bundy, 1979). Various pieces of legislation that were aimed at coercing natives into wage labour were enacted (Bundy, 1979; Trapido, 1971). The Land Acts of 1913 and 1939 were some of the discriminatory pieces of legislation enacted. They are largely responsible for underwriting an unequal land dispensation whereby the indigenous people were not entitled to private property rights of land, water and homesteads (Cousins, 2016).

In addition, these laws subsequently led to the de-peasantisation and eviction of Africans from their ancestral land and were later resettled into reserves or homelands. The impact of the establishment of reserves is succinctly summarised by

Mayende (2011: 53) who argues that it “resulted in many formerly surplus producing households regressing to the level of subsistence, and eventually sub-subsistence production”. The establishment of these reserves marked the genesis of territorial segregation and an entrenched separate development agenda (Marks, 1988; Bundy, 1979; Setai, 1998; Mbeki, 1964).

Indeed, agricultural policies that were pursued by the apartheid government were biased towards white commercial farmers, resulting in the establishment of a skewed agrarian structure (Bundy, 1979). Such agricultural policies were largely responsible for the creation of two distinct rural areas in South Africa. Firstly, heavily subsidised and well protected white commercial farms with access to resources, infrastructure and largely responsible for producing the bulk of all marketed agricultural produce (Cousins, 2016). On the other hand, the Black people were confined into reserves characterised by limited access to means of production, endemic poverty, high rates of unemployment, deindustrialisation and dilapidating socio-economic infrastructure (Makgetla, 2010; O’ Laughlin et al., 2013).

Moreover, in these reserves other forms of rural entrepreneurship activities such as non-farm enterprises were systematically neglected (Perret et al., 2005). It is a situation that is reported to have been further worsened by economic sanctions, which were imposed on the then apartheid government and denied rural entrepreneurs access to international markets. Consequently, the rural areas became net importers of food and exporters of labour. These historical injustices shaped the course of rural development in South Africa and are largely responsible for sowing the seeds of rural underdevelopment.

With the attainment of democracy, the ANC led government has largely pursued the agricultural led growth model anchored within the ongoing land and agrarian reform as the appropriate strategy for rural development. Key policy instruments such as the Reconstruction Development Programme (1994), the National Development Plan (2011) and the Comprehensive Rural Development Plan (2009) explicitly identify a de-racialised agricultural sector and land reform as the driving force to spearhead the development of rural areas. The agricultural sector is viewed as holding the prospect of creating rural wage employment opportunities, especially for the majority of the economically active group that is unskilled, poorly educated and geographically located far from urban labour markets (Neves and Hakizima, 2015, O’Laughlin, 2013). Also, the agricultural growth model is perceived as having the potential to promote the attainment of household food security in the rural areas and underwrite the process of rural transformation.

In terms of impact, various scholars concur that the agricultural growth model has failed to underwrite the process of rural development (Cousins, 2016; O’laughlin et al., 2013; Mayende, 2011; Makgetla, 2010; Aliber and Hart, 2009). These scholars cite increasing rural poverty, with high rates of unemployment and lack of income generating opportunities as key evidence that the agricultural growth model has failed to underwrite the process of rural transformation. Also, the skewed agrarian structure is cited as having remained intact as evinced by the fact that white commercial farmers are still dominating agricultural production. According to Cousins (2016), white commercial farmers are currently responsible for producing about 80-85% of the agricultural output in South Africa.

To date, the government has only successfully redistributed approximately 8-9 percent of the land and missed the 30% target they had set for 2015 (Cousins, 2016). This, therefore, suggests that the ongoing land and agrarian reform is failing to alter the pattern of land distribution in South Africa. The majority of the previously disenfranchised communities still remain landless and are still confined in areas that were designated as homelands or reserves during the apartheid administration. Thus, limited access to arable land, which is partly attributed to the sluggish pace of land reform, is also cited as the key constraint that has derailed the process of rural development in South Africa (Cousins, 2016, O’Laughlin et al., 2013, Mayende, 2011). To Mayende (2011), inequalities, especially in terms of ownership of arable land, accentuate the scourge of rural underdevelopment because land remains the main economic asset of rural households.

Accordingly, government efforts to address the structural nature of rural underdevelopment through the agricultural growth model centred on land and agrarian reform have been futile. This failure has tended to accentuate the trend of marginalisation of these rural areas from the national economy. The current state of the rural economy is succinctly summarised by Mayende (2011:1) who contends that rural areas in the new political dispensation have undergone what he calls “a perverse type of transformation from reproducers and exporters of cheap labour to the country’s metropolises to reproducers and exporters of both labour and poverty, whilst also moving inexorably from a degree of subsistence to virtual stagnation”.

This is so despite significant strides being achieved in terms of addressing absolute poverty, especially amongst the previously disadvantaged communities, through the implementation of various programmes geared towards poverty alleviation. For example, the social security programs such as the provision of social grants that supports a wide range of individuals who falls under the vulnerable category. Statistics South Africa (2016) estimates that about 30.1 percent of South Africa's populations are receiving social grants. Without such programmes various authors concur that more households, children and vulnerable women will be living below the poverty line today (Von Fintel, 2014; Noble et al., 2014; Neves et al., 2009).

Closely linked to this is access to basic social services that have improved significantly such as education, with 93.7% reported to be literate, 70.5% reported to have access to health facilities (either a public clinic or hospital), 85.5% having access to electricity, 89.4% have access to clean water and 80% have access to proper sanitation (Statistics South Africa, 2016). Nevertheless, the persistence of rural underdevelopment with high rates of unemployment and glaring inequality as its central feature in a democratic South Africa tends to undermine these gains. The country is ranked fourth most unequal society in the world with a Gini index of 0.63 (World Bank, 2017).

The communities that emerge as the worst underdeveloped include the previously disadvantaged communities, especially in provinces that host the former homelands such as the Eastern Cape Province, which is the focus area of this study. The province is one of the poorest in the country and the majority of its population, approximately 70 percent, live in the rural areas (Eastern Cape Socio-Economic

Review, 2013). It faces a plethora of development challenges with high rates of unemployment and lack of income generating opportunities as its key features. The unemployment rate of the province is estimated at 33.33%, and the intensity of poverty in the province is pegged at 57.19% (Statistics South Africa, 2016). The province is also home to a large number of the most deprived district and local municipalities as well as the highest number of vulnerable children in South Africa (Sender, 2016).

In terms of the province's economy, it mirrors the national economy in the sense that it has both the developed and underdeveloped sectors. The developed part of the economy is represented by the two metros, namely Nelson Mandela and Buffalo City. These two metros are the economic hubs of the province hosting the majority of the manufacturing industries and are characterised by first world components of the modern economy. The key driver of the province's economy is the tertiary sector, employing 71% of the labour force and contributing close to 77% of the provincial Gross Domestic Product in 2011 (Eastern Cape Socio-economic Consultative Council hereafter ECESCC, 2014). The tertiary sector can be regarded as a very selective segment of the economy as it requires a set of highly skilled labour force. Therefore, it provides limited opportunities to the majority of the rural labour force who are poorly skilled and in most cases illiterate. The automotive industry, which is also a key contributor to the GDP of the province, has been struggling and its potential to create jobs has been curtailed due to the fragile national economy.

The underdeveloped sector of the economy, which forms the huge chunk of the province, is represented by the rural areas. These rural areas are characterised by high poverty rates, limited access to means of production, credit, technology and social amenities; poor rural economic infrastructure; highly food insecure households, underutilisation of locally available resources and high illiteracy rates (ECESCC, 2014). The poor social and economic infrastructure has tended to repel investors in the rural sector of the province as most of the rural areas remain largely inaccessible with poor communication and limited infrastructure development. These well pronounced challenges have precipitated the stagnation of the rural economy and worsened the scourge of rural underdevelopment.

The closure of key rural farms and industries such as the Ncorha Irrigation Scheme, Lambasi and Ncera farms as well as Dimbaza and Butterworth industries is reported to have further exacerbated the scourge of rural underdevelopment in the province. Although these farms and industries were a creation of the apartheid regime whose overall goal was to contain the migration of black people into urban area, they provided job opportunities to the province's rural populace. Closely related to this are declining fortunes in the agricultural sector even though the province has a strong comparative advantage in agriculture, especially in the area of citrus farming (Sender 2016). Citrus farming is regarded as labour intensive and has enormous potential to create more employment opportunities in the primary and secondary production of various fruits. However, this potential has been curtailed by low levels of financial investment, especially from the state, thereby undermining the potential growth of rural wage employment in the province (Sender, 2016).

Accordingly, the province is currently experiencing de-agrarianisation. Bryceson (2002:726) defines de-agrarianisation as a “long-term process of occupational adjustment, income-earning reorientation, social identification and spatial relocation of rural dwellers away from strictly agricultural based modes of livelihood”. Research findings revealed that fewer than 2 percent of households in the province derive a meaningful income from farming (Bank and Mabhena, 2011; O’Laughlin, 2013). This, therefore, indicates the erosion of the role of agriculture as a conduit to foster rural development (Bank and Mabhena, 2011).

Confronted by this rural development impasse, there is a growing realisation that the agricultural led growth model on its own is unlikely to address the rural development challenge. This shift in rural development discourse builds upon a wealth of empirical evidence that suggests that limited success in rural development policies in many developing countries, including South Africa, is mainly a result of the failure to conceptualize such interventions beyond agriculture and incorporate small rural non-farm enterprises into the mix (Nagler and Naude, 2014; Fox and Sohensen, 2013; Fox and Sohnesen, 2012; Haggblade et al., 2010, Wiggins and Hazell, 2011). Non-farm enterprises are increasingly perceived as having potential to create non-agricultural rural wage employment opportunities, generate income for poor rural households and diversify the rural economy (Nagler and Naude, 2014; Fox and Sohensen, 2013; Fox and Sohnesen, 2012; Haggblade et al., 2010, Wiggins and Hazell, 2011; Reardon et al., 2007). Income earned from non-farm enterprises is reported to have a positive influence on the welfare of the household as it contributes to food security.

This formal recognition of non-farm enterprises as a potential driver for rural development marks a major shift in rural development theory and practice as it signals the embrace of a multi-sectoral approach as opposed to the sectoral approach. The latter views agriculture as the mainstay of the rural economy whereas the multi-sectoral approach to rural development emphasises the role played by other sectors of the rural economy such as non-farm enterprises. Haggblade et al. (2010) defines non-farm enterprises as all economic activities that exclude the primary production of agricultural commodities.

Many scholars (Nagler and Naude, 2014; Davis et al., 2010; Haggblade et al., 2010) concur that non-farm enterprises can take different forms, including the following: small-medium processing industries (bakeries, tinned foods, timber processing), operation of craft enterprises, provision of agricultural services (whether technical or commercial) and also other primary sectors such as mining, quarrying as well as tourism and eco-tourism. Nagler and Naude (2014) contend that although such activities are regarded as non-farm enterprises they are closely linked to agriculture and are often operated on a farm. They further assert that both the farm and non-farm sectors are related through production and consumption linkages as well as the flow of labour and capital between the two sectors.

In South Africa, the conduit that is being used to encourage non-farm enterprises among others is craft production (operation of craft enterprises) by the rural poor. Craft enterprises as a form of non-farm enterprises are the focus of this study. According to the Cultural Industries Growth Strategy-CIGS (1998), the term craft

entails the production of a broad range of utilitarian and decorative items that infuses traditional and contemporary designs.

Various scholars contend that the operation of craft enterprises just like many other economic activities that fall within the non-farm sector is done parallel with other economic activities (Nagler and Naude, 2014; Davis et al., 2010; Haggblade et al., 2010). These scholars further assert that non-farm enterprises are operated during the low agricultural season as a way of diversifying sources of rural household income. The decision to focus on craft enterprises and their contribution to rural development was informed by the fact that craft production is the dominant form of non-farm enterprises taking place in the rural areas of the Eastern Cape Province (Rogerson, 2010; Accelerated Shared Growth Initiative South Africa -ASGISA, 2006; CIGS, 1998)

It is through ASGISA (2006) that the potential of craft enterprises as an alternative conduit for regenerating rural economies was recognised. ASGISA claims that craft production as a form of non-farm enterprises have potential to stimulate rural entrepreneurship, create rural wage employment and foster sustainable economic opportunities as well as diversify the livelihoods of rural communities. The craft sector is also viewed as an entry point for the majority of the low skilled labour-force and those operating in the informal economy to participate in the formal economy. The non-monetary benefit that is associated with the promotion of craft enterprises includes the maximum utilisation of locally available resources in a sustainable manner, including the use of recycled materials.

The promotion of craft enterprises is also motivated by a high global demand for cultural goods, artefacts and services that are of high quality, unique and have cultural and symbolic value. This commodification of culture and its mass consumption is associated with post-fordism as well as the digital revolution, which is the key defining feature of the era (O'Connor, 2010). The digital revolution is credited with making clearer the connections between culture, economy and technology (O'Connor, 2010). Previously, culture had been relegated the instrumental role in socio-economic development, especially by the modernisation theorists (Sagnia, 2005). Nevertheless, in the post-fordist political economy culture is increasingly viewed as an independent variable that forms the basis or foundation upon which development can take place.

This shift from the purely instrumental role of culture in development to a functional role has given rise to the entrepreneurial economy theory as an alternative framework to explain how rural development can be attained (to be explored further in chapter 2). Marini and Mooney (2006) contend that entrepreneurial economies derive their income and create employment opportunities mainly by making maximum utilisation of locally available resources that include tacit knowledge to produce distinct goods and services that can be sold locally or internationally. Goods and services that are produced using tacit knowledge in such entrepreneurial economies are increasingly viewed as having potential improve the competitiveness of rural economies (Dinis, 2006; Marini and Mooney, 2006).

By promoting craft enterprises as an example of non-farm enterprises, many developing countries, including South Africa, intend to exploit the opportunities presented by the post-fordist political economy. In South Africa, the promotion of the

craft enterprises has seen the enactment of various pieces of legislation, funding and building of support structures such as the craft hubs all aimed at supporting the sector. The faith being placed on the craft sector can be argued to be premised on the assumption that these rural artisans have the following intrinsic capacity: the ability to engage in and generate entrepreneurial activity, are highly innovative, skilled, and have access to local and global markets.

The key issue that arises from such assumptions is the extent to which such attributes are in existence given the long history of disempowerment and socio-economic marginalization experienced by these rural artisans during the colonial and apartheid era. Also, as noted earlier the socio-economic condition of rural communities has not improved significantly with the dawn of democracy. Furthermore, embedded in the entrepreneurial economy theory is the process of globalisation which present opportunities and threats, the question is the extent to which craft enterprises that are often undercapitalised can benefit from such a process.

It is against such a background that the study investigated the potential and contribution of non-farm enterprises as a strategy to rethink rural development in the Eastern Cape Province, with special focus on rural craft enterprises. It is also an intention that was motivated by the significant gap within literature in terms of lack of meaningful debates that have critically interrogated the potential and contribution of craft enterprises as a strategy for rural development in the province. The potential and contribution of the craft enterprises as a strategy for rural development is

examined through the lenses of the Lewis Dual Sector Model, the Dependent Theory and the Entrepreneurial Economy Theory.

1.2 Problem Statement

Traditionally, rural development theory and practice have been dominated by a model of agricultural led growth organised around the promotion of small scale farms as the appropriate conduit for job creation, growing the rural economy, attaining food security as well as underwriting the overall process of rural transformation (Neves and Hakizima, 2015; Madzivhandila, 2014; Ellis and Briggs 2001). Nonetheless, the persistence of rural underdevelopment has compelled policy makers to embrace other sectors of the rural economy that were once marginalised, such as non-farm enterprises. It is proposed that non-farm enterprises have the potential to become one of the drivers of rural development in terms of employment creation, income generation and diversification of the rural economy. This official promotion of craft enterprises by the government marks a major shift in the rural development discourse as it creates a platform to explore the potential of non-agricultural activities as an alternative avenue to foster rural development. It is within such a context that the study hypothesised that non-farm activities, in the form of craft enterprises, have potential to contribute towards rural development in the Eastern Cape Province.

