

THE NATIONAL UNIVERSITY OF LESOTHO

FACULTY OF HUMANITIES

DEPARTMENT OF DEVELOPMENT STUDIES

**THE ROLE OF DIGITAL TECHNOLOGIES IN INCREASING PERFORMANCE OF
SMALL-SCALE BUSINESSES IN RURAL AREAS: THE CASE OF RETAIL
BUSINESSES IN THE ROMA VALLEY**

MPATI MAMMUALLE THERESIA LETSIE

199500884

**A DISSERTATION SUBMITTED TO THE DEPARTMENT OF DEVELOPMENT
STUDIES IN ACCORDANCE WITH THE REQUIREMENT FOR MASTERS OF ARTS
IN DEVELOPMENT STUDIES**

SUPERVISOR: PROFESSOR TŠEPISO A. RANTŠO

NUL

AUGUST 2023

DECLARATION

I hereby declare that this dissertation is my original work and has not been presented for examination in any other university for the award of an academic certificate, except where otherwise indicated and due acknowledgement is given.

Mpati Mammualle Theresia Letsie

(Student)

Signature

Date

Prof. Tšepiso A. Rantšo

(Supervisor)

Signature

Date

This dissertation is dedicated to my late mother, Mamokhotho Lilian Mokhotho, who passed away on the 22nd of August, 2021. ‘Mommy, I know you are happy with me in heaven. You loved education with all your heart. This is for you, thank you. May you continue to rest in peace.’

ACKNOWLEDGEMENTS

First and foremost, I would like to thank my Lord and Saviour, Jesus Christ, because none of this could have been possible if it were not for Him.

My greatest gratitude goes to the best supervisor in the entire world, Professor Rantšo. ‘Prof, thank you for believing in me even when I did not believe in myself. Thank you for always pushing me when I wanted to give up. Thank you. Truly, you are amazing!’ I am also thankful to Dr Musi for his guidance and encouragement.

Big thanks to my participants who agreed to be part of this study. This work would not have become a reality without them.

A special gratitude goes to my son, Abuti Mualle Samuel Letsie for always being there for me. He would sit up with me the whole night while reading and writing this thesis. ‘Thank you son! Your mother loves and appreciates you dearly.’

Also my special thanks go to my dad, Philip Kheekhe Mokhotho and my family for words of encouragement. ‘Thank you so much for your support and encouragement.’

ABSTRACT

Small businesses are regarded as tools for economic development in Lesotho. This is because small businesses aid in reducing the high levels of poverty in the country through offering people the means of income; as a result, they serve as a form of employment creation. However, many small-scale businesses are not performing very well due to the different factors such as financial mismanagement and poor research. In this case, the digital technologies are nowadays used by small business owners to increase the performance of their businesses. In addition to that, there are some factors that contribute to performance of small businesses such as the demographic characteristics of the entrepreneur. Therefore, this study investigated the role of digital technologies in the performance of small businesses in rural areas.

The findings of the study revealed that there are different factors that propel small business owners to adopt digital technologies such as marketing and production. Entrepreneurs use digital technologies for business registration, tax filling process, tax payment and many others. The performance of small retail businesses is also determined by the market. The findings showed that many retail businesses in the Roma Valley depend largely on university students; hence they are affected negatively when students are not around.

ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
CBL	Central Bank of Lesotho
CMA	Common Monetary Area
EAC	East African Community
EC	European Commission
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ILO	International Labour Organization
IMF	International Monetary Fund
LDCs	Least Developing Countries
LNDC	Lesotho National Development Corporation
NGO	Non-governmental Organisation
NSDP	National Strategic Development Plan
SADC	Southern Africa Development Community
SAPs	Structural Adjustment Programmes
SBP	Small Business Prospects
SDGs	Sustainable Development Goals

SME Small and Medium Enterprises

SMMEs Small Micro and Medium Enterprises

VAT Value Added Tax

WHO World Health Organisation

RSL Revenue Services Lesotho

Table of Contents

DECLARATION.....	i
ACKNOWLEDGEMENTS	ii
ABSTRACT.....	iii
ABBREVIATIONS AND ACRONYMS.....	iv
CHAPTER ONE	1
INTRODUCTION.....	1
1. INTRODUCTION.....	1
1.1 BACKGROUND TO THE STUDY.....	1
1.2 STATEMENT OF THE PROBLEM	4
1.3 PURPOSE OF THE STUDY	4
1.4 RESEARCH OBJECTIVES OF THE STUDY.....	4
1.5 RESEARCH QUESTIONS	4
1.6 HYPOTHESES	5
1.7 SIGNIFICANCE OF THE STUDY.....	5
1.8 DELIMITATIONS OF THE STUDY	5
1.9 DEFINITION OF KEY CONCEPTS	5
CHAPTER TWO	7
THE ROLE OF DIGITAL TECHNOLOGIES IN INCREASING PERFORMANCE ON SMALL- SCALE BUSINESSES IN DEVELOPING COUNTRIES	7
2.1 INTRODUCTION.....	7
2.1 THEORETICAL FRAMEWORK	7
2.2 THE IMPORTANCE OF DIGITAL TRANSFORMATION IN TO BUSINESSES	9
2.3 THE DIGITAL TECHNOLOGIES AND SMALL BUSINESS	11
2.4 BUSINESS PERFORMANCE.....	11
2.5 THE ROLE OF DIGITAL TRANSFORMATION IN INCREASING PERFORMANCE OF SMALL BUSINESSES	12
2.6.1 Digital marketing	13
2.6.2 Marketing and communication.....	14
2.6.3 Social networks.....	14
2.6.4 Online selling	15
2.7 USE OF DIGITAL TECHNOLOGIES IN PERFORMING SOME BUSINESS ACTIVITIES.....	17
CHAPTER THREE.....	20

THE ROLE OF DIGITAL TECHNOLOGIES IN THE PERFORMANCE OF SMALL BUSINESSES IN LESOTHO	20
3.1 INTRODUCTION.....	20
3.2 SMALL BUSINESSES	20
Table 3.1 Forms of small businesses in Lesotho	21
3.3 SUSTAINABILITY OF SMALL BUSINESSES IN LESOTHO.....	21
3.4 CONTRIBUTION OF SMALL BUSINESSES IN LESOTHO	23
3.5 THE STATE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY IN LESOTHO	24
3.6 SMALL BUSINESSES AND DIGITAL TRANSFORMATION	25
3.7 USE OF DIGITAL TECHNOLOGIES IN PERFORMING ACTIVITIES.....	27
CHAPTER FOUR.....	30
THE RESEARCH METHODOLOGY	30
4.1 INTRODUCTION.....	30
4.2 RESEARCH PARADIGM	30
4.3 RESEARCH METHODOLOGY	30
4.4 RESEARCH DESIGN	31
4.5.1 Population.....	31
4.6 RESEARCH INSTRUMENTS	32
4.7 DATA COLLECTION PROCEDURE.....	32
4.9 VALIDITY AND RELIABILITY OF RESEARCH.....	34
4.10 ETHICAL CONSIDERATIONS.....	34
CHAPTER FIVE	36
5.1 INTRODUCTION.....	36
5.2 DEMOGRAPHIC CHARACTERISTICS OF THE SMALL BUSINESS OWNERS	36
Figure 5.1: Nationality of the small business owners at Roma, August	36
5.3 BUSINESS PROFILE	42
5.4 USE OF DIGITAL TECHNOLOGIES	52
5.5 NETWORK AVAILABILITY.....	56
5.6 USE OF DIGITAL TECHNOLOGIES FOR MARKETING	57
5.7 BUSINESS REGISTRATION	59
5.8 TAX FILING.....	62
5.9 TAX PAYMENT	65
CHAPTER SIX	67

6.1 INTRODUCTION.....	67
6.2 SUMMARY AND DISCUSSION OF THE FINDINGS.....	67
6.3 CONCLUDING REMARKS	69
6.4 RECOMMENDATIONS.....	69
REFERENCES.....	71
APPENDIX.....	79

CHAPTER ONE

INTRODUCTION

1. INTRODUCTION

In the present era, the use of digital technologies is very comprehensive and has gained prominence all over the world. Therefore, this chapter is going to discuss the role of the digital technologies on the performances of small businesses in the rural area. It is going to outline how the research was conducted.

1.1 BACKGROUND TO THE STUDY

The introduction of digital transformation in the current times has brought a remarkable change to the old fashioned way of doing things Xu, David and Kim (2018). The advancement in technology has enabled business people and their businesses to improve the communication between providers and users of services, which is in alignment with the era of fourth industrial revolution (Kim et al., 2018). This is a term used to explain the current revolution taking place in the world where individuals move between digital domains and connected technology to enable and manage their lives as explained by David et al. (2018).

According to Stearns (2013), industrial development was the most important single development in human history in the past three centuries, which continues to shape the world to date. This beautiful phenomenon began about two and half centuries ago. It has changed the world completely, it has altered where people live, how they play and how they define political issues (Stearns, 2013). In history, many revolutions took place. Some happened because of social reasons, others were due to political reasons while some were on account of natural reasons. What contributed to the industrial revolution, according to Taalbi (2019), was an increase in demand of goods and services, which was caused by an increased population and foreign trade.

Industrial revolution occurred in three waves. The first wave occurred in the Western Europe and the United States of America with few developments in Britain in 1770 (Haradhan, 2019). The second one happened in Russia, Japan, some parts of Eastern and Southern Europe, Canada and Australia in 1880. The third one began in the 1960 in Turkey, India, Brazil and other parts of Latin

America. Then, the industrialisation spilled over to other parts of the world and societies that were not industrialised and thus changing basic social and economic relationship (Haradhan, 2019).

In the past years before the introduction of the revolution, people were living on agriculture and using their hands to make beautiful and decorated objects for domestic purposes. Then in 1760, the first industrial revolution started with the invention of the steam engine. The steam engine used coal as the main energy for machine manufacturing and production of goods as stated by Massini (2021). The first industrial revolution changed the lives and economy of people from an agrarian and handicrafts economy to industry and manufacturing. People no longer used their hands; they were using machines to produce goods and services. At that time, the mode of transport was by rail. David et al. (2018) declared that this lasted from 1760 to 1850.

Of all the three industrial revolutions, the first industrial one which started in 1750-1760 and lasted up to 1820 and 1840, was the most distinguished turning point in history of all the revolutions because that period transformed human and animal into machinery (Haradhan, 2019). During that period, there was noticeable economic growth, increased production and consumption by common people. Taalbi (2018) mentions that the transportation of road and rails had improved and people saw establishment of banks and financial services which helped to run the industries and businesses smoothly. The first industrial revolution saw major technological development in the fields of textiles, steam power, iron making, and heavy increase in the number of banks.

According to Agarwal (2017), the second industrial revolution which was seen as an era of massive rapid industrialisation whereby oil and electricity was used to power mass production followed in 1865 to 1914. The steam engine used in the first one, was no longer used. There was an invention of the internal combustion engine. This engine used oil and electricity, not coal as was used in the first one. This was very powerful and there was massive mass production during this second industrial revolution as highlighted by Taalbi (2019). The second revolution saw major technological development in the fields of steel, chemicals, and electricity, which denote electrification of industry, transport and the homes.

Then, the third industrial revolution emerged in 1960 and lasted till 2000. This was the introduction of computers and robots. It was characterised by electronics and information technology in order to automate and computerise production. According to Davis (2016), the third industrial revolution began in the 1960 with the development of digital systems, communications and rapid growth in

computing power, which have made it easy for novel news of generating, processing and information sharing. This industrial uses electronics and information technology to automate production. It saw a major technological development in the microeconomics and the internet as posited by Taalbi (2019).

In economics, every benefit comes with a cost. Rymarczy (2020) states that the industrial revolution has its challenges and threats too. Some of the challenges are slow development especially in African countries due to the fact that the African countries are still in the developing stage. In order for it to function properly, digital technology needs implementation of new machines, devices and software, which all require capital and large investment. The other challenge relates to employment. The automation and advanced robotics will definitely cause a decrease in demand for unskilled and untrained workers. As argued by Rymarczy (2020), many jobs in commerce, finance insurance and many other departments will be closed because devices with artificial intelligence will replace people. Even the highly educated professionals like engineers, economists and scientists will also lose their jobs if they lack the skills, training and knowledge of the digitalisation to work in this radically transformed environment.

Furthermore, Massini (2021) claims that while the industrial revolution generated more jobs and offered new opportunities for people, that progress came with negative effects and problems on people. The author reiterates that historians claim that these problems started and grew bigger in the second industrial revolution. People left their homes in search of green pastures in the urban areas and ended up living in horrible conditions. There were not enough houses to accommodate all new inhabitants, and they were forced into squad camps. They were found to be staying in small houses, with no ventilation or sanitation. It was too bad that 16 people used to share a single room where there was no clean water. There was sewerage everywhere, and all this caused diseases such as cholera and tuberculosis. This means that environmental harm was one of the biggest challenges of the industrial revolution. The first industrial revolution was powered by using burning coal for production of goods and services. Massini (2021) states that this was observed to be very dangerous because it caused a lot of pollution into the atmosphere. This was substantiated by a study published in 2016 that explained that climate change began as early as 1830s (ibid).

1.2 STATEMENT OF THE PROBLEM

The digital technologies are now used to increase the performance of businesses in the Small Micro and Medium Enterprise sector worldwide. However, adoption and use of digital technologies by small scale entrepreneurs has been a challenge in Lesotho. This is due to the lack of telecommunication services in some parts of the country. Some small businesses are located far from the telecommunication infrastructural services; therefore, there is lack of internet which is used to perform different activities of the business. These challenges affect small businesses negatively. In addition, lack of knowledge to use digital technologies to perform business activities is another challenge facing small-scale entrepreneurs in Lesotho. Some entrepreneurs are still stuck in the use of old-fashioned ways of doing business activities.

1.3 PURPOSE OF THE STUDY

The study investigates the role of digital technologies in the performance of small businesses in the rural areas.

1.4 RESEARCH OBJECTIVES OF THE STUDY

- To investigate the role of digital technologies in increasing the performance of small-scale retail businesses
- To examine factors that contribute to adoption of digital technologies by small-scale retail entrepreneurs
- To assess the skills and knowledge diffused to small-scale business retail entrepreneurs by using the digital technologies

1.5 RESEARCH QUESTIONS

- What role does digital transformation play in increasing performance of the small-scale retail businesses?
- What are the factors that contribute to adoption of digital technologies by small-scale retail entrepreneurs?
- What skills and knowledge acquired by small-scale retail business entrepreneurs from digital technologies?

1.6 HYPOTHESES

- Digital technologies play an important role in increasing performance of small businesses in the rural areas.
- The level of education contributes to adoption of digital technologies by small-scale entrepreneurs.
- Digital technologies transfer important business knowledge and skills to small-scale retail entrepreneurs.

1.7 SIGNIFICANCE OF THE STUDY

As the study will be conducted among small-scale entrepreneurs, it will help in the performance of businesses of the small-scale entrepreneurs which will lead to sustainable development in the rural areas. This improvement will contribute to voluntary compliance of the clients with tax matters; therefore, the study will help Revenue Services Lesotho to collect revenue. In this way, revenue collection in Lesotho will improve.

1.8 DELIMITATIONS OF THE STUDY

There are different types of technology. However, the most seven common ones are namely communication, electrical, energy, mechanical, medical, transportation and construction technology. The study covers the communication and electrical technologies only. This selection is based on the observation that the former is all about internet which is the most popular and powerful communication technology that allows people from around the world to interact. The latter is all about computers and artificial intelligence.

1.9 DEFINITION OF KEY CONCEPTS

Small Businesses – According to Anastacia (2020), small-scale industries or small businesses are the type of industries that produce goods and services on a small scale. These industries play an important role in the economic development of a country. Small business is a business that employs fewer than 50 employees (Poole, 2017).

Digital Technologies - is the result of three distinct but related elements like digital artifacts, digital infrastructure and digital platforms (Elia et al., 2020). According to Bosch-Sijtsema et al. (2021), digital technology is defined as advanced information and communication technologies and is used in increasing the productivity of the businesses.

Rural Areas – can be defined as areas with low population density and predominant primary sector as said by Straka et al. (2016). The definition of rural areas varies from country to country. Nevertheless, they are defined as a spatial category, associated with certain human behaviour (Dasgupta, 2014).

Industrial Revolution – Hardhan (2019) defines industrial revolution is a structural shift of a large proportion of population from agriculture to manufacturing. It encompasses many sectors which cause a major growth in manufacturing sector and ultimately increase the national income. Taabi (2019) adds that industrial revolution refers to an emergency during a transition from a pre-industrial to an industrial society.

1.10 Conclusion

This chapter presented the background to the study and statement of the problem. The aim and purpose of the study were stated as well. Objectives, research questions, and significance of the study also formed part of this chapter.

CHAPTER TWO

THE ROLE OF DIGITAL TECHNOLOGIES IN INCREASING PERFORMANCE ON SMALL-SCALE BUSINESSES IN DEVELOPING COUNTRIES

2.1 INTRODUCTION

According to Bosch-Sijtsema et al. (2021), digital technology refers to the progressive information as well as communication technologies which can be useful in different sectors of life, for example, many businesses use digital technologies to increase their efficiency. Vrontis et al. (2017) declare that digital technology has had major influence on the operations of different economies, the social order, commerce, as well as various establishments, where humans are included. The indicated transformation is usually referred to as the Industrial Revolution 4.0. This is due to the technological transformation resulting into the development of the digital economy as well as the innovativeness of digital transformation.

2.1 THEORETICAL FRAMEWORK

2.1.1 Resource-based view theory

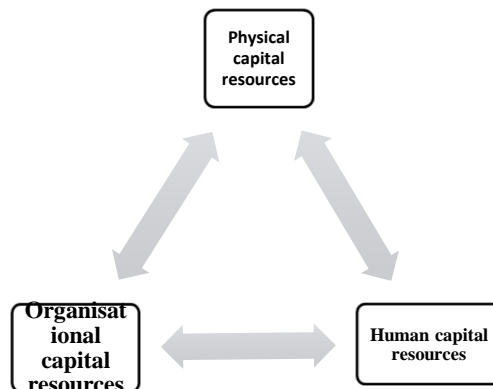
In this study, the Resource-based view (RBV) theory serves as the theoretical foundation for studying the role of digital technologies in increasing performance of small businesses in rural areas. Based on Welsh et al. (2017), the RBV theory is indicated as the method aimed at accomplishing the economic benefit. The theory is said to have materialised around the late 1980s as well as the early 1990s due to the prominent writings of Wernerfelt, Prahalad and Hamel, Jay Barney, and others. The enthusiasts of the theory claim that companies ought to look through their inner characteristics so as to be able to discover the bases of competitive advantage instead of looking at competitive environment for it (Welsh et al., 2017).

