

**AN INVESTIGATION OF THE SUPPORT SYSTEMS FOR
SMALL, MEDIUM AND MICRO ENTERPRISES THROUGH
LOCAL SERVICE CENTRES IN THE VAAL TRIANGLE
REGION**

BY

PHILIP MALAN

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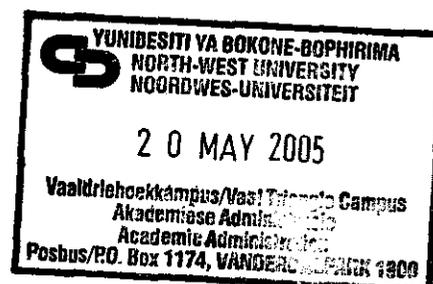
Department of Business Management

at

**THE NORTH WEST UNIVERSITY
(VAAL TRIANGLE CAMPUS)**

PROMOTER: PROF P. F. VENTER

DATE OF SUBMISSION: OCTOBER 2004



DECLARATION

I declare that:

AN INVESTIGATION OF THE SUPPORT SYSTEMS FOR SMALL, MEDIUM AND MICRO ENTERPRISES THROUGH LOCAL SERVICE CENTRES IN THE VAAL TRIANGLE REGION

is my own authentic work, that all the sources used or quoted, have been indicated and acknowledged by means of complete references, and that this thesis has not previously been submitted by me for any degree at another university.

P. Malan
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P. MALAN
October 2004

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I would like to express my gratitude to the Almighty God for making it possible for me to produce this work. I would also like to give my sincere thanks to the following and all those who directly or indirectly contributed to this thesis.

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P. Malan

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P. MALAN
October 2004

EXECUTIVE SUMMARY

The Vaal Triangle has a higher than average level of unemployment and poverty. This is mainly due to globalization on the one hand and the availability of land for housing on the other. The researcher has been prompted to do this study after returning to the Vaal Triangle after a period of absence, during which the visible deterioration of the main business areas in both Vanderbijlpark and Vereeniging prompted him to attempt and establish what could be done to improve the situation.

The literature study exposed various reasons for unemployment in South Africa and in particular, in the Vaal Triangle. It further highlights the levels of poverty in the area. In addition the literature study explored some of the successful measures taken by various countries globally. The only sustainable method of creating jobs, is through profitable business, and the method of establishing a good core of growing businesses that can employ vast numbers of a country's citizens, is to ensure a good foundation of small new businesses in a country or area. The research shows that government both nationally and locally, should take various steps to promote and encourage business and to make it very easy to start businesses. The research explores some of the problems experienced by small business managers or owners and highlights the need for information, management knowhow and adequate funding as the main stumbling blocks.

The research concentrates on the various services or incentives available from government to small business and which are available through local service centres.

The empirical study consists of a structured questionnaire, as well as interviews with service providers and small business owners. The questionnaire was distributed to 111 small businesses randomly selected from the population of small businesses in the Vaal Triangle in order to investigate whether these are aware of all the organisations that could assist them with incentive services, and to find out if they were using these services. This included a section that allowed the small business owner to comment on his/her needs. The main findings were, that small business owners were not aware of the organisations that supply incentive services; consequently they were not using these services. Unfortunately no comments were forthcoming or feedback given on the questionnaires in reference of the owner's opinions.

The researcher concluded, that there indeed is a need to market the incentive services more effectively, so that the average citizen could become aware of it. It is also concluded, that One-Stop-Business-Service centres accessible to all and that can supply information and training to existing and potential business owners, are needed. These centres will also be in a position to help the entrepreneur with applications for finance and will be in a position to assist with community job creation projects. The main objective of these One-Stop-business-Service centres, is to improve the survival rate of the new small businesses and to encourage their creation.

This research is not definitive by any means; it merely shows, that there are problems in the field of service delivery to SMME's, and makes some suggestions as to improving their delivery.

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CHAPTER 1

OBJECTIVES AND SCOPE OF THE STUDY

Chapter one is an introduction to the thesis. Discussions in this chapter are focussed on matters such as the reasons for the study, objectives, demarcation of the field of study, research methodology, hypotheses and contents of the study.

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

Across the whole world social responsible governments have active programmes to stimulate growth and employment, in order to ensure the well-being of their citizens. The problem is, that where measures do exist to combat unemployment in developed countries, these measures unfortunately do not work in underdeveloped countries. America has a low unemployment figure of 5.5 percent (2001), based on a very volatile labour market, and free market employers that do not hesitate to lay off workers (Van der Kooy, 2002:52). From the author's experience during his stay in the USA, the United States Government and business appeared to be actively trying to ensure that the unemployment figure does not rise above 6 %. Should unemployment approach this figure, the United States Government uses this as one of a number of indicators to subsequently pro-actively declare and implement counter recessionary measures! Greenspan (chairman of the board of Governors of the Federal Reserve in the USA) very actively manages and manipulates the economy of the USA. The goal in all countries is that of maximum

employment, economic growth and wealth creation, as well as an equitable distribution of resources.

Internationally the important role of small, medium, and micro enterprises (SMME's) in the economic growth and social development of countries, are acknowledged and accepted. Reasons forwarded for its importance, include the high labour absorption capacity of the SMME sector, the lower average capital cost per job created in the SMME sector and the potentially important role SMME's can play in technical and other innovations (Liebenberg, 1998: iv).

It is the employment potential of small business that has attracted recent attention world-wide. Since the 1970's, the international trend has seen small business become a net creator of jobs, while large business has become a net shredder of jobs (Garavan et al., 1997:11).

It is a generally accepted idea, that one of the major generators of employment all over the world, is small business. It is further also accepted, that some small businesses eventually grow into big businesses. Therefore, it is wise for government to encourage the formation of small and medium enterprises, and to make it easy for business to operate and to grow.

It cannot be said that South Africa is not in many areas attempting to combat the plague of unemployment. People with long memories, know that despite efforts that have been made over the last three decades, the unemployment figure is steadily growing (Van der Kooy, 2002:52).

Recently the local branch of FAFO, a Danish research organisation has made public the results of an all-inclusive study of the past two years (2002).

According to this study South Africa's unemployment figure is 32 %, if a tight definition is used , and 45 % if a slightly wider definition is used. These figures are higher than those of Statistics SA and these also show that it is steadily rising (Van der Kooy, 2002:52).

In a discussion of unemployment it is important that the reader understand the following two definitions generally used (Kingdon, G. & Knight, J., 2000):

- The narrow/tight measure counts as unemployed only those jobless persons who actively searched for work in the previous four weeks.
- The broad measure also includes those that say they want work, even if they did not actively search.

In his State of the Nation address in February 1998, the President, while noting the successes that the present government had made in improving the lives of all, and especially of those that have been historically disadvantaged, lamented the fact we are not making much progress in eliminating the scourge of unemployment that afflicts a large segment of our labour force.

In February 1998 the government published a document, called An Employment Strategy Framework. The purpose of this document, is to reflect on the problem of unemployment and to propose a concrete programme to boost employment. The main purpose of the document, is to encourage growth and employment in the short-to-medium term and at the same time, to do it in such a manner as to achieve the long-term objectives of the government.

The estimated population of working-age South Africans (between 15 and 65 years old) in 2003, is 27.98 million (Anon, 2003 a:10).

Unemployment in South Africa is not a problem recently created: it is a cumulative problem inherited from previous political and economic policies. It is the result of population growth explosion, lack of attention to human capital development, a prolonged deterioration in the real growth rate and rising capital intensity of production as well as a decline in savings and investment since the mid-1960's. With the demise of the apartheid system and subsequent greater urbanisation, the problem of unemployment has simply become more visible.

Unemployment, when using the international ('narrow') definition, currently stands at about 20%. However, we recognise that many of our people have been out of work for such a long period, that they have given up looking. Unemployment stands at about 31% (September 2002 Statistics SA report), if the 'broad' definition is used, which includes these discouraged workers. The economy must generate about 250,000 new jobs in net terms, in order to ensure that the unemployment rate does not simply rise further. To absorb new entrants into the labour market, the economy should generate more than 350 000 net new jobs per annum. Far more must be generated if we are to seriously reduce the unemployment rate and eat into the backlog of jobless South Africans left to us in the wake of "apartheid".

The rate of unemployment, by whatever measure, is unacceptably high. The poorest households are those where no or only one family member works. A job gives a person not only income, but also self-respect. A job provides people with the opportunity to contribute to the productive growth of our nation. As a nation, our primary challenge is to create jobs, especially sustainable and productive ones. We need to get South Africans working.

The South African government has over the years instituted various programmes to encourage business, especially the start-up of new businesses. These have evolved into the current initiatives which are discussed in this study in chapter three and four. The aim of government is to ensure the well-being of the population through wealth creation and employment. All resources - natural, capital, wealth - should be evenly distributed throughout the population, so that the country does not end up with a skewed distribution, as was the case in 1994 at the demise of “apartheid”.

Unemployment in the Vaal Triangle is 50.4%, according to the figures by the Vaal Research Group. For this reason and because the author is residing in the area where he is involved with community development work, the Vaal Triangle area is researched in this study.

This study will concentrate on the various types of support systems that the local service centres provide to small and medium enterprises (SME's), in order to allow the SME's to develop from an initial idea to an economically active enterprise that employ people and are profitably growing. It will further look into the ways the information about services provided by service centres, is made known and how it is presented to the entrepreneur/prospective entrepreneur. The study will aim to make recommendations in areas where the system is inadequate, if at all, in order to improve the effectiveness of this service.

1.2 BACKGROUND AND IMPORTANCE OF THIS STUDY

South Africa has for many years had a large unemployment problem, which obviously lead to the impoverishment of the nation.

According to Landman (2002:12), the source of the country's unemployment problem originated in the years nineteen-seventy to the end of the eighty's. Firstly South Africa's population growth in this twenty-year period outstripped wealth creation - the population grew faster than the economy.

This means that South Africa lacked economic growth in a magnitude large enough to absorb the employable people. This resulted in an unemployment figure of 20 - 30 % for 2002, which is exorbitantly high.

South African youth find themselves at crossroads after completion of a tertiary qualification. They have to enter the labour market, but suddenly realise that the South African labour market can absorb only a small percentage of these young people (Mitton, 1998: 1).

The reason for this, is the need to create more than 350,000 new jobs, as mentioned earlier. Young people trying to enter the job market, find themselves competing for the few available jobs against all the other unemployed people, which makes it very difficult to procure a job. The schooling system also trained too many youths in areas where there already is an abundance of competition, such as in the social field. The area where there is a, real need, such as the sciences and mathematical fields, including engineering was, not

catered for by the bulk of the education system. The net result is, that the new batch of young people have to join the ranks of the unemployed. In their case it is worse, as they do not have the advantage of unemployment insurance, which could act as a safety net. This lack of income by the new entrants, obviously drags out the financial distress of their family.

According to the Small Business Project (SBP), economic regeneration and employment are vital to South Africa's growth and ultimate acceptance into the global market (Anon: 2002).

After the 1994 elections, the country emerged from a closed economy caused by international sanctions against the previous government, into the vast global economy. The Department of Trade and Industry acted on this freeing of the markets and negotiated a number of bilateral and multilateral agreements with other countries. Many of these trade agreements prevent certain tariffs and subsidies.

The opening of global markets for South Africa, has already had a major impact on businesses that were previously uncompetitive on a global scale and those that previously might have enjoyed some protection from the status quo.

Globalization is forcing tougher competition onto every business, but fortunately smaller businesses are comparatively more flexible regarding product innovation and technology changes (Sauermaun, 1997:120). To improve this flexibility, it is important for business to create a culture within which all employees will become and remain entrepreneurs (Du Plessis, 1995: 1). This is one of the major challenges facing all businesses today.

In The Vaal Triangle region, this opening of the markets has also had a major impact, as all the strategic industries that were protected due to sanctions, such as the steel, petrochemical, chemical and rubber enterprises which had to become globally competitive within a relatively short time-span. Amongst others, thousands of people in the region were retired early or laid off. This reduction in formal employment had a major socio-economic impact on the region, as this had a negative impact on all businesses within the region, causing a second wave of closures and layoffs. The number of people shed from these shrinking businesses during this period of reorganisation could not be absorbed by new local enterprises and this caused a degree of migration of people away from the region, especially in reference of high-income earners and middle-age people forced into early retirement.

This happened at a time when the Vaal Triangle region had a large influx of unemployed or low-income people. The influx was caused mainly by the availability of land and the RDP housing scheme (Slabbert, 1997: 164).

There is an urgent need for industrial regeneration and a policy to sustain industrial activities in the Vaal Triangle. Local and Provincial Government should consider the cost of a regeneration programme against the social costs of no action. The annual poverty gap (1997) already amounts to R 528.61 million. In 1994 the poverty rate in the Vaal Triangle was estimated at 41.7%, with an annual poverty gap of about R 228 million (Slabbert, 1997: 164). These two figures clearly show that the social cost of poverty is growing at a phenomenal rate. The longer Local and Provincial Governments waver to act, the greater the social cost will become.

The goal of this study then, is to investigate the support systems that local

service centres provide to the existing and new enterprises, with the emphasis on small enterprises. The objective is to get more employable people employed in formal and informal enterprises in the region and at the same time, to create wealth.

1.3 PURPOSE OF THE STUDY

The purpose of this study is clearly defined in its title.

AN INVESTIGATION OF THE SUPPORT SYSTEMS FOR SMALL MEDIUM AND MICRO ENTERPRISES THROUGH LOCAL SERVICE CENTRES IN THE VAAL TRIANGLE REGION

The purpose primarily is to understand how local service centres assist in the alleviation of unemployment in the Vaal Triangle region and in what way they assist in the regeneration of the wealth-creation mechanisms.

1.4 OBJECTIVES OF THE STUDY

A primary and six secondary objectives have been identified for this particular research study.

1.4.1 PRIMARY OBJECTIVE

The primary objective of the study, is to investigate the different support systems supplied by the various service centers in the region.

1.4.2 SECONDARY OBJECTIVES

The following secondary objectives are important towards supporting the achievement of the primary objective.

- Evaluating the support services supplied, in order to determine whether the services supplied/available are relevant, useful and are used by existing enterprises and new/projected enterprises.
- Ascertaining and assessing the views of the consumers of the service centres, which in this case, consist of mainly the small business owner.
- Allowing all the role-players in the Vaal Triangle region to know what is available.
- Investigating where the region stands at the moment and what can be done to get the ball rolling and generating the necessary snowball momentum.
- Creating possible **one-stop service centres**.
- Identifying typical areas where new and existing enterprises need support.

1.5 HYPOTHESES

The research problem, where possible, should be translated into a research hypotheses. Research hypotheses assist the researcher in relevance of implications inferred from theory, in order to provide answers to the research problem (Welman & Kruger, 1999:23).

The hypotheses of this research study are as follows.

H0: That the local service providers are known to more than 50% of the respondents and that they provide adequate support for SMME's in the Vaal Triangle region.

H1: That the local service providers are not well-known and, therefore, do not provide adequate support for SMME's.

1.6 RESEARCH METHODOLOGY

The study consists of a literature study, an empirical study and personal interviews. According to Hart (1993:6), the most powerful social survey, is one that combines the questionnaire method, which achieves representativeness, with insights generated by a case study of selected individuals.

The three different approaches can be outlined as follows.

1.6.1 LITERATURE STUDY

A literature study was also compiled on the relevant subject matter, in order to provide a better insight into the research problem and the necessary background to guide the empirical area of the study. In addition to information obtained from textbooks, various journals, magazines, newspapers and the internet were also scrutinized. Relevant information had been obtained from the Department of Trade and Industry and Chambers of Commerce. Statistics and other relevant information were used during the study.

The Harvard Method of source referencing and acknowledgment was used. Quotations and references are specified directly after the particular quotation or reference; footnotes will not be used.

1.6.2 EMPIRICAL STUDY

The literature study is followed by an empirical study.

An empirical investigation was undertaken which provided the practical basis so as to ensure that a reasonably accurate version, which measures up to the purpose of the study, is given. The survey method was used in order to obtain relevant data to be analysed. For this research, a research instrument, the questionnaire was developed as based on the literature review and exploratory interviews.

A statistical representative sample of the population was surveyed, as it would not be feasible to study the whole population. The results of the questionnaires were then analysed and the hypotheses tested for validity.

