RESEARCH REPORT

TOWNSHIP ENTREPRENEURIAL ECOSYSTEM:

THE ENTREPRENEURS' LIVED EXPERIENCES

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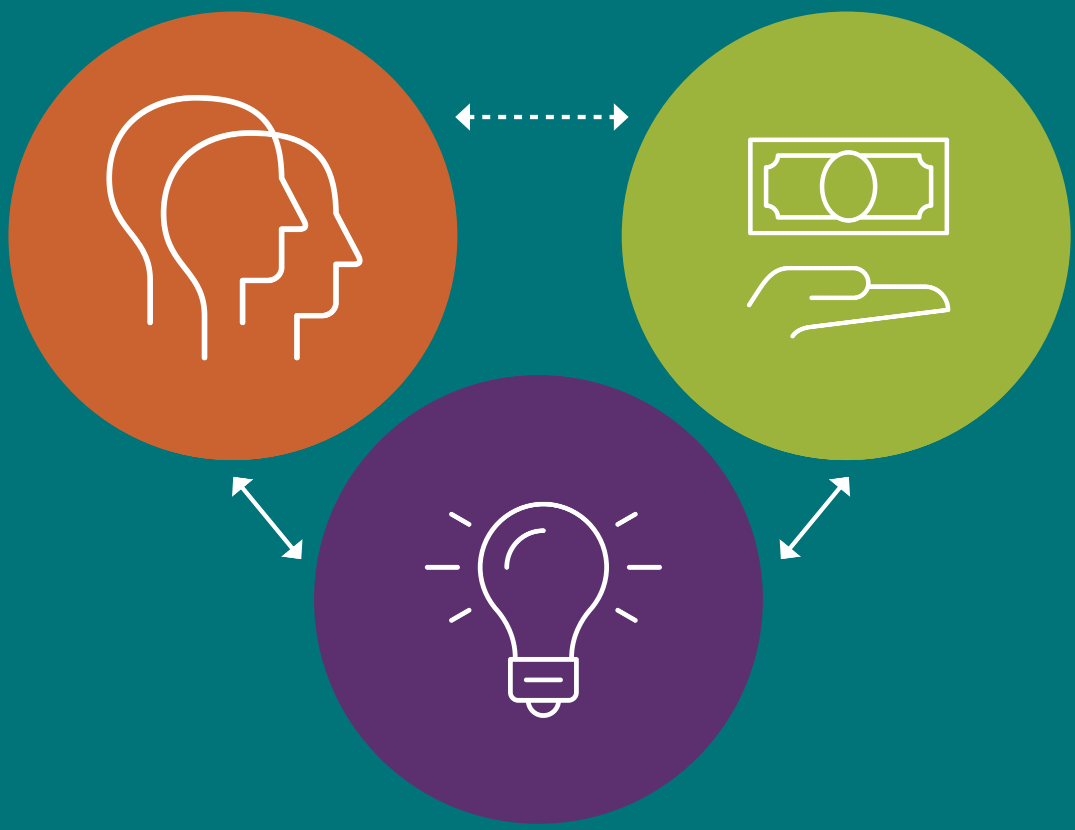

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1. Introduction

The Township Entrepreneurial Ecosystem research report presents an in-depth exploration of the lived experiences of entrepreneurs operating within South Africa's township economies. This research, conducted by the Gordon Institute of Business Science (GIBS) Entrepreneurship Development Academy at the University of Pretoria, with funding support from the Walmart Foundation, aims to illuminate the unique challenges and opportunities faced by these entrepreneurs. As an entrepreneurial University, one of our strategic objectives is to make a substantial social impact, especially within marginalised communities. This study underscores our commitment to fostering sustainable economic growth and development in these areas.

The Walmart Foundation grant has been instrumental in enabling the institute to support entrepreneurship development through educational programmes and research. Their funding not only underscores the importance of nurturing entrepreneurship in township economies but also enhances our capacity to drive impactful change. We aim to empower local entrepreneurs and facilitate an environment where they can thrive and contribute to their communities' economic vitality.

As an institution dedicated to entrepreneurship and development, GIBS recognises the critical role of research in driving social impact. Producing research focused on township economies aligns with our mission to uplift marginalised communities and promote inclusive economic development. By understanding the lived experiences of township entrepreneurs, we can better tailor our programmes and initiatives to meet their specific needs, thereby enhancing their chances of success and sustainability.

Inspired by efforts to advance entrepreneurship beyond urban settings, the purpose of this study was to explore the township entrepreneurial ecosystem as seen from the entrepreneurs' perspective. Understanding the township entrepreneurs' lived experiences matters, as they are often not included in understanding how the ecosystem emerges and functions. We documented the experiences of 39 entrepreneurs when navigating the entrepreneurial ecosystem in their townships. Their experiences were based on the actors they interacted with and how they accessed resources.

Our findings suggest that the entrepreneurial ecosystem in the township is informal and underdeveloped. We developed a framework to illustrate micro-processes of how township entrepreneurs engage in their entrepreneurial ecosystem. Thus, the township entrepreneurial ecosystem is driven by the entrepreneur's agency, actor mapping, resource access, and linkages. First, the entrepreneur's resilience and agency are required to thrive in under-resourced entrepreneurial contexts. Township entrepreneurs exhibit remarkable resilience and innovation, often devising creative solutions to overcome resource constraints. Second, our findings demonstrated that the ecosystem actors matter based on the stage of business development. There are actors important in the early stage while others play a significant role in the established business stages. Even though the actors matter according to the stages, the results showed that in the early stages of business development, entrepreneurs have limited access to actors suitable for that stage. As a result, they improvise and find substitutes to fill the void.

Third, the results demonstrated that entrepreneurs in townships are faced with resource scarcity. For example, shortage of machinery, furniture, and offices/operating spaces. In such cases, entrepreneurs engage in resource loaning, where they obtain resources from entrepreneurs running similar businesses. Other entrepreneurs engage in resource rotations, where they will be sharing resources until the under-resourced entrepreneur is ready to run their business. Fourth, the findings showed that township entrepreneurs use connections and linkages to navigate the ecosystem and access resources. Connections within the entrepreneurial ecosystem are essential as they drive entrepreneurial activities and provide access to resources. In cases where institutional support is limited and there are no integrators, entrepreneurs rely on the linkages they have formulated.

In conclusion, our study demonstrates that while this ecosystem is not formalised and lacks a main orchestrator, township entrepreneurs create their own functional ecosystems. Building on the findings of Matthee et al. (2023), our study revealed that in the absence of access to formal ecosystem actors, these entrepreneurs rely on a "shadow entrepreneurial ecosystem" for their business activities. Although these ecosystems are informal and often invisible to external observers, they are highly efficient and operational and serve as critical sources of resources and networks for entrepreneurs. The entrepreneurs themselves are the main drivers and orchestrators of these ecosystems. This report has implications for entrepreneurial practice.

Summary of findings

1. Entrepreneurial businesses in townships are growing and have informal mechanisms to measure the growth.
2. Community embeddedness is essential for the growth of township businesses.
3. Entrepreneurs' agency and proactiveness are significant in identifying ethical actors who will provide the required resources.
4. Township entrepreneurs have limited access to the urban entrepreneurial ecosystem; therefore, they develop their own by identifying and interacting with ecosystem actors.
5. The stages of business development are essential in understanding how entrepreneurs develop their entrepreneurial ecosystem and the kind of required interventions.
6. Entrepreneurs rely on family, friends and community in the early business stage.
7. In the established business stage, entrepreneurs rely on peer entrepreneurs, customers, and business development organisations for support and guidance.
8. Entrepreneurial ecosystem actors provide business capacitation, financial and non-financial resources, and business promotion and sales.
9. Online platforms are a crucial component of the township entrepreneurial ecosystem. They are vital in connecting entrepreneurs to the relevant actors and resources.
10. Challenges faced by entrepreneurs within the township ecosystem include a need for more equipment and operating spaces.
11. The township entrepreneurial ecosystem can be improved by increasing awareness, entrepreneurial capital development, and provision of resources.

2. Literature on Township Entrepreneurship

2.1 Defining township entrepreneurship

Formal and informal business activities drive entrepreneurship in South Africa (Urban & Ndou, 2019). Most informal entrepreneurial activities take place in the townships, which is a term that identifies 'non-white' neighbourhoods that were a core spatial concept of the apartheid[1] era" (Jürgens et al., 2013, p.256). There are more than 500 townships in South Africa, of which Soweto, in Johannesburg, is the largest, with more than 1.3 million residents (Business Tech, 2022). Post-apartheid, government has intervened to integrate the townships by offering residents social development opportunities. One of those interventions is the plan to strengthen the township's economic development through entrepreneurship. However, so far, the interventions to support entrepreneurship in townships are inadequate (Scheba & Turok, 2020).

While entrepreneurship is a vital part of a growing economy, there is limited research available on entrepreneurial activities in townships (Urban & Ndou, 2019). The scarce research that has been published demonstrates that entrepreneurship in these communities contributes to the alleviation of unemployment in South Africa (Bvuma & Marnewick, 2020). To achieve their economic growth and sustainability, township entrepreneurs must overcome some persisting difficulties. Their challenges are inadequate access to funding (capital for start-up, a lack of savings and collateral), the lack of human skills capital (business management experience and business management skills), limited support activities (government support services, networks, and information), and the challenging business environment (e.g., crime and a struggling economy) (Mukwarami & Tengeh, 2017). Ndou and Urban (2019) indicate that to survive and perform better in the townships, entrepreneurs require an improved access to finance and markets, institutional support, and skills and competency development. These challenges demonstrate that townships still lack an ecosystem that aims to support entrepreneurs and thereby social upliftment and a growing economy.

2.2 Township entrepreneurial ecosystem and business stages

An entrepreneurial ecosystem is "a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship" (Stam, 2015, p.1765). These actors and factors include physical infrastructure, finance, leadership, talent, knowledge, intermediate services, demand, culture, and networks (Brown & Mason, 2017; Stam & van de Ven, 2021). These factors support the growth of entrepreneurial activities and innovation, the emergence of new ventures, job creation, and, ultimately, economic growth. In the context of township entrepreneurial ecosystems, these are the actors supporting entrepreneurial activities within the townships. The concept of township entrepreneurial ecosystems is nascent, with limited information available on the elements, the various actors, and the interactions between the actors (ANDE, 2021). We define the township entrepreneurial ecosystem as actors and factors integrated to enable productive township entrepreneurship.

The research conducted by ANDE (2021) reports that the township entrepreneurial ecosystem comprises these actors: the capacity development providers, government agencies, research or advisory service providers, corporation or corporate foundations, academic institutions, foundations, media organisations, sector associations, microfinance institutions, banks or financial institutions, investors and development finance institutions or donor agencies. These actors provide capacity development programmes, market linkages, investment linkages, and financial services. Adopted from a practitioner's perspective, the township entrepreneurial ecosystems were poorly documented. Therefore, our study expands on ANDE's research to focus on the township ecosystem based on the views and the lived experiences of township entrepreneurs.

