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Exploring the sustainability challenges encountered by recycled entrepreneurs operating and managing Botswana's small, medium and micro enterprises

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Orientation: Successful entrepreneurial talent recycling boosts economic performance, according to empirical research. Academic research on the sustainability challenges of recycled entrepreneurs is scarce.

Research purpose: This study aimed to explore the sustainability challenges faced by recycled entrepreneurs operating and managing enterprises in Botswana.

Motivation for the study: The research landscape on recycled entrepreneurs, particularly in developing nations, lacks depth and coherence.

Research design, approach and method: An inductive method and qualitative descriptive design were employed to conduct online and face-to-face interviews with 12 participants, followed by data analysis using the five-loop spiral analysis approach.

Main findings: The findings highlight that although the sustainability challenges of recycled entrepreneurs overlap with those of other entrepreneurs, key distinctions exist. Sustainability challenges are a valuable, rare, inimitable and non-substitutable (VRIN) resource and extend the resource-based view (RBV) theory.

Practical/managerial implications: Policymakers and ecosystem architects should develop targeted programmes for recycled entrepreneurs. Incubators and accelerators can customise curricula to the RBV reality of recycled entrepreneurs

Contribution/value-add: Although research on recycling entrepreneurial talent is still in its early stages, this study serves as a foundational reference for future investigations in this domain.

Keywords: exploring; sustainability challenge; recycled entrepreneurs; entrepreneurial talent recycling; theory of resource-based view.

Introduction

Small, medium and micro enterprises (SMMEs) are pivotal players in economies worldwide, especially in developing and emerging economies, where they contribute significantly to job creation, poverty alleviation and innovation (Sibiya, Van der Westhuizen & Sibiya 2023:4). There is extensive research on the challenges that SMMEs face (Jongwe, Ladzani & Seeletse 2024:2). Still, there is a paucity of studies in developing economies on recycled entrepreneurs and the sustainability challenges (SC) they face.

Several studies have illustrated that a resilient entrepreneurial ecosystem depends on the transfer of experiences from both successful and failed ventures. This transfer is critical as it not only facilitates SMME creation but also enhances spin-off opportunities, significantly impacting venture development and job creation. Specifically, recycled entrepreneurs enhance venture capital funding and stimulate high-growth entrepreneurship, contributing to a dynamic and innovative environment within ecosystems (Walsh, Nelles & Stephens 2023:710).

However, there is a nuanced conversation about the effects of this recycling process. While some literature suggests that transitioning from one venture to another can increase entrepreneurial activity, recent findings indicate that it may also diminish individuals' propensity to embark on new entrepreneurial endeavours directly (De Andrade et al. 2024:7). This dichotomy showcases the complexity of recycling talent and signals a need for deeper investigation into recycled entrepreneurs.

There is extensive research on the challenges that SMMEs face (Jongwe et al. 2024:2). Still, there is a paucity of studies in developing economies on recycled entrepreneurs and the SC they face.

Research purpose and objectives

This study aimed to inquire into the SC faced by recycled entrepreneurs operating and managing enterprises in Botswana. The research landscape on recycled entrepreneurs, particularly in developing nations, lacks depth and coherence. Observations suggest that while there are insights from developed regions, such as those explored in previous studies in Europe (Walsh et al. 2023:716), many developing economies, including Botswana, remain underrepresented in literature focusing on entrepreneurial talent recycling (ETR).

This study aimed to explore the diverse SC faced by recycled entrepreneurs by focusing on a sample of Botswana businesspeople.

Literature review

This phase of the study explained key constructs, commencing with the concept of ETR and ending with the resource-based view (RBV).

Entrepreneurial talent recycling

The term 'ETR' describes situations in which former employees consciously recycle their money, expertise and abilities within an entrepreneurial ecosystem or local economy following firm exits as a result of resignations, retirements, firm failures, acquisitions or relocations. The main idea is that the former employees reuse information, skills, networks and an entrepreneurial mindset to seed new companies, scale up current firms or spawn supporting institutions with accelerators, incubators and mentoring in the same ecosystem or region (Shi & Shi 2022:18; Spigel & Vinodrai 2021:12).

The classic concept of 'recycling' within ecosystems was primarily framed in early ecosystem literature as a byproduct of mature ecosystems, where the success or failure of firms generated spillovers of resources and knowledge. This was often described in terms of 'spin-offs', knowledge spillovers and material or resource flows (Spigel & Harrison 2017:6). Recycling was frequently implicit in this older perspective, though not as a central, explicitly defined mechanism.

Recycled entrepreneurs

Individuals who successfully leverage skills, wealth and knowledge acquired during prior employment to initiate new entrepreneurial activities after exiting their previous roles, often with the aid of severance packages, are recycled entrepreneurs (Hopkins & Bassett 2015:5; Spigel & Harrison 2018:17). One key aspect about recycled entrepreneurs is that they often carry valuable insights and expertise that can be leveraged for future successful ventures. This 'recycling' helps maintain a dynamic flow of knowledge within an entrepreneurial ecosystem, which is crucial for driving innovation and supporting high-growth entrepreneurship (Spigel & Vinodrai 2021:599). Studies indicate that knowledge transferred from previous employment is vital in creating fertile ground for new entrepreneurial activities, facilitating the generation of ideas and practices that enhance the overall ecosystem (Walsh et al. 2023:709).

Recycled entrepreneurs vary from other business individuals as they capitalise on possibilities by re-entering entrepreneurship following an exit or firm disruption, frequently utilising their previous venture expertise and tacit knowledge (Spigel & Vinodrai 2021:6). Other businesspeople may create new chances within established companies or through non-entrepreneurial endeavours, with reduced focus on previous firm exit (Xu et al. 2021:20).

In addition, recycled entrepreneurs are increasingly being recognised as a vehicle for fostering resilience and adaptability in responding to market changes (Spigel & Vinodrai 2021:11).

A contemporary viewpoint highlights 'boomeranging', referring to former employees who get into entrepreneurship but return to employment once more. These are a different type of entrepreneurs and are not the recycled entrepreneurs referred to in this study. Boomerang entrepreneurs are at some point also responsible for some extensive array of recycled assets (knowledge, networks, funding and mentorship) that permeate ecosystems over time (Walsh et al. 2023:710). Recycled entrepreneurs do not return to employment but continue engaging in entrepreneurial activities.