1.6.2.1 PILOT STUDY OF THE QUESTIONNAIRE

A pilot study in reference of the questionnaire was done so as to carefully select and adjust the questions, in order to eliminate ambiguous questions and to improve the lucidness of unclear questions. Every precaution was taken to ensure that these questions were understood, no biased questions had been included and good quality answers could be obtained.

1.6.2.2 TARGET POPULATION AND SAMPLE

The population selected for this study was the small, and medium-sized businesses in the Vaal Triangle.

From the definitions of a small business, the following characteristics could be summarised.

- The owners are directly involved in the management of the enterprise.
- There are fewer than 100 employees.
- The annual turnover of the enterprise is less than R5 million.
- The total capacity assets of the business amount to less than R1 million.
- There are no more than five units (or branches) of the industry (Mngomezulu, 2002:11)

In the Vaal Triangle region, 1,000 small, medium and micro businesses (See Annexure D) are registered (Sebideng local town council, 2000). For this study use was made of the random sampling method. After calculating the size of the sample from the population that would give a 97% accuracy, every ninth small business was targeted for participation. One-hundred-and-eleven (111) questionnaires were distributed personally, but only ninety-six (96) responded.

1.6.3 PERSONAL INTERVIEWS

Personal interviews were conducted in order to determine general trends and impressions towards local service centres, action programmes, procedures and strategies. This were to be used to aid in the process of compiling the relevant questionnaire.

Interviews concluded, include:

- managers and officers of organisations in the local service centres, and
- managers and officers of client organisations of the service centres.

A number of organisations within the Vaal Triangle region, were targeted according to the random sampling method. A questionnaire was compiled, in order to allow the researcher to achieve the objectives of the study.

The questions to SME's consisted of the following two sections dealing with the client businesses.

- Section A: General and demographic information.
- Section B: Information regarding the evaluation and the use of these services by the clients.

A second questionnaire aimed at service providers dealing with information concerning the policies and provision of services by the local service centres and their perceived impact on both their clientele and the community.

Before the questionnaire was distributed to the sample population it was tested first on a small sample of five, in order to ensure that no question was misinterpreted and ambiguous or misleading. Once this result had been studied and alterations made, if required, the questionnaire was duplicated and copies were distributed.

1.7 DEMARCATION AND LIMITATIONS OF THE STUDY

The area of study includes SME's that operate in the Vaal Triangle region. The Vaal Triangle region, as far as the scope of this study is concerned, consists of the area listed in Table 1.1 below. The study included Sasolburg, as it is functionally and economically inter-linked with this particular region's economic activities, and should be interpreted as such. (For a map of the area

see annexure A).

For practical reasons it was decided to limit the scope of the study to SME's in the Vaal Triangle, as it would make the study more cost-effective for the researcher, who is resident in the Vaal Triangle. The survey was only done on a representative sample of the total population, as time and cost made it unfeasible to study the whole population.

TABLE 1.1: THE VAAL TRIANGLE SUBURBS

Boipatong	Sebokeng
Boitumelo	Sharpeville
Bophelong	Tshepiso
Deneysville	“Vaal Oewer”
Evaton	Vanderbijlpark and suburbs
Loch Vaal and North Vaal Rural areas	Vereeniging and suburbs
Refengotso	Zamdela
Sasolburg	

Source: Slabbert, (2001:2), Slabbert, (1999:2)

1.8 STRUCTURE AND ORGANISATION OF THE STUDY

The study comprises seven (7) chapters, which are summarised as follows.

CHAPTER ONE: OBJECTIVES AND SCOPE OF THE STUDY

This chapter introduces the reader to the study. It highlights the problem

statement, research objectives and demarcation of the study. The research methodology will be spelt out in this chapter. The hypotheses are also set in this chapter.

CHAPTER TWO: LITERATURE REVIEW

This chapter provides the reader with an overview of the employment and poverty picture in South Africa and the Vaal Triangle. It also discusses various means of addressing these phenomena by way of skills training, entrepreneurship, informal as well as formal businesses, and expanded public works projects.

CHAPTER THREE: SUPPORT CENTRES

This chapter focuses on the support structures that government, local government and local business has put in place in order to encourage the formation of small businesses to assist in the absorption of the unemployed.

CHAPTER FOUR: WHAT THE DEPARTMENT OF TRADE INDUSTRY OFFERS BUSINESS

The purpose of this chapter, is to outline the services and incentives available from the department of trade and industry (DTI) as the DTI is the major contributor and has a vast number of services.

CHAPTER FIVE: RESEARCH METHODOLOGY

The purpose of this chapter, is to outline the design of the empirical research

regarding local service centres.

CHAPTER SIX: ANALYSIS OF RESULTS AND HYPOTHESES TESTING

An analysis, interpretation and evaluation of the research findings are undertaken in this chapter.

CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS

Chapter seven reviews the entire study and makes recommendations.

1.9 ABBREVIATIONS

BBSDP	Black Business Supplier Development Programme
BLP	Business Linkage Programme
BRAIN	Business Referral and Information Network
CBO	Community Based Organisations
CIPRO	Companies and Intellectual Property Registration Office
CSIR	Council for Scientific and Industrial Research
Danida	Royal Danish Embassy
DTI/dti	Department of Trade and Industry
EMA	Emfuleni Metropolitan Area
Emia	Export Market Investment Assistance
EPL	EmPowerLink
FRAIN	Franchise Advice and Information Network
GAUMAC	Gauteng Manufacturing Advisory Centre

GEAR	Growth Employment and Redistribution
GNP	Gross National Product
GPG	Gauteng Provincial Government
IDC	Industrial Development Corporation
ILO	International Labour Office
IYB	Improve Your Business
JIBAR	Johannesburg Inter-bank Agreed Rate
LBSC	Local Business Service Centre
LRCF	Land Reform Credit Facility
MAC	Manufacturing Advice Centre
MCO	Micro Credit Outlets
NAMAC	National Co-ordinating office for Manufacturing Advisory Centres
NGO	Non-Governmental Organisations
NPI	National Productivity Institute
NRF	National Research Foundation
RDP	Regional Development Programme
RFI	Retail Financial Institution
SA	South Africa
SABC	South African Broadcasting Corporation
SABS	South African Bureau of Standards
SARS	South African Revenue Service
SBP	Small Business Project
SBDC	Small Business Development Corporation
SETA	Sectoral Education and Training Authority
SIDA	Swedish International Development Cooperation Agency
SME	Small, and Medium Enterprise
SMME	Small, Medium and Micro Enterprises

SPII	Support Programme for Industrial Innovation
TAC	Tender Advice Centres
TIDP	Trade and Investment Development Programme
THRIP	Technology and Human Resources for Industry Programme
TTGF	Technology Transfer Guarantee Fund
TWIB	Technology for Women in Business
USA	United States of America
UYF	Umsobomvu Youth Fund
VAT	Value Added Tax

1.10 GENERAL

- **Annexures are appended at the back of this thesis.**
- **The Harvard Method for source references is used.**
- **Tables and figures are illustrated in the thesis.**
- **Where no sources are mentioned, the specific instances relate to own research.**
- **Tables and figures are placed in, or immediately following, the relevant pages.**
- **A copy of an interview guide is provided.**
- **A copy of the questionnaire is provided.**
- **To maintain the anonymity of the original source of the empirical data, the designation of the person interviewed, is used in both the text reference and the bibliography.**

This chapter introduces the reader to the study and highlights the unemployment situation in the Vaal Triangle region. The next chapter constitutes a literature study of unemployment in South Africa in order to emphasise the importance

of unemployment and the effect of it on poverty in respect of the relevant subject matter.

CHAPTER 2

LITERATURE REVIEW

Chapter two provides the reader with an overview of the employment and poverty picture in South Africa and the Vaal Triangle. It also discusses various means of addressing this through skills training, entrepreneurship, informal and formal businesses, and the use of expanded public works projects.

2.1 INTRODUCTION

A literature study was compiled on the relevant subject of the study, in order to provide a better insight into the research problem and the necessary background to guide the empirical part of the study. In addition to information obtained from textbooks, journals, magazines, newspapers, the internet was also consulted. Relevant information was obtained from the Department of Trade and Industry, and Chambers of Commerce. Statistics and other relevant information are also used during the study.

2.2 UNEMPLOYMENT IN SOUTH AFRICA

Unemployment in South Africa has to be studied by also taking into account some of the historical facts. Without delving into the finer details, it is important to also consider the fact that separate development had caused poor education amongst Black South Africans. At the same time, the notion of temporary status given to the Black towns and cities, caused their development to lag behind that of white towns and cities. In this regard, it is important to

understand and consider the question: Who wants to invest into a temporary town? The main area where Black cities was lacking, is in the infrastructure, especially the infrastructure that supports business, wealth creation and employment. According to Smit and Van der Berg (cited Mitton, 1998: 8) the inability of Black towns to provide income generating opportunities, can be linked to the low economic growth of the Black and White private formal sectors. It is calculated that 39.6% of the labour force could not be accommodated in the formal sector of the economy. This gave rise to increasing unemployment, poverty and participation in survivalist informal activities.

Unemployment is a large and growing problem in South Africa. The South African Business Sector has shown clearly, that new employment opportunities cannot be created on a large scale without much higher levels of economic growth. The international trend also supports smaller government interference in the economy in order to achieve growth (Mitton, 1998: 8).

South Africa has for many years had a large unemployment problem, this obviously lead to the impoverishment of the populace.

Unemployment is a structural feature of South Africa's economy, its being further complicated by rapid population growth (Sauermann. 1997:1).

A number of South African industries have undergone a process of rationalisation (gold mining, transport, armaments, nuclear power, electricity, iron and steel, manufacturing, computer technology and banking). This rationalisation process has led to greater unemployment in the South African labour market. In addition to this, South Africa's reliance on commodities to generate foreign exchange, has proven to be a major reason for its economic

stagnation (Joubert, 1992:5).

To counter this trend, we should move a larger part of our economic workforce into secondary operations and thus towards higher value. In other words, we should not export commodities, but should export the many goods manufactured by using our commodities. In this way, we can move manufacturing from being offshore, to inside our borders - this will add value! At the same time thousands more job opportunities will be created and at the same time people will have to acquire the skills needed by such a better skilled manufacturing sector.

South Africa's "structural unemployment" can be ascribed not only to its high population growth, but to its previously high reliance on mining, agriculture and their many monopolies and subsidiaries; all of these sectors are currently shedding thousands of employees. A low economic growth also makes it more difficult to start up small businesses. The national aim in relation to unemployment, is to bring about a permanent reduction in forced or voluntary liquidations of businesses in South Africa, in particular those in the small business sector. This will mean an increase in the number of work opportunities for a rapidly growing population. At present, however, the opposite is the case (Sauermann, 1997:11).

According to Landman (2002:12), the source of the country's unemployment problem, is the years nineteen-seventy to the end of the eighties. Firstly, South Africa's population growth in this twenty-year period has outstripped wealth creation - the population grew at a faster rate than did the economy.

Since 1989, employment figures in South Africa have continuously fallen, with

the exception of 1995, when employment increased by 0.7%. The concomitant unemployment may have stemmed largely from the streamlining of their employee numbers by large businesses. Subsequent Reserve Bank Quarterly Bulletins have shown little improvement (Duvenhage, 1997: S3). This is all the more disturbing, considering that between 1970 and 1995, the South African population increased annually by 2.4%, being higher in some years, than was the economic growth (Sauermann, 1997: 143).

Therefore, South Africa lacked economic growth in a magnitude large enough to absorb most employable persons. This resulted in an unemployment figure of 31% (narrow definition) for September 2002, which is too high. From the researcher's observations, it is clear, that in addition to all the economic woes, the country also went through a major political change ("apartheid" to full democracy), which has caused major changes in the employment of the national government and local government. These changes had a substantial effect on employment, as government shed mature skilled and experienced workers, and at the same time, government structures went through change to be more representative and to move closer to the delivery of the promises in the constitution, as well as other election promises.

Far more South Africans must become self-employed, in order to lower the unemployment figure. Statistics show that in 1995, 43 out of 100 economically active people in South Africa, were either unemployed or were involved in the informal sector (Derek, 1995:1).

According to the Small Business Project(SBP), economic regeneration and employment are vital to South Africa's growth and acceptance into the global market. South Africa's economy needs to create 250, 000 jobs a year in order

to absorb net new entrants into the labour force. In South Africa, the majority of unemployed people (69.2 %) have never worked at all. The worst of the many problems confronting South Africa's young democracy, is poverty and the primary cause of poverty is unemployment.

Since the economic upswing in 1993, no formal employment has been created for one million potential workers. During the period June 1995 to June 1996, only 40, 000 job opportunities were created for the 350, 000 people that had entered the job market in that year. These people would naturally prefer to be economically employed (Schoombee, 1996: 19).

After 1994 the country emerged from a closed economy that had been caused by international sanctions, into the global economy. Many trade agreements had prevented and still prevent, tariffs and subsidies. As global markets opened up to South Africa this had a major impact on business. This forced businesses to undergo change, as sanctions caused many monopolistic businesses that had previously been protected through tariffs and subsidies and over time, became uncompetitive on a global scale and might previously have enjoyed some protection from the status quo, to adapt to the new order and competition from outside our borders.

Globalisation is forcing tougher competition on every business, but fortunately smaller businesses are comparatively more flexible regarding product innovation and technological change (Sauermann, 1997:120).

For years, the needs of the South African small businesses had been generally neglected by government, educational institutions and banks, especially during the period when the country was subjected to economic sanctions (Sauermann,

1997: 142). This obviously led to the lower than required level of SME formation. This in itself, constituted a major contribution to the unemployment problem.

According to Sunter (1997:52), the long-term cure for unemployment includes the encouragement of entrepreneurial education in schools, nudging financial institutions to come up with innovative ways of providing seed money for small business development, disseminating successful community programmes in the realm of job creation to the rest of the country, providing incentives for the retaining of retrenched workers and removing obstacles to a flexible labour market. These actions establish a promising environment to tackle unemployment.

South Africa should be constantly reminded that unemployment is the country's biggest economic and social dilemma. Directly and indirectly this is the key to most of our socio-economic problems such as poverty, malnutrition, sickness and deaths, poor results at school, the need for housing and importantly, crime (Schoombee, 1996:19).

According to Mitton (1998: 14), new employment opportunities cannot be created on a large scale without a healthy economic growth rate, and with less interference by government. For years it has been understood that South Africa needs an average annual growth of 4 % so as to ensure that unemployment does not rise. According to Table 2.1 the Real Gross National Product (GNP) has decreased during the last few years.

TABLE 2.1: THE DECREASE IN GROSS NATIONAL PRODUCT FROM 1995 TO 1997

Year	GNP
1995	3.4 %
1996	3.2 %
1997	1.7 %

Source: Mitton, (1998:14)

Unemployment in South Africa is not only negative in terms of the growing number of people that do not earn an income in the formal sector of the economy, but this is more and more the perception that the world has of South Africa. This is confirmed by the international grading agency, Standard and Poor's, recent negative grading of South Africa; amongst others, the lack of employment generation was specifically mentioned (Schoombee, 1996:63).

2.3 UNEMPLOYMENT IN THE VAAL TRIANGLE

In The Vaal Triangle region the changes mentioned earlier had a major impact as all the steel, petrochemical, chemical and rubber enterprises had to become globally competitive within a relative short time span. Amongst others, thousands of people in the region had to retire early or were laid off. This reduction in formal employment had a major socio economic impact on the region. This had a negative impact on all the businesses of the region, which caused a second wave of closures and layoffs. This happened at a time the Vaal Triangle had a nett inflow of people from other areas. This vast number of employable people could not be absorbed by new enterprises in the region and

this caused a degree of migration of people away from the region, especially amongst high-income earners and middle-aged people forced into early retirement. This migration again, impacted negatively on business.

Table 2.2 shows the population data for the Emfuleni Metropolitan Area (EMA) and Metsimaholo: these are new names for the area historically known as the Vaal Triangle, namely; EMA the area to the north of the Vaal River and Metsimaholo, the area to the south of the river. This data are derived from survey data by The Vaal Research Group. These data clearly show, that the Vaal Triangle with a population of 1,068,279, has an unemployment figure of 50.41 % (Table 2.2) of the economically active population.

2.4 POVERTY IN THE VAAL TRIANGLE

Based on data from a household survey towards the end of 1999, the average household size in the EMA is estimated at 4.6 members per household. The total number of households in the EMA is estimated at 206,665 (Slabbert, 2001: 3).