1.3 Research Questions

The study grappled with the following research questions:

1. What is the relationship between the promotion of non-farm enterprises, such as crafts, and rural development?
2. To what extent can the craft sector encourage the diversification of the rural economy?
3. Do non-farm enterprises, such as crafts, promote the maximum utilisation of locally available resources?

1.4 Objectives of the Study

The overall aim of this study was to investigate the potential and the contribution of non-farm enterprises as a strategy to rethink and stimulate rural development in the Eastern Cape Province of South Africa, with a special focus on craft enterprises. The key objectives of the study are the following:

- to determine the contribution of the craft sector as a strategy for job creation and income generation.
- to examine the extent to which the promotion of craft sector can facilitate the diversification of the rural economy.
- to investigate the extent to which craft sector can promote the maximum utilisation of locally available resources.

1.5 Hypothesis

H₀: Non-farm enterprises, in the form of craft production, have potential to contribute towards rural development in the Eastern Cape Province.

H₁: Non-farm activities, in the form of craft production, do not have the potential to contribute towards rural development in the Eastern Cape Province.

1.6 The Significance of the Study

Scholarship on the contribution and potential of the craft enterprises (as a form of non-farm enterprises) as an alternative avenue to develop rural areas such as the Eastern Cape Province is scant. It is an area that remains poorly documented and dimly understood because it has received limited scholarly attention over the years. Scientific studies, such as the community survey undertaken by Statistics South Africa on a yearly basis, have not thoroughly investigated the subject area chiefly because the scope of such studies is not entirely dedicated to rural craft enterprises or the non-farm enterprises in general. While such studies provide a snapshot about the percentage of households engaged in non-agricultural activities they often fail to give a comprehensive in-depth understanding of this important segment of the rural economy. Therefore, the need to undertake a study that investigates the potential and contribution of craft enterprises as a strategy for rural development cannot be overemphasised.

Although limited, existing empirical evidence such as the work of Kepe (2003) has chiefly focused on documenting craftwork production for local use within the rural areas as well as interrogating the tenure arrangements with regards to the exploitation of raw materials that are used in the production of craft products. The

study by Traynor et al. (2010) that investigated wetland craft plants solely focused on the ecological effects of plants that are harvested for craft production. On the contrary the work of Paumgarten and Shackleton (2011) explored a range of coping strategies embraced by rural households in the event of shocks. Although their findings reveal widespread use of non-timber forestry products (including crafts) as an alternative option, they did not specifically investigate the potential and contribution of the craft sector as a strategy for employment creation, and diversification of the rural economy.

In addition, a study by Ndabeni (2005) can be viewed as a baseline study that profiled the various types of enterprises operating in the rural landscape. Although the craft sector is identified as part of these rural enterprises, the study did not intensively and conclusively investigate its potential and contribution to rural development. On the other hand, studies on rural entrepreneurship such as the ones carried by Ngorora and Mago (2013) in Alice, Eastern Cape Province, Agbenyegah (2013) in North West Province and Mugobo and Ukpere (2012) in the Western Cape Province, have focused exclusively on the challenges faced by rural entrepreneurs in such settings. None of these studies have devoted to critically interrogate the contribution and potential of the craft sector as a strategy for employment creation in the rural areas.

Furthermore, studies such as the ones by Neves and Hakizimana (2015) and Fox and Sohnesen (2013) that have looked at the role of rural non-farm enterprises as a vehicle for rural development have tended to cluster craft enterprises with other activities under one category that is manufacturing. This makes it difficult to deduce

the actual potential and contribution of craft enterprises as a strategy for employment creation. In most cases such studies provide a superficial reading as opposed to the actual contribution of the sector to rural development.

It is a trend that can also be observed in studies that have investigated rural livelihoods in South Africa. It is an area (rural livelihoods) that is closely related to this study because craft enterprises as an example of non-agricultural activities also forms part of the rural livelihoods portfolio. The studies by Daniels et al. (2013), Alemu (2012) and Perez et al. (2005) are a case in point here. These studies share one thing in common that is, their failure to have a critical meaningful debate on craft enterprises and their contribution to rural development. Amongst the list of the livelihood strategies identified by these studies one can only assume that perhaps the craft sector as part of rural livelihoods is again captured under the categories of “manufacturing” and the “other”. Research findings of this nature give a false impression because they do not further disaggregate the activities entailed under the categories of “manufacturing” or “other”.

From the foregoing narratives, it is evident that the phenomenon-rural craft enterprises remain under-researched as none of the previous studies have specifically explored its potential as a strategy for rural development in South Africa. Thus, the contribution of craft enterprises to the rural economy remains relatively unknown due to limited scientific data that details its potential, viability as well as shed a nuanced scientific understanding of the sector. This is the gap existing in literature that has been identified by this study. Therefore, the study intends to contribute towards the closing of this gap by coming up with both quantitative and

qualitative data that details the potential and contribution of craft enterprises to rural development as well as participant's contextual understanding of the sector. Findings from this study will also provide a meaningful insight with regards to the current state, scope and nature of rural craft enterprises operating in the Eastern Cape Province. This is envisaged to become the major contribution of the study to the scientific community.

1.7 An Overview of the Research Methodology

This section discusses an abridged methodology employed when implementing this study. The more detailed description of the methodology is presented in Chapter 3. The study used the mixed methods research design. The main reason for adopting the mixed methods approach was largely influenced by the overall goal of this study, that is: to investigate the contribution of rural craft enterprises as a conduit for rural development. The researcher concluded that in order to do justice and adequately address this research problem there is need for some kind of quantification that comes with the use of quantitative methods as well as a thick rich description that is associated with qualitative methods. Thus, the study exploited the strengths of both quantitative and qualitative research, to obtain rich and detailed information about the contribution of rural craft enterprises to rural development. Baxter and Jack (2008) contend that the use of mixed methods ensures that the social phenomenon under investigation is not explored through one lens but from a variety of lenses.

The study adopted the sequential explanatory strategy, implying that the process of data collection in this study was carried out in two phases. The first phase involved

the collection and analysis of quantitative data using the survey questionnaire. This was followed by the collection of qualitative data that was used to address gaps, complement as well as give a rich explanation of the initial quantitative results. The tool used for collecting quantitative data was a semi-structured interview schedule made up of mainly closed and few open ended questions. The few open ended questions allowed the investigator to conduct periodic probes aimed at soliciting more detailed information that assisted the investigator to discover the meaning participants attach to their responses. The study utilised in-depth interviews, focus groups, observations and documentary analysis for collecting qualitative data.

In terms of the sampling method, the study employed the non-probability purposive sampling technique. The justification for using this sampling technique is that not all rural people are operating a craft enterprise and the study was interested in individuals that are engaged in the production of crafts for a living. A total of 100 rural craft artisans residing in Port St John's Local Municipality hereafter PSJ LM situated in the OR Tambo District Municipality participated in this study. The age range of participants was from 20 years and above. Quantitative data was analysed using SPSS whereas qualitative data was analysed using thematic content analysis.

1.8 Delimitations of the Study

Simon and Goes (2013:2) defines delimitations of the study as “those characteristics that limit the scope and define the boundaries of any given study”. The study has a number of delimitations that should be taken into account when considering its findings. Firstly, the focus and scope of this study was on 100 rural artisans in PSJ LM situated in one of the 8 district municipalities of the Eastern Cape Province,

namely, OR Tambo District Municipality. Therefore, research findings emanating from the study may not reflect the whole of the province or South Africa at large and may not be generalised to other geographical areas.

Secondly, whilst it was preferably to collect data using the survey questionnaire, which is associated with positivism. However, the researcher felt that such a research instrument will yield inadequate information-mainly in the form of numbers. Such kind of information was viewed as inadequate as it cannot offer a detailed in-depth understanding of the potential and contribution of craft enterprises to rural development. As such, the study used the mixed methods approach-which entails the use of both methods of social enquiry (quantitative and qualitative) in one study. The instruments used to collect data included a semi-structured interview schedule made up of mainly closed and few open ended questions, in-depth interviews with selected key informants, focus groups, and observations alongside with documentary analysis. The use of multiple sources of data was done to improve the validity and reliability of research findings as well as to obtain rich and detailed information with regards to the contribution of craft enterprises to rural development.

The geographical location of the craft producers was one of the key constraints encountered during data collection. Many of craft producers were located in remote areas that were difficult to access due to poor roads. In such cases the researcher looked for accommodation in PSJ town so as to ease the process of travelling during the process of data collection.

Another constraint that was encountered during the process of data collection is the identification of rural artisans because not every rural household is involved in craft

production. The study overcame this challenge by using snowballing sampling technique as an alternative way of identifying and recruiting respondents of the study. It was a very useful technique that proved to be efficient in terms of time taken to identify the next respondent. That is, after interviewing the first subject, the researcher would ask for assistance from the interviewee to identify other people involved in craft production.

1.9 Ethical Considerations

Babbie (2011) and Neuman (2013) notes that all forms of social research raise ethical issues that include the concerns, dilemmas and conflicts that arise over the proper way to conduct research. To Babbie (2011) the main contention of ethical consideration in research is how to balance the pursuit of scientific knowledge and to protect and respect the rights of those being studied or of those in society. His argument highlights the need for ethical guidelines that can be used to guard against any possible dilemmas and less obvious, yet harmful effects of research. This section, therefore, discusses in detail some of the ethical considerations that underpinned this study and were discussed with participants.

1.9.1. Avoidance of Harm

The basic ethical rule of social research is that it must not bring any injury to research subjects (Babbie, 2007). Participants can be harmed psychologically because social research involves revealing sensitive information that might be demeaning, such as low income. To avoid injury of participants, the researcher clearly explained to participants what the research project is about, the expected duration of participant's involvement and their role in the research project that is, to

provide answers to questions asked by the researcher and the research assistants. Furthermore, the researcher informed participants that the sole purpose of the investigation is purely academic. Therefore, they should not have expectations that they might benefit directly from the outcome of the study. The participants were then asked to sign an informed consent form to indicate that they were aware of what the study entailed and that their participation in the study was voluntary.

1.9.2. Privacy, Anonymity and Confidentiality

To ensure that the privacy, anonymity and confidentiality of information is protected, the researcher and the research assistants tried by all means to protect the respondent's privacy, rights and any information collected was kept strictly confidential, except as may be required by the law. Moreover, participants were not compelled to provide their real names as well as other personal data, such as their exact age. The participants were also assured that the names of the wards and villages where data collection took place would be kept anonymous. In fact, the study used pseudonyms such as Ward A to identify villages where data collection took place and participant X to identify respondents. Such a mechanism ensured that the privacy and anonymity of participants is protected.

1.9.3. Voluntary Participation

Babbie (2011) asserts that social research represents an invasion into people's lives, disturbs the participant's regular activities and requires them to reveal personal information that is sensitive and might not be known to their families and friends. In this regard, the researcher informed the interviewees that participation in this study

was voluntary and no-one was forced to participate. Also, participants were informed that they are free to stop at anytime from participating in the study if they feel so.

1.9.4 Approval from Gatekeepers

The researcher asked for permission from the District and Local municipalities to conduct the study. Permission to conduct the study was also sought from chiefs, as well as councilors. The researcher also applied and got clearance from the University's Ethics Committee.

1.9.5 Plagiarism

It is unethical and unlawful to use other peoples work and ideas without acknowledging them. Therefore, all secondary information used in this study was acknowledged as failure to do so would render the work as plagiarised.

1.10. Thesis Outline

This thesis is comprised of 5 Chapters. Chapter 1 begins by giving a historical background of rural development highlighting how policies and various pieces of legislation enacted by the colonial apartheid administration laid the foundation for rural underdevelopment in South Africa. The chapter also outlines the contemporary rural landscape in the new political dispensation and how the agricultural led growth model has failed to deliver rural development in South Africa. The chapter goes on to argue how the persistence of rural underdevelopment has compelled the ANC led government to embrace rural non-farm enterprises, such as craft enterprises, as an alternative strategy to develop the rural areas. The problem statement, research

objectives, significance, delimitations and ethical consideration of the study are also outlined in this chapter.

Chapter two presents the literature review on key concepts and theories relevant to this study. In Chapter 3 the research design adopted by the study is presented as well as key sections such as the population sample, sample size and sampling technique, data collection tools and how the data collected was analysed. The Chapter ends with a detailed analysis of the socio-economic profile of the study area. Chapter 4 expatiates on the research findings of the study whereas a critical evaluation of the contribution of craft enterprises to rural development is presented in Chapter 5. Conclusions and recommendations of the study are entailed in this last Chapter. References and a list of appendices are included after Chapter 5.

1.11. Conclusion

In closing, this chapter has laid the historical and contemporary context of rural underdevelopment in South Africa. The chapter has discussed how the agricultural led growth model pursued by the democratic government has failed to deliver rural development. The persistence of rural underdevelopment has compelled policy makers to embrace the non-farm enterprises as an alternative avenue to stimulate rural development. Among other activities that constitute the non-farm enterprises that are being promoted by the government is craft production. Thus, the study investigated the potential and contribution of non-farm enterprises as a conduit for rural development specifically looking at craft enterprises.

The Chapter has also presented the statement of the problem as well as the research questions that guided the study, significance of the study, delimitations of the study, and ethical considerations. The next Chapter presents the literature review on key concepts and theories relevant to this study. It starts with a section that critically interrogates the concept rural and moves on to examine the three theories relevant to this study that is: the Lewis Dual Economy Model, the Dependency Theory and the Entrepreneurial Economy Theory.

CHAPTER 2

THEORIES OF RURAL DEVELOPMENT: A REVIEW OF LITERATURE

2.1. Introduction

This chapter presents a review of literature on key concepts and theories that are relevant to this study. The chapter starts by interrogating the meaning of the construct rurality mainly because the term rural is a key term in the definition of both rural non-farm enterprises and rural development. Also, the need to have a critical debate about the meaning of rurality in this study is quite essential because the concept could mean different things to different people. It is a problem that is further worsened by a lack of common understanding of the construct “rural” in South Africa. Thus, the need to have a working definition on the meaning of the concept becomes imperative under such circumstances. The last section then discusses the main theories that are undergirding this study that is the: Lewis Dual Sector Model, the Dependent Economy and the Entrepreneurial Economy.

2.2. Conceptualising Rural: A Critical Overview

The definition of the construct rural is a contested terrain in literature. Different scholars, policy makers and development practitioners define the construct differently possibly because of its multi-disciplinary and multi-sectoral nature. Nevertheless, in scholarly debates at least four definitional categories that have been influential in terms of unravelling the multiple meaning of the concept rural can be discerned. The first category is represented by earlier attempts to define the concept

rural based on the use of statistical indicators such as population density or number of households found in an area (Woods, 2010). Using this approach an area with few people-2500 people or less than 40 000 households distributed over a large space is regarded as a rural area (Woods, 2010). The major weakness of this approach is that it gives little information mainly in the form of descriptive statistics and fails to give an in-depth nuanced understanding of the construct rural and how people earn a living in such a setting.

The second definitional category of rural found in literature is based on the economic characteristics of the area (Dinis, 2006, Marini and Mooney, 2006). According to this view an area in which farming, mining, forestry and fishing and other types of primary resource extraction activities form the basis of social organization is classified as rural (Dinis, 2006; Woods, 2010). This kind of approach associates the concept rural with agriculture, viewing it as the mainstay of the rural economy. It has been severely queried and criticised by many scholars who assert that the rural economy is not solely based on agriculture but is made up of an array of livelihood activities (Ellis, 2000; Ellis and Briggs, 2001; Neves and Du Toit, 2013; Neves and Hakizima, 2015). These authors concur that this approach has led to the neglect of other sectors of the rural economy that are critical for the development of rural areas, such as the non-farm economy.

The third definition of rurality is constructed on the basis of cultural and behavioural meaning (Dinis, 2006; Blunden et al., 1998). This approach assumes that there is a distinction between rural and urban behaviours. Therefore, the meaning of rural is constructed on the basis of cultural values and the practice of traditional norms.

Conservative values are associated with rural areas where they are reported to be more prevalent when compared with urban areas. This approach is distorted, especially in this age of digital revolution that has resulted in significant improvements in terms of communication and increased integration of once isolated rural communities into global trends. The once isolated rural communities are gradually exhibiting urban trends in terms of culture and norms albeit at a relatively slow pace.

