

CHAPTER I INTRODUCTION

1.1 Background of the Study

As a result of the high unemployment rate and poverty, numerous people have been inspired to be creative and launch their own enterprises and this is the most important reason for them to choose the entrepreneurship way (Gindling and Newhouse, 2014). People expect that “by having a large income, it is easily to enjoy a pleasant life, free from debt bondage, and have an adequate life” (DeGhetto, Gray & Kiggundu, 2016).

Entrepreneurs are individuals who build and develop business. They combine various factors of production to create a profitable new venture or business (Tchamyou, 2018). Entrepreneurs themselves are an important factor of production and an essential aspect of the usefulness of a free-market economy (Asongu & Odhiambo, 2017). Entrepreneurship is crucial to promoting and achieving economic development, wealth creation, and job creation (Nieman, 2001). Entrepreneurship is described as the process of "discovering, evaluating, and pursuing opportunities to generate future goods and services" (Shane & Venkataraman, 2000). It is impossible to overstate the importance and role of the entrepreneurial sector in the economy. The country's social and economic development can be facilitated by entrepreneurship.

Entrepreneurs are often considered a national asset to be developed, motivated, and financially supported as much as possible. Great entrepreneurs have the ability to change the way people live and work (Nieman, 2001). If entrepreneurs

succeed, the innovations they develop can raise living standards (Agwu et al., 2017).

However, creating an enterprise requires startup finance or investment from financial service organizations in order to exist or grow (Taiwo and Agwu, 2016). In addition, there are still significant obstacles to doing business across Africa despite of the paradigm change toward market-based development, improved political and economic governance, and a favorable global environment that have paved the way for Africa's recent economic growth revival (Tchamyou, 2018). Although some routes for economic prosperity are articulated by the underlying progressive qualities, they are insufficient to provide the grounds for the kind of comprehensive and sustainable growth that the continent requires in the post-2015 sustainable development age. In light of this, firms in Africa face social, political, and economic risks that hinder long-term investment choices and the execution of sustainable development plans. These are the most difficult ones right now because, according to a 2015 World Bank report on the Millennium Development Goals (MDGs), from the mid-1990s, extreme poverty declined in every region of the world except for Africa, where about 50% of countries in sub-Saharan Africa (SSA) were significantly off-track from achieving the MDG extreme poverty target (Tchamyou, Erreygers & Cassimon, 2018).

Moreover, Africa in recent decades has gone through an unprecedented phase of economic liberalization and implementation of policies aimed at improving conditions for doing business (Amavilah, Asongu & Andrés, 2017). However, the continent has also differentiated itself especially from other regions

of the world in doing business, which obviously has consequences for the lofty ambition to unlock the continent's potential with respect to the 2063 Agenda and the post-2015 sustainable development agenda (DeGhetto, Gray & Kiggundu, 2016). A weak export sector and a large young population await opportunities to create new businesses and expand existing ones. Therefore, reforms are needed to address the challenges associated with doing business.

In this section, challenges in running a business in Africa are discussed in four main areas, including: (i) issues related to the costs of starting a business and running a business; (ii) lack of energy and electricity; (iii) lack of access to finance, and (iv) high taxes and low cross-border trade. Concerns are developed in chronological order.

Firstly, it is highly expensive to start a firm and do business in Africa. This is due to a number of procedures that must be followed as well as the fact that some of these procedures may involve corrupt activities. Due to the high start-up costs, there are several registration and licensing procedures (Abor & Quartey, 2010). The extensive body of literature on entrepreneurship in Africa also supports this position (Tchamyou, 2017). This concern includes related business-related issues like (i) the cost of starting a business; (ii) the steps to enforcing a contract; (iii) the beginning steps to register a business; (iv) the amount of time needed to build a warehouse; (v) the amount of time needed to enforcing a contract; (vi) the amount of time needed to register a property; (vii) the amount of time needed to start a business; (viii) time to export; (ix) time to prepare and pay taxes; and (x) time to settle an insolvency (Asongu, Nwachukwu & Orim, 2018). The fundamental problems with

founding and operating a business can be resolved by strengthening institutional and economic governance. Additionally, the time required for the development and implementation of the above-mentioned business dynamics will be significantly reduced by digitalizing the activities involved in starting a firm as well as those related to conducting business.

Secondly, the expenses associated with obtaining energy and the complicated procedures needed for electrification. Additionally, even with electricity installed, power outages, which can occasionally last for several working days, hinder the efficient operation of businesses. Asongu, le Roux, and Biekpe (2018) have demonstrated, Africa has had ineffective energy management. Because only approximately 5% of people in sub-Saharan Africa have access to energy, the authors contend that the energy crisis is a crucial policy problem in the post-2015 development agenda. Additionally, the subregion's energy consumption is lower than the global average of 17%, which is comparable to the total amount of energy utilized in a single US state like New York. A large number of research on energy management and efficiency support this account of the lack of energy and electricity in Africa (Asongu, le Roux & Biekpe, 2017). A few logical approaches toward reducing instances of energy and electricity shortages across the continent, in light of the supporting research, include increasing the development and consumption of green energy and discouraging the consumption of fossil fuels (particularly through subsidies).