Barney (2001) contends that inner characteristics are seen as the determining factors with regards to the company's performance. The assets are also indicated to be important when they are able to reinforce the company in implementing approaches that increase the company's competence and success. As a result, it is believed that the firm's internal characteristics, which are said to be valued, exceptional, as well as those that are hard to duplicate and reproduce by the competing companies are the fundamental traits that companies may use to improve the company's performance. These distinct characteristics will eventually assist businesses in developing tools for competitive advantage (Gueler and Schneider, 2021).

This theory is important in the present study because according to Amit and Schoemaker (2016), the RBV theory brings forth the indication that the company's appropriate route to identifying its resource base is grounded on the appropriate approaches for developing the company. These approaches are said to be important because they have ability of turning into useful strategies for the company's development. This is especially helpful to small businesses as they are usually faced with constrains with regards to their sizes and usually being operated by owners that have robust business connection with their businesses (Khadijah et al., 2017). Consequently, a wise business decision needs to be delivered as it is automatically reflected in their business performance (Khadijah et al., 2017).

In this case, the premises of the RBV theory indicate that the company's assets have a connection based on three characteristics being the physical capital resources, human capital resources as well as the organisational capital resources.

Figure 1.1 The Resource-based view framework



(Source: Welsh et al., 2017)

2.1.2 RBV theory and relation to digital technologies and small businesses

According to Ajumobi and Kyobe (2016), digital transformation is said to have promoted the commercial competition for small businesses, and also said to be an important factor in sustaining the lasting economic growth of those small businesses. This is because, small businesses are the emerging economies which use digital technologies to change their social, political, and economic

state. Thus, digital transformation is therefore highlighted to be an important aspect that aids small business owners in identifying the innovative work predictions as well as aiding them in engaging in entrepreneurship prospects. Crittenden et al. (2019) studies have the claim that digital technologies are tools for small businesses that can help them excel in business.

Digital technologies resources such as the internet, mobile applications and social media have greatly transformed the manner in which trade in small businesses takes place. They allow small businesses to produce outputs, while also elevating the increase in production and introducing the extraordinary prospects, particularly for small businesses. In this case, the rising utilisation of information technology mediums like social media is said to be useful in elevating interactions and connections between customers and the business (Ramadani et al., 2013).

2.2 THE IMPORTANCE OF DIGITAL TRANSFORMATION IN TO BUSINESSES

Ferraris et al. (2017) note that the evolvement of technology entirely modifies the business setting in many countries. This is because digital technology necessitates an alteration in the decision-making process of particular business establishments. Furthermore, digital technologies affect the development plan of many businesses as well as their business models. As a result of the advanced technology, as well as the growth of the information world, digital transformation is deemed very crucial. Against this backdrop, Libert et al. (2016) note that digital transformation is said to be the modifications as well as the alterations determined and constructed on the basis of digital technologies. In the context of business, digital transformation is thus indicated as a structural change to great information, analytics, cloud and mobile as well as social media platforms. While establishments are indicated to be in a constant journey of transformation as well as progressing due to shifting commercial setting, digital transformation is indicated to be the modification constructed on the basis of digital technologies.

In addition, it is characterised by steering distinctive modifications in operation of businesses, including their progression as well as the process of businesses creating their worth (Libert et al., 2016). On the other hand, for Kiss (2018), digital transformation is pointed to be the thoughtful procedure of transforming businesses and the structural actions of diverse commercial procedures, commercial capabilities as well as the advanced aspect used in the attainment of power. Additionally, digital transformation is useful in aiding businesses to bring modification as well as

achieving prospects of the digital technology as well as aiding them to hasten their influence through societies and stakeholders.

Within the practical setting, digital transformation is commonly introduced by businesses in order to take advantage of an endwise customer experience. In this regard, businesses engage in digital transformation so as to improve their services, gain operative suppleness as well as to manage revolution of the business. Also, digital technologies are helpful to businesses in the sense that they help the business to launch its innovative business model. In a similar manner, digital transformation assists businesses to be able to develop original income foundations as additional information powers networks of better worth (Lauby, 2018).

According to Libert et al. (2016), while utilising digital transformation, usually, there are certain trials that a business may be faced with. Those can include the levels of legacy system as well as the process of detachment. As such, the challenges usually need to be fixed in order for businesses to gain improved results. Accordingly, digital transformation is mainly an excursion of numerous linked intermediate objectives that usually require being connected in advance of its enactment. This is because it usually entails modifications as well as the alteration motivated and constructed on the basis of technology.

In a business, digital transformation is characterised by the structural change of a business to a great data. This is because businesses are now adapting the developing technologies that may include social media, mobile technologies, internet gears, cloud technologies, large data analytics, as well as other numerous technology aspects. As a result, the adoption of these aspects brought about remarkable modification as well as alteration with regards to how businesses function. Most changes are visible in market within the creation of business value as well as through incorporating fresh experiences to all those involved (Baum, 2013).

Based on Li et al. (2019), the present business setting is now in the process of a fundamental change where the business setting is driven by the development of digital innovations as well as the digital technological prospects. It is noted that businesses are gradually embracing numerous prospects brought by technological transformation inclusive of the analytics, big data, cloud, social media and mobile platforms. All these forms of technological transformations are useful in business setting because they provide and enhance the competitive aspect of digital commercial approaches.

2.3 THE DIGITAL TECHNOLOGIES AND SMALL BUSINESS

According to de Kok et al. (2011), benefiting the most is the small business sector. Small businesses are referred to as autonomous businesses without subsidiaries that usually provide employment to a certain specified amount of personnel. The figure of employees employed in a small business usually vary from one nation to another. However, the utmost common higher perimeter is usually 250 workforces. Conversely, other states have limited their employee count to 200. While in most emerging nations, small businesses are usually the business that employs workforce less than 50.

de Kok et al. (2011) further indicate that businesses are important engines of economic advancement as well as the economic expansion of a country. This is due to their ability to creating jobs as well as allowing for creation of livelihood for many people. Small businesses allow one to stimulate their competitive nature as a source of improvement, which has ability to create prospects for business projects and provides other numerous remunerations.

On account of that, small businesses are thus characterised by their informal ability to transmit the digital intention of their choice of business model, IT as well as their ability to be integrated, evaluated and be provided with the digital worth of the system plan, as well as the customer feedback (Hakala, 2013). In this case, Storey et al. (2006) highlight that the important element for the engagement of small businesses is usually rooted in their ability to have personal relationship with customers, which is regarded as a factor that enables them to develop appropriate business practices required for smooth supply chain. Based on Costa et al. (2008), due to their flexible nature that allows for easy interactions between the business and its customers, small businesses have faced numerous challenges. Notably, other challenges stemmed from business owners of bigger enterprises who indicated that small businesses must similarly follow the online and offline networking behaviours of their larger counterparts. This study argues that if small business would have to follow suit, their performance is going to be mostly affected.

2.4 BUSINESS PERFORMANCE

Based on Moulin (2003), in the business setting, the notion of “performance” is said to be applied extensively in several parts of the business. Additionally, performance is indicated to include the overall administration of a business entity that enables the distribution of the value needed by those involved in the business unit. Presumably, the notion of performance takes into account general

actions as well as the processes done by business persons to reinforce their businesses (Kotane and Merlino, 2017). In this case, within the process of quantifying the commercial performance, businesses apply various means to measure their performances.

Generally, the indicated tools that measure the performance of the business comprise sale returns, amount of employees, resource levels, gross sales turnovers, and utilisation of income made from the business, the scope of the business, and the target of business as well as the aims of the business. Specifically, the measuring tools include the personal objectives of the business owners, the productivity of the business, the years the business existed, the exploration aspect of the business as well as the advancement of the business with increasing capital included (Zahra, 2011).

2.5 THE ROLE OF DIGITAL TRANSFORMATION IN INCREASING PERFORMANCE OF SMALL BUSINESSES

Li et al. (2019) articulate that digital transformation is an aspect that develops businesses through the utilisation of the technological gears. It also enables the businesses to explore the prospects that can aid the growth of their businesses through broadening of their customer base and overall market. Thus, the process of digital transformation is understood to be productive in cases where small businesses can make a certain obligation.

As observed by Abelardo et al. (2019), the process of digital transformation is also regarded as useful if the business is able to sell its products online, offer markdowns as well as many other benefits to the consumer. These authors indicate that the process of producing a good performance for a business entails four digital transformation approaches which can be applied. The first one is ensuring that the business remains competitive, while the second one is increasing the efficiency of business processes. The third one is increasing customer satisfaction and the last one is creation of several easy tactical assessments for entrepreneurs.

Based on Madhusudan Rao and Rajeswari (2020), there also exists two features to the adoption of digital technology. The first one is the fact that the determination of digital transformation is not only based on technology, rather it also focuses on ways in which small businesses can contest extra aggressively to reduce the cost of numerous parts. The second feature is based on the improvement of the business in relation to the digital knowledge and skills. As mentioned by Radzi

et al. (2017), small businesses play a significant part in the economy of the present world, as they are also indicated to major providers of the economic development of the country.

Callo-Miller's (2020) assert that the large number of small-scale entrepreneurs constantly seek new techniques that can help enhance the brand of their businesses in the midst of their possible customers. Digital platform marketing has become the most potent method of marketing for small business owners nowadays since it can practically reach everyone, everywhere, at any time. For example, the business owners who are producing material can attract the attention of customers, while they also provide motivation for those who read the material to share it on their social media platforms. This is based on the fact that a lot of people nowadays utilise social media platforms.

Callo-Miller's (2020) research revealed how small businesses can better exploit the opportunities offered by the digital technology, such as E-commerce and fin-tech, in order to expand into international markets. His research showed how governments can effectively support small businesses in taking advantage of the digital economy since it also affects the economic performance of each country.

Specifically, Lukonga (2020) illustrates that in Sun-Saharan Africa, small business owners that include Jumia, Takealot as well as Konga in Africa, South Africa and Nigeria, respectively are considered to be the business entities that lead in provision of services on digital platforms. Other successful business entities famous of being transformed digitally include Twiga found in Kenya, which is indicated to utilise the digital technologies by simplifying its supply chain of fresh food produce between the farmers as well as the suppliers.

2.6 SMALL BUSINESSES AND ADOPTION OF DIGITAL TECHNOLOGIES

2.6.1 Digital marketing

Digital marketing also regarded as virtual marketing, is said to refer to the promotion of goods and services over internet which happens to spread everywhere these days. In this case, the digital world acts as a medium to communicate what business has to offer to its potential clients. Digital marketing, in simple terms, can be defined as “advertising using power of internet” (Kiss, 2017). According to Ritz et al. (2019), the use of digital platforms has changed the way marketers interact with today's consumers. A sizable portion of the global population owns and uses computers and mobile devices, which contributes to the explosive growth of digital advertising spending. Kannan

and Hongshuang (2017) echo that digital technology plays a significant part in the contemporary societies. This is because the people (who are also the market) are now using various digital technological tools such as smartphones, televisions, cameras and many other forms of digital applications provided by the digital technology in their daily lives.

Krajnovic et al. (2018) point out the idea that when digital marketing and modern technology are used in marketing management, the concept of modern marketing and its paradigm must be modified. All businesses need to be more customer-focused by using systematic and planned CRM operations in order to communicate precise information to potential customers. Digital marketing has a more efficient impact on client needs formulation, though it has ethical implications. In this day and age of information overload, it is critical to carefully select the content that will be communicated to potential clients, and digital marketing is a valuable platform for doing so.

2.6.2 Marketing and communication

Ritz et al. (2019) conducted a study on the impact of digital technologies on marketing and communication prospects of the business. The study extracted data from 250 small businesses. The findings of their study revealed that there is openness of small businesses regarding the digital marketing as it enables them to be productive and increases their performance while also serving as a form of motivations of the indicated small businesses.

In addition, Cole et al. (2017) studied the manner in which the owners of small businesses perform with regards to utilisation of digital platforms in their advertising and marketing. The study was done on 300 small business owners. The findings of the study revealed the fact that education is one factor that plays a major part in the marketing process. The study further claimed that if the business owner has attained the higher level of education, they usually have less interest in utilising the advertisement prospects provided by the digital platforms.

2.6.3 Social networks

Zeiller and Schauer (2011) report that social networks refer to the collection of applications found on the internet that usually utilise the bases of the web 2.0 for designing as well as exchanging the materials between creators. Studies by Zeiller and Schauer (2011) indicate that the most utilised social media platforms by small businesses are Instagram, Facebook and LinkedIn as well as twitter. There are also other platforms created specifically by the small businesses in order to freely

publicise their content. Lately, other social media platforms like WhatsApp allow customers and the small businesses to have immediate interactions (Ritz et al., 2019).

In a study directed to the owners of small business in the United States, the UK, Australia, as well as India on the innovative aspect, the scope, and the location of their businesses as well as the number of years in which the businesses existed adopted twitter Wamba and Carter (2013). The findings of the study indicated that newer businesses in urban areas are the ones with higher likelihood of adopting twitter (Wamba and Carter, 2013).

Based on Beloff and Pandya (2010), numerous studies examining the utilisation of Facebook by small businesses discovered that small businesses used Facebook for different administrative objectives which include marketing, communications, selling, marketing, advancement, solving problems and offering of customer services. Furthermore, it was established that technology has ability of improving and developing the business as well as its performance. Beloff and Panda (2010) revealed that businesses adopting the social media are embedded with gains and benefits, thus highlighting the helpful association of adopting social media to enhance the business performance.

Similarly, Rodriguez et al. (2015) stressed that the utilisation of social media is crucial in improving the actions orientated around the customers, a fact that in turn results in increasing sales and the performance of small businesses. Wong (2012) Ferrer et al. (2013) and Kwok and Yu (2013) reiterate that the utilisation of social media improves the business' social capital resulting in performance increase. Lastly, Hassan et al. (2015) articulate that social media is also characterised by having the critical effect on small businesses through persuading buying decision.

The study by Srinivasan et al. (2016) also revealed that social media has ability of playing an important role in creating the brand as well as producing responsiveness. Their study reflected that social media has aided small businesses in retaining as well as building robust relations between customers and the business establishment. It also revealed that social media has ability of creating the innovative market, while also increasing the market share of the said businesses.

2.6.4 Online selling

Pradhan (2018) articulates that online selling means the business dealings are done on the digital platforms alongside the value chain which utilises the available technological infrastructure. In

this case, numerous studies show that online businesses as well as selling online provides efficiency aspect for customers in the sense that it reduces distances and the costs that are usually incurred by the customer while travelling to buy goods or services. It also increases the performance of businesses as they are able to sell without geographical restrictions or time.

Xia and Zhang (2018) go on to say that the online platforms utilised in the process of selling by small businesses have large impact on transaction capacities in a long-run. Thus, utilisation of online platforms for selling products or services is indicated to have a constructive outcome on the efficiency of the small businesses at a national level. Their study also discovered that online selling is much productive for small businesses in developing countries because they stem from less advantageous economic foundation.

A study conducted by Fosso and Carter (2017) that assessed the use of online selling by small businesses in the Philippines revealed that the logistic ladder suggested a small number of serious aspects inclusive of innovation, the size of the business, age of the business owner as well as the business itself play a critical part in online selling development. Moreover, Pradhan (2018) also states that the constant developments in digital technology through online selling have aided in the development of many small businesses around the world.

2.6.5 The contribution of the skill transfer programs diffused to small-scale business entrepreneurs in the use of digital technologies

Hanna (2016) indicates that many research studies that were conducted so as to discover the adoption of digital technologies have brought about numerous modifications to the business context of small businesses. The findings of her study revealed that technology has improved the way business owners are able to share information and experiences, which is a factor that has been indicated to enhancing the human capital of the business.

According to Lauby (2018), who conducted a study on digital transformation to explore the importance of employee engagement in digital transformation, found out that the development of digital platforms, emergence of artificial intelligence, the computerisation of businesses as well as the applicability of the internet have had the great impact on the business environment. That is to say even though internet has positively impacted the performance of many small business, it has

also negatively impacted the business environment of those employed by the businesses. For instance, the internet has replaced many people by doing jobs on their behalf, not mentioning other challenges for workforce.

Thus, digitisation of small businesses affects products distribution and business-consumer interaction even though it is the key factor for small businesses to sustain business development (Ovodenko et al., 2010). In the United States of America, data was collected from 78 small businesses using a digital technology as their survival mode of business. The aim was to know how digital technology helps improve their performance. The outcomes of the study specified that relative advantage, top management support, organisational size, external pressure and competitive pressure are important determinants of digital technology's adoption, and using it does help them grow in business. In the same vein, some proved that they moved from small business to medium enterprises in a short period of time through utilisation of the internet (Premkumar and Roberts, 1999).

Agyekum et al. (2021) argue that in order to improve the use of digital technology in small businesses, information and communication technologies must be appraised. According to these authors, the information and communication technologies play a crucial part for the services of small businesses which does not only improve access to external credit facilities, but eventually enhances financial breakthrough of those businesses (Trinugroho et al., 2021). Ayyagari et al. (2011) also support that businesses' modernisation has positive impact in accessing external financing based on the visible growth and maintenance balance.

2.7 USE OF DIGITAL TECHNOLOGIES IN PERFORMING SOME BUSINESS ACTIVITIES

2.7.1 Business registration

While utilised appropriately by small businesses, different online systems guarantee the business sustainable growth (Ondara, 2016). Business registration is said to be the practice made by the entrepreneur to obtain legal approval to run a business within a certain area. It is indicated to be a legal requirement in different countries around the world, and its advantages are based on the fact that it allows an entrepreneur to operate their business activities legally as asserted by Collins (2014). According to Sharma (2012), owning a business that has been declared for tax legally to

the authorities increases the performance of the business in relation to benefits acquired from sales laws and labour law purposes. Sharma further states that the informal businesses are said to be characterised by low performance due to unfruitful business activities that negatively impact the growth of the business as well as the overall economic development of the country.