The dependency ratio in the EMA, increased from about 2.77 in 1994, to 3.41 in 2000 because of the increase in unemployment, combined with a relatively high population influx (Slabbert, 2001: 3).

Since 1991 the Vaal Triangle economy registered only a marginal growth in certain sectors and a negative growth in other sectors. The nett effect was a loss of thousands of employment opportunities. Surveys conducted by the Employment Research Unit in the townships, indicate that since 1990 younger people without jobs are moving into higher age categories, still unable to find

employment. About 26% of the unemployed have less than 5 year's formal schooling (Slabbert, 2001: 4).

TABLE 2.2: LABOUR FORCE OF THE VAAL TRIANGLE

				Percentage distribution	
	EMA	Metsima- holo	Total	Population	Economica- lly Active
Activity	Numbers				
Population	950,657	117,622	1,068,279	100 %	
<u>Less:</u> Persons 0-14 years & 65+ of age & the disabled & economically non-active population	507,651	67,515	575,166	53.84 %	0 %
Economically Active	443,006	50,107	493,113	46.16 %	100.00 %
Employed	154,957	22,701	177,658	16.63 %	36.03 %
Informally employed	60,842	5,999	66,841	0.26 %	13.56 %
Unemployed	227,207	21,407	248,614	23.27 %	50.41 %

Source: Survey data, (1999) (updated)

Following the guidelines of the World Bank, a poor household can be defined as (... *a household of which the combined income of all its members is less*

than the calculated cost of the minimum adequate calorific intake and other necessities of the household) (Slabbert, 2001: 5).

The unemployment rate in the Vaal Triangle increased from 32.5% in 1993 to 50.4 in 2000. The decline in household income brought about, that 46.1% of all households in the EMA are living in poverty (2000). The poverty gap index is 0.414, indicating that households lack about 41.4% of the necessary income required in order for them to move upwards towards their respective poverty lines (Slabbert, 2001: 13).

2.5 WHAT GOVERNMENT SHOULD DO

Educating for enterprise, promotes an awareness of self-employment as a career option and motivates young people to begin equipping themselves with the skills, knowledge and experience required for effective business ownership. Third-level entrepreneurship education can contribute to the long-term goal of increasing the level of entrepreneurial activity of an economy (Garavan et al., 1997: 133).

The creation of wealth in a society requires value-adding through productive work. Continuous economic development and growth have to be achieved. One of the major elements, is the creativity and innovativeness of the people in order to improve their productivity. Entrepreneurship is one of the major components in wealth creation (Vosloo, 1991:419).

According to Museveni and Mkapa, presidents of Uganda and Tanzania respectively, it is the portrayal of what it takes to become a winning nation in a highly competitive world. The government should be the facilitator by

focussing on providing the needed infrastructure such as roads, schools and hospitals and a business-friendly framework. The latter includes:

- one-stop investment service centres,
- multiple-entry visas for foreign investors,
- currency convertibility,
- low inflation,
- low taxation,
- security of property,
- law and order,
- a civil service retrained to be supportive of business, and
- a corruption-free environment.

The private sector is the engine of growth, that need a productive labour force, knowledgeable of the national priorities (Sunter, 1997:60).

In 1990, Socie'te'XA-EP carried out a global scenario study: *The State of the World and the international Business Environment at the beginning of the 21st Century*. This work introduced the following “**Ten commandments**” for rapid economic development of poor countries.

- 1 **Popular support and deliberate government commitment to making fast economic growth the overriding policy priority.** They define “fast” as that level at which, allowing for population and productivity increases, unemployment really starts to fall. Anything less and the gap between “haves” and “have-nots” rises inexorably.
- 2 **Establishment of a clear and respected legal system, especially in relation to company law and investment codes.** Investors want stable rules of the game in the countries where the investors intend to invest.
- 3 **Integration into the world economy through export growth, particularly exports of manufactured goods.** A prime driving force

behind growth, is a “can do” spirit among a nation’s citizens that extends beyond national boundaries. Their marketplace is the world, not merely the domestic economy.

- 4 **Deregulation of wages, especially at the bottom of the earnings scale (however distasteful that may appear).** To begin with, the objective of rapid growth is to benefit the least well-off by job creation. Ultimately, it should raise everybody’s living standards.
- 5 **Deregulation of prices which can then play their proper information role, signalling relative scarcity.** Resources can be most efficiently allocated by the value put on them in voluntary deals between buyers and sellers.
- 6 **Creation of a virtuous circle of higher savings/investment.** Without inducing people to save, a country will never have enough capital for its needs. High interest rates will discourage entrepreneurs from betting on new ventures.
- 7 **Small government, totally dedicated to economic success.** By small government, it does not mean weak government. They mean a government that limits its size and its role in the economy, yet is highly supportive of the process of industrialisation.
- 8 **Integration of educated young people in the economic system.** The concern is, that if the intellectual elite of a country is not part of the wealth-creation process, the intellectual elite have the ability to hinder it or even stop it altogether.
- 9 **Increased interdependence among nations.** It aims this commandment at the rich nations, basically challenging them to open their markets to developing countries or to face billions of “have-nots” on their doorstep.
- 10 **A modicum of sensible economic management.** The tenth

commandment emphasises that no special talent is required in order to become a dragon like South Korea or Singapore. Even the poorest country can pick itself up if it has the will to become a “winning nation” and agrees on a sufficient consensus about how to get there (Sunter, 1997: 75).

Sunter mentions the following seven pillars of the new economy.

- 1 Encouragement of industries which can sustain high profit margins in today’s global economy.
- 2 Intensive small business development, where the majority of jobs will be created in the future.
- 3 The mobilisation of risk capital throughout the country.
- 4 Entrepreneurial training schools, which has to be based on common sense principles since matriculants are no longer guaranteed jobs in the formal sector.
- 5 End all overheads. Management must zero-base every overhead job in this country and discard all those that add no value whatsoever.
- 6 Broad-based entrepreneurial revolution, encompassing Blacks, Whites, women and men, graduates and squatters. The country need an all-inclusive economy.
- 7 Develop an all-consuming passion for business, the kind of passion South Africans have for sport. It has to be adventurous. It must give people self-esteem and dignity (Sunter, 1997: 80).

South Africa needs a revolution in thinking in order to deal effectively with the problems of social immobility, segregation and a national income distribution, which is perceived to be skewed too much in the favour of the rich. If one looks at the experiences of Hungary, Poland, the Czech republic, Chile, Argentina,

Thailand and Taiwan, these countries experience tells one thing namely: **The most powerful driving force behind transforming the prospects of the poor and under-privileged and allowing them to break the shackles of impoverishment, is small business development.** Hungary has so far in 1996 had the hottest stock market in the world in dollar terms, for precisely this reason. In Poland two million small and medium-sized enterprises are presently operating, generating 50 percent of GDP and 60 percent employment (Sunter, 1997: 84).

According to Vosloo (1991:386), the countries that have achieved significant economic growth and development, have -

- invested in the development of their people and in a sound physical capital infrastructure;
- achieved high productivity by their investments, by privatising the markets, competition and leadership in trade;
- encouraged new ideas and technological advancement in order to achieve efficiency in the production of goods and services;
- found methods to support interaction between the government and the marketing function; and
- encouraged entrepreneurship as the connection between renewal and production, to take risks to change the methods of production and distribution.

A study between the SBP and Bannock Consulting Ltd, a UK-based development consultancy; “.... **concluded that an appropriate regulatory and institutional environment is the most important element in any economic growth strategy. It compared regulatory environments and recent reforms (since 1990) in three central European and seven African countries and**

found a close relationship between appropriate regulation and economic growth. It found that the slowest-growing of the 10 economies were also the most over-regulated” (Anon, 2002).

A selection of issues raised in this study, were the following.

- The presenters stressed, that they were not simplistically advocating de-regulation but that they stood for appropriate regulation.
- Small business access to finance was repeatedly discussed. The presenters suggested that the gap in the South African lending market, R10,000 to R200,000 was problematic and was almost certainly related to the Usury Act. They suggested lifting the Act’s exemption ceiling. This may on the other hand, lead to further exploitation.
- Lack of competition in the banking sector was identified as a problem. The solution suggested by the presenters, is greater competition rather than increased regulation.
- VAT is seen as a good tax for governments, but it is a bad tax for SME’s. Measures to alleviate the compliance cost of VAT on SME’s, were discussed, including cash accounting and different payment periods.

From the researcher’s own experience, VAT compliance is very difficult for small businesses, if cash accounting is not used, as this absorbs a lot of cash for VAT payments, while the funds have not yet been collected from customers.

2.6 SKILLS AS A VEHICLE TO EMPOWERMENT

Today workers need a significantly different portfolio of knowledge and skills. In particular, the change is driven by an increasing complexity and accelerating

changes in technologies, business strategies, customer requirements, politics, economic policies and education, as well as in terms of legislation to protect the environment, work ethics and the changing needs of the workers in respect of rights and quality of working life (Joubert, 1992: 4).

Advisors on economic and industrial development policies have indicated that the country should move away from its total dependence on raw material exports and that manufacturing for export markets should become the core of industrial policy. This shift will be technologically driven and will demand a new approach to the management of the South African skills market, because more sophisticated skills need to be created (Joubert, 1992: 5).

Sunter (1997:80) reasons, that one of the most prevalent reasons for the skills shortage in South Africa, is the current educational crisis. The major technological environments identified by Arthur D. Little, are:

- Electronics;
- Information technologies;
- Material and Process technologies;
- Life sciences; and
- Management (Joubert, 1992: 5).

However Sunter (1997: 80) concludes, that the majority of students at tertiary institutions are studying courses offering little scientific and technological learning, thus creating a mismatch between the skills offered and the skills needed by the workplace. Thousands of pupils and students qualify at institutions without them having gained any practical skills. The availability of employment is not guaranteed and these young people are unable to start their own businesses, because of a lack of skills. Sunter (1997: 80) continues, that

the lack of appropriate education means that the production of engineers, technicians, scientists and craftsmen in South Africa falls short of the numbers of similarly qualified persons being produced in developed countries.

The success or failure of a small business lies with the owner. He/she must simultaneously be a dreamer, a creative thinker, an analyst, an informed decision-maker and a problem-solver. Few people have all these skills, but the successful person ultimately develops these skills. (Wright & Phillips, 1989:48).

This highlights the need for management skills. Drucker (1999 :410) emphasises, that a manager has a number of basic operations and duties, among which the following are important.

- Setting objectives.
- Organising.
- Motivating and communicating.
- Measuring.
- Developing people.

The International Labour Organisation (ILO) has developed a training programme of inter-related training packages and support materials so as to assist entrepreneurs with the costing and pricing of their products, effective procurement, stock control, cost reductions, business planning and improving the profitability of their business. It is called the ILO Improve Your Business (IYB) programme and it has been introduced in 50 countries in Africa, Asia, the Arab States, Latin America, the Caribbean and Eastern Europe. More than 100,000 entrepreneurs in developing countries have already benefitted from the IYB programme. An evaluation done by the Swedish International

Development Cooperation Agency (SIDA), found that firms who participated in the IYB programme, tend to have higher growth rates and that most of them employed more people. Early in 1996 the ILO started implementing this training programme in South Africa as a means to assist small and emerging businesses (Fromont, 1996:29).

Sunter (1997:54) states, that "... instead of equipping our teenagers with only academic skills, let us give them technical skills as well". Teenagers with technical skills are most likely to create jobs, not only for themselves, but for other members of society as well. The government and the formal sector can never create enough jobs for all citizens. Government should attempt to create the right atmosphere in order for those with foresight to develop self-employing projects. The problem with today's youth, is that they believe, that at the end of their schooling, the government owes them jobs. This is not the case. All the government should do, is to prepare them to be competitive in the job market as the whole world has a shortage of technically skilled people.

According to the Minister of Labour, Mdladlana (2003:3), skills shortages are inhibiting economic growth and creation of new jobs in South Africa. Compared to other countries with similar economies, South Africa still has too many unskilled people and not enough who are professionally qualified and skilled. Increasingly, jobs are being found in more skill-intensive sectors and a major challenge is to improve the delivery of the skills required. Between 1970 and 1989 the number of skilled jobs grew by some 20%. The number of unskilled jobs declined by about the same percentage, but because of the large number of unskilled workers, more jobs were lost in this category than were gained within the skilled sector.

The skills market is a dynamic environment that responds to deliberate interventions, as well as to natural system adjustments (Joubert, 1992: 4). Therefore, countries that have taken charge of their economic performance, manage their markets deliberately by either stimulating or retarding the production of skills. In South Africa, skill shortages have been experienced for various reasons; these are lately being addressed through the training levy (Skills Development Strategy) that the government has implemented recently and this is ploughed back through the Seta Programme. This should have an accelerated delivery of skills. At the moment a lot of business owners in the country are at the early stages of awareness about these training funds and as the media reported recently, the various departments have a problem of delivering. It is hoped that each and every business will get involved with up-skilling their workforce in order to become more competitive in the market, through empowering their employees to take ownership of their jobs, their future and the clients.

Mdladlana (2003:3) states, that there are 212,000 tax-paying businesses in our country . This means, that we have 212,000 potential learning sites. This clearly spells out the wishes of government and the honourable minister in their objectives, that every employer should get involved with up-skilling their employees.

The development of business managers is a vehicle through which these leaders can be developed so as to better understand the complex world of business. Management development is regarded by many, particularly specialists, who are aware of the problems and shortfalls in this field, as perhaps the largest single challenge for human resource development (Conger, 1992:47).

2.7 ENTREPRENEURSHIP AS A VEHICLE TO EM- POWERMENT

Some 200 years ago, the French economist, J.B. Say, coined the term “**entrepreneur**” to describe an enigmatic behaviour pattern that has been part of human nature since the beginning of time (Du Plessis, 1995:5).

The popular meaning of the word entrepreneur according to Luschinger & Bagby (cited by Du Plessis, 1995:5) is: “**A person who undertakes risks to begin or maintain a productive operation, usually in an independent capacity**”. Jooste (cited by Du Plessis, 1995:5) avers that “**An entrepreneur is an innovative person with a directed energetic drive with the objective of increasing economic wealth by being able to organise and control environmental variables, who moves in areas of uncertainty creating a risk taking environment/organisation and who is capable of coping with stress, strain and uncertainty**”.

Entrepreneurship is the process of creating or exploiting opportunities. In so doing, value is created for the entrepreneur, the business and the community, especially in the long run (Maas, 2003:118).

Lighting the flame of the entrepreneurial spirit empowers nations and peoples with “...the knowledge and ability to fish, rather than just giving them a fish” (Timmons, 1994: viii).

It may be expressed as follows. “Dissatisfaction with the status quo and the ability to recognise an opportunity, exploit it and make the business grow set

the entrepreneur apart from a small-business person or from a typical manager in a large organisation”.

Known successful entrepreneurs all have one thing in common: entrepreneurs are not “risk-takers”, (Drucker, 1985,128). Therefore, entrepreneurs find ways to control the risk in a situation and to turn the situation into their favour. The entrepreneur have the ability to visualise his/her idea as a business venture and can see the market developing around his/her product. In many instances, especially if we look at some of the very successful ideas that generate a tremendous amount of cashflow, we can with hindsight see that at the time the entrepreneur envisaged his/her concept, there was no comparable idea or product on the market. It is the new revolutionary ideas which many times become very successful in the future.

The entrepreneur must first be honest with himself/herself about whether he/she is entrepreneurial material, whether he/she has got what it takes. He/she must examine his/her own inner resources and try to gauge whether he/she has the stamina, dedication and sheer “bloody-mindedness” to keep going against all manner of adversities (Oates, 1987: 163). Due to the above-mentioned novelty or newness of many of the entrepreneurial ideas, entrepreneurs experience much negative feedback from people around them. When approaching financiers, they are repeatedly turned down, because of the very conservative approach that most financiers take. The entrepreneur should have the inner willpower to overcome all of these and see the project through.

Entrepreneurs starting new ventures, are rarely unmindful of money; on the contrary, entrepreneurs tend to be greedy. Entrepreneurs, therefore, focus on profits. But this is the wrong focus for a new venture, or rather, it comes last -

rather than first. Cash flow, capital and controls come much earlier. Without them, profit figures are mere fiction - good for twelve to eighteen months, perhaps, after which profits evaporate (Drucker, 1985: 177).

