

Growth Challenges Affecting Media Enterprises in the Polokwane Municipality, Limpopo Province, South Africa

Lourens Johannes Erasmus Beyers and Fortune Teboga Maswanganyi

Turfloop Graduate School of Leadership, University of Limpopo, South Africa

KEYWORDS Media Enterprises. New Media. Media Landscape. Communications Market. Growth Barriers

ABSTRACT This study examines the growth challenges faced by small and medium-sized media enterprises in Polokwane Municipality, Limpopo Province. The study is essentially qualitative in design. Face-to-face interviews and focus group discussions were used to collect data and a thematic approach was used to analyze the data. The majority of media business owners do not have access to financial resources to grow their businesses, and most are not able to secure assistance from financial institutions. Financial institutions are reluctant to finance these businesses' capital expansion ventures. The study found that media enterprises in Polokwane rely to a large extent on government departments for tenders and contracts. The study therefore recommends that the owners of media enterprises consider other forms of doing business.

INTRODUCTION

This study examines the challenges confronting small and medium-sized enterprises (SMEs) in the media sector in Polokwane Municipality, Limpopo Province. Although SMEs are regarded as one of the driving forces of job creation in South Africa, there is a paucity of research on the conditions required to facilitate their expansion in Polokwane (Media Development and Diversity Agency 2016). SMEs operate in a complex environment where economic, political, legal, technological, social and internal and external factors impact their survival. These enterprises are important to any country's economy because they create employment and introduce competition in the market. However, the macro, micro and external and internal environments within which they operate in South Africa pose numerous challenges (Masson 2015). The most important obstacles to the growth of SMEs in South Africa include access to finance, crime, corruption, an electricity crisis, a lack of skills, lack of access to land, and transportation problems (The Economic Development Department 2016). Hence, the objective

of this study is to identify how these and other challenges affect media and communications SMEs in Limpopo Province, South Africa. Like other SMEs in South Africa, media and communications SMEs employ people, buy and sell products and services, and pay taxes. However, media companies do not constitute a large economic sector (Media Development and Diversity Agency 2016).

Purpose of the Study

The Polokwane Municipality forms the hub of the media industry in this province. This due to the fact, that, Polokwane is the capital city, where all government departments are based. Most of the media companies in Polokwane and the Province of Limpopo in general, rely on the government and its institutions for business (Media Development and Diversity Agency 2016; Chauhan 2015). It was observed that most SMEs in the media industry are not growing effectively in Polokwane and that they struggle to get sufficient work. The research population in this paper comprises owners of media SMEs in Polokwane. A sample of 20 participants was selected from this population. The researcher administered semi-structured questionnaires using one-on-one interviews (Limpopo Economic Development Agency 2016). The findings reveal that various factors in the macro, micro and external and internal environments tend to hinder the growth of media organizations in Polokwane. Most respondents cited political interference as a barrier to growth (Chung-Fun 2015). This is

Address for correspondence

Dr. L.J.E. Beyers

MBA Lecturer

Turfloop Graduate School of Leadership,

University of Limpopo, South Africa,

P. O. Box 756, Fauna Park, 0787, South Africa

Telephone: +27 15 2902856,

Fax: 0867549664,

E-mail: Lourens.Beyers@Ul.Ac.Za

not surprising as most of the SMEs in this study predominantly trade with the highly politicized government sector. All the female respondents indicated that they had been asked to extend sexual favors to male government officials in return for government projects or tenders (Media Development and Diversity Agency 2016).

Problem Statement

The problem that warrants this study is that very little if any research has been conducted on the challenges and growth of media organizations in Limpopo Province and specifically in the Polokwane Municipality. This paper evaluates the current status of media companies in this municipality in order to find solutions to the problems that hinder their growth (Edwards 2015; Limpopo Economic Development Agency 2016).

Drawing from the above problem, this paper poses the following questions:

- What challenges confronting media SMEs in the Polokwane Municipality that make it difficult for them to grow?
- What is the nature of the local media and communications market in the municipality?
- What is the nature and characteristics of the barriers to the growth of media organizations in the Polokwane Municipality?
- What alternative growth model could be developed to assist media SMEs in Polokwane and elsewhere in South Africa?

