

VIRTUAL SMALL BUSINESS ENTREPRENEURSHIP OPPORTUNITIES

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Abstract

For small business entrepreneurs in rural areas to survive in the digital contexts, research is essential on the challenges they face and how these challenges can become opportunities for other entrepreneurs. In this study, small business entrepreneurship opportunities at a township in the Eastern Cape were explored. The basis of the study was that entrepreneurship opportunities are embedded in business challenges and entrepreneurs who can provide services or products that address identified challenges can have viable entrepreneurship ventures. The study used two-phased sequential interviews to collect data to address the purpose of the study, which was: to explore the small business entrepreneurship opportunities in the Eastern Cape in the context of digitalisation. In the first interview challenges, faced by 60 entrepreneurs at an identified small business Mall, were recorded, and the most common challenges were noted. After noting the most common challenges and suggestions for possible business opportunities, associated with addressing the challenges, interviews with eight entrepreneurs in the Mall were then undertaken to gather more information. The study found evidence that small business entrepreneurship opportunities existed in areas related to providing essential support services, such as small business education and training, infopreneurship, and digital infrastructure retailing including providing alternative power options, such as solar power for the enterprises. With the high unemployment and high rate of small business failure, the study recommends the effective exploitation of the identified business opportunities to ensure that existing enterprises survive and new ventures also arise.

Keywords: Digitalisation, entrepreneurship, small business, business opportunities, Virtual world, Virtual environment

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1. Introduction

Given the growth in digitalisation and virtualisation in the present business environment as well as the need to address unemployment, the virtual context has become of interest in South Africa, there is a concern in respect of the business opportunities as well as the dangers associated. [1] commented that the main difference between the traditional business models and the new virtual business context relates to either marketing strategies or the product or service on offer. Essentially, virtualisation has resulted in information base new marketing approaches as well as new business models, products, and services. Taking note of the need for inclusive economic participation in post-apartheid South Africa [2], there is a need to explore how the virtual context can offer opportunities for better economic participation in the rural Eastern Cape. [3] explains that virtualisation is supported by information and data processing technologies as well as technological infrastructures, associated with the use of the Internet of Things, robotics, web platforms, cloud computing, big data analytics as well as artificial intelligence. It has been commented that digitalisation presents business opportunities and disruptions in established business models [4]. As a result, new business models and opportunities started emerging, and customer expectations are also shifting [4]. It is within such an environment that the likelihood of virtual business opportunities for rural business entrepreneurship is explored. Specifically, the objective of this study was to explore the small business entrepreneurship opportunities in the Eastern Cape. To achieve the stated research objective, the research question was: What are the virtual small business entrepreneurship opportunities in the selected rural community in the Eastern Cape?

1. 1. Literature review

Entrepreneurship theory has emanated from opinions on how opportunities for entrepreneurial activities emerge [5, 6]. The realisation and exploitation of opportunities are focal in entrepreneurship studies. The present study is based on the argument that virtualisation and digitalisation have created opportunities especially when considering the work of [7] who argued that innovation and entrepreneurship are a destructive system that changes existing equilibrium and set in competitive forces for the attainment of a new equilibrium [8]. [9] and [10] took note that entrepreneurs tend to recognize market opportunities that imply introducing new goods, services, processes, or new ways and methods. When considering these arguments, this study was based on the realisation that virtualisation and digitalisation have resulted in the re-invention and remodeling of economic processes and new methods of acquiring economic value. This then can be taken to imply that virtualisation can be treated as a context that has created new entrepreneurial processes. In rural areas, this was taken to be important in this study owing to the technological or digital divide [11]. In explaining the digital divide, the Department of Communications and Digital Technologies [3] explained that South Africa is a highly divided society along many categories, such as geographical, income, gender, and economic status. The rural-urban difference has manifested in a digital divide whereby urban areas tend to be advanced in terms of the availability of capacity and digital infrastructure while this is not so in the rural areas [12]. These considerations then imply the likely existence of entrepreneurial opportunities in rural areas. [2] observed that small business entrepreneurs in rural areas operate outside mainstream markets and find it difficult to gain profits from their operations. Additionally, virtual opportunities in rural areas can stem from the need to introduce new things or services that can ensure the full exploitation of available digital infrastructure and the possession of digital skills [13].