Thirdly, there are numerous factors, including affordability, physical accessibility, and information asymmetry between lenders and borrowers, that

contribute to the lack of access to finance in Africa (including payments, credit, corporate, and private insurances). These reasons for financial exclusion are in line with a large body of literature on excessive liquidity in African financial institutions. The establishment of information sharing offices or credit reporting agencies has been suggested as a way to address this issue in order to lessen the underlying asymmetry of information, specifically: (i) adverse selection on the part of lenders (ex-ante of the borrowing process) and moral hazard from borrowers (ex-post of the lending process) (Kusi & Opoku Mensah, 2018). Moreover, the previously unbanked population now has access to financing with the growing of mobile banking services, information and communication technologies (Asongu & Odhiambo, 2017).

Fourthly, another significant barrier to doing business in Africa is high taxes and limited cross-border trade. Almost all fiscal systems in Africa impose significant taxes on capital flows leaving the nation, claims Mannah-Blankson (2017). In contrast, Western nations limit source-based taxation to interest, royalties, and dividends. While weak infrastructure and low economic integration, among other factors, have significantly curtailed cross-border trade in Africa during the past few decades (Akpan, 2014), cross-border trade is anticipated to rise as a result of the Continental Free Trade Area (CFTA), a continent-wide trade deal that 44 of the 55 African Union member states signed in Kigali, Rwanda, in March 2018. It is important to remember that issues related to the diversity of products can be linked to the underlying low cross-border trade. Accordingly, if items in neighboring countries are uniform, there will be less of a need for commerce across

borders unless the underlying products in those countries are scarce, expensive, or of poor quality.

In the context of Madagascar, this study does not cover all the entrepreneurship case that exist in the country, it is limited to the mobile money or cash point entrepreneurship 'case, more precisely the challenges faced by the cash point entrepreneurs in Toliara city of Madagascar. Cash point service is one of the innovative service models introduced by banks through mobile network operators (Paul, 2012). It has also been described as a new aspect of e-banking, providing a rich platform for automated banking and other financial services unlike traditional banking services (Zhou, 2010). According to the Institution of Statistics (INSTAT) in Madagascar, 70% of Madagascar citizens have a mobile phone and are using a mobile money or cash point services. The number of cash points in each district are approximately 35,000 and over 80 billion Ariary of transfers were made via the orange money mobile service in the month of December 2022 only, said the human resources manager at Orange network (F1/I/HR/03 Jan 2023).

Mobile Money service has done much more than address a real need of Malagasy community. It is a solution that allows financial inclusion and therefore the social development of the unbanked populations of the region. Through mobile money service, people can use their phone to send, receive and transfer money from and to anyone with or without a Mobile Money account instantly and real time at low cost (Asongu, 2013). Therefore, cash point entrepreneurs are those who act in facilitating connection between Malagasy citizens with the technology. They are partner with the mobile money network, acting as an agent distributor to facilitate

community's lives by providing deposit and withdrawal of money through their kiosk that exist everywhere in the country.

Based on data from the statistics section provided by the local government in Toliara, it is presented quantitatively in the following Table 1.1 the evolution of the cash point entrepreneurs in number during the last five years.

Table 1.1 Total of cash point entrepreneurs in Toliara city last five years

Cash point in Toliara	2018	2019	2020	2021	2022
Total stores	18	38	74	129	318
Total entrepreneurs	11	23	51	87	248

Source: INSTAT Madagascar

Based on the data that has been described quantitatively above, it can be concluded that the number of cash point entrepreneurs in Toliara City has increased from year to year. It means that the field of cash point entrepreneurship is getting trending and attract many investors and entrepreneurs in the country

Moreover, still in Madagascar context, a limited number of studies has been conducted about the field of entrepreneurship. Hence, researcher made a field observation, sharing and discussion session with many cash point entrepreneurs to understand more about their experiences about the cash point entrepreneurship. Based on that preliminary study, it can be concluded that lack of access to financing is the first significant challenge that entrepreneurs in Madagascar must deal with. While there are many places in the globe with genuine startup ecosystems, where all young entrepreneurs with excellent ideas get the support of investors. Entrepreneurs in Madagascar lack the resources to fund their project. As a result, a large majority of small firms and start-ups formed in Madagascar do not survive for very long. In addition, banks and other lenders are less willing and hesitant to

provide money to young entrepreneurs in this situation since they view it as a dangerous venture. Much of this challenge can be solved by providing the right documentation to impress banks and investors, but the area still has a conservative mentality due to a low education.

Infrastructure issues are also a problem for entrepreneurs in Madagascar. In most parts of the world, businesses can grow and sustain themselves because they have reliable access to electricity, water, telecommunications services, roads, and affordable and safe public transportation. These are all essential for business growth, but in Madagascar these basic needs are not easily accessible.

It is also identified that the field of cash point entrepreneurship has too many competitors. “You can find cash point kiosk everywhere; I think every fifty meters” said the head of cash point entrepreneurs’ association in Toliara city (F3/I/HA/28 Dec 2022). In the business world, competition is not always a bad thing but it reduces a company's market share and client base, particularly if demand is limited (Murendo et al., 2018).

The last major challenges faced by cash point entrepreneurs in Toliara city is a security problem. “Almost every day, there is a news about cash point kiosks attack ... People thinks that we have a lot of money. We are working with a fear as many attacks happen everywhere. Many cash point holder has been killed” said one of the cash point entrepreneurs in Toliara city (F2/I/C1/27 Dec 2022).

