Transition Experiences from Student to Business Owner: A Narrative Analysis among Nascent Entrepreneurs

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Abstract

**Purpose:** Given the high unemployment rate in countries like South Africa, a need exists to understand the experiences gained during the transition from student to business owner. Such an inquiry aids the further development of a new generation of entrepreneurs. The study’s objective was to explore the factors and challenges of transition by nascent entrepreneurs using individuals who had been students as a sample in the Buffalo City Metropolitan Municipality in the Eastern Cape Province of South Africa.

**Design/methodology/approach:** Data was collected through interviews with 22 participants who had made the journey from students to first-time business owners, utilising narrative analysis. The three levels of meaning-making were used to analyse the data.

**Findings:** The findings of this study position three salient narratives. First, the motivation to become an entrepreneur is largely influenced by the experience of coming from a context of hardship. Second, the challenge of transitioning from student to entrepreneur is influenced by resourcing and capability challenges. Third, in experiencing the motivator and ensuing challenges, the nascent entrepreneurs relied on more informal networks of support than formal channels.

**Practical implications** – Based on the research findings, the researchers have recommendations that can assist universities and students, those who are already in the entrepreneurial space, and the government.

**Originality/value** – This study is a pioneer in exploring the transition experiences from student to nascent entrepreneurship within the South African context, illustrating this through narrative analysis.

**Keywords:** Nascent entrepreneurship; qualitative research approach; narrative inquiry
Introduction

This study explored the transition experiences from student to business owner. The South African higher education system is noted to be producing many graduates. Despite this commendable stride, a challenge in the unemployment rate appears on the other side (Statistics South Africa 2023). The South African economy has less capacity to guarantee jobs. For instance, there is an acknowledgement that the number of job opportunities is disproportionate to the number of graduates (Murire et al. 2023). Further, some of these graduates face challenges stemming from the institutions they attended (Murire et al. 2024), placing them at a disadvantage before entering the labour market (Harry et al. 2018). Such a situation potentially strains the country’s labour market (Harry and Chinyamurindi 2022).

Entrepreneurship has been positioned as important to addressing the identified challenges related to youth. Scholars position the development of entrepreneurial capabilities as key (Ridzwan et al. 2017; Willis et al. 2020). The presence of such targeted efforts can potentially assist young people seeking to start their own businesses. Such targeted efforts have the potential to have wider ramifications for the social and economic improvement of livelihoods (Robles and Zárraga-Rodríguez 2015; Barba-Sánchez and Atienza-Sahuquillo 2018; Azoulay et al. 2020).

Due to the noted high unemployment challenges in South Africa, calls exist to encourage young people to develop an entrepreneurial mindset (Åmo 2023). A growing body of work positions the issue of nascent entrepreneurship and notes the need to support such entrepreneurs (Hopp and Sonderegger 2015; Khin et al. 2017). Nascent entrepreneurship refers to starting new businesses, especially in the early stages of the individual or the firm (Dias et al., 2023). The development of nascent entrepreneurship entails supporting those individuals in the process of new business start-ups in a period of 12 months (Voges et al. 2017). Countries seen to be supporting entrepreneurship, especially those classified as nascent, reported more business survival stemming from the COVID-19 pandemic (Dias et al. 2023).

Notably, the growing body of empirical work on nascent entrepreneurs has focused on seeking an objective understanding of their work, including experience (e.g. Brandle et al. 2018; Honig and Hopp 2019; Chadwick and Raver 2020). This method of inquiry is a noted observation within the empirical literature on entrepreneurship education (Mensah-Williams and Derera 2023). Such a focus has assisted in understanding the linkages that exist between nascent entrepreneurs and individual environmental factors (Zhao and Smallbone 2019). However, intricacy often exists in entrepreneurship experience that is not adequately captured through objective-quantitative approaches. This calls for the need to gain an in-depth understanding of the entrepreneurial process and its interactions within an ecosystem (Davidsson and Gruenhagen, 2020). Further, a need also exists to bring the subjective experience to the entrepreneurial experiences, accounting for their interaction with the varying process issues around entrepreneurship (Harry et al. 2018; Harry and Chinyamurindi 2022).
Problem Statement

In South Africa, there is an acknowledgement of the need to pay attention not just to student entrepreneurship development but also to early business startups (Bowmaker-Falconer et al., 2023). Further efforts exist to develop student entrepreneurs within university campuses (EDHE, 2023a). The focus should be on encouraging the development of an entrepreneurial culture amongst the student cohort, encouraging small business startups (EDHE, 2020). Calls exist within the literature to pay attention to the university environment as an important context for developing the next generation of entrepreneurs (UNECA, 2021; Shava, 2022). This call is motivated by the need to be considerate, especially of the journey students take in becoming entrepreneurs (Neergaard et al. Jones 2021). An aspect of focus could be to explore the “motivation and aspiration” in the transition journey of becoming an entrepreneur (Zhou and Wu 2021, 1). Notably, a growing body of work exists internationally that pays attention to developing students into entrepreneurs (Beyhan and Findik 2018; Wright and Mustar 2019). The angle of transition becomes crucial (Shepher and Gruber 2021).