[1] Apartheid, in the Afrikaans language, was a system of legislation that upheld the segregation of non-white citizens in South Africa. Under apartheid, non-white South Africans—the majority of the population—were forced to live in separate areas from whites and use separate public facilities. Contact between the two groups was limited.

Understanding the township entrepreneurial ecosystem as seen through the entrepreneurs' perspective differs from the few existing studies that focus on the top-down approach. The top-down approach to research explores the ecosystem from the actors' or the practitioners' perspective. While that approach is important when studying the resources devoted to entrepreneurial activities, it is limited when aiming to reveal the lived experiences of entrepreneurs. For example, too little focus has been on how entrepreneurs identify the important actors, how they engage with them, and what they gained from such engagements. However, it is exactly those experiences and views that can help to develop interventions that are tailor-made for entrepreneurs.

This study argued that entrepreneurs orchestrate their own ecosystem, based on their needs and the stage of their business development. At each stage of the business, entrepreneurs identify, select, and engage with the ecosystem's actors. In this study, the business stages are divided into two: the early business stage and the established stage. In the nascent business stage, entrepreneurs approach the ecosystem differently compared to when their business has already reached the established business stage. Therefore, it is essential to understand the different stages of business development of township entrepreneurial businesses.

There are many models that explain the stages of the entrepreneurial process. Our research used the Global Entrepreneurship Monitor (GEM) to distinguish between the early stage of business activity and the established business stage (Bowmaker-Falconer et al., 2023). The early-stage entrepreneurial activity illustrates the stages that begin with planning and starting a business, and they end with owning a new business that is less than 42 months old. The established business stage has been reached after 42 months, when a business is paying salaries or wages to their employees, and any other payments the owner has to make. Entrepreneurs and their businesses progress from the early stage to the established business stage. As they develop, they require entrepreneurial ecosystem interventions that are aligned to their business's specific stage of development.

3. The Study's Purpose

Existing research on entrepreneurial ecosystems focuses mainly on developed economies, without highlighting the status quo of entrepreneurial ecosystems in developing countries (Cao & Shi, 2021). The limited research conducted in developing countries focuses primarily on urban areas that are endowed with better entrepreneurial ecosystems, thus excluding entrepreneurial activities in townships. Scheba and Turok (2020) argue that South African townships are different, so they should be studied according to their own contextual nuances.

Taking cognisance of the challenges affecting the township ecosystems, an additional challenge is that the existing studies focus primarily on entrepreneurial actors, without gathering the lived experiences of the entrepreneurs (ANDE, 2021; Stam, 2015). Very few studies explored the ecosystem elements, the interactions, and access to resources from the entrepreneurs' perspective (Nambiar et al., 2020). The entrepreneur is the key actor, without whom the entrepreneurial ecosystem will not realise the intended outcomes of productive entrepreneurship and economic growth. Understanding the lived experiences of entrepreneurs is thus important to develop the necessary and relevant interventions suitable for their entrepreneurial success.

The study explored the lived experience of township entrepreneurs when engaging with their entrepreneurial ecosystem. To achieve this aim, the main research was:

Main Research Question:

What are the township entrepreneurs' experiences when navigating the entrepreneurial ecosystem?

Research sub-questions:

Who are the entrepreneurial ecosystem actors that entrepreneurs engage with?

What resources do township entrepreneurs need, and how do they access them?

How do they interact with other entrepreneurs?

How can the township entrepreneurial ecosystem be improved?

The study resulted in a framework explaining how entrepreneurs engage with their ecosystem. The findings can inform the training and support services geared toward entrepreneurs by different entrepreneurial ecosystem actors. The actors should design interventions that are aligned with the entrepreneurs' needs.

4. Research Design and Methodology

4.1 Research design and sampling

This study used a narrative qualitative research design to explore the township entrepreneurial ecosystem in sub-Saharan Africa. Using the narrative design allowed the entrepreneurs to share their own stories and experiences. The qualitative approach was appropriate for this study, especially in South Africa, where the township entrepreneurial ecosystem is not well documented and questions such as "why" and "how" need to be answered in depth. The sample of the study included entrepreneurs in Gauteng (Soshanguve), the Western Cape (Khayelitsha), Limpopo (Seshego) and KwaZulu-Natal (KwaMashu). These selected provinces and township areas were selected as they provided a good variance, with Gauteng and the Western Cape being recognised for having more advanced ecosystems than KwaZulu-Natal and Limpopo.

A purposive sampling procedure ensured that the selected participants provided insights into their experiences of the township entrepreneurial ecosystem (Saunders et al., 2009). The participants were sourced from the GIBS Entrepreneurship Development Academy's list, based on these predetermined criteria: township entrepreneurs, aged 18 years and above; business ownership of more than three years; operating in a township; founder of the business; and active engagement with some entrepreneurial ecosystem actor/s.

The entrepreneurs who participated in the study were managing their businesses for more than three years. While many models have determined the different entrepreneurship stages, the GEM's model was used in this study to define the stages of business development. This model is based on robust data collection over a prolonged period. The enterprises were asked questions about their enterprise's early-stage experiences and the established business stage experiences. Since the participating entrepreneurs in this study had all been in business for more than three years, they were regarded as managing established businesses. An established enterprise is any business that has paid salaries or, wages, or any other regular payments by the owners for longer than 42 months. Regarding the different experiences they had undergone during the stages of their enterprises, entrepreneurs were asked to reflect on the early stage, when they were still planning and setting up the business, and the current, established business stage experiences.

Table 1 shows that this study's final sample size was 39 entrepreneurs, consisting of 20 female and 19 male entrepreneurs. Their level of qualifications varied from high school to bachelor's qualification. These entrepreneurs represented various industries, which included media and multi-media, beauty, manufacturing, agriculture, construction, food and beverages, and transportation. An age comparison showed that the youngest of the participants was 24 years old, while the oldest was 57.

Participant	Age	Gender	Qualification	Industry	Location
1	42	Male	Bachelor	Media	Limpopo (Seshego)
2	41	Female	High School	Beauty	Limpopo (Seshego)
3	40	Male	Bachelor	Processing	Limpopo (Seshego)
4	35	Female	High School	Food	Limpopo (Seshego)
5	33	Female	High School	Beauty	Limpopo (Seshego)
6	43	Female	High School	Food	KZN (KwaMashu)
7	24	Female	High School	Agriculture	Limpopo (Seshego)
8	40	Female	High School	Food	Limpopo (Seshego)
9	34	Male	High School	Food	Limpopo (Seshego)
10	35	Female	Bachelor	Manufacturing	Limpopo (Seshego)
11	37	Male	High School	Photography	KZN (KwaMashu)
12	50	Female	High School	Manufacturing	KZN (KwaMashu)
13	29	Male	High School	Food	KZN (KwaMashu)
14	30	Male	High School	Food	KZN (KwaMashu)
15	33	Female	High School	Manufacturing	Gauteng (Soshanguve)
16	51	Male	Post-Graduate	Construction	KZN (KwaMashu)
17	39	Female	Post-Graduate	Funeral Parlour	Gauteng (Soshanguve)
18	47	Male	Bachelor	Construction	Limpopo (Seshego)
19	35	Female	High School	Manufacturing	KZN (KwaMashu)
20	27	Male	Bachelor	Printing	KZN (KwaMashu)
21	38	Male	High School	Multi-Media	KZN (KwaMashu)
22	37	Female	Post-Graduate	Transport	Limpopo (Seshego)
23	57	Female	Masters	Food	Gauteng (Soshanguve)
24	48	Male	High School	Construction	Gauteng (Soshanguve)
25	43	Female	High School	Construction	Gauteng (Soshanguve)
26	35	Male	High School	Manufacturing	Gauteng (Soshanguve)
27	40	Male	High School	Manufacturing	Gauteng (Soshanguve)
28	33	Male	High School	Food	Gauteng (Soshanguve)
29	26	Female	High School	Automotive	Gauteng (Soshanguve)
30	36	Male	Post-Graduate	Clothing and Textiles	Western Cape Khayelitsha
31	37	Male	High School	Furniture	Western Cape Khayelitsha
32	38	Female	High School	Construction	Western Cape Khayelitsha
33	30	Female	Bachelor's Degree	Food	Western Cape Khayelitsha
34	40	Male	High School	Laundry Services	Western Cape Khayelitsha
35	34		Bachelor's Degree	Agriculture	Western Cape Khayelitsha
36	40	Female	High School	Clothing and Textiles	Western Cape Khayelitsha
37	35	Female	High School	Cleaning	Western Cape Khayelitsha
38	40	Female	High School	Education	Western Cape Khayelitsha
39	43	Female	High School	Burial society	Western Cape Khayelitsha

Table 1: Participant's List
Source: Authors own

4.2 Data collection

The data was collected using semi-structured interviews that lasted about 30 minutes each. The interviews enabled the researchers to probe and ask for clarification during the probing process. A set of predetermined questions was used during the interviews, which were conducted online. All participants gave their informed voluntary consent before participating in the study.

4.3 Data analysis

The recorded interviews were transcribed and quality-controlled before the actual analysis. A narrative, thematic analytic technique provided the key themes that emerged from the data. The themes that were developed include the growth status of township businesses; identification of entrepreneurial actors engaging with the entrepreneurs, assistance from entrepreneurial actors, selection of entrepreneurial actors, challenges, and recommendations for improving the township ecosystem.

4.4 Ethical considerations

The Gordon Institute of Business Science (GIBS) provided ethical clearance to conduct the study. Before the interviews began. The participants were assured of their anonymity during the data analysis and when reporting the data. They were told that the interview was voluntary and that they could withdraw at any time without any negative consequences. The researchers ensured that the participants' names were anonymised when recording and reporting the findings. Finally, the gathered data were stored without identification.

5. Findings

This section presents the six themes that emerged from the findings. The first theme describes the entrepreneurs in the townships, and this theme is specifically focused on the growth status of their businesses. The second theme focuses on entrepreneurial ecosystem actors according to the different business stages. Third, the study discusses the forms of assistance obtained from the township entrepreneurial ecosystem actors. Fourth, the study explains how entrepreneurs select and interact with the various ecosystem actors. The fifth theme presents the challenges faced by entrepreneurs when trying to engage with ecosystem actors. The last theme suggests recommendations for developing township entrepreneurial ecosystems.