For entrepreneurship to strongly impact Madagascar’s economy, government must tackle some of the greatest challenges that impede its progress, including lack of funds, relevant mentorship and poor government policies (Asongu

& Odhiambo, 2017). In addition, Madagascar government should consider giving the private sector incentives through tax relief to create more jobs. Laws and regulations should favor entrepreneurs. Moreover, the government is expected to support entrepreneurship by providing infrastructure, social amenities, financial access, policies, and educational platforms, and empowers the citizens (Asongu & Odhiambo, 2017), and the citizens use their resources creatively to grow their business.

Based on the above-mentioned challenges, there is no doubt that to conduct a study related to this situation is very important. Researcher is interested on understanding the challenges faced by the entrepreneurs in Madagascar, more precisely the challenges faced by the cash point entrepreneurs in Toliara city of Madagascar, in order to be able establishing an adequate strategy to deal with these problems.

1.2 Research Authenticity

Numerous studies have focused on entrepreneurship in developed countries while very few have focused on entrepreneurship in developing countries. This study will focus on the reality of entrepreneurship in Madagascar through the opinions of its entrepreneurs. The relevant aspect of this work is that it identifies the challenges faced by the cash point entrepreneurs in Madagascar. To achieve the aim of this study, researcher starts by outlining the importance of entrepreneurs in developing the economy of the country. Then researcher will focus on identifying the exact challenges faced by the cash point entrepreneurs in the context of

Madagascar. Finally, attention will be paid on providing some strategies to handle these challenges identified.

1.3 Research problems

This research tries to identify the challenges faced by entrepreneurs in Madagascar. The following questions are to be answered:

1. What is the importance of cash point entrepreneurs in Madagascar?
2. What are the challenges faced by cash point entrepreneurs in Madagascar?
3. What is the strategy to handle these challenges faced by cash point entrepreneurs in Madagascar?

1.4 Research objectives

The objectives of this research are to identify:

1. The importance of cash point entrepreneurs in Madagascar.
2. The challenges faced by cash point entrepreneurs in Madagascar.
3. The strategy to handle these challenges faced by cash point entrepreneurs in Madagascar.

1.5 Significance of the research

This study has two benefits, namely theoretical benefits and practical benefits. Theoretically, the results of this study can be used as additional references regarding the context of entrepreneurship in developing countries, precisely Madagascar.

In practice, this study is hoped to provide information to young people on what are the benefits of becoming an entrepreneur and its contribution to the economic growth, especially the economic growth of the developing countries.

1.6 Literature Review

1.6.1 Overview of Entrepreneurship

The word “entrepreneurship” derives from the French words *entre*, meaning “between”, and *prendre*, meaning “to take”. The term was initially used to refer to people who "undertake" a task, like starting a new business, or who "take on the risk" between buyers and sellers (Barringer and Ireland, 2005). Additionally, it's critical to recognize the differences between entrepreneurs and inventors. An innovator invents new things. To turn an innovation into a successful business, an entrepreneur gathers and then integrates all the necessary resources, including capital, personnel, a business plan, a strategy, and the risk-taking prowess (Taiwo and Agwu, 2016). Therefore, "entrepreneurship" refers to the action of people pursuing opportunities regardless of the resources they currently possess. The core of entrepreneurial activity is to spot possibilities and implement practical solutions. Researchers and practitioners have long used words like "new," "innovative," "flexible," "dynamic," "creative," and "risk-taking" to describe entrepreneurship (Biraglia and Kadile, 2017; Mahmoud and Muharam, 2014). Others see entrepreneurship as the deliberate creation of value through organization by a single contributor or a small group of partners, as well as the process of launching or expanding a new profitable firm, the process of offering a new product (Agwu et

al., 2017). or service, and all of these activities (Van der Zwan et al., 2010). Entrepreneurship, according to Coulter et al. (2008), is "the process of producing something different with value by dedicating the necessary time and energy, incurring the attendant financial, psychological, and social risks, and reaping the benefits of financial and personal fulfillment."

An entrepreneur is someone who starts a business despite risk and uncertainty with the goal of making money and expanding it. They do this by spotting lucrative possibilities and putting together the resources needed to take advantage of them (Zwan et al, 2016). The following are the top three reasons why people become business owners and launch their own companies:

- (i) to pursue their own ideas – some people are naturally perceptive, and when they notice ideas for new products or services, they have a desire to see those ideas realized;
- (ii) to be their own boss – either they have had a long-time ambition to own their own firm or they have grown dissatisfied working in traditional jobs;
- (iii) realize financial reward – nevertheless, this incentive is frequently subordinate to the previous two and falls short of expectations (Barringer and Ireland, 2005).

The term entrepreneur continues to evolve from time to time. Following is the definition of entrepreneur according to experts.

a. Richard Cantillon (1755)

Entrepreneur is someone who is considered brave enough to endure risks between suppliers (suppliers of goods), namely farmers or craftsmen who the goods are purchased at a certain price, to be sold to consumers at an uncertain price. In pursuit of profit, an entrepreneur must bear the risk when he faces uncertainty market price. This definition was taken in the era when the wheels of the economy only go through agriculture and trade in economic times classic.

b. Jean Baptiste Say (1803)

Say added Cantillon's opinion above that aside as a risk bearer, entrepreneur is also a leader who take the initiative. From here, profits as an entrepreneur and profits as a capital owner are separated.

c. Peter Drucker (1964)

Entrepreneur is someone who maximizes opportunities.

d. Albert Shapero (1975)

An entrepreneur is someone who takes the initiative, set up some social and economic mechanism, accept the risk of failure.