Literature Review

Mass communication can be defined from four perspectives, namely, media-cultivist, media-materialist, social-cultivist, and social-materialist (Gong et al. 2015). Zhong and Zhang (2015) note the key elements of mass media communication as, "Mass communication involves the production of a large variety of messages (usually) by an institutional group or a collective communicator. The messages are distributed and transmitted (usually) by means of technological media (channels) to reach a large, heterogeneous, and widely dispersed audience who may interpret the message in a variety of ways. The content of mass communication is a mix of information, views, entertainment, and advertisements. The purpose is to mediate meaning and understanding, either overtly and/or covertly."

This definition captures the key role players in mass media communication that is, the communicator, the medium/media (like radio, television, film, newspapers, magazines, the Internet, videos, CDs, and sound cassettes), the message, and the audience (listeners, viewers, and readers). This shows that the realization of mass media communication is only possible through a mass medium or media (Eric and Chong 2015).

Polokwane Municipality: Mass Media Landscape

Radio Industry: There are six radio stations in the Polokwane Municipality. The three public radio stations, Thobela FM, Phalaphala FM and Mungana Lonene FM, are owned by the SABC and reach a national listenership with diverse demographics. Capricorn FM is the only commercial radio station in Polokwane and covers only the Limpopo region. The two community radio stations, Moletji FM, and Turf FM cover the local villages of Moletji and the township areas of Mankweng (Turfloop), respectively (Masson 2015).

Television Industry: Polokwane Municipality has no television broadcasters although there are ongoing negotiations with ICASA for licenses for community television broadcasters.

Print Media: There are several role players in the print media sector in Polokwane Municipality. The market is dominated by the Northern Media Group (NMG) that publishes two newspaper titles, namely, Northern Review and Limpopo Informant (weekly) in Polokwane, one regional newspaper, Capricorn Voice (once a week for Limpopo Province), and three newspaper titles, Letaba Herald, Palaborwa/Hoedspruit Herald and Bosveldier (published once a week in Tzaneen, Phalaborwa, Hoedspruit and Mopani, respectively) and three newspaper titles, Polokwane Express, Vhembe Herald and Mopani News are distributed free of charge to households in the Greater Polokwane Municipality, Louis Trichardt and Greater Tzaneen area (Limpopo Economic Development Agency 2016). The NMG has its own modern printing press and also prints external newspapers. It also specializes in printing advertising catalogues. Small, privately-owned print media houses print newspapers and magazines such as Limpopo Times, The Premier, and Limpopo Bulletin (Northern Media Group 2016). There are also relatively

small, privately owned companies that rely solely on government contracts to produce government brochures, posters, flyers, calendars, diaries, and newsletters (Northern Media Group 2016).

New Media: Although the Polokwane Municipality is home to consumers of new media, this industry is not well developed and the service is provided by companies from other provinces.

Recording Industry: The audio industry is dominated by several music studios that produce and record music (Zendler et al. 2015). Micro companies supply sound, stage, and visual (daylight screens) equipment for private, corporate and government events. Finally, these events are recorded and edited by video production houses to produce videos (Masson 2015).

Outdoor Media: The dominant outdoor media in Polokwane are trailers, street pole advertising, daylight billboard screens, and electronic billboards. The following companies offer outdoor media in Polokwane, namely, Prime Media, Limpopo Outdoor Media, Blue Raindrops, and Etsweletse (Northern Media Group, 2016).

Other Media: A few small privately owned companies perform 'media buying' on behalf of the government. For example, they place advertisements for government vacancies and tenders as well as government notices in local, regional and national newspapers and magazines (Zhong and Zhang 2015).

METHODOLOGY

This study employed a qualitative methodology in order to gather the most appropriate data to answer the research questions. A qualitative methodology "allows" the researcher to 'get close to the data' thereby developing the analytical, conceptual and categorical components of explanation from the data itself (Parker 2014). Due to the conceptual nature of the subject, this research method was best suited to gather the data required. The technique is "less structured", enabling the inquiry to evolve as data collection progresses. Although open-ended questions were used, the interviews were structured in order to ensure that the necessary data was collected. It was assumed that the respondents would respond honestly and with

candor (Guercini 2014). The research design took the form of a simple interpretive study. This is the most efficient means of soliciting both factual information and perceptions. The advantages of this type of research design include the respondents' familiarity with an interview structure, the ability to discuss complex issues and its adaptive characteristics. An equal number of males and females were participants to balance the sample and increase the accuracy and validity of the study (Edwards 2015). This approach creates an impression that the ownership of media SMMEs is equal between males and females. In reality, males dominate the media SMMEs in Polokwane City. This is despite the fact that when bidding for government tenders, preferential points are allocated to females. The disadvantages are the researcher's impact on the process, respondents' concerns around confidentiality and the possibility of differing interpretations of questions. The study evaluates the impact of the growth challenges confronting media SMEs in Polokwane Municipality. The study uses a qualitative approach to investigate the underlying factors that are barriers to the growth of these media companies (Hair et al. 2014).