The registration of a business is important as it verifies the business under trade law of the country. This is because without business registration, a business cannot legally be certified and this means it can never be protected if it gets in trouble. It will also not be protected from any economic, legal or social instability (Collins, 2014).

2.7.2 Tax filling

The utilisation of digital platforms has changed the manner in which businesses conduct their activities. Currently, substantial amount of people around the world own and utilise digital devices; this forced small businesses to pick up the trend (Olanzo, 2021). According to Bela et al. (2020), the importance of digital marketing has been established in the developed countries due to their remarkable performance. On account of this, to be successful in digital marketing, small businesses are required to utilise the internet through any gadget as well as using the traditional means to promote their products and services. Young (2021) notes that various governments globally have incorporated electronically tax filing. The author states that this has presented entrepreneurs with a lot of advantages that include saving time and money, and reducing mistakes linked to manual tax filling.

According to Lai and Choong (2010), many countries such as China, South Africa and many other countries have now transitioned to the digital tax filling system where individuals and businesses are able to file their taxes online where ever they are. The advantage of filling taxes through digital means is said to be providing convenience for clients while also increasing tax administration as well as ensuring tax compliance. According to Ibrahim (2012), the process of filling taxes manually involves individuals fetching forms from the tax authorities and having to return them back to the authorities after filling them manually. Yan and Tim (2014) state that different environmental factors take place in the process of tax compliance by the business, a factor referred

to as tax compliance behaviour. The tax compliance behaviour's view claims that taxpayers assume certain methods of filing for taxes based on personal beliefs, rather than convenience.

Awa and Ikor (2015) posit that as small businesses are regarded as valuable economic development tools, they are expected to pay their taxes. This means that the process should be smooth and easy enough to be executed by every small business owner regardless of educational background and digital knowledge. The authors claim that an easier process of filing returns will encourage small business owners to pay their taxes if they know they will be successful.

2.7.3 Tax payment and skill development

Pradhan (2018) articulates that digital technologies have allowed business dealings to be done alongside the value chain utilising the available technological infrastructure. Online tax filing was a system that was basically created to allow for tax filing processes to be done conveniently on a filing site on time, thus irregularities that come with the system defeats the purpose as the entrepreneurs are not able to file their taxes on time due to challenges they encounter (Mandula, 2013). Ssetuba (2012) notes that tax compliance is said to be the process in which individuals are able to make tax payments in timely manner, with appropriate tax records.

According to Olazo (2021), lack of technical expertise limits small and medium-sized businesses ability to turn this positive perception of digital marketing into a robust digital marketing plan or framework. Dumitriu et al., (2019) view SMEs as a critical component of growth, innovation, employment, social inclusion, and, ultimately, societal sustainability. The flexibility and agility of the SMEs sector are critical characteristics for overcoming economic crises, and they are especially important at this time. Meske et al. (2013) explain that as a result, when considering social media adoption, SMEs should look at these "soft" elements in general.

2.8 Conclusion

In this chapter, the theoretical framework was presented as well as the literature review on the importance of digital transformation in increasing performance of small-scale businesses in rural areas.

CHAPTER THREE

THE ROLE OF DIGITAL TECHNOLOGIES IN THE PERFORMANCE OF SMALL BUSINESSES IN LESOTHO

3.1 INTRODUCTION

Khoase (2011) indicates that in different states and economies, there are different forms of business operations while there are also different forces that aid each form of business to survive. In the context of Lesotho, there are many small businesses. This is mainly due to the steady poverty situation of the country. This is based on the fact that Lesotho is said to have remained in the list of poorest countries in Sub-Saharan Africa. In this case, the indication is that poverty has remained prevalent despite the numerous efforts by the government to reduce it. The efforts range from the Millennium Development Goals, the Sustainable Development Goals, as well as the Agenda 2063 (Kali, 2020).

However, based on Ventura (2020), one of the central reasoning regarding the stagnant levels of poverty is based on the government failing to create jobs. As a result of the alarming indices of poverty and unemployment in the country, many Basotho have resorted to venturing into entrepreneurship, most importantly in small business sector. However, small businesses are said to be characterised by different challenges such as lack of funds that inhibit their growth and prosperity. Due to this, the use of technology has come as a form of aid for small businesses in Lesotho in recent years. This is based on the fact that nowadays, almost every person who has digital means is connected to others on one or more internet platforms. In essence, digital platforms are used as instruments which allow one to reach out, connect, share ideas and materials to mention a few.

3.2 SMALL BUSINESSES

Based on the Ministry of Trade and Industry, Cooperatives and Marketing (2012), small businesses also referred to as survivalist businesses in Lesotho, usually fall under the category of small and medium enterprises (SMEs). However, the small businesses in Lesotho entail certain characteristics regarding size, the form as well as the number of employees. GoL (2016) describes small businesses as business entities that are founded by individuals, in most cases to substitute their livelihood and income. In the study by FinScope Survey Lesotho (2015), the findings of the study indicated that a high number of small business owners specified that earnings they acquire

from their small businesses is their only source of revenue. However, the small businesses in the country are said to employ two to six people. This is based on the fact that small businesses are usually family establishments that often utilise family members as employees.

Table 3.1 Forms of small businesses in Lesotho

Forms of small businesses in Lesotho
Retail trade
Repair of motor vehicles
Agri-businesses
Food service activities
Arts, entertainment and recreation
Service businesses (Gardening, laundry, car wash and many others)
Transportation
Construction

Source: FinScope (2015)

3.3 SUSTAINABILITY OF SMALL BUSINESSES IN LESOTHO

3.3.1 Starting businesses in Lesotho

As mentioned by ILO (2014), starting businesses in Lesotho is challenging. This has in turn discouraged a lot of people in taking the route of entrepreneurship; as a result, entrepreneurship has lacked behind in creating sustainable livelihoods for people who decided to venture in-to business sector. This also discouraged youth in doing businesses as ILO indicates that the youth strive to be hired rather than start their businesses. Consequently, the government of Lesotho has put in place different strategies that are meant to enhance the entrepreneurship culture in the country.

Some of the efforts that have been implemented by the country include the revision of the education curriculum so that it incorporates business studies. It is worth mentioning that education curriculum still lacks in terms of educating people on tax and benefits of tax filling and tax returns. This is especially discouraging as capacity building on tax activities is considered the best approach that can have a positive impact on the performance of small business and the sustainability and development of start-ups (ILO, 2014). However, Lesotho has seen improvement

by scoring higher in the ranking of starting a business index as establishments of businesses have risen to over 50%.

3.3.2 Problems that hinder performance of small businesses in Lesotho

Amadasun and Mutezo (2022) report that small businesses in Lesotho are faced with many constraints that usually make them fail when they are still start-ups. One of the said factors that usually lead to failure of small businesses is competitive intensity. Based on Matharu et al. (2016), competitive intensity is defined as an important standard that is usually used in measuring the business self-sufficiency as well as its commendable managing. This is because Lesotho's small business sector is populated by many people who engage in one form of business all at a go, sometimes even in the same area. Consequently, competitive intensity regards the capacity of small businesses in their ability to reform and construct their tactics so as to cope with the business setting as they also gratify targeted market.

Halliru (2016) indicates that the market-driven tactics permit small businesses to use fundamental market properties in order to gain their competitive growth. In Lesotho, for small businesses which are emergent and developing, acknowledgement of different market driven tactics is said to be vital for increasing tactical market associated to the small business' performance. Amadasun and Mutezo (2022), therefore, highlight that absence of market-driven plans in small businesses has headed to pitiable methods of marketing presentations as well as to small businesses being incapable of developing their markets adequately to gain competitive growth. Gol (2016) reports that most small businesses fail because of market-driven strategies. The report indicated that 45% of the small businesses often lack business sophistication, while 41% of small businesses are faced with the challenge of market-driven strategic incapability.

In this case, Makhetha and Sebolelo (2015) state that there are several factors that enable a business to meet the demand and fulfil customer's likings. However, those are usually based on the business owner having ability to respond to the challenges brought by the market. Thus, one of the factors useful to small business owners in terms of dealing with market challenges is the business' technological ability. Asikhia (2010) indicates that the use of internet and other digital technologies has enabled Basotho small business owners to be able to manage their businesses while also gaining the best attitude for the market-driven strategy. In this regard, most small businesses have been able to revamp their market and compete with other businesses.

In addition, Tang and Tang (2016) observe that the impact of the digital transformation in the small business sector is regarded as a form of innovation which usually lead to small businesses being able to acquire the market-driven ability. In this case, small businesses adapting to digital technological means enhances their ability to meet a wider customer base, and to compete with other businesses in a wider business setting. This means that the small businesses are now not only confined to their locations, serving only those around. However, the small business can have a dynamic customer base from different places, which is a factor that is guaranteed to enhance productivity (Serviere-Munoz et al., 2013).

3.4 CONTRIBUTION OF SMALL BUSINESSES IN LESOTHO

As indicated earlier, Lesotho is one of the countries characterised by high levels of poverty indices in sub-Saharan Africa. Unemployment is indicated to be one of the factors that perpetuate the rising numbers of those living in poverty in Lesotho. Currently, unemployment in Lesotho stands at 18.06 percent (Statista, 2023). According to Jili, Masuku and Selepe (2017), small businesses are regarded as one of the useful tools that generate income and as a means of livelihood diversification for the poor, especially those living in rural areas. In this regard, they are also recognised by the government of Lesotho through the Ministry of Small Businesses as a critical strategy useful in the overall economic growth as well as the socio-economic development. Furthermore, small business sector has enabled many poor people to acquire basic needs, and generate wealth at the same time.

Jili et al. (2017) emphasise that small businesses are one of the critical tools used by individuals and households to eliminate poverty. This is based on the fact that small businesses usually need minimal capital to operate yet they offer returns that may ensure income. In Lesotho, small businesses serve as a form of self-employment or small family businesses that offer goods and services in limited portions to communities around the businesses. As observed by Amadasun and Mutezo (2022), small businesses in the country are usually found in both rural and urban areas in Lesotho and are mostly populated by unemployed and uneducated people. It is further noted that with absence of factors like large employees, this form of businesses is likely to be more economic and profitable. This is so because production of the goods and services as well as the running of the actual business is often controlled by its sole proprietor.

3.5 THE STATE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY IN LESOTHO

Based on Lukonga's (2020) declaration, digital infrastructure is said to be one of the significant factors that enable the development of digital economy. This is based on the fact that the utilisation of the improved broadband has been indicated to have a large impact on different sectors of the economy in a lot of African states, including Lesotho. In this case, the government of Lesotho has thus recognised the importance of this sector by implementing the policy framework on ICT. It further enhanced different strategies that may promote and develop both the digital connectivity and the communications. EuroAfrika (2012) indicates that Lesotho's ICT sector entails three subdivisions namely: fixed and mobile telecommunications, broadcasting services and multimedia as well as the internet.

3.5.1 The Lesotho ICT policy framework

According to Amadasun and Mutezo (2022), the first ICT policy that was developed in Lesotho came in 1999. The policy was regarded as a sectoral policy that led to the Lesotho Telecommunications Authority. Other policies were later developed in 2005, 2008 and 2012. Those included the Information and Communications Technologies (ICT) Policy of 2005, the Lesotho Communications Policy of 2008 as well as the Communications Act of 2012. All these were assembled by the government in order to provide the whole country with relevant and affordable accessibility to services. One other reason was the provision of cost-effective and reasonable ICT services offered in a variety of sectors, from the communications, mass media as well as the internet.

Based on LCA (2012), the emphasis on the ICT policy framework was to generally pave the way for expansion of the inclusive deliberate plan that can be utilised in steering the nation to the development of Lesotho's digital economy. This is based on the fact that entrepreneurship in the country plays a fundamental role in the eradication of poverty. In this case, the government enabled easy access to ICT through policy framework. This was understood as a form of encouragement for the whole public in supporting the entrepreneurial activities in the form of innovations, creativity as well as other strategies that permit growth and sustainability of businesses.

3.5.2 Digital infrastructure in Lesotho: Internet access and usage

3.5.2.1 Internet users

The International Communications Union (2013) describes the internet as a globally connected network within computer system where a user utilising a computer may access information from other connected computers. In this case, the internet users are indicated to be people with capacity to accessing and utilising the world wide network. Based on Kemp (2022), Lesotho had a population of 2.17 million in 2022 and 30% of the total population lived in urban areas while the remaining 70% were rural dwellers. In the same year, it is indicated that, the internet users stood at 1.13 million, where the internet penetration ranged at the 51.9%. The report by Kemp (2022) further highlights that the number of internet users stood at about 533 thousand (about 25% of the total population).

Table 3.2 Social media platforms in Lesotho

Social media platforms in Lesotho	Number of users in Lesotho (Latest statistics)	Estimated Ad reach % of total population
Facebook	509.10 thousand users	23.5
Instagram	37.90 thousand users	1.7
Facebook Messenger	35.30 thousand users	16
LinkedIn	77.00 thousand users	3.6
Twitter	22.90 thousand users	2.0

(Sources: Meta, GSMA and Kepios, 2022)

3.5.2.2 Mobile cellular subscriptions

Drawing from GSMA Intelligence (2022), the mobile cellular subscriptions stood at 2.56 million. In this case, the indication is that the figure is high based on the fact that people often subscribe to more than one mobile network. Thus, the mobile phone subscribers are regarded as people who make use of a movable cell phone subscribed to a network service that is usually a public cell phone technological network.

3.6 SMALL BUSINESSES AND DIGITAL TRANSFORMATION

3.6.1 The use of digital technology by small businesses in Lesotho

As mentioned by Kannan, and Hongshuang (2017), small businesses are considered to have gradually embraced and connected to the digital platforms, such as the internet. This is based on the fact that digital technology plays a critical part in the current modern society. Dwivedi and

Yogesh (2021) posit that almost everyone is connected to a form of digital technology. Illustratively, many people now have access to various digital technological supplies such as smartphones, social media platforms, search engines and different kinds of technological applications. This means that if consumers went digital, it was only justified that small business go digital too. Generally, digital technology has been established as being very significant for small businesses in Lesotho.

3.6.1.1 Communication

Matsaba-Makoa (2022) indicates that small businesses in Lesotho are usually owned by younger generation who are characterised as being techno-savvy. This means that small businesses gain many benefits from adopting and using digital technology in Lesotho. For example, digital technology offers small business owners with tools to communicate and market their businesses through social media platforms. In particular, digital technological resources like internet are useful for providing information to small business owners. This is based on the fact that, a lot of small owners usually open businesses without any form of formal knowledge regarding running a business.

3.6.1.2 Marketing

There is lack of studies on digital technology and its importance in the business sector in Lesotho. However, the available studies have highlighted that, while small businesses are utilising technological means like the internet, they open themselves up to new opportunities. The EU (2019) studied factors that perpetuate utilisation of digital technology by small business in Lesotho. The findings of the study indicated that the use of digital technologies amongst small business owners perpetuates their ability to run businesses in a developing technological setting where there are benefits like cheap marketing that enables them to save more and have greater returns. In this case, based on Huang et al. (2021), the usage of social media in advertising is regarded as a major change provided by the digital technology platform in this era.

3.6.2 The impact of digital connectivity on MSMEs growth and productivity

Through digital innovation, small businesses have been able to acquire newer opportunities that guaranteed their growth and diversity in Lesotho. In this case, the small businesses are able to put their products in digital platforms where they are easily accessible for customers. This means that

businesses now sell their products without time limits. This has led to a lot of businesses clocking skyrocketing sales. On the other hand, digital technology has allowed small businesses to have easy methods of carrying out means of payments to their customers (The EU, 2019).

3.7 USE OF DIGITAL TECHNOLOGIES IN PERFORMING ACTIVITIES

3.7.1 Business registration

Business registration is one of the fundamental aspects that are needed to be followed by those who have decided to venture in to business setting. There are many reasons attached to the importance of business registration in the country, and amongst them is being able to acquire credit while others are more administrative. Based on ILO (2019), business registration helps the government identify forms of businesses in the market, where certain types of businesses are operated and the general performance of certain types of businesses on certain location. Registration of businesses also helps small businesses to identify the forms of products or the services they are going to offer so as to find out whether or not serve as a danger to the society (ILO, 2019).

3.7.2 Business tax filling

All the tax business in Lesotho is undertaken by the government through the Lesotho Revenue Authority also known as the Revenue Services Lesotho. According to LRA (2017), the constitution of Lesotho requires individuals to file tax returns from all the revenue they have created from different sources. Thus, all the entrepreneurs in Lesotho are required to file their returns at a required date, mindful of the deadline. This is because failure complying with tax returns in time may cause a person to be penalised or face prison. The African Development Bank (2017) evidences that RSL has achieved a great success in administering the taxes of the country until the 2008 implementation of the tax reforms as well as modernisation. The main reason behind reforming tax administration was based on the authority striving to increase tax compliance among the Basotho nation and decreasing the causes that the RSL incur in the process of collecting tax as well as reducing the hassle of tax submissions.

In 2008, the RSL began the process of going digital through the adoption of modern-day technologies. This was done to increase the development of businesses as well as their performance (ADB, 2017). In that case, it has been reported that RSL has for the past decade and half managed

to record achievements in improving the level of tax compliance. Furthermore, it has managed to introduce VAT to the public and applied the ASYCUDA World. Other successes that came with reforming tax administration is that in 2008, the authority also introduced Enterprise Architecture design for support of businesses around the country through its initiative of modernisation. The initiative included RSL introducing digital records and management structure that will help the authority as well as the tax payers in the safekeeping of the tax records while also being able to reduce paperwork. The initiative also provided a convenient platform when businesses can file for their basic tax returns (ADB, 2017).

Data collected from RSL in 2016 showcases that due to tax administration reforms and modernisation, revenue collection is gradually rising in the country as more and more people are complying their tax payment. Even with the remarkable performance in revenue collection, the ADB (2017) cautions that a lot has to be done as a result of the fast-paced business environment. In addition to the initiative, RSL has managed to improve various tax administration services that have allowed for easy and efficient tax filling by entrepreneurs through digital means. This has, in turn, consolidated the process of tax auditing as well as aiding in capacity building for business owners.