The fourth definitional category of the concept rural has focused on the rural-urban dichotomy where the construct rural is defined as the non-urban or non-metropolitan cities (Jacob and Luloff, 1995). The validity of such a definition has been questioned by scholars who place emphasis on the importance of the linkages and interdependency between the two as crucial for the development of rural areas (Tacoli, 2006; Nabudere, 2006; Baker, 2006; Berdegue and Proctor, 2014). These scholars argue that the livelihoods of the majority of rural households, including smallholder farmers, are hardly rural and the same applies to urban dwellers-their livelihoods too are hardly urban. This means that the livelihoods of both rural and urban dwellers are intimately dependent on one another.

Tacoli (2006) and Mefika et al. (2013) contend that urban areas play a pivotal role in the development of rural areas as they provide markets for many agricultural and non-agricultural produce as well as act as centres that spearhead the diffusion of information and communications technologies (ICT). ICT tools are increasingly viewed as offering potential solutions to some of the constraints that curtail the success of rural enterprises and ultimately impede the maximum utilisation of locally

available resources. For example, ICT applications such as e-commerce are widely seen as playing a critical role of providing lasting solution to the challenge of limited access to reliable local and international markets by rural entrepreneurs (Mefika et al., 2013; Strategia, 2011).

Moreover, rural entrepreneurs that have intense interaction with urban areas are reported to easily overcome some of the challenges associated with the rural-urban divide. For instance, a study by Mayer et al. (2016) concluded that rural entrepreneurs with strong linkages to the urban environment tend to benefit immensely because the urban area is the hub of new knowledge, ideas and technology that can enhance the competitiveness of rural enterprises. On the contrary, rural areas are perceived as the sources of critical resources needed by the urban areas, such as food, raw materials as well as markets for goods produced in the urban areas (Tacoli, 2006; Baker, 2006).

The most recent approach to rural studies that has been influential and has added a nuanced understanding of the concept rural is the work of scholars like Wiggins and Proctor (2001). Using the location theories Wiggins and Proctor dissected the concept rural and identified three categories of rural namely, peri-urban zones, the country side and the remote rural areas. The economic use of space in such topologies of rural is argued to be different. The main thesis advanced by Wiggins and Proctor (2001) is that, the diversification of any locality that is regarded as rural is conditioned by its proximity to urban areas. For instance, the economy of rural villages located in remote areas is depicted by Wiggins and Proctor (2001) as less likely to diversify. They further contend that even the optimism for the growth and

flourishing of non-agricultural activities in such settings is close to zero. For Wiggins and Proctor, the only exceptional case is when such rural areas possess certain skills that are not found in the urban areas, such as craft production that owe their appeal to consumers for being produced in remote and exotic rural locations.

On the contrary, the potential of rural villages located close to urban areas (peri-urban) to diversify their livelihoods is regarded as relatively high by Wiggins and Proctor (2001) mainly because of improved infrastructural development such as roads that promote intense interaction with the city. They further note that rural people in such localities can both combine employment that is rural based as well as urban jobs because the distance between the two is relatively short. Moreover, the cost of moving goods and people is also viewed as relatively lower. Meanwhile, away from the peri-urban is the countryside where the distance is argued to prevent commuting to the urban areas and the cost of movement to and from the city is significantly greater. Wiggins and Proctor (2001) contend that the potential for the growth of non-agricultural activities is relatively lower in such settings. However, the presence of a thriving agricultural sector that is producing surplus for the market may catalyse the growth of non-farm enterprises.

These are some of the influential scholarly work that has attempted to unpack the concept rurality. The analysis of the concept rural offered by Wiggins and Proctor (2001) is found useful in this study. This study adopted it, especially when selecting the three wards where data collection took place. According to Marriane (2016) a ward is a geo-political subdivision of local municipalities used for electoral purposes and is made up of several villages. Thus, using the Wiggins and Proctor (2001)

topology the wards where data collection was done were selected as follows: the first ward A was located close to the PSJ town- peri-urban, the second Ward B fitted the category of countryside and the last one was a remote rural ward C. It should be noted that the names of these wards (wards A, B and C) are pseudonyms. The study has opted to keep the names of the wards anonymous so as to protect the respondent's confidentiality. This selection criterion offered the study an opportunity to test the application and relevance of Wiggins and Proctor's propositions in a developing country like South Africa.

In closing, the definition of the concept rural in this study is borrowed from the authors that place emphasis on the importance of rural-urban linkages and inter-dependency between the two (Tacoli, 2006 Nabudere, 2006; Baker, 2006; Berdegue and Proctor, 2014). The main strength of their argument, especially from an analytical point of view, is the realisation that the rural economy cannot be treated as a separate unit of analysis, isolated from its counterpart the urban area. As such, preference is given to the definition of rural provided by these scholars. Therefore, the concept rural in this study should be understood in terms of its interconnectedness and complementariness with the concept urban not as simple dichotomies as the needs of both urban and rural dwellers are more or less the same (Nabudere, 2006; Tacoli, 2006; Baker, 2006 Berdegue and Proctor, 2014). The following section will critically examine the challenge of rural underdevelopment using three different theoretical perspectives namely, the Lewis Dual Sector Model, the Dependent Economy theory and the Entrepreneurial Economy theory.

2.3. The Lewis Dual Economy Model

The Dual Economy Model by Lewis (1954) falls under the modernization theory, which is a group of theories that emerged in the early 1950s to explain the development trajectory to be followed by underdeveloped countries. It was introduced in 1954 as a classical based theoretical model of economic development that could be used to transform subsistence economies of developing countries, especially those characterised by unlimited supply of labour (Lewis, 1954). Lewis perceived this unlimited supply of labour as unproductive hence, a potential resource that could catalyse economic development in the capitalist sector (Ranis, 2012).

Accordingly, Lewis attributed the challenge of underdevelopment in developing countries to the existence of two distinct economies within one economy, namely, the “subsistence sector” also known as the traditional rural agricultural sector and the “capitalist sector” or the modern industrial sector (Lewis, 1954). To Lewis, the subsistence sector is characterised by a large population and a relative scarcity of capital, natural resources whilst the marginal productivity of labour is argued to be negligible or zero. It is an assumption that gave rise to Lewis’ argument of the existence of a surplus labour and disguised unemployment or underemployment that is located in the subsistence sector (Lewis, 1954).

Other key features of the subsistence sector as articulated by Lewis are the widespread use of non-reproducible capital, subsistence farming and the use of primitive instrument of labour (Lewis, 1954). In contrast, the central feature of the capitalist sector is high productivity, use of reproducible capital, use of modern

technology, high outputs, high profits and savings (Lewis, 1954). Consequently, Lewis argued that underdeveloped countries could attain high rates of economic growth by encouraging surplus labour to move from the subsistence sector to the capitalist sector where they can easily get employed. Lewis further asserted that the transfer of surplus labour from the subsistence sector could be withdrawn without reducing productivity of the agricultural sector. In fact, Lewis predicted that agricultural output would increase instead of decline, thereby improving the living standards of the rural poor. Lewis also assumed that wages in the traditional sector will also be caused to rise by the high demand of labour in the modern industrial sector.

To Lewis, the migration of the surplus labour from the subsistence sector to the capitalist sector was expected to be a smooth process because wages in the capitalist sector were relatively higher, which were set at 30% (Lewis, 1954). Such attractive wages will then act as an incentive, thereby providing the required impetus for the continual migration of surplus labour from the subsistence sector to the capitalist sector. The unlimited supply of labour will then ensure the expansion and growth of the capitalist economy resulting in the generation of surplus that would be saved and reinvested with the goal of creating new capital (Lewis, 1954). The pace at which the capitalist sector would grow was determined by the rate of capital accumulation, saving and industrial investments (Lewis, 1954). Thus, savings and investments were perceived by Lewis as key drivers that would foster economic development in poor countries.

Lewis further postulated that increased savings and investments would eventually lead to the transformation of largely agrarian society into an industrial society. This total reorganisation of the economy was expected to create more employment opportunities that will absorb surplus labour from the subsistence sector (Lewis, 1954). This process was expected to continue until the surplus labour in the subsistence sector was exhausted- a point that is called the Lewis Turning Point also known as a point of commercialisation in the Fei and Ranis model (Fei and Ranis, 1961). At that point, Lewis postulated that the two sectors would have developed, integrated and the poor countries will have vibrant economies characterised by high productivity rates, high savings and investments rates and the production of modern goods and services. Accordingly, the living standards of the rural poor were speculated to improve significantly. Thus, for Lewis the modern industrial sector was the vital engine to catalyse socio-economic development of both the rural and urban areas.

There are many weaknesses ingrained in the Lewis Dual Economy Model. Underpinning Lewis' thesis is the assumption that the capitalist class who own the bulk of society's wealth and means of production were interested in reinvesting their excess profits in the local economy of their own countries. This assumption by Lewis is flawed. Lewis failed to grapple with the possibility that the capitalist class may either choose to invest their surplus in more developed countries (capital flight) or what Veblen (1899) calls conspicuous consumption (consuming excess profits on luxury goods). Indeed, he underestimated the possibility of the capitalist class reinvesting their profits in a more sophisticated labour saving capital intensive

investments so as to maximise their profits rather than labour intensive industries. Of which, this has been the case in many developing countries, especially in Africa.

Hossein (2012) posits that in many African, Asian and Latin American countries where this model has been applied the optimism about economic growth prospects as articulated by Lewis never materialised. In fact, economic growth in the modern industrial sector is argued by Hossein to have never grown to the extent of creating more job opportunities to absorb all surplus labour in the traditional sector. In most instances, some of the established modern industries were not labour intensive due to their maximum utilisation of technology. Thus, the potential of such industries to absorb the surplus labour was minimal.

Another questionable assumption driving the Lewis model that has been criticised by various scholars is the notion that surplus labour exists in the subsistence sector whilst there are more employment opportunities in the capitalist sector. Hossein (2012), Diao and McMillan (2017) and Jerve (2001) assert that while the marginal productivity of agricultural labour may be quite low in the subsistence sector of the underdeveloped countries, it is not nearly close to zero. Therefore, the notion of surplus labour, as articulated by Lewis (1954), does not exist.

The Lewis model has also been criticised for its assumption of a competitive modern labour market that leads to the continued existence of constant real urban wages up to the point where the supply of real surplus labour is exhausted (Todaro and Smith, 2011). It is an assumption that is refuted by Todaro and Smith (2011). Basing their argument on the experiences of developing countries, they assert that the “most

noticeable feature of the urban labour market and wage determination in many developing countries was the tendency for these wages to rise substantially over time, both in absolute terms and relative to average rural incomes, even in the presence of rising open modern-sector unemployment” (Todaro and Smith, 2011:119). Todaro and Smith (2011) opine that institutional factors such as union bargaining power, civil service wage scales and the hiring practices of multinational companies as responsible for nullifying or negating competitive forces within the modern labour market of developing countries.

The other weakness of the Lewis Model is that it has had an adverse effect on both the rural and urban economy. It encouraged rural-urban migration robbing the rural economy one of its key resources that is the economically active group leaving behind the aged, women and children who are left to labour on the farms. This severely undermined agricultural productivity and lowered the living standards of rural people as many households increasingly became food insecure. The exit of the economically active group results in the underutilisation of locally available resources (both natural and man-made resources, indigenous skills) that might have catalysed the growth of both agricultural and non-agricultural wage employment opportunities in the rural areas. On the other hand, the failure of the capitalist sector to grow to the extent of absorbing all surplus labour from the subsistence sector has fuelled high unemployment rates in urban areas, created pressure on social amenities such as housing, sanitation and water due to overpopulation.

Indeed, the notion of assigning the traditional agricultural sector a peripheral role in economic development that its role being limited only to be source of labour by the Lewis Dual Sector Model has been criticised by many scholars, including Mellor (2017). Mellor (2017) refutes this claim. He emphasises that state led agricultural growth that is driven by the rural poor (and not commercial farmers) has much potential to catalyse the growth of the rural economy and poverty reduction because it increases the production of farm products for domestic consumption. Therefore, it directly addresses the challenge of food security at the household level.

Mellor (2017) further contends that a flourishing agricultural sector dominated by the rural poor raises household income and promotes accumulation from below. To Mellor (2017) rising rural incomes increases the purchasing power of the rural poor and creates demand for industrial products in the rural areas. This catalyses the emergence of new enterprises that emerge to exploit such opportunities to provide goods and industrial products to a largely thriving farming society, such as furniture, grocery, clothing, farming implements, and inputs shops as well as services like, veterinary services and repair shops. Accordingly, Mellor (2017) asserts that growth in the agriculture sector would eventually lead to the development of vibrant rural town markets that creates more employment opportunities in the non-agricultural sector.

It should be noted that Mellor (2017) stresses the important role of state in agricultural development and not the private sector. According to Mellor (2017) the state should invest in rural infrastructure development such as roads, electricity, education as well as research provision of services such extension and market

analysis. Such state investments in the rural economy are viewed by Mellor (2017) as firm foundation that provide the impetus for the growth of the agricultural sector. A flourishing agricultural sector is viewed by Mellor (2017) as an engine that can also propel the growth of non-farm economy and ultimately lead to the diversification of the rural economy.

Unlike Mellor (2017), the Lewis Model advocates for huge investments in the modern sector. This is where the most serious objection to the Lewis Model emanates from. That is, its failure to facilitate the formulation and implementation of policies and programmes that would transform the rural economy (Jerve, 2001). Instead it has led to the adoption of ill-informed policies that are urban biased. Such policies favour excess financial and socio-economic infrastructural investment to be made in the urban areas, whilst neglecting the rural areas where incomes are low. Limited investment in rural socio-economic infrastructure undermines the potential of the rural economy to generate both agricultural and non-agricultural employment opportunities further perpetuating inequalities in income distribution (Jerve, 2001).

The major limitation of the Lewis Model also lies in its proposition that poverty in developing countries can be successfully addressed by attaining high rates of economic growth. Dreze and Sen (2012 and 2013) using the experience of India argued that economic development may occur without any change in social development. The argument by Dreze and Sen is in agreement with earlier notion on economic growth and development entailed in the Human Development report of 1996 published by the United Nations Development Programme (UNDP). This

UNDP report argued that economic growth should be viewed as a means to attain broader human development not as an end in itself.

As a means, the same publication contends that economic growth can be argued to be necessary but insufficient to advance broad based human development. Rather much attention should go to the structure, quality and redistributive mechanism of that growth so as to avoid what it calls growth that is “jobless, ruthless, voiceless, rootless and futureless” (UNDP, 1996:4). This notion is supported by scholars like Alkire and Deneulin (2009). Alkire and Deneulin argues that a healthy economy is one that enables people to enjoy a long and healthy life, a good education, a meaningful job, physical safety and is gender sensitive. To them the overall goal of development is to enlarge all human choices and not just income.

This study concurs with this argument and suggests that much focus should be placed on issues like the equitable distribution of productive assets and meaningful participation of indigent communities in the economy. The experience of other countries, such as Rwanda, attests to this. Rwanda has made significant strides in terms of arresting high rates of unemployment and poverty in the absence of high rates of economic growth (Verhofstadt and Maertens, 2015; Mukarugwiza, 2010). These scholars credit a thriving co-operative sector as the key factor in Rwanda’s success.

According to the United Nations Development Programme (UNDP), in the past decades’ poverty in Rwanda has dropped by almost 12% in five years, i.e. from 56.7% in 2006 to 44.9% in 2011 (UNDP, 2011). The latest poverty indices reveal a

further decline that is from 44.9% in 2011 to 39.1% in 2014 and extreme poverty declining from 24.1% to 16.3% (UNDP, 2014). This empirical evidence suggests that meaningful participation of indigent communities in the economy is crucial for addressing the challenge of rural underdevelopment.

Most importantly, the notion of the traditional agricultural sector using capital that is not reproducible elsewhere as articulated by the Lewis model has had serious ramifications to the rural economy. It has given rise to the rent seeking economy. Sauka (2008) defines rent seeking as the “deliberate expenditure of resources in pursuit of economic rents by means that do not (automatically) contravene the accepted rules of society”. However, such economic rents are not ploughed back for reproduction in the economy. Hence they are a loss to society.