Theme 1:
Growth status of township businesses

The gathered data shows that township businesses are growing, and entrepreneurs use various metrics to measure the growth of their businesses. The qualitative and quantitative metrics used by the entrepreneurs are aligned with the categories of the balanced scorecard, known as customers, financial, internal, and learning and growth. Even though many other performance measures could still apply, one of the more simplistic tools used in the context of township businesses is the balanced scorecard. The use of the balanced scorecard by some entrepreneurs demonstrates that some township businesses adopt business-like practices that contribute to the success of the businesses. More research is required to understand township entrepreneurs' performance measurements beyond the use of the balanced scorecard. Figure 1 shows the elements that can be used to measure the growth of township enterprises:

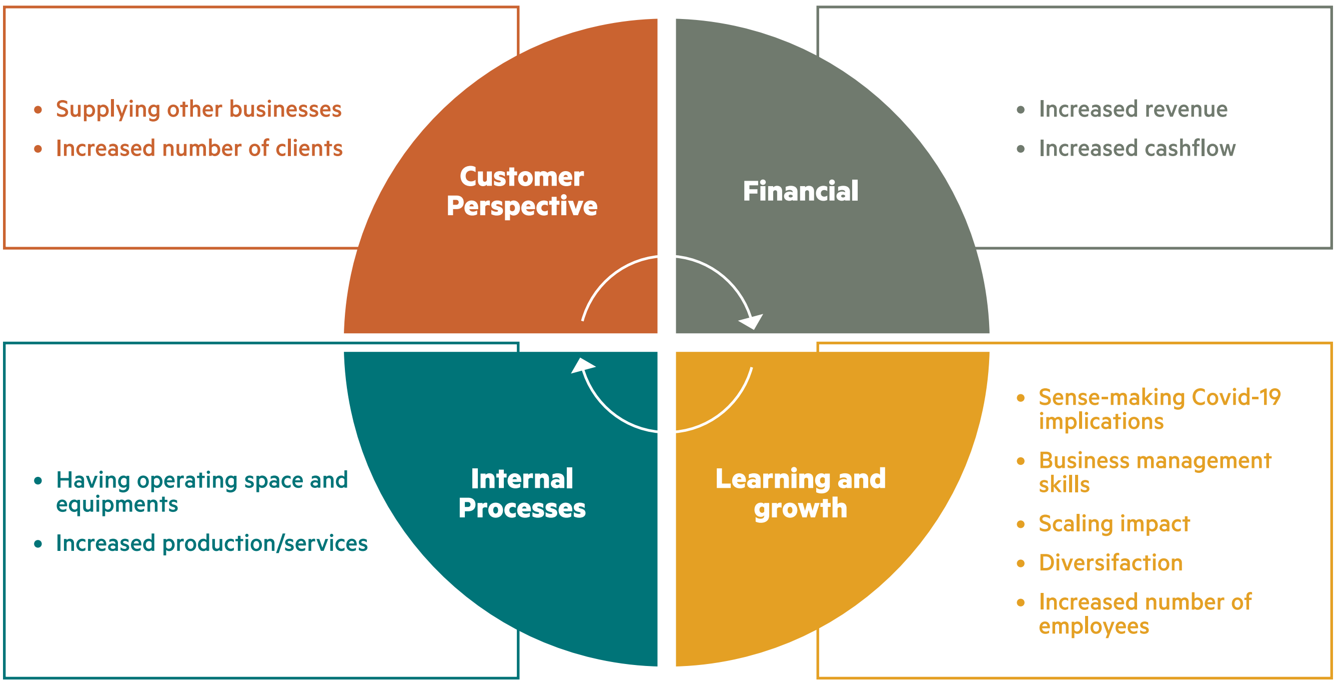

Figure 1: Growth indicators for township businesses
Source: Authors own

Learning and growth

Focus on intangible assets, such as knowledge and skills required for the business to deliver value. Under this theme, entrepreneurs state that the skills they have accumulated over time demonstrate that they are personally growing in knowledge and skills, together with their businesses. For example, entrepreneurs have developed business management skills required for scaling, diversification, and sense-making during the recent Covid-19 pandemic. Once their business was established, entrepreneurs increased the number of employees. This shows how entrepreneurs contribute to job creation.

Sense-making of/after the Covid-19 pandemic: Participants share their insights on how the pandemic affected their businesses. They relied on their sense-making capabilities developed over time to determine the extent of the pandemic's impact and devise strategies to survive the crisis. The ability to make sense of the pandemic demonstrates entrepreneurs' agility leading to their growth in capabilities.

Business management skills: Entrepreneurs measured their business management skills to assess their personal and business growth. Their improved business management skills involved skills in marketing, finance, and managing human resources.

Scaling impact: Township businesses with a social orientation measured their level of growth based on the activities they delivered to their beneficiaries. In this case, the term beneficiary refers to anyone who receive products at a discount or for free. The entrepreneurs increased the number of beneficiaries receiving services and products through their ability to scale their businesses.

Business diversification: is an indication of these entrepreneurs' applied level of learning and growth. Entrepreneurs mention that their level of learning is reflected in their introduction of new service offerings and new business opportunities. Exploring identified opportunities resulted in the creation of new businesses.

Increased number of employees: The entrepreneurs used the number of individuals employed to measure the level of their enterprise's growth. In the early stages of the business, the entrepreneurs were operating on their own as jack-of-all trades, responsible for the different functions of the business, such as production, distribution, seeking customers, and managing the few employees they had in their enterprises at that time. However, as the business developed, they hired more employees who assisted them with the production and distribution of goods. Two participants share these experiences of learning and growth:

> "The business has grown. We've been able to diversify the business because initially, when we started, we were just doing T-shirt printing. So now, we do printing, branding, and signage. We also do pull-up banners, your outdoor signage, and so forth." P20, KZN

Internal processes

Focus on the key activities required to produce goods and services. The study's participants mention two internal processes they used toward growth outcomes: buying operating space and equipment, and increasing production.

Buying operating space and equipment: Entrepreneurs in the townships operate in the context of resource scarcity. Some participants consider renting or buying additional operating space, and others purchased machinery or equipment to accommodate their growth.

Increased production: As entrepreneurs continued to operate, there was an increased demand for their products. As a result, they had to increase the production of their goods and services. Entrepreneurs regard this measure as an important determinant of growth.

> "Our first batch manufactured was 20 litres, and now our capacity is increased to like 1000 litres of each product." P 15, Gauteng

Customer perspective

The scorecard shows the characteristics of the market in which the entrepreneur operates. Entrepreneurs reported growth by observing the number of new clients and supplying other businesses with their products.

Supplying other businesses: It is interesting to note that the township entrepreneurs are engaged in B2B activities. Even though some of the businesses are small, they serve as suppliers to local retailers and Spaza shops. Spaza shops are micro-enterprises operating informally as convenience stores in townships. Entrepreneurs measure their level of growth based on the number of businesses they are able to supply with goods and services.

Increased client numbers: are reported to be at the core of business growth. Entrepreneurs track the growth in the number of customers they serve:

> "Over the years, my business has grown in terms of having recommended clients and discovering the markets that the business is looking to supply for the future." P 9, Limpopo

> "It's grown very well because from that time till now, my business is doing very well and it is well-known now. I have some of my customers call me, and then I deliver for them, that's when I saw that my business is running." P 19, KZN

Financial

Lastly, one of the most important measures of growth used by township entrepreneurs is increased revenue. The participants mention how important it is to track sales and expenses to ensure that the business is profitable. One participant states:

> "I think it grew when I was part-time, we didn't really do finance, you know, recording. So, ever since I've been full-time, it's been growing each month. So, I'm able to pay my salary, I'm able to pay the rent. We can make a profit and then we save it on the savings [account], so the business is growing each month ever since then." P 30, Western Cape

Theme 2: Township entrepreneurial ecosystem actors in the early stage and established business stages

This research explored the essential township entrepreneurial ecosystem actors identified by entrepreneurs. Figure 2 summarises the entrepreneurial ecosystem actors involved in the entrepreneurs' businesses. It is clear from the data that the entrepreneurial ecosystem actors' significance is based on the stage of the business. During the early stages of their business activities, entrepreneurs tend to rely on family, friends, peer entrepreneurs, and the community. A few entrepreneurs were fortunate to have had access to early-stage support actors. During the established business stage, entrepreneurs tend to rely on a variety of actors, private companies, government business development support, and training institutions. Other actors, such as peer entrepreneurs, are important actors throughout the business stages, exchanging experience, support and knowledge. It is evident that there are limited factors playing a major role for entrepreneurs in the early stages when they are still not sure about the future of their business. Township entrepreneurs rely on their close social contacts to navigate the early stages of their enterprise's formation. Therefore, the entrepreneurs' agency matters in identifying the key actors they require to run successful business ventures.

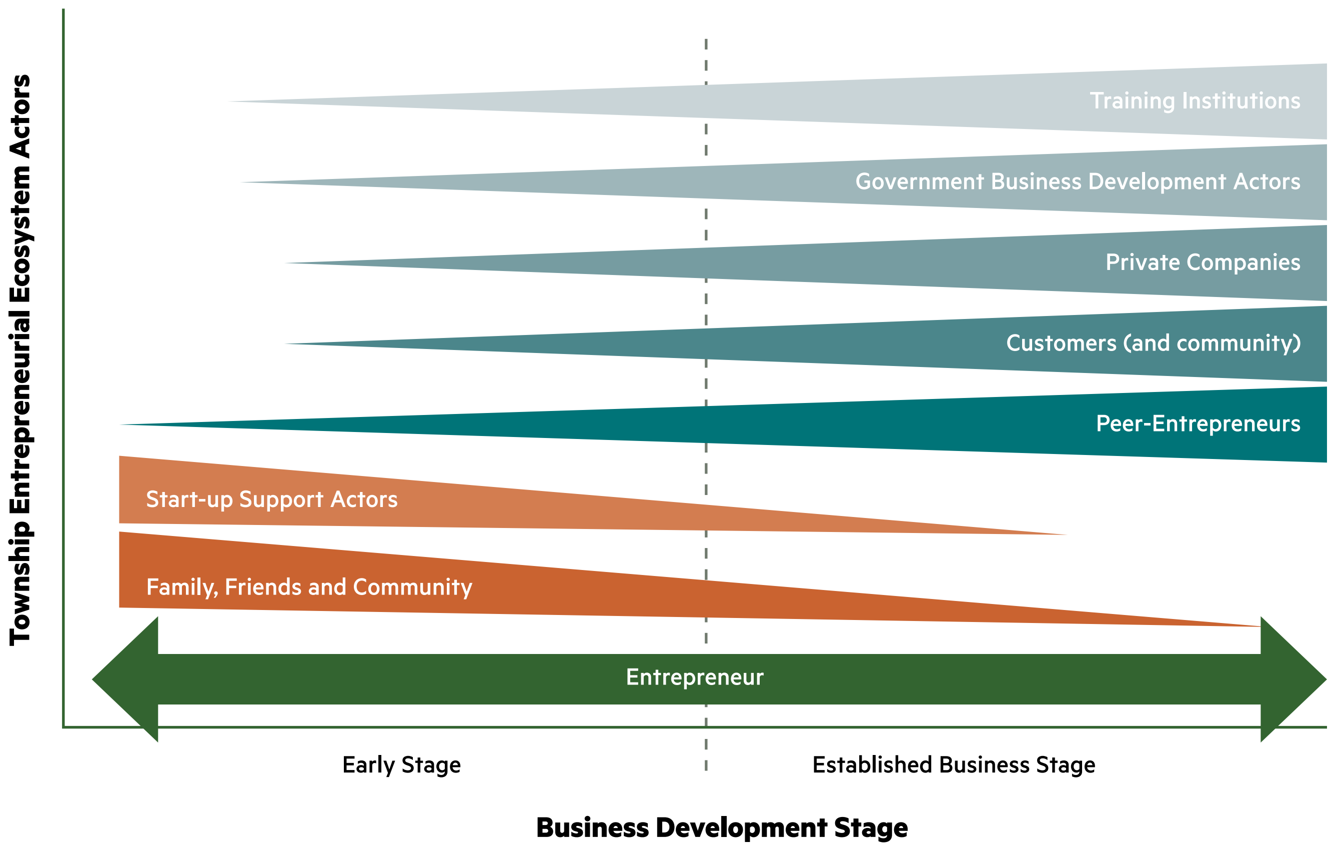

Figure 2: Township Entrepreneurial Ecosystem Actors
Source: Authors own

Ecosystem actors in the early stage of the business activity

Entrepreneurs' agency: Most entrepreneurship actors start their businesses on their own and not in partnerships. Their tenacity and resilience keep them going, despite the challenges they encounter during their entrepreneurial journey. Some of the entrepreneurs started their business while they were still students, using the money received from the National Student Financial Aid Scheme (NSFAS)[2] to help them fund the start-up.