Habits of flexibility, of continuous learning and of acceptance of change as normal and as opportunity need to be encouraged - for institutions, as well as for individuals (Drucker, 1985: 242). It is mainly in change and renewal where many entrepreneurs develop their ideas for their ventures. If we look around us, there are many examples of institutions that are no longer with us, due to their slowness to change and to adapt. In the Vaal Triangle there are many of the older very large corporations, such as Vecor Heavy Engineering, that have closed down, due to their old ways. From this we can take a lesson for ourselves and our businesses, to actively pursue new developments and to implement what is useful from amongst the new ideas and technologies.

The need to understand networking and to make contacts are critical factors for long-term entrepreneurial success (Garavan et al., 1997:119). It is very easy for people with contacts to get things done. This saves them time to familiarise themselves with and to other people and their surrounding area. If one can market one's products to people that you know and who maybe owe you a favour, it is much easier than to walk in cold and to try to sell your products to businesses. As most businesses have set up filters to reduce the amount of new marketers that they will allow to speak to the decision-makers.

Southern Africa is hampered by a shortage of trained labour and entrepreneurs, so that this can be seen as one of the most important factors hampering economic growth. The relationship of entrepreneurs to other workers in South Africa, is 1:52. This relationship can rise to 1:76 by 2000. This must be

compared with a relationship of 1:10 in most developed countries (Moolman, 1988:13). It is very important for training authorities such as the Minister of Education, to take note of this. It is very disappointing to note, that in the latest changes to the school curriculum and the reduction of subjects at government schools, entrepreneurship has not been included as one of the subjects required at the level of leaving school. If entrepreneurship was included in many of our qualifications, it would induce many more of the students to think of self-employment at the time they acquire their qualifications. This will reduce the numbers of newly qualified joining the ranks of the job-seekers.

There is, therefore, a severe shortage of these trained people/entrepreneurs in South Africa and one of the avenues which afford people meaningful participation in the economy, is through the franchise industry. Because “...franchises have a very much higher success rate than other small businesses largely because the product or service is already established in the market and the franchisor provides training for the franchisee in running the specific business”, it presents a more attractive business opportunity than setting up an entirely new business (MacDonald, 1997). The use of the franchise system removes a large portion of the risk normally associated with starting a new business. If a new business-owner cannot make it in a franchise, something is wrong.

According to Steyn and Naude (2002:3), the geography of South Africa, as well as government institutions, limit the growth of small businesses. The result is that small business finds it difficult to find financing, to export and to innovate technologically. Geographical factors that have a very negative effect, are the long distances, low population densities and the climate. Institutional factors include inadequate laws and contracts, lack of landownership and

bad governance.

South Africa's entrepreneurial activity in 2001 at 9.4 %, is close to the mean for all countries - 9.8 %, but the lowest of the developing countries, which have a combined mean of 12.1 %. Business start-ups usually occur because of supply-push or demand-pull conditions. In South Africa most start-ups are the result of "necessity entrepreneurship" rather than the pull of market opportunities. A necessity entrepreneur is someone who creates self-employment in response to job loss, redundancy or lack of better work opportunities. On the opposite of the scale, is the "opportunity entrepreneur". This is someone who has identified and taken advantage of an opportunity (Foxcroft et al., 2002: 68). It is these opportunity entrepreneurs that should be developed by the education system. The opportunity entrepreneur usually makes a better success than the necessity entrepreneur, as the necessity entrepreneur normally only starts a venture in order to provide an income in the place of a salary. Due to low capitalisation and the wrong focus, which is not on growth and efficiency, many of these necessity entrepreneurs keep on struggling for many years without their really making a success of their ventures.

In South Africa entrepreneurial companies are responsible for approximately a third of the 11.4 million jobs available at the moment. Between January 1999 and July 2002 new entrepreneurial enterprises created 140,000 jobs and new companies, about 1 million new jobs (Maas 2003:17).

South Africa's new-firm index at 2.1, places it in a low 25th place - lowest of the developing countries. This means, that less than one-third of SA start-ups reach the point of paying salaries and wages for longer than three months. This may be the case for survivalist businesses and other informal businesses. "New

firms” are classified as those that have moved beyond start-up and have paid salaries and wages for more than three months. New firms are more likely to contribute to growth and job-creation, especially if they keep on growing. It is thus very important that government and all other roll-players create an atmosphere that is pro-business and makes all the rules and regulations user-friendly.

The employment-creation potential of South Africa’s new-firm entrepreneurs, relative to South Africa’s job-creation needs, appears disappointing. Given the job-creating ability of the typical new firm, the challenge for South Africa is to-

- boost entrepreneurial skills;
- create more start-ups; and
- ensure a higher survival rate among start-ups.

One method of improving business success for new businesses is the system of franchising. In the case of franchising, we find that amongst the more successful ones, a survival rate of as high as 90% is achieved. It is clear from this, that with a better understanding of what is required from the business owner in order for him/her to be successful through better training and education, we should increase the survival rate of new start-ups.

From these reasons mentioned in the preceding section, it is important that South Africa’s base of opportunity entrepreneurs (people who identify a good business idea and pursue it) is supplemented by new entrepreneurs. South Africa needs first-time entrepreneurs to succeed with start-ups and new firms. This can certainly be achieved if the help/incentives available from support centres, are better coordinated and are available from a one-stop centre, rather than trying to get help from all the different programmes as is the case today.

Meaningful are the words of Ebersohn (2003:4) when she says, that "...at Succeed magazine we believe that the country does need those entrepreneurs who will start enterprises that support only themselves and perhaps one or two staff members. It also needs those entrepreneurs who will start businesses that employ 20 or 30 people and, most of all, those whose businesses will eventually employ 20,000 or 30,000".

The two avenues open to address job creation through entrepreneurial activity, are the following.

- Encouraging the emergence of high-growth new firms.
- Growing the base of low-growth new firms, which could expand to absorb less skilled entrepreneurs and staff (Foxcroft et al., 2002: 68).

2.7.1 FACTORS INHIBITING ENTREPRENEURSHIP

According to the Special report: Global Entrepreneurship Monitor (cited by Maas 2003:17), the main inhibitors for entrepreneurial activity in South Africa, are as follows.

- Entrepreneurship is not sufficiently recognised and celebrated in SA.
- Few entrepreneurs are household names.
- South Africans do not place a high value on self-sufficiency, autonomy, individualism and personal initiative.
- Entrepreneurship is not necessarily seen as a legitimate or desirable career choice.
- Society is hard on those whose legitimate business attempts fail, making it more difficult for people to take the risky step of starting a business venture. They stand to lose both their money and their social standing.

According to Maas (2003:17), some of the factors inhibiting entrepreneurship are:

- too little support from the family and other support systems;
- training that is not aimed at opportunity driven entrepreneurs; and
- too little exposure to higher order entrepreneurial projects.

It is important that South Africa as a whole should be made to understand how the country should operate. Everybody should be trained to understand how the economy, inclusive of government, operate. In other words, everybody should understand that all our demands to Government to deliver this and that, have to be met by the taxpayer in the form of taxes. South Africa, with its small base of employed people, small base of businesses, just cannot generate enough taxes with which to meet all these demands, but that the way forward is to get everybody that can work employed, so that those that are unemployed at the moment and drain the funding away through the social welfare department and unemployment payments, can be changed into productive taxpayers. This in itself, is a very tall order, but if the country as a whole understands that our first overriding priority is, to create new ventures and employment, we can slowly over time make a dent in the unemployment figure and hopefully approach figures like the below 6% unemployment experienced in the United States of America or some of the other nations with very low unemployment.

2.8 INFORMAL, MICRO, SMALL, MEDIUM, LARGE BUSINESSES

In many countries a range of policies designed to encourage new start-ups and enhance the growth of existing small businesses, are being promoted. In the

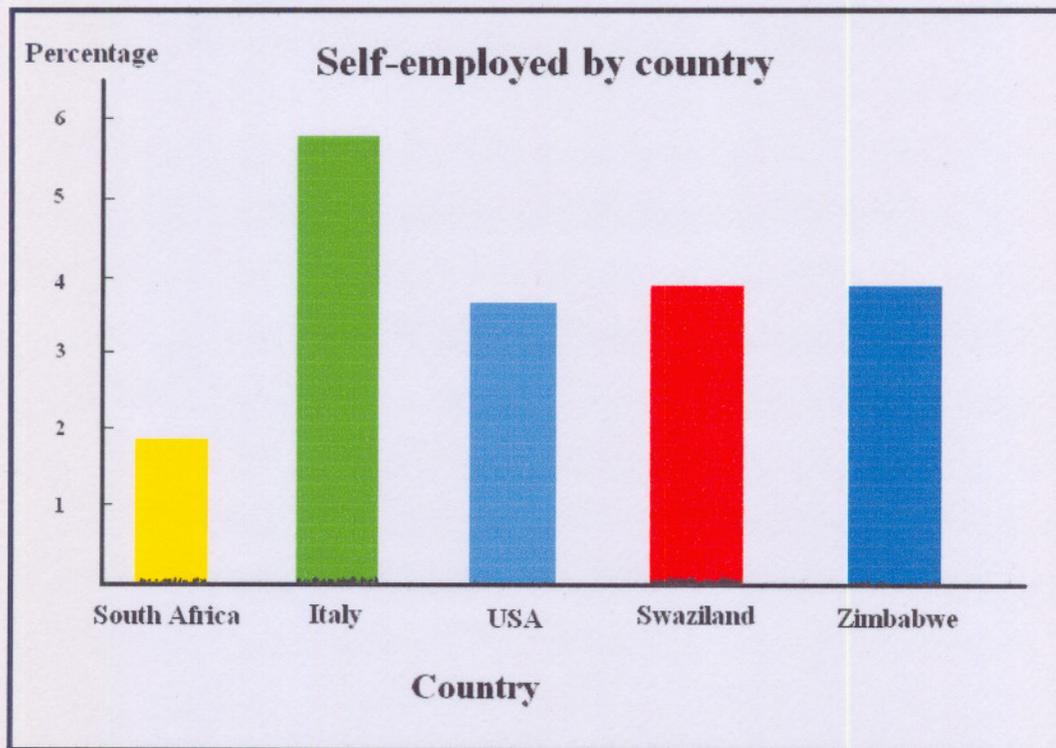
United States, Japan and Germany, governments have attached a high priority to small businesses and have consistently backed it with substantial resources (Garavan et al., 1997:14).

The task force, Small Business Report (1994), asserts that Ireland is a nation of small businesses. Some 98 per cent of Ireland's estimated 160,000 non-farm businesses are small within its definition (under 50 employees and under £3 million pounds in turnover): "Indeed, Ireland is a nation of micro businesses, because more than 90 per cent of enterprises employ less than 10 people. In total, small business account for around half of all employment in the private sector." (Garavan et al., 1997:1).

According to South Africa's, National Skills Development Strategy - in all developed countries, the small and medium-sized enterprises are the largest group of employers and have generated the most jobs in recent years. Although SMME growth in South Africa has been slow, it became clear by the early 1990's, that small firms could contribute significantly to the country's employment and economic stability. In 1997 the SMME sector in South Africa absorbed nearly 57 per cent of people employed in the private sector and contributed 42 per cent of the gross domestic product. In South Africa, SMME's are particularly important, because they have the potential to create new jobs at a time when large businesses are downsizing and out-sourcing; this counter-cyclical nature of small business has a very positive effect on the country's unemployment figure; at the same time it improves the wealth of participants. In other words, this sector is growing at a time when the public and private formal economies are shrinking. There is potential for increasing the number of small businesses and creating new jobs. International comparisons suggest, that self-employment in South Africa is relatively underdeveloped and

could be substantially expanded, as highlighted in Figure 2.1.

FIGURE 2.1: PERCENTAGE OF SELF-EMPLOYED



Source: National Skills Development Strategy, (2002)

From the comparisons in Figure 2.1 above, it is clear that the proportion of self-employed in South Africa are lagging far behind; even if we compare South Africa with some of its neighbours like Swaziland and Zimbabwe, we can clearly see, that we should do something drastic to catch up. In South Africa we do have innovative people and through an orchestrated effort of training, development and co-ordinated systems of help and incentives, people in South Africa could be encouraged to become self-employed.

Small firms are more likely to introduce fundamentally new innovations than

are larger firms. Many small firms are set up because their founder has discovered a new way to produce some product or to deliver a service. The general research suggests, that small firms are more likely to be innovative, because they are less committed to existing products within their industry (Garavan et al., 1997:2).

The growth and development of the small, medium and micro enterprise sectors are acknowledged by most interested groups and policy-makers as being of critical importance to South Africa's ability to address the serious problems of unemployment, income inequality, economic concentration, lack of internal competitiveness and low economic growth (SACOB, 1999: 1).

One category of small business is the family business. According to Maas (2003:17), family-businesses are responsible for between 40% and 60% of the growth in developing countries. This, coupled with the fact that stable families make a large contribution to social stability, make them very important for the socio-economic growth in South Africa.

This should be seen as a wake-up call to South Africa. We as a country should become more morally inclined and shed some of the new modernistic ideas that are breaking down our family structures. Many of the decadent lifestyle ideas that are promoted today - some of these have a larger than required protection in our constitution - are what is breaking down our fibre as a nation and is making a huge demand on the government's tax pool, as for instance Aids. We do not have the space and time to enter into a discussion about this, but if we look at the loss to society through crime and a decadent lifestyle, anybody should be able to see what a large impact this has on our ability to create the society that we all would like to have and to live in.

Investors invest in enterprises, with the objective to create and maximise wealth. Businesses are started up with the objective of generating a profit and through profit, to generate wealth. Wealth maximising is, therefore, the primary objective of any business - with growth and profit as two of the most important factors contributing towards this goal (Verhoefen, 1997: 10).

The International Labour Office (ILO) defines informal sector enterprises as having the following characteristics, namely:

- ease of entry into markets;
- reliance on indigenous resources;
- family ownership of resources;
- small-scale operations;
- labour intensive activities using adaptable technology;
- skills acquired outside the formal education system; and
- being unregulated (Joubert, 1992: 63).

Hazelhurst (1997: 35) points out that the informal sector is a growing source of employment. It is estimated, that in 1995, 1.7 million people out of an economically active 14.4 million people worked in this sector. This is 11.8 % of economically active people.

Roberts's (1997: 11) investigation of this topic, shows that almost one in eight jobs originates in the informal sector. The central Statistics Services estimates, that the informal sector contributed R32.4 billion to the GDP during 1995, which represents seven percent of the total value added, that is income, to the economy.

The informal sector is characterised by a large number of small-scale

production and service activities that are individually or family-owned and use labour intensive and simple technology (Joubert, 1992: 64). Their motivation is usually to obtain sufficient income for survival purposes by relying on their own resources to create work.

In South Africa, the informal sector comprises the following extraordinary range of enterprises.

- **Retail distribution:** peddling, street hawking, shebeens (bars), spaza shops.
- **Personal services:** gardening services; caddying services, musical services.
- **Repair services:** motor repairs, panel beating, upholstery, tiling.
- **Productive and secondary activities:** furniture makers, dressmaking, traditional crafts (bead work, mats, basketry), pottery, cement block-making.
- **Building construction:** building contractors, plumbing, tiling, painting, electrician work, plastering.
- **Transport:** taxis, truckers.
- **Accommodation:** sub-letting of land and premises.
- **Money lenders:** alternative for poor people not having access to conventional sources of finance.
- **Crime:** theft, prostitution, drug trafficking, pimping, gambling (Joubert, 1992: 65).

There is no clear distinction between the different categories of business. Many businesses originate with the founder, that start on his/her own from home (survivalist) as a small business. Depending on the growth and the availability of funds, some of these informal businesses then grow fast into a small business

and some also through medium-size into large businesses.

It is this process of growth that is important and should be nurtured by all the support structures in the country. We should put much more effort into the training of entrepreneurs and giving assistance to the entrepreneurs of the very small enterprises in order to assist them in understanding how they should-

- make decisions;
- set growth priorities;
- motivate and train their employees; and
- manage.

The doing away with laws which in the past prohibited homes from being used as business offices, has greatly helped retail businesses in townships. Today as many as one in five households is functioning as a home enterprise (Riley, 1994:38), and profit could be made with low overhead costs. The conversion of houses to business premises has helped small businesses to become competitive with larger enterprises. The latter, because of their size, normally have more favourable economies of scale, as larger enterprises are able to buy products in bulk at discount prices. The larger firms at the same time have high overhead costs. Small businesses, however, are not in a position to compete directly with large established businesses (Sauermann, 1997:52). It is thus important, that the smaller businesses should identify and serve niche markets instead.