Sustainability challenge

A challenge is a novel and arduous task that needs significant work to resolve. For recycled entrepreneurs, SC were the obstacles and impediments that arose as they managed and operated new entrepreneurial activities after exiting another company. These challenges span environmental, social and economic dimensions and concern how recycled entrepreneurs aligned their ventures with long-term sustainable goals while navigating market, policy and ecosystem constraints (DiVito & Ingen-Housz 2021:1; Shi & Shi 2022:34). Market dynamics, regulatory requirements, resource mobilisation and capital availability were important sources of SC.

Policy frameworks can either facilitate or hinder ETR while repurposing knowledge and networks acquired from prior employment may not be smooth (DiVito & Ingen-Housz 2021:18).

Exploring

Exploring SC involved examining and analysing the issues recycled entrepreneurs faced as they transitioned between

firm exits and the pursuit of new opportunities (Spigel & Harrison 2017:10). The obstacles faced by recycled entrepreneurs included challenges in starting or scaling new ventures, as well as how ecosystem institutions and actors hindered these pathways (DiVito & Ingen-Housz 2021:18; Spigel & Harrison 2017:4). The emphasis was on understanding the obstacles (financial, regulatory, social and cognitive) that constrained the success of recycled entrepreneurs; how they perceived these challenges; the similarities and differences of these challenges to those encountered by other businesspeople and how they integrate into the RBV theory.

Theory of resource-based view

The RBV theory forms the theoretical foundation of this study because the SC faced by recycled entrepreneurs related to the resources used to manage and operate SMMEs. A company's resources can be physical (money) or intangible (brand, knowledge, and routines). Firm capabilities include its routines, processes and organisational learning to employ these resources effectively (Herath & Surangi 2025:3).

The RBV emphasises resource heterogeneity, immobility, valuable, rare, inimitable and non-substitutable (VRIN) characteristics and the translation of resources into capabilities and competitive advantage (Herath & Surangi 2025:4). As such, therein lie the SC that recycled entrepreneurs encountered.

Resource-based view explains why certain organisations have competitive advantages despite similar external conditions, because of firm heterogeneity in internal resources and capacities that sustain performance disparities when implemented appropriately. Recycled knowledge, human capital and wealth are strategic assets that allow recycled entrepreneurs to sustain a competitive advantage (Dodor & Akolgo 2022:2553).

Firms flourish when they hold VRIN resources and utilise these resources through distinctive routines (Dodor & Akolgo 2022:2555; Zahra 2021). Recycled entrepreneurs are endowed with VRIN resources in knowledge, skills and wealth that they recycle distinctively in initiating new entrepreneurial ventures. Nonetheless, the use of these resources is not without constraints. Resource heterogeneity and immobility show that firms in the same environment can have different resource endowments, which endure over time, generating performance gaps (Dodor & Akolgo 2022:2557). Sustainability challenges could also be attributed to performance gaps.

Entrepreneurial talent recycling ensures that ecosystem re-entering entrepreneurs bring tacit knowledge, networks and legitimacy that can be redeployed into new ventures, creating a foothold for competitive renewal when these resource bundles are effectively orchestrated (Spigel & Vinodrai 2021:6). Recycled entrepreneurs' reputation and legitimacy in trust-based social capital can provide a lasting advantage or liability, depending on their ecosystem acceptability (Harvey & Groutsis 2015:11; Shi & Shi 2022:9). In tumultuous ecosystems, recycled entrepreneurs may have used dynamic sensing, seizing and reconfiguring capabilities to augment RBV and assist continuing resource mobilisation and reconfiguration to maintain advantage (Inceoglu, Vanacker & Vismara 2024:588).

The current RBV literature recognises that whereas VRIN resources foster competitive advantage, an increasing number of studies contend that resource endowments alone do not ensure organisational success. Some recent strands include institutional theory and environmental perspectives to recognise that external conditions shape resource access, not just RBV lenses (Peng & Pan 2024). The exploration of sustainability difficulties faced by recycled enterprises revealed another RBV perspective.

Research methods and design

Study design

Employing qualitative approaches that enabled recycled entrepreneurs to share their experiences was essential for revealing the multifaceted challenges these individuals faced (Spigel & Harrison 2018:10). Qualitative methods analyse natural occurrences using human meanings. Qualitative research examines social reality and human conduct and ideas from participants' perspectives.

Further, a cross-sectional and qualitative descriptive design was ideal for studying recycled entrepreneurs' experiences in Botswana because it allowed for rich, nuanced descriptions that helped unpack the broad spectrum of entrepreneurial experiences, deepening understanding of the subject matter.

Research setting

An empirical study was conducted involving recycled entrepreneurs in Botswana operating SMMEs. Interviews were arranged with each participant either in person or virtually, based on their choice of venue, comfort and convenience.

Study population and sampling strategy

The study population comprised recycled entrepreneurs who were selected based on specific inclusion and exclusion criteria (Tereshchenko et al. 2023). The inclusion criteria specified that participants must be actively engaged in SMMEs within Botswana. This engagement included exiting a prior business, receiving an exit package and either initiating or supporting entrepreneurial activities. Conversely, the exclusion criteria excluded entrepreneurs who were not operating SMMEs, had not exited formal employment, had not received an exit package or were not involved in entrepreneurial initiatives.

In the specific instance regarding the Local Enterprise Authority (LEA) in Botswana, where there was a lack of a defined category of entrepreneurs suitable for inclusion,

convenience sampling was employed by initially selecting the first available interviewee from the list containing a few entrepreneurs provided by LEA representatives. The *Small Business Act (SBA) No. 16 of 2008* of the Botswana Laws established the LEA to discharge the Ministry of Investment, Trade and Industry's (MITI) undertaking of entrepreneurship and enterprise development, acting for the Government of Botswana (LEA 2021). In their 2024 study, Munodawafa, Naude and Govender (2024:255) discussed the LEA's role as a pivotal intermediary in nurturing the growth and development of entrepreneurs in Botswana. To this end, the researcher reached out to the LEA to assist in connecting with recycled entrepreneurs, leveraging an introductory letter from North-West University in South Africa. All of the interviews were performed by the researcher, who also made sure that each participant was aware of their rights.