1.6.2 Socio-Economic Impact of Entrepreneurial Business

According to Van Praag and Versloot (2008), entrepreneurial enterprises have a beneficial impact on employment, productivity, innovation, and utility. They also claim that, relative to their size, entrepreneurs create more jobs than their competitors. Therefore, increasing employment requires small and emerging businesses. Their output determines their ability to grow and survive (Syverson, 2011). Numerous studies demonstrate how these companies' introduction, growth, survival, and exit have a significant impact on employment creation (Bartelsman et

al., 2004). Entrepreneurs significantly contribute to job creation and development, according to research on the employment dynamics of Australian entrepreneurship in comparison to that of other nations (Luke et al, 2015). According to US Bureau of Labor Statistics (BLS) and Business Employment Dynamics (BED) data from 1977 to 2011, small businesses, and especially new entrants, have higher net job creation than larger businesses. They have also been largely responsible for the jobs rout during the global financial crisis (Bureau of Labor Statistics).

MSMEs account for 50% to 80% of industrial employment, notably in manufacturing; this has a significant positive impact on the development and expansion of national economies through creating jobs (Ayyagari et al, 2007).

Low-profit marketplaces, which really support domestic economic cycles and cross-sectoral relationships to further industrialization, do not attract large enterprises. Small enterprises operate in these economically significant markets using simple, inexpensive labor and technologies (Seibel, 1996). Around 55% of employees globally are self-employed, and 75% of those are probably subsistence entrepreneurs, according to research (Gindling and Newhouse, 2014).

Mohsam and Brakel (2010) cited “earlier assertion that small business owners must constantly innovate and improve their products or services in order to remain competitive globally”. New concepts, methods, technologies, goods, and services are produced as a result. These promote social transformation and raise people's living standards (Audretsch and Keilbach, 2008). Although they are not the core of inventive activity, small firms are essential innovators in today's economy and are the technology leaders of many industries. The computer business,

which saw the MIT Altair, Apple II, Microsoft and Xerox, and International Business Machines Corporation (IBM) starting in 1975, is an example of a typical industry. These significant industrial advancements were created by solopreneurs and small firms (Edmiston, 2007).

Small enterprises typically raise living standards and produce money, benefiting not only the owners but also ancillary businesses. Through innovation, they bring about change by opening up new markets with new and improved products. They support increased national revenues and tax collections. These businesses support neighborhood initiatives and regional nonprofits as part of their social responsibility (Shane & Venkataraman, 2000).

1.6.3 Entrepreneurship in the Developing World

Since the scope of entrepreneurship is broad, it is imperative for researchers to recommend regional context definitions. As this study focuses on Madagascar, a developing country, much emphasis will be placed on the context of entrepreneurship in developing countries. Indeed, the theory of entrepreneurship within developing countries has become a constant area of interest due to the rise and complexity of entrepreneurial activity in the Global south. It is worth noting that, entrepreneurship has been used interchangeably in literature related to developing countries (Acs & Virgill, 2009). Prominent among the economists who have attempted to define and describe entrepreneurial activities in developing countries is Harvey Leibenstein (Feng, 2019). He theorizes that, “entrepreneurship in least developed countries involves the creation of channels for input supply and/or for sale of outputs, in conditions where routinized market mechanisms such

as exist in the more developed economies are not available” (Leibenstein, 1968) in Feng (2019). In his work, Feng (2019) further explains that in developing countries, markets are neither well defined nor efficient. So, the entrepreneur must fill these market inefficiencies by adopting four principal roles: a gap filler, an input-completer, a connector of different markets, and a creator of firms to enhance economic activity and efficiencies in the market.

Additionally, Leff (1979) in Jin (2016) proposed that, “in an underdeveloped country, entrepreneurship may take on dimensions that are absent or less important in more-developed economies. He argues that in developing countries, the success of entrepreneurship during its “intervening years” resulted in the rise of “oligopoly capitalism” and inequality, which created problems in these countries. According to Leff, the success “has led to serious economic distortions developing countries have taken factor-market imperfections and transmuted them into product market imperfections” (Jin, 2016). Leff’s theory maintains that the conditions of entrepreneurs in developing countries may constrain development. His hypothesis was later emphasized by Baumol (1990) and has been formalized more recently by Acemoglu (1995), Mehlum et al. (2003), and Naude (2011) among others.

More importantly, Leff found that the problems in developing countries accentuate the disadvantages and gaps that the entrepreneur faces. These problems include, and are not limited to, the prevalence of incomplete and imperfect markets, the lack of capital markets, and the increased amount of uncertainty due to poorer information and rapid structural changes (Jin, 2016). These issues create major

challenges for the entrepreneur to thrive and, so in developing countries, the entrepreneur tends to be her own banker while being more “involved in the psychological capacity of perceiving new economic opportunities and entering them with an aggressive investment policy” (Emmanuel & Yonwaba, 2018).