In the rural landscape, capital that is not reproducible is in the form of land, forestry and mineral resources. It is this unique feature of such non-replicable nature of capital coupled with unlimited concentration of both economic and political power in the hands of few individuals that form the basis of the rent seeking economy (Marini and Mooney, 2006). Such a group of people are argued to expend resources through lobbying, bribery and financing of political campaigns of politicians with the goal of mutating public policy to serve their individual or group interest (Uneke, 2010).

Also, the monopoly over the ownership of means of production, the production and distribution process of goods and services enjoyed by such group of people also thwart the need to diversify rural economies and lays the material basis for the

development of a paternalistic kind of social relations (Marsden, 2003). Uneke (2010) argues that the rent seeking economy negatively impact on socio-economic development as resources spent on bribing and lobbying are a loss to society since they produce no social product.

Over the years the Lewis Dual Economy Model has been refined by several economists such as Fei and Ranis (1961) who developed the Fei-Ranis model of economic growth. Their model attempted to address the major limitations of the Lewis Dual Economy Model, especially the undermining of the role of agriculture in catalysing the growth of the rural economy. Fei and Ranis work placed more emphasis on both sectors that is agriculture and industry arguing that a robust connectivity between the two would encourage and speed economic development in underdeveloped countries (Fei and Ranis, 1961).

The relevance and application of this altered version of the Lewis model (Lewis-Ranis-Fei) as an approach to transform the rural economy is hotly contested in literature. Many scholars concur that both the Lewis model and Fei-Ranis model requires considerable modification in its assumptions and analysis to fit the reality of developing countries, especially in the African context (Todaro and Smith, 2011; Hosseini, 2012). However, the altered version of the Lewis model is widely credited for being the engine behind the industrialisation of China's rural economy (Corsman, 2015; Zhu and Cai 2012; Islam and Yokota, 2008). In general, the failure of the Lewis dual economy model to successfully address the challenge of rural underdevelopment in many developing countries, including South Africa, has given

rise to new theories that have tried to explain why rural development is not taking off, such as the Dependent Economy Theory to be discussed below.

2.4. The Dependent Economy Theory

The Dependent Economy is a new theory that has emerged in recent years (a decade ago) to explain why rural development is failing to occur. It attributes the challenge of persistent rural underdevelopment to the fact that the rural economy is extremely over reliant or dependent on external investments for it to develop (Marini and Mooney, 2006, Dinis, 2006). Marini and Mooney (2006) define a dependent economy as localities whose income is primarily derived from external sources such as private companies or state infrastructure investment projects and social welfare programmes.

The Dependent Economy Theory has its origins in endogenous theories of development that emerged during the 1970s as a result of disillusionment with traditional exogenous theories of development such as the Keynesian economic model. Keynes' seminal economic work, entitled "*The General Theory of Employment, Interest and Money*" (1936) largely emerged as a response to high rates of unemployment and widespread poverty caused by the Great Depression (Sangkuhl, 2015; De Vroey and Malgrange 2011). The overarching aim of Keynes's theory was to explain the root cause of the mass unemployment during the Great Depression and to propose various policy measures that could be implemented to address the challenge. Keynes identified the Classical Theory as the key root of the problem and consequently argued for it to be reformed.

According to Keynes (1936) the Classical Theory admitted only two types of unemployment, namely frictional and voluntary unemployment and did not recognise the possibility of the third category which he called “involuntary” unemployment’. Keynes contends that the classical economists had not considered the possibility of people seeking employment at current wage rates and there being no demand for their employment (Sangkuhl, 2015). Thus, Keynes argued that involuntary unemployment resulted from a deficiency in aggregate demand which he attributed to insufficient investment. To address rising unemployment and massive poverty, the Keynesian model advocated for government intervention to help overcome the lack of aggregate demand so as to reduce unemployment and increase economic growth (De Vroey and Malgrange 2011; Dinis, 2006). Keynes (1936) assumed that the monetary policy responsible for adjusting money supply and interest rate on its own was not enough for either encouraging or discouraging investment because the economy cannot self-regulate.

To Keynes, investment largely depended upon the aggregate demand and not upon interest rates. Therefore, Keynes perceived stimulating demand as the key to sustain high rates of economic growth. Accordingly, Keynes advocated for the government’s intervention in the economy through fiscal policy (increased government spending and cutting taxes) to speed up economic development. Thus, under the Keynesian economic model, huge state led infrastructural investments and spending on various social welfare programmes such as cash transfers to the poor is perceived as the

appropriate strategy for employment creation and growing the local economy (Sangkuhl, 2015; De Vroey and Malgrange, 2011).

Various authors (Strategia, 2011; Marini and Mooney, 2006; Dinis 2006) concur that there is no doubt that huge investment in infrastructure and provision of the various social security grants are critical elements in rural development as they increase the quality of rural life. However, such investments are perceived as insufficient to provide the impetus of a long term growing economic base. Consistent with their argument, these scholars further contend that such external driven development interventions either by the state or private sector creates dependent economies that can result in persistent rural underdevelopment.

To Marini and Mooney (2006), dependence on either the state or private companies is unsustainable as it increases the vulnerabilities of such localities. The reasons cited by Marini and Mooney include the fact that the availability of such income is conditional and the source of investment is outside the control of the local population (Marini and Mooney, 2006). For instance, dependence on the welfare state is viewed as fragile as it depends upon the performance of the national or global economy. If the national economy fails to generate and sustain certain levels of growth the government will be forced to reduce its social expenditure (social grants) and infrastructure investments. This automatically translates to loss of means of subsistence, especially by those who depend on such government programmes (Marini and Mooney, 2006).

On the other hand, dependence on the private sector is argued to be even more volatile due to its strong appetite for areas with cheap labour and the perceived

positive attitude of the population that is: low crime rates and political stability (Leonardi, 1995). Any change in such conditions will result in the relocation of such private companies. Events that took place in Zimbabwe soon after the chaotic land reform in 2000 attest to this. Many of the private companies relocated to Mozambique, Nigeria and South Africa triggering the free fall of the Zimbabwean economy that resulted in massive loss of employment opportunities (Gwenamo, 2009; Sachikonye, 2003).

To Strategia (2011) and Dinis (2004) the Keynesian model increased the differences between regions that is: other regions emerged far more developed than the others. Unevenness in spatial development is attributed to limited financial resources, resulting in the state failing to ensure that all rural areas have access to such huge infrastructural investments. Apart from this, employment opportunities associated with injecting infrastructural investments can be argued to create short term rural wage employment opportunities during the construction period (building of clinics, roads, schools, community halls and the removal of alien plants). Although such short term rural wage employment opportunities are crucial for ameliorating high rates of unemployment, they do not provide a broad base for stimulating the growth of the rural economy. It is a shortfall that further perpetuates dependency on such huge infrastructure investments from the state resulting in lack of rural transformation.

In South Africa, the Expanded Public Works Programmes (EPWP) is a case in point here. The programme is one of several government strategies aimed at addressing high rates of unemployment through large-scale expansion of building, upgrading

and maintaining of social and economic infrastructure in all the underdeveloped rural and urban areas. The major limitation of the EPWP is that it has failed to create adequate rural wage employment opportunities that can absorb the majority of the unemployed rural labour force. By nature, job opportunities associated with the EPWP are composed mainly of short-term projects each lasting for only a few months (Chakwizira, 2010). Thus, the potential of such job opportunities to provide a long lasting solution to the challenge of widespread rural unemployment both at the local and national level may be argued to be low.

The EPWP has also been criticised for failing to have a significant impact on skills development of the rural poor as claimed in its objectives. The programme has skills development of beneficiaries/workers whilst still on the job as one of its key objective. It is aimed at increasing the potential of the rural poor to obtain gainful employment when they exit from the programme. Skills development is vital in rural development because it increases the chances of the rural poor to either get employed or generate self-employment opportunities such as operating a small enterprise.

Also, income derived from such interventions is regarded as extremely low, which is estimated to be around R600-00 per month (Department Public Works Report, 2017). Such income is quite modest to meet the basic needs of the rural people in light of soaring food prices. Therefore, such state large infrastructural investments programmes can be argued to be failing to break the cycle of dependency by the rural poor on such interventions as well as improve the competitiveness of the rural economy. Beside these criticisms levelled against the EPWP, it has also been

credited with creating employment opportunities, especially for rural women who are marginalised from participating in the labour market to engage in productive employment. Women are reported to be the major beneficiary of the employment opportunities created by the EPWP (Department Public Works Report, 2017; Chakwizira, 2010).

On the contrary, the provision of social grants in South Africa is largely lauded as a viable mechanism for reducing inequality, social exclusion and abject poverty (McEwen, and Woolard, 2012; Leibbrandt et al., 2012; Neves et al., 2009). However, there has been growing concern that the unintended consequence of such programmes is that it entrenches the culture of dependency and entitlement (Devereux and Wheeler, 2015; Abel, 2013; Hochfeld and Plagerson, 2011; Surrender et al., 2010). Devereux and Wheeler (2015) contend that the undesirable culture of dependency occurs when the provision of such social welfare assistance discourages beneficiaries' immediate family members, especially those that are economically active, from engaging in other economic activities (farm and non-farm). Engagement in other economic activities by the rural poor is regarded as essential as it can assist households to generate extra income that allow them to be self-reliant and graduate off external support.

Surrender et al. (2010) aver that the majority of the rural poor have lost the independent capacity to sustain their well-being (Surrender et al., 2010). In other words, certain households that might be self-reliant through operating a non-farm enterprise or farming are reported to have opted to depend on social grants from the state instead. This has resulted in a decline of number of households that are either

operating a non-farm enterprise or involved in agriculture so as to earn income (Statistics South Africa, 2016). According to Statistics South Africa (2016), the majority of the rural poor households have largely become dependent on the social grants as their main source of income. The unfortunate part of rural households not being involved in farm and non-farm activities is that, it is occurring during a time when the economy, especially the manufacturing sector, has not yet grown exponentially. The manufacturing sector in South Africa has failed to expand to the extent that it can create inclusive employment opportunities that can absorb the rural labour force, which is often undereducated and poorly skilled.

This phenomenon tends to aggravate the challenge of rural underdevelopment because both small scale agriculture and various non-agricultural activities are critical segments of the rural economy. Both sectors are perceived as having the potential to generate self-employment opportunities, income and can serve as stepping stones for economic advancement of those at the margins (Sinyolo et al., 2016, Mellor, 2017). Mellor (2017) opines that a booming agricultural sector that is driven largely by the rural poor is an appropriate conduit for poverty reduction, economic transformation, income growth, attaining food security and increases rural incomes. However, this is not the case. In many African Countries, including South Africa, the agricultural sector is dominated by large commercial farmers who produce the bulk of the agricultural output and the rural poor are merely purchasers of the food. In such settings Mellor (2017) contends that the potential of the agricultural sector as a conduit for poverty reduction is greatly diminished. The reasons cited by Mellor (2017) include the fact that large commercial farms are largely mechanised and thus generate less rural wage employment opportunities.

Devereux and Wheeler (2015) opine that dependency on social grants is entrenched mainly because of the misconception that such an intervention has a transformative impact on the poor people's livelihoods that is, it enables them to attain what they call "a higher-level self-sustaining equilibrium". They view this approach as being too simplistic arguing that in most cases income from social grants is too little to enable recipients to afford basic needs. Therefore, it does not allow beneficiaries the opportunity to invest a portion of such grant in other economic activities.

Devereux and Wheeler (2015) further contend that dependency on social grants is also a product of lack of complementary packages being part of the various social grants provided by the governments. The proposed complementary packages entail the following elements: asset transfers to the poor such as livestock or provide equipment and stock of goods to operate a small enterprise. Such assets are argued to act as foundation that will enable the rural poor to generate future income. To Devereux and Wheeler (2015), the provision of such assets should be accompanied by implementing tailor made capacity building and training programmes aimed at building skills on how to manage the assets and small enterprises established by the poor. Another key element of the model is enforcing compulsory savings that can assist the poor to manage risk, build resilience and reduce the likelihood of having to sell assets when faced with a shock (Devereux and Wheeler, 2015; Wheeler and Devereux, 2013).

Underpinning Devereux and Wheeler's (2015) proposition is the assumption that a single intervention such as social grants is unlikely to transform the poor people's livelihoods, rather it creates dependency. Therefore, there is need for a holistic

package that addresses simultaneously several challenges faced by the rural poor. This holistic package is claimed to have the potential to steer poor households toward sustainable livelihoods as it promotes social and economic mobility that is, increases household's income, expand assets as well as ensure food security (Devereux and Wheeler, 2015; Wheeler and Devereux, 2013). Eventually the poor people are expected to graduate from depending on the safety nets (social grants) as their dominant source of income. Thus, to Devereux and Wheeler (2016) the absence of such complementary package accompanying the provision of social grants results in dependency and ultimately creates dependent rural economies.

Marsden (2003) contends that the major weakness of dependent economies is that it leads to the development of a "clientelistic countryside". Clientelism is described by Leonard et. al (2010) as a type of elite-mass linkage through which the state and the party exercise control at the local level as patron, and through which the majority of the rural poor participate in the political system as clients. It is found to be widespread in many developing countries where the formal channels for meaningful participation and interest articulation are viewed as weak (Leonard et al., 2010). In such settings the rural poor regularly pursue their interests through the use of informal networks built upon personal ties. In that process they are integrated into national politics primarily through clientelistic political structures.

Marini and Mooney (2006) argue that from the clientelistic perspective, power is routinely exercised through the allocation of cash transfer/payments associated with political institutions. These cash transfers might take the form of provision of subsidised agricultural inputs and farm implements, goods, social grants and various

other resources over which the state has monopolistic control and on which the non-elite are dependent on. In return the rural poor offer support either through votes or even support policies that are sometimes unfavourable to their long-term collective interests in order to gain immediate, personal or small group advantage. Leonard et al. (2010) assert that in most cases the rural poor pursue clientelistic politics mainly because of fear for their subsistence, that if the state or party loses power their form of support is gone.

Clientelistic politics is quite widespread in many African countries, for instance in rural Zimbabwe especially during electioneering time when the ruling party politicians allocate farm inputs, implements and other goods to the rural populace. In South Africa the continual provision of social grants to the poor two decades after the attainment of democracy can also be associated with clientelistic politics. Although such social grants are one of the most important weapons to fight against absolute poverty, they can also be interpreted as aimed at vote buying, thereby perpetuating the dependency syndrome. Over the past twenty-three years the proportion of beneficiaries of social grants have increased exponentially that is from four million in 1994 to 17 443 994 by October 2017 (South Africa Institute for Race Relations, 2017, Social Pension System-SOCPEN, 2017).

Marini and Mooney (2006) posit that where public expenditure is allocated based on clientelistic practices; the impact of such investments on the local economy is often negative. The main reason attributed to failure of such huge investments is that clientelism contributes to a reduction of the local population's self-esteem and thwart authentic development (Marini and Mooney, 2006). Leonard et al. (2010) assert that

even in democratic political systems the interests of the rural poor who are located in dependent economies are often systematically under-served because they participate in politics as clients. As clients they sell their support to political elites (personage) in return for modest personal benefits provided to members of their immediate circle rather than a cause to address the challenge of rural underdevelopment (Leonard et al., 2010). Thus, over reliant on external investment is viewed as detrimental to the cause of genuine rural development as well as hindering collective action on policy by the rural poor.

It also results in poor communities relinquishing control of their resources and more importantly their future as decisions with regards to their development will be made by outsiders. In most cases such decisions are not always in the best interest of communities and may result in further impoverishment. Dependent economies also attract private investments that are interested in exploiting resources without ploughing back some of the profits so as ensure that the poor rural communities benefit from the extraction of such resources.

The dependent economy theory clearly articulates the contemporary situation of rural South Africa. The rural poor are extremely depended on the state's huge investments in socio-economic infrastructure projects for job creation and the various social security programmes (grants) which serve as the dominant source of rural income. This has largely resulted in stagnant rural economy and ultimately lack of rural transformation. Therefore, the need for exploring other strategies that will promote rural development and ensure that localities generate and control their own incomes so as to reduce dependence from the state cannot be over-emphasised.

