Interaction Patterns and ICT Use to Support the Livelihoods of Microenterprises

Frank Makoza, Department of Information Systems, University of Cape Town, Cape Town, South Africa
Wallace Chigona, Department of Information Systems, University of Cape Town, Cape Town, South Africa

ABSTRACT

This paper reports on the nature of interaction patterns and use of Information and Communication Technologies (ICT) to support the livelihood of microenterprises. The study focused on the case of South Africa where Small, Micro and Medium Enterprises (SMMEs) act as a means for addressing unemployment and poverty. The study used qualitative data to understand the interaction patterns and how ICT such as computers, mobile phones and internet are used to support the livelihoods of microenterprises. The findings showed that vertical and horizontal interactions supported the flow of information and sharing of knowledge used in decisions for reducing vulnerabilities in the livelihoods of microenterprises. ICT were improving the interactions that supported the livelihoods of microenterprises. The study recommends use of existing social networks for microenterprises when designing interventions for supporting microenterprises.

Keywords: ICT, Interaction Patterns, Microenterprises, SMMEs, Sustainable Livelihood Approach

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1. INTRODUCTION

One of the major challenges facing developing countries is poverty and microenterprises act as a means for employment which may support alleviating poverty leading to sustainable livelihoods (Duncombe, 2006; Donner & Escobari, 2010). Microenterprises are business organisations with less than five employees (Donner, 2006; Kamal & Qureshi, 2009). They are common form of business organisations in developing countries because they require few resources for start-up (Esselaar, Stork, Ndawalana & Deen-Swarray, 2007). Nonetheless, microenterprises have short-life span due to challenges such as lack of business skills for the owners, limited support and recognition from society (Wolcott, Kamal & Qureshi, 2008). ICT are perceived as an enabler that may mitigate some of the challenges for microenterprises. Access to ICT in microenterprises remains problematic in context of developing countries due to disparities in access to ICT among the population (van Dijk, 2006). However, with the growth of use of mobile technologies such as cell phones the situation is improving. South Africa had a mobile phone teledensity of 134.8% as of 2012 (ITU, 2012). It is likely that some microenterprises are also using ICT to support their livelihoods (Duncombe, 2006).

Microenterprises with adequate resources are able to acquire simple technologies for use in their business activities while those with limited resources in some cases they may use ICT intermediaries or business support organisations (Duncombe & Heeks, 2002). ICT may help microenterprises to access information that addresses their information needs (Moyi, 2003). Further, ICT and information support the analytical and functional roles in supporting the livelihoods of microenterprises (Duncombe, 2006). A livelihood as a means for living involves use of resources or capabilities and strategies to reduce risks and vulnerabilities (Ellis, 2000). Analytical role of information support assessment of evidence to understand the context of livelihoods. The functional role of information supports strategies and actions that may result in positive livelihood outcomes such as improved well-being, more income and reduced vulnerability (DFID, 1999).

Government and development agencies initiate interventions aimed at supporting the growth of microenterprises (Duncombe & Heeks, 2002; Singh, Molla, Karanasios & Sargent, 2008). Nonetheless, there are challenges in implementation of such interventions. One of the problems is communication gap between microenterprises and business support organisations (Moyi, 2003). Business support organisations are not fully aware of the common means of communication for microenterprises to effectively target their services to the microenterprises. As a result, majority of the microenterprises are not aware of the services offered by business support organisations. This challenge had been highlighted in a number of studies (Brown & Brown, 2009; Luiz, 2002; Mitrovic & Bytheway, 2009; Wolcott,
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