In qualitative research, the identification of additional relevant entrepreneurs through snowball sampling was a well-established method where existing participants assist in recruiting further candidates (Pasikowski 2023:108), as was adopted in this study. Studies have demonstrated that snowballing enhances sample diversity and increases the richness of the data collected, as it promotes engagement among individuals with unique experiences relevant to the subject matter (Borrero & Yousafzai 2024:150). While snowball sampling has certain limitations, such as the potential for sample bias and being unrepresentative when data is drawn from similar respondents (Perkins & Shortland 2022:13), its strengths in accessing specialised knowledge often outweigh these concerns in qualitative research settings.

To determine sample size in qualitative studies, data saturation is often used, whereby a point is reached during interviews where additional data collection fails to yield new insights. The examination of this phenomenon has evolved since the foundational work by Guest, Bunce and Johnson (2006), which established that a saturation rate could be achieved with around 12 interviews. This was corroborated by recent research, which shows that the first six interviews provide the greatest information (Boucher et al. 2024:1192), and the first 10 participants provide 80% – 92% of the concepts. As such, snowball sampling was used to recruit a total of 14 individuals for our study, with the first two participating in pilot testing of the interview guide. The actual research comprised 12 individuals (see Table 1).

Data collection

The initial participant for the study was obtained through convenience sampling based on a shortlist provided by the LEA. This was followed by a snowball sampling method to recruit an additional 13 participants (Borrero & Yousafzai 2024:148). The first two participants, including the initially selected one, were interviewed in person to pilot the interview guide. Feedback from these preliminary interviews led to revisions aimed at simplifying and clarifying the questions to enhance their logical flow and comprehension. However, these first two respondents' thoughts were not included in the total data analysis, as their involvement aided in the interview guide refinement.

A total of 12 respondents took part in interviews, which were conducted either in person or through the Zoom platform. Specifically, eight face-to-face interviews were held, and four were conducted through Zoom. Gaborone, recognised as both the capital city and the commercial hub of Botswana, was the chosen location for the in-person interviews. Among the eight respondents interviewed directly, four resided in Gaborone, whereas the other four arranged their interviews during their business trips to Gaborone, primarily because of challenges related to internet connectivity in their respective operational areas.

In accordance with Section 14 of the *Botswana Data Protection Act (32/2018)*, it was ensured that individuals provided their explicit consent before the recording and collection of data. Additionally, the collected data were securely stored in a computer system protected by a password to safeguard against unauthorised access (Presidency 2021:A542).

Data analysis

The data were managed and thematically analysed using Creswell and Poth's data analysis spiral approach, in which the researcher manually coded and classified the data (Creswell & Poth 2018:151).

TABLE 1: Sample population (gender, highest qualification).

Participant	Gender	Entrepreneurial talent recycling years	Highest qualification	Age (years)	Interview duration in minutes
1	Male	6	Diploma	39	116.00
2	Male	9	Doctorate	50	74.00
3	Male	6	Doctorate	52	50.39
4	Male	9	Masters in Business Administration	55	60.00
5	Male	14	Master of Arts	63	88.00
6	Male	1	Masters in Business Administration	44	72.00
7	Male	16	'O' Level	57	64.00
8	Male	1 and a half	Tertiary certificate	66	87.00
9	Female	5	Masters in Project Management	32	68.00
10	Male	7	Cisco Certified Network Associates Certificate	35	84.00
11	Male	3	Chartered Secretary	59	120.00
12	Male	5	Certificate in Motor Mechanics	42	70.00

First spiral: Organisation and familiarisation of data

The initial phase involved a meticulous organisation of qualitative data into systematic folders, with each participant's audio recordings and transcripts stored separately. Familiarisation with the dataset was achieved through repeated readings of the transcripts.

Second spiral: Reflexivity and audit trailing

In the second phase, the focus shifted to maintaining rigour through the creation of an audit trail complemented by a focus on reflexivity, wherein researchers composed reflective memos that traced the evolution of codes and their interconnections.

Third spiral: Coding and theme development

The third phase centred on the conceptual coding of the transcripts, which culminated in the creation of a codebook containing 204 informant-centric codes. Cards arranged in a tree-like structure on a wall allowed for the dynamic organisation of codes and supported the identification of subcategories within the broader theme.

Consequently, a network diagram representing the thematic and categorical relationships was designed on a table.

Fourth spiral: Structured data transformation

The fourth spiral illustrated the transformation of raw qualitative data into structured, interpretable formats. Table 2 shows how raw data points correlated with the theme, a crucial part of presenting analysis results.

Validity and reliability

Validity and reliability began in quantitative research. Qualitative research projects are based on different theoretical foundations, and consequently, the concepts of validity and reliability have been supplanted by the notion of trustworthiness, which encompasses credibility, transferability, dependability and confirmability.

Trustworthiness in the study was ensured through the development and articulation of a clear, detailed data analysis procedure that ensured a clear audit trail complemented by member checking, triangulation through repeated questions to participants and acknowledgement of methodological limitations (Sigauke 2020:220).

Ethical considerations

Ethical approval for the study was secured from the North-West University Economic and Management Sciences Research Ethics Committee (EMS-REC) on 26 August 2022 (Ethics number: NWU-01807-22-A4).

Results

Most participants were adult males, save for the youngest entrepreneurial female, of 32 years. Seven of the 12 participants appeared educated. Most participants had five or more years of talent recycling, although three had three or fewer. Participants with different experiences enabled the exploration of shared phenomena in a nuanced way.

TABLE 2: Theme, categories, subcategories, codes.