Population and Sampling

The research population in this paper comprises owners of media organizations in Polokwane. There are approximately 100 media organizations in the municipality. A sample of 20 participants was selected from this population (Lee 2014).

RESULTS

Age of the Respondent: In the sample applied, 17 of the 20 participants are between the ages of 14 and 35 years. The remaining three (3) participants belong to the 35 to 50 years age group.

Qualifications of Respondents: Eighteen of the 20 respondents indicated that they have a tertiary qualification either in the form of a diploma or degree. Two have postgraduate qualifications (that is, honors equivalent), and two of the respondents did not have post-secondary education.

Previous Work Experience as Motivation to Start a Business: 12 stated that their previous work experience motivated them to venture into business.

Ownership of the Business: Of the 20, 18 respondents are sole proprietors. The remaining two respondents are both in partnerships.

Type of Media: Printing is the primary market that every small media business participates in. As far as could be determined, only two media companies own electronic media infrastructure (that is, sound and stage) in Polokwane. There is a big market for sound and stage equipment in Polokwane. Companies that own this equipment have a healthy share of the market within and beyond the province and the city. Only a few companies offer media buying, as this is a capital-intensive activity.

Size of the Business: All 20 businesses in this study employ less than 50 people. Most media companies in Polokwane City are relatively small with the owner-manager as sole proprietor.

The Importance of Entrepreneurial Training in Growing a Business: All 20 respondents agreed that training in entrepreneurship is crucial in ensuring business success. However, this is not the only determinant of success or failure.

Availability of Excess Resources for the Growth of the Business: Fifteen of the 20 respondents stated that media businesses do not have sufficient excess capital resources to expand their operations. Only five of the interviewees indicated that media organizations have sufficient access to resources (capital) to enable them to grow.

Competition: The media industry in Polokwane is fiercely competitive as only elementary skills are required that can easily be applied by many media companies. There is little competition for large projects that require significant initial capital investment. Most of the small media businesses that participated in this study lack excess capital to compete with established firms.

Competitive Business Strategies: A competitive strategy should be formulated by the owner of the media organization, as they are best placed to assess the business' capabilities. The study found that the competitive strategy adopted by media organizations in Polokwane centers on being visible to all nine government departments, the Office of the Premier and at the ruling party's offices, events and programs.

Respondents' Understanding of the Media Market Environment: Media businesses in Polokwane operate in a complex market environ-

ment that is directly and indirectly influenced by four elements of macroeconomic and microeconomic conditions, and external and internal environments. Ten of the respondents indicated that they have a thorough understanding of the complex media market environment in the city of Polokwane. Eight indicated an intermediate understanding, while two indicated that they only have a basic understanding of the media market environment.

Awareness of Changing Trends in the Media Industry: The media industry has been virtually stagnant for quite some time in the city of Polokwane. This is due to the fact that media organizations largely procure the same regular clients they have been serving for the past 10 years. Little innovation is required, as government departments generally do not require specialized media skills. It seems that many senior government officials are not aware of changing trends in the media industry.

Response to Changing Media Trends: Eight respondents were aware of changing trends in the media industry in Polokwane, while 12 were not aware of new trends. Heightened awareness of changing trends might enable these businesses to secure new contracts with private sector organizations. This would offer new growth opportunities and reduce their dependence on government departments.

DISCUSSION

The following observations emanate from the findings of this study:

An in-depth follow-up study should be conducted into the reasons why young people fail to grow their businesses even though they are favored by the government's preferential points system in granting tenders (Media Development and Diversity Agency 2016).

Entrepreneurs should be encouraged to acquire formal management and entrepreneurial skills. However, they also require firsthand knowledge of the political environment they operate in, especially when they intend to do business with the government sector in the Limpopo Province (Zhong and Zhang 2015).