Objective

The study’s objective was to explore the factors and challenges of transition by nascent entrepreneurs using a sample in the Buffalo City Metropolitan Municipality in the Eastern Cape Province of South Africa. Three sub-questions guided the research:

1. What factors during transition are driving individuals into nascent entrepreneurship?
2. What challenges during transition are experienced by nascent entrepreneurs?
3. How do nascent entrepreneurs during transition navigate through the identified challenges?

Theories to the Study

The study focuses on three important theories. The first is the Systems Theory Framework (STF) of career development (Patton and McMahon 2006). Within the STF, attention is given to the role of various factors and how they affect an individual's career development. These include factors specific to the individual and their environment (Patton and McMahon 2006; Arthur and McMahon 2005). Individual factors can include (but are not limited to) personality, gender, educational attainment, and ability (Patton and McMahon 2000). Environmental factors include those that involve social interaction. Saliently, these are flagged as family, peers, media, workplace, community groups and educational institutions (McMahon et al. 2015). Such factors, including their dual interaction, are believed to influence career development decisions (Patton & McMahon 2014). The STF has been used in South Africa to understand the transition experiences of entrepreneurs (Muchineripi et al. 2019, 2022). Given the focus of the
study being on studying transition, this entails the necessity to account for complexity; the STF can potentially assist in this. The theory identifies factors that can influence aspects of transition and potentially their inter-relatedness. Studying entrepreneur experiences can be useful, especially as part of the transition.

A second theory to consider was the effectuation theory. According to Galkina and Lundgren-Henriksson (2017), effectuation is represented as means-driven and non-predictive rationality of business thinking that is a substitute for goal-driven underlying logic. Effectuation theory focuses on entrepreneurial experience as a substantial decision variable (Zhao and Smallbone 2019). The underlying principle here is that the creation of new business ventures hinges on conditions of creativity despite the uncertainty accompanying this (Chinyoka 2020; Richard 2020). Such creativity is necessary for the entrepreneurial experience to achieve the desired goal (Galkina and Lundgren-Henriksson 2017). In essence, through effectuation, an individual works with what is available by being flexible, experimental, and creative within an environmental ecosystem.

A final theory considered was the Self-Efficacy Theory (SET) (Bandura 1977). Self-efficacy is defined as the individual’s belief in their capacity to execute tasks and roles directed at entrepreneurial outcomes (Cadena et al. 2020). Self-efficacy becomes a useful motivational instrument for goal attainment and success (Yusof and Zainol 2018; Gielnik et al. 2020). In essence, those with higher entrepreneurial self-efficacy are likely to navigate challenges in meeting their objectives (Do and Dung 2020), leading to success (Nguyen 2020).

Literature Review

Factors Driving Individuals into Nascent Entrepreneurship During Transition

The desire to become a small business owner stems from different motivations. These motivations are not separated from any classification of individuals desiring to be entrepreneurial. Motivations to start a business are myriad, capturing individual, psychological, and environmental aspects (Lyu et al. 2023). In assisting the transition from student to business owner, such motivations may need to be considered as part of entrepreneurship development (Manzi-Puertas et al., 2024).

In a South African study, Shava and Chinyamurindi (2019) consider the desire for independence a crucial motivational factor in entrepreneurship—this desire to be independent manifests mainly through financial independence (Nshlai et al. 2020). Economic motivation for entrepreneurship is crucial in motivating individuals to consider becoming an entrepreneur (Block and Landgraf 2016; Shah et al. 2020). Economic motivation can also serve as a useful motivator for individual empowerment (Zwan et al. 2016). Findings from Spain show how financial support provision to student entrepreneurs can potentially aid their entrepreneurship journey (Manzi-Puertas et al., 2024).
In addition, the presence of role models can serve as a useful motivator for the decision to become an entrepreneur (Nowiski and Haddoud 2016). Such identification of role models can be linked to entrepreneurship education efforts as part of the curriculum assisting students (Fiore et al. 2019; Secundo et al. 2020). Potentially, this gives effect to the need to not negate the role of the environment in the motivation to become an entrepreneur (Lyu et al., 2023).