Categories (2)	Subcategories (8)	Codes (204)
1: Internal sustenance challenges	1.1: Limited managerial skills	Lack of skills (12)
		Project finishing timelines (5)
		Pressure to do everything (5)
		Lack of assistance (3)
	1.2: Financial inadequacies	Business requires a lot of capital (16)
		Delayed customer payments (11)
		Recurring bills (7)
		Slim profit margins (5)
		Family pressure (5)
		Poor cash flow (4)
		Quoting poorly (2)
		Budgeting (2)
	1.3: Resource inadequacies	Resource allocation challenges (10)
		Business space (8)
		Have all the equipment and structures (4)
	1.4: Employee limitations	Commitment from the employees (12)
		Employing the right people (7)
		People can steal (5)
		Employees abuse the business (4)
		Hiring experienced people (4)
		Staff turnover (3)
	1.5: Lack of competitiveness	Buying a service (6)
		Environment you do not know (5)
		Government standards (3)
		Theory knowledge (3)
		Experience (2)
	1.6: Poor work ethic	Show off (4)
		Turn them (*business proceeds*) into personal money (3)
2: External challenges	2.1: Exogeneous shock	COVID-19 restrictions (15)
	2.2: Exiting challenges	They were making me doubt (11)
		Money is too small (6)
		There is fear (4)
	2.3: Limited access to the market	Should not start at getting cashed out (4)
		Market penetration (4)

Note: Theme: Sustainability challenges.
COVID-19, coronavirus disease 2019.

Research aim

This study aimed to explore the SC faced by recycled entrepreneurs operating and managing enterprises in Botswana.

Participants' replies were encrypted and placed into categories as part of the scrutiny, beginning with 204 codes. These were honed into eight subcategories and then into two categories via repeated analysis. Each subcategory delineates a specific domain within the various SC faced by recycled entrepreneurs in the operation and management of their enterprises, as illustrated in Table 2.

Category 1: Internal sustenance challenges

The findings revealed that internal challenges comprised the subcategories of limited management skills, financial inadequacies, employee limitations, resource inadequacies, lack of competitiveness and poor work ethic.

Subcategory 1.1: Limited management skills

The participants identified shortcomings in their management skills in the form of a lack of skills, project finishing timelines, pressure to do everything, transitioning problems and a lack of assistance.

Participant 8 realised that he lacked adequate management skills to handle the work he was now exposed to, despite having some knowledge from his work experience, as he explained:

> 'From day one, I found I did not have one [*management skills*]. I didn't have the skills to venture into this. I had a little knowledge but not the skills required for a venture of this magnitude.' (P8, Male, Tertiary Certificate)

Managerial skills are fundamental to effective enterprise management (Gutterman 2023:1). As such, sometimes, poor project timelines compounded management challenges as some projects overlapped with other projects. Participant 10 argued:

> 'Normally, with projects, they [*project managers*] set timelines. They will have already estimated the time and consulted the experts within that trade. But I have witnessed the projects overlapping.' (P10, Male, Cisco Certified Network Associate Certificate)

The argument that entrepreneurs must be passionate and energetic about developing and implementing innovative ideas and solutions puts pressure on entrepreneurs to do everything, and they end up being jacks of all trades, negatively impacting their health and management capabilities. Participant 2 regretted as follows:

> 'So sometimes you are under pressure, which affects you physically and health-wise. Because you want to handle everything and the idea is to cut salary costs, you do almost everything yourself. And it is a (management) challenge that we face, not I alone, but most businesses around.' (P2, Male, Doctorate)

According to Participant 11, some people around you may refuse to assist when you are faced with management challenges, claiming you knew what you were doing when you became self-employed, and thus, you should be able to sort out your challenges. He was told:

> 'You know you came alone, you are going to go back alone. So, your challenges are your challenges.' (P11, Male, Chartered Secretary)

The ability of entrepreneurs facing challenges to recycle back into the ecosystem depends on the presence of a local culture that is tolerant of failure and setbacks (Spigel & Vinodrai 2021:7).

Subcategory 1.2: Financial inadequacies

The participants cited their financial inadequacies as large business cash requirements, delayed customer payments, recurring bills, slim profit margins, poor cash flow, poor budgeting, family financial pressure, subsidising other businesses and poor quoting. According to Slavec Gomezel and Stritar (2022:69), inadequacies are bound to happen because of unforeseen demands and circumstances, as evidenced by the participants' experiences that follow.

Participant 6 highlighted the large cash requirements his enterprise needed, as he said:

> 'It [*lodge*] meant the setting up of infrastructure, which is the building, the temporary campsite itself, your kitchen, storerooms, and your vehicles. It required a lot of cash and capital, and then you required the working capital for your staff and fixed expenses.' (P6, Male, Masters in Business Administration)

Financial inadequacies are worsened by customers who do not pay up as expected. Participant 12 complained:

> 'Sometimes, they [*individuals*] take their own time to pay.' (P12, Male, Certificate in Motor Mechanics)

Financial inadequacies within businesses are profoundly influenced by the burdens of recurring operational costs, such as rentals, utilities and marketing expenses, which Participant 3 pointed out as the main factor:

> 'Recurring bills. This is the main factor. So, it's another challenge. For example, you can see our website, they have given us the invoice to pay the bill for the subscription. If you do not pay it, you will be offline.'(P3, Male, Doctorate)

Recycled entrepreneurs often operated with narrow profit margins to maintain competitiveness, and this was a constraint to good cash flow management. Participant 1 regretted:

> 'You find this supplies business, the profit margins are very slim, but I want to expand, and then the profit issue becomes like a hindrance.' (P1, Male, Diploma)

As a result of slim profit margins, cash flow emerged as another sustainability challenge, as Participant 10 argued:

> 'The challenge to sustain the business is cash flow. With some projects, you get paid as per the claim, but with some, nothing is paid. It's challenging when project B comes through, and you don't have enough capital to start it off.' (P10, Male, Cisco Certified Network Associate Certificate)

Financial inflows were also hampered by quoting highly, as said by Participant 10:

> 'So, I can be involved in, let's say, we do a design for one interested client. Then, the project fails because my quote is high.' (P10, Male, Cisco Certified Network Associate Certificate)

Poor budgeting was a factor in financial inadequacy, as explained by Participant 2:

> 'Budgeting for a business is quite tricky because you are retrenched, you don't have a strong base to support your business, so you may have resource allocation challenges.' (P2, Male, Doctorate)

Participant 2 raised the family's financial pressure concern as follows:

> 'One of the challenges that you face is family pressure. This includes relatives who want to eat into your coffers before your business is strong.' (P2, Male, Doctorate)

Entrepreneurs can recycle their own resources by transforming their human, social, organisational and

financial resources into something new and that necessitates a learning process, and financial constraints were a component of the learning curve (Slavec Gomezel & Stritar 2022:71).