The major limitation of the state infrastructural investments and social welfare programmes is its failure to improve the overall competitiveness of the rural economy. Various scholars (Strategia, 2011, Marini and Mooney, 2006; Dinis 2006) contend that it is an erroneous assumption to think that stagnant rural economies can be transformed through injecting external investment funds either from the state or from foreign direct investment. To these scholars' transformation of socially and economically depressed rural areas can only be attained by promoting the growth of endogenous small farm and non-farm enterprises. Endogenous enterprises are perceived to have the potential to valorise locally available resources that facilitates the production of unique products that are specific to the rural world. To Dinis (2006) such products are difficult to imitate because of their uniqueness and for that reason they are deemed as a source of competitive advantage that can enable such local enterprises to compete globally and conquer new markets.

When compared to either state led infrastructural investments or foreign direct investments, such endogenous small enterprises are regarded as having the potential to generate more revenue, create more gainful employment opportunities and stimulate the growth of the rural economy (Strategia, 2011; Dinis, 2006; Marini and Mooney, 2006). Thus, these scholars opine that the only hope for rural development to occur in developing countries lies in the growth of such endogenous enterprises. Such endogenous enterprises should spearhead the process of exploitation of locally available resources to generate employment opportunities, grow and diversify the rural economy through the undertaking of various entrepreneurial activities. This argument ushers a new theory that has emerged to

explain how rural development can be attained that is the Entrepreneurial Economy Theory to be discussed below.

2.5 Entrepreneurial Economy

The entrepreneurial economy theory has its roots in the post-fordist political economy that emerged during the early 1970s. Post-fordism is viewed as a debate that can be used to explore and explain the transition in the structure and organisation of developed capitalist economy with each chronological phase having its distinct economic, societal, cultural and political norms (Amin, 2011). Amin contends that the 1970s was characterised by increased international competition that resulted in the fragmentation of world markets. Such changes in the world markets led to the emergence of new forces of production namely, information and communication technology, new markets, new social and institutional arrangements. Accordingly, markets for products became volatile forcing firms to switch from mass production to embrace new profitable tactics such as flexible specialisation (Amin, 2011; O' Connor, 2010). For example, firms began to be involved in the production of diverse product lines targeting diverse consumers, appealing to their sense of identity, taste and fashion (O' Connor, 2010).

The key feature of the post-fordist political economy is the redefinition of the role of culture in socio-economic development (Sagnia, 2005; O'Connor, 2010). Culture as capital either in its tangible form such as clothes or intangible form like traditions and customs, is increasingly being transformed into a commodity (Pröschel, 2013, Sagnia, 2005; O'Connor, 2015). Previously, culture had been relegated the instrumental role in socio-economic development, especially by the modernisation

theorists (Sagnia, 2005). As an instrument, culture was viewed as a dependent variable and development as an independent variable that had the potential to either help foster economic growth or hinder rapid economic growth (Sagnia, 2005). This shift from the purely instrumental role of culture in development to a functional role has seen the emergence of the entrepreneurial economy theory as the new driver of rural and urban localities (O' Connor, 2010).

Central to the main tenet of the entrepreneurial economy theory is the argument that the development of any rural locality is not conditioned by its ability to attract capital investment both private and public (Strategia, 2011; Marini and Mooney, 2006; Dinis, 2006 and 2004). Rather, it depends on the maximum utilisation of locally available resources, especially tacit knowledge to produce goods and services that are of high quality and can be sold both at local, national and international markets (Marini and Mooney, 2006). Lejuene (2011:91) describes tacit knowledge as “encompassing all of the intricacy of the different experiences that people acquire over time, and which they utilise and bring to bear in carrying out tasks effectively, reacting to unforeseen circumstances, or innovating”. Tacit knowledge is often regarded as intuitive, contextual and experienced in the sense that it is primarily acquired over a sustained period of doing a certain activity (Taylor, 2017; Lejuene, 2011). It is such key characteristics that make tacit knowledge difficult to transfer to another person either by writing or verbalising it.

Meanwhile, Kurokawa et. al (2010) defines local resources as production assets that are existing in the region, utilised primarily by people in that region, are not transferable, thus being treated as scarcity. These resources include natural

resources, human resources, especially indigenous skills and knowledge, cultural and historical resources, including festivals and traditional foods and their recipes. Underpinning the philosophy of utilising locally available resources is an assumption that the utilisation of external resources promotes dependence from the outside. Dependence on either the state or private sector investments is viewed as unsustainable as it increases the vulnerabilities of such localities (Kurokawa et. al, 2010; Dinis, 2006; Marini and Mooney, 2006).

As mentioned earlier the reasons cited are: the availability of such income is perceived as conditional and the fact that the source of investment is outside the control of the local population (Marini and Mooney, 2006). Therefore, promoting local entrepreneurial talent that will valorise locally available resources is viewed as providing an alternative conduit to rural development. Subsequently, this is argued to stimulate the growth of endogenous rural enterprises that can improve the competitiveness of the rural economy.

Thus, at the heart of the entrepreneurial economy theory are small scale enterprises that are identified as the key driver of the development of the rural economy replacing large scale state or private sector led infrastructure development projects that are generally viewed as pivotal for employment creation (Strategia, 2011; Dinis, 2006; Marini and Mooney, 2006). Such enterprises are argued to seize the global demand for the production and consumption of distinct cultural goods and services that are of high quality, unique and are solely based on individual talents and indigenous skills. Examples of these small enterprises include the following: rural

craft enterprises, local cuisine, furniture and rural tourism (Marini and Mooney, 2006).

The uniqueness of such products is derived from utilisation of locally available resources, especially local or indigenous knowledge that is tacit, rooted in local social structures, institutions and culture (O' Connor, 2010). The use of the tacit knowledge by such enterprises is argued to give them a competitive advantage as such kind of knowledge cannot be easily transferred or reproduced elsewhere (O' Connor, 2010). Also, the casual ambiguity surrounding how products are produced in entrepreneurial economies utilising tacit knowledge as its key resource is argued to build natural barriers that can shield such enterprises from current and future competitors (Barney, 1991). Barney further asserts that these natural barriers form a source of sustained competitive advantage.

Thus, in the entrepreneurial economy theory, knowledge is the critical resource needed for production replacing traditional resources such as capital, land and minerals (Marini and Mooney, 2006; Nooteboom and Stam, 2008). Nooteboom and Stam (2008) observe that knowledge as capital in the modern economy exists in various facets such as scientific, technological and indigenous or traditional knowledge. However, in entrepreneurial economies traditional or indigenous knowledge is identified as the cornerstone of all the distinctive forms of creative expression exploited by enterprises involved in the production of symbolic goods and services (O'Connor, 2010).

According to a Creative Economy Report (2013) published by United Nations Conference Trade and Development (UNCTAD) traditional knowledge, like any other kind of knowledge is not static, rather it is constantly reinterpreted and adapted to new formats. The same publication further asserts that traditional knowledge is accessed by people in many different ways and serves as a rich cultural resource from which a multiple array of creative expressions can be derived as well as inform the production of various types of cultural goods and services (Creative Economy Report, 2013; Sagnia, 2005). Thus, goods produced by entrepreneurial economies are often called post-modern mainly because they have traditional features even though they are integrated into modern marketing structures (Marini and Mooney, 2006). Marini and Mooney further contend that such products are also threatened by the process of standardisation that is associated with industrialisation.

Creativity is regarded as indispensable part of the entrepreneurial economy (Marini and Mooney, 2006; O'Connor, 2015; Howkins, 2001). It is defined by Howkins (2001) as the “use of ideas to produce new useful ideas” that can be used to produce new and innovative products, services and new processes of doing things. On its own, creativity is argued to have no economic value and for it to accrue commercial value it needs to be embodied in a tradable product such as a basket, a pottery or a mat.

Emboldened by the proliferation of modern technologies some entrepreneurial economies are reported to be using information and communication technologies (ICT tools) such as the internet to advertise and sell their products and services through e-commerce (Thurik et al., 2013). Moreover, improved access to the internet is reported to have benefited entrepreneurial economies because it has reduced

business costs as well as fixed costs of communication, thereby facilitating the growth of such enterprises. Thurik et al. (2013) also contend that the proliferation of ICT tools is assisting with dissemination of information enabling people to be well informed about new products on the market and at the same time discover more new business opportunities.

In terms of characteristics, enterprises found in entrepreneurial rural economies are reportedly to be relatively smaller and are in sharp contrast with their counterparts in urban cities that mimic corporate firms (Marini and Mooney, 2006). Unlike large-scale enterprises which are vertically integrated, small enterprises found in entrepreneurial economy are argued by Marini and Mooney (2006) to form horizontal networks to achieve economies of scale. Co-operation amongst themselves is identified as the functional value lying at the top of their cultural system and not hierarchy (Marini and Mooney, 2006).

In some cases, co-operation among the entrepreneurs is cited as having led to the development of co-operative organisations. These co-operative organisations are argued to promote networking potentialities among enterprises that might otherwise conflict with one another in a competitive marketplace (Marini and Mooney, 2006). Such co-operative support reduces the possibility of relocation and ensures that these enterprises are firmly tied to the region. This therefore implies that profits made by such enterprises are reinvested in the local economy, thereby contributing immensely to the overall growth of the rural economy.

Social capital is identified as the underlying fabric in entrepreneurial economies that can ensure the success of these enterprises (Mayer et al., 2016; Woolcock and Narayan, 2006; Marini and Mooney, 2006; Kilkenny et al. 1999). Woolcock and Narayan (2006) views social capital as a feature of social organisation such as norms and networks that enable people to work collectively to attain mutual benefits. Kilkenny et.al (1999) argues that social capital as a precondition for enterprise development is a two-way process. Firstly, the entrepreneur is expected to make non-market contribution to the community such as making donations to support various community programmes, be a leader/community activist or be a member of a church congregation.

In return the community is expected to support the entrepreneur and his business by being loyal customers, promoters of the business as well as through preferential tax rebation, especially from local government (Kilkenny et.al., 1999). Community support for the business is viewed as critical as it might also reduce the risk of theft. They concluded that social capital, which can be measured by mutual participation of the entrepreneur and the concerned community (where enterprise is located), has a positive influence on economic performance of small scale enterprises operating at the micro level.

The importance of social capital as key factor that determines the success of rural enterprises is also emphasised by various scholars. For example, Mayer et al. (2016) contend that small rural enterprises are often constrained when it comes to internal resources and human resources capacity that is critical for generation of new knowledge and innovation. To overcome this challenge, such rural enterprises are

argued to rely on external sources of new knowledge of which social capital becomes a useful medium to access and acquire such new knowledge and innovations (Mayer et al., 2016 and Schutjens and Volker (2010). Thus, in entrepreneurial economy, social capital is regarded as good as other forms of capital.

The most salient features ingrained in the entrepreneurial economy theory are the principles of self-help and self-reliance (Sanders, 2008). The principle of self-help is argued to build the competence and confidence that enables rural communities to make maximum utilisation of locally available resources to address challenges faced by their communities (Sanders, 2008). On the other hand, the principle of self-reliance is defined by Burkey (1993:205) as “the expression of the individual’s faith in his or her own abilities to initiate, plan and mobilise the required resources, implement and evaluate development programmes aimed at improving one’s living condition”. It is viewed as the foundation upon which genuine development can take place. To Sanders (2008) and Burkey (1993) both the principle of self-help and self-reliance empowers the rural poor to identify constraints (physical limitations, human weakness and the social and institutional arrangements) that can militate against the use of locally available resources and how such threats can be overcome. The process allows rural communities to be innovative and offers what Sanders calls “the right psychological environment, which is fundamental to people driven development”.

Moreover, the principle of self-reliance encourages community members to apply their knowledge, skills to the resources at their disposal and ensures that they become the agents of change in their communities initiating and owning the process of developing their areas (Sanders, 2008). It is a notion that is also supported by scholars like Strategia (2011) and Dinis (2006). Together these scholars assert that if underdeveloped areas are to benefit from their locally available resources, they should be agents of change who takes the risks and uncertainty of establishing new enterprises that valorise such resources. Petrin (1994) contends that stimulating local entrepreneurial talent can catalyse the growth of indigenous industries that can contribute immensely to employment creation and the overall growth of rural economy. Local enterprises are viewed as having the potential to promote self-reliance of such rural economies mainly because they are located and operate within that region (Strategia, 2011; Dinis, 2006; Petrin; 1994).

Dinis (2004) asserts that the success of enterprises found in entrepreneurial economies also depends on their ability to achieve competitive advantage in the global economy, penetrate and secure lucrative markets. Innovation is regarded as a critical ingredient that can assist such local enterprises to secure global markets (Dinis, 2004 and 2006). The construct innovation (especially individually based innovation) has its origins in the work of Schumpeter (1934). Schumpeter viewed the entrepreneur as an agent of change as well as an innovator, who creatively disrupt the existing order in the market places and introduces what he calls “new combinations” (Rocha, 2012; Naude, 2014).

The new combinations as articulated by Schumpeter (1934) were beyond mere technological innovation. Rather it entailed innovations that introduce new products, new ways of producing goods and services, creation of new markets and better ways of doing things in all aspects of business among other things (Naude, 2014; Hebert and Link 2006, Dinis, 2006). These scholars credit innovation as a key driver that can increase the effectiveness and efficiency of resources. For Schumpeter (1934), it is such innovations by the entrepreneur that drives the growth of any economy.

Dinis (2004) further asserts that innovation should also be complemented with a good plan or strategy that links the new product with a certain segment of the market (both local and international) that values and are willing to pay high prices for such products. To achieve this, enterprises have to identify and have comprehensive information about the desired target markets (both local and international). Such in-depth knowledge about the market enables enterprises to quickly identify and respond to the changing needs of the consumers by producing new innovative products that satisfies such needs (Dinis, 2004).

The internationalisation of rural enterprises is regarded as essential as it generates more returns, thereby providing a base for the future growth of such enterprises (Dinis, 2004 and 2006). The generation of excess returns is quite fundamental as it enables any firm to create more employment and income generating opportunities and ultimately contribute significantly to the growth of the rural economy. A thriving rural economy has potential create more business opportunities which can spur the growth of new enterprises that may emerge to exploit such opportunities. This can

ultimately lead to the diversification of the rural economy and eventually enable the creation of more employment and income generating opportunities.

2.5.1 Entrepreneurial Economy and Rural Development: Some Emerging Empirical Insight

Globally, non-farm enterprises found in entrepreneurial economies are widely recognised for their potential to create employment opportunities and catalysing the growth of the rural economy. In many developing countries these non-farm enterprises are regarded as the cornerstone of the rural economy playing an instrumental role in terms of job creation and income generation. Using primary employment data, Wiggins and Hazell (2011) assert that non-farm enterprises accounts for 30% of full time rural employment in Asia and Latin America, 20% in West Asia and North Africa and 10% in Sub-Saharan Africa.

In terms of income generation, the same publication notes that non-farm enterprises accounts for about 35% of rural income in Africa and roughly 50% in Asia and Latin America. From such figures is quite clear that when compared to the employment figures, the income share of the non-farm enterprises are relatively higher. Findings of this nature further underscore the economic importance of the sector to efforts aimed at addressing rural underdevelopment (Wiggins and Hazell, 2011).

In the African context, recent emerging empirical evidence on the causality relationship between rural non-farm enterprises and rural development paints a gloomy picture. Findings emanating from the analysis of a World Bank data set entitled *“Living Standards Measurement Study - Integrated Surveys in Agriculture”*

(LSMS-ISA) by Nagler and Naude (2014) reveals that the contribution of various rural entrepreneurship endeavours in Africa in terms of job creation, income growth and structural development is very insignificant. The study by Nagler and Naude (2014) is based on findings of research that was carried over a period of eight years from 2005 to 2012 in six African countries namely, Ethiopia, Malawi, Niger, Nigeria, Tanzania and Uganda.

Although the prevalence of rural entrepreneurship was found to be relatively high that is approximately 42 percent of the 24 551 households surveyed were found to be operating a non-farm enterprise, only less than 3% of the respondents indicated that they employed 5 or more non-household members (Nagler and Naude, 2014). Such findings might suggest that rural non-farm enterprises are not significant drivers of job creation in rural Africa and remains a survival strategy embraced by poor households. They also found that the majority of these non-farm enterprises were largely small and informal and in most cases they were operated within the household premises or the immediate surroundings.