**Challenges Experienced by Nascent Entrepreneurs During Transition**

In the transition to being new business owners, a set of challenges can be experienced. Notably, the issue of resources, especially financial resources, is flagged as a challenge (Khin et al. 2017). A challenge could be the lack of information about where such resources could be attained (Bernardino and Santos 2020). The absence of such information can lead to a lack of direction and thus limit opportunity (Khin et al. 2017). There is, however, acknowledgement within the university system of entrepreneurship education material to teach about entrepreneurship (Hägg and Kurczewska 2021). A missing angle could be translating this educational material into practice. Ways are also needed in which university students can be practically supported towards venture creation efforts. Challenges experienced in becoming an entrepreneur can originate from the environmental context. A need exists, therefore, to understand how such challenges can be addressed, accounting for the individual, psychological and environmental factors that shape the entrepreneur journey (Lyu et al. 2023).

Research shows that support is crucial in the growth and scaling of nascent ventures (Piaskowska et al. 2021). In a South African study, it was recommended that a level of support was needed for youth to consider entry and success in the agricultural entrepreneurial space (Henning et al. 2022). This support in the form of access to resources may be crucial for more youth entrepreneurs in the agricultural space. The issue here appears to be similar to a general consensus of the need to expose youth entrepreneurs to the experience and skills that encourage entrepreneurial pursuits (Smith and Beasley 2011). Spain's findings appear to support this (Manzi-Puertas et al., 2024).

**Solutions to the Challenges Faced by Nascent Entrepreneurs as Part of Transition**

Although nascent entrepreneurs face many challenges as part of their experience in moving from one stage to another, they have ways to solve their problems. Some entrepreneurs turn to family and friends to support their entrepreneurial pursuits (Khin et al. 2017). Scholars argue for the importance of entrepreneurship education awareness in helping people develop into entrepreneurs (Fatimah and Setiawan 2020). Such efforts should capture motivators for becoming an entrepreneur, such as the individual, psychological, and environmental drivers (Lyu et al. 2023).

Others argue for the need to turn to technology to assist in developing entrepreneurial ventures (Chakravarty et al. 2021). This can help unlock the innovation potential of the
venture (Karhade and Dong 2021). The role of technology support towards entrepreneurial innovation is argued as crucial at different stages of the growth of a firm (Autio et al. 2018). Given the global direction in assimilating technology, supporting nascent entrepreneurs in using technology can be useful. All this can also be a potential driver to encouraging innovation for students in transition to become entrepreneurs (Manzi-Puertas et al., 2024).

Method

The study’s objective was to explore the factors and challenges of transition by nascent entrepreneurs using a sample in the Buffalo City Metropolitan Municipality in the Eastern Cape Province of South Africa—the focus of the sample being individuals who had been students in the university. The study adopted a qualitative research approach in line with the interpretivist paradigm. Based on this, semi-structured interviews were conducted with a sample of participants. Narrative analysis was used to analyse the collected data. This technique assists in an understanding of participant transition experiences (Jones 2016; Caine et al. 2017). Further, narrative analysis assists researchers in taking a subjective positioning that considers relationality through participant social experience (Haydon et al. 2018).

Population and Sampling

The total population of early-stage entrepreneurial careers shows mixed responses. According to the Global Entrepreneurship Monitor, 2021, the figure was 17.5%. The 2021 figure declines to 8.5% in 2022 (Bowmaker et al. 2023). Notably, in 2023, the figure increases to 11.1%. In the Eastern Cape Province, there is a noted decline in young entrepreneurs (Velaphi 2023). The figures in South Africa and the Eastern Cape Province appear inconclusive regarding specific numbers of existing entrepreneurs.

The sample was accessed through a snowball sampling technique. The study relied on a network of entrepreneurs who had been students at a university in the Eastern Cape Province of South Africa. Over two years, the researchers paid attention to establishing the networks of students who were leaving the university system and starting their own businesses. The snowball technique relies on participant referral in a network, which helps the research team access the sample for the study (Etikan et al. 2016).

Data Collection Procedure

Data for the study was collected through semi-structured interviews. A guiding set of questions was developed considering suggested gaps in the literature, especially concerning issues often experienced during the transition from being a student to a first-time business owner. These issues included: a) linkages between individual and environmental factors on small business formation (Zhao and Smallbone 2019); b) the entrepreneurial process accounting for the individual understanding of transition
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(Davidsson and Gruenhagen 2020); and c) the ensuing complexity and resolution tactics that can affect such an experience (Harry et al. 2018; Harry and Chinyamurindi 2022).