Subcategory 1.3: Resource inadequacies

The availability and mobilisation of human, financial and knowledge resources can either serve as enablers or impediments for recycled entrepreneurs as they reorganise resources for subsequent ventures (Shi & Shi 2022:2). Participant 6 raised the challenge of putting together the necessary resources:

> 'The second challenge is capital that makes you sure [*certain*] that you have all the equipment and structures in place'. (P6, Male, Masters in Business Administration)

Similarly, after retrenchment, resource allocation was a challenge as a result of financial inadequacies, as Participant 2:

> 'When you are retrenched. You don't have a strong base to support your business, so you have resource allocation challenges.' (P2, Male, Doctorate)

The physical location of the business was another challenge. Participant 7 was aggrieved:

> 'Yes, the other challenge is space because you can't run the company from your house. You need a location, and the rents are very high.' (P7, Male, 'O' Level)

Recycled entrepreneurs frequently establish new businesses with fragile but valuable resource combinations. The effective reconfiguration and mobilisation of VRIN resources required for successful entrepreneurial activities can be impeded by resource inadequacies, particularly in finance, human capital and access to networks (Hopkins & Bassett 2015:9; Shi & Shi 2022:2; Spigel & Vinodrai 2021:4).

Subcategory 1.4: Employee limitations

The participants consistently encountered employee limitations that exposed themselves as a lack of commitment, theft, high staff turnover and bad attitude.

The bulk of the participants raised the lack of commitment as an employee limitation. They felt that some employees were not dedicated to workplace activities. Participant 3 observed:

> 'So, commitment from the employee is also needed. When we employ, we employ them to do work, but you discover they will just be doing their work.' (P3, Male, Doctorate)

Employee stealing reflected another dimension of employee attitude as debated by Participant 5:

> 'So, even on the farm, people can steal. Like we have water, these people can steal water because some people need it, and they can sell it.' (P5, Male, Master of Arts)

As a result of the poor attitude and commitment, some ended up abusing company facilities, and Participant 3 was such a victim:

> 'Even the last one [*employee*] that we had but left last month. Immediately, the administrator paid the salary; he didn't tell anyone, he didn't write any letter [*of resignation*] that he wanted to leave, knowing that he had been using (abusing) the office telephone [*he left unceremoniously*]. The bill was huge.' (P3, Male, Doctorate)

For good reasons, though, high staff turnover was especially found in the Tourism and Hospitality sector. Participant 6 explained:

> 'In 12 months, there was a lot of staff turnover. You know, with Tourism, you can't take too long with a certain negativity because, in the end, it will give you a lot of problems.' (P6, Male, Masters in Business Administration)

The challenge of getting the experienced staff was another problem the recycled entrepreneurs experienced. Participant 7 raised the concern as follows:

> 'Another challenge was experience, and hiring experienced people requires more money.' (P7, Male, 'O' Level)

Many of the challenges with employees were a function of not getting the right employees, as Participant 2 stated:

> 'Then the other one (challenge) is employment. Employing the right people to support you.' (P2, Male, Doctorate)

Entrepreneurial talent recycling focuses on the resource flow within an ecosystem, and if employees perform effectively and efficiently at the firm, not only does the firm benefit but also the ecosystem (Slavec Gomezel & Stritar 2022:65).

Subcategory 1.5: Lack of competitiveness

Competitiveness is a system or firm's ability to recruit, deploy, retain and reallocate personnel, resources, and expertise to support high-growth entrepreneurship and regional economic growth (Shi & Shi 2022:2; Spigel & Harrison 2017:9; Xu & Dobson 2019:408). The amalgamation of the above-mentioned limitations and those outlined below has rendered some recycled enterprises less competitive.

According to Participant 11, his clients did not value his services much because they felt that what they gained was not tangible, like loading a car with groceries, and he stated the following with a burst of cynical laughter:

> 'I always tell people here [*that*] people are used to buying stock, they are used to buying something tangible, and so if you come and buy a service from me, it's like, what have I done with my money? You know you want to show people a bakkie full of groceries to say you know, this is what I bought.' (P11, Male, Chartered Secretary)

Some government stipulations required that the owner or employees possess some qualifications. Participant 7 explained:

> 'The challenges when I started were the qualifications. Yes, because when dealing with handling chemicals, there are supposed to be some precautionary measures that you must follow, and you have to follow the government standards to be given the licence.' (P7, Male, 'O' Level)

Conversely, in several cases, the entrepreneurs were unable to employ their expertise, which prevented them from being competitive. Even if they were in the relevant business area, the reality on the ground demanded a different approach. Participant 1 observed the difficulty:

> 'It's quite a challenge though because theoretically having that knowledge of how to sustain businesses, but when it comes to practice, it's a challenging issue because, as I mentioned, you have to go out there and market yourself because if you relax, then there is nothing that comes in.' (P1, Male, Diploma)

The challenge faced by Participant 1 was likely the inability to understand that competitiveness is not a one-time stock but a process of resource dynamic health, which involves the continuous mobilisation, reconfiguration and renewal of resources (finance, talent, culture and institutions) to meet evolving entrepreneurial opportunities (Shi & Shi 2022:5).

Some participants are operating in unfamiliar territories, as discussed by Participant 1, who said:

> 'It has been quite a challenging journey with its highs and lows. Because once, to begin with, you get into an environment you don't know about, and then you do it alone. As you go on, you meet people that you will turn to ask for help from.' (P1, Male, Diploma)

Together with operating in unfamiliar territories was the challenge of a lack of experience, as was outlined by Participant 9:

> 'Secondly, experience. I have only been around for a few years; some have been in the industry for so long. So, there is that trust element that you are new, or what makes you think I can trust you with my house, you know? So, I have that; that is why I roped in professionals.' (P9, Female, Masters in Project Management)

Entrepreneurial talent recycling is the mobility of people, skills and ideas inside and across enterprises and ecosystems, allowing regions to maintain a competitive advantage. Some recycled entrepreneurs lack adaptability, which may explain their lack of competitiveness (Spigel & Harrison 2017:11; Spigel & Vinodrai 2021:31).