From this expansion of business, especially in the townships, it is clear to see that we need rules, regulations and laws that will promote the formation of business. The whole government structure should be overhauled so as to ensure that the laws and every government office, both centrally and locally become

business friendly and efficient. If all the red tape sometimes required is removed, a lot more enterprises will be started by people that, due to frustration, sometimes give up their ideas.

According to a NAMAC statement, the SMME sector in South Africa is critical to the economic growth of the whole country, because this sector contributes more than 35% of the country's GDP and provides some 55% of job opportunities. Against this background, NAMAC strives to improve the competitiveness and growth in the local, national and international market places for the SME sector.

2.8.1 DEFINITION OF A SMALL BUSINESS

Ramsdale (1990: 5) sees a small business as an independent profit-orientated economic unit that generally has the following characteristics:

- independent ownership;
- independent management;
- simple organisational structure; and
- have a relatively small influence on the market.

A typical small business in South Africa is classified as one having assets of not more than R750,000 and a turnover of less than R2-million per annum, while the company must not have more than 200 employees (Anon, 1995: 77).

In the South African context, the definition of a small business, as defined by Lucas (1992:3), is: "A business that is privately owned by a sole proprietor, partnership, close corporation or private company. The business may have more

than one branch, but it is not controlled by a larger group”.

In South Africa SMME's constitute a significant sector, although perhaps not on par yet with the SMME sector in some other economies. In the early 1990's the small Business Development Corporation calculated, that if SME's are defined as having assets of less than about R2-million and employing not more than 200 people, then 85% of businesses in South Africa can be considered to be SME's (Frankel Max Pollak Vinderine et al., 1992:79).

From these different definitions, the researcher concludes that the following definition probably best defines a small business.

It is independently owned, managed by the owner / owners, has less than R750,000 in fixed assets and less than R2 million turnover and fewer than 200 employees.

2.9 REQUIREMENTS FOR CREATING ONE NEW EMPLOYMENT OPPORTUNITY

From the research it can be concluded that, seven requirements must be met before one new employment position can be created: these are the following.

- A demand for an additional worker in the market.
- Money committed for the selection procedure from applicants.
- Training: time is sacrificed by the supervisor and colleagues towards a new worker.
- An additional workstation must be made available for the new worker.
- Financing the period of low productivity during the start-up period.
- The organisation commits itself for a period of employment towards the

new employee.

- The additional employment opportunity has to be profitable for the employer as well as acceptable to the new employee.

2.10 CREATING EMPLOYMENT THROUGH SMALL BUSINESS

An International Labour Organisation (ILO) study found that irrespective of whether it is in the advanced industrial economies, in economies in transition or in developing countries, the SME sector is prominent with regard to the total number of enterprises, as well as the total number of workers employed. Between 1989 and 1991 most jobs in the United States of America were created by the smallest firms. Amongst the 17 Asia-Pacific Forum member countries, employment in SME's varies from 32% in the Phillipines to 84% in China. In Latin America, the contribution of SME's to job creation in the non-agricultural sector varies from 36% in Colombia to 79% in Brazil. According to the ILO, estimates 61% of the labour force outside the agricultural sector in Africa is employed in micro-enterprises. Studies in a number of European Community (EC) countries in the early 1990's, have indicated that companies with fewer than twenty employees, would normally account for half, and in some periods, for all the net employment growth (Fromont, 1996:27; Bannock, 1992:30).

Small businesses constitute one of the most important parts of the economy that can help solve unemployment and improve the general state of the economy (Smit, 1996:2).

The small business may be seen as the embodiment of the free enterprise system. It reflects the freedom of the entrepreneur in starting, running, building,

curtailing or even discontinuing a business to his own advantage. It is accepted, that the advantage the entrepreneur gains from business, such as profit and progress, will eventually be a benefit to the whole community, on account of the investment and development emanating from the circumstances (Du Plessis, 1995:9).

Because of the problems of social immobility, segregation and the national income distribution which is perceived as too much in favour of the rich, Sunter (1997: 84) proposes a revolution in thinking in South Africa. He suggests, that the most powerful driving force behind transforming the prospects of the poor and underprivileged and allowing them to break free of impoverishment, is small business development. To quote one example: in Poland there now are two million small and medium-sized enterprises operating, generating 50 percent of the Gross Domestic Product (GDP) and 60 percent of employment. Sunter (1997: 83) believes, that there is an impression in South Africa, that the small and micro-business sectors are considered refugee camps for those unlucky enough not to find jobs in the formal sector. However, many people who conduct their own businesses, do not want to work in the formal sector, or work as a subordinate for another. Instead, self-employed people obtain dignity and self-esteem from being their own boss, thereby perpetuating a sense of empowerment.

It is important to encourage entrepreneurship and the creation of business in South Africa in order to improve the economic growth in the country. South Africa has to create a want or a willingness amongst South Africans to do their **“own thing”** and thereby, light the flame of entrepreneurship. The media should be encouraged and they are obliged to reflect on this. It is their duty to find the success stories of business **“out there”** and report on these, so that the

small businessman could get the same status as a hero, as for instance in the case of the sportsman/woman. They should look especially for those stories of growth in employment, so that this would encourage other business people. The media have a huge task of educating the public; it seems, however, that they are only looking for a “quick buck”, like the pony magazines as a lot of reporting; especially headlines are things that people have supposedly done wrong; seldom will they praise the businessperson that is getting it right.

Drucker (1999: 20) avers that it is “... change that always provides the opportunity for the new and the different”. In 1960, Japan had few small businesses, poor quality products and unemployment of over 40 %. Today, in part, through globalization, Japan is run successfully by the **small business** sector (Preece, 1996: 30).

The success or failure of a small business lies with the owner. He/she must at the same time be a dreamer, a creative thinker, an analyst, an informed decision-maker and a problem-solver. Few people have all these skills, but the successful business person develops these skills (Wright & Phillips, 1989:48).

According to Barber (cited by Verhoefen, 1997: 1), the advantages that the small-business sector can provide, are closely related to the ability of enterprises to grow profitably. Profitable growth is advantageous for both the enterprise and the entrepreneur, as this leads to wealth generation, larger market shares and a better negotiation position. Growth of small businesses ultimately ensures the existence of the small business sector and all the advantages that flow therefrom. Without profitable growth, enterprises stagnate and the danger is, that small enterprises in their infancy may flounder if competition increases.

The First Annual Report of the European Observatory for SME's, published in 1993, states that 75 per cent of the jobs created in the non-primary economy between 1989 and 1992, were created in small and medium-sized enterprises. Over this period, the proportion of jobs created in micro-enterprises with fewer than 10 people, was markedly greater than their share of existing jobs. Large and medium-sized firms, by contrast, suffered a decline in their share of total employment (Garavan et al., 1997: 11).

In the USA, small firms with 20 people or fewer, account for 66% of the new jobs that are generated there (Stanworth, 1991:9).

Small business is a source of job creation in this time of high unemployment (Brink, 1995:2).

It is clear from these and other comments that all over the world the small business is the engine of growth. It is especially important as, in times of decline in larger businesses and corporations, the small business excels and creates more new jobs. This is probably due to the fact that small businesses are generally:

- leaner or more efficient in delivery;
- more adaptable;
- able to maintain and generate creativeness;
- technology makes it more competitive in the facility of competing with larger companies.

Vosloo (1991:1) comes to the conclusion, that in all successful economies of the world, small businesses make out a dominant force, as these contain the essential factors of economic growth, employment generation and social

progress. He furthermore maintains, that small businesses are flexible and easily adaptable to changing market opportunities. Small businesses operate in both the formal and informal sectors.

By creating and seizing opportunities, by providing imagination, tenacity and leadership and by insisting on the higher ground of ethics and square dealing, successful entrepreneurs display a visionary foresight. In this complicated process entrepreneurs create and allocate value and benefits for individuals, groups, organisations, and society (Timmons, 1994: v).

The new venture, therefore, needs to start out with the assumption that its product or service may find customers in markets no one thought of, for uses no one envisaged when the product or service was designed, and that it will be bought by customers outside its field of vision, and while even unknown to the new venture (Drucker, 1985: 175).

Small enterprises are also a critical source of dynamism and innovation in economies. Research in the United States and Europe has consistently shown that small businesses contribute a disproportionate share of business innovations. The general research evidence suggests that small businesses produce four times as many innovations per research dollar as medium-sized firms, and 24 times as many as large firms (Garavan et al., 1997:13).

The new venture needs to build in systematic practices so as to remind itself that a **'product' or 'service' is defined by the customer, not by the producer** (Drucker, 1985: 176). This is one of the stumbling blocks in larger corporations, as in many instances it seems that they believe that they define what the customer wants or wants to use it for. If one looks around oneself, there are

many instances where a product is used for something other than its intended design. The clever entrepreneur will in such cases make use of these new uses or features, rather than stopping people from using the product or service for this unintended use.

The failure of small businesses has many negative results. Workers are robbed of their jobs and the capital of the employer is wasted. Creditors have to absorb debt and this influences their own businesses (Brink, 1995: 2).

The ultimate aim is to improve the small business sector's chances of attaining high growth, so that it can play a much larger role in the South African economy (Sauermann, 1997: 2).

It is for this reason, that the support / incentives given by local service centres should be combined and co-ordinated into one-stop service centres, so that new and existing entrepreneurs could find the required help easily and get on with that at which they are good - their business. Helping and training should be developed along the lines of training and the help received from the franchise industry. The whole purpose ultimately, is to improve the success rate of new businesses and to grow existing ventures.

Tourism has the lowest ratio of investment - to - job creation, which means, that more jobs can be created per unit of capital invested than in other sectors. The investment in human capital in the tourism industry is minimal, so that with minimum training, human capital can be gainfully employed in this sector (Anon, 1996: 15).

The rich cultural diversity of our country should be used when developing

tourism. We cannot all use the same type of tourism attractions. It is important that we develop tourism centres of excellence in all the different cultural areas in the country and to create an awareness in the clients mind, that each and every one of these sites are a tourist destination. We should also set up secondary industries around such sites so that the local population could be economically active in producing products and services. The necessary specific labour intensive industries should be moved or created in the outlying areas where we have pockets of citizens living without much hope of employment, unless they leave their area to find work elsewhere. This concept will work only if local leaders and the community buy into such projects; in some cases wages paid will be below generally accepted norms, but the alternative is joblessness.

Spending on tourism and travel is expected to grow by more than 18% to 108.5-billion in the year 2000. There are now 358 schools offering travel and tourism as a matric subject in SA, with 40,000 students studying this subject. Employment in travel and tourism is estimated to be one in every 14.5 jobs in SA or 6.9% of total employment (Shevel, 2002: 6).

To reduce costs on overheads, many countries make use of business incubators in order for them to grow micro businesses. An incubator is created by small firms grouping together and sharing accommodation and facilities, which makes running a business less expensive than otherwise. Incubators are slowly becoming a larger feature of South Africa's industrial sector. New, cheaper options for running a business are needed and incubators may fulfil the need for keeping small business overheads low (Sauermann, 1997: 138).

Sources of start-up capital for small businesses are self-funding and external

funding. Self funding is where internal funds are used. External funding consists of short-term loans, intermediate loans, long-term loans, equity capital and private placements, preference share capital, trade credit, informal investors and help schemes (Smit, 1996: 16).

Financing new ventures are very difficult, taking into account the very conservative approach of banks and other financial institutions. One of the main stumbling blocks experienced by entrepreneurs, is that they are interested in their venture or idea and normally don't have any business training. The problem is to make these two diverse groups communicate with each other in a mutually beneficial way. One probable solution would be for the entrepreneur to approach his search for financing through a type of incubator office or one-stop business service centre.

2.11 CREATING EMPLOYMENT THROUGH AN EXPANDED PUBLIC WORKS PROGRAMME

The government has decided to launch an extended public works programme. This will ensure that we draw significant numbers of the unemployed into productive work. It is envisaged that these workers will gain skills while they work, through the process of on-the-job training and thus take the important first step to get out of the pool of those that are marginalised.

If full use is made of the skills development plan and if relevant training could take place while engaging in the extended public works programme, this would certainly help to reduce unemployment levels. If training is not done with the ultimate objective of helping these people to develop their own small enterprises, these people will join the unemployed at the end of the programme.

It is thus very important for all the roll players to think further than the immediate task at hand, but to plan the project in such a way that the jobless are trained and allowed to develop their skills for business. Take the example of an RDP housing scheme. If this housing project were planned so that the new township incorporates shops and workshops within the housing scheme, teams of contractors can be trained in the different skills required, including business training.

A contracting team will maybe consist of:

- a businessman/contractor;
- a bricklayer;
- a plasterer;
- a plumber; and
- perhaps two or three assistants.

Once the team has been trained, each person in his/her area of competence, is awarded a building to erect. During this contract, the contractor is mentored on how to run his business, including the financial management of the project. Houses will be allocated to people who can utilise them. For instance, a house with an adjoining shop will be allocated to someone that has been trained to run such a shop. In the project, hardware will be needed and can be supplied by someone trained in running a hardware shop. The explanation is, that if the town/city is expanded by using such a well-planned and orchestrated system, the new area can ultimately be largely self-contained to a point that a large number of the people living there, will work inside the area and will not have to commute over long distances to a place of employment. It must be understood, that this is not a quick and a fast method of erecting a number of RDP houses; this is a longer, more sustainable cycle of growing the towns and cities in South Africa. This is a comprehensive assignment, but it should though

be a challenge to the planners of such projects.

In this chapter a literature study is conducted on the subject of unemployment and poverty, highlighting the situation in the Vaal Triangle. The chapter also highlights the contribution that the small business makes to economies all over the globe and suggest, that this should be one of the foundation blocks for job creation; a second suggestion is, that use is made of an extended public works for training and preparing people for small business. The next chapter will report on the support systems that can be employed against this background of unemployment.

CHAPTER 3

SUPPORT STRUCTURES

This chapter will investigate the various support structures available to small business with the objective to make it easier to start-up and to support their growth.

3.1 INTRODUCTION

Government and non- government organisations have set up various resources to support the economy. The resources from government are implemented and controlled mainly by the DTI and to a lesser extent by the Department of Labour, the Department of Social Welfare and the Revenue Services. Government sees its role as that of facilitator and as such, it is trying to create the infrastructure and the atmosphere under which the private sector can then make use of these support systems in order to generate the growth in numbers and magnitude that the country needs in order to generate enough employment to noticeably reduce unemployment, poverty and crime. Government also would like to see economic development in all the areas in the country and not only concentrated in pockets of development and government is encouraging all communities to generate new sources of income. Government does not see itself as the creator of business or the employer of the populace, but sees this role in the hands of the private sector. In other words, government enables the private sector to do the job.

Business support systems are made available by way of the following local

service centres.

- Chambers of commerce.
- Local government.
- Local banks.
- Local service centres.

The overarching objective of our government, is to ensure that sustainable development takes place, that employment opportunities are created and that poverty and inequalities in the economy are eradicated. This strategy requires that all spheres of government increasingly focus on micro-economic reform in order to accelerate economic growth, generate employment, reduce economic inequalities and promote competitiveness (Erwin, 2002).

In the following subsections a detailed analysis of the different support systems supplied by Government will be outlined.

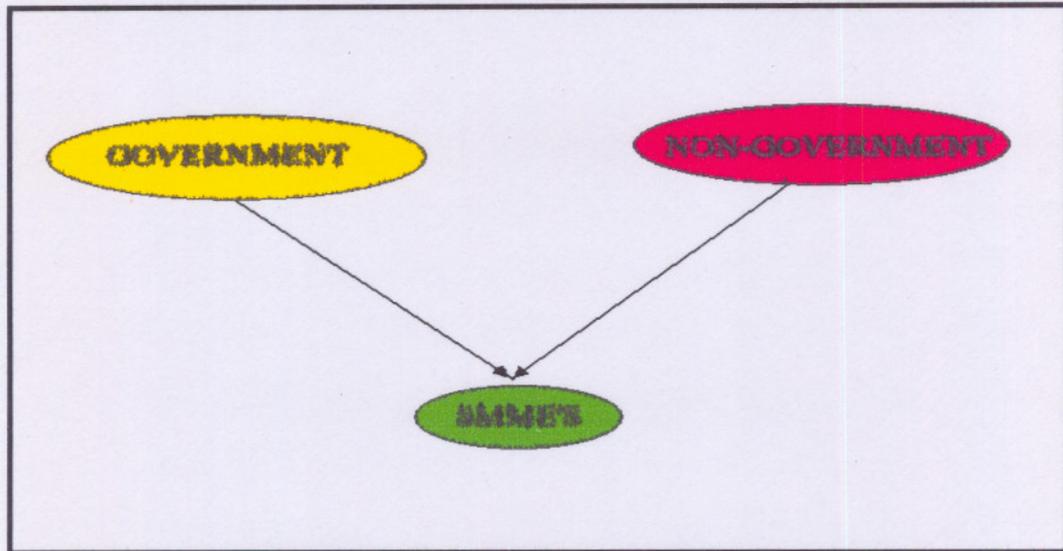
3.2 SUPPORT SYSTEMS

Business support is given by:

- government, both central and local government, and
- non-government organisations.