Interviews were conducted online as the data collection process occurred during the height of the COVID-19 pandemic. The restrictions during the pandemic caused challenges around physical meetings, and thus, the researchers opted for online engagement. The research team applied for ethical clearance with the participating institution where they are based. This was granted, and a clearance certificate with a number [removed for anonymity] was issued. In addition to the ethical clearance process, all participants signed informed consent forms. Further, participants were informed of their participation rights, with confidentiality and anonymity granted.

Data Analysis

Data was analysed using the three levels of meaning-making (McCormack 2000), which had also been used in previous South African qualitative research studies (Chinyamurindi 2022). This means of analysis allows researchers to better understand experiences and the accompanying complexity. Three steps were taken during the three levels of meaning-making.

First, the contents of each interview were briefly summarised, and then a detailed account of each participant’s story was written down. Revising the interviews and listening to audio recordings helped the researchers develop an in-depth understanding of participants' experiences concerning the transition from student to nascent entrepreneur. Since large amounts of data were collected through narrative interviews, structural analysis helped to summarise the data. Labov’s structural analysis model was used to summarise the individual stories. An understanding of the stories was compiled based on the model.

Second, the level of meaning-making narratives of the research study participants were then identified, including their experiences as they transition from student to nascent entrepreneur. Initial narrative codes were generated, and each interview was analysed utilising cross-case comparison (Chinyamurindi 2016). Finally, the content gathered from the stories and ensuing narratives was further analysed using direct quotes and plots to illustrate the meaning (Levitt et al. 2018).

Strategies to Ensure Integrity

As with the practice of qualitative research, strategies need to be taken to ensure integrity. Three main strategies were considered. First, the research team developed an interview schedule to assist in questioning participants in the study. A step like this was crucial in providing a theoretical foundation for the study (Creswell 2014). Second, leading to the interviews, a pool of qualitative research experts was consulted to vet the questions developed from step one. This is a process recommended to ensure integrity (Denscombe 2003). Finally, though the online recording platform allowed for an auto-
generation of transcriptions, this was not used. The researchers transcribed the audio recordings verbatim without relying on the auto-generated transcriptions. This is because auto-generated recordings often do not capture accents/emphasis that individuals may intend to convey.

Findings

Details of Participants

Table 1 provides the details of the participants who took part in the study. It is evident from Table 1 that the majority of respondents were male. Further, most businesses started were service-oriented businesses. Further, most of the businesses were also registered and operating within the commercial hubs of East London and King Williams Town. Pseudonyms are used to protect the identity of the participants.
Table 1: Details of Participants

<table>
<thead>
<tr>
<th>Participant (Pseudonym)</th>
<th>Gender</th>
<th>Age</th>
<th>Description of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant 1</td>
<td>Male</td>
<td>22</td>
<td>Retail (Food)</td>
</tr>
<tr>
<td>Participant 2</td>
<td>Female</td>
<td>26</td>
<td>Beauty and Cosmetics</td>
</tr>
<tr>
<td>Participant 3</td>
<td>Female</td>
<td>24</td>
<td>Retail (Clothing)</td>
</tr>
<tr>
<td>Participant 4</td>
<td>Male</td>
<td>30</td>
<td>Consulting Services</td>
</tr>
<tr>
<td>Participant 5</td>
<td>Male</td>
<td>26</td>
<td>Retail (Clothing)</td>
</tr>
<tr>
<td>Participant 6</td>
<td>Female</td>
<td>21</td>
<td>Beauty and Cosmetics</td>
</tr>
<tr>
<td>Participant 7</td>
<td>Female</td>
<td>27</td>
<td>Film Production</td>
</tr>
<tr>
<td>Participant 8</td>
<td>Female</td>
<td>25</td>
<td>Animal Husbandry</td>
</tr>
<tr>
<td>Participant 9</td>
<td>Male</td>
<td>32</td>
<td>Retail (Food and Water)</td>
</tr>
<tr>
<td>Participant 10</td>
<td>Male</td>
<td>33</td>
<td>Consulting Services</td>
</tr>
<tr>
<td>Participant 11</td>
<td>Male</td>
<td>33</td>
<td>Retail (Grocery Delivery)</td>
</tr>
<tr>
<td>Participant 12</td>
<td>Female</td>
<td>35</td>
<td>Beauty and Cosmetics</td>
</tr>
<tr>
<td>Participant 13</td>
<td>Male</td>
<td>30</td>
<td>Property</td>
</tr>
<tr>
<td>Participant 14</td>
<td>Male</td>
<td>27</td>
<td>Beauty and Cosmetics</td>
</tr>
<tr>
<td>Participant 15</td>
<td>Male</td>
<td>32</td>
<td>Garden Services</td>
</tr>
<tr>
<td>Participant 16</td>
<td>Male</td>
<td>27</td>
<td>Consulting Services</td>
</tr>
<tr>
<td>Participant 17</td>
<td>Female</td>
<td>25</td>
<td>Beauty and Cosmetics</td>
</tr>
<tr>
<td>Participant 18</td>
<td>Male</td>
<td>28</td>
<td>Consulting Services</td>
</tr>
<tr>
<td>Participant 19</td>
<td>Female</td>
<td>28</td>
<td>Hospitality and Logistics</td>
</tr>
<tr>
<td>Participant 20</td>
<td>Male</td>
<td>30</td>
<td>Beauty and Cosmetics</td>
</tr>
<tr>
<td>Participant 21</td>
<td>Male</td>
<td>29</td>
<td>Agricultural Services</td>
</tr>
<tr>
<td>Participant 22</td>
<td>Male</td>
<td>34</td>
<td>Retail (Food and Water)</td>
</tr>
</tbody>
</table>