Subcategory 1.6: Poor work ethics

On the two aspects of showing off and converting business money into personal use, Participant 1 said:

> 'Most businesses fail between 3 [*years*] – 5 years. Why? Because you find that you receive the business proceeds and then convert them into personal funds. They [*entrepreneurs*] want to show off and think they will get lucky to get another business [*job*]. That's how the [*business*] failure comes.' (P1, Male, Diploma)

Shi and Shi (2022:23) specifically position recycling within entrepreneurial ecosystems, aligning with the extensive literature linking ethics, governance and trust to the vitality and sustainability of high-growth entrepreneurship and regional competitiveness. Subpar work ethics undermine the sustainability of high-growth entrepreneurship and regional competitiveness.

Category 2: External challenges

According to the findings, categories for the external challenges were exogenous shocks, exiting challenges and limited market access.

Subcategory 2.1: Exogenous shock

An exogenous shock is an unforeseen external event that disrupts the normal business conditions and external environment, requiring firms to adjust their operations, strategy and performance. It is not the result of the firm's prior actions and is independent of the firm. For example, financial crises, natural disasters and pandemics (Faria et al. 2023:44; Yeh et al. 2025:1).

Participant 9 articulated her negative experience with coronavirus disease 2019 (COVID-19):

> 'I was now trying to market the company and find clients and starting to see how this industry works [*and*] COVID-19 hit. It was like we should lock ourselves in, [*and*] not go anywhere, nothing. That drive I had was like, oh my gosh, how will I make money? How am I going to pay my expenses if I am going to be locked inside the house?' (P9, Female, Masters in Project Management)

Subcategory 2.2: Exiting challenges

Exiting challenges for recycled entrepreneurs are the problems they experience when leaving one enterprise as an employee and initiating their own entrepreneurial activities. After leaving the previous employer, key problems may include managing finances, establishing credibility and social networks for future endeavours (Hopkins & Bassett 2015:34; Spigel & Vinodrai 2021:7).

For Participant 9, as a young woman who had newly entered the construction industry, she experienced considerable scepticism from her peers. Compounding this challenge was her limited familiarity with the sector. She said bemusedly:

> 'Okay. In the beginning, I was blank. I didn't know what I was getting myself into. I was blank, but I wanted to do this, and I would take the risk. People were like are you sure? Are you sure? They were trying to make me doubt. But I was like, yes, I am sure.' (P9, Female, Masters in Project Management)

The other existing challenge was the inadequate exit package, considering what the participants wanted to do. Participant 2 narrated thus:

> 'You know, when you get money [*exit package*], you think it's a lot. You can dream about it and [*think you can*] do anything. But once you get to the ground, you realise this money is too small. It can't do everything that you want.' (P2, Male, Doctorate)

Exiting a company also caused fear and anxiety among recycled entrepreneurs. This was underscored by Participant 2, who said:

> 'Naturally, there is anxiety. There is fear. Fear grips you, whether you like it or not, at the beginning of exiting [*formal employment*]. The fear of the unknown. The fear of ... how will I survive grips you in the initial stages?' (P2, Male, Doctorate).

Entrepreneurs dealing with shocks and re-entry dynamics endure fear, anxiety and psychological strain (Clark, Pidduck & Tietz 2022:741; Williams, Vorley & Ketikidis 2013:399).

Subcategory 2.3: Limited access to the market

Participant 5 confirmed that he fumbled and made many mistakes when he exited and started a business without conducting market research:

> 'The thing is, thinking about business should not start at the time when you get cashed out, no. If it's like that, you are going to fumble and make a lot of mistakes.' (P5, Male, Master of Arts)

Market penetration was another issue that was related to market access, especially for an entrepreneur who was entering a new territory, as acclaimed by Participant 6:

> 'So, the problems are [*of*] market penetration as a new organisation entering [*a*] new region [*and*] to attract clients while selling your services.' (P6, Male, Masters in Business Administration)

Poor market research often misinterprets client needs and competition dynamics, which are vital to entrepreneurial success. New businesses, especially those without market knowledge, face tremendous operational barriers when placing themselves in their target markets, sometimes resulting in failure or costly costs (Gaikwad & Yadav 2020:11).

Finally, the recycled entrepreneurs suggested that challenges were a necessary part of their practice. Participant 5 declared:

> 'Some challenges are seasonal, but the challenges are always there.' (P5, Male, Master of Arts)

Participant 2 always strategised as he explained:

> 'You know the situation was compelling. In business, when you experience challenges, you are bound to rethink, strategise, and innovate to survive, and that is exactly what happened.' (P2, male, Doctorate)

Participant 2 and Participant 5 highlight the fortitude, bravery and tenacity of recycled entrepreneurs in the face of hardship, connecting resource flows and ecological dynamics with psychological resolve. (Clark et al. 2022:741; Hopkins & Bassett 2015:30; Spigel & Vinodrai 2021:7). The resolve was even more apparent in the only lady recycled entrepreneur:

> 'You know, it's just a good feeling to be going through all those challenges. Yes, there is no comfort, and there is no job security. You are not guaranteed a salary if you don't work. But there is still a different kind of satisfaction working for yourself because you face challenges. But it's worth it because you know the actual vision, you know it's your dream, it's your baby, and it's different.' (P9, Female, Masters in Project Management)

Participant 5 rounded off the recycled entrepreneurs' perception on challenges:

> 'Those challenges help you grow. Those challenges help you to become a better manager.' (P5, Male, Master of Arts)

Resilience, risk tolerance and desire to undertake high-uncertainty initiatives are key to persistence following exits for recycled entrepreneurs (Spigel & Vinodrai 2021:11). Other businesspeople have identities based on management responsibilities, corporate careers or steady entrepreneurship; psychological costs of exits are less important (Tessier, Ramadan & Renaud 2024:467).

Discussion

This section analyses the differences in the sustainability problems faced by recycled businesses compared to other businesses. It explains how recycled entrepreneurs' practices, including their problems, fit into and enhance the RBV theory.