The aim of this study was to explore the small business entrepreneurship opportunities in the Eastern Cape.

2. Methodology

The study sought to explore virtual small business opportunities in a rural community in the Eastern Cape. The guiding research question was: What are the virtual small business opportunities in the selected rural community? As mentioned earlier, the aim was to inform recent graduates to take advantage of the identified business opportunities to contribute to harnessing the unemployment challenges. To establish these opportunities, the study was conducted through two-phased interviews, which were sequentially analysed one after another and the results of the first one were used to guide the other one. Interviews represent a popular method of qualitative data collection, which is often favoured when in-depth and subject data is necessary to address a research aim [14–16]. The initial interview was conducted with a total of 60 entrepreneurs at a selected mall. The sample size of this study followed the [17] rule of thumb, which states that each study can employ a sample size anywhere from 30 to 500. This strategy has been successfully implemented in the study of [18]. A township in one of the districts in the Eastern Cape Province was selected purposely and the researcher interviewed 60 entrepreneurs in the region. The entrepreneurs were informed of the study and they were interested to participate indicating the need for the matters, raised in the study to be used to address the problems that they face in remaining viable in the digital context. The purposive sampling strategy, which was adhered to in this study, tends to be important in attaining specific study objectives [19]. After analysing the results of the study from the first phase using Atlas. ti, the results from the first phase were then used in the second phase. The purpose of the second phase of the interview was to gather more information and to make an in-depth exploration of the matters, identified in the first phase. This process allowed for the attainment of the objectives, set for the study.

3. Results

There was evidence from the small business entrepreneurs that they lacked and needed many virtual digital infrastructures and linkages. The template, shown in **Table 1**, was used to record the challenges, faced by the entrepreneurs and the opportunities they implied. The actual suggestion was in line with the popular argument that opportunities are found in challenges and they exist as actions that satisfy certain needs and wants. Therefore, challenges were considered to imply certain

needs, which then become opportunities for small business entrepreneurship. The saturation point was reached after interviewing sixty entrepreneurs and the results are shown in **Table 1**.

The results in Table 1 were presented in **Fig. 1** and from it, it is clear that electrical power cuts due to load shedding, Lack of finance to purchase and implement digital systems that can compete with those of larger businesses, use of inferior technologies that compromise on the quality of end products or services and weak government support was indicated by all the interviewee as the entrepreneurial challenges that they are facing in their areas.