Guided by the sub-questions presented earlier, three main narrative findings emerged in understanding the transition experiences from being a student to a nascent entrepreneur.

**Narrative Finding One: Societal Challenges as a Motivator into Entrepreneurship**

The motivation to become an entrepreneur appeared to be derived from the prevailing social and economic challenges young people in South Africa face. Participants noted the high unemployment rate as one such challenge. The sample that took part in the
study experienced unemployment. In all the sample situations, the final year of their undergraduate or postgraduate qualification was a useful period to consider starting a business.

One participant traced his experience of hardship as a societal condition that constrained and limited his mobility. In framing his story, the narration of experience centred around the desire to rise above societal challenges:

“I was born into poverty but I knew I was not going remain in poverty so I had to work hard and try a lot of things before I am where I am today. In my final year of study, given the high unemployment, I knew I had to come up with a plan. No plan meant being one of the many unemployed graduates.” (Participant 10, Male)

Participant 10 then used this societal plot, described through the experience of challenge, as a motivator for starting his own business.

“It was from my context of challenge that my business was born. I am into the skills sector providing facilitation and training services. It first started off small and a way of giving back. The more I did this the more I realised I was onto something that could help while I also help others.” (Participant 10, Male)

Another participant commented on the immensely useful experience of participating in student-organised activities on campus, which helped inform ideas for their business later in life. Evident from the reflection of the student experience was the acknowledgement of the structural challenges in society even during the student days.

“Student societies and programmes targeted at encouraging starting your own business helped one form develop an interest in the world of business. A common source of most the business ideas I had were framed in considering where I was coming from. This is really a place of hardship, a dog eats dog kind of world.” (Participant 4, Male)

The university days appear to have two realisations for Participant 14. First, he appreciated the importance of the entrepreneurial exposure he was receiving. Second, a personal circumstantial consideration of the need to give back to the community. A community that was in hardship, especially for Participant 14. From this, Participant 14 appears to have taken some action regarding the venture he would engage in.

“Fast forward the clock, my venture owes its existence to the student entrepreneurship training experience especially in entrenching the necessity of community focussed entrepreneurial practices. I make my money in the same community that made me from its hardship. (Participant 4, Male)

Table 2 presents additional quotes from participants illustrating their motivation to become entrepreneurs. Salient to these quotes is how participants illustrate, through their experience, that the motivation to become an entrepreneur was mostly the societal context.
Table 2: Societal Challenges as a Motivator of Entrepreneurship

<table>
<thead>
<tr>
<th>Societal Challenges as a Motivator of Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>“The prevalent challenges from the townships and rural communities where we come from provide us the experience to become entrepreneurs. These are just lessons that life gives you.” [Participant 13, Male]</td>
</tr>
<tr>
<td>“Whilst a student, I had was already working part-time and trying to run my business. From this experience I knew two things. First, that I needed to start my own business. Second, the conditions of my upbringing could not allow me to be relaxed about this.” [Participant 22, Male]</td>
</tr>
<tr>
<td>“I was very much interested in the agriculture sector. Yes I studied agriculture at the university, but my motivation goes way back. Growing up in the rural areas really created the interest and passion for agriculture. One of the concerns was seeing how our people needed help not with the farming but assisting their produce make it to the market. This is just the role I wanted to occupy with my business.” [Participant 21, Male]</td>
</tr>
<tr>
<td>“As a female I have had to navigate through many challenges. For females it’s difficult to thrive in business. Its true in general with society. You have work extra hard to make if you are woman. This has been my case. The desire to rise against the tide especially those tides that are created in society. For me this was a major motivator as a student and now as a business person.” [Participant 12, Female]</td>
</tr>
</tbody>
</table>

Source: Data analysis

The second narrative finding of the study highlights the challenge experienced during the transition from student to nascent entrepreneur.