One thing that is evidently clear is that the SC recycled entrepreneurs meet were similar to those of other businesspeople, but there are key differences. Overlaps exist in that both groups face financial, management, resource inadequacies and market volatility. Distinctions primarily hinge on the firm exit and starting one's own entrepreneurial activities. The differences involve legitimacy signalling and the need for sustained renewal of business networks by recycled entrepreneurs (Hopkins & Bassett 2015:30; Inceoglu et al. 2024).

Exit and entry dynamics

Recycled entrepreneurs' SC challenges arise from the transition from employee roles to entrepreneurship, including rebuilding legitimacy, securing funding continuity and maintaining network trust (Spigel & Harrison 2018:10; Spigel & Vinodrai 2021:7):

> 'You get into an environment you don't know about, and then you do it alone. As you go on, you meet people that you will turn to ask for help from.' (P1, Male, Diploma)

Other entrepreneurs' sustainability issues typically centre on steady operations, market adaptation or corporate-driven initiatives, with fewer issues of reputational rebuild and requalification of entrepreneurial identity (Faria et al. 2023:44).

Access to capital and financing continuity

Recycled entrepreneurs frequently encounter inconsistent access to patient capital and precarious funding conditions as a result of previous exits. Governance indicators, indications of learning and reliable track records would be beneficial (Harrison, Botelho & Mason 2016:8; Spigel & Harrison 2018:15).

Participant 9 argued:

> 'Experience. I have only been around for a few years; some have been in the industry for so long. So, there is that trust element that you are new, or what makes you think I can trust you.' (P9, Female, Masters in Project Management)

The legitimacy of other businessmen is primarily determined by their current performance, governance and market position in their ongoing endeavours, rather than by transitions.

Network dynamics and social capital

Recycled entrepreneurs' persistence in sustainability depends on reconstituting social capital, mentors and ecosystem intermediaries to start their own entrepreneurial activities and scale, and thus network reconfiguration becomes a core sustainability challenge (Shi & Shi 2022:32; Spigel & Harrison 2017:10). Participant 11 was told:

> 'You know you came alone, you are going to go back alone. So, your challenges are your challenges.' (P11, Male, Chartered Secretary)

Other entrepreneurs' networks support ongoing operations and supply chains; while network turnover and reassembly are less central to long-term sustainability unless they involve pivoting to new business models (Spigel & Harrison 2017:22).

Resource orchestration and capabilities

Recycled entrepreneurs' sustainability hinges on effectively orchestrating resources on initiating entrepreneurial activities; that is, tacit knowledge, reputation and human capital must be mobilised, updated and reconfigured to fit new ventures (Inceoglu et al. 2024):

> 'When you are retrenched. You don't have a strong base to support your business, so you have resource allocation challenges.' (P2, Male, Doctorate)

Other entrepreneurs' sustainability relies on sustaining existing capabilities and adapting processes within established ventures, and resource orchestration is ongoing but not constrained by leaving a previous employer and starting their own entrepreneurial ventures.

Resource-based view and recycled entrepreneurs

The RBV and recycled entrepreneurs rest on three core ideas: Heterogeneous resources, imperfect mobility and resource bundles as an advantage.

Heterogeneous resources imply that recycled entrepreneurs offer diverse recycled tacit knowledge, networks and venture experience, such that different resource configurations impact the performance of each recycled entrepreneur (Kumar et al. 2023:23; Shi & Shi 2022:4).

Recycled entrepreneurs' domain-specific know-how, trust networks and reputational capital from earlier exits are hard to transfer. This imperfect mobility explains why recycled entrepreneurs can re-enter and succeed while others fail to repurpose their capital (Shi & Shi 2022:10).

Resource bundles for competitive advantage imply that a recycled entrepreneur's context-specific tacit knowledge, relationships and organisational practices form a VRIN profile. When orchestrated with new opportunities, these bundles can yield superior performance relative to peers who lack such integrated resources (Kumar et al. 2023:20; Xu & Dobson 2019:408).

Key resource types

Key resources under RBV are tangible, intangible, human capital and organisational capabilities. Recycled entrepreneurs used funds, equipment or technological platforms from previous businesses as tangible resources in new ventures (Adesanya et al. 2024:4).

Intangible resources for recycled entrepreneurs included the reputation, networks and tacit know-how from previous employment that provide a competitive advantage but cannot be traded like physical items (Dodor & Akolgo 2022:2561).

Prior entrepreneurial experience, technical expertise and social networks leveraged new businesses for recycled entrepreneurs as human capital drives opportunity identification and execution in ETR (El Ebrashi 2018:818).

Dynamic capabilities, that is, the ability to detect, grasp and reorganise resources in response to environmental change, complement VRIN resources for recycled entrepreneurs in RBV expansions (Adesanya et al. 2024:4). The performance of recycled entrepreneurs also depended on external market conditions, their views on SC, regulatory environments and network dynamics; the RBV explains the potential for advantage but does not ensure success (Adesanya et al. 2024:3).

Entrepreneurial actions

Recycled entrepreneurs used enhanced learning loops to recognise opportunities, leverage SC and mobilise resources faster, while the ecosystem context provided channels for recombination and execution in new sustainable contexts (Shi & Shi 2022:31; Spigel & Harrison 2017:10).

Outcomes

Recycled entrepreneurs benefited from the RBV's essential notion that unique, hard-to-copy resource bundles provide an advantage when planned and reassembled. Dynamic capabilities and resource orchestration ensured early competitive advantages and long-term performance, enabling a focus on company sustainability (Shi & Shi 2022:32).

Extensions: Sustainability challenges

Recycled entrepreneurs stated that SC were prevalent and benefited management. The SC in ETR affected resource use and was therefore a valuable resource. Thus, resource use was a function of SC and extended the RBV theory.

Limited management skills

Research based on the RBV emphasises the necessity of restructuring leadership and managerial processes to

optimise the recycling of resources efficiently (Adesanya et al. 2024:4; Slavec Gomezel & Stritar 2022:66). Inadequate management abilities compel recycled entrepreneurs to excel in resource coordination and the ability to rapidly scale in innovative contexts.