3.7.3 Importance of tax filling by small businesses in Lesotho

The ADB (2017) states that Lesotho is one of the countries characterised by underdevelopment and severe poverty; as a result, the country has implemented different strategies aimed at reducing all forms of poverty in the country. Among those strategies is the National Strategic Development Plan (NSDP), whose main premises are to augment sustainable development and reduce poverty. The NSDP also strives to launch the pre-conditions for an inclusive growth and faster job creation focusing on six strategic priorities. In that case, RSL has since adopted NSDP strategies in ensuring the economic development of the country. Notably, literature illustrates that Lesotho is one of the countries with depressing economic situation. It has previously been established that the economic situation in Lesotho is in dire need of being merged so as to allow the government to increase employment opportunities through service delivery and reduction in poverty indices.

Merging the fiscal situation of Lesotho also allows the country to strengthen macro-economic as well as stabilising the financial aspect of the country. ADB (2017) proposes, therefore, that there is a need for an economic regulation to reserve the economic and macro-financial sustainability of

the country taking into account various methods that encompass recurring expenditures, while also improving the process of tax administration and collecting revenue. Based on RSL, the importance of businesses filling taxes is largely based on their performance. This means that to increase tax compliance of business owners through digital platforms will make tax filling more organised and time saving. Similarly, e-filling implemented by LRA has also reduced the cost of filling as it helped business owners in facilitating their businesses.

3.7.4 Importance of small businesses in tax filling

The importance of tax filling by small businesses helps the country to afford social as well as economic benefits that are directed to those living in poverty while also improving the overall welfare of the country. Significantly, RSL has put in place the capacity building programs that are meant to offer training to entrepreneurs in Lesotho so that they can realize the benefits of e-filling for their businesses (ADB, 2017).

3.8 Conclusion

In this chapter, the literature reviews extensively discussed the use of digital technologies and sustainability of small businesses in Lesotho, contribution of small businesses in Lesotho development as well as problems that hinder performance of small businesses in Lesotho.

CHAPTER FOUR THE RESEARCH METHODOLOGY

4.1 INTRODUCTION

The chapter is going to discuss the procedure by which the research is conducted with an explanation of the appropriate selected approach. It is going to address the methods used in the research, the adoption of the design captured in order to reach the stated aim and purpose of the study. It is going to also discuss the quantitative research method approach followed in order to study the role of digital technologies in the performance of small businesses in the rural areas. Research paradigm strategies and techniques useful for this study are also presented in this chapter followed by discussion of results, legitimacy and trustworthiness, ethical considerations and the limitations of the study.

4.2 RESEARCH PARADIGM

According to Shah and Al-Bargi (2013), paradigm is a joined collection of practical theories, variables and drawbacks attached to corresponding procedural approaches and tools. A paradigm is a basic system of the world that guides the investigator or researcher into embracing a certain approach to the study. It is also a philosophical framework that a researcher is based on. Artino et al. (2020) echo that a research paradigm is very important because it is the foundation of the philosophical basis for research of the project. Once the research philosophy has been determined, it is easier to select an appropriate research methodology. Atieno (2019) adds that the word paradigm can be used either as an approach or a design.

4.3 RESEARCH METHODOLOGY

Katharic (2004) defines methodology as the path through which researchers communicate the problem and objective and present their results from data obtained during field project. This means that it is basically the way of solving the research problem. Katharic (2004) goes on to say that the different steps taken into consideration by a researcher while studying the problem together with the logic behind the problem identified are studied. Research methodology is not research methods to be employed but judgement behind the methods used in the context of the research study and clear clarification on how a particular method or technique is being employed. It is also a procedure or technique used to categorise, select, process and evaluate information about the topic of a researcher. Generally, methodology is how a research should be undertaken.

4.4 RESEARCH DESIGN

As defined by Kathari (2004), research designs are methodical and well-planned procedures used by a scholar to carry out a scientific study. In simple terms, a research design is a total plan on how to carry out a research. It is a widespread co-existence of already well-known components and any other material or data leading to sound end results. This is basically the how part of the research approach chosen for the study. It is a facilitation of the smooth sailing of the various operations that make research as efficient as possible (Sileyew, 2019).

There are two classifications of research designs namely, qualitative and quantitative research designs. According to Rahman (2017), qualitative research design means any type of research that produces findings not arrived at by numerical process but in descriptive form. On the other hand, quantitative research design analyses variables in terms of numbers and statistical strategies. The study is going to employ a mix of both the qualitative and quantitative research designs.

4.5. QUALITATIVE AND QUANTITATIVE RESEARCH APPROACH

4.5.1 Population

Population is a whole group that a researcher wants to draw assumptions about. Again, population can be defined in terms of geographic position, age, and income to mention a few features. A sample is a particular group of individuals drawn from the population that a researcher will use in order to collect data from (Sharma, 2017). Furthermore, Sharma describes sampling as a method, formula or means employed by a researcher to scientifically select a reasonably smaller number of representative items or persons from a pre-defined population to serve as data source for observation or investigation as per goals of the study. The population in this study were retail owners in Roma Valley.

4.5.2 Sample and sampling techniques

Sampling is used by researchers because it is not possible to interview every single individual in the entire population. That is why a sample is the group of persons who will essentially contribute in the research. Bhardwai (2019) emphasises that sample is a smaller, manageable type of a larger

group. It is basically a subset containing the characteristics and features of a larger population. It is one of the most important factors determining the accuracy of the study.

The research used a mixed sampling approach comprising simple random sampling and purposive sampling techniques. A mixed sampling approach involves a combination of probability and non-probability techniques of selecting a data. On the one hand, Noor et al. (2022) state that simple random sampling is an easy and simple method in quantitative studies whereby all the individuals have an equal opportunity to participate in the study.

On the other hand, Kassiani (2022) explains that purposive sampling technique is a form of non-probability sampling in which researchers rely on their own judgement when selecting people to participate in their surveys or questionnaires. It is a non-probability sampling techniques in which people are selected simply because they have characteristics and features that are needed in the sample. In the context of this study, purposive sampling was used to select retail owners under small businesses based on their knowledge, relevance and privilege. That is, they were selected on purpose, hence purposive sampling.

For the purpose of this study, simple random and purposive sampling techniques were used to select a sample of 44 retail owners who were interviewed in order to get qualitative data.

4.6 RESEARCH INSTRUMENTS

These are tools used to gather data on a specific topic of interest. They are used as a measurement guideline. There are different types of research tools, for example, questionnaires and interviews just to mention a few. The study employed the questionnaire research tool. The questionnaires have a number of advantages over other forms of data collection as extrapolated by Wilkinson and Birmingham (2003). They are usually economical to manage, very little training is needed to educate participants, and they can be simply and rapidly analysed once completed. As a result, the study used the questionnaires to get information from 44 retail owners in Roma Valley. Very little training was offered to them.

4.7 DATA COLLECTION PROCEDURE

This is the process of collecting information from the target sources or process of collection of data for a specific purpose. It can be used in order to answer research questions, make informed business decisions or improve products and services (Bhandari, 2020). First of all, the study

checked the factors to consider in data collection, such as the aim of the research or the purpose of the research. Data was collected from primary source. There are two sources of data, primary and secondary source of data. The primary data was the appropriate one for this study because it allowed the researcher to use questionnaires which are considered a simple and easiest method of collecting data. They are a standard guide of a research used in soliciting information from respondents.

There are four sections in a questionnaire as demonstrated by Bhandari (2020)

- Respondents identification data – these are profiles of the respondents
- Introduction – purpose of the study, how to fill the questionnaires
- Instruction – researcher’s direction on how respondents should answer the questions
- Information – series of questions, statements that seek responses from respondents

4.7.1 Primary data collection tools

Data collection tools that were used in this study were structured questionnaires. Muhammad (2023) describes a structured questionnaire as a research tool or survey that consists of a set of questions designed to gather or obtain information from individuals or groups of people. In this study, face-to-face interviews were conducted to collect primary data from retail owners in Roma Valley using the structured questionnaires consisting of similar questions.

4.8 DATA PRESENTATION PROCEDURE

According to Lee and In (2007), data presentation procedure refers to grouping of data into tables, graphs or charts so that reasonable and statistical conclusions can be derived from the collected data. Data can be presented in three ways namely:

- Textual data presentation
- Tabular data presentation
- Graphical data presentation

Textual data presentation – data collected are usually in passage form. It is used when there is limited data to be presented. Writing is the principal method for explaining findings and providing information for researchers.

Tabular data presentation – an orderly and consistent arrangement of data in the form of rows and columns. It makes use of tables. A table is best suited for an individual information, especially when dealing with the qualitative and quantitative data.

Graphical data presentation - a method of presenting data using graphs, charts or diagrams. This is one of the effective methods of presentation of data because it makes it possible for the researcher to find out the cause and effect relationship between variables. Notably, the graphics is an effective one of the three mentioned ways because it is a tool that displays data at a glimpse. It makes it possible for comparison and can reveal the relationship and trends within the data such as changes over time, frequency distribution and correlation of the given data (Lee and In, 2017).

There are different types of graphs used in a study namely bar graph, pie graph, line graph and picto graph. The study employed pie graph.

4.9 VALIDITY AND RELIABILITY OF RESEARCH

When doing a research, a conceptual model is developed. The model includes variables for the problem of the research study that need to be investigated. In order to achieve the best and beneficial results in the study, the instrumental model used must have certain qualities, and the first quality is the validity of the model (Surucu and Maslakci, 2020).

According to Surucu and Maslakci (2020), validity means the degree to which an instrument measures what is supposed to be measured. It is to check the completeness, appropriateness, accuracy and usefulness of the research tool. Another feature is the reliability of the model. Reliability is the consistency and accuracy of instruments to give same results. It is an indicator of the constancy of the measured values obtained in repetitive measurements under the same measuring instrument (Surucu and Maslakci, 2020).

4.10 ETHICAL CONSIDERATIONS

According to Marcelle (2015), ethical considerations involve what the research can do and cannot do. At all times, the researcher must make sure that partakers are safe from harm and are protected

from pointless stress. At its core, a good research ensures that policies for gathering data are safe and the researcher attends to a professional code of conduct that ensures the safety of all the participants involved. To ensure anonymity and confidentiality, the participants were allowed to write their names.

4.11 Conclusion

This chapter presented the research methodology used. This comprised the research design, research approach, population, sampling and sampling techniques used and data collection techniques.

CHAPTER FIVE

THE ROLE OF DIGITAL TECHNOLOGIES IN INCREASING PERFORMANCE ON SMALL BUSINESSES IN ROMA VALLEY: DATA PRESENTATION AND ANALYSIS

5.1 INTRODUCTION

This chapter presents analyses and discusses the data obtained from the field work. The chapter also entails the interpretation of the acquired findings on the impact of digital technologies on the performance of small-scale businesses in rural areas. The primary data is presented descriptively through the use of tables and graphs.

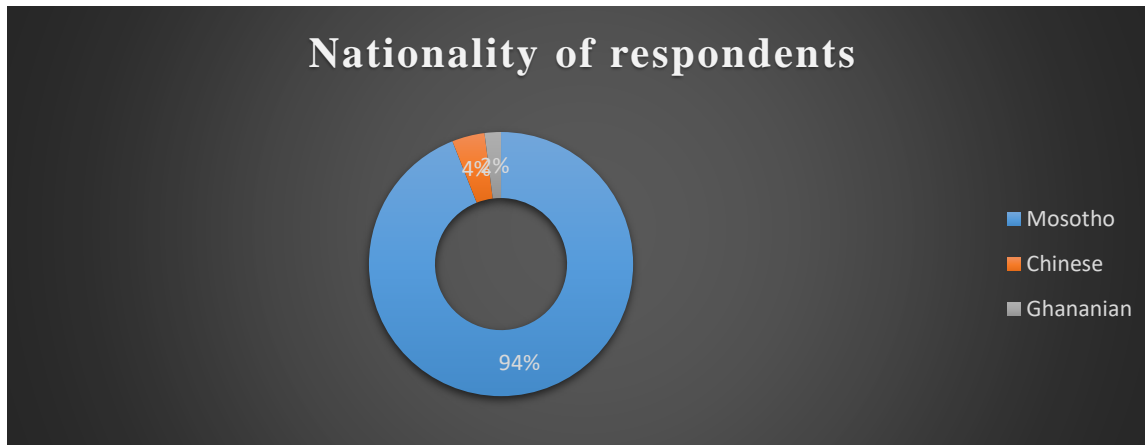
5.2 DEMOGRAPHIC CHARACTERISTICS OF THE SMALL BUSINESS OWNERS

It is imperative in this study to look at the demographic characteristics of entrepreneurs. This is because demographic profile of business owner often has the impact on the performance of businesses.

5.2.1 Nationality of small business owners

Many Basotho have ventured into entrepreneurship, most importantly, in small business sector (Ventura, 2020). However, the Ministry of Trade and Industry, Cooperatives and Marketing (2012) has provided that small businesses are not only undertaken by Basotho nationals in the country, especially in rural areas; other migrants are also involved in the sector. Figure 5.1 shows the nationality of small business owners at Roma.

Figure 5.1: Nationality of the small business owners at Roma, August 2023.



Source: Field data

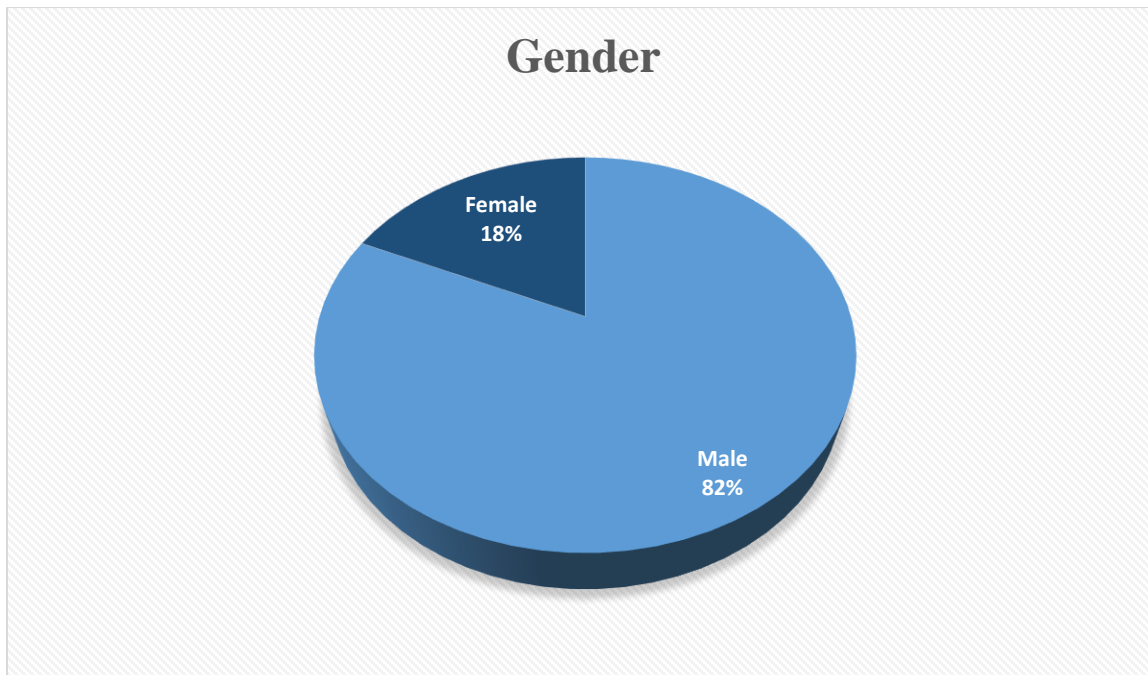
The research findings from Figure 5.1 above shows that the majority (94%) of business owners at Roma are Basotho. These results suggest that many Basotho in this study have realized the importance of small businesses for self-employment. It is stated by the UNDP (2016) that small businesses play an intrinsic role in creating various job prospects. In addition, Robu (2013) highlights that due to high unemployment rate in Africa, many people have opted to the small business sector. This is because the majority of people in Africa live under poverty; as a result, many of them establish small businesses to make a living. Despite the large number of Basotho entrepreneurs in the study area, it is not yet determined whether their businesses perform better than other nationalities.

It can also be noted from the above figure that 6% of the small business owners in the study area are foreign nationals (Chinese and Ghanaians). This simply shows that the small businesses in Roma are also undertaken by migrants. This is relatively a norm for foreign nationals to establish businesses in Lesotho. However, the rural areas attract mostly small foreign businessmen to establishing small business. Research shows that the Chinese nationals are more into entrepreneurship because entrepreneurship is instilled in them at a tender age. In this case, one assumes that their businesses perform better compared to the ones owned by other nationalities.

5.2.2 Gender of small business owners at Roma

Gender roles are indicated to have effect on the division of labour. It is stated that they have effect on people being able to have access and have control on the resource distribution benefits and decision-making. Thus, gender roles contribute to the inter-dependence between women and men. Consequently, studies demonstrate that gender has impact on the activities of small businesses as businesses grown by both men and women clearly reveal the diverse backgrounds, duties as well as the power relations in their lives (ILO, 2012). Illustratively, Figure 5.2 below shows the gender of small business owners at Roma.

Figure 5.2: Gender of small-business owners at Roma, August 2023



Source: Field data

Despite the literature from various studies suggesting that small businesses in Africa are usually owned by women (show source here), the data in Figure 5.2 reveals that 82% of the respondents were males. It can be deduced from these results that the males are always heads of households; therefore, they establish businesses to support their families. In addition, increasing unemployment rate in Lesotho has forced males to participate in income generating activities. It is presumed that the decline in employment prospects means that men are not able to fulfil their duties; as a result, the small business sector has given them an opportunity to create income and ensure that their needs and those of their families are provided. The findings are consistent with those of the study by Jili, Masuku and Selepe (2017) which noted that small businesses are regarded as one of the useful tools that generate income and a livelihood diversification for the poor, especially those living in rural areas.

The large number of the males in the business ownership of small businesses also has an implication of their (business) performance. This is because the males are in a position to adopt new technologies compared to the female. On the one hand, males are exposed to different social networks that are important for information dissemination and technologies; consequently, their businesses benefit from the wider social networks. On the other hand, females are not exposed to

the wider social networks because of the cultural and social norms in most African countries. These affect their businesses in terms of wider market access as well as technological adoptions.