More specifically with the context of the African continent, previous studies provided more pessimistic and despairing findings. In a study of 269 leading entrepreneurial business in Nigeria, Harris and Rowe (1966) in Emmanuel & Yonwaba (2018) capture the previous conception of entrepreneurship in Africa as follows:

Generally, the level of efficiency within the firms in Africa was very low. Substantial increases in output could be achieved without additional investment. Closer supervision, better organization, improved layout, and quality control are desperately needed on the production side. Low levels of capacity utilization are largely a result of management deficiencies ... Most of the firms were one-man operations. When the business expands beyond the point that the owner can control everything himself, serious problems are encountered. The ability to delegated responsibility and authority, while still keeping control, is generally lacking. Admittedly, it is difficult to find capable subordinates and managers in Nigeria, but little has been done by these entrepreneurs to train and develop such personnel. Several cases were encountered of successful small firms foundering badly after major expansion. Experience of the entrepreneurs with hired expatriate managers has been largely unhappy (Harris & Rowe, 1966).

Although this statement seems bleak in itself and provides no substantial hope for entrepreneurial activity in Africa, other studies have disputed this traditional ideology and have provided more promising evidence. Among the first proponents of an optimistic view of entrepreneurship in Africa was Bauer (1954) in Emmanuel & Yonwaba (2018) who emphasized that the African entrepreneur is one who characterized by “exceptional effort, foresight, resourcefulness, thrift and ability to perceive economic opportunity”. His findings are in consonant with

Schatz (1977) in Jin (2016) who also postulated that African entrepreneurs are “responsive to the possibility of gain and ready to pursue economic advantage vigorously and strenuously”. Moreover, he describes them as “flexible and venturesome, willing to seek far and wide and to take risks in the quest for profit” (Emmanuel & Yonwaba, 2018) to venture the most common or imaginative business.

1.6.4 The Concept of Mobile Money Service

A number of publications have provided definitions for mobile money. Mobile money is one of the innovative service models that banks and other businesses providing financial services have adopted (Paul, 2012). It is also described as a new aspect of electronic banking that provides a rich platform for automated banking and other financial services, in contrast to traditional banking services (Zhou, 2010). Mobile money is depicted by Donner & Tellez (2008) as referring to customers who conduct banking operations on their mobile device. Rajnish & Stephan (2007), among other authors, define mobile service as the delivery and use of banking and financial services through mobile telecommunications devices. The range of services available can include tools for trading on the stock market and in banks, as well as for accessing personalized data and managing accounts. Mobile money is defined by Porteous (2006) as incorporating mobile payments as well as access to a wider range of financial services via mobile devices, such as account-based savings or transactional products provided by banks and financial operators. According to Porteous, both mobile payment and mobile banking are subsets of the larger fields of e-payment

and e-banking, respectively. He defined mobile payment as financial transactions carried out utilizing mobile devices such as a mobile phone.

Numerous services are supported by mobile money. It is acknowledged as a driver for socio-economic growth in emerging markets (Nir & Acharya, 2012). It helps on facilitating transfer of funds between people, which is crucial for developing economies since it gives unbanked people access to financial services. Nir & Acharya (2012) assert that it has facilitated disaster recovery and emergency response as well. Financial firms view mobile money as branchless banking because they have had trouble offering profitable banking services through conventional channels (Donner & Tellez, 2008). In a similar view, mobile money provides a range of banking services, such as micropayments to vendors, utility bill payments, person-to-person money transfers, and long-distance remittances (Donner & Tellez, 2008).

In addition to these advantages, Wessel & Drennan (2010) note that mobile money may be advantageous to everyone in many diverse ways. This is possible if everyone, including households, governments, and commercial providers, has access to secured savings accounts offered through technology-enabled retail networks and linked to the national payment systems. Wessel & Drennan make the point that poor people would benefit more from mobile money because it allows families to build up balances for one-time investments in their activities. Additionally, it helps in protecting individuals from unforeseen catastrophes and establishing a connection to the larger economy through electronic transfers, wage payments, and social contributions.

1.6.5 Entrepreneurship development process

As mentioned earlier, entrepreneurship is the process of designing, launching and running a new business or enterprise (Acs & Virgill, 2009). It can be done as a side hustle while we maintain our day jobs, or it can be a full-time pursuit (Mahmoud and Muharam, 2014). However, certain steps must be followed for entrepreneurship to reach its fullest potential. These steps are explained as follows: first, find a business idea. This is the first and most important step of entrepreneurship development. We need to have a great business idea to start a successful enterprise (Syverson, 2011). There are many ways to come up with a business idea, but the best way is to think about what we're passionate about and what needs are not being met in the marketplace (Taiwo and Agwo, 2016). The second one is building a team. Once we have a business idea, we need to start building a team of like-minded individuals who will help us turn your idea into a reality (Van der Zwan et al., 2010). This team will include people with different skillsets and expertise, so it's important to choose wisely. Third, creating a business plan. This step is crucial for any entrepreneur. A business plan will help us map out the goals and objectives of our new business, as well as the strategies we'll use to achieve them (Barringer and Ireland, 2005). Without a solid business plan, it will be very difficult to make our business successful. Fourth, raising capital. To get our business off the ground, we'll need to raise money. This can be done through investment from friends, family, or venture capitalists (Zwan et al., 2016). Fifth, launching our business. Once we have a team in place and a business plan created, it's time to launch our business. This is when all of our hard work will finally pay

off. Sixth, growing our business (Taiwo and Agwo, 2016). After we've launched our business, it's important to continue growing it. This can be done by expanding our product line, entering new markets and acquiring other businesses (Agwu et al., 2017). And the last one, exiting the business. Eventually, we may want to sell our business or take it public. This is the final step of entrepreneurship development, and it can be a very lucrative one if done correctly (Coulter et al., 2008).