In, Mozambique, research findings by Fox and Sohnesen (2013) reveal that despite the marginalisation of rural entrepreneurship, households that operate non-farm enterprises were found to be associated with “higher household consumption, lower rural poverty, as well as upward mobility particularly for rural and poorly educated households”. However, with regard to employment creation their findings resonate with the findings of Nagler and Naude (2014). They found that the potential of such enterprises to create job opportunities is minimal.

Nevertheless, in other developing countries like Thailand non-farm enterprises such as the production of crafts is credited as the force behind the emergence of successful rural entrepreneurs whose only source of income until recently was derived from agriculture (Natsuda et al., 2012). Craft production is being promoted using the concept of “One Tamboon One Product (OTOP)” as a strategy to regenerate rural economies and create non-agricultural wage employment opportunities (Natsuda et al., 2012). The OTOP programme provides opportunities and integrated support to rural people whose main activity until recently was limited to farming (Natsuda et al., 2012). Its overall goal is to mobilise and encourage rural communities in each Thai tambon (sub-district) to make maximum utilisation of locally available resources (culture, natural resources and indigenous skills handed down from generation to generation) to produce distinctive craft products that can be sold at local and international markets (Natsuda, et al., 2012). Their research findings depict a steady rise in terms of number of job opportunities and income earned by beneficiaries of the scheme.

2.5.2 Weaknesses and Strengths of the Entrepreneurial Economy Theory

The main criticism that has been levelled against the entrepreneurial economy theory is that many of the non-farm enterprises are viewed as a “residual sector” that provides crucial safety net for the poor (Saith, 1992) or as survival strategies that are embraced by those at the margins (Davies, 1996; Bryceson, 1996; Scoones, 1998 and Francis, 2000). Wiggins and Hazell (2011) describe such enterprises as the sector of the rural economy comprising of “low return activities” that the poor engage in for a living. These scholars concur that such enterprises play a critical role in terms of creating non-agricultural employment and income generating opportunities.

However, their potential to grow and become viable rural enterprises that create and offer permanent employment opportunities is viewed as minimal (Wiggins and Hazell, 2011; Davies, 1996; Bryceson, 1996; Francis, 2000). Also, the possibility of households or entrepreneurs who engage in such low return activities to graduate from poverty is regarded as limited (Wiggins and Hazell, 2011).

According to Oakley (2006) and Start (2001) employment opportunities in this sector are exploitative, characterised by tendencies of informal hiring of employees that rob workers the opportunity for collective action and political voice against such oppression (Start, 2001). Also, income that is generated by enterprises found in the entrepreneurial economy is regarded as too low to meet the basic needs of the people making livelihoods highly insecure. Oakley (2006) and Start (2001) concur that the low returns that are associated with the entrepreneurial economy can exacerbate economic inequalities and stifle the possibility of the majority of the poor to graduate from poverty.

In addition, enterprises that are found in entrepreneurial economies are reported to be characterised by the high prevalence of the process of gentrification (Oakley, 2006). Gentrification is a process whereby the wealthy people buys and renovate deteriorated property (houses and stores). The process is argued to displace low income families and small business because of exorbitant property rates associated with it (Oakley, 2006). This is so despite the fact that gentrification improves the attractiveness of a local area. Start (2001) concluded that in some instances the entrepreneurial economy tends to benefit the local elites instead of the unemployed and the poor.

In essence the entrepreneurial economy theory resembles the “development from below approach”. Both identify small and young firms/enterprises/projects that make maximum utilisation of locally available resources as the engine for rural development. They oppose the long held belief that credited large state or private infrastructure projects as key vehicles to fuel employment growth and rural development (Sanyal, 1998). Such state led large infrastructure projects and large industries have been criticised for creating rural economies that are dependent on external sources of income (Marini and Mooney, 2006). The key issue that arise is, whether these small scale enterprises can escape the curse that plagued the “bottom up” projects such as lack of reliable markets and poor demand of products produced by small scale enterprises. It is a challenge that is further exacerbated by the fact that the survival of such enterprises hinges on their potential to produce innovative products that can compete both at the local and international markets.

Notwithstanding all these criticisms being levelled against the entrepreneurial economy theory, it still finds overwhelming support in this study. It is the key theory that provided the analytical lenses used to investigate the potential and contribution of craft enterprises as a strategy for rural development. Its major strength lies on its emphasis on the promotion of endogenous entrepreneurship that valorises locally available resource to stimulate rural development. It also views such endogenous enterprises as an important vehicle to attain the competitiveness of resource rich rural areas that remains poor.

By encouraging the stimulation of local entrepreneurial talent that can subsequently led to the growth of endogenous firms, the entrepreneurial economy theory recognises the critical role of the human being as an agent of change, initiating, driving and owning the process of development of their communities. This has been the missing link in many rural development projects that have been implemented so far by the post-apartheid state. The consequences have been dire as it has created a passive rural society that is largely depended on state social security programs with strong entitlement problems.

In short, the entrepreneurial theory views the maximum utilisation of all locally available as a vehicle to stimulate endogenous development (Groundswell International, 2010; Burkey, 1993). Groundswell International (2010:12) defines “endogenous development as localized change that essentially emanates within communities aimed at mobilizing and harnessing local resources, as well as ensuring that benefits accrued are retained within the locality”. Burkey (1993) argues such development initiatives emanating within communities have potential to allow greater local-level self-determination and self-reliance as opposed to dependence on cash transfers from the state or dependence on foreign direct investment as articulated by Marini and Mooney (2006).

2.6. Conclusion

This chapter has examined the three theories that are relevant to this study namely, the Lewis Dual Sector Model, the Dependent Economy and the Entrepreneurial Economy theory. The chapter began with a critical interrogation of the concept rural and reviewed at least five definitional categories that have been influential in terms of

unravelling the multiple meaning of the construct. Based on this review the study concluded that in this study the concept rural should be understood in terms of its interconnectedness and complementariness with the concept urban. Therefore, the two concepts will not be viewed as simple dichotomies as the needs of both urban and rural dwellers are more or less the same.

This is followed by a section that critically examines the challenge of rural underdevelopment using three different theoretical perspectives beginning with the Lewis Dual Sector Model (1954). Central to the main tenet advanced by the Lewis model is that underdeveloped countries could attain high rates of economic growth by extracting surplus from the traditional subsistence sector to the modern capitalist sector where they could get easily employed. This unlimited supply of labour would catalyse the growth of the capitalist economy resulting in the generation of surplus that would be saved and reinvested with the goal of creating new capital.

Lewis assumed that the continual generation of surplus and new capital would eventually create more employment opportunities and underwrite the process of transforming largely agrarian societies into industrialised modern economy. An industrialised modern economy was perceived by Lewis as having potential to create more employment opportunities that will absorb all of the surplus labour found in the subsistence sector. The Lewis model has been applied in many developing countries and the optimism that it would stimulate economic growth as articulated by Lewis never materialised. Therefore, it failed to address the challenge of rural underdevelopment.

The Chapter has also presented the main argument of the dependent theory which attributes the challenge of persistent rural underdevelopment to the fact that the rural economy is extremely dependent on external investments for it to develop. Some of the examples of external investments include private sector and state-led infrastructure investments as well as social welfare programmes such as social grants. Dependence on such external investments is viewed as unsustainable as it increases the vulnerabilities of such rural economies because the source of such investments is outside the control of rural communities as well as the fact that it is conditional.

The major weakness of external investments is that is that it does not provide the long term growing economic base of socially and economically depressed rural areas despite the fact that such investments may increase the quality of rural life. Put simply such external investments are perceived as having failed to improve the competitiveness of the rural economy which can only be achieved by promoting the growth of endogenous small enterprises that can valorise locally available resources.

Lastly the study has interrogated the Entrepreneurial Theory, which is the key theory underpinning this study. The fundamental issue advanced by this theory is that the development of any rural locality is not depended on its capacity to attract external investments. Rather, it is conditioned by its potential to stimulate local entrepreneurial talent that will valorise locally available resources and encourage the emergence of endogenous enterprises. These endogenous enterprises are viewed as having the potential to improve the competitiveness of the rural economy as well as attaining competitive advantage, especially if the resources and products are

unique, of good quality and are not easily imitated. Entrepreneurial economies are associated with generating more rural revenues and creating more gainful employment opportunities, especially when products are directed to certain segments of the market that valorise such products. The next Chapter 3 will discuss the research design that was adopted by the study.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. Introduction

In modern society, knowledge, especially scientific knowledge, is emerging as a key resource that is needed for the development of any country. Scientific knowledge, which is a key product of undertaking scientific research, is critical for evidence based policy making. The ability of any given society to manage and use scientific knowledge has seen some countries successfully addressing developmental challenges confronting their societies.

The process of producing scientific knowledge can only be achieved by following a scientific approach which includes a detailed scientific methodology. Frankfort-Nachmias and Nachimias (2007:13) define scientific methodology as “a system of explicit rules and procedures on which research is based and against which claims of knowledge are evaluated”. Expanding on their argument they further note that by following a scientific methodology, it is, the only way to acquire reliable knowledge about those aspects of human experience that are considered social, political, economic and psychological.

Taking a cue from Nachimias and Nachimias (2007), the main purpose of this chapter is therefore, to discuss in detail the research design that was adopted by this study. The chapter starts by examining the three dominant research designs found in

literature, explain the research methodology, sampling and data collection methods used in this study. The chapter then proceeds to discuss how the collected data were analysed and end by discussing the socio-economic profile of the study area that is Port St John's Local Municipality.

3.2. The Research Design and Paradigms

In research methodology literature, the meaning of research design is ambiguous and is often depicted as having two connotations. The first one is represented by scholars who view it as denoting the whole process of identifying, conceptualising of the research problem; formulation of hypothesis and research questions as well as detailing data collection methods and analysis (Babbie, 2007; Creswell, 2009). The second one is represented by scholars like Parahoo (2014:142) who describe the concept as "how, when and where data are to be collected and analysed". In some cases, the connotations are used interchangeably. However, in this study preference is given to the second definition provided by Parahoo because the main aim of this chapter is to detail the methods used when actually implementing the research, such as data collection and data analysis methods.

There are three dominant research designs that can be discerned in research literature namely, quantitative, qualitative and mixed methods. Creswell (2009) defines quantitative research as a way of "testing objective theories by examining the relationship among variables that are measured to produce numbered data that can be analysed using statistical procedures". Babbie (1992) define qualitative research as a "non-numerical examination and interpretation of observation for the purposes of discovering underlying meanings and patterns of relationship between and

amongst variables”. On the contrary mixed-methods approach is defined as those studies involving “the collection or analysis of both quantitative and/or qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the process of research” (Creswell et al., 2003). Each of these identified research designs is informed by a different paradigm.

The study used the mixed methods research design mainly because rural development is a complex and multi-dimensional field that often consists of different interacting elements that cut across social, economic, cultural and methodological boundaries. However, before delving much into the main reasons (appropriateness) why the mixed methods design was favoured, the study deems as necessary to give a brief outline of the three dominant paradigms. This exercise was deemed as necessary by the study because a better understanding of such philosophical assumptions assisted the study to think and write more clearly on the research design that was adopted by the study

A paradigm is defined by Babbie (2007) as the fundamental model or frame of reference used to organise observations and reasoning. Meanwhile, Jonhson et al. (2007:129) define a paradigm as a “set of beliefs, values and assumptions that a community of researchers has in common regarding the nature and conduct of research”. In the research methodology literature, there are three dominant research paradigms that can be discerned namely, positivism; constructivism (also known as interpretivism) and pragmatism (Creswell, 2009; Mason 2005). Each of these identified paradigms is argued to be driven by different ontological, epistemological

and methodological assumptions (Scotland, 2012; Neuman, 2011 Creswell, 2009). For instance, the main tenet that is advanced by the positivism paradigm with regards to what constitute knowledge, how knowledge is known and the process of studying that knowledge is completely different from the constructivism and pragmatism paradigm.

The positivism paradigm is the dominant school of thought about knowledge claims and it informs the quantitative research design (de Vos 2011; Neuman, 2011; Creswell, 2009). The positivism paradigm claims that there is only one reality to which any intellectual activity aspiring to be called “science” must conform to (Neuman, 2011; Creswell, 2009). This reality as postulated by the positivist exist out there, independent of human influence and can be best understood by utilising the laws by which it is governed (Dieronitou, 2014). Thus, the positivism paradigm is mainly concerned with discovering causal laws, careful empirical observation and place emphasis on what Neuman (2011) calls “value free research”. It is from such a philosophical assumption that the quantitative research design derives its main trait of establishing what constitute a fact and proving its existence through observation, measuring, describing it as well as making predictions (Babbie, 2007).

The notion of “value free research” as emphasised by the positivism paradigm makes the quantitative research not to be bound by time, politics and context as it ignores issues like values, informed opinions, attitudes, moral judgments and beliefs (Dieronitou, 2014; Scotland, 2012; Neuman, 2011). It is an attribute that make it easy to generalise the findings of quantitative research (Dieronitou, 2014). The notion of “value free research” is strongly refuted by Scotland (2012) who argues that

throughout the process of research, researchers makes value laden judgements, for example: when selecting variables to be investigated, actions to be observed and interpretations of findings.

In a nutshell, to the positivist both the social sciences and the natural sciences should be investigated using the same method. For instance, it claims that just like natural sciences every aspect of the human life or social phenomenon can be measured and quantified. This is attained by combining deductive logic with precise empirical observation of an individual behaviour or the social phenomenon under investigation (Neuman, 2011). This is done in order to discover and confirm a set of probabilistic casual laws that can be used to predict general patterns of human activity.

This can be argued to be its major strength as well as its major weakness in the sense that it can provide good estimates of comparable data on specific social phenomenon that is under investigation. However, it often fails to discover the embedded meanings people attach to such numerical figures as well as painting a good understanding of social processes underlying such numerical numbers (Ellison, 2010). Ellison further posits that in the real social world there are certain aspects of the human life that cannot be best captured and explained by the use of numerical numbers.

On the contrary, the constructivism paradigm that informs the qualitative research design acknowledges that the social world is complex as well as multi-dimensional (Creswell, 2009, De Vos et al., 2011). It is also known as the interpretivist

sociological tradition (Mason, 2002). The constructivism paradigm emerged as a critique of using the natural science as a model for investigating social research (Mason, 2002). The constructivism positions are rooted on the theoretical belief that what constitute reality is socially constructed through the meanings and understandings developed through social interaction, reflection and experiential (Dieronitou, 2014). These constructed ideas are argued to be not static but dynamic because they are being reviewed and reworked by the social actors (Dieronitou, 2014).

The implied meaning of this argument is that what is called reality is negotiated within cultures, social settings and relationships with other people (Scotland; 2012; Dieronitou, 2014). Therefore, constructivism rejects the notion of one reality as postulated by the positivists and insists that reality is individually constructed and they are as many realities as individuals (Scotland, 2012, Crotty, 1998). Crotty (1998) posits that different people may construct meaning in different ways but what constitutes truth is a consensus reached by the co-constructors.

Consequently, knowledge is argued to have the trait of being culturally derived and historically situated (Scotland, 2012). Hence, its emphasis that research into any social phenomenon should always be done from the insider perspective and in its natural settings. Accordingly, the goal of qualitative research is viewed as describing, understanding and interpreting the research problem from the insider perspective rather than explaining and predicting of human behaviour that comes with the use of quantitative research (Babbie and Mutton, 2005).

Constructivism also rejects the notion of value free research or science as advocated by positivism and claims that one cannot separate themselves from what they know. In this regard both the researcher and the object of research are inseparable (Dieronitou, 2014). This makes qualitative research to be value-bound because the researcher as part of the social world also brings her own meanings and understandings to the study. Thus, from this point of view, reality or truth can be argued to be fluid and cannot be grounded in an objective reality as postulated by the positivism. Constructivism also stresses the point that research is time and context bound making it impossible to generalise the findings of qualitative research.