The failure of the females to engage in the wider social networking has contributed to few of them participating in the business sector. For instance, Figure 5.2 shows that 18% of females own small business at Roma. Although business ownerships are not only linked with ability to network nationally and globally, it is not always easy for females to venture into suspicious deals on the internet and other sources; therefore, their businesses suffer.

5.2.3 Marital status of the small business owners

The main purpose of establishing businesses is to generate some income that can be used to cater for household's needs. Therefore, small businesses are important source of income that can be used to reduce poverty (Jili et al., 2017). In this case, the marital status of entrepreneurs is important to determine how incomes obtained from small businesses are used. This is because married people often have more responsibilities compared to single ones. They usually have to provide the means of living to their household members. Table 5.1 presents the marriage status of small business owners at Roma.

Table 5.1: The marital status of the small business owners at Roma, August 2023

Marital status	Frequencies	Percentages
Married	32	72
Single	8	18
Divorced	1	2
Separated	3	7
Total	44	100

Source: Field data

The findings on the marital status of the small business owners show that 72% of entrepreneurs are married. The large number of married business owners in the study can be attributed to the responsibilities they have in their households. Married people often venture into the small business sector to generate income for household maintenance. This shows that the people who are faced with certain level of responsibility due to their marital status, which in this case are marriage, divorce and separation, embark in small business sector to create income that can enable them to support their families. The performance of businesses is also determined by the support the

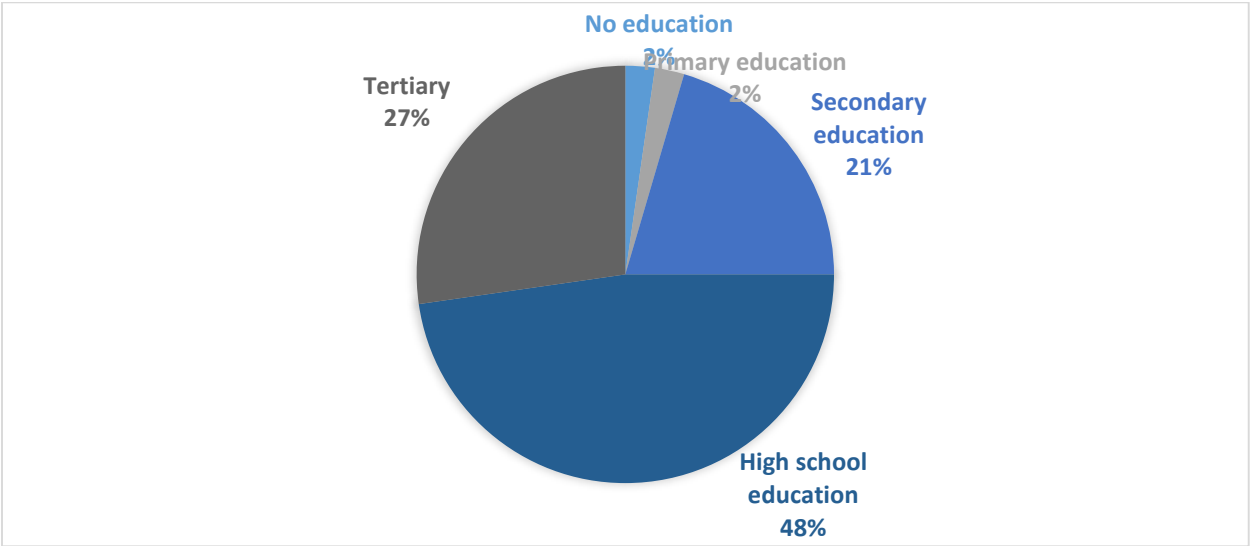
entrepreneur gets from the partner. This means that assistance from the partner plays a pivotal role in business performance. For instance, there can be division of labour between the entrepreneur and the spouse in relation to businesses management. This always increases the performance of the business.

There are some single entrepreneurs in the study. The results show that 18% of entrepreneurs are single. Although there is no correlation between business performance and the marital status of the entrepreneur, the single ones are not likely to get assistance from partners. However, this does not deny the assumption that many businesses owned by single entrepreneurs perform better than the ones owned by married people. In terms of business contribution to livelihood, it can be noted from the results that small businesses contribute significantly to their living. This is because single people are normally obliged to take care of themselves, and the costs of doing so is often minimal as compared to people who have dependents.

5.2.4 Level of education of the small business owners

According to Naude (2013), the educational level or qualification of the entrepreneur and the size of the enterprise has very important influence on SME performance and growth. It is, therefore, important to study the level of education of the small business owners at Roma. This is done to assess whether there is a causal relationship between the level of education of the business owners and the performance of the business.

Figure 5.3: The educational level of small business owners at Roma, August 2023



Source: Field data

Figure 5.3 above reveals that 48% of entrepreneurs are holders of high school certificates. People with high school education have both numeracy and literacy skills. These attributes play a decisive role in business performance. For instance, most of them acquire business skills and knowledge from different sources of information such as books, internet and others. These sources of information play an important role in performance of small businesses. The findings in this study are in consistence with those of Qhobela (2010) who notes that the small business sector in Lesotho is largely occupied by people with high school education. However, this means that the sector still has a long way to go since education is one of the important factors that allow people to have appropriate skill to weigh business risks and develop needed solutions for the risks.

Despite high school education enabling entrepreneurs to acquire some basic knowledge about management of the businesses, it has been proven by previous research that high school education does not entail the entrepreneurship education needed by the small owners to successfully run their businesses. This means that some business entrepreneurs in the study area lack some formal skills to manage their businesses.

It can also be observed from the Figure 5.3 that only 27% of business owners have tertiary education. Tertiary education plays a significant role in performance of small businesses. People with tertiary education are in a position to use different sources of online platforms to acquire information and markets for success of their businesses. It can further be argued from the above results that small businesses do not create employment only to the less educated people, but to people with post high school qualifications. With rampant graduate unemployment in Lesotho, many of them resort to establishing small businesses as employment creation. In this regard, some development practitioners state that tertiary educational qualifications have substantial influence in terms of creating self-employment and eradicating poverty (Lekhanya, 2016).

5.2.5 Number of households of the business owners

It is important to establish the number of business owners' household members. This is based on the fact that small businesses are considered to be the substantial economic development tool that allows individuals and households to be able to create household income to alleviate poverty and

ensure improved social welfare (Makoa, 2022). In addition, members of the household play a pivotal role in the success of businesses. Below is Table 5.2 that shows the business owners' household members in the study area.

Table 5.2: The number of business owners' household members, August 2023

No. of household members	Frequency	Percentage
1 - 3	15	34
3 - 6	19	43
6 - 9	6	14
Others	4	9
Total	44	100

Source: Field data

As seen in Table 5.2 above, the research findings reveal that 43% of business owners have households between 3 - 6 members. These research findings suggest that many business owners have average and large households. Motsoene (2014) substantiates that Lesotho's average number of family households have at least one member who is engaged in an informal low-wage self-employment. This is due to the effect of the condition of household poverty and vulnerability that propel family members in a household to contest over the restricted household income.

The number of household members is important in different ways. Firstly, they assist in the operation and running of the business. The assistance of operating the business is of paramount importance to its success. Secondly, the division of labour plays an important role in most family businesses. The young and elderly people often specialise in different business activities for its success. The large number of business owners' household members also suggests that they have more responsibilities to take care of. Although the size of the household can contribute positively to production and performance of the business in this study, large households contribute to high consumption rate. Members need to be provided with some basic needs such as clothing, food and other necessities. This affects the profits generated by businesses as they are not invested but consumed.

5.3 BUSINESS PROFILE

There are different types of small businesses in Lesotho, which provide different kinds of services as well as products to their consumers. This section is meant to highlight the business profile of the business owners who were involved in the study at Roma. The profile focuses on the business

ownership, the form and the type of business, the location of the business as well as the year of establishment of the business. The profile further includes the reasons why the businesses were established.

5.3.1 The type of the business ownership

The type of business ownership is essential in this study as it underscores the type of business ownership normally undertaken by small business owners at Roma. Harvie et al. (2010) assert that enterprise ownership is a vital feature required by small business owners to elevate their positions in production networks. Following is Table 5.3 that presents the distribution on the type of business ownership of small business owners at Roma.

Table 5.3: The type of the business ownership, August 2023

Business ownership	Frequency	Percentage
Sole proprietor	34	77
Partnership	4	9
Cooperative	1	3
Company	5	11
Total	44	100

Source: Field data

From Table 5.3, the findings reveal that 77% of the business owners are sole proprietors. The findings establish that majority of small business owners at Roma have established the business on their own. The findings are in consistence with those by UNDP (2018), which indicate that the majority of SMEs in developing countries are sole proprietors stretching from 86% in SSA, 97% in West and North Africa as well as 92% in West African countries. Through the findings, it is clear that the issue of financing is also not a problem to the small business owners as the type of business establishment indicates that the business owners were able to raise the businesses on their own. The factor was established by Jili et al. (2017) who state that small business usually need minimal capital to operate, while they offer returns that may ensure income.

5.3.2 Forms of businesses and the type of business owned by the small business owners

It is important for the study to find out the different types of businesses in Roma Valley. The study will determine whether majority of businesses at Roma are under trade and commerce, or service industry or even manufacturing industry. Ramphoma (2021) states that small businesses have the

advantage of having a sustainable growth in rural areas due to their flexible nature and ability to provide different products for the rural dwellers. Table 5.4 presents the different types of businesses.

Table 5.4: Forms of businesses and the type of business owned by the small business owners, August 2023

Form of business	Type of business	Frequency	Percentage
TRADE AND COMMERCE	Café shop	2	25
	Animal feed	1	13
	Tuck shop	1	13
	Supermarket	2	18
	Bottle store	1	13
	Clothing store	1	13
	SUB-TOTAL	8	18
SERVICES	Motor repair	1	3
	Catering	8	27
	Taxi operator	1	3
	Computer repairs	4	13
	Pharmacy	1	3
	Loan sharks	6	20
	Saloon	9	30
	SUB-TOTAL	30	68
MANUFACTURING	Carpentry	4	67
	Sewing	1	16
	Bricklaying	1	16
	SUB-TOTAL	6	14
TOTAL		44	100

Source: Field work

The Table 5.4 above shows that 68% of entrepreneurs run businesses offering services. The large number of entrepreneurs offering businesses can be explained by the large number of students found in the area. The market in Roma is mostly made up of students who come from all over the country and outside the country as students. As a result, it is explainable that the businesses around seek to provide them with services that will ease their stay when they are undertaking studies. These findings are buttressed by those of the Ministry of Trade and Industry, Cooperatives and Marketing (2011) which indicated that, less than 10% of the SMEs belong to the real sector

(Manufacturing) as 70% of the SMEs fall under retail trade and vending activities. However, it goes on to show that different forms of small businesses may dominate at different places depending on the needs of the market on that place.

5.3.3 The location of the business and its advantage

Many retail entrepreneurs decided to establish businesses in the Roma Valley because of the influx of people in the area. As a result, they saw it fit to do businesses at the place. As locals, they saw an opportunity to start the businesses on their local areas since they would not require them a lot of capital to start. The empirical findings of this study reveal that the small business owners chose the location of their business in Roma for two reasons. One, Roma was their home town and two, they took advantage of the market that came about by existence of the university in the area. The large market contributes positively to good performance of a business. So, it can be deduced that retail businesses in Roma Valley benefit from the large market made up of university students. The findings are supported by Ramaphoma's (2021) study, where it is noted that Lesotho 'small business sector is characterized by a lot of people engaging in one form of business at a go, sometimes even on the same area.' Consequently, competitive intensity regards the capacity of small businesses in their ability to reform and construct their tactics so as to cope with the business setting while also being able to gratify targeted market.

5.3.5 The number of business employees

The small-scale businesses are defined in terms of quality and quantity. The quantitative definition considers the number of employees per business. In this regard, 68% of entrepreneurs employ three workers. These results show that retail businesses in Roma Valley are small in size. They further show that businesses in the area are both micro and small businesses. Therefore, micro and small businesses do not perform very well due to their small size. This is the case with small-scale businesses in the study area. The findings reveal two factors as shown by percentage of 18% and 14 %; the first factor is based on the fact that small business in the Roma Valley are established for survival of the owner as well as the customers. The findings are in collaboration with the findings of the Ministry of Trade and Industry, Cooperatives and Marketing (2012) which revealed that small businesses usually referred to as survivalist businesses in Lesotho fall under the category

of small and medium enterprises. The findings are further supported by Lekhanya (2016) who indicates that the small businesses in the country are indicated to employ two to six people.

Despite the poor performance of small businesses, the research findings show that they also create employment opportunities. In this scenario, they reduce the unemployment that is facing the country. This is because the retail businesses do not only create employment opportunities for the owners but for other people as well. The findings are buttressed by Naude (2013) who indicates that small businesses are the important aspect of a country’s economic activity as they are able to withstand adverse economic conditions because of their flexible nature. It is further affirmed that the SMEs are more labour intensive than larger firms and therefore have lower capital costs associated with job creation. de Kok et al. (2011) share the same sentiments that businesses are important engines of economic advancement as well as the economic expansion of a country. This is due to their ability to create jobs as well as allowing development of livelihood for many people.

5.3.6 The year of business establishment

It is imperative for this study to find out the year of business establishment of the small businesses under study. This is based on the fact that small businesses are said to be confronted with different challenges that normally hinder their success and sustainability. Fatoki (2014) has previously noted that a lot of small businesses struggle to grow beyond their start-up to completely established form that is capable of expanding to other markets. The findings from different sectors have also confirmed that around five out of seven start-ups are faced with failure within the first year of their commencement. So, determining the year of establishment of the small business under study will help to determine whether the small businesses were able to survive beyond the first year. Table 5.5 below provides the distribution on the year of establishment of small businesses in Roma.

5.5: The year of establishment of the business in Roma, August 2023

Year of business establishment	Frequency	Percentage
1990-1995	1	2
1995-2000	1	2
2000-2005	1	2
2005-2010	9	20
2010-2015	21	49
2015-2020	4	9
2020-2023	7	16
Total	44	100

Source: Field data

Table 5.5 above shows that majority (49%) of the businesses owners established their enterprises between 2010-2015. These results suggest that many businesses owned by entrepreneurs have existed for more than five years. This means that the small businesses at Roma have managed to survive their conception year. From the results, it could be argued that the small business owners at Roma were able to adapt to any constraints that may hinder the survival of their businesses. The findings are in collaboration with those of Liu and Pang (2015), which demonstrated that the survival of small businesses is usually promoted by the business size as well as the age of businesses.

The distribution of the findings on Table 5.5 further highlights that 16% of businesses owners established enterprises in 2020-2023. These entrepreneurs established enterprises during the peak of COVID-19. The COVID-19 crisis is said to have affected the economic activities of all the countries around the world. This is due to the restrictions that were mandated to curb the spread of the virus. A lot of businesses were closed down and people lost their jobs too. As a result, some used their final pay checks, took the risk and started the businesses. The findings are built from those of the Institute of Labour Economics (2022) which stated that even though some businesses saw a drop during the peak of COVID-19, some saw opportunity that made businesses to rise immediately after the restrictions dissipated.

5.3.7 Reasons for establishing the business

Small businesses are most desirable in developing countries because they improve people's standard of living. This is because they enable the overall economy while further making contribution on the production of goods and services, and accumulating labour as well as partaking in technology progression (Achah and Vuvha, 2011).

The empirical findings of the study reveal that all the small business owners started their businesses in order to make a living and to diversify their incomes. These owners cited high unemployment rate in the country, and low salaries from the formal employment as some of the factors that contributed to their participation in small-scale businesses. The businesses are meant to generate some income that can be used to maintain families.

It can, therefore, be deduced from the results that retail shop entrepreneurs established businesses as source of livelihood as they guarantee diverse means of generating income. In this case, the findings are in accordance with those of Jili et al. (2017) which indicated that small businesses are one of the critical tools used by individuals and households to eliminate poverty. This is based on the fact that small business usually need minimal capital to operate, while they offer returns that may ensure income.

5.3.8 The performance of the retail business

It is imperative for small businesses and any other business to record remarkable performance. Mazzarol (2015) suggests that business performance is based on creation and reinforcement of the healthy relationships between businesses and customers. In this study, the empirical findings demonstrate that the entrepreneurs of the small businesses in Roma Valley are recording moderate performance that can either be categorised as good or bad. Based on the results, the factors for the moderate performances are caused by the businesses' high dependence on the students of the National University of Lesotho as customers. The performance of retail businesses is good when the university students are available since they spend their allowances on groceries and other goods to live. However, the performance of retail businesses is affected negatively when students are on long vacation or home after the end of the academic year.

It can, therefore, be argued that students' absence from the university (during long vacations and end of academic year) has a causal relationship for performance of retail shops in the Roma Valley. The market instability thus cause fluctuation in business performance in some certain periods of the year. The findings are confirmed by Liman et al. (2021) who indicate that the performance of small businesses does not just happen, rather it takes places in a certain environment consisting of opportunities as well as challenges. This is because environmental factors generate the business opportunities as well as the challenges. These authors further designate that the environmental depressions have been one of the relentless challenges that have been facing the sector of small businesses in most developing countries, and this challenge often leads to erratic performance of the businesses.

5.3.9 How businesses overcome the challenge of bad performance

Baloyi (2010) states that regardless of the importance of small businesses in the economic development of developing countries, their performance has raised a lot of concern over the years. The concern is based on the fact that, small businesses in developing countries do not exhibit prospective progress that is usually linked with their capacity or expectation to create jobs and contribute to social and economic development of individuals. Consequently, Audrey and Jaraji (2016) opine that it is important for small business owners to do a feasibility study on the challenges that hinder the growth of their businesses. Hence, it is imperative in this study to establish how the small business owners at Roma overcome the challenge of performance on their businesses.

In terms of overcoming the challenge of bad performance, the small business owners indicated that they used digital activities that lure customers to their businesses. The retail business owners reported that even though digitalisation does not work all the time, they decided to extend the market of their business beyond Roma and offer delivery services to those who wish to buy their products but are far away using online services, such as WhatsApp.