Narrative Finding Two: Resourcing and Capability Challenges in Starting and Sustaining a Small Business

Participants in the study described the challenges of making the transition from student to nascent entrepreneur, which involved issues of resourcing and capabilities. The former entails the absence of the necessary physical and human capital links to run a business, while the latter concerns the expertise and skills needed to run and sustain a business.

One participant stated that these challenges largely related to how her business started as a survivalist and how it has grown. This transition did not allow her to even think she would survive in the long run. Due to this, the necessary resources and capabilities to run a business were also malleable when she first left the university space.

“When we left the university setting, the desire was just to find something that helps you start off small. So there was really no time to commit to getting resources in the form of equipment and even office space. You learnt to survive from what you had. In most cases it was using already existing space at home. My network also was not expansive when I started compared to now. You shy away from even networking. This was a huge challenge and probably the turning point in my joining much of the success I have now.” (Participant 19, Female)
Another participant also explained that the challenge she experienced during the transition from student to entrepreneur was character forming with lessons she treasures as she grows her business.

“When I made the transition from the university to the working world, I found that to be extremely tough. For starters, it’s easy to always say young people should start their businesses. In most cases we just don’t have the means in terms of equipment and the sufficient networks to do so. So, I had to balance between working full-time and trying to keep my business going. What I was doing was improving on my resource capital in terms of equipment and also expertise. This period tough as it had really shaped me to be where I am.” (Participant 7, Female)

Table 3 reports additional quotes from the participants illustrating the transition challenges from student to small business owner. Resourcing and capability challenges feature as issues of concern.

**Table 3: Resourcing and Capability Challenges in Starting and Sustaining a Small Business**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>“The first document you prepare as an entrepreneur is the business plan. I received a lot of support with this and that fine-tuned my idea. However, beyond this you really need a mentor to guide you. This is not so. Further, issues of funding are a concern. There is a lot of talk of funding being available but the reality is that there is nothing.”</td>
<td>[Participant 1, Female]</td>
</tr>
<tr>
<td>“All small businesses really want to grow. However, some limitations exist that impede and stop this growth. These challenges are external and in house. A common issue amongst these challenges revolves around financial resources and mentoring to especially for entrepreneurs in rural areas. The level of support available does not match with the demand.”</td>
<td>[Participant 3, Female]</td>
</tr>
<tr>
<td>“I watch a lot of TV shows for entrepreneur support. A concern and I guess a missing link for me was the absence of the dragons. These are dedicated men and women who are established entrepreneurs who provide advice to budding entrepreneurs and new businesses. The tendering system has really destroyed the small business landscape. People don’t want to mentor but just want quick returns. It then makes us suffer who are trying to grow their businesses.”</td>
<td>[Participant 6, Female]</td>
</tr>
<tr>
<td>“The transition from being a student to starting you own business was difficult for me. There was just a huge gap. For me I needed office space and could not get this due to high rentals. Access to physical infrastructure just made if difficult. This space was crucial in me expanding my product offering. Further, no support appeared to be in sight especially for start-ups.”</td>
<td>[Participant 17, Female]</td>
</tr>
</tbody>
</table>

Source: Data analysis

The final narrative finding of the study highlights the challenges experienced during the transition from student to nascent entrepreneur.
Narrative Finding Three: Reliance on Informal Networks More than on Formalised Channels to Meet Identified Challenges

In addressing the identified challenges, the study participants flagged the role of informal networks as having more efficacy. The formalised channels appear to be mostly those introduced through provincial and national governments.

A participant in the study pointed out the inherent challenges of a lack of transparency in formalised channels of support for entrepreneurs.

“There is a big difference between the intention of government to support entrepreneurs and the actual reality. For instance, during the Covid-19 pandemic on paper I qualified for the support given to entrepreneurs. However, due to the red-tape, it actually cost me more to try and access this support. You can name the many government agencies in existence. Call after call is made. We get the same result, a rejection or even no response.” (Participant 18, Male)

Citing these challenges, participant 18 said he found solace in turning to informal networks, which he considered more reliable for supporting his business.