Contrary to positivism and constructivism, the pragmatism paradigm which informs the mixed methods research design is not committed to any one system of philosophy or reality (Feilzer, 2010; Powell, 2001). Feilzer points that pragmatism is mainly concerned with solving the practical problems in the real world rather than on assumptions about the nature of knowledge. The main tenet of pragmatism is best captured by Powell (2001:884) who argues that: "To a pragmatist, the mandate of science is not to find truth or reality, the existence of which are perpetually in dispute, but to facilitate human problem-solving".

Expanding on this argument Powell (2001) further claim that what constitutes valid knowledge and social reality is based on the practical effects of ideas, the extent at which those ideas "can facilitate fruitful paths of human discovery". To Powell (2001) ideas can be discarded for more attractive propositions and be referred to as a failure when they begin to frustrate the discovery of new ideas. Accordingly, the mixed methods research design that is informed by the

pragmatism paradigm does not subscribe to one way of doing research that is either quantitative or qualitative.

Pragmatism also espouses the argument advanced by the constructivists in the sense that it stresses that both knowledge and social reality are based on “beliefs and habits which are socially constructed by three key processes, namely, institutionalization, legitimation and socialization” (Pansiri, 2005). Pansiri (2005) asserts that knowledge and social reality are historical because institutions cannot be created instantly. Consistent with his argument Pansiri postulates that institutions always have a history, of which they are products of such history. Consequently, it is impossible to understand an institution adequately without an understanding of the historical process in which it was produced. Therefore, pragmatists refute the idea that what constitute truth can be determined once and for all and that knowledge claims cannot be totally divorced from the contingent beliefs and interests of society (Pansiri, 2005).

In terms of the mode of enquiry, pragmatism asserts that any way of thinking or undertaking research that leads to pragmatic solutions is useful (Pansiri, 2005). Hence, pragmatism employs both the quantitative and qualitative data collections techniques (Tashakkori and Teddlie, 2010; Teddlie and Tashakkori, 2003). The study used the mixed methods approach and the following subsection details the main reasons why the study has opted to use the mixed methods research design.

3.3. The Mixed Methods Approach as the Research Design adopted by this Study

As noted earlier the mixed-methods approach is defined by Creswell et al. (2003) as those studies involving “the collection or analysis of both quantitative and/or qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the process of research”. According to Creswell and Clark (2007) the formative years of mixed methods can be traced back to the 1950s, a period that saw a surge in interest of using multiple data collection methods in one study.

Central to its main argument is that the use of both methods of social inquiry that is quantitative and qualitative approaches in one study provides a better understanding of research problems than either approach alone (Johnson et al., 2007; Johnson & Onwuegbuzie, 2004). It is an argument that has gave the mixed methods research design the character of mainly concerned with solving the practical problems in the real world rather than on assumptions about the nature of knowledge. Thus, in mixed methods research investigators use both quantitative and qualitative methods because they work together to provide the best understanding of a research problem.

The mixed methods approach was favoured in this study for a number of reasons. Firstly, the overall goal of this study was to investigate the contribution of craft enterprises as a conduit for rural development. The study was of the view that in order to do justice and adequately address this research problem there is need for some kind of quantification that comes with the use of quantitative methods as well

as a thick rich description that is associated with qualitative methods. Also, the study was of the view that on their own both quantitative and qualitative methods were going to yield information that would be insufficient to fully comprehend the contribution of craft enterprises to rural development.

Thus, the mixed methods approach enabled the study to employ the strengths of both quantitative and qualitative research to obtain rich and detailed information that provided a broader and comprehensive perspective about the contribution of the craft enterprises to rural development. For instance, the use of quantitative methods in this study generated numerical data that provided a degree of quantification that was necessary in determining the contribution of non-farm enterprises to rural development such as number and nature of jobs created as well as income earned by rural artisans.

Meanwhile, qualitative methods such as in-depth interviews, observations and focus groups were used to collect qualitative data mainly in the form of rich texts and direct quotes from respondents. Such form of data provided critical insights into respondent's perspectives that is: individual personal narratives (lived in experiences) about the contribution of craft enterprise to rural development, the value of the craft sector to rural artisans as well as the processes that may have affected its potential. Also, qualitative data was used to provide a deeper interpretation and nuanced meaning of results observed in quantitative analysis. That is, it provided specific answers, reasons, explanations, examples and meanings that were used to elaborate as well as assess the credibility of quantitative data. Therefore, the use of mixed methods approach enabled this study to gain a

comprehensive and more nuanced understanding of how rural craft enter enterprises were contributing towards job creation, income generation and diversification of the rural economy.

The use of mixed method design is also justified in this study on the basis that it is “inherently multi-method in focus” (Creswell, 2009). For instance, the study used the survey questionnaire, in-depth interviews, focus groups and observations as data collecting methods. This ensured that the problem under investigation was explored from a variety of lenses, thereby adding rigour to the process of data collection. This immensely benefited the study as it enhanced confidence and accuracy of research findings. Indeed, the use of multi-methods in any study has the process of triangulation firmly embedded in it. Triangulation assisted the study by eliminating errors and biases inherent in a single methodology. Moreover, it provided an expanded understanding of the social phenomena under investigation as well as improved the validity of conclusions drawn from the research findings.

The mixed methods design was also favoured in this study because the quantitative research design alone is naturally weak to investigate complex aspects of rural development such as ownership of rural resources and gender issues. The study was of the view that the contribution of non-farm enterprises to rural development should not only be limited to economic gains generated by such enterprises. Rather it should also include aspects like how it addresses intangible factors that might act as stumbling block towards the meaningful participation of the rural poor in the process of development. To this end qualitative methods were quite effective in

identifying power relations, especially on tenure arrangements with regards to the exploitation of raw materials that are used in the production of crafts.

The study used the sequential explanatory strategy. According to Creswell and Clark (2003) this strategy involves two distinct stages of data collection and analysis. The first phase involved the collection and analysis of quantitative data using the survey questionnaire followed by the collection of qualitative data. The study used the qualitative phase to address gaps, collaborate, complement as well as give a rich explanation of the initial quantitative results. The research questions addressed during the qualitative phase were informed by the quantitative phase. Thus, the mixing of the data in this study occurred when the preliminary findings of the quantitative data informed the secondary qualitative data collection as well as during the process of interpretation and discussion of research findings. The sequential explanatory strategy was favoured in this study because of its potential to generate well-validated and substantiated findings (Creswell, 2009).

3.4. Methods

In social science research the survey and case study methodology are the most widely used data collection techniques (Babbie, 2010; Neuman, 2013; Babbie and Mutton, 2005; Algozzine and Hancock, 2006). Babbie and Mutton (2005) define the survey methodology as a specific type of field study that involves the collection of data from a sample of elements drawn from a well-defined population using the questionnaire. On the other hand, Yin (2011) defines a case study as an empirical investigation of a contemporary phenomenon within its natural context using multiple sources of evidence.

The study employed both the survey and case study methodology during the process of data collection. The survey formed the first phase of data collection and was used to solicit respondent's characteristics (age, marital status, and literacy rates), jobs and income generated by craft enterprises, practitioner's views, resources used in the production of crafts, and perceptions about the contribution of the craft sector to rural development.

The case study methodology was used in the second phase of data collection that is during the collection of qualitative data. It allowed the study to investigate intensively the contribution of craft enterprises to rural development using various methods which will be explained in the following sections. The few cases or unit of analysis that were selected included a small number of rural artisans who had demonstrated to be quite knowledgeable about the topic under investigation during the survey methodology. Government officials also formed part of the key informants for in-depth interviews and focus groups. In this study quantitative data emanating from the survey methodology provided some degree of generalizability. Meanwhile qualitative data emanating from the case study gave context to the findings as well as provided a fuller picture, deeper understanding and interpretation of quantitative results.

3.5. Population, Sample Size, and Sampling Technique

The construct population is defined by Neuman (2013) as an abstract idea of a large group or study elements that possess specific characteristic which the research problem is concerned with. In this study rural artisans located in Port St John's Local Municipality (hereafter PSJ LM) of the Eastern Cape Province were the targeted population where the sample was drawn from. The population sample consisted of

100 rural artisans either operating as individuals or in a group (co-operative). These rural artisans (100) constituted the primary unit of analysis of this study and were drawn from three wards. These three wards had the highest concentration of rural artisans engaged in the production of various craft products.

The criterion that was used to select these wards was based on observable socio-economic conditions of the given wards. Such kind of data was obtained from Local Economic Development Officers, as well as data contained in the Integrated Development Plans (IDP) of PSJ LM. Thus, the wards were selected according to the categories of very poor (remote rural area), not so poor (countryside) and relatively better off (peri-urban). The reason behind such selection criteria is that the study intended to capture various key factors prevailing in such different contexts that might influence the potential and contribution of the craft sector as a tool for rural development.

Whilst it was desirable to select the participants of this study through the use of stratified sampling technique, however, this proved impossible. The main challenge was the lack of comprehensive information such as an up to date database of crafters, which is a critical requirement needed for dividing the study population into sub-population (stratas). In this case, the study utilised the non-probability purposive sampling technique. The justification for using this sampling technique is that not all rural people are operating a craft enterprise and the study was interested in individuals that are engaged in the production of crafts for a living. The main strength of non-probability purposive sampling lies in its potential to select unique cases that are especially informative (Neuman, 2011).

The study also employed the snowballing sampling technique to identify other potential respondents. According to De Vos et. al (2011) snowballing sampling is used when there is no knowledge of the sampling frame and limited access to appropriate participants for the intended study. Thus, after interviewing a respondent, the researcher asked for assistance from the interviewee to help identify other rural artisans he/she knew through their social networks. These two sampling techniques were quite useful in identifying participants of this study.

However, in areas that were sparsely populated with limited accessibility due to poor roads, the researcher was forced to abandon both the non-probability purposive and snowballing sampling technique and came up with alternative plan to reach rural artisans. The researcher with the help of the councillor had to approach the Chief for assistance with regards to sending communication to those involved in craft production to converge at an agreed venue where the interviews took place. In most cases the interviews took place at either the home of the councillor or at the ward committee member's home.

3.6. Data Collection Procedures and Methods

As noted earlier the process of data collection in this study unfolded in two distinct phases. The first phase was the quantitative, where the study used a semi-structured interview schedule (a form of a questionnaire) made up of mainly closed and few open ended questions as a data collection method. The few open ended questions were used as a measure to reduce the loss of crucial information that comes with the use of structured questionnaire. These open ended questions allowed the investigator to conduct periodic probes which were aimed at soliciting more detailed

information that assisted the investigator to discover the meanings participants attach to their numerical responses. They also allowed the participants to qualify and clarify their responses on the contribution of the craft sector to rural development.

The semi-structured interview schedule was administered using face to face interviews with the help of two research assistants. These two research assistants were both holders of a post-graduate qualification. Prior to administering the semi-structured interview schedule the two research assistants had received thorough training. They had also participated and administered the survey questionnaire during the pilot phase, which was aimed at testing the tool for data collection. Thus, they were quite acquainted with the tool and the kind of data it should yield.

The research assistants read the questions to the respondent as they appear on the questionnaire and record the respondent's response on the questionnaire. The study opted to use this format mainly because of the low literacy rates prevailing in the rural areas. These high illiteracy rates were viewed as having the potential to be a stumbling block if the self-administered format was used as the majority of participants would not be able to complete the questionnaire on their own. Thus, the study opted to use the face to face interview format. In a few cases the research team encountered participants who expressed the desire to complete the questionnaire on their own because they could read and write.

The research assistants were quite industrious. They were quite acquainted to the local cultural milieu as they were from PSJ and were quite fluent in the local language. As part of the agreement reached during the negotiations to undertake

this study in PSJ, the local officials had requested that the researcher should consider drawing the research assistants from a pool or database of unemployed graduates in PSJ. The researcher heeded to this request and it was an act that later paid off because the majority of the participants were familiar with these two research assistants as they knew them as their children. This aided the smooth implementation of this study.

Moreover, the two research assistants had previously worked with the Human Sciences Research Council on another research project in PSJ LM. This reduced resistance or reluctance to participate in this study by participants. On average it would take the research assistants 45-50 minutes to administer one questionnaire and each would complete 8 questionnaires per day. The process of data collection using the semi structured interview schedule took about three weeks to complete that is from 26 June to 14 July 2017.

The second phase of data collection in this study was the collection of qualitative data that began on the 4th to 15th of September 2017. Qualitative data was used for the purpose of enhancing the information obtained through the questionnaire survey. It also provided a rich description and a more nuanced understanding of the potential and contribution of the craft sector to rural development. In general, the second phase of data collection went very well because the researcher had established a relationship with the community during the first phase. During this second phase of qualitative data collection, the study used the following as data collection methods: in-depth interviews, participant observation and focus groups. The following sub-

sections discuss the three methods of data collection at length as well as highlight some of the experiences encountered during this process.

3.6.1. In-Depth Interviews with Key Informants

Kvale (2006:35) defines qualitative interviews as “attempts to understand the world from the participant’s point of view, to unfold the meaning of peoples’ experience to uncover their lived world prior to scientific explanations”. Qualitative interviews can either take the form of unstructured or semi structured interviews. This study employed the semi-structured in-depth interviews (one to one interviews) as a technique for data collection with few identified key informants. The key purpose of conducting the in-depth interviews was to probe some of the key issues covered in the quantitative phase more deeply.

In-depth interviews were also used to fill in emerging gaps within quantitative data thereby, eliciting more detailed information about the potential and contribution of the craft sector to rural development from better informed participants. Because of the intensity of the exercise, the study only conducted in-depth interviews with few individuals that is: 10 rural artisans were interviewed. These 10 key informants were selected from the pool of 100 rural artisans who constituted the population sample of this study.

The 10 rural artisans were chosen on the basis that they had demonstrated to be more knowledgeable about craft enterprises and its role in rural development during the quantitative phase. Thus, the study regarded them as the better informed participants who could contribute immensely towards the attainment of the overall

goal of the study. They provided a nuanced understanding of opportunities generated by craft enterprises to the rural economy. These in-depth interviews with key informants were conducted in the comfort of their homes or workplaces. They were quite useful as they afforded the participants to shed unrestricted deep insights about craft enterprises and its role in rural development.

In-depth interviews were also conducted with 2 senior government officials who are directly responsible for the craft enterprises such as the Local Economic Development Manager and the Strategic Manager for rural development. These individuals are responsible for the development and implementation of various pieces of legislation that is aimed at supporting rural craft enterprises. Therefore, the overall goal of conducting in-depth interviews with these individuals was to solicit their overall understanding of craft enterprises and their contribution to rural development. Closely related to this is the fact that the study also wanted to obtain more detailed information on the overall impact of policies that have been implemented to support craft enterprises.

In-depth interviews were also conducted with 2 local officials who are hands on and work directly with craft enterprises in the study area such as the Director of the PSJ Development Agency and the officer responsible for small enterprise development. These two government officials are responsible for co-ordinating all the activities of craft enterprises in the study area and their offices acts as one stop shop providing multiple services to craft producers. The researcher also visited the craft hub and interviewed the manager of the hub.

The Craft hub is among some of the key support structures that have been enacted by the government to offer services such as marketing and spearhead various capacity building and training programmes of rural artisans. Thus, the study was interested in soliciting the perception of these government officials with regards to the contribution of the craft sector to rural development chiefly because they are working directly with rural craft enterprises in the study area. These in-depth interviews with the government officials yielded crucial information on how the policy makers view the craft sector and its role in rural development.

The tool that was used to collect data during the in-depth interviews is an interview guide that provided the investigator with a set of predetermined questions largely informed by the findings of the quantitative phase. The interview guide was mainly used to direct the conversation between the investigator and the interviewee. During the interview, questions were either dropped or added depending on the quality and quantity of information that was being exchanged.

The interview guide was made up of open ended questions. These open-ended questions allowed the researcher to probe and elicit more detailed information from the respondents. Mason (2011) asserts that the use of open ended questions allows for probing further insights from participants and in the process shed a deeper understanding of the problem that is under investigation. In this study open ended questions also accorded the respondents the opportunity to express their thoughts more freely, while allowing the interviewer to clarify meanings as required.