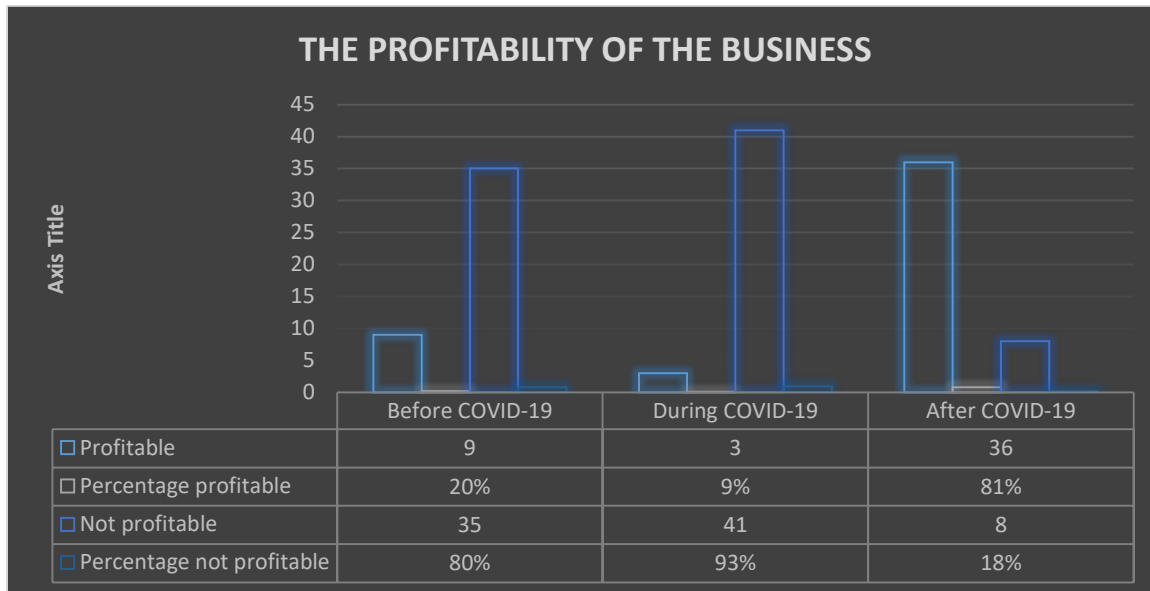
Based on the findings of the study, it is clear that the retail entrepreneurs have benefitted from digitalisation to make sure that their businesses get a wider reach and recognition. This finding has confirmed how the issue of digitalisation is important to businesses and how it allows them to make their brand known to the people who fit the characteristics of their market. According to Lee et al. (2011), the most useful tool in the small business sector is digitalisation because it is affordable and easy to use. This is derived from the fact that small businesses normally have operations in intricate as well as erratic environments where there are continuous challenges of competition against the big enterprises and the struggle to provide value to the customers. The catalyst of the challenges is also derived from the size of the businesses as well as their economic capabilities. Lee et al. (2011) opine that digital revolution is often the ultimate solution for the challenges.

5.3.10 The profitability of the retail business before, during and after COVID

Maes et al. (2008) posit that business profitability in every business is important as it determines its success. The small business's profitability is not only good for the owner, but for customers

because it shows sustainability. This is good because small businesses are established for income generation purpose and supply of services. It is, therefore, important in this study to study the performance of retail businesses in the Roma Valley in pre, during and post-COVID-19 era. The results showing performance in pre, during and post-COVID-19 era are presented in Figure 5.6 below.

Figure 5.6: The profitability of the retail businesses in pre, during and post COVID-19 era, August 2023



Source: Field data

Performance of retail businesses in Roma Valley is determined by presence of the university students. This means that when students are not available, businesses are affected negatively. Illustratively, the Figure 5.6 reveals that 80% of business owners rate their enterprises not profitable in pre COVID-19 period. These results reveal that retail businesses were already struggling even before the COVID-19 pandemic. Abelardo et al. (2019) indicate that the process of producing good performance for a business entails different approaches which can be applied. The first one is ensuring that the business remains competitive, while the second one is increasing the efficiency of business processes. The third one is increasing customer satisfaction and the last one is creation of several tactical assessments easy for entrepreneurs.

It can further be noted from Figure 5.6 that the majority (93%) of retail entrepreneurs rate their businesses not profitable during the climax of COVID-19 pandemic. These results suggest that retail businesses in the Roma Valley were not immune to the impact of COVID-19. The poor performance was caused by lack of market (customers) due to the national lockdowns imposed by the Lesotho Government. The movement restrictions had negative ramifications on the economic activity of the country as many businesses were not able to be active hence recording loss. The

findings are in collaboration with those of ILO (2020) which showed that the business sector is one of the sectors that were largely impacted by the pandemic. In terms of those who did not record the loss, the study established that those are the businesses that were established after the pandemic.

The research findings in the above figure further show that 81% of retail owners rated their business to perform good during the post COVID-19 era. The post COVID-19 era witnessed abolishing of national lock-downs and movement restrictions by many governments across the world. The Lesotho government also waived COVID-19 restrictions; as a result, the demand and supply of goods returned to normal. Therefore, performance of retail businesses in the Roma Valley improved. One approach that can enable good performance is said to be digital technologies (UNDP, 2020). Many businesses in Lesotho and around the world were forced to go digital during the pandemic. The results payed off in the post COVID-19 era as people continued to use the platforms due to convenience. The findings are in accordance with those of Xia and Zhang (2018) who revealed that the online platforms utilised in the process of selling by small businesses have large impacts on transactions capacities in a long-run. Thus, utilisation of online platforms for selling products or services is indicated to have a constructive outcome on the efficiency of the small businesses at national level.

5.4 USE OF DIGITAL TECHNOLOGIES

The current era is termed the fourth industrialisation; it is characterised by use of the digital technologies that enable people to survive with less resources as opposed to the past years. Many people make use of the machines as well as the internet in every part of their lives. The use of the cell phones forms part of technological advancement in the present period; as a result, many entrepreneurs use the internet and the cell phones for different purposes.

5.4.1 The types of digital technologies used by retail entrepreneurs

The use of digital technologies by small businesses has been referenced as vital and intrinsic. According to Kannan, and Hongshuang (2017), digital technology plays a significant part in the contemporary societies. This is because the people (who are also the market) are now using various digital technological tools in their daily lives including smartphones, televisions, cameras and many other forms of digital applications provided by the digital technology. Thus, Table 5.6 depicts whether small businesses at Roma use digital technologies in their business operations.

Table 5.6 The use of digital technologies in business operation, August 2023

Use of digital technologies	Type of digital technologies	Frequency	Percentage
Yes	Phone and internet	43	98
	Television	0	0
	Radio	0	0
Subtotal		43	98
No	-	1	2
Subtotal		44	100
Total		44	100

Source: Field data

Table 5.6 depicts that 98% of small business owners use digital technologies in their business operations. The entrepreneurs use both the internet and cell phones for operation of businesses. These results suggest that many retailers realize the importance of using the digital technologies in operation of businesses. The findings confirm those of Dumitriu et al. (2019) who note that it is very tricky for small business in developing countries to operate without the utilisation of digital technology nowadays. This is because small businesses are flexible and agile entities that are most suitable in replenishing the negative remnants of the economic issues.

Table 5.6 also shows that only 2% of retail owners do not use internet technologies for operation of their businesses. The owners mentioned the absence of internet as the main reason. It has been, therefore, noted that the benefits of digital marketing have not been realized by other entrepreneurs in developing countries (Olanzo, 2021). Also, Surunso and Rafinda (2021) demonstrate that small business owners in developing nations often elude digital technologies on their services and products so as to shelter their minimal profit margin, alternately choosing the approaches that repress their sustainability.

5.4.2 Other uses of digital technologies in the businesses

The use of digital technologies is not only restricted to advertising but other activities. Many business activities such as business registration are done online. It is, therefore, imperative to look at some other uses of digital technologies in promoting business performance. Table 5.7 presents data showing other digital technologies used by retail owners in the Roma Valley.

Table 5.7: Other uses of digital technology by retail businesses owners, August 2023

Uses of digital technologies	Frequency	Percentage
Marketing	43	98
Filling of returns	19	43
Customer connection	43	98
Registration and issuance of TCC	6	14
Total	44	100

Source: Field data

The research findings in Table 5.7 show that 98% of retail business owners in the Roma Valley use digital technologies to market their goods, meaning that small businesses at Roma are fully digitalised. This is because digital marketing is initially used by small businesses as a marketing strategy meant to grow the information about the customers so as to meet their requirements and needs. Thus, small business owners while marketing their businesses use different digital gadgets that permit communication with customers. According to Bela et al. (2020), the importance of digital marketing has been established due to their remarkable performance in developed countries. As a result, to gain success in digital marketing, small businesses are required to utilize the internet, any gadget as well as the traditional means to promote their products and services.

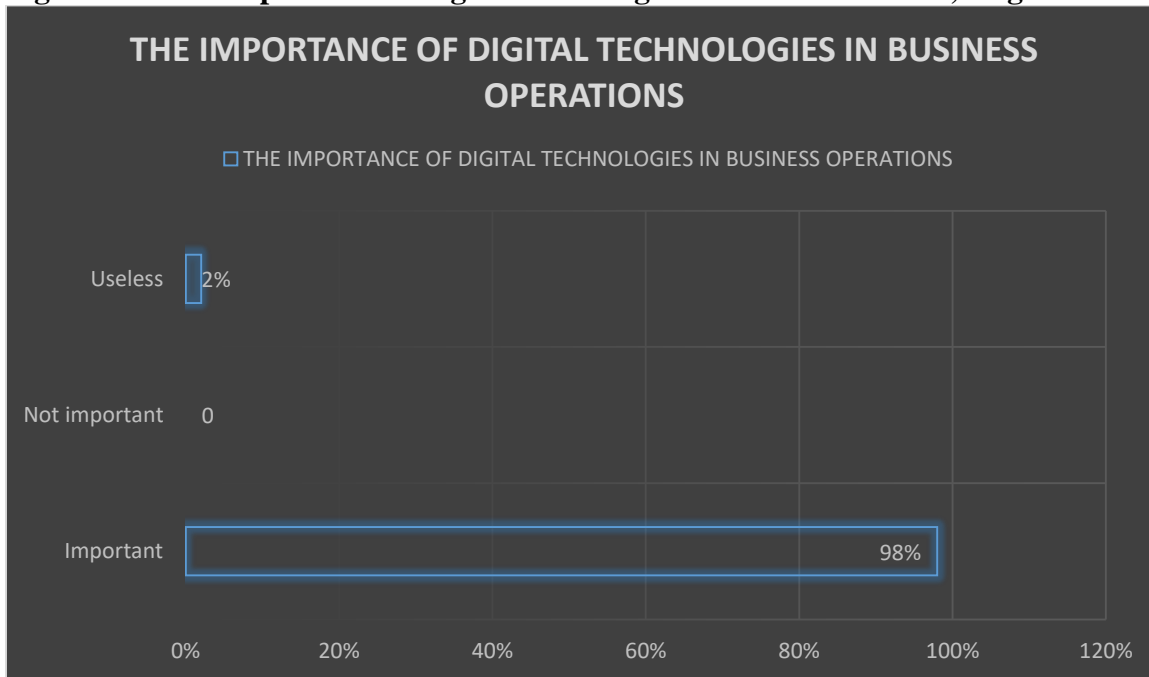
The results in Table 5.7 demonstrate that 43% of the retail business owners use digital technologies to file tax returns at the Revenue Services Lesotho. The findings in this study showcase the fact that, besides marketing and communication with customers, small businesses can gain a lot of advantages through digital technologies and tax filling online is one of them. The findings are supported by Young (2021) who notes that various governments globally are incorporating tax filing electronically, and this has presented entrepreneurs with a lot of advantages that include saving time and money, while also reducing mistakes linked to manual tax filling.

The research findings further show that 6% of small retail business owners in the Roma Valley use the digital technologies for registration and issuance of Tax Clearance Certificate at the Revenue Services Lesotho. Different online systems while utilized appropriately by small businesses guarantee the business sustainable growth (Ondara, 2016).

5.4.3 The importance of digital technologies in the business

Kumar et al. (2020) posit that competing and being able to succeed and have sustainable growth is farfetched without the use of digital marketing. Importance of digital technologies allows small businesses to produce digital models that are customer orientated, which can also allow creativity and innovation as well as the vigorous digital strategies that can help the business. In that case, it is intrinsic to establish the importance of digital technology to small business. Thus, Figure 5.8 illustrates the importance of digital technology on small businesses.

Figure 5.8: The importance of digital technologies in small businesses, August 2023



Source: Field data

The research findings in Figure 5.8 show that 98% of small retail business owners in the Roma Valley consider digital technologies very important for performance of their businesses. The entrepreneurs find the digital technologies important because they save resources for their businesses. As a result, they contribute positively to the growth of the businesses. In this regard, Bela et al. (2020) affirm that digital technologies prevent small business from utilising a lot of physical resources as well as the business expenses by the use of digital technology. This factor is established by the fact that due to technology, people now are able to connect with others on different digital platforms, and thus businesses have taken advantage of that.

It is also shown in the above figure that only 2% of the retail business owners consider the digital technologies not useful to their business operations. These results imply that not all business

owners in the Roma Valley use digital technologies to increase performance of businesses. There are many reasons that can be linked with non-use of digital technologies by entrepreneurs. Kumar et al. (2020) state that small businesses in rural areas have two differing goals. The first goal is that others are established only as means of livelihood, while the second goal for others is that they are established with the goal expanding and growing them. Accordingly, it is the businesses with the second goal that normally realize the importance of digital technologies.

5.5 NETWORK AVAILABILITY

Rural areas are normally characterised by lack of infrastructure development. This means that, they are usually places where people suffer from incidences of network unavailability. This means that businesses can struggle to digitalise their operations if the network is unavailable or problematic. Consequently, the business performance of the businesses that may have the ability to thrive through the use of digital technologies may not thrive due to the missed opportunity.

5.5.1 Availability of telecommunication network in the business environment

According to Lukonga (2020), digital infrastructure is said to be one of the significant factors that enable the development of digital economy. This is based on the fact that the utilisation of the improved broadband has been indicated to have a large impact on different sectors of the economy in a lot of African states, with Lesotho included. Table 5.8 presents the data showing the availability of telecommunications networks in the study area.

Table 5.8: The availability of telecommunications networks, August 2023

Availability of network	State of network availability	Frequency	Percentage
Yes	Always available	40	91
No	Not always available	4	9
Total		44	100

Source: Field data

The results from Table 5.8 show that 91% of small retail business owners state that telecommunication networks are always available for operation of their businesses. The findings, therefore, reveal that Roma is improving as the network coverage is also improving around the country. This is because some rural towns such as Roma have improved tele-communications networks. According to LCA (2012), the emphasis on the ICT policy framework was to generally pave the way for expanding of the inclusive deliberate plan that can be utilised in steering the

nation to the development of Lesotho's digital economy. In this case, through government enabling easy access to ICT through policy framework, it served as a form of encouragement for the whole public in supporting the entrepreneurship activities through forms of innovations, creativity as well as other strategies that permit growth and sustainability of businesses.

It can also be observed in the above table that 9% of the small retail business owners stated that the telecommunication networks are not always available for operation of the businesses. This shows that even though the ICT infrastructure is available in their area, their businesses experience the network disruptions that often affect performance of the business. The internet disruption due to overloading often force business owners to wait until off-peak hours to perform some business tasks that need network services. These results show that the network unreliable networks during the day affects operation of many retail businesses in the Roma Valley. The EU (2019) studied factors that perpetuate utilisation of digital technology by small business in Lesotho. The findings of the study indicated that factors that perpetuate use of digital technologies amongst small business owners include being able to run businesses in a developing technological setting where there are benefits like cheap marketing that enables them to save more and have greater returns.

5.6 USE OF DIGITAL TECHNOLOGIES FOR MARKETING

Dwivedi and Yogesh (2021) posit that nowadays, almost everyone is connected to a form of digital technology. They state that a lot of people now have access to various digital technological supplies which include smartphones, social media platforms, search engines and different kinds of technological applications. This means that if consumers went digital, it was only justified that small businesses go digital too.

5.6.1 The use of digital technologies for marketing

The role played by digital technologies for the performance of small business in Africa is critical. Global initiative for digital technology highly affected Africa because of slow economies. The aim that was set to promote knowledge sharing and international trade have now balanced many African countries on how to accommodate all the small businesses to learn and enjoy the use of the digital migration (OECD, 2019). Table 5.9 presents the data showing types of digital technologies used by retail owners for marketing in the Roma Valley.

Table 5.9: The type of digital technologies used for marketing, August 2023

Type of digital technology		Frequency	Percentage
Facebook	Facebook	7	16
	Facebook, Instagram	7	16
	Facebook, WhatsApp	11	25
	Facebook, Instagram, WhatsApp	19	43
Sub-total		44	100
Instagram	Instagram	5	11
	Instagram, Facebook	10	23
	Instagram, WhatsApp	13	30
	Instagram, Facebook, WhatsApp	16	36
Sub-total		44	100
WhatsApp	WhatsApp	7	16
	WhatsApp, Facebook	12	27
	WhatsApp, Instagram	5	11
	WhatsApp, Facebook, Instagram	20	46
Subtotal		44	100
Total		44	100

Source: Field data

The findings in Table 5.9 show that 72% of the retail owners use Facebook for marketing their services and products. Through the findings, it is clear that social media especially Facebook has provided a relatively easy platform for small business owners to market their products. This means that Facebook is the most used digital platform for marketing of small business owners in the Roma Valley. On the other hand, data in Table 5.9 further reveals that 12% of small business owners use Instagram to market their businesses. These retail owners use Instagram for marketing clothes, food and some computer parts.

Lastly, 16% of the entrepreneurs use WhatsApp to market their products and services. This means that small businesses have realized the benefits of social media for marketing and being able to reach wider audience. The findings are inconsistent with those of Beloff and Pandya (2010) who posit that numerous research studies examining the utilisation of Facebook by small businesses have discovered that small businesses used Facebook for different administrative objectives which include marketing, communications, selling, advancement, solving problems and offering of customer services. Furthermore, numerous studies have also established that technology has ability of improving and developing the business as well as its performance.