> "When I started my business, it was myself because I was a student, and by then, I used my NSFAS savings to start the business." P 7, Limpopo

Close actors: Our findings show that in the early stages of their business activities, entrepreneurs rely on their close network. Family members, parents, siblings, and spouses are the first point of contact in the entrepreneur's business activities. When the entrepreneurs' close contact resources are exhausted, then they rely on friends and community members for assistance. Entrepreneurs emphasise the role of community members in the early stages of their business development. This demonstrates that community embeddedness is one of the essential pillars within the township entrepreneurial ecosystem. The community perspective expands beyond the physical to social media or online communities. One of the entrepreneurs states that this applies to their need for actors in the early business stage:

> "My community and me and my family, they helped me so much when I started this business at that time." P 18, Gauteng

Early-stage support actors: A limited number of entrepreneurs state that they had access to the actors that support early-stage businesses. Some of these actors include similar businesses, government institutions, loan sharks, ward councillors, former employees, and training (university and private incubation hubs). It is interesting to see that local ward councillors[3] are mentioned as meaningful actors in the early-stage activities. Involvement of the ward councillors confirms the notion that township entrepreneurship is embedded within the community.

Since entrepreneurs struggle to access formal funding, especially when they do not have any track record of their business, or collateral to offer as security, they opt to obtain financial support from micro-lenders. The lack of access to finance or the resource scarcity encountered by entrepreneurs in the early stages of their business formation also motivates them to find peer businesses as their important support system. A very small percentage of entrepreneurs claim to have attended incubation programmes. Those who managed to attend the incubation programmes in the early stages of their business activities state that they had prior connections with the hubs, for example, university programmes where the entrepreneur is studying or studied. It is evident from the data that there is a limited number of entrepreneurial ecosystem actors who support entrepreneurs in the early stages of their business activity.

> "I went to University X [name retracted]. There was an incubation there, so they helped me with seed funding and also helped me with mentorship and other things as well that were part of the incubation." P 19, KZN

Ecosystem actors during the established business stage

Access to the entrepreneurial ecosystem actors seems to improve with the entrepreneurs' level of business development. Entrepreneurs mention that multiple actors contribute to the formalisation of their businesses. These actors include private companies, incubators, government business development institutions, training institutions, universities, and peer businesses. Customers and peer-entrepreneurial businesses seem to be the most important actors as perceived by the entrepreneurs. One of the participants mentions that they engage with international customers, thus showing that township entrepreneurs are capable of dealing with international markets. However, most entrepreneurs are still producing their goods on a much smaller scale. A participant describes the assistance obtained from a private company:

> "Company X [name retracted] gave us 20K, and we bought the bike and built the shack behind our house, so we can just manufacture the products." P 26, Gauteng

Even during the established business stage, township entrepreneurs do not seem to have access to mentors and coaches, or they are not aware of such potential help. Mentorship should be central to entrepreneurs' skills development and to help them navigate growing challenges. Such deprivation of mentorship could delay the entrepreneurs' progress in establishing or growing their businesses.

[2] NSFAS is the South African Government's student financial aid scheme, which provides financial aid to undergraduate students to help pay for the cost of their tertiary education after finishing high school.
[3] Ward councillors are the chairperson of their ward committees and must give special attention to their wards.

Theme 3: Assistance obtained from the township entrepreneurial ecosystem actors

Participants shared how the identified actors helped them navigate the entrepreneurial journey. The results are in three main categories that indicate the actors' interventions: business capacitation, business resourcing, and business promotions and sales. Business capacitation focuses on activities that contribute to business formalisation and skills development. Business resourcing centres on the financial and non-financial resources that entrepreneurs obtain from these actors. Lastly, entrepreneurial ecosystem actors assist them with business promotion, and improving their sales. Figure 3 provides a summary of the interventions or assistance provided by the ecosystem actors.

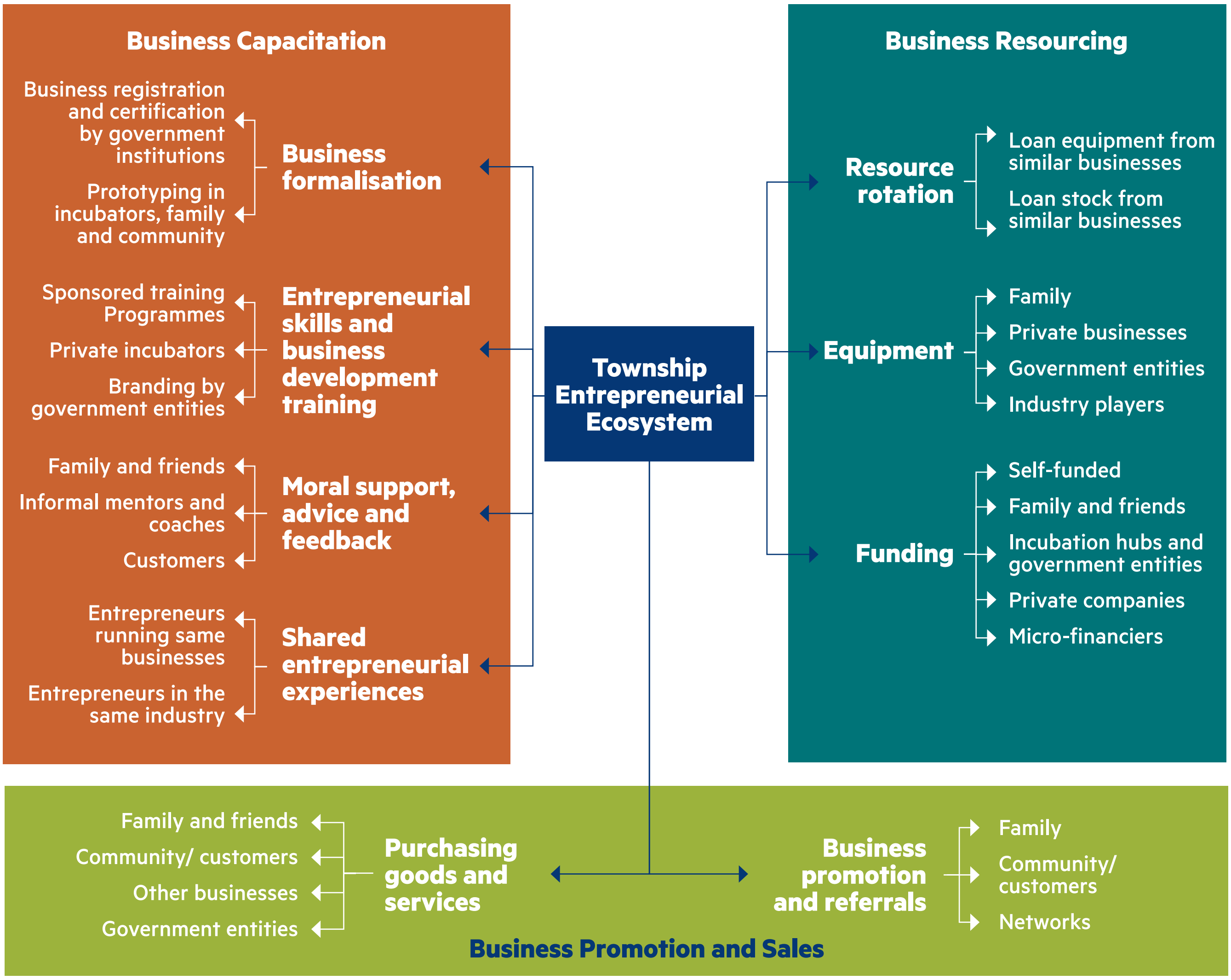

Figure 3: Township Entrepreneurial Ecosystem Resourcing
Source: Authors own

Business Capacitation

Entrepreneurs mention that these actors helped them to formalise their businesses, provided entrepreneurial skills development, support and advice, and shared similar lived entrepreneurial experiences.

Business formalisation: Most township entrepreneurs started their businesses without any formal registration. Some were students or still employed. For those who were employed, it meant that they started their businesses as side hustles[4] and later transitioned to full-time entrepreneurship. As their business activities grew, they needed to operate formally and register their businesses. Government institutions helped most of these entrepreneurs with their business registrations. Entrepreneurs who manufactured products also received help from these institutions to obtain the necessary certificates. In addition to government institutions or agencies, family, friends, and community members played an active role in the prototyping of solutions. These entrepreneurs shared their products with close families or friends, who provided them with reviews and recommendations. Based on the feedback from friends and the community, the entrepreneurs were able to improve on any shortcomings and finalise their goods and services.

Entrepreneurial skills development: There is clear evidence that entrepreneurial skills development is essential for individuals and their business growth (Koape & Mamabolo, in press). Actors who provide training are private incubators, business development programmes sponsored by private companies, and to a limited extent, government institutions. These findings demonstrate that the private sector plays an important role in investing in the skills development of township entrepreneurs. Most of the participants mention that the government services are mostly situated in urban areas, far from where they operate. Also, at times, government programmes are not aligned with the entrepreneurs' skills requirements. For example, some programmes deal with early-stage entrepreneurs and those in the scaling stage at the same time and in the same room. While this might be beneficial in ensuring trans-stage learning, it could cause frustration among those who are focusing on scaling, while it could be too advanced for those in the early stages of their business development.

Support, advice and feedback: In the early stages of their business activities, entrepreneurs tend to rely on their family members for moral support, advice and feedback. Very few entrepreneurs had access to mentors and coaches who guided them through the early business development process. The support, advice, feedback and mentorship tended to be asked for and offered to the entrepreneurs on an informal basis.

Shared entrepreneurial experiences: The last aspect of business capacitation emphasised by entrepreneurs is that they learned a lot from entrepreneurs running similar businesses. These entrepreneurs provide information about market access, funding, and industry insights. One entrepreneur in Polokwane states:

> "The similar business owners gave me guidance and helped me when I'm going through … business; sometimes it's hard when you go in through those phases and then you just need somebody to talk to, and then these people who I'll go to and then they … just help me out." P 2, Polokwane

Business resourcing

Another important assistance that entrepreneurs obtain from these ecosystem actors refers to capital resources, such as equipment and funding. The data reveals that entrepreneurs also receive resources from other entrepreneurs running similar businesses through resource rotations.