Financial inadequacies

The RBV literature emphasises internal resource bundles and external capital access as factors influencing competitive advantage. When recycled entrepreneurs face capital constraints after exits, their ability to borrow from family and friends ensures their VRIN resource use (Hossain et al. 2024:874; Slavec Gomezel & Stritar 2022:71).

Employee limitations

Employee limitations can hinder the ability to form successful teams for a new initiative. Research focused on RBVs of personnel management and resource orchestration indicates that utilising extensive networks and enhancing skills is essential for recycled entrepreneurs to assemble a competent team (Spigel & Vinodrai 2021:12).

Limited competitiveness

Recycled entrepreneurs may encounter a saturated or rapidly changing market where reputation worth is declining. According to the RBV literature, recycled entrepreneurs maintain a competitive advantage by recombining and reconfiguring resources in response to competitive limitations (Slavec Gomezel & Stritar 2022:71; Spigel & Vinodrai 2021:8; Thai & Mai 2024:9).

Poor work ethic

Reusing resources is less likely with a poor work ethic, such as misusing business revenue. Some RBV beliefs attribute entrepreneurial tenacity and adaptability to resource orchestration and dynamic capacities, highlighting behavioural advantage (Dodor & Akolgo 2022:2570; Spigel & Harrison 2018:15).

Exogenous shocks

Networks, capital and tacit knowledge are affected by environmental shocks, including economic recessions, legislative changes and industrial disruptions. Recycled entrepreneurs reorganised resource use with dynamic capabilities and institutional support (Shi & Shi 2022:32; Spigel & Harrison 2017:1, 2018:2).

Exiting challenges

Exits (acquisitions or failures) facilitate ETR but raise problems regarding legitimacy, credibility and post-exit responsibilities (angel investing, mentorship, spin-offs). Researchers on entrepreneurial ecosystems emphasise the importance of reinvesting resources post-exit and the need for institutions to redirect these assets into high-potential ventures, which can be difficult without established exit channels or effective local ecosystem governance (Fayemi 2020:58; Spigel & Vinodrai 2021:5).

Integration opportunities

Integration opportunities imply an examination of how the RBV interacts with the SC within ETR.

Resource orchestration and dynamic capabilities

Dynamic capabilities enable resource reallocation after a firm exit, and for recycled entrepreneurs, this meant responding to SC through combining existing resources with new skills to achieve success. Resource-based view expansions prioritise constant resource orchestration to preserve competitive advantage in changing situations (Adesanya et al. 2024:2).

Ecosystem support and policy levers

Both internal and external challenges are substantially influenced by ecosystem orchestration, networks and accessible support finance. Internal skill gaps and external barriers to succeeding in ETR can be mitigated by supportive environments that reduce barriers to mobilising capital, facilitate knowledge transmission and provide legitimacy for recycled entrepreneurs (Shi & Shi 2022:43; Spigel & Harrison 2017:3; Spigel & Vinodrai 2021:2).

Practical implications

In Botswana, policymakers and ecosystem architects should develop targeted programmes that: (1) improve management training and leadership development for recycled entrepreneurs, (2) open up finance for recycled entrepreneurs through blended financing and incentives, (3) fortify entrepreneurial networks and mentorship pipelines to facilitate knowledge transfer and (4) simplify regulatory processes for company exits and transitioning to sustainable opportunities (Hossain et al. 2024:871).

Incubators and accelerators have the ability to customise curricula to the RBV-based reality of recycled entrepreneurs, with a focus on resource orchestration, dynamic capabilities and VRIN resource identification in new sustainable venture contexts (Shi & Shi 2022:18).

In order to support the internal resources and external legitimacy of new ventures, recycled entrepreneurs should intentionally upskill, establish diverse networks and pursue cross-sector collaborations (Luo 2023:891).

Limitations on recommendations

Insufficient African research and ETR hampered the study. These constraints showed the challenges of citing better sources. Many references, albeit not directly related to ETR, were near alternatives. In addition, a small sample size reduces generalisability, especially when men dominate.

The small sample size and gender inequality bias made the study unrepresentative of regional entrepreneurial practices (Tessier et al. 2024:223). The study's findings should be interpreted and used with caution.

This study suggests numerous essential issues and future research to fill the gap in ETR studies, particularly in Africa. Future research must examine recycled entrepreneurs' mental and physical wellness. Research shows that entrepreneurial well-being and mental health are linked, stressing the importance of social support in both (Tisu, Vîrgă & Taris 2023:1).

Conclusion

Recycled entrepreneurs are a vital factor for the effective functioning of SMMEs. Empirical studies have demonstrated that the efficient ETR substantially enhances economic performance. This article aimed to explore the difficulties encountered by recycled entrepreneurs as they operate and manage successful SMMEs in Botswana.

This study has elucidated the myriad of internal and external challenges in resources and capabilities faced by participants in sustaining their enterprises. The integration of recycled entrepreneurs in RBV demonstrated how ETR fits in RBV and further how the SC are a VRIN resource and an extension of the RBV (Tom, Charles Richrd & Joseph 2021:2212).

The findings highlight that although the SC of recycled entrepreneurs overlap with those of other businesspeople, key distinctions exist.

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This article is based on data from a larger study. A related article focusing on a framework for recycling entrepreneurial talent to sustain SMMEs in Botswana has been published in the Southern African Journal of Entrepreneurship and Small Business Management, 17(1), a967. The present article addresses a distinct research question, focusing on sustainability challenges encountered by recycled entrepreneurs in Botswana.

Competing interests

The authors, Wilfred Chikukutu; Stephan van der Merwe and Fridah M. Mwobobia, declare that they have no financial or personal relationships that may have inappropriately influenced them in writing this article.

CRediT authorship contribution

Wilfred Chikukutu: Conceptualisation, Data curation, Formal analysis, Investigation, Methodology, Writing – original draft. Stephan van der Merwe: Project administration, Supervision, Validation, Writing – review & editing. Fridah M. Mwobobia: Writing – review & editing. All authors reviewed the article, contributed to the discussion of results, approved the final version for submission and publication and take responsibility for the integrity of its findings.

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