The best way to develop our entrepreneurial skills is to start working on a business idea. Even if we don't have all the answers yet, it's important to start taking action (Van der Zwan et al., 2010). The more we work on our business, the better equipped we will be to make it a success (Mahmoud and Muharam, 2014). In addition to working on our business, there are several other things we can do to develop our entrepreneurial skills. First, read books about entrepreneurship and successful businesses. This will give us a better understanding of what it takes to be successful (Van der Zwan et al., 2010). Second, attend conferences and networking events. This will help us meet other entrepreneurs and learn from their experiences (Agwu et al., 2017). Finally, consider taking an entrepreneurship class. This will teach us the basics of starting a business and allow us to work on our ideas in a structured setting (Van der Zwan et al., 2010).

There are many benefits to entrepreneurship development, both for the individual and for society as a whole. Individuals who become entrepreneurs have the opportunity to create their own businesses, which can provide them with financial independence and a sense of achievement (Agwu et al., 2017). In addition, entrepreneurs often bring new products and services to the marketplace, which can

benefit society as a whole (Agwu et al., 2017). Finally, entrepreneurship development can help create jobs and spur economic growth. Each of these steps is important in developing a successful enterprise (Taiwo and Agwu, 2016). By taking the time to carefully develop each step, we'll be well on our way to becoming a successful entrepreneur.

1.6.6 Previous research

In order to understand the role played by female entrepreneurs in fostering economic growth in Ghana, Marilyn (2018) underlined the connection between entrepreneurship and economic development. Evidence from the global, regional, and local levels all emphasizes how innovators and entrepreneurs contribute to various economic activity. Bauer (1954) and Elkan (1988) provide encouraging evidence that entrepreneurial activities have good benefits on the continent, despite the fact that previous research have revealed conflicting data about the impact of entrepreneurship on Africa's economy.

Muhammad et al. (2021) in their study encourage governments to make financial loans to entrepreneurs to help them reach their sustainable development goals. Their results indicated that entrepreneurial finance directly contributes to financial performance. While Usha (2020) informs emerging young entrepreneurs on how to take-off in business. His study focuses on decision-makers to create the right enabling environment which encourage young entrepreneurs in starting business, acquiring credit and thriving.

In related to the mobile money service, Benjamin (2013) reveals some facilitators, such as government initiatives and the work of donor organizations,

stiffer competition among banks, the desire for efficiency and lower costs, and carriers' emphasis on client retention. While others include a lack of basic demand for financial services, conservative and ambiguous regulation, security concerns, inadequate infrastructures, and lack of interoperability. In other hand, Aarno (2015) in her research found that the primary drivers for using mobile money are to decrease the cost of financial transactions and the time involved in financial transactions. While, Pamela (2020) in her research indicated that mobile money services have an impact on a company's performance by achieving profitability. On the other hand, direct payment, cash withdrawal services, and money transfers directly have a favorable impact on small medium enterprise (SME) business performance. However, transfer fees and transfer errors were found to have a negative impact on the commercial performance of small and medium-sized firms (SMEs). The study finds that the use of mobile money services for direct money transfers, cash withdrawals, and direct payments has a significant impact on company performance in Tanzanian SMEs.

Numerous studies have focused on entrepreneurship in developed countries while very few have focused on entrepreneurship in developing countries, and no previous studies have been conducted about Madagascar entrepreneurship context. This study will focus on the reality of entrepreneurship in Madagascar through the opinions of its entrepreneurs. The relevant aspect of this work is that it identifies the challenges faced by the cash point entrepreneurs in Toliara city of Madagascar.