Resource rotation: Some entrepreneurs and their peers engaged in resource rotations, sharing, and loaning of equipment. Those without resources, for example, equipment and stock, loaned them to entrepreneurs running the same business. For instance, one of the farmers (Participant 9, Gauteng) had an opportunity to supply a nearby supermarket with chickens. Unfortunately, she did not have enough stock at hand. She loaned the stock from an entrepreneur in the same business of selling chickens. Entrepreneurs rely on each other to survive by loaning equipment and stock. At times, entrepreneurs are not expected to pay for the loan of equipment. These findings suggest the extended positive impact of other township entrepreneurs. This impact extends from them providing services to their communities to supporting other entrepreneurs:

> "When I started the business, when I started the media side part of a business, I was not having cameras. I did not have sound; I did not have a stage. So, every time I get a client, I will outsource from them. All their cameras, all their videography, I mean all the stages. Sometimes, I use their vehicles to go to the client, but besides that, they never wanted me to pay for anything except just pour petrol in the car and drive. They were not renting any equipment … they were just lending me so that I can work." P 1, Polokwane

Equipment: Access to resources is among the top needs of a business. The environment in which these entrepreneurs operate is challenging, characterised by a lack of business offices or factories. While emerging markets are known for resource scarcity, township entrepreneurs experience more resource challenges than do urban entrepreneurs. Entrepreneurs tend to obtain equipment from family members, private companies, government entities, industry players, and similar businesses. One of the main challenges they report is the lack of machinery required for production. Without such essential machines, entrepreneurs had to find a local manufacturing facility to which they could outsource production. Unfortunately, some entrepreneurs do not have transport to get to the manufacturing facilities, which are primarily located in the industrial area or the outskirts of the city.

Funding is one of the most frequently reported challenges encountered when establishing a new business. The participants of this study state that it is very difficult to access funding, especially for a new business. In the early stages, entrepreneurs tend to rely on their own savings and family assistance. Once established, some approach the government funding institutions for help. Private companies and incubation hubs also provide some seed capital to help entrepreneurs with their business development. Micro-lenders tend to be approached when entrepreneurs require urgent capital, based on the notion that government processes are bureaucratic, making the funding application process lengthy. Entrepreneurs also emphasise that government's funding structures are not designed according to the different stages of the businesses. Thus, to provide robust funding solutions, the funding interventions should consider the nuances of the different businesses and their stage of development.

[4] Side hustle, also known as hybrid entrepreneurship, refers to individuals who start their businesses while still having a primary job that pays them a salary.

Business promotions and sales

These entrepreneurs agree that entrepreneurial ecosystem actors help promote the business, which should lead to increased sales. Referrals from family and community members also help them to increase the number of customers.

Business promotions and referrals: In most cases, the family members are the first people to engage with the goods and services of the new business. They play a critical role in promoting the business to community members. The community, where the township business is embedded, becomes an important supporter of the entrepreneurs' businesses and their products. These referrals extend beyond the close networks to involving the industry partners. Even though access to the industry networks is limited, entrepreneurs leverage the very few networks they have to promote their businesses.

Purchasing goods and services: Entrepreneurs believe that there is a close relationship between business promotion and sales. Some of them received major orders through referrals from their clients and other businesses:

> "Referrals, whenever I work with people, anyone either corporate or just individual people. I always make sure that I always get referrals from them and that is always the key that is helping my business." P 13, KZN

Assistance from the actors and the stages of business development

The assistance from the different actors was mapped according to the stage of business development. Figure 4 shows the kind of assistance that entrepreneurs obtained in the early and established stages of their business development.

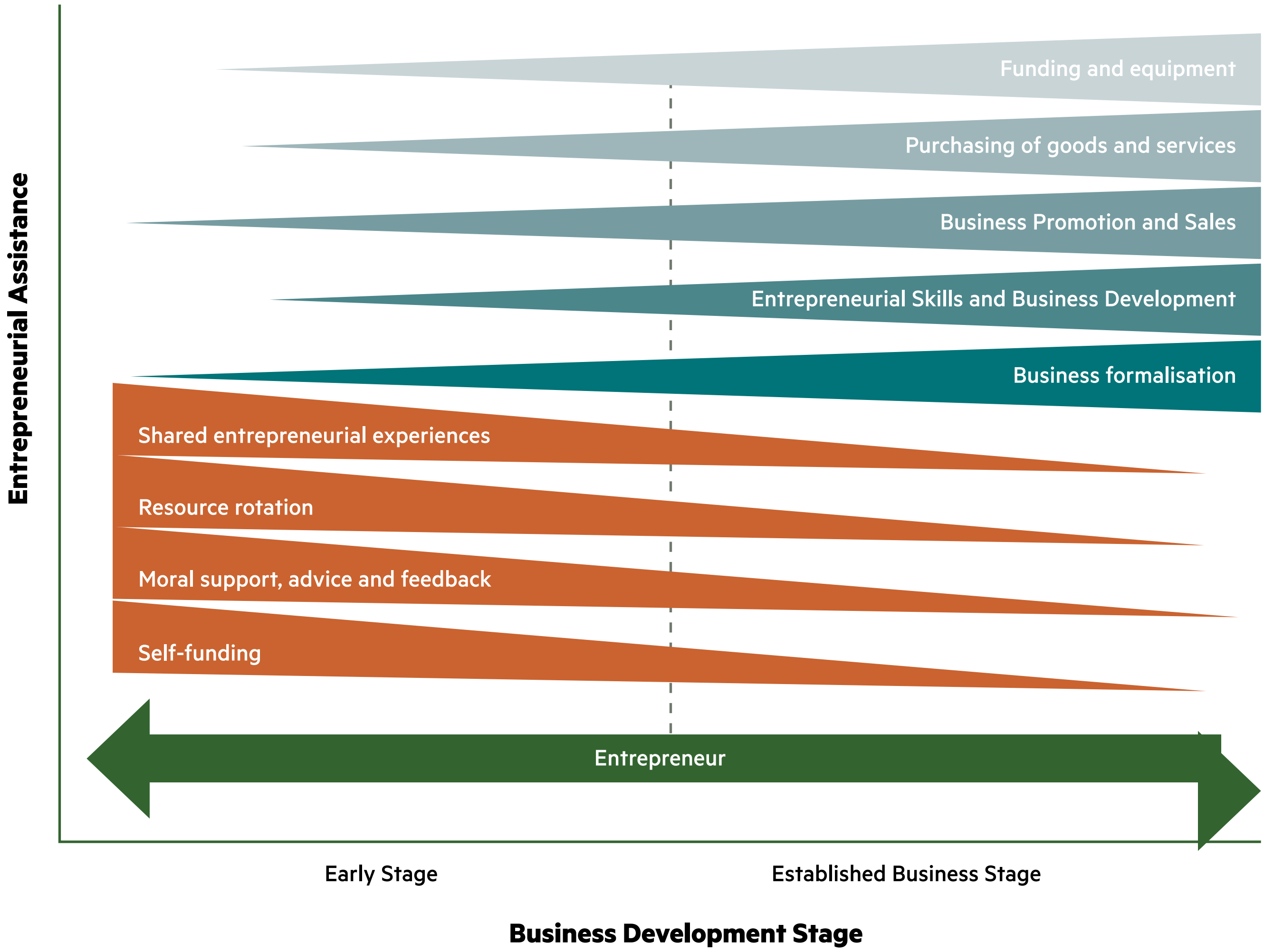

Figure 4: Township Entrepreneurial Ecosystem Resourcing according to Business Stage
Source: Authors own

Early stage: The data shows that when these entrepreneurs started their businesses, they received moral support, feedback, and lessons from other entrepreneurs in the same field. This study's findings demonstrate that entrepreneurs can cooperate with each other instead of competing.[5] The findings also show the important role of their peer entrepreneurs, a resource structure that compensates for the limited support available to entrepreneurs during the early business phase. This seems to be especially appropriate among township entrepreneurs. Collaboration and networking are essential factors in the entrepreneurial ecosystem, and entrepreneurs are dependent on networks for the success of their businesses. Therefore, there should be more platforms for entrepreneurs to network.

Established business stage: During the established phase, the entrepreneurs seem to be able to obtain funding, they purchase goods and services, are involved in business promotion and sales, and develop their entrepreneurial skills and business development capabilities. Some of the businesses that operate as informal businesses tend to become formalised (obtain business registration) in the established business stage. Instead of receiving entrepreneurial skills training during the early business phase, entrepreneurs rely on shared experiences with other entrepreneurs as a source of learning. Thus, the limited training available to entrepreneurs during the early stages seems to force entrepreneurs to find alternative means to close their skills gaps. As entrepreneurs progress through their entrepreneurial journey, they garner better access to business development training. These programmes cover topics such as financial management, marketing, operations, and human resources. Very few entrepreneurs have access to formal skills development through mentorship or coaching.

Most entrepreneurs' businesses were formalised legally at the stage once they were regarded as established businesses. In other words, some township entrepreneurs took longer to move out of the early stages, trying to set up and stabilise the business. Perhaps the delayed start-up activities, with limited evidence of a track record, could have contributed to their constrained access to funding in the established phase. However, their need for funding during the established phase is probably based on larger capital injections being needed. The funding is committed to buying the equipment required to manufacture products. Since funding is constrained, entrepreneurs intensify their business promotion through different stakeholders. These promotions contributed to increased sales and achieving better cash flow or profits.

Theme 4: Selection of and interaction with ecosystem actors

Entrepreneurs engage with multiple actors who are perceived as resource owners. The study explored how entrepreneurs identified the actors with resources. Figure 5 shows that entrepreneurs select actors based on the values they embody as the basis of the interaction. Thereafter, entrepreneurs seek actors who will contribute to their growth, learning, and resource accumulation. Entrepreneurs do not only seek benefits from the actors, but, in turn, they also contribute to the social well-being of, or their impact on their communities. The entrepreneurs' agency and proactiveness to approach the actors or resource owners is critical. Figure 5 shows how entrepreneurs engage with multiple actors. These interactions tend to be mostly online and, in some cases, face-to-face and field visits.