Sole proprietorship, as applied by Polokwane media owners, offers few advantages. The most important drawback is their failure to secure financial capital. Media organizations in Polokwane should seriously consider the advantages

offered by other forms of ownership (Zendler et al. 2015)

Small media businesses that do most of their business with the government sector in Polokwane are subjected to the political environment of the Limpopo Government. Trading with the government can both be an advantage and a disadvantage. The empirical evidence suggests that small businesses are at a disadvantage due to the over-politicization of government tenders and projects. This study proposes that small businesses diversify their client base to include the private sector, consumers (households), and non-profit organizations (The Economic Development Department 2016).

Despite the importance of tapping into social networks to raise financial capital for growth, the results show that most of the respondents do not regard social networks as an important business resource. Media organizations in Polokwane are advised to pay more attention to social networks in order to enhance their firm's financial standing (Chauhan 2015).

Government, the private sector and not-for-profit organizations should continue to strive to improve the macroeconomic conditions in which small media firms operate. This can be achieved by providing more accessible finance to small businesses (Masson 2015).

While it would be very difficult for small businesses to change the organizational culture of the government sector in Polokwane, they could organize themselves into a strong association to represent their interests. This organization should also seek to protect the rights of its female members (Chauhan 2015).

The large majority of respondents do not have excess resources to fund the growth of their businesses. A number of factors (such as poor social networks, sole ownership, motivation for starting the business, and a lack of SWOT analysis) contribute to this situation. It is recommended that small businesses enhance their social networks (that is, traditional lending institutions such as banks) to attract investors in the form of shareholders (Chung-Fun 2015).

Knowledge of growth theories could assist the growth of small media businesses in Polokwane. Any entrepreneur that starts a small business and wishes to succeed should peruse theories on the formation and growth of the firm (Chauhan 2015).

The main disadvantage of small media businesses that do most of their business with the government is that they require political capital (that is, having reliable political office bearers in the social network) in order to compete with other businesses in the same market. This can lead to unethical behavior. It is recommended that the government tender process be made more transparent and less biased in order to ensure adherence to ethical standards.

This study strongly recommends that all small businesses operating in Polokwane conduct a SWOT analysis for the following reasons:

- o To better understand the business
- o Address weaknesses
- o Deter threats
- o Capitalise on opportunities
- o Take advantage of strengths
- o Develop business goals and strategies (Media Development and Diversity Agency 2016).

Small media business owners in Polokwane should make the time to study and do research on changing trends in the local and global market environment (Chung-Fun 2015).

Product and service diversification can be an important catalyst to grow a small organization. Specialization might enable a small business to service a niche market, which can lead to future growth (The Economic Development Department 2016).

The respondents seem to be aware of changing trends in the media and communications industry, but are unable to capitalize on these trends. The respondents should observe trends in other developed provinces such as Gauteng and the Western Cape and where applicable, implement effective change in their businesses (Limpopo Economic Development Agency 2016).

CONCLUSION

This paper examined the challenges that affect the growth of media SMEs in Polokwane. It found that the biggest obstacle to the growth of these enterprises is the lack of support from financial institutions. The fact that the majority of media enterprises in Polokwane are sole proprietorships contributes to financial institutions' reluctance to provide financial assistance. The risk involved in running a media enterprise as a sole proprietorship is much higher than running

a private or public company. Another growth challenge identified by this study is the high level of interference and red tape experienced when doing business with government departments. Moreover, the very high occurrence of sexual advances experienced by female media business owners is troublesome. Furthermore, the government sector in Polokwane is highly politicized and it appears that those with political connections are awarded media tenders and contracts. The lack of diversification or specialization is another factor that hinders the growth of media enterprises in Polokwane. It is also clear that a lack of formal management skills hinders the successful management and future growth of media enterprises. This paper therefore offers an agenda for further research and the successful management of media enterprises in the future. It recommends that media companies explore alternative forms of ownership in order to attract finance. Media enterprises should urgently diversify their marketing mix. They will only survive in the long run if they are able to attract a certain percentage of their business from the private sector in Polokwane. It is risky to only do business with government departments. The findings of this study have implications for both the media industry and academia. For the media industry, they show that most media enterprises lack the necessary vision and growth strategy to succeed. Structural changes are required in this sector to ensure future growth. For academia, further research is required on media enterprises in the Polokwane municipal area to determine why they prefer to remain sole proprietors even though they are aware that this hinders them from securing finance for future expansion. Further research should also seek to establish why the majority of media enterprises in Polokwane continue to prefer to do business with government departments. Why do they not extend their business portfolio to the private sector?