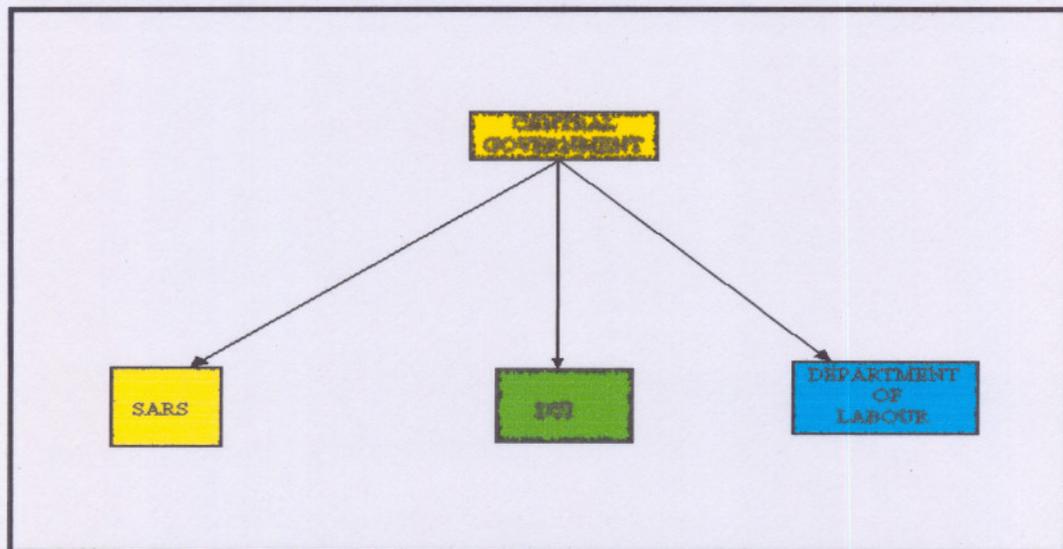
In the following two figures, Figure 3.1 graphically explains the support given by government and non-government organisations to the SMME sector, while Figure 3.2 demonstrates the main support from government.

FIGURE 3.1: BUSINESS SUPPORT



SOURCE: Own research

FIGURE 3.2: GOVERNMENT SUPPORT



Source: Own research

TABLE 3.1: CURRENT GOVERNMENT-BACKED SUPPORT ORGANISATIONS FOR SMALL BUSINESS

	Support organisation	Description
1	Local Business Service Centres (LBSC)	The Local Business Service Centre programme is run by Ntsika. LBSC's are business support organisations that help with training, advice and business mentoring and business plan development. They differ in size and nature (some are non-profit, some commercial), but all of them have been accredited by Ntsika as being able to help small businesses.
2	Khula Enterprise Finance Limited	Khula is the government's agency to help small businesses get business finance. Like Ntsika, Khula does not work directly with small businesses, but rather through banks and non-profit business loans organisations called Retail Finance Institutions (RFI). Khula has five ways of helping small businesses to get finance: the Khula Credit Guarantee Fund , which guarantees bank loans on behalf of business owners who do not have enough collateral, the Technology Transfer Fund , to help businesses upgrade their technology, the Business-to-Business Partnership Fund , which links South African small businesses with Danish business partners, the Thuso Mentorship Programme , through which mentors help small business owners to write good business plans, and Khula-Start , a fund which helps micro-loan organisations give out loans to very small income-generating businesses.
3	Council for Scientific and Industrial Research (CSIR)	The CSIR is a technology and research organisation. It supports innovation in South Africa and helps to improve national competitiveness in the global economy. The CSIR offers technological and research support to the small business sector. The CSIR's core technology focus areas include: food, biological and chemical technologies, building and construction technology, defence technology, manufacturing, materials and textile technology.

Table 3.1 continue ...

	Support organisation	Description
4	Small Business Loan Organisations	Khula supports a number of organisations that give loans to small business people. Because these organisations are not for profit, they often consider giving loans to small businesses that would not be considered by a bank.
5	Department of Trade and Industry's Enterprise Organisation	This is a division of the DTI which manages all the department's incentive schemes for businesses. Many of the schemes concentrate on manufacturing and tourism.
6	Tender Advice Centres (TAC)	The Tender Advice Centres are a grouping of organisations throughout South Africa, all accredited by Ntsika, that help small businesses to tender for contracts. Services include training, help with filling in tender forms, letting small businesses know which contracts are available, and post-tendering support and advice.
7	South African Bureau of Standards (SABS)	The SABS is the official standards body for South Africa. Its primary function is to develop and publish standards. It offers the environmental management system, quality management system and product certification of the ISO 14001 and ISO 9000 series of standards. The SABS has made its expertise, experience and facilities available to the small business sector. Historically disadvantaged small business owners can get accreditation at half price through the SABS's Missing Link Programme.
8	NTSIKA Enterprise Promotion Agency	A government agency for non-financial business support. NTSIKA does not interact directly with small business, but operates via a network of local Business Service Centres and Tender Advice Offices to provide counselling, advice, technical support, management skills and training to small business. An important new focus of NTSIKA is helping small businesses with business opportunities.

Table 3.1 continue ...

	Support organisation	Description
9	Manufacturing Advice Centre (MAC)	The Department of Trade and Industry, together with the Danish Development Programme, Ntsika, CSIR and the National Productivity Institute, has established fifteen MAC's across the country. The centres provide small manufacturers with support, analysis, advice and mentoring at highly subsidised rates. In this area, the office is called Gaumac.
10	Business Referral and Information Network (BRAIN)	BRAIN was set up to supply high-quality, value-added information services through existing small business support organisations to small businesses. BRAIN has a massive website consisting of more than 280 pages of comprehensive business information. The information is continuously expanded and updated at www.brain.org.za . BRAIN is run by NAMAC, the same organisation that co-ordinates the activities of the Manufacturing Advice Centres.
11	Technology for Women in Business (TWIB)	A programme run by the DTI, aimed at enhancing the accessibility of science and technology to women in business.

Source: BigNews (July 2002)

3.3 INCENTIVES FROM THE SOUTH AFRICAN REVENUE SERVICE

The South African Revenue Service (SARS) has recently cut the company tax rate for small enterprises by half for profits in the first R150,000 in order to enable these small businesses to retain and reinvest more of their cash generated.

Small companies can also write off investment expenditure in the year in which it is made.

SARS will work on reducing the tax burden on small companies by re-viewing the penalties for first-time offenders, as well as simplifying and reducing the number of tax forms that must be completed. A different method of calculating their VAT payments, will also be investigated.

The following subsection will look at the services supplied by the local NAMAC office called Gaumac,

3.4 GAUMAC VAAL

According to Phore (2003), the Gauteng Manufacturing Advisory Centre (GAUMAC) is an initiative of the Gauteng Provincial Government (GPG), the Department of Trade and Industry and the National Co-ordinating Office for Manufacturing Advisory Centres (NAMAC).

Gaumac forms part of the GPG's industrial regeneration vehicles in areas experiencing economic decline in the Gauteng Province. Gaumac focuses on enhancing manufacturing competitiveness of SME's employing between 5 and 200 people in the Province.

3.4.1 VISION

To contribute significantly to economic transformation of South Africa by improving the competitiveness and growth of South Africa's small and medium-sized Enterprises (SME), in line with best practices globally, and through the supply of relevant value-added business information to all SME's (Anon, 2002 b).

3.4.2 SERVICES

Gaumac render the following assistance.

- **Advisory services to improve company growth and performance.**
- **Technology support.**
- **Information support.**
- **Assistance in setting quality and product standards.**
- **Providing retail outlets for service providers and institutions to extend their services.**
- **Marketing advice.**
- **Finance management and access.**
- **Business management.**
- **Competitiveness improvement.**
- **Environmental management.**
- **Human resource development.**
- **Productivity and process improvement.**

The following subsection will discuss the service available from the NPI.

3.5 NATIONAL PRODUCTIVITY INSTITUTE

With its social partners - government, labour and business - the National Productivity Institute (NPI) is Africa's leading national productivity organisation. It is the gateway to strategies for building productive capacity and productivity improvement know-how.

As a manager of strategic national projects, the NPI successfully integrates its

social conscience with the requirements for best practices that will ensure sustainable, competitive organisations.

The next subsection will examine in detail the services available from the Department of Manpower through the SETA's.

3.6 SECTORAL EDUCATION AND TRAINING AUTHORITY (SETA's)

SETA is the skills development programme instituted by the Department of Labour in line with the following mission.

The Department of Labour will play a significant role in reducing unemployment, poverty and inequality through a set of policies and programmes developed in consultation with social partners, which are aimed at:

- improving economic efficiency and productivity;
- developing skills and creating employment;
- establishing sound labour relations;
- eliminating inequality and discrimination in the workplace; and
- alleviating poverty in employment.

The SETA programme through a 1% levy on the wage and salary bill of companies, is making these funds available to train the labour force. This is allocated back to the companies for training of their staff, and this is available to all enterprises, large or small.

The skills development programme is implemented through the skills plan that is developed by the skills development facilitator. The next subsection will discuss the appointment of the facilitator.

3.6.1 SKILLS DEVELOPMENT FACILITATOR

The regulations and guidelines for the disbursement of grants during year one, which had been approved by the National Skills Authority in January 2000, make provision for the employment and use of a Skills Development Facilitator by an employer.

The Skills Development Facilitator will be responsible for the development and planning of a firm's or a group of firms' skills development strategy for a specific period. This will include the development and implementation of an annual workplace skills plan and the submission of an annual training report.

This person will also serve as a resource to the employer with regard to the criteria required for accreditation of courses, skills programmes and learnership development.

3.6.2 WHEN MUST THE SKILLS DEVELOPMENT FACILITATOR BE REGISTERED WITH THE RELEVANT SETA?

The registration of the Skills Development Facilitator must be approved by the relevant Sectoral Education and Training Authority (SETA) by 15 May 2002.

3.6.3 WHAT CAN YOU AS AN EMPLOYER GAIN BY APPOINTING AND USING A SKILLS DEVELOPMENT FACILITATOR?

In the first year of the levy grant scheme, one may recover in grants a minimum of 50% of the levy one has paid, on condition that one meets all the requirements as set out in the regulations and guidelines for the disbursement of funds during year one. These grants are referred to as grants A, B, C and D. For the appointment and registration of a Skills Development Facilitator - **Grant A** - one will be able to recover 15% of the levy paid. Employers must first nominate, register and have approved a Skills Development Facilitator with the relevant SETA, before the employer can apply for Grants B, C and D.

3.6.4 WHAT ARE GRANTS B, C AND D?

Employers who have nominated and registered a Skills Development Facilitator, will be able to recover grants B, C and D by complying with the following criteria.

3.6.4.1 GRANT B

An employer will be able to recover 10% of the total levy payment for preparing, submitting and obtaining approval from the SETA for a workplace skills plan.

3.6.4.2 GRANT C

An employer will be able to recover a further 20% of the total levy payment by preparing and submitting an annual training report based on the approved workplace skills plan.

3.6.4.3 GRANT D

Each SETA will make available grants to the equivalent of 5% of the total levy payment by the employer for specific sector skills initiatives. The criteria will be made available by the relevant SETA.

3.6.5 APPOINTMENT AS A SKILLS DEVELOPMENT FACILITATOR

An employer must appoint a competent Skills Development Facilitator who is able to perform the functions below and who is:

- a worker; or
- a formally contracted, external person; or
- a person who is jointly employed by one and a number of other employers to assess the skills development needs of the group of employers and the workers concerned.

3.6.6 FUNCTIONS OF THE SKILLS DEVELOPMENT FACILITATOR

The Skills Development Facilitator will be expected to perform the following

functions.

- Assist the employer and workers with the development of a workplace skills plan.
- Submit the workplace skills plan to the relevant SETA.
- Advise the employer on the implementation of the workplace skills plan.
- Assist the employer with the drafting of an annual training report against the approved workplace skills plan.
- Advise the employer on the quality assurance requirements as set by the relevant SETA.
- Serve as a contact person between the employer and the relevant SETA.

The following subsection will investigate the services supplied by the SBDC.

3.7 SMALL BUSINESS DEVELOPMENT CORPORATION

The Small Business Development Corporation has recently changed its name to that of **Business Partners Limited**. Business Partners still provide essentially the same function. Business Partners Limited is a specialist investment group, providing customised and integrated investment, mentorship and property management services for small and medium enterprises in South Africa.

Their **Vision** is to be a world-class, added-value investor in small and medium enterprises, thereby facilitating wealth generation, job creation and economic development in South Africa.

Their **Mission** is to fulfil their vision by investing capital, skills and knowledge

in viable entrepreneurial enterprises.

The following subsections will look at the services supplied by the private sector service centres. The section will firstly look at the services supplied by the banks.

3.8 LOCAL BANKS

According to Els, Portfolio Manager, Small Business at ABSA, Vanderbijlpark, the four large banks essentially give the same service. The service to small business are split into two categories, namely -

- entrepreneurs with assets, or
- entrepreneurs without assets.

The entrepreneur with assets, has access to the following services.

- Business cheque.
- Term loans.
- Internet banking.
- Debit cards.
- Credit cards.

The main category in which we are interested, are those entrepreneurs without assets. In this instance, the Bank acts as a retail distribution point for Khula. A small business owner can contact the bank presenting his balance sheet and business plan, with an application. The application is submitted and on approval, a 3% upfront deposit is taken and the rest of the funds made available to him. The rest of the services offered, are essentially the same as for those entrepreneurs with assets. The main difference between the two groups, are that

the bank cannot lend out money when the risk profile is too high, in this case the risk is taken over by, or insured through the Khula scheme.

The following subsection will investigate the services supplied by the business chambers/forums.

3.9 LOCAL BUSINESS CHAMBERS

We still have signs of fragmentation from the past when we look at business chambers and forums. Some of these are specifically tailored for English-speaking businessmen, some for Afrikaans-speaking businessmen, some for Black businessmen and some for Indian businessmen. Government wants to deal with a single body and for this reason, the different chambers are talking about amalgamation, but there as yet are no tangible results.

The different bodies are discussed in the following section.

3.9.1 THE VANDERBIJLPARK BUSINESS CHAMBER

According to the chairman of the Vanderbijlpark Business Chamber, it is functioning closely with the local Town Council in order to improve the business climate in the Vaal Triangle. The chamber has 104 company members. They concentrate mainly on ensuring that the necessary infrastructure is available by negotiating with the council. The chamber concentrates mainly on advancing its own members by creating networking opportunities. The Chamber does not have an active programme to help emerging and small business, neither do they actively pursue job-creation projects. The following

are some of their recent successes.

- Discussion between the council and 250 businessmen on the future of the region.
- Decision to promote Vanderbijlpark as the venue of the “Afrikaanse Handels-Instituut” scheduled for October 2004.
- Involvement with the Vaal Carnival over 14 days in September.
- Involvement with the planning of the riverfront, that includes the new development at the golf course into an estate.

3.9.2 THE VEREENIGING BUSINESS FORUM

According to the vice-chairman of the Vereeniging Business forum, the forum has 120 members, of which about 75% are paid up, with about 20 very active members. All the different chambers in the area are in the process of merging or forming an umbrella body and at the moment, this takes a great degree of effort.

They do not have an impact on job creation or wealth creation in the area, neither do they have an active drive to promote/train SMME's or entrepreneurs. The forum is not involved with job creation projects.

The Vereeniging Business Forum has the following mission.

- Promoting local businesses.
- Collaborating to create a climate so that potential businesses can invest in the area.
- Creating an official and permanent body that can negotiate with government.
- Reaching out to other forums, in neighbouring towns and to other

cultures.