1.7 Research Framework

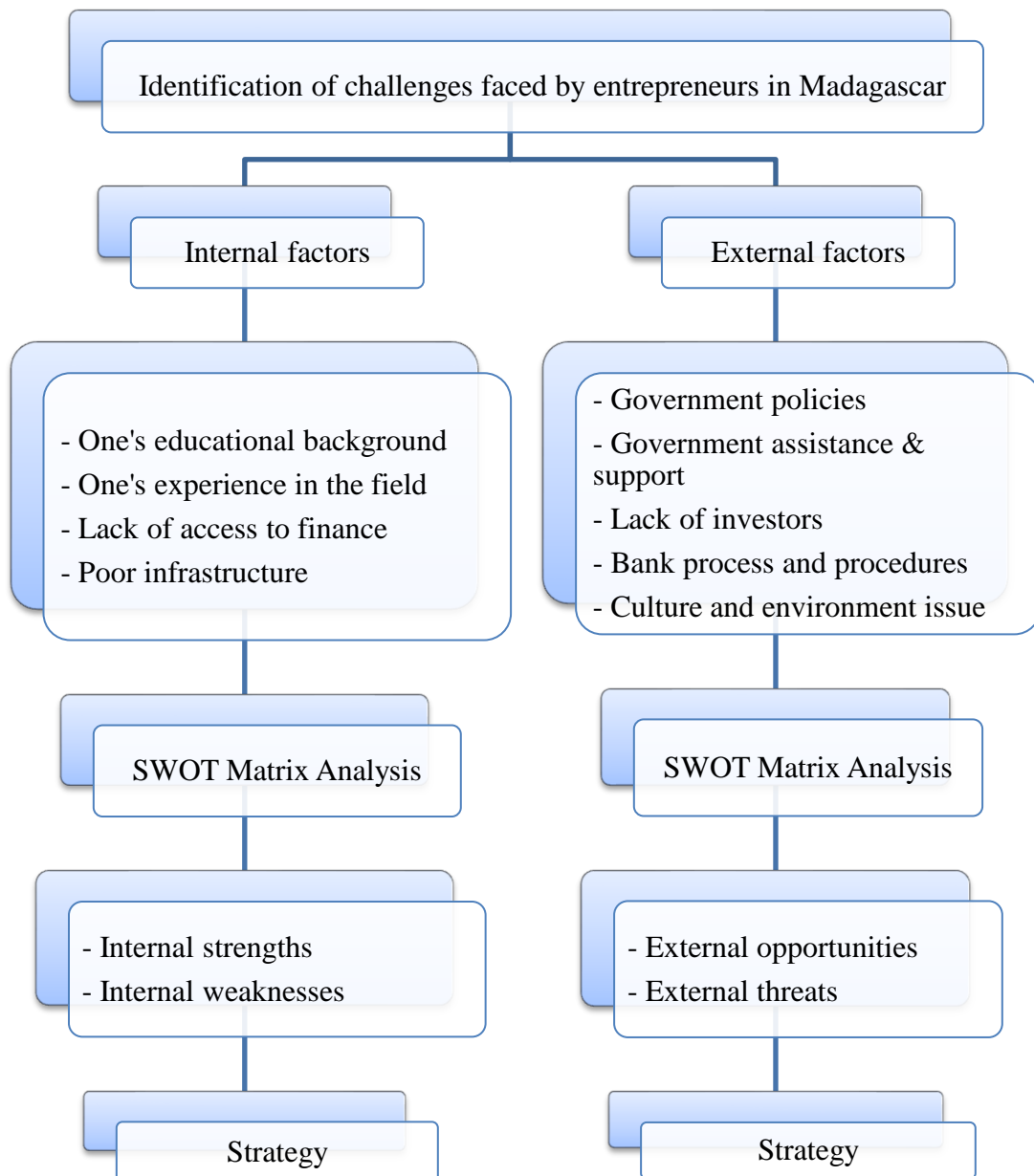


Figure 1.7.1 Diagram chart of challenges faced by entrepreneurs

1.8 Conceptual and Operational Definition

For clarity and for the sake of avoiding ambiguity, the following key terms are defined:

1. Entrepreneur is the person or the group/team who spots the opportunity, gets the appropriate funding, establishes the business, and is ultimately in charge of its success.
2. Entrepreneurship is the process by which new businesses are established, with the subsequent production of jobs and money.
3. Challenge, in the business sector, is a circumstance that could obstruct or derailed a company's efforts to succeed.
4. Mobile money allows individuals to receive, store and spend money using their mobile phone. With mobile money, the phone number is the account number.
5. Cash point entrepreneurship is a service specializing in the deposit and withdraw of money in an unbanked society.

1.9 Research Methods

1.9.1 Research type

This study uses a descriptive qualitative method with a case study design. The case to be described in this study is the challenges faced by cash point entrepreneurs in Madagascar. As stated by Creswell (2014: 19) that "a case study is design research in which the researcher develops an in-depth analysis of a case, often a program, event, activity, process, or one individual or more". To achieve the objectives of this study, researcher conducted interviews with cash point entrepreneurs in Toliara city of Madagascar.

For the purpose of this study, research is the main data collection tool. Researcher conducted interviews through cell phones with informants and made study documentation.

Researcher's presence occurred in three phases, namely: the orientation phase, the exploration and the member check phase. The orientation stage is the stage where researcher made an introduction and initial assessment of cash point entrepreneurship. The main thing in this stage was how researcher established relationships and familiarized himself with the key informants.

The next stage was the exploration stage. It was the moment of data collection. In this case, researcher conducted interviews through cell phones with key informants. Interviews with key informants were arranged in a certain schedule. The schedule was submitted to the parties concerned so that they were aware of the interview schedule. In addition, researcher also conducted documentation studies to obtain detailed and adequate data related to the research objectives.

During the third stage, researcher performed a member check on the data collected. This was done so that the conclusions drawn in connection with the study were not biased.

1.9.2 Research phenomena

To achieve the objectives of this study, researcher conducted an in-depth interview with cash point entrepreneurs in Toliara city of Madagascar to know their experiences, especially about the challenges they have ever faced or they are currently facing.

1.9.3. Types and sources of data

Since the aim of this study is to identify the challenges faced by cash point entrepreneurs in Madagascar, the objects to be examined as sources of research data are informants, documents, and activities related to entrepreneurship. Informants in this study are entrepreneurs, distributor of cash point and mobile money operators in Madagascar. The data sources for the interview technique in this study can be shown in the Table 2.1.