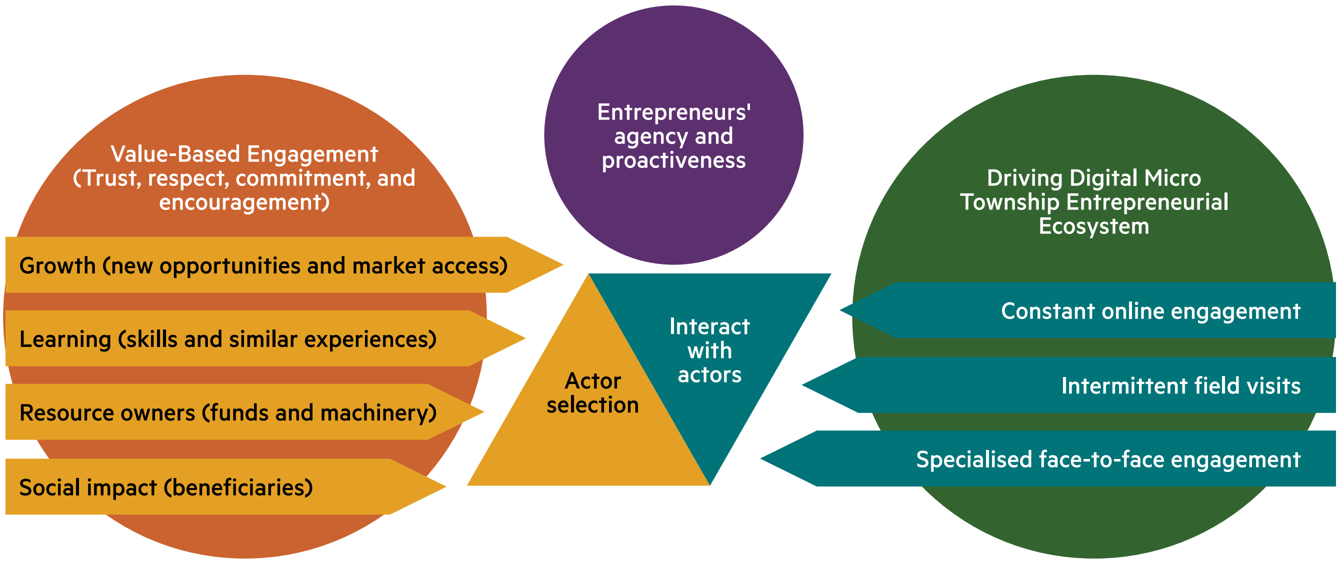

Figure 5: Selection and Interaction with Township Entrepreneurial Ecosystem Actors
Source: Authors own

[5] Coopetition is when businesses that are in the same industry, or are selling similar products, partner and work together.

Township entrepreneurs' proactiveness and agency

Entrepreneurs emphasise that other people play an important role in their lives when they try to identify and approach the actors that can help them. They do not wait for actors to come to them, but they intentionally search for individuals who would help them set up and run their businesses. Without the entrepreneurs' micro-actions, their business activities would not have been achieved. One of the entrepreneurs states:

> "Ok. I just look for people who can help me with the tools that I don't have. So, I decided to go to them, and because they do exactly what I am doing in my community, I decided to approach them." P 17, Gauteng

Value-based engagement

Entrepreneurs interact with individuals who share their values, which are based on trust, commitment, respectable engagement, and encouragement.

Trust is one of the most important values entrepreneurs seek when engaging with the different actors within the ecosystem. Since entrepreneurs operate in contexts of shortage of resources and inadequate regulations to support entrepreneurial activities, they use trust as an informal measurement that guides their actions.

Commitment is challenging when engaging with multiple actors within the ecosystem. Therefore, entrepreneurs seek actors who are dedicated to supporting entrepreneurial activities at the community level. Even though there are many actors, some of them are not focusing on developing township entrepreneurs. It is essential for actors to understand township entrepreneurship as the context in which the businesses operate is mostly underdeveloped and informal, making it challenging to navigate.

Respectable engagement between the entrepreneur and the actor is emphasised as one of the key factors that entrepreneurs consider when selecting and engaging with different actors.

Lastly, entrepreneurs mention *encouragement* as one of the values they seek from actors. They seek individuals who will motivate them as they embark on their entrepreneurial journey. While entrepreneurs look for all these values of engagement in others, they also try to uphold the same principles.

> "I think the most important duty is honesty, and you need to be trustworthy, so that people can trust you with their investments in your business. The amount of support that I've been getting from the community is splendid; it's amazing because people can see what I'm trying to do with these kids". P 38, Western Cape

Resource owners

Since it is known that entrepreneurs in townships have challenges accessing funding, they are forced to identify actors who are resource owners.

Financial resources are regarded as the most important resources that entrepreneurs require from their actors. When they have depleted their own resources, such as personal savings and investments from family and friends, they seek external funding. Entrepreneurs are committed to trying to obtain funding, even though it is challenging for them. One of the entrepreneurs mentions that they need funding to scale for growth. Without the necessary funding to purchase infrastructure, they will not realise that aim. One entrepreneur explains the challenges of accessing funding due to compliance issues. This suggests that most entrepreneurs are not external funding-ready:

> "I'm communicating with institution X [name retracted]. The institution is willing to give me all that I'm requesting from them in terms of funding and support, but however they need your letters of intent from the potential clients, but now when you get to the potential clients, the problem is that they can give you the letter, but they need compliance first, so it's a tricky one." P 3, Polokwane

Materials and infrastructure add are scarce resources. Entrepreneurs in townships have ongoing experiences of resource scarcity. The resources entrepreneurs need include machinery for production, operating space, office furniture, and delivery vehicles. Considering these needs, entrepreneurs then seek resource owners who can provide them with materials rather than to look for funding. Unfortunately, there are limited resource owners with the necessary materials, but many prefer to offer capital as long as there is collateral or a clear track record.

Learning opportunities

The data clearly shows that entrepreneurs seek actors who will contribute to their learning journeys by developing their skills and sharing similar experiences. An entrepreneur in Gauteng states:

> "I met the one guy at a supplier, then our relationship grew and then the more that I was learning from him. So, we just got along and then we just never stopped from there. I've been learning and he's been my mentor ever since." P 22, Gauteng

Skills development: Entrepreneurs mention the role of skills such as business management, financial management, marketing, and production processes. These skills are specific to the running of their businesses, based on their stage of development. Entrepreneurs who are still in the early stages of their businesses focus on production skills, while those in the later stages are more interested in marking skills. Therefore, it is important for entrepreneurs to work with individuals who can teach them the appropriate skills for making their business ventures successful.

Sharing similar experiences: Literature shows that entrepreneurs also learn skills in their social context by observing others. They emphasise that sharing entrepreneurial experiences between entrepreneurs improves their entrepreneurial competencies. Therefore, entrepreneurs identify those peers who have similar experiences. However, other entrepreneurs mention that they also look beyond their industries. Such inter- and trans-disciplinary learning strengthens their entrepreneurial competencies.

Growth opportunities

The data shows that township enterprises are growing. Entrepreneurs have also started to measure their growth. These measures include changes in learning, internal processes, financial performance, and customers. Entrepreneurs identify actors who will provide them with opportunities for growth.

New opportunities are required for scaling existing businesses. While entrepreneurs focus on exploiting existing opportunities, they also seek new opportunities. This is true for entrepreneurs who are already running businesses. Our data shows that entrepreneurs identify new opportunities for product diversification and entering new markets. As a result, they seek actors who will connect them to new opportunities for growth.

Access to markets is critical, as agreed upon by the entrepreneurs. Entrepreneurs can have the capability to produce products and services, but if there is no demand for the products, the business will not survive. Most of the entrepreneurs supply the local tuck shops and retail stores. Their ambition is to access markets in urban areas or nearby towns. Therefore, it will be essential for the actors to facilitate access to markets.

Social impact is highlighted by entrepreneurs, who note that while they need resources, they also connect with and support needy individuals. Their focus on empowering those in need demonstrates that some of these businesses have a social mission orientation. Therefore, more research is required to understand how township businesses contribute to building or developing their communities. A township Agri-entrepreneur confirms:

> "I did not have a specific criterion, but I started with the elderly persons. The ones that are not too elderly to do things like ploughing and watering the garden because I noticed that most of them are destitute. They depended on their SASSA pay grants, which is not usually enough to sustain them throughout the month." P 35, Western Cape

Modes and frequency of engagement

Lastly, entrepreneurs mention the mechanisms they use to connect with the actors.

Digital engagement: Entrepreneurs mention leveraging digital technologies as suitable platforms to engage with the actors. These digital platforms include social media and online meeting platforms. Since these entrepreneurs are situated in remote areas, the online platforms help them to connect with actors in different parts of the country.

Face-to-face: Some of the entrepreneurs state that actors visited their business premises to see the kind of businesses they were running. For example, entrepreneurs in agriculture speak about field visits where actors saw their farming activities. While digital engagements matter, they should be augmented with face-to-face visits.

Frequency of engagement: Successful interactions with actors are frequent, especially when entrepreneurs require urgent assistance. These entrepreneurs mention the importance of updating their actors regarding their latest business activities. They use some of the actors as accountability partners. However, other entrepreneurs mention that it is challenging to meet with their actors. In such cases, they ensure regular telephonic or email contact and meaningful meetings with their actors if they take place.

Theme 5: Challenges when engaging with township entrepreneurial ecosystem actors

Figure 6 shows the summary of the challenges encountered by entrepreneurs when engaging with the different actors. Most entrepreneurs state that it is not easy to engage with entrepreneurial ecosystem actors. These challenges can be classified into two main categories: actor-specific challenges and ecosystem environmental challenges.

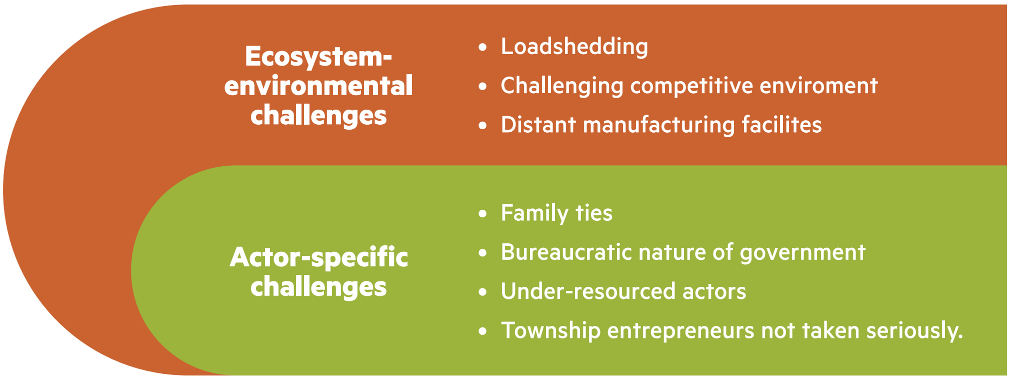

Figure 6: Township Entrepreneurial Ecosystem Challenges
Source: Authors own

Actor-specific challenges

These are challenges specific to the engagement between the entrepreneurs and their actors. Entrepreneurs mention family ties, the bureaucratic nature of government actors, under-resourced actors, and actors not taking entrepreneurs or their businesses seriously.

Family ties: Since family members play an important role in the entrepreneurs' businesses, especially during the early stages, they tend to become too attached to the business. Entrepreneurs mention that close family ties are challenging to manage. For example, managing family members as customers is a challenge. Also, family members tend to give biased feedback to entrepreneurs. While family members are resourceful agents, their proximity to the business can be a disadvantage at times.

Bureaucratic nature of government challenges: Even though there are government interventions to advance entrepreneurship, some of these support programmes are not aligned with the entrepreneurs' needs. In addition, entrepreneurs state that government's bureaucratic nature delays access to the required support. Funding takes time, and by the time entrepreneurs obtain it, they have already addressed their needs through other options.

Under-resourced ecosystem actors: The available intermediary organisations, mostly NGOs, do not have adequate financial and non-financial resources to support entrepreneurs. These organisations themselves require funding to execute their mandates. Therefore, it is challenging for intermediaries to have profit-generating activities to support social mission activities. They should become more entrepreneurial to expand their impact.