The respondents in that study further indicated that the platforms are important in their business as they enable them to acquire more customers. Through the findings, it is clear that social media platforms have allowed small business to trade beyond their locations, without any restrictions of time, location or money. This means that social media platforms allow small business to maximize minimal resources while scoring maximum returns. Beloff and Pandya (2010) further state that studies have also revealed that businesses adopting the social media are embedded with gains and benefits, thus highlighting the helpful association of adopting social media as well as the business performance.

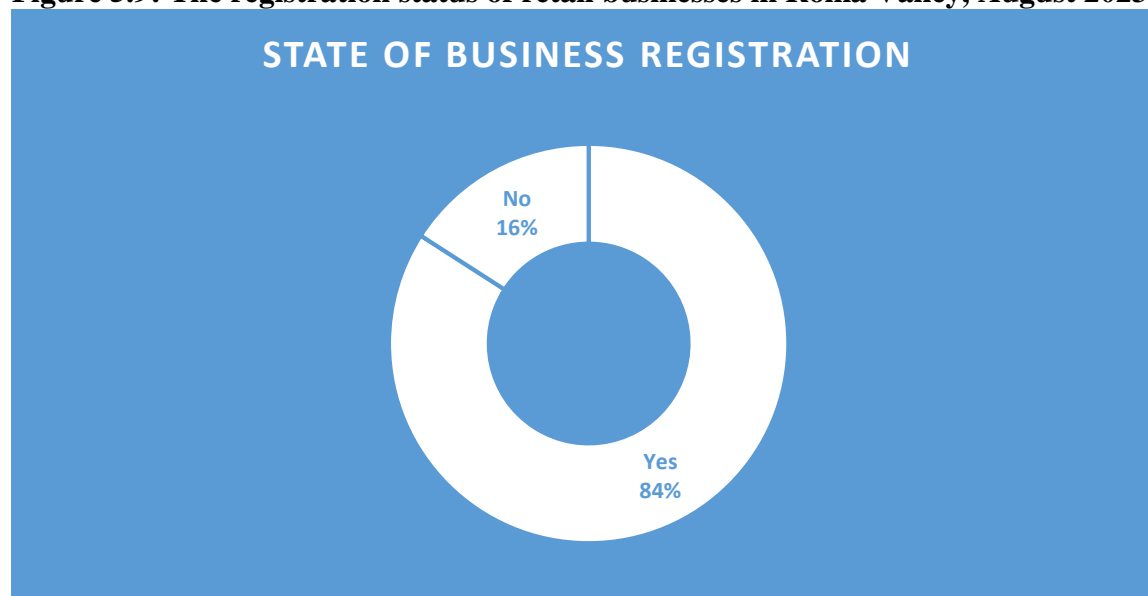
5.7 BUSINESS REGISTRATION

Business registration is said to be the practice made by the entrepreneur to obtain legal approval to run a business within a certain area. Business registration is indicated to be a legal requirement in different countries around the world, and its advantages are based on the fact that it allows an entrepreneur to operate their business activities legally (Collins, 2014). This section focuses on business registration of small businesses with Revenue Services Lesotho at Roma. The section entails whether businesses are registered, the year of business registration for those registered and the means of registration for those who registered.

5.7.1 Businesses registered with RSL

It is imperative for this study to find out whether small businesses in Roma Valley have registered with the RSL. The registration status is useful to establish the number of formal and informal businesses in the study area. This is because the registered businesses benefit from business programs offered by the RSL to increase performance. Figure 5.9 shows the registration status of retail businesses in the Roma Valley.

Figure 5.9: The registration status of retail businesses in Roma Valley, August 2023



Source: Field data

Data in Figure 5.9 depicts that 84% of retail owners in the Roma Valley have registered businesses with the RSL. These results suggest that entrepreneurs are able to derive the legal benefits of sales, the productivity of the business as well as employment. According to Sharma (2012), owning a business that has been declared for tax legally to the authorities increases the performance of the business due to benefits acquired from sales laws and labour law purposes. This means that there are some benefits that the entrepreneurs get when registering with the RSL, and one of them is training in business management.

The Figure 5.9 further shows that 16% retail owners have not registered business with the RSL. There are different reasons for entrepreneurs not registering businesses; evading tax is the major one. Many small businesses do not make satisfactory profits; as a result, entrepreneurs are reluctant to register them with the tax collection organisation. However, un-registered businesses fail to get crucial services that increase performance from the RSL. Sharma (2012) states that the informal businesses are said to be characterised by low performance due to unfruitful business

activities that negatively impact the growth of the business as well as the overall economic development of the country.

5.7.2 Year of business registration

It is imperative for the study to determine the year in which the businesses were registered. This is because through business registration, it means the small business owners at Roma were able to declare their taxes, and this also means they were able to record the performance of their businesses. Table 5.10 portrays the year of business registration of small businesses at Roma.

Table 5.10: Year of business registration with RSL, August 2023

Year of registration	Frequency	Percentage
2012	3	7
2014	20	45
2015	1	3
2018	3	7
2019	8	18
2020	7	15
2021	2	5
Total	44	100

Source: Field data

The research findings in Table 5.10 highlight that 45% of retail businesses owners registered businesses in 2014. It is deduced from the findings that majority of small businesses at Roma have realized benefits that come with registering their business, of which amongst them is funding. It has been established that small businesses in Lesotho are faced with the challenge of funding as well as raising their capital (Ramphoma, 2021). Thus, registering their business, small business owners increase their ability to gain funding. Again, registration raises significant capital for small business, as there is an increased access in funding sources when a business is registered. Furthermore, business registration helps small businesses to have active economic activity as they are able to participate in tender processes. This is because in order to apply for both government and commercial tenders, one needs to be a legalised business entity (Ramphoma, 2021).

5.7.3 The method of business registration

The use of technologies is more prevalent during the fourth industrial revolution. However, there are few business owners who do not use the internet for business registration. In this case, the business owners in the study area reported that they registered their business manually at RSL. They indicated that the choice to register their businesses manually was based on the fact that they wanted to keep the paper trail of the registration process as they thought information on digital platforms is vulnerable. The small business owners stated that they thought it is intrinsic to personally submit their papers at RLS rather than uploading them on an online system where they might get lost. From the findings, it can be realized that the registration of a business is important as it verifies the business under trade law of the country. This is because without business registration, a business cannot legally be certified meaning it can never be protected if it gets in trouble. It will also not be protected from any economic, legal or social instability (Collins, 2014).

5.8 TAX FILING

This section focuses on the tax filing process of small businesses at Roma. It discusses how the small business owners at Roma files for their business tax returns, the easiness of the process of tax filing and the challenges they encounter in tax filling and how they overcome them.

5.8.1 Filling of business returns

All the small business owners at Roma stated that they file tax returns online. The findings reveal that the small business owners at Roma have taken the advantage of the online filling services provided by the Government of Lesotho. They demonstrate that the various governments around the world are implementing ICT systems in their services so as to increase the element of service delivery. Other factors that have led to the government implementing ICT in government systems is to increase the accessibility of services and information to the nation while also ensuring that services provided are met at convenient times (Liang and Choong, 2010).

5.8.2 The easiness of online tax filling

According to Lai and Choong (2010), many countries have now transitioned to the digital tax filling system where individuals and businesses can file their taxes online where ever they are. The advantage of filling taxes through digital means are said to be based on providing convenience for

clients while also being able to increase tax administration as well as the ensuring the tax compliance. The Table 5.11 below displays the responses of small business owners at Roma on the easiness of online tax filling at Roma.

Table 5.11: Easiness of online tax filling by retail businesses owners, August 2023

State of the process	Frequency	Percentage
Easy	19	43
Not easy	25	57
Total	44	100

Source: Field data

Even though majority of the respondents indicated that they have registered their businesses manually, the results from Table 5.11 show that 43% of the small business owners file their taxes online and find the process of tax filing relatively easy. The entrepreneurs find the digital process to be self-explanatory hence it is easily done without any difficulty. In addition, use of digital technologies enable them to file taxes from home. Online tax filling saves some businesses physical resources incurred through manual tax filling. Additionally, the respondents stated that the training that is provided by RSL with regards to tax filling has also helped in integrating them in online tax filling process. The findings are supported by those of Madola (2013) which revealed that the benefits of electronic tax filing are ensuring that discrepancies are reduced, while avoiding and minimising loss of information and unintentional inaccuracies. This is based on the fact that small businesses are usually confronted with numerous problems in the process of taxation. The study by Madola (2013) further highlights that the challenges small business owners encounter while filling for their taxes often discourage other small business owners to register their taxes. They also lead to small businesses, intentionally, ignoring the process. It is argued that this is normally perpetuated by lack of information dissemination to small business owners by those responsible.

There are also some entrepreneurs who consider online tax registration to be a challenge. As reflected on Table 5.11, 57% of the small retail business owners in the study area said the tax filling online process is not easy. The small business owners articulated that the process is tricky and very complex. In this case, the entrepreneurs often seek assistance as the RSL has now mandated filling returns online. This is despite the annual training provided by RSL for small business owners. These results show that some small business owners are not competent with

online tax filling. This may largely be based on the fact that technology is still a new phenomenon that some people have not really grasped. This means that training is a requirement at this point to make sure that every small business owner is able to practise successful tax compliance. Yan and Tim (2014) state that different environmental factors take place in the process of tax compliance by the business, a factor referred to as tax compliance behaviour. The tax compliance behaviour view claims taxpayers assume certain methods of filing for taxes based on personal beliefs, rather than convenience.

Additionally, all the small business owners involved in the study revealed that they engage in the process of tax filling themselves and do not hire help. However, they admitted that the filing process can sometimes be challenging and tricky. They are able to manoeuvre the filing system and file tax returns successfully. Ssetuba (2012) notes that tax compliance is said to be the process in which individuals are able to make tax payments in timely manner, with appropriate tax records.

5.8.3 Challenges of online tax filling and how to overcome them

The small business owners stated that there are two ultimate challenges they face through tax filling online. The first challenge was based on the fact that it takes long for their names to reflect on the filling system after they have paid. They referenced that the lack of synchronized systems between the payment systems and the filling system often inconvenience them as they are not able to do things on time. The second challenge is based on the erratic online systems that are sometimes down. In this case, it has been established from the findings that online tax filling, despite its benefits, is still embedded with challenges that affect the operations of small businesses at Roma. The findings are confirmed by Lai and Choong (2010) who state that the main challenges presented by tax filling are based on unrealizable digital applications normally used for returns.

In terms of the measures small business take to overcome the problem of tax filling, the small business owners explained that they usually go to the RSL in person to seek assistance on the matter. The findings reveal that online systems can still be backed up with manual services. Awa and Ikor (2015) assert that even though small business are regarded as valuable economic development tools, they are expected to pay their taxes. This means that the process should be smooth and easy enough to be carried out by every small business owner regardless of educational

background and digital knowledge. The easier process will encourage small business owners to pay their taxes as they know they will have a successful easy process of filling returns.

5.9 TAX PAYMENT

The performance and the importance of small businesses in an economy are often measured through the impact in the overall economy of the country. This means that small businesses are obligated to pay their taxes so that their impact is measured nationally. The context of tax payment is importance in the study so that the study will be able to determine whether small businesses at Roma are able to pay their taxes. This will also inform the study to establish whether the small businesses in rural areas are included in the statistics when small businesses are referred to as viable economic development tools.

5.9.1 Method of tax payment

Digital technologies have made service industry easier. Pradhan (2018) articulates that digital technologies have allowed business dealings to be done on the digital platforms alongside the value chain utilising the available technological infrastructure. Table 5.12 portrays methods of tax payment utilised by small business owners at Roma to pay for their taxes.

Table 5.12: Method of tax payment by the small retail business owners, August 2023

Method of tax payment	Frequency	Percentage
Physical	35	80
Online	9	20
Total	44	100

Source: Field data

The findings on Table 5.12 reveal that 80% of small business owners in the Roma Valley use manual approach to pay their taxes. The respondents stated that they pay their business taxes physically at the banks and then submit the proof of payment at RSL for tax credit certificate. The small business owners based their reasoning on the fact that the online payments take a lot of time to reflect on tax filling database. The findings, therefore, reveal that small business owners still do not have a lot of confidence regarding the online systems utilised in the process of tax compliance due to the systems being unstable, slow and uncoordinated.

On the other hand, 20% retail owners use online banking to pay their taxes. They are able to upload the digital receipt on RSL portal which can produce their tax credit certificate. It is note-worthy to mention that online tax payment was a system that was basically created to allow for easing the process of tax compliance, and to aid entrepreneurs in filling for their taxes on time, thus irregularities that come with the system defeats the purpose as the entrepreneurs are not able to file their taxes on time due to challenges they encounter (Mandula, 2013).

CHAPTER SIX

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

Digital transformation is said to have promoted the commercial competition for the small business, and also said to be an important factor in sustaining the lasting economic growth of those small businesses. This is because small businesses are the emerging economies which use digital technologies to change their social, political, and economic state. Digital transformation is, thus, highlighted to be an important aspect that aids small business owners in identifying the innovative work predictions as well as aiding them in engaging in entrepreneurship prospects. Crittenden et al. (2019) studies have supported the claim that digital technologies are tools for small businesses that can help them excel in business.

6.2 SUMMARY AND DISCUSSION OF THE FINDINGS

The aim of the study was to find out the role of digital technologies in increasing performance of small businesses in rural areas. The study addressed the objectives as well as the aim of the study to present the findings of the study acquired through the use of mixed methods approach. The demographic characteristics of the study revealed that small businesses at Roma are undertaken by married Basotho males who are responsible for 3-6 members in their households. The findings also established that majority of small business owners at Roma have high school education.

6.2.1 The contribution of digital transformation to increasing performance of small businesses in the rural areas

Small businesses have been cited as most important factors in the economic development of a country. They are indicated to aid countries in fighting poverty as well as unemployment especially in developing countries. The success of small business is based on several different factors that emanate from their resource capacity. Even though small businesses are pretty easy to start, due to the requirement of minimal capital, their success is often based on three core capital resources being the physical capital resources, human capital resources as well as the organisational capital resources. The findings of the study, in this case, revealed that digital technologies are used by small business owners in order to increase performance of their businesses while also being able to augment their three core resources.

Small business owners at Roma have realized the importance of adopting digital technologies in their businesses. This is because digital technologies provide small businesses with cheaper means of marketing their businesses as well as the products they sell to larger audience. The advantage in utilising digital marketing by small business owners is based on the fact that digital technologies are convenient, and they save small business owners money that they would have used while using traditional marketing. Furthermore, as a result of internet and mobile phone, people are now connected on different platforms where they are active day and night. The findings have revealed that small business owners at Roma are able to take advantage of those mediums in order to make their business known to the people, which increased the performances of their businesses in return.

6.2.2 Factors contributing to adoption of digital technologies by small scale entrepreneurs

The findings of the study revealed that there are different factors that propel small business owners to adopt digital technologies other than performance. They showed that factors like market orientation, the type of market, the type of business, the products and services provided by the business, means of business registration, tax filling process, and tax payment contributed greatly to small business owners adopting digital technologies in their businesses. Small business owners revealed that the market at Roma is largely based on school children and this means that the business performs based on how active the market is. In that case, the small business owners who mostly sell non-perishable products decided to expand their market through utilisation of digital technologies to other places beyond the business location of Roma. The findings have also highlighted that small business' decision to go digital was also based on the fact that Revenue Services Lesotho has gone digital.

6.2.3 The impact of transfer programs diffused to small-scale business entrepreneurs in use of digital technologies

The findings revealed that small business owners at Roma lack adequate knowledge transfer programs that can teach them how to extensively utilize digital technologies so as to grow the performance of their businesses. Even though majority of the respondents cited they have knowledge on the use of digital technologies in marketing, the findings highlighted that knowledge is still lacking in terms of small business owners' ability to use digital technologies to register their

businesses, to file tax returns of their businesses, to pay for taxes and to arrange appropriate tax compliance papers digitally.

6.3 CONCLUDING REMARKS

The importance of small businesses has been extensively highlighted by different scholars as stated in the literature review. However, this study has disregarded to research the appropriate methods that can be used by small businesses to increase their performance and help them be sustainable. It has also been indicated that small business start-ups in developing countries like Lesotho struggle to survive beyond two years. In this case, this study has established the fact that digital technologies contribute positively on the performance of small businesses in rural areas. In this case, the rising utilisation of information technology mediums like social media is said to be useful in elevating interactions and connections between customers and the business.

6.4 RECOMMENDATIONS

- Small businesses in Roma are currently largely occupied by people with high school education. Due to limited education, they are not able to realize opportunities that are embedded in digital technologies so as to increase the performance of their businesses. Thus, it is important for the government of Lesotho to realize that even though small businesses are regarded as important economic development tools in the country, their importance will not be sustainable if they lack good performance and sustainability. In this case, the study recommends that the capacity building programs that are innovative and dynamic be infused in high school curriculum.
- Even though the findings of the study established that the network infrastructure is available at Roma, the respondents reported their reluctance of fully digitalising their businesses is due to erratic digital systems that lead to their important business information being insecure online. The government of Lesotho should strengthen and update ICT infrastructure that will allow small businesses to utilise fast, efficient and safe applications that will not allow them to waste their resources, but will also allow the business to be comfortable in the utilisation of digital technologies in order to avoid fear of system failure or loss of materials.

- For those who stated they were not registered with RSL, they cited that they did not know the importance of tax compliance. On account of that, tax studies should also be added on the high school and higher education curriculum, so that while young people are learning about business prospects and importance of entrepreneurship, they also learn about tax and importance of tax compliance.