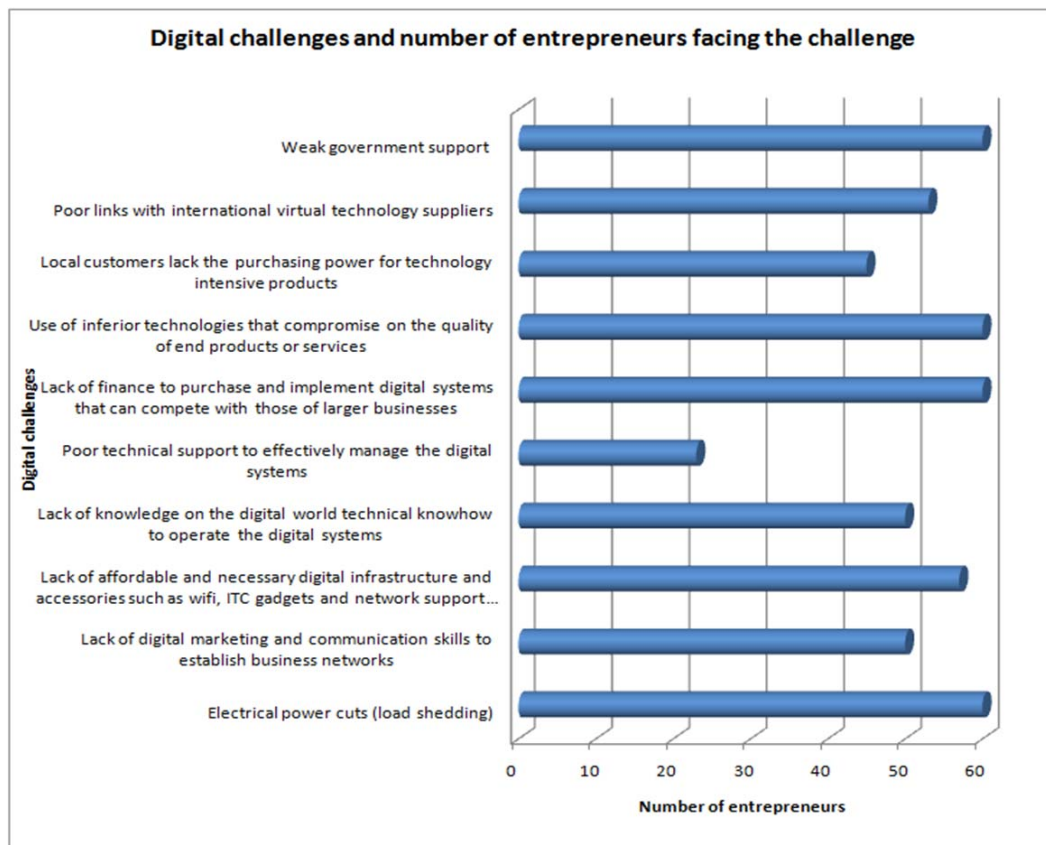


Fig. 1. Results of second phase interviews

Table 1
Challenges and possible entrepreneurial activities to address them

| Digital challenge | Number of entrepreneurs | Possible entrepreneurship activities entrepreneurial opportunity |
|--|-------------------------|--|
| 1 | 2 | 3 |
| Electrical power cuts (load shedding) | 60 | Supply of alternative power supply systems (solar, generators) |
| Lack of digital marketing and communication skills to establish business networks | 50 | Infopreneurship or digital marketing |
| Lack of affordable and necessary digital infrastructure and accessories, such as wifi, ITC gadgets, and network support services | 57 | Digital infrastructure retailing |
| Lack of knowledge of the digital world technical knowhow to operate the digital systems | 50 | ICT education and training |
| Poor technical support to effectively manage the digital systems | 23 | Digital technology technicians |
| Lack of finance to purchase and implement digital systems that can compete with those of larger businesses | 60 | Microfinancing Models for digital entrepreneurs |
| Use of inferior technologies that compromise the quality of end products or services | 60 | Digital value chain middleman |

Continuation of Table 1

| 1 | 2 | 3 |
|---|----|---|
| Local customers lack the purchasing power for technology-intensive products | 45 | Local marketing for digital products and digital products sales experts |
| Poor links with international virtual technology suppliers | 53 | Digital products international marketing and business developers |
| Weak government support | 60 | Industry developers. |

Having observed the results, shown in **Table 1** and **Fig. 1**, a second round of eight interviews was then undertaken to seek more information on the emerging results. The second interviews with the eight entrepreneurs were undertaken to further substantiate the responses from the first interview and to gather additional information. The final results led to the entrepreneurial opportunities that are then discussed in the paragraphs that followed.

4. Entrepreneurship opportunities to address the entrepreneurial challenges

4.1. Infopreneurial opportunities

As provided in Kurzer's (cited in [20]) alertness of opportunity theory, the entrepreneur is expected to be alert to realise profitable opportunities for exchanging products or services while satisfying certain needs and wants in the market. When these results are considered, it can be seen that most entrepreneurs lack information management skills as put forward by interviewee 3 who indicated that:

"The digital or information revolution is an information management age and most of us here were taken by surprise, therefore, we lack ICT skills. New entrepreneurs are needed to manage our information. Most of us here do not have the know-how to market our products digitally or to interact with our stakeholders virtually in an effective manner using digital systems."

In consideration of the above, [21] recognised that digital entrepreneurship implies the need to achieve digital sales, to be an effective digital stakeholder manager, and to be able to digitally distribute goods and services as well as to ensure a digital marketplace. [22] indicate that small business entrepreneurs tend to lack these essentials needed in digital contexts.