The vision of the Forum's management, is to make a difference for all their members and to create wellness and growth in the Vaal Triangle.

The following are the advantages of membership.

- The Forum offers the opportunity to be part and to have contact with a large number of businesses.
- By being part of the forum, the businessman and his businesses form part of a programme to uplift the Vaal Triangle to its former glory.
- It gives business the opportunity to market itself.
- All members are listed on a web page.

The Forum meets monthly and meetings are held every second Thursday of the month at 12H00 at the Technorama (Cronje: 2003).

3.9.3 THE SASOLBURG "SAKEKAMER"

According to the chairman of the Sasolburg "Sakekamer", they have one full-time secretary and 150 members. They do not have any incentives or help available to new/prospective entrepreneurs. They do not have any active job creation projects. Their impact on job creation and wealth creation in the area, is minimal.

The following section will discuss the services provided by the business linkage Programme.

3.10 THE BUSINESS LINKAGE PROGRAMME

The Business Linkage Programme, set up by the Small Business Project, attempts to link small and medium enterprise owners with their corporate counterparts in a bid to step up economic growth in the SME sector.

Small business owners register on a database at the Business Linkage Centre. Successful applicants will be accredited before being introduced to larger corporate companies.

Prerequisites are that companies have to be legal entities , registered for tax and must have a VAT number. In some cases, ISO requirements also apply.

In this chapter all the business support mechanisms for SMME's available from both Government and the private sector are discussed except those supplied by the DTI. In the following chapter the services supplied by the DTI will be discussed. In light of the vast range of services, an entire chapter will be allocated to the DTI.

CHAPTER 4

WHAT THE DEPARTMENT OF TRADE AND INDUSTRY OFFERS BUSINESS

A multitude of the business support available to business, is controlled by the DTI and for this reason, this whole chapter will be dedicated to discussion on the services available from the DTI.

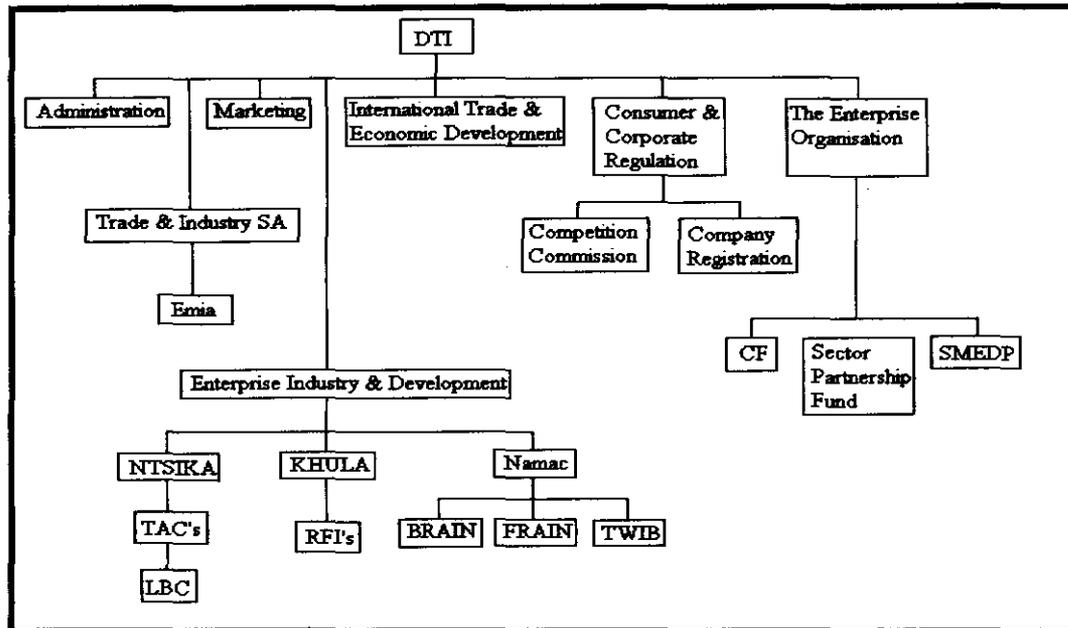
4.1 INTRODUCTION

Most of the incentives available to the SMME sector, are available through various offices of the DTI. The aim is, to support the entire economy with a range of services that will allow business to prosper, with emphasis on the smaller and upcoming businesses.

Minister Erwin in 2002 stated the following: “This year (2002), the DTI (Department of Trade and Industry) will concentrate on the promotion of sustainable livelihoods by supporting the micro-entrepreneurial sector of the economy” (Erwin, 2002).

The DTI is structured in a hierarchy that will allow it to support the South African economy, as illustrated in Figure 4.1. From this figure, it can be seen, that the DTI has been structured in a way that both look outward through export, as well as inward at trade and industry, with a strong emphasis on development.

FIGURE 4.1: THE DEPARTMENT OF TRADE AND INDUSTRY HIERARCHY



SOURCE: Annon, (2004)

4.2 INCENTIVES AVAILABLE FROM THE DEPARTMENT OF TRADE AND INDUSTRY

The different incentives are best set out in Table 4.1 below.

These incentives for small business have been organised in a well-structured vehicle for delivery that can be visualised in Figure 4.2, that maps out how and where the different services fit into the DTI, so that prospective users know where to look for help.

TABLE 4.1: INCENTIVES AVAILABLE FROM THE DEPARTMENT OF TRADE AND INDUSTRY IN SOUTH AFRICA, (2001)

	Incentives available from the Department of Trade and Industry	Access Criteria
1	Accelerated Depreciation Fund (SARS)	Available countrywide to local and foreign firms establishing new manufacturing plants or expanding existing plants.
2	Agro-Industries Development Finance (IDC)	An economically viable business plan and a minimum financing requirement of R1-million.
3	Bridging Finance Scheme (IDC)	Available to entrepreneurs who have been awarded tenders by government; entrepreneurs who have secured contracts for providing services/products to established big, blue chip companies; entrepreneurs with annual turnover greater than R1-million; and minimum financing requirements of R500,000.
4	Capacity Building support for Retail Finance Intermediaries (KHULA)	To qualify, an RFI must be legally constituted, have clearly defined SMME target markets, have sound accounting and financial systems, have sound internal organisational guidelines, policies and procedures; have capacity to carry out current and proposed projects; and have clear and achievable short- and medium-term objectives.
5	Competitiveness Fund (DTI)	Available to South African private firms of all sizes. Funds allocated on a first-serve basis. Firms should submit a realistic plan for the development of its business activities.
6	The Bumble Bee Programme (DTI)	This is a sub-component of the Competitiveness Fund, which provides free consulting services to micro-manufacturers with less than 20 employees.
7	Critical Infrastructure Programme (DTI)	Available to local authorities or the private sector or in partnership between the two parties.

Table 4.1 continue ...

	Incentives available from the Department of Trade and Industry	Access Criteria
8	DANIDA Business-to-Business Programme (KHULA)	Support will be given to commercially viable businesses for development, based on formation of business partnerships between South African and Danish companies. The long-term objective is for private partners to continue with the partnership when the support is discontinued.
9	Duty Credit certificate Scheme for Exporters of Textile and clothing (DTI)	To exporters of certain prescribed textile and clothing products.
10	Emerging Entrepreneur Scheme (KHULA)	Accessible to independently owned SMME's, with assets of less than R2-million before financing. SMME's must meet the bank's normal lending criteria.
11	Empowerment Finance (IDC)	Emerging industrialists interested in small to medium-sized ventures who comply with the following criteria: the business must be acquired as a going concern; the business must have economic merit (be profit-making and cash-generative); the entrepreneur should play a meaningful role in the management of the concern; the minimum size deal is R5-million and the maximum R100-million; and a minimum cash contribution of 10% of the purchase price is required from the entrepreneur.
12	Entrepreneurial Mining and Beneficiation Finance (IDC)	An economically viable business plan, and minimum financing requirement of R1-million.
13	Equity Fund (KHULA)	Accessible to SMME's, with a net asset value of not less than R500,000. Applicants must be able to demonstrate that they are viable in the medium- to long-term, and that the investors can anticipate an adequate rate of return.
14	Export Finance (IDC)	All industrialists/exporters.

Table 4.1 continue ...

	Incentives available from the Department of Trade and Industry	Access Criteria
15	Export Marketing and Investment Assistance Schemes (EMIA)	Available to all exporters, but with special terms for SMME's.
16	Finance for Expansion of a Manufacturing Sector (IDC)	An economically viable business plan, a meaningful financial contribution of at least 33% by the promoters (10% to 20% for HDP's), and minimum financing requirement of R1-million.
17	Finance for Textile, Clothing, Leather and Footwear Industries (IDC)	An economically viable business plan, a meaningful financial contribution of at least 35-50% (depending on the nature of the business) by the promoters (10-20% for HDP's), and minimum financing requirement of R500,000
18	Foreign Investment Grant (DTI)	Will be available to foreign investors with a foreign share holding of a minimum of 50%.
19	Khula Start (KHULA)	Accessible to an existing NGO/CBO in rural areas involved in SMME activities, such as business training and advice.
20	Import Finance (IDC)	All industrialists/importers.
21	Industrial Development Zones Programme (DTI)	Available to all industries (zones have to be designated first).
22	Motor Industry Development Programme (DTI)	Available to motor vehicle assemblers and component manufacturers and exporters.
23	Rebate Provisions (DTI/CITA)	Available to all manufacturing industries.
24	Sector partnership fund (DTI)	Available to any partnership of five or more organisations within the South African manufacturing and agro-processing industry that puts forward a qualifying project.

Table 4.1 continue ...

	Incentives available from the Department of Trade and Industry	Access Criteria
25	Seed Loans for retail Finance Intermediaries (KHULA)	To qualify, an RFI must; be legally constituted; have clearly defined SMME target markets; have sound accounting and financial systems; have sound internal organisational guidelines, policies and procedures; have capacity to carry out current and proposed projects; have clear and achievable short- and medium-term objectives; have matching funds of at least 15% of envisaged operating expenses.
26	Skills Support Programme (DTI)	Available countrywide to local and foreign firms for training grants under the Skills Support.
27	Small and Medium Enterprise Development Programme (DTI)	Available countrywide to local and foreign firms investing not more than R100-million in land, buildings, plant and equipment in new projects or expansion of existing projects. Legal entities as well as sole proprietors and partnerships (excluding Trusts) engaged in qualifying manufacturing, high-value agricultural projects and agro-processing, aquaculture, bio-technology, tourism information and communication technology investments, recycling, culture industry, and business service may apply.
28	Standard Credit Guarantee Scheme (KHULA)	Accessible to SMME's that are independently owned, with assets of less than R2-million before financing. SMME's must meet the bank's normal lending criteria.
29	Strategic Investment Projects (SIPS)	(Still pending approval)
30	Support Programme for Industrial Innovation (IDC)	All private sector entrepreneurs in industry submitting a meritorious project proposal. Applicants are assessed on the following criteria: management's ability of product or process development; financial ability to successfully complete the proposed development and commercialization thereof; and ability to manufacture and market products or implement a process.
31	Techno-Industry Development Finance (IDC)	An economically viable business plan, and minimum financing requirement of R1-million.

Table 4.1 continue ...

	Incentives available from the Department of Trade and Industry	Access Criteria
32	Technology and Human Resources for industry Programme (DTI/NRF)	Research groups in the natural sciences, engineering and technology within educational institutions, can participate in collaboration with any private company or consortium of companies.
33	Technology Transfer Guarantee Fund (KHULA)	Available to SMME's with an approval certificate from CSIR for a technology evaluation on the proposed technology to be transferred before applying to a financial institution for a TTGF guarantee.
34	Tourism Development Finance (IDC)	An economically viable business plan, and minimum financing requirement of R1-million.
35	Wholesale Finance (IDC)	Franchises and other applications must have: a good record of business development; a strong financial position; developed/acquired a training and mentorship programme; require financing for on-lending to at least 10 projects (at least 60% HDPs); and a minimum financing requirement of R1-million.
36	Work Place Challenge (DTI)	Available to all South African firms of all sizes.

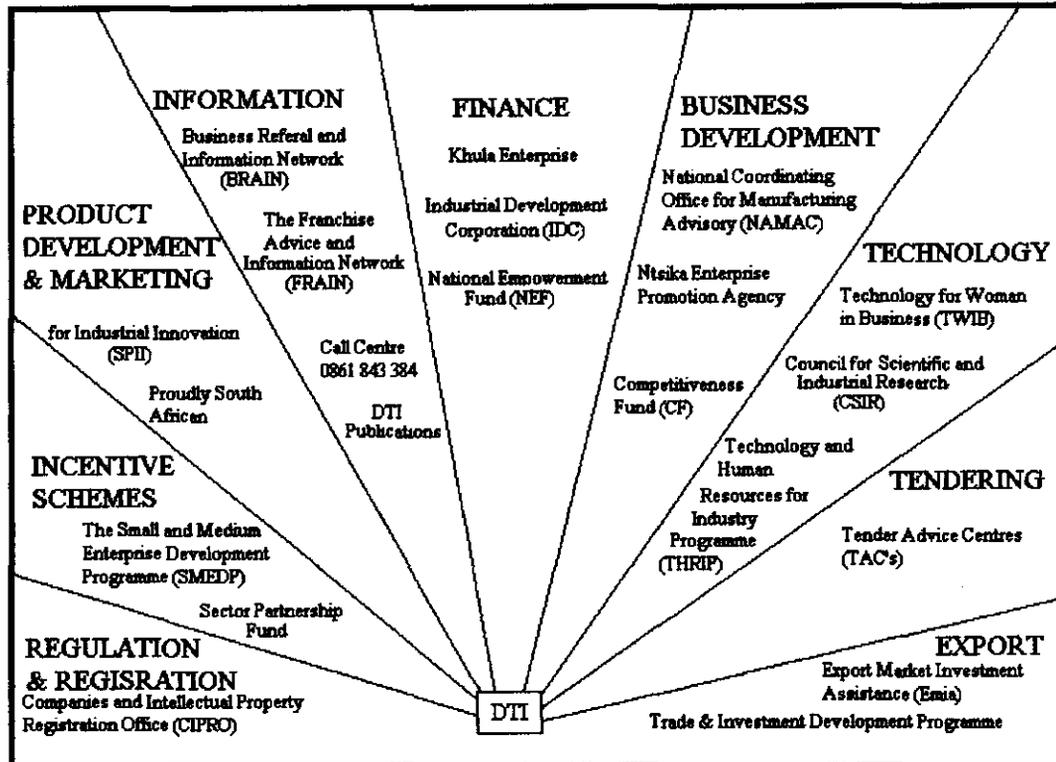
Source: DTI Group Communications, (2001)

In the following sections, some of the most important offerings of the DTI will be discussed, using Figure 4.2 below as a guideline.

4.3 REGULATION AND REGISTRATION

Companies, close corporations and intellectual property, like trademarks and patents, can be registered with the Companies and Intellectual Property Registration Office (CIPRO).

FIGURE 4.2: DEPARTMENT OF TRADE AND INDUSTRY MAPPING



SOURCE: Annon, (2004)

4.4 INCENTIVE SCHEMES

Through the Small and Medium Enterprise Development Programme (SMEDP), the DTI provide grants to small businesses in manufacturing, tourism, agro-processing, IT, Arts and crafts, aquaculture and high-value agricultures who require training or land, machinery or buildings for expanding existing projects or starting new ones. The grant funds a minimum of 10% of business owner's funds if they are under R5 million and 25% when in excess of that amount.

Through the Sector Partnership Fund, the DTI assists groups of small business owners and micro entrepreneurs with grants to link up and pool resources in order to meet a tender which otherwise may be too big for them to go it alone. The grant applies to manufacturing, IT and agro-processing sectors and offers up to R650,000 in support.

4.5 PRODUCT DEVELOPMENT AND MARKETING

This section will indicate how the DTI can help with product development through a support programme for innovation and how it can help the marketing effort through the proudly South African campaign.

4.5.1 SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION (SPII)

Through the Support Programme for Industrial Innovation (SPII), the DTI provides grants to businesses for new products and process developments. It is funded by the DTI and administered by the IDC. There currently are two schemes which provide grants to business owners to develop new products, which already show a degree of competency; one provides repayable grants of R1.5 million and the other loans below R1.5 million.