RECOMMENDATIONS

It is recommended that affirmative action in the media industry be accelerated in Polokwane region. The study indicates that media SMEs in Polokwane lack opportunities for growth. This is despite the fact that most of these business owners are young people who stand to gain from the government's affirmative action policies.

Moreover, female business owners seem to be at a bigger disadvantage than their male counterparts. Again, this is despite the fact that they are favored by government policies. Entrepreneurs should be encouraged to acquire formal management and entrepreneurial skills. However, they also require firsthand knowledge of the political environment they operate in, especially when they intend to do business with the government sector in the Limpopo Province. It will be in the interest of small businesses to diversify their client base to include the private sector, consumers (households), and non-profit organizations. The results also clearly indicate that a high level of education does not guarantee business success, as even owners with business qualifications struggle to grow their businesses effectively. The study found that work experience seems to benefit small media business owners that previously worked for large media companies in Gauteng. Their exposure helped them craft strategies to offer different, more competitive products and services. Audiovisual production supply services should be encouraged since it remains very lucrative since they are in high demand by government departments in Polokwane. Audiovisual production requires specialized skills in video editing and production, which most small media companies that participated in this study seem to lack. It is strongly recommended that media organizations in Polokwane consider specializing in the production of audiovisual material. The media industry has been stagnant for quite some time in Polokwane. This is mainly due to the fact that government departments do not require innovation and highly specialized media services. It is proposed that the local government of Polokwane launch a major drive to expand the media industry.

LIMITATIONS OF THE STUDY

- This study focused on the Polokwane municipal area. Financial and time constraints prohibited a broader study on media organizations across South Africa's nine provinces. Further research could include a comparative study across South Africa.
- Only restricted generalizations can be drawn from this paper. The conclusions and recommendations arrived at in this study are generally only applicable to the Polokwane municipal area and to a limited extent

to other municipalities where other media companies operate.

REFERENCES

- Chauhan S 2015. Acceptance of mobile money by poor citizens of India: Integrating trust into the technology acceptance model. *Info*, 17: 58-68.
- Chung- Fun SH 2015. The genealogical analysis of the HKSAR's civic education policy. *Asian Education and Development Studies*, 4: 204-220.
- Edwards A 2015. A tool for public services research and development. *International Journal of Public Leadership*, 11: 21-33.
- Eriksson T 2013. Methodological issues in dynamic capabilities research – A critical review. *Baltic Journal of Management*, 8: 306-327.
- Eric K, Chong M 2015. Global citizenship education and Hong Kong's secondary school curriculum guidelines: From learning about rights and understanding responsibility to challenging inequality. *Asian Education and Development Studies*, 4: 221-247.
- Gong X, Marchant G, Cheng Y 2015. Family factors and immigrant students' academic achievement. *Asian Education and Development Studies*, 4: 448-459.
- Guercini S 2014. New qualitative research methodologies in management. *Management Decision*, 52: 662-674.
- Hair JF, Sarstedt M, Hopkins L, Volker H, Kuppelwieser G 2014. Partial least squares structural equation modelling: An emerging tool in business research. *European Business Review*, 26: 106-121.
- Lee P 2014. Qualitative perspectives: Through a methodological lens. *Qualitative Research in Accounting & Management*, 11: 13-28.
- Limpopo Economic Development Agency 2016. *Enterprise Development Business Support Performance Report 1994–2015*. Polokwane: LEDA.
- Masson L 2015. Transformational leadership. *Strategic Direction*, 31: 25-27.
- Media Development and Diversity Agency 2016. *Trends of Ownership and Control of Media in South Africa*. Pretoria: Atlas Printers.
- Parker L 2014. Qualitative perspectives: Through a methodological lens. *Qualitative Research in Accounting & Management*, 11: 13-28.
- The Economic Development Department 2016. *Limpopo Local Government*. Polokwane: Government Printers.
- Zendler AO, McClung W, Klaudt D 2015. A cross-cultural comparison of concepts in computer science education. *The International Journal of Information and Learning Technology*, 32: 235-256.
- Zhong M, Zhang J 2015. Analysis of the citizenship education of China's junior high school stage. *Asian Education and Development Studies*, 4: 190-203.

Paper received for publication on April 2014

Paper accepted for publication on October 2016