Township entrepreneurs and their businesses are not taken seriously: Entrepreneurs raise their concern that other actors do not seem to take them and their businesses seriously. This is due to the notion that most of the business locations are in informal areas. Second, some of these entrepreneurs are still regarded as youth and not being given the opportunity to prove themselves. Therefore, changing the mindset of society to have a positive outlook regarding entrepreneurs and their contribution to job creation and a healthier economy is necessary to promote entrepreneurs in townships.

> "If you go to the department of [X] and try to apply for funding, they don't even take you seriously, even though you comply. So sometimes the government is not doing enough." P 7, Gauteng

Ecosystem environmental challenges

The entrepreneurial environment in which entrepreneurs operate is uncertain, volatile, and constantly changing. As such, the entrepreneurs report environmental challenges, such as loadshedding and crime, changing competitive environments, and remote manufacturing facilities.

Loadshedding: The South African Government introduced loadshedding, which is the rotation of power according to different stages, to ensure citizens have power at specific times. In the higher stages, electricity is only available for a limited number of hours. As a result, entrepreneurs cannot conduct their business activities, especially those manufacturing goods. Entrepreneurs in the service sector complain of poor network coverage because of loadshedding. Without network coverage, entrepreneurs are not able to communicate with their customers. Loadshedding has a negative impact on businesses in townships as they do have alternative means of energy:

> "No, it's a difficult one. First, now currently, it's a loadshedding. So, it's difficult to overcome it, but what we do is work overtime. So now it's it. The electricity will come back at six. Now I must finish here and go to work at 6:00, so I will finish around, let's say, 9:00 at work. So just to put those two hours for the loadshedding." P 34, Western Cape

Challenging competitive environment: Entrepreneurs complain about the presence of foreign shops in the local communities where they operate, offering far lower prices than what they can offer. Also, some local entrepreneurs are unable to sell to the big retail shops. These challenges significantly impact the township businesses' ability to attract customers.

Remote manufacturing facilities: The townships' lack of manufacturing facilities disadvantages entrepreneurs, who must travel a distance to produce their products or outsource production to other companies. Some entrepreneurs do not have larger vehicles to be able to transport the products. Therefore, entrepreneurs recommend that there should be better infrastructure in the townships that could be used for small-scale manufacturing. Alternatively, other actors should help with renting out vehicles that will be used for running manufacturing activities.

Theme 6: Improving Township Entrepreneurial Ecosystem

Entrepreneurs were asked to recommend ways to improve the township entrepreneurship ecosystem. Figure 7 shows three main recommendations: improving awareness, entrepreneurial capital development, and resourcing.

Awareness: The data shows that most entrepreneurs are unaware of the government programmes that support entrepreneurs. Also, accessing information on various programmes seems to be a challenge, as the information is dated and not centralised. Entrepreneurs mention that networking and collaborations are some of the activities that promote awareness; however, there are limited networking opportunities in the townships. Therefore, there should be more awareness of the important role of entrepreneurship, better up-to-date access to information, and more platforms for networking and collaborating.

Entrepreneurial Capital Development: Entrepreneurship and business management training: The research participants agree that there is limited entrepreneurial mindset training available in townships, as well as limited incubation and mentorship activities. Entrepreneurs recommend that the local primary and high schools should consider incorporating entrepreneurship education into the curriculum. A deeply entrenched entrepreneurial mindset could contribute to entrepreneurial intentions and, ultimately, start-ups. Additionally, there should be mentorship opportunities for entrepreneurs based on their stage of business development. Lastly, training should be offered to those already running businesses to help them scale their businesses.

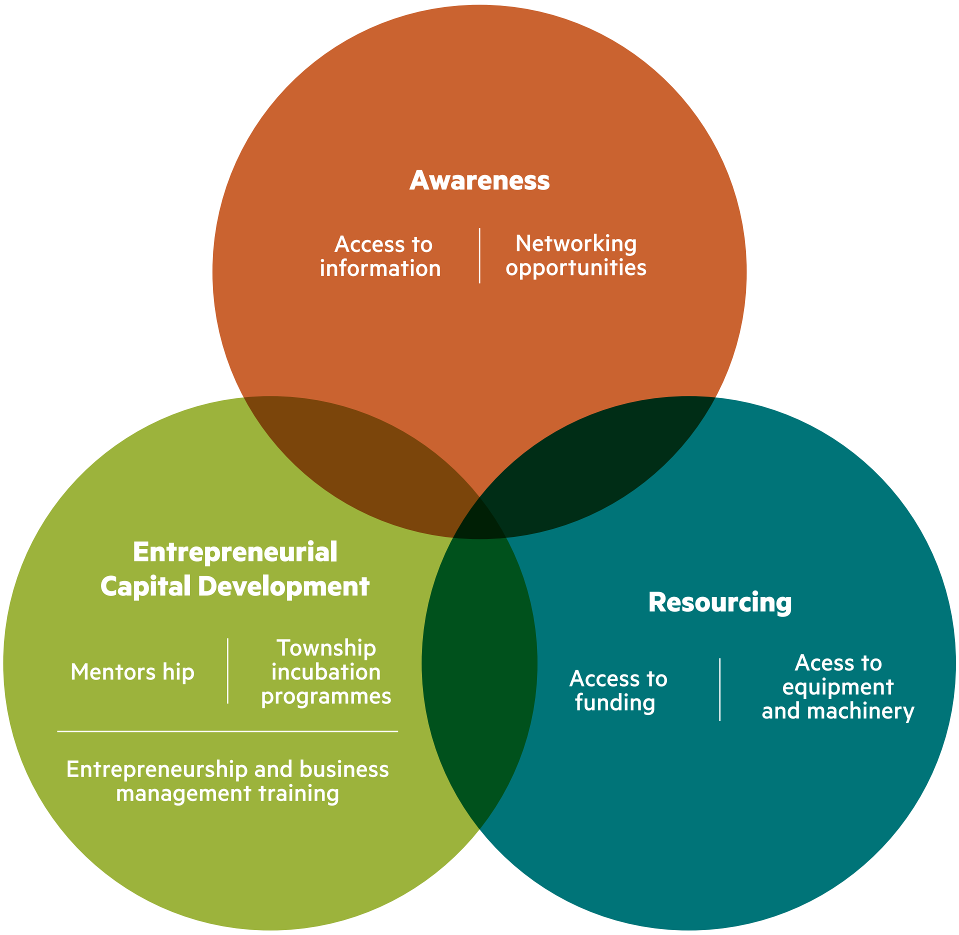

Figure 7: Improving Township Entrepreneurial Ecosystem
Source: Authors own

Resourcing: Entrepreneurs' recommendations include mechanisms that could improve their access to financial support and resources. Entrepreneurs mention that the available financial products are not suitable for small businesses in townships. Unconventional platforms, such as rotating savings groups, could be used as crowd-funding platforms for entrepreneurs. Large enterprises should consider donating old equipment and machinery to entrepreneurs. Alternatively, such machinery could be sold at a cheaper price.

6. Consolidated Township Entrepreneurial Ecosystem Framework

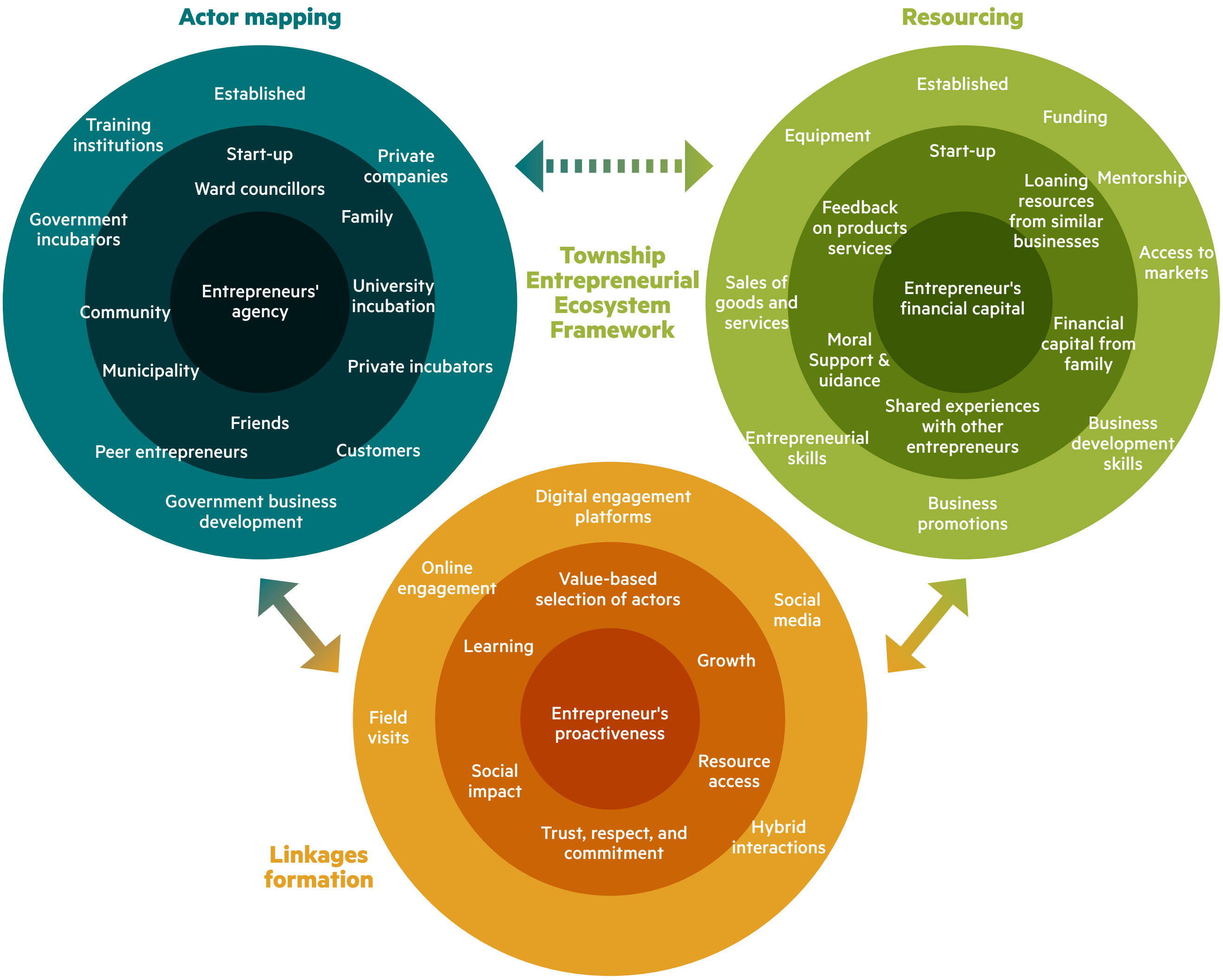

Figure 8: Township Entrepreneurial Ecosystem Framework
Source: Authors own

The purpose of this study was to explore the entrepreneurial ecosystem from the township entrepreneurs' perspective. A framework shown in Figure 8 was developed to show how entrepreneurs engage in the entrepreneurial ecosystem. While the township entrepreneurial ecosystem is not formalised or does not have the specific or primary orchestrator, the entrepreneurs formulate their own ecosystem. A study by Matthee et al. (2023) reports that when there is limited access to ecosystem actors, entrepreneurs have their shadow entrepreneurial ecosystem that they rely on for business venturing activities. These ecosystems are not visible or formalised, but they are very operational. They are a source of resources and networks for entrepreneurs. Similarly, this study found that township entrepreneurs have a shadow ecosystem that is the source of resources. These ecosystems are unknown to other actors, but they are known to entrepreneurs, who are the main drivers or orchestrators. Therefore, these findings build on the notion of the Shadow Township Entrepreneurial Ecosystem, underpinned by micro-processes.