“A solution to the slow or perceived lack of government support would come through the network of friends I had. These friends were really there for me. From lending me money to even providing support in the form of just listening to the ideas I had. I appreciated the presence of such friends. Other entrepreneurs like me whilst others just understanding what I wanted to do and become.” (Participant 18, Male)

Another participant also complained that the government was failing to support upcoming businesses in favour of the more established businesses. As Sammy perceived, this situation led to a high number of failures, especially of youth-owned businesses.

“If the truth be told, the very enemy of youth small business development amongst happens to be government. On one side you get the sense that message should be to encourage young people to start businesses. This makes sense with the high unemployment rate in the country. From a messaging point of view, this makes sense given the challenges on the ground. The practical side of it though, just like how the government has no clue in managing the high unemployment it’s the same for the solution (in entrepreneurship) that they promote.” (Participant 22, Male)

In framing a solution, participant 22 proposed the need for decentralised solutions targeted to help youth-owned businesses. The interpretation could be that a centralised approach merely excludes more potential recipients from support.

“For everything to lie in the hands of government departments especially in more urban centres it really excludes those out of these centres. What we know is that in the townships we reside in a community group that could potentially be useful platforms from which support for youth owns business can be given.” (Participant 22, Male)
Table 3 reports on additional quotes from the participants illustrating the third narrative finding: the support for youth-owned businesses should be streamlined with the development of informal networks.

**Table 4: More Reliance on Informal Networks than Formalised Channels to Meet Identified Challenges**

| “A challenge new start-ups struggle with is definitely on the issue of resources. Financial resources appear to be the most pressing of issues. So I found a group of friends who rely try to connect me to such resources. Informally, the idea is to create a hub in which entrepreneurs and like minded people can network. Through such networks I have found myself being able to get useful advice to see me through especially during the Covid-19 pandemic..” [Participant 2, Female] | “Community platforms and forums become relevant especially when it comes to running a business. I am on 7 Whatsapp groups that I am finding useful in covering core themes needed for an entrepreneur to be successful. These range from leadership, personal mastery, financial management skills. These platforms have aided me in getting the skills. The corruption through government programmes of support impede us and hence we prefer our very own.” [Participant 8, Female] |
| “Agencies like the NYDA on paper have good intentions. The reality though such agencies just do not have the capacity to deal with the demand. So in as much as we apply for funding to such agencies, our sights are set elsewhere. For instance, the priority is for more grassroots interventions. Through not formally recognized, such platforms provide ready on assistance.” [Participant 5, Male] | “I have given up in applying for so called state-assisted entrepreneurship packages. You fill in form after form. Promises are made. When it matters the most you are left high and dry. For me what seems to work are the groups and platforms I belong to. I can solicit for help and from this a community is mobilise to try and assist. It may just be getting advice for me it makes a huge difference and is going a long way that support from the government.” [Participant 9, Male] |

Source: Data analysis

The following section details the discussion of the findings.

**Discussion**

The study’s objective was to explore the factors and challenges of transition by nascent entrepreneurs using individuals who had been students as a sample in the Buffalo City Metropolitan Municipality in the Eastern Cape Province of South Africa. The study findings have potential uniqueness and links with the existing literature.

First, the motivation to become an entrepreneur is primarily influenced by the experience of coming from a context of hardship. The motivator for participants to be entrepreneurs stems from the socio-cultural milieu framed as the context of hardship. In essence, this finding appears to confirm that a motivator for entrepreneurial ventures is
informed by the desire for an improvement of livelihood, especially given the entrepreneur’s upbringing (Robles and Zárraga-Rodríguez 2015; Barba-Sánchez and Atienza-Sahuquillo 2018; Azoulay et al. 2020). In essence, despite the university environment being acknowledged as a learning ground for entrepreneurs (Shava 2022), the presence of hardships from the societal context can be a useful feeder and motivator for entrepreneurs. This ability to rise above challenges to start a business affirms the belief that individuals can use their context of challenge to develop entrepreneurial self-efficacy in starting their own business (Do and Dung 2020; Nguyen 2020). In the case of this study, the presence of a combination of social and economic emancipation served as useful motivation to become an entrepreneur transitioning from student to small business owner (Zwan et al. 2016).

Second, resourcing and capability challenges influence the transition from student to entrepreneur. The identified challenges nascent entrepreneurs face could be potential barriers to entrepreneurship development (Ridzwan et al. 2017; Willis et al. 2020).

The third finding places more importance on the role of informal networks as a form of support for nascent entrepreneurs than formalised channels. Given the high unemployment challenge in South Africa (Statistics South Africa 2021), despite calls for focus on entrepreneurship development, the findings noted that challenges exist. In the form of a lack of support for young entrepreneurs, this situation may merely affirm the precarious situation young South Africans face (Harry and Chinyamurindi 2022). This finding for support in the informal networks potentially answers calls to understand how nascent entrepreneurship development can be supported (Hopp and Sonderegger 2015; Khin et al. 2017). The role and support given to such informal networks can be a useful alternative to widely recognised formal means of business support (Dias et al. 2023).