3.6.2. Focus Groups

Babbie (2010) and De Vos et. al (2011) define focus groups as group interviews that are carefully designed to obtain perceptions and offer a better understanding of how people feel or think about an issue, product or service. According to De Vos et al. (2011), the main strength of focus groups is their potential to generate a range of collective ideas, feelings, opinions, perceptions and insights that are likely not to emerge during one on one interview. Group dynamics is often identified as the key catalytic factor that propels participants to bring out information to the fore (Babbie, 2010; De Vos et al., 2011).

The researcher organised and conducted four focus groups. Each group was made up of 8 to 9 rural artisans. In terms of constitution the focus groups had a fair gender representation with either a ratio of 4:5 or 5:4. There was only one focus group that was predominantly male constituted with only 2 female participants. The limited number of female participants in this group was due to the fact that the dominant form of craft occurring in this ward was wood carving, which is a male dominated trade. Only 2 women crafters were producing wood cutlery.

On average each focus group would last at least for an hour and half. Only one focus group lasted for nearly 2 hours mainly because of the presence of some participants who were very domineering. This focus group was the one that had more male participants than females. The focus groups were facilitated by the interviewer and the two research assistants who were quite fluent in isiXhosa, which is the dominant language spoken in the study area.

In terms of participation, the majority of the women were quite vocal and appeared to be more knowledgeable about the role of craft enterprises in rural development. The only exception was one focus group that was male dominated. The participation of the two female participants in this male dominated group was more reserved. The two were not expressing their voices or thoughts more forcefully and freely. However, through persistent persuasion and encouragement from the facilitator the women participants finally came out of their shells. To the surprise of the research team these two women had more valuable information that could have been easily missed if it were not for the persuasion they got from the facilitator to openly share their experiences and thoughts.

In this study, the four focus groups that were conducted were quite instrumental in collecting rich information that shed a deeper understanding of the contribution of craft enterprises on the wellbeing of rural artisans. Participants felt safe to express themselves in a group as the atmosphere was very relaxed. This encouraged spontaneous exchanges of ideas and thoughts allowing for deeper questioning or exploration of aspects of the research topic by a number of participants during one session. Thus, focus groups were quite useful as participants assisted one another in articulating various issues that were under discussion. For instance, they were quite useful when identifying the various resources communities are endowed with as well as unravelling the current use of such resources. These focus groups produced concentrated amounts of data that was used to collaborate, clarify and shed more light on quantitative data. The venue that was used for conducting these focus groups was community halls which were made available to the researcher for a fee.

3.6.3. Observation

Observation is another method that was used to collect data during the fieldwork. The study used participant observation to collect various forms of data such as equipment used by the rural artisans, their workplace and access to electricity. Data collected using this kind of method was in the form of field notes (recorded either during the fieldwork or after the observation) and photographs. Such kind of observational data was quite useful and was largely used to overcome discrepancies between what participants were saying and what they actually did. Babbie and Mouton (2005) argues that the main strength of participant observation lies in its potential to discover certain aspects of the problem under investigation that can either easily go unnoticed or aspects that previously went unnoticed. De Vos et al. (2011) contend that participant observation prevents research findings from becoming too theoretical by bringing to the fore practical evidence.

Thus, direct personal observations that were made throughout this study proved to be a critical tool for collecting data. The researcher observed general behaviour and reaction of participants during the quantitative and qualitative phases of data collection. For instance, the research team interviewed a group of crafters running their enterprise as a co-operative and observed that rural artisans were producing and selling their craft items as individuals and not collectively. This finding was a paradox because as a co-operative the norm is that members produce and sell their goods collectively and not as individuals. The researcher had to seek clarification from the rural artisans and established that they had only agreed to work as co-operative because they wanted to access government funding. They were still

waiting for the funding and that was the main reason they were producing and selling as individuals. Thus, participant observation was quite instrumental when collecting data in this study as this kind of contradiction could have been easily go unnoticed.

3.7. Document Analysis

Alongside interviews and observations, the study of relevant documents was a central source of data in this study. De Vos et al. (2011) contend that documentary analysis involves the study of existing documents either to understand their substantive content or to illuminate deeper meanings which may be revealed by their style and coverage. The study used the findings emanating from documentary analysis to corroborate empirical evidence gathered during fieldwork. Both primary and secondary sources of information containing relevant information on craft enterprises and rural development were consulted.

Primary sources of information that were consulted included financial records as well as minutes of meetings held by craft producers, especially those who were working as a co-operative. Such documents provided detailed insights for instance profits registered, income generated, expenditure by such enterprises and dividends paid to each member of the co-operative. Secondary information used in this study included relevant scientific studies, journal articles, and books on non-farm enterprises and its role in rural development. Information from both primary and secondary sources was used to cross check findings emanating from interviews and observation.

Thus, both primary and secondary sources of information were used to benchmark the findings of this study as well as eliminate bias and loopholes found in empirical evidence generated by this study. This improved the validity and reliability of the findings of this study. The study also consulted official key policy documents and government reports on the craft sector. Such documents provided the study with the crucial background information and objectives of the craft sector which were critical when determining its contribution and potential as a vehicle for rural development.

3.8. Data Analysis

According to De Vos et al. (2011), the overall goal of carrying out the exercise of data analysis is to reduce data to an intelligible and interpretable form so that the relations of research problems can be studied tested and conclusions drawn. As mentioned earlier, the process of data analysis in this study occurred in two distinct phases. The first phase was the analysis of quantitative data. The study used the SPSS program to analyse quantitative data. Prior to entering the data into SPSS the researcher first coded the data and then assigned numerical codes resulting in the development of a codebook. The codebook was used during data processing and analysis. After the development of the codebook the investigator then developed the SPSS data matrix and began the process of data capturing. Upon the completion of data capturing and cleansing the investigator solicited the services of a Statistician to assist with the process of data analysis. The data was subsequently analysed for a number of statistical outputs such as:

- Descriptive statistical outputs in the form of different types of tables for frequencies, percentages and cumulative percentages,

- Descriptive statistical outputs in the form of different types of charts expressed as percentage bar graphs, pie charts; and
- Cross tabulations for bi-variate analyses for different pairs of important variables so as to establish empirical relationships between them.
- Chi-square tests

3.8.1. Qualitative Data Analysis

De Vos et al. (2011) describe qualitative data analysis as a process that involves reducing the volume of raw information, sifting significance from trivia, identifying significant patterns, developing a structure or framework for communicating the essence of what the data reveals. In this study, qualitative data generated using in-depth interviews and focus groups were analysed using thematic analysis. It is a process that involves the identifying, analysing and reporting patterns within a given data set. The study used the following guidelines articulated by Creswell (2009) when analysing the qualitative data:

Step1: Organise and prepare the data for analysis

This initial step involved transcribing of qualitative data collected using in-depth interviews and focus groups, which had been recorded on the Dictaphone. The process also involved sorting and arranging the data into different categories based on the method used to collect such kind of data as well as tying up field notes.

Step 2: Read through all the data

After sorting and arranging the data into different categories the investigator, started the process of reading and re-reading the data so as to obtain a general sense of the information and to reflect on its overall meaning (Creswell, 2007). During this stage

the investigator eliminated redundancies in the units of meaning, and began to relate the remaining units to one another. Emerging patterns from the data were identified and reported.

Step 3: Coding

Here the investigator classified individual's pieces of data according to topics and identified key themes emerging from participant's responds or thoughts. Each of the identified themes was assigned a code. The identified themes were analysed for each individual case.

Step 4: Data Consolidation

Data consolidation formed the last stage of data analysis in this study. It included the establishing of correlation between the two data sets (quantitative and qualitative data). It is a stage where the study combined the two data sets and therefore, started the process of comparing, integrating the two datasets and making inferences on the potential and contribution of the craft sector to rural development. This last process also marked the beginning of thesis write-up.

The section that follows describes the socio-economic, demography and geography of the study area.

3.9. The Socio Economic Profile of Port St John's Local Municipality

Port St John's local municipality (PSJ LM) is one of the five local municipalities that form part of OR Tambo District, which is located in the north-eastern portion of the Eastern Cape Province. The PSJ LM is situated on the coast of the Indian Ocean.

It is bounded by the Nyandeni Local Municipality in the western side, Ingquza Hill Municipality in the north-eastern, and Mthatha in the south as shown in Figure 1



Figure 1: Map of PSJ Local Municipality

The PSJ LM is predominantly rural with 98% of the population residing in the rural areas. It has one small rural town namely Port St John's situated at mouth of Mzimvubu River where the remaining 2% of the population reside. The PSJ town was once a thriving port during the apartheid era. After the demise of apartheid this small rural town has experienced economic decline as well as rapid migration that

have birthed four informal settlements namely, Greens Farm, Zwelitsha, Mpantu and Nonyevu.

3.9.1 Demographic Structure and Settlement Pattern

According to Community Survey released by Statistics South Africa in 2016 the population of PSJ LM is estimated at 166 779. The majority of the people (99.2%) residing in PSJ LM are indigenous black people who speak IsiXhosa. Other groups such as whites, coloured, Indian or those of Asian origin constitute the remaining 0.8% (Statistics South Africa, 2016). The same publication estimates that the total number of households in PSJ is 33 951 with the average size of a household being pegged at 4.9%.

The population structure of PSJ LM as profiled by Statistics South Africa (2016) is as follows: Women, at 53.8%, constitute the majority of the total population whereas the proportion of their male counterparts is estimated at 46.2%. The percentage of children who are below the age of 14 is estimated at 42.7% and the youth between the age of 15 and 34 is 38.6%. This implies that children and the youth constitute the majority of the population in PSJ. Conversely, those aged between 35 and 64 years constitute 12.1% of the population (Integrated Development Plan-IDP, 2016). Thus, about 50.7% of the population constitute the economically active group. Lastly, those above the age of 65 are estimated at 6.5%.

The topography of the municipal area is dominated by mountainous terrain with hills, cliffs, beaches, sand dunes and steep river gorges. This prevailing topography has had an influence on rural settlement patterns found in PSJ. The rural settlement

pattern is dispersed with households largely scattered throughout the mountainous terrain. The municipality is made up of 20 rural wards plus the small urban centre of Port St John's (ward 6).

3.9.2 Access to Basic Services

The municipal area is struggling to provide basic services such as water, sanitation, refuse collection. It is a challenge that is further exacerbated by the fact that the majority of the rural settlements remain inaccessible due to poor road networks (gravel roads) that are characterised by potholes. In the case of heavy rains, the majority of the rural poor are completely cut off from accessing the R61 main road (tarred) that links them to the Port St John's town. According to the IDP (2016), approximately 75% of its population do not have access to safe drinking water and only 25% have. A total of 33% had access to sanitation and 67% did not have. In terms of access to electricity the same publication estimates that about 66% of the population has access to electricity whereas 34% of the population did not have and used other forms of energy.

In terms of telecommunication infrastructure, the majority of the households (76%) rely on cell phones for telecommunication. The mountainous terrain is argued to make it very expensive to provide telecommunication infrastructure resulting in some areas not being provided for and in worst cases having no cellular telephone coverage. The topography of the PSJ area is also identified as a key constraint that has derailed the provision of basic services such as water, electricity and sanitation as it viewed as costly to provide such services under such conditions.

3.9.3 Education

According to the Community Survey report by Statistics South Africa (2016) approximately 38% of the population in PSJ LM has no education. The percentage of those who have attained higher education or gone beyond grade 12 or matriculation is pegged at 2.2%. In 2016 the functional literacy rate of PSJ LM was pegged at only 62.9% of the population, which is a figure that is relatively lower than the 70.8% of the OR Tambo District. The low level of formal education prevailing in the PSJ LM is attributed to high drop-out rate and the poor state of schools (IDP, 2016). PSJ is one of those local municipalities that have high prevalence of mud schools in the province.

3.9.4 Poverty Rates

When compared to other local municipalities in the OR Tambo region, the PSJ municipal area has the highest number of households that are plagued by poverty, which is as high as 81.7%, followed by Ingquza Hill and Nyandeni with both 78.6% and Mhlontlo at 74.2% (ECESCC, 2017). The King Sabata Dalindyebo local Municipality has the lowest percentage of people living in poverty with a total of 67.0%. The same publication pegs the unemployment rate of the PSJ LM at 80%. In terms of the Human Development Index (HDI), PSJ has lowest HDI at 0.47 against a regional (OR Tambo) proportion of 0.53 (ECESCC, 2017).

These high poverty and unemployment rates are largely fuelled by the relatively underdeveloped economy as well as poor service delivery. The PSJ economy is characterised by low productivity levels as well as the limited production of value

added goods and services which is critical for the growth of any economy. Even the primary sectors, such as the agricultural and mining, are all characterised by low productivity outputs. This is so despite the fact that the PSJ is endowed with all the resources (climate, arable land, abundance of fresh water for irrigation) that are necessary to catalyse the growth of the local economy, especially through agriculture.

Unlike the western part of the EC Province that is characterised by erratic rainfall, poor soil quality, the eastern side, especially the Pondoland area that also incorporates PSJ has more fertile soils and a more reliable seasonal rainfall patterns. The Port St John's IDP estimates that the region receives an annual rainfall that varies between 1100 and 1400 ml per annum. These prevailing climatic conditions are suitable for various farming endeavours such as livestock production, fruit and crop production.

Moreover, PSJ has three big perennial rivers that flow from the North to the Indian Ocean namely Mzimvubu (which is the biggest of the three), Mgazi and Noqekwana. The presence of these rivers coupled with favourable climatic conditions makes the municipality to have a strong comparative advantage to pursue both commercial and small holder irrigation farming centred on the production of high value crops and fruit production. Such farming activities are labour intensive and have potential to catalyse the growth of the local economy, thereby creating both agricultural and non-agricultural wage employment opportunities. Nonetheless, such kind of potential is currently going underutilised. The PSJ IDP (2016) cite the topography as well as lack of investment in economic infrastructures such as decent road network, access to

electricity, fencing of small scale farms as key factors that have hamstrung efforts to make maximum utilisation of these locally available resources.

Tourism is also another key sector of the PSJ economy that remains undeveloped. The municipal area is endowed with beautiful scenery, pristine beaches, its natural vegetation and mountainous terrain that have potential to attract thousands of tourists annually. In addition, the extensive coastal zone adjacent to the Indian Ocean makes the area rich in marine and estuarine resources that further heighten the socio-economic opportunities that can be derived from the maritime economy. However, this potential remains largely untapped. The tertiary sector (consisting of community services/government, transport, finance and trade) remains the key driver of the local economy. Its contribution to the local economy is estimated at 82.2%, a figure that is relatively higher when compared to the national figure of 68.6% (ECESCC, 2017).

On the contrary, the agricultural and mining sectors (primary sectors) make a negligible contribution to the local economy both at 2% (ECESCC, 2017). The paradox is that the majority of the households (47%) are considered as agricultural households. This is the context in which the study was undertaken with the goal of investigating the contribution of craft enterprises (a form of non-farm enterprises) as a conduit for job creation, income generation and diversification of the rural economy.

3.10. Conclusion

This chapter has detailed the scientific methodology the study employed when executing this investigation on the contribution of craft enterprises to rural development. The study has indicated that it employed the mixed methods research design. The mixed methods research design was favoured because it is inherently multi-method, thereby ensuring that the problem under investigation was explored from a variety of lenses and not only one. This added rigour to the process of data collection and enhanced confidence and accuracy of research findings. It also resulted in the collection of well-rounded information that provided a comprehensive and fuller picture with regards to the contribution of craft enterprises to rural development in the study area.

The study used the sequential explanatory strategy, which is characterised by two distinct phases of data collection. The collection of quantitative data formed the first phase and was then followed by collection of qualitative data. During the quantitative phase the sample population and size consisted of 100 rural artisans operating in the PSJ LM. In-depth interviews were conducted with few key informants, including the government officials and 10 rural artisans.

The tool that was used for data collection during the quantitative phase was the semi-structured interview schedule. Meanwhile, the interview guide was used to direct the conversation/discussion during in-depth interviews and focus groups. Direct personal observations were made at all times during fieldwork and were quite useful as they yielded additional information that could not have emerged during the

other phases of data collection. The chapter ended by discussing how the collected data was analysed. Quantitative data was analysed using the SPSS program. On the other hand, qualitative data was analysed using thematic analysis. The socio-economic profile of the study area is also included in this Chapter. The following chapter presents research findings, analysis and interpretation of the results.