4.2. Business development consultants

As provided by [23], theory of entrepreneurship, innovation tends to be central to creating new entrepreneurial opportunities to expand existing entrepreneurial models. The evidence in this study suggests a strong case for business development consultants who can explore innovation opportunities in the present digital environment. Interviewee 2 pointed out the following:

"The present environment is surely one of transformation and the present entrepreneurs need new knowledge and skills to re-invent, remodel or transform their operations. So we need new entrepreneurs to join us. These should offer business development consulting services."

4.3. Digital infrastructure retailers

As contented in entrepreneurship theories [24], introducing a new product or service is generally the most common entrepreneurial action for entry into new industries. The digital revolution has necessitated new products into the market and these include electronic gadgets, computers, WIFI, and network support implements. As many small business entrepreneurs start to adapt to digital retailing, the need for appropriate infrastructure has become bare and a new business line has emerged – that of retailing digital business infrastructure. Interviewee 3 provided the following.

"At present, everyone is slowly going digital and everyone has to acquire the necessary infrastructure or lose competitiveness. There are many advantages, associated with getting digital. In fact, customers expect you to do this. When you use digital marketing infrastructure appropriately, you have better market access and have greater potential to get and maintain customers than if you are still following the traditional way of doing business."

4. 4. ICT training and education

Most small entrepreneurs already have low education profiles in terms of basic education but the digital revolution as found in this study resulted in the need for digital education and training in the use of ICT tools and infrastructure as necessary for digital enterprise practice. Given the well-established recognition that education and training remain a key function for promoting business, societal and national welfare as provided in [25] study. There is a greater need for key business skills in the digital age as well as the need for important ICT skills training. This problem implies a need for another group of entrepreneurs that train others to ensure effective entrepreneurial education and ICT skills in the digital business contexts: Interviewee 5 mentioned that:

“The need for education and training has become more pronounced than ever given the digital skills transformation. Many of the entrepreneurs here are essentially in need of ICT training and general enterprise education on how to grow and manage an enterprise in the present context. New enterprises should join and focus just on educating others and training them on ICT skills.”

4. 5. Digital support service providers

As indicated that there was weak government support, opportunities exist in the provision of various services including those relating to financing and alternative power provision for the entrepreneurs. One well-mentioned case in the study involved that of the provision of power supply, which should have been a matter for the government but its inadequacies have resulted in serious load shedding thereby creating a need for alternative power sources, such as solar power or generators. Digital enterprises rely significantly on power and this challenge makes a significant case for support services and support infrastructure to aid the digital enterprise.

This research was not without limitations, the first was that the research was carried out in a township in the Eastern Cape province of South Africa, and as such the results might not be generalised to other parts of South Africa or the world at large. Future research should focus on challenges, faced by small businesses in the city, and how these challenges can become entrepreneurial opportunities for other businesses.

5. Conclusion

The study explored the small business entrepreneurship opportunities in the Eastern Cape within the digital or virtual context. As explained in earlier paragraphs, the study has established significant evidence that various opportunities exist for entrepreneurs who can address the many challenges that small businesses face to remain profitable and survive competition or ensure that their products and services do not lose relevance. The entrepreneurs indicated the infrastructure, knowledge, and skills inadequacies and the need for various support mechanisms. With the problems facing the power supply sector in South Africa, there were indications that an opportunity exists to provide alternative power support options, such as solar power and generators. An opportunity to provide digital and entrepreneurship have become important. Additionally, opportunities also exist in the provision of ICT training services. Evidence from the study also demonstrated a need for digital infrastructure retailers who can re-sale important tools and gadgets necessary for the success of digital entrepreneurs. Another important entrepreneurship opportunity relates to infopreneurship. Infopreneurship implies information management and the effective use of it to create enterprise competitiveness. The present entrepreneurs indicated a challenge in information management and its use to expand their operations. As such entrepreneurship opportunities exist in this regard. Infopreneurship related to digital management and customer or stakeholder engagement was mentioned as equally important.

Conflict of interest

The authors declare that there is no conflict of interest in relation to this paper, as well as the published research results, including the financial aspects of conducting the research, obtaining and using its results, as well as any non-financial personal relationships.

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Data availability

Data will be made available on reasonable request.

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