Contributions and Limitations

The study makes some useful contributions.

First, given the dominance of more objective means of studying nascent entrepreneurship manifest in survey-based approaches (Brandle et al. 2018; Honig and Hopp 2019; Chadwick and Raver 2020), the study proffers the usefulness of a subjective understanding of the entrepreneurial experience. Through the identified three narrative findings, some interactions can be established between the entrepreneur and the ecosystem they operate within (Davidsson and Gruenhagen 2020). Further, a subjective generation of data, as done in this study, reflects the complexity that can potentially assist the work of entrepreneurs. For instance, the reliance on informal networks and shunning formal networks reflects the complexity of work accompanying nascent entrepreneur decision processes.
Second, given calls to be expansive in understanding the journey students take in becoming entrepreneurs (Neergaard et al. 2021), the use of narratives in exploring transition, as done in this study, can be framed as a utility. The benefit here is to understand that entrepreneurs have agentic power to control their journey and experience (Shepher and Gruber 2021). This supports effectuation theory, which emphasises the entrepreneur's experience (Zhao and Smallbone 2019). The resourcing and capability challenges identified in this study confirm previous research on challenges entrepreneurs face (Khin et al. 2017; Bernadino and Santos 2020).

Finally, given growing calls internationally to understand how students transition from the university setting to start their businesses (Zhou and Wu 2021), the study answers such calls by illustrating the transition experience of a sample within the South African context. Generally, and given the observation that support is necessary for the growth of nascent ventures (Piaskowska et al. 2021), this study indicates the need for support in developing informal networks. This could be through community platforms and stakeholders (Khin et al. 2017).

Some noted limitations exist within the study. The study narrowed the focus to understanding transition issues experienced by nascent entrepreneurs. The focus was on those entrepreneurs moving from being students to entrepreneurs. Future research could expand on looking at other categories of entrepreneurs. Second, a limitation exists with the sampling issues; only 22 participants took part in the study using a convenience sampling technique. Future studies are needed to improve the sampling issues. The starting point could be to improve the sampling frame of nascent entrepreneurs within the participating province. Finally, the research was conducted during the height of the Covid-19 pandemic. This posed challenges with data collection, especially face-to-face. Often, some of the interviews had to be conducted online and at the convenience of the participants.

Conclusion, Future Research and Implications of the Study

Propositions can be made for future research. First, there is a noted benefit in the use of qualitative research in understanding the entrepreneurship experience. Future research could continue to this end by incorporating a longitudinal aspect of entrepreneurs' issues. This research merely tried to capture the experience of being a student in the first five years of starting a business. There would be benefits in this longitudinal focus on understanding entrepreneur experiences in the long term. Future research could also take a gendered aspect of understanding nascent entrepreneur experiences. The sample was mostly skewed towards the use of males as participants. It would also be interesting to capture how females transition from students to small business owners, considering the structural challenges females face in society. Finally, the angle of informal networks can be developed further. Future research could focus on such networks' role in informing entrepreneur decisions and experiences. Given the perceived failure in this
study of more formalised networks for entrepreneurs, a heightened focus should be given to the utility value of informal networks as a future research agenda.

Some implications can be drawn from the study. First, there is a need to pay attention to the development of the student entrepreneurial context as a potential feeder to the nation’s entrepreneurial development pipeline (Beyhan and Findik 2018; Wright and Mustar 2019). The use of understanding entrepreneurship as a transition (as done in this study) attests to the idea of framing understanding as part of a journey with a set of interrelated factors (Shepher and Gruber 2021). This view supports the ideals of the systems theory framework (Patton and McMahon 2006) and shows similar support to theorising around immigrant entrepreneurs in South Africa (Muchineripi et al. 2019, 2022).

Second, given the challenges of formal means of accessing business support, stakeholders can take time to develop the identified important role placed on informal networks by nascent entrepreneurs. Such informal aspects can potentially be hubs in which nascent entrepreneurs can gain financial and non-financial support. Developing such informal networks could potentially assist entrepreneurs in attaining their goals. The literature attributes such issues as crucial for entrepreneurship development (Chinyo 2020; Richard 2020). In South Africa, this could take the form of bringing entrepreneurial opportunities to local communities. This way of development may potentially take a different approach from the widely recognised mode utilised for entrepreneurship development.

References