The framework shown in Figure 7 shows the three micro-processes: actor mapping, formulation of linkages, and resourcing. Micro-processes simply explain the actions taken by entrepreneurs at a micro-level to orchestrate their ecosystem. Entrepreneurs' agency is at the core of the micro-processes. These findings suggest that these micro-processes will not be realised fully without the entrepreneurs' action, proactiveness, and financing. These micro-processes are mapped according to the stage of business development.

Micro-process 1

Actor mapping

The data collection revealed that actors play a critical role in the entrepreneurial ecosystem. The main actor is the entrepreneur, without whom the ecosystem would not exist. Entrepreneurs are mapped or identified based on their importance in the different business stages. Private actors or close family members are important during the early business stages. This includes community members who are important customers for township-based businesses. In the early stages, entrepreneurs also rely on businesses in the same industry, at times offering the same products. Further, in the early stages, the local councillors and municipalities are some of the important actors. Once the business transitions to be established, entrepreneurs tap into more formalised actors' resources, including private companies, incubation hubs, training institutions, business development service providers, and mentors. Over time, entrepreneurs shift from having informal relationships with close-knit or private actors to more formalised activities with other entrepreneurial ecosystem actors.

Micro-process 2

Resourcing

Entrepreneurs in townships have challenges accessing resources. The main resources include finance, equipment or machinery, appropriate transport, entrepreneurial competencies, and operating spaces. In the early stages, entrepreneurs rely on their finances to start businesses. Family members also play a critical role in providing financial and non-financial resources. For example, entrepreneurs will use their family's furniture to set up offices. Once the close-knit resources are depleted, they leverage the ecosystem actors. The immediate actors that entrepreneurs rely on are businesses in the same industry as the entrepreneurs. These under-resourced entrepreneurs obtain resource loans, such as machinery and stock from similar businesses. Resource acquisition expands from peer entrepreneurs to more formalised entrepreneurial ecosystem actors in the established phase. From the formalised actors, entrepreneurs obtain funding, entrepreneurial competency development, access to markets, sales of goods and services, and equipment.

Micro-process 3

Linkages formation

Connections within the entrepreneurial ecosystem are essential as they drive entrepreneurial activities and access to resources. The findings showed that in cases where institutional support was limited, entrepreneurs rely on the linkages that they have formulated. Figure 8 demonstrated that linkage formation connects entrepreneurial actors and provides them with access to resources. In other words, entrepreneurs can identify actors, but without formulating the linkages, they cannot access the resources. The linkages are a scaffold required for resource access. Entrepreneurs' proactiveness plays a significant role in the identification and selection of actors. Actors are selected based on the values they uphold. Examples include trustworthy actors who have respect and are committed to supporting entrepreneurs. Further, entrepreneurs require actors to provide opportunities for learning, growth, social impact, and resource access. Digital platforms drive the interactions between entrepreneurs, demonstrating the need to move towards the digital entrepreneurial ecosystem. These digital ecosystems will enhance the interactions between the actors within and beyond their locations.

Mechanisms underpinning the micro-processes

Mechanism 1 Entrepreneurs' agency

The entrepreneurs' agency to act drives the ecosystem. In the early stages, entrepreneurs identify the key actors with the potential to impact the business. Once the business matures, they identify the actors who are suitable for their established business state. Entrepreneurs do not wait for the actors to come to them; they proactively search for actors who are regarded as resource owners. They do the searching throughout the business life cycle. Lastly, entrepreneurs use their limited capital to sponsor entrepreneurial activities. Without their financial investments, their businesses would not kick off the ground.

Mechanism 2 The iterative nature of the micro-processes

Lastly, micro-processes are iterative in nature. This means that entrepreneurs move back and forth from actor mapping to linkages formation to resourcing. If the identified actors are not suitable, they will engage in their search for actors who will bring impact. If the linkages or connections do not work, entrepreneurs will find new ones. Lastly, if the identified actors do not have suitable resources, entrepreneurs will search for new actors. While these activities are micro-processes and are iterative, they do not suggest that they are linear, happening in a sequence. The entrepreneurial conditions and context influence how the micro-processes unfold.

7. Business Implications

In addition to the recommendations stated in Section 6.7, there are several implications derived from the study and these are discussed as follows:

Building on the existing township entrepreneurial ecosystem pathways:

There are already existing entrepreneurial ecosystems in the townships. Even though they are not visible, they exist. Therefore, the interventions to support the township entrepreneurial ecosystem should adopt a bottom-up approach, building the activities based on the existing pathways and entrepreneurial ecosystem. This study demonstrated how entrepreneurs map entrepreneurial ecosystem actors, access resources, and formulate linkages. Therefore, the interventions should be mapped according to the key activities deemed necessary by the entrepreneurs.

Championing to address specific challenges within the entrepreneurial ecosystem:

The findings provided a series of recommendations for developing the township entrepreneurial ecosystem. These recommendations include improving awareness, access to resources, and entrepreneurial capital development. In the spirit of collective action, various actors should champion a specific cause within the township entrepreneurial ecosystem. The courses could extend beyond those identified in this study.

Tailor-made solution for township entrepreneurs:

The ecosystem exists to promote entrepreneurial activities by providing suitable interventions for entrepreneurs. Data showed that entrepreneurs have different needs based on their stage of business development. They can identify actors and resources required for each stage. Therefore, the ecosystem approach should not be generic, but it should cater to the needs of entrepreneurs at different stages. This report has demonstrated entrepreneurial ecosystem activities in the early stage and established business stage.

Collaboration among the stakeholders:

The study's findings showed that although there are actors that entrepreneurs engage with, there is limited collaboration between the actors. Supporting entrepreneurial activities can be enhanced with better collaboration between stakeholders in different industries, government, non-government, and private institutions.

Provision of equipment and alternative forms of financing:

Entrepreneurs in townships emphasised the need to have financial products suitable for township businesses. The existing financing mechanisms have stringent requirements that township businesses are not able to meet. For example, a certain level of income, proof of sustainable income, and collateral. More research and engagement are required to have a determination of the matrices that can be used to enhance financial inclusion for township businesses.

Integratory functions:

It was evident from the data that some entrepreneurs do not have access to information on what the ecosystem provides. There should be an integratory role to connect the township ecosystem to the latter and more advanced urban ecosystems. This is where the non-private companies and social enterprises can play a significant role to enable the linkages.

Digital Marketplace for township entrepreneurship:

The findings showed that entrepreneurs are leveraging digital platforms when engaging in business activities. Therefore, it is important to support the digital platforms that would serve as ecosystem or marketplaces.

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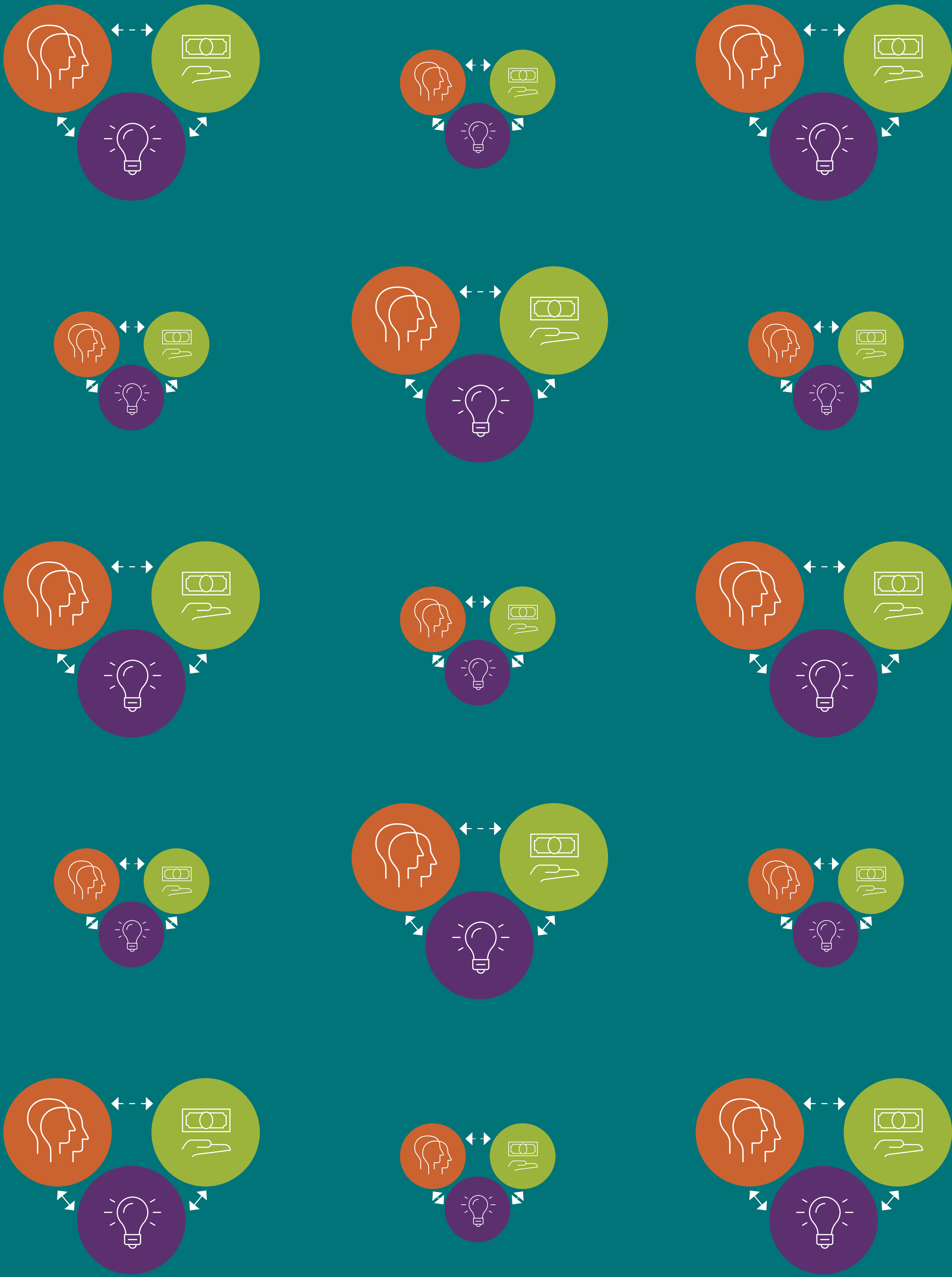

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