REFERENCES

- Abelardo, L., Lomboy, M., Lopez, C., Balaria, F., and Subia, G. (2019). Challenges Encountered by the National High School Teachers in Doing Action Research. *International Journal of English, Literature and Social Science (IJELS)*. 4(4). <https://dx.doi.org/10.22161/ijels.4418> ISSN: 2456-7620.
- Adam, A., Abdullah, W. R. W., Maruhun, E. N. S., Anwar, I. S. K and Salin, A. S. A. P. (2022). The Resource-Based View Theory and Women Microbusiness Entrepreneurs: A Contribution to Business Sustainability. *International Journal of Academic Research in Business and Social Sciences*. 12(10), 2915 – 2932. <http://dx.doi.org/10.6007/IJARBS/v12-i10/15103>.
- Akeel, A., and Gubhaju, M. (2020). Digital Marketing and its Effects on Start-up. University of Gavle.
- Agarwal, H., and Agarwal, R. (2017). First Industrial Revolution and Second Industrial Revolution: Technology Differences and the Differences in Banking and Financing of the Firms. *Saudi Journal of Humanities and Social Science*. 2(11), 1062-1066.
- Anastacia, C. (2020). Exploring Definitions of Small Business and Why it is so Difficult. *Journal of Management of Policy and Practice*. 16(4).
- Aliu, J., and Aigbavboa, C. (2019). Examining the Roles of Human Capital Theory. What Next for Construction Industry? *Journal of Physics: Conference Series*. 1378(2). <https://doi.org/10.1088/1742-6596/1378/2/022057>.
- Al-Bargi, A., and Shoh, S.R. (2013). Research Paradigms: Researchers' Worldview, Theoretical Framework and Study Design. *Arab World English Journal*. 4.
- Artino, A. R., Korge, L. and Park, S.Y. (2020). The Positivism Paradigm of Research. The Academic Medicine. *Journal of the Association of American Medical College*. 95(5).
- Amit, R., and Schoemaker, P. (2016). The Palgrave Encyclopaedia of Strategic Management. December 2017. <https://doi.org/10.1057/978-1-349-94848-2>.
- Atieno, O.P. (2019). An Analysis of the Strengths and Limitations of Qualitative and Quantitative Research Paradigms. 13.

- Baum, G. (2013). Innovation also Basis der nächsten Industrial Revolution. In U. Sendler (Ed.), *Industries 4.0* 37–53. Berlin and Heidelberg: Springer Vieweg.
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*. 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>.
- Barney, J. B. (2001). Resource-based Theories of Competitive Advantage: A Ten-year Retrospective on the Resource-based View. *Journal of Management*. 27(6), 643–650. <https://doi.org/10.1177/014920630102700602>.
- Becker, G. S. (1993). Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education. In The University of Chicago Press.
- Bhandari, P. (2020). Data Collection, Definition and Methods and Examples.
- Birmingham, P., and Wilkinson, D. (2003). Using Research Instruments. A Guide for Researchers.
- Bosch – Sijtsma, P., Claeson-Johnson, C., and Johansson, M. (2021). The Hype Factor of Digital Technologies in AEC. *Construction Innovation*. 21(4).
- Chaffey, D., and Ellis-Chadwick, F. (2019). *Digital Marketing: Strategy, Implementation & Practice*. Pearson UK.
- Corrado, C., Haltiwanger, J., and Sichel, D. (2005). Measuring Capital in the New Economy. *National Bureau of Economic Research*. August, 205–236. <https://doi.org/10.7208/chicago/9780226116174.001.0001>.
- Campbell, B. A., Coff, R., and Kryscynski, D. (2012). Re-thinking Sustained Competitive Advantage from Human Capital. *Academy of Management Review*. 37(3), 376–395. <https://doi.org/10.5465/amr.2010.0276>.
- Crittenden, V. L., Crittenden, W. F., and Ajjan, H. (2019). Empowering Women Micro-entrepreneurs in Emerging Economies: The Role of Information Communications Technology. *Journal of Business Research*. 98 191–203. <https://doi.org/10.1016/j.jbusres.2019.01.045>.
- Davis, N. (2016). What is Fourth Industrial Revolution. World Economic Forum.
- Dasgupta, P. (2014). Rural Areas in Climate Change.

- Dean, A., and Krestschmer, M. (2003). Can Ideas be Capital? Factors of Production in the Post-industrial Economy: A Review and critique. 38(10).
- Dumitriu, D., Militaru, G., Deselnicu, D. C., Niculescu, A., and Popescu, M. A. M. (2019). A Perspective over Modern SMEs: Managing Brand Equity, Growth and Sustainability through Digital Marketing Tools and Techniques. *Sustainability*. 11(7), 2111.
- Elia, G., Margherita, A., and Passiante, G. (2020). Digital Entrepreneurship Ecosystem: How digital Technologies and Collective Intelligence are Reshaping the Entrepreneurial Process. *Technological Forecasting and Social Change*.
- EU/European Union. (2012). Improving Access to Credit under Credit Guarantees. The Remark by the Head of the European Union to Lesotho, Maseru.
- Fauzi, A. A., and Sheng. (2020). Digitalisation of Micro, Small and Medium Sized Enterprises. *Journal of Small Business Management*. 10. 1080 / 00472778.2020.1745536.
- Ferraris, A., Santoro, G., and Dezi, L. (2017). How MNC's Subsidiaries may Improve their Innovative Performance? The Role of External Sources and Knowledge Management Capabilities. *Journal of Knowledge Management*. 21(3), 540 552.
- Finscope Lesotho. (2015). SMME's Lesotho. UNDP.
- Gueler, M. S., and Schneider, S. (2021). The Resource-based View in Business Ecosystems: A Perspective on the Determinants of a Valuable Resource and Capability. *Journal of Business Research*. 133, 158–169. <https://doi.org/10.1016/j.jbusres.2021.04.061>.
- GoL/Government of Lesotho. (2012). Kingdom of Lesotho: Ministry of Trade, Industry, Cooperatives and Marketing. *Trade Capacity Assessment and Action Plan*. Maseru.
- GoL/Government of Lesotho. (2016). The FinScope MSME Survey Lesotho 2015. Maseru.
- Haradhan, M. (2019). The First Industrial Revolution: Creation of a New Global Human Era. *Journal of Social Sciences and Humanities*. 5 (4).
- Huang, K., Dolores, B., Carrubi, T., and Yu, T. (2021). The Effect of Technology, Information, and Marketing on an Interconnected world. 314-318.

- Is-haq, H. O. (2019). Digital Marketing and Sales Improvement in Small and Medium Enterprises in Nigeria. *IJIREES*. 6(6).
- Kannan, P. (2017). Digital Marketing: A Framework, Review and Research Agenda. *International Journal of Research in Marketing*. 34(1), 22-45.
- Kanapathipillai, K., and Azam, F. S. M. (2019). Women Entrepreneurs Path to Success: An Investigation of the Critical Success Factors in Malaysia. *European Journal of Human Resource Management Studies*. 3(1), 106–129. <https://doi.org/10.5281/zenodo.3375708>.
- Khadijah, M. R., Nazri, M. N., and Suhana, M. A. (2017). The Impact of Internal Factors on Small Business Success: A Case of Small Enterprises under the FELDA Scheme. *Asian Academy of Management Journal*. 22(1), 27–55.
- Kishan, R. (2020). A Study on Digital Marketing and Its Impacts. 10.13140/RG.2.2.21143.80809.
- Kotharic, C. R. (2004). *Research Methodology: Methods and Techniques*. 2nd Edition. New Delhi: New Age International Publishers.
- Langwenya, M., Mabuza, B., and Tshabalala, D. (2011). An Assessment of the Enabling Environment for Women’s Enterprises in Lesotho. *WEDGE Lesotho Project*.
- Lee, H., Kelly, D., Lee, J., and Lee, S. (2011). SME. Survival: The Impact of Internalisation, Technology Resources and Alliances. *Journal of small business Management*. 50(1), 1-9.
- Li, J., Li, Y., Yu, Y., and Yuan, L. (2019). Search Broadly or Search Narrowly? Role of Knowledge Search Strategy in Innovation Performance. *Journal of Knowledge Management*. 23(5),809-835. <https://doi.org/10.1108/JKM-06-2018-0386>.
- Libert, B., Beck, M., and Wind, Y. (2016). 7 Questions to Ask before your Next Digital Transformation. *Harvard Business Review*. July 2016.
- Letete, M. H. (2013). Microfinance in Maseru, Lesotho: Challenges and Prospects for Poverty Reduction. DoctoralThesis Submitted to the Institute for Social Development University of Western Cape Town.
- Marcelle, C. (2015). Ethical Consideration in Research.

- Madhusudan, R. D. V., and Rajeswari, K. (2020). Adoption of Digital Marketing Practices in Micro Small Medium Enterprises for Inclusive Growth. *IJRTE*. 8(6).
- Maslakci, A., and Surucu, L. (2020). Validity and Reliability in Qualitative Research: Business and Management Studies. *An International Journal*. 3.
- Musso, M. (2017). The Impact of Online Marketing on a Small Business. GRCSP.
- MTICM (Ministry of Trade, Industry, Cooperatives and Marketing, Lesotho). (2008). *The State of Small Enterprise in Lesotho*. Maseru: Ministry of Trade, Industry, Cooperatives and Marketing.
- Mazzarol, T. (2015). SMEs Engagement with E-commerce and E-marketing. *Small Enterprise Research*. 22(1), 79-90.
- Olazo, D. B. (2020). Measuring the Level of Digital Marketing Capabilities, Digital Marketing Strategies and Challenges and Issues of SMEs in adopting Digital Marketing. 4(1).
- OECD (Organisation for Economic Co-Operation and Development). (2013). *Developing the Potential of SMEs to Internationalise*. Paris: OECD Publishing.
- Parks, E. (2020). Digital Marketing Proposal for Small Businesses: A Review of Digital Marketing Strategies Regarded as Best Practices for Brand Expansion. Master of Arts in Media and Communication Plan II Graduate Projects. 12. https://scholarworks.bgsu.edu/ms_smc/12.
- Pawar, D. S., and Patil, D. A. (2020). Impact of Digital Marketing on Business. *International Research Journal of Engineering and Technology* 7(2).
- Pencarelli, T. (2020). The Digital Revolution in the Travel and Tourism Industry. *Information Technology & Tourism*. 22(3), 455-476.
- Pereira, V., Temouri, Y., and Patel, C. (2020). Exploring the Role and Importance of Human Capital in Resilient High Performing Organisations: Evidence from Business Clusters. *Applied Psychology*. 69(3), 769–804. <https://doi.org/10.1111/apps.12204>.
- Prescott, E. C., and Visscher, M. (1980). Organization Capital. *Journal of Political Economy*. 88(3), 446–461. <https://doi.org/10.1086/260879>.

- Ployhart, R. E., Nyberg, A. J., Reilly, G., and Maltarich, M. A. (2014). Human Capital is Dead; Long Live Human Capital Resources! *Journal of Management*. 40(2), 371–398. <https://doi.org/10.1177/0149206313512152>.
- Poole, H. (2017). Definitions of Small Business. Office of Legislative Research.
- Rahman, S. A., Taghizadeh, S. K., Ramayah, T., and Alam, M. M. D. (2017). Technology Acceptance among Micro-entrepreneurs in Marginalised Social Strata: The Case of Social Innovation in Bangladesh. *Technological Forecasting and Social Change*. 118, 236–247. <https://doi.org/10.1016/j.techfore.2017.01.027>.
- Rahman, M. D. S. (2017). The Advantage and Disadvantages of Using Qualitative and Quantitative Approaches and Methods in Language. Testing and Assessment Research. *Journal of Education and Learning*. 6(1).
- Ramadani, V., Gerguri, S., Dana, L. P., and Tasaminova, T. (2013). The Profile of Female Entrepreneurs in the Republic of Macedonia. *Female Entrepreneurship in Transition Economies: Trends and Challenges*. 19(1), 95–121. <https://doi.org/10.1057/9781137444516.0018>.
- Ramphoma, T. S. (2021). The Contribution of the SMMEs to the Lesotho Public Procurement Markets on Economic Development. A thesis submitted to the Department of Development Studies in Accordance with the Requirement for Masters of Arts in Development Studies.
- Rothaermel, F. T. (2012). *Strategic Management: Concepts and Cases*. McGraw-Hill/Irwin. 5.
- Rymarczy, J. (2020). Technologies, Opportunities and Challenges of the Industrial Revolution 4.0. Theoretical Considerations. *Entrepreneurial Business and Economic Review*. 8(1). 185-198.
- Sharma, G. (2017). Pros and Cons of Different Sampling Techniques. *International Journal of Applied Research*. 3(7), 749-752.
- Shehadeh, M., Almohtaseb, A., Aldehayyat, J., and Abu-ALSondos, I. A. (2023). Digital Transformation and Competitive Advantage in the Service Sector: A Moderated-Mediation Model. *Sustainability*. 2023, 15, 2077. <https://doi.org/10.3390/su15032077>.

- Singh, F., and Kaur, M. (2014). Small and Medium Enterprises' awareness Regarding Export Credit Delivery System. *Management and Labour Studies*. 39(1), 63-79.
- Sileyew, K. J. (2019). Research Design and Methodology.
- Stearns, P. N. (2013). *The Industrial Revolution in World History*. Fourth Edition. George Mason University.
- Straka, J., and Tuzova, M. (2016). Factors Affecting Development of Rural Areas in the Czech Republic: A Literature Review. *Procedia – Social and Behavioural Sciences*.
- Sultan, S., and Sultan, S. (2020). Women MSMEs in Times of Crisis: Challenges and Opportunities. *Journal of Small Business and Enterprise Development*. 10.1108/JSBED-06-2020-0226.
- Taalbi, J. (2019). Origins and Pathways of Innovation in the Third Revolution Industrial and Corporate change. *Oxford University Press*. 28(5), 1125-1148.
- The Economist. (2009). South Africa in Recession. Repo rate down to 7.5%. Retrieved from <http://www.economist.org.uk> (accessed July 13, 2023).
- The Ministry of Trade and Industry Cooperatives and Marketing. 2012. Retrieved from <http://www.eif.org.ls/docs/capdev.pdf> (accessed July 13, 2023).
- UNDP. (2015). Fin scope MSME Lesotho.
- Upadhyay, J. (2022). Digital Marketing Practices Adoption in Micro, Small and Medium Businesses for Inclusive Growth. *International Research Journal on Advanced Science Hub*. 04.04. 75–80. <http://dx.doi.org/10.47392/irjash.2022.021>.
- Yoon, G., Li, C., Ji, Y. (Grace), North, M., Hong, C., and Liu, J. (2018). Attracting Comments: Digital Engagement Metrics on Facebook and Financial Performance. *Journal of Advertising*. 47(1), 24–37. <https://doi.org/10.1080/00913367.2017.1405753>.
- Vrontis, D., Thrassou, A., Santoro, G., and Papa, A. (2017). Ambidexterity, External Knowledge and Performance in Knowledge-intensive Firms. *The Journal of Technology Transfer*. 42(2), 374-388.

Welsh, D. H. B., Kaciak, E., Trimi, S., and Mainardes, E. W. (2017). Women Entrepreneurs and Family Firm Heterogeneity: Evidence from an Emerging Economy. In *Group Decision and Negotiation*. <https://doi.org/10.1007/s10726-017-9544-8>.

Xu, M., David, J. M., and Kim, S. H. (2018). The Fourth Industrial Revolution: Opportunities and Challenges. *International Journal of Financial Research*. 9, 90-95.

Bhardwaj, P. (2019). Types of Sampling in Research.

Noor, S., Tajik, O., and Golzar, J. (2022). Simple Random Sampling.

Kassiani, N. (2022). What Is Purposive Sampling, Definition & Examples.

Muhammad, H. (2023). Questionnaire-Definition, Types, and Examples.

**APPENDIX
QUESTIONNAIRE**

QUESTIONNAIRE

Section A: Demographic information

1. Gender

Female { }

Male { }

2. Age

Below 25 { }

26-35 Years { }

35-45 Years { }

Above 45 { }

3. Level of education

Certificate { }

Diploma { }

Degree { }

Postgraduate { }

No education { }

4. The age of business

0-3 months { }

3-1 Year { }

2-5 Years { }

Above 5 years { }

5. Form of business

- Retail trade { }
- Repair of motor vehicles { }
- Agri-businesses { }
- Food service activities { }
- Arts, entertainment and recreation { }
- Service businesses { }
- Transportation { }
- Construction { }

PART B

THE ROLE DIGITAL TRANSFORMATION PLAYS IN INCREASING PERFORMANCE OF SMALL BUSINESSES IN THE RURAL AREAS

6. Are you aware of digital technology?

- Yes { }
- No { }

7. If yes, do you use any form of digital technology in your business?

.....

8. Which digital platform do you use for your business?

- Facebook { }
- Instagram { }
- WhatsApp { }
- YouTube { }
- Business website { }
- Others { }

9. What do you use the platform for?

.....

10. How do digital technologies help your business?

- Increase customers { }

Increase profits

Helps to sustain in the market

Helps in branding

All of the above

Elaborate.....
.....

11. What made you digitalise your business?

.....
.....

THE FACTORS CONTRIBUTING TO ADOPTION OF DIGITAL TECHNOLOGIES BY SMALL SCALE ENTREPRENEURS

12. State your digital capability

Non-existing

Basic

Intermediate user

Confident

13. What are other benefits you gained after digitalising your business?

.....
.....

14. What are the challenges you have faced so far?

.....
.....

15. Which public support did you access to overcome barriers to digital transformation?

Upgrading skills

Upgrading safety

Expanding the potential workforce { }

Conducting in-house research { }

Mentoring { }

Reduced taxes and fees { }

Direct public financial support { }

16. Do you pay tax for your small business?

Yes { }

No { }

If no, state your reason

.....
.....

17. Which digital means do you use to file for your business taxes?

Apps { }

Manual forms { }

18. Are the tax filing means obligated by LRA?

Yes { }

No { }

19. Do you do tax filing yourself or you hire help?

I do it myself { }

Hire help { }

State your reasons

.....
.....

20. Is there any form of training offered on how to file your taxes by LRA?

Yes { }

No { }

THE CONTRIBUTION OF THE SKILLS TRANSFER PROGRAMMES DIFFUSED TO SMALL-SCALE BUSINESS ENTREPRENEURS IN THE USE OF DIGITAL TECHNOLOGIES

21. In terms of digital tax filing, what other skills have you acquired that help your business performance?

Tax record keeping { }

Submitting information { }

Submitting information on VAT returns { }

Acquiring end of year activity { }

Keeping accounting records { }

Calculating tax payable { }

22. Do you think it is a good idea to file for your taxes digitally?

Yes { }

No { }

State your reasons

.....
.....

23. Are you satisfied with the digital tax filing process?

Yes { }

No { }

State your reasoning

.....
.....
24. Is there anything you want to add?

Yes { }

No { }

If yes, state below

.....
.....
.....

THANK YOU VERY MUCH FOR YOUR TIME!!!