1.9.4 Data collection technique

The data collection process has been carried out by conducting interviews with the informants. In addition, relevant documents about the entrepreneurship in developing country has been also examined.

1.9.4.1 Interview

The interviews that researcher conducted in this study were direct, individual, and unstructured. The questions have been raised (free interviews) to all informants about their experience in the cash point entrepreneurship. The questions are about the challenges that they faced by doing cash point entrepreneurship in Madagascar.

1.9.4.2 Documentation study

Documentation study has been carried out to support the data obtained through the interviews. Both printed and electronic material such as books, journal and previous study which are related to this topic as a source of data has been analyzed.

1.9.5 Data analysis technique

This qualitative research uses a case study design, data analysis is carried out, namely individual case analysis. The analysis data presented in this study are in the form of verbal words with variations in quantity, quality, and intensity. This diversity needs to be processed to make it more concise, systematic and meaningful. Data processing starts from writing down the results of observations, interviews, then editing, clarifying, condensing to presenting the results. In addition, a SWOT analysis was also conducted to identify and evaluate the internal and the external factors of cash point entrepreneurship case in Madagascar.

Data condensation refers to the process of selecting, simplifying, abstracting, and transforming data that approximates the entire body of written field notes, interview transcripts, documents, and other empirical materials. The purpose of data condensation is to make data more robust (Miles, Huberman, & Saldaña, 2014:31).

Data condensation cannot be separated from all types of research that use a qualitative approach. Even before collecting data, anticipatory data condensation occurs as the researcher decides on the conceptual framework, the case, the problem statement, and the data collection approach to choose. This data condensation takes place continuously during the qualitative research. As long as data collection takes place, further data condensation stages occur (summarizing, coding, tracing themes, making clusters, making partitions, writing memos). This data condensation/transformation process continues according to field research, until a complete final report is compiled (Miles, Huberman, & Saldaña, 2014).

In simple terms, it can be explained that data condensation does not need to be interpreted as quantification. Qualitative data can be simplified and transformed in a variety of ways: through rigorous selection, through brief summaries or descriptions, classifying them in a broader pattern, and so on.

Operationally, the interview transcripts are listened repeatedly by the researcher to select those related to the research focus and code is created based on the research sub focus and the source. Coding is needed to simplify data tracking. In detail, coding is made based on data collection techniques, informant groups, focus, and location. The code used in this study is as follows: O (Observation); I (Interview); D (Documentation); RD (Regional Director of INSTAT); HR (Human Resource); HA (Head of Association of cash point entrepreneurs in Toliara); C1 (Cash point entrepreneur No 1); C2 (Cash point entrepreneur No 2); F1, F2, F3 are the focus of this research. Whereas 28 Dec 2022 is the date of the research implementation sequentially from day, month and year.

1.9.6 Data credibility

Data credibility is the researcher's effort to guarantee the authenticity of the data by confirming the data obtained with the object of research. The aim is to prove that what the researcher observes is in accordance with what actually exists and in accordance with what actually happened to the research object.

Data credibility criteria are used to ensure that the data collected by researchers contains truth value, both for readers and for research subjects. To ensure the authenticity of the data, according to Lincoln & Guba (1985), researcher uses triangulation techniques to achieve data credibility.

In this study, researcher uses a data source triangulation technique approach to check the validity of data obtained from one source with another. For example, the validity of data obtained from interviews with key informants is checked against the results of interviews with other informants.

1.9.7 Thesis systematics

Researcher set the following steps to facilitate the work: (1) the pre-site stage, (2) the stage of field work (3) the stage of data analysis, and (4) the report stage. The steps can be explained as follows:

1.9.7.1 The pre-site stage

In this stage, researcher determines the following steps: (i) set a research plan; (ii) choose the research title; (iii) manage licensing if needed; (iv) select the informants; and (v) prepare research equipment.

Before compiling the research plan, researcher conducts a preliminary survey to understand the conditions associated with the problems that exist at the study site and other conditions that can be utilized to find themes that are most likely to be done. And in selecting the research site, researcher consider geographical locations and practical matters such as time, energy, facilities, and costs.

1.9.7.2 Field work stage

At the field work stage, researcher undertakes: (i) self-preparation and understanding of the research setting; (ii) entering the research location which is in Toliara city; and (iii) having an active role in data collection through literature reviews and interviews.

1.9.7.3 Data analysis stage

Data analysis stage includes analysis of data both obtained through the interviews and through the documentation studies. After the data was being collected, it has been analyzed at home to find new questions that will be asked at the next meeting. Data analyses has been performed immediately after data collection so that researcher has been able to recall data that might not have been recorded in the field notes. Data interpretation was performed in accordance with the context of the problem under study, as well as checking the validity of the data so that researcher got the final data that considered valid.

1.9.7.4 Report stage

The report writing step includes the compilation of research results from all series of data collection activities up to giving meaning to the data. Researcher pays special attention to present sufficient evidence to gain the reader's trust that all roads have been explored, clearly communicate the limits of the case under study. After that, researcher consults the results of the research with the supervisors to get improvement and suggestions for the perfection of this study.