4.5.2 PROUDLY SOUTH AFRICAN

Through the Proudly South African, the DTI has created a branding campaign to promote SA products through the carrying of the Proudly SA logo, which business owners can place on their product at a cost of 0.1% of the sales of the

product. The money is used to promote the idea of buying South African goods. If the entrepreneur's product carries the label, it benefits from the awareness campaign.

4.6 INFORMATION

The DTI has various sources of business-related information that will be discussed in the following subsections.

4.6.1 BUSINESS REFERRAL AND INFORMATION NETWORK (BRAIN)

Through the Business Referral and Information Network (BRAIN) the DTI provides information on businesses services and a general business help-line. They supply up-to-date information for business owners on everything from guidelines on starting a small business, to where to find finance, to locate news on tenders and how to find out more about drawing up a business plan.

4.6.2 FRANCHISE ADVICE AND INFORMATION NETWORK (FRAIN)

This is a web-based information and support service. The DTI supplies information about aspects on franchising, such as what franchises are available, how to franchise, as well as the financial and legal implications attached to franchising.

The Franchise Advice and Information Network (Frain) strives to supply high-

quality information and support services to individuals and small businesses (SMME's) to ensure growth and improvement of new and existing franchise businesses in South Africa.

The advantage of using the franchise method of opening or starting a new business, especially with one of the better quality franchise houses, are that franchises provide market information, screening of prospective franchisees and training. Franchises have also gone through the set-up and marketing of the franchise. The franchisee can be up and running the day he/she opens the doors to his business; he/she do not have to learn through trial and error, or redesign the wheel.

It may, however, be too rigorously controlled for some business owners, but the advantages are clear to see.

One of the primary advantages of using a franchise, is that in some cases, the franchise has a success rate of as high as 90% as compared to a figure below 30% for other enterprises.

4.6.3 DEPARTMENT OF TRADE AND INDUSTRY CALL CENTRE

Through the DTI Call Centre, the DTI provides small business owners with friendly and helpful assistance with the department's programmes.

4.6.4 DEPARTMENT OF TRADE AND INDUSTRY PUBLICATIONS

Through various DTI publications, many of which can be down-loaded from the department's website at www.dti.gov.za/publications, the DTI provides a wealth of information. This information includes the following.

- Sector Brochures
- Sisebenza Sonke
- My Business
- Business SA
- Parliamentary Questions
- Geared for Growth
- South Africa's Economic Transformation
- Real People: beyond the statistics

4.7 FINANCE

The DTI makes use of three avenues to supply finance to enterprises, namely:

- Khula Enterprise
- Industrial Development Corporation
- National Empowerment Fund

These will be discussed in the following subsections.

4.7.1 KHULA

Business owners who struggle to get bank loans because they lack collateral security, can approach the DTI's small business finance organisation for Khula-

guaranteed bank loans. These include the Individual Guarantee Scheme, which is available through the banks to small business owners who want loans of R1m or less, but who have no collateral; and the Emerging Entrepreneur Scheme which lends to SMME's with less than R2 million. Khula also has an Equity Fund that invests in sound business ideas. Khula also lends money to local organisations called Retail Finance Intermediaries (RFI's) that in turn, lend to small businesses.

Jobs created by Khula-supported businesses since its inception, amount to over 700, 000 (Irwin, 2002).

Due to the importance of financing to the SMME sector, the different divisions of Khula will be discussed in detail in the following sections.

4.7.1.1 VISION

Becoming a financing partner of first choice in SME finance.

4.7.1.2 MISSION

To facilitate sustainable access to finance, by engaging with the private and public sectors, through innovative products, in order to promote SME growth.

4.7.1.3 SERVICES

The Khula service is based on two schemes, namely:

- **credit guarantees, and**

- **loans**

CREDIT GUARANTEES

The following are available credit guarantees.

- Individual Guarantee
- Portfolio Guarantee
- Technology Transfer Guarantee Fund
- Danida Business to Business Programme

- INDIVIDUAL GUARANTEE SCHEME

The purpose of the individual guarantee scheme, is to enable an entrepreneur to access funding from a participating bank or other financial institution. The scheme enables the entrepreneur to access funding for the purposes of establishing, expanding or purchasing a business. Facilities secured under the Khula guarantee scheme, often include term loans, bank overdrafts, revolving credit, installment sales, bank guarantees, as well as construction performance guarantees.

Credit assessment of all applications is done by the bank itself. Upon satisfying itself that the applications conform with all its necessary lending requirements, the bank then approaches Khula for a guarantee, if and when it needs cover beyond that which the client can provide.

- CRITERIA

The criteria to be met, are the following.

- Applicant must be a South African Citizen.
- Applicant must be owner/manager of the business.
- Applicant must live within the borders of the Republic of South Africa.
- Applicant must provide at least a 10% own contribution.
- Applicant must have the necessary skills and experience or have access to such skills.
- The business must demonstrate financial viability.

- **APPLICATION PROCEDURE**

The application procedure follows the following route.

- Client prepares a business plan.
- Client approaches his bank for finance.
- Bank then approaches Khula for a guarantee.
- Khula issues a guarantee to the bank.
- Bank releases funds to the client.

- **LIST OF PARTICIPATING BANKS IN THE KHULA CREDIT GUARANTEE SCHEME**

Banks listed, are the following.

- ABSA Bank Ltd
- African Bank Limited
- BOE Bank
- Fedgen Insurance Limited
- First National Bank of South Africa Limited (FNB)
- Midlands Economic Equity Group (MEEG)
- Ned Enterprise / Nedbank

- Standard Bank of South Africa Limited
- Bank of Athens.

- **INSTITUTIONAL GUARANTEE**

The Scheme is to cater for institutions that on-lend to the SMME and are able to source such capital from commercial banks. Agreements are signed between Khula and the commercial banks in order to enable utilisation of the Scheme.

Finance has to be approved by the financial institution and in the case of a lack of collateral security by the borrower; the bank would then apply to Khula for a guarantee.

- **QUALIFYING CRITERIA**

To qualify, the following criteria are to be met.

- Retail Financial Institution (RFI) on lending to SMME's
- Business to be conducted within the RSA, to South African citizens
- Guarantees limited to 70% of the financing provided by the bank, such limit not to exceed 10% of Khula capital.

- **PORTFOLIO GUARANTEE SCHEME**

Khula partners, with an approved (RFI) corporate which is then involved in on-lending to a specific targeted SMME market. The funds are earmarked for the following purposes.

- Funds may be used to finance fixed assets and / or working capital.

- Sectors will include women, rural areas, those disabled, youth; including other specific programmes such as emerging contractors, owner-drivers, taxi co-operatives.
- Khula will assume a risk of 50-80%.

- **STRUCTURE**

The loan is structured as follows.

- Facility fee on 1% once-off on the total facility.
- Utilization fee of 3% payable annually on outstanding balance.
- Appraisal fee if .05% non-refundable, payable up-front to a maximum of R10,000.
- Participation varies between 50-80% of the RFI's irrecoverable loss.
- Size of loan varies as per agreement with the RFI.
- Target market as per agreement.

- **PARTICIPATING RETAIL FINANCIAL INSTITUTIONS (RFI)**

The participating RFI's are the following.

- Unibank Limited / Awethu Brewery (Brewery Containers)
- Quattro Trading Company (Smartcard Trading)
- Emfin (Emerging Contractors)
- Sizabantu Guarantee Company (Initiative of the Bank Council loans range up to R50 000)

- **CRITERIA FOR APPROVAL**

To meet the required criteria, the applicant must-

- be a South African Citizen;
- be owner/manager of the business;
- live within the borders of the Republic of South Africa;
- provide at least 10% own contribution; and
- have the necessary skills and experience or access to such skills;
- The business must also demonstrate financial viability.

In the case where these requirements are not met the fund can do a due diligence investigation. Once approved:

- Agreements are signed with private enterprises, where the objective is to provide credit facilities to the SMME in a specifically identified segment, e.g. small contractors, etc.
- Criteria for the SMME applies also for individual guarantees.

THE TECHNOLOGY TRANSFER GUARANTEE FUND (TTGF)

The aims of the Technology Transfer Guarantee Fund, are to facilitate access by SMME's to local or international technology as required by the GEAR objective to facilitate access by firms to needed technologies.

- OBJECTIVES

The objective of the Technology Transfer Guarantee Fund, is to provide loan guarantees for SMME's for the sole purpose of acquiring manufacturing technology. The technology could be from South Africa or from foreign companies.

Technology means any process or technology, or any knowledge or know-how

or information relating to a process or technique or product, which has been written down or otherwise recorded or set out in a usable form, and which, when used by persons, would enable them to create wealth or value, or increase their effectiveness in the creation of wealth or value and should include the following.

- Up-front payments for intellectual property rights and / or know-how, including relevant documents and drawings.
- Machinery and equipment for the purpose of executing the technology transfer agreement. Training in the use and application of the technology, including demonstration and travel expenditures.
- Travelling and subsistence claims regarding negotiations for technology agreements.
- Legal expenses regarding the negotiations, agreement and transfer of technology.

- **LOAN GUARANTEE FOR THE ACQUISITION OF TECHNOLOGY SHALL EXCLUDE:**

- franchise agreements;
- computer hardware and software not being part of the manufacturing technology;
- machinery and equipment not being part of the manufacturing technology; and
- all costs not directly related to the acquisition of technology.

- **ELIGIBILITY CRITERIA**

The TTGF will guarantee ninety percent (90%) of the technology transfer

transaction expenses to a maximum of R1,000,000. The maximum term of guarantee will be for five years.

Khula will levy the standard indemnity fee of 3% per annum on the facility as guaranteed, payable annually in advance.

- **APPLICATIONS**

Applications for TTGF will be made by SMME's to commercial financial institutions in the same way as with KHULA's other guarantee funding mechanisms. However, the applicants must first approach the CSIR for a technical evaluation on the proposed technology to be transferred before applying to the financial institutions for the loan guarantee. The CSIR will provide an approval certificate if the technology is acceptable.

When applicants approach the financial institutions without a certificate from the CSIR, the financial institution must first refer the applicant to the CSIR before considering the application. Financial institutions will consider the applications on the basis of the business proposal/viability of the applicant together with CSIR's technical evaluation certificate.

THE DANIDA BUSINESS-TO-BUSINESS Programme

The Danida Business-to-business programme is a programme that is run by Khula on behalf of the Danish Government, with the objective to enable business partnerships between local and Danish enterprises.

- **FACILITATING ACCESS TO FINANCE AND SKILLS THROUGH DANIDA**

Khula's mandate is to increase access to finance for Small, Medium and Micro Enterprises (SMME's).

The objective of the Business-to-Business programme is to develop and strengthen business opportunities and to create jobs for eligible entrepreneurs from the previously disadvantaged communities. This is achieved through support to the development of commercially viable businesses, based on formation of business partnerships between South African and Danish companies.

The support will cover expenses connected with the transfer of management, business skills and technology from Danish to South African companies and provide access to financing for the South African company. The long-term objective, is that the private partners can continue with the partnership when the support is discontinued.

This programme excludes agents and retailers.

- **HOW DOES KHULA PROVIDE DANIDA GUARANTEES?**

- Khula will provide guarantees for loans on behalf of the beneficiaries as advised and authorized by the Royal Danish Embassy (Danida) on such terms and conditions as may be agreed upon between Danida, Khula, the beneficiary and the lender concerned.
- The guarantee will be considered for loans aimed exclusively at procurement of shares, purchasing of machinery and capital equipment

essential for the business to succeed.

- Khula will issue 100% guarantee to the financial institution that will issue loan to the beneficiary. Any financial institution can participate in this scheme.

The maximum limit and duration of the Danida scheme, are laid down by the Danish Embassy for 100% of the facilities.

KHULA LOANS

The following five distinctive loans are supplied by Khula.

- Business loans
- Regional Equity Fund
- Khulastart Programme
- Thuso Mentorship Programme
- Land Reform Credit Facility.

LOAN PRODUCT AND SERVICES TO RFI's

Khula Loans provide Financial support to Retail Financial Intermediaries (RFI's) provided the RFI meet Khula's minimum qualifying criteria, which are outlined below; these accord with generally accepted business selection protocols.

Products and services are comprised of the following.

- Business Loans.
- Capitalization Loans.
- Seed Loans.

- Institutional Capacity Building.
- RFI Mentorship.

- **BUSINESS AND CAPITALISATION LOANS TO RFI's**

These are loans given by Khula to RFI's in order to enable RFI's to lend to entrepreneurs for business purposes. Entrepreneurs must approach RFI's directly and not Khula. Only companies that want to access these products and become an RFI, can apply to Khula.

- **RFI CAPITALISATION BUSINESS LOANS AND PIONEER LOANS:
TERMS AND CONDITIONS**

Summary of terms and conditions

- No first-time loan will be longer than 60 months, and no subsequent loan will exceed 120 months in term.
- All loans will be disbursed in tranches structured around the specific development stage of the institution, and continued access to be based upon the client's performance relative to goals set in agreements.
- Loan proceeds must, where applicable, be utilized in compliance with approved Khula procurement policy directives.
- The interest rate ranges from zero to prime minus 3%, depending on the risk profile of the applicant.

- **SEED LOANS TO RFI's**

Seed loans are provided to RFI's to support their lending activities. The loan is interest-free and is used to fund operational expenses. A further benefit, is that

this loan can be converted to a grant, if the RFI achieves pre-agreed performance targets after an agreed period of time.

- **CAPACITY BUILDING FOR RFI's**

This grant funding is provided to RFI's that have qualified for assistance from Khula. The grants are used for Human Resource development, loan/business development, officer training, development of debtors, and management systems, research, training for a board of directors and management information system implementation. This is a grant funding and it must be utilized in compliance with approved Khula procurement policy directives.

- **PIONEER LOANS TO RFI's**

Pioneer loans are granted to RFI's that have no experience in lending activities. The loan is interest free.

- **CAPITALISATION LOANS TO RFI's**

Capitalization loans are granted to RFI's that have graduated from the pioneer stage or to RFI's that have demonstrated success on their own. The loan attracts an interest rate of 5% p.a.

- **BUSINESS LOANS TO RFI's**

Business Loans are granted to RFI's that have graduated from the Capitalization loans. The loan attracts an interest rate of prime, minus 3%, depending on the profile of the RFI.

- **REGIONAL EQUITY FUNDS**

The need for risk capital (venture capital/private equity) to support Small and Medium Enterprises (SME's), especially those sponsored by historically disadvantaged entrepreneurs, is not in doubt. Many banks and financial institutions have introduced equity funding into their product mix. Most of these funds support empowerment deals. However, these funds generally look for investments between R250,000 and R2,5 million and invest in enterprises that are established and have high growth and returns. There is, therefore, a need for new Private Equity Funds operating at the lower end, which emphasizes development impact in their investment criteria and looks for a fair return on investment.

- **STRATEGIC ROLE**

The strategic role and function of Khula-supported Private Equity Funds, is to create a vehicle to deliver risk capital to emerging enterprises which will create wealth, asset ownership and employment opportunities in the previously marginalised communities of South Africa.

- **TARGET GROUPS**

Khula-supported funds will target those communities and managers from previously marginalised communities, who will benefit from a transfer of ownership of existing business or the expansion of an existing one. The fund will also consider investment in joint ventures and new businesses that offer substantial job creation prospects and a fair return on capital investment.

- **UNIQUE FEATURES OF KHULA SUPPORTED PRIVATE EQUITY FUNDS**

There are many sustainable private equity funds, which have been brought into existence as empowerment vehicles, but Khula supported private equity funds, are the only ones in which the following exist.

- **Equitable access.** The funds will strive to ensure equitable access to risk capital by SME's throughout South Africa without compromising the viability of the funds themselves.
- **Technical assistance to portfolio companies.** In addition to equity capital, the funds will also provide management expertise, advice and counselling, plus a network of resources useful to a growing company.

- **INVESTMENT CRITERIA**

Investment companies will be growth - oriented small and medium enterprises, each with the following characteristics.

- **Financial viability.** Investment projects must exhibit thorough realistic projections, valuation and exit plans, and the potential for an attractive financial rate of return.
- **Profitability.** Projects will enable the fund to make a profit when the exit takes place.
- **Regional.** Projects will be based or will be relocating to the targeted geographic area of the particular fund.
- **Innovation.** The fund will tend to favour investment in businesses that have an innovative product or service.
- **Patient capital.** The funds seek longer - term investments (3 - 6 years).
- **Ownership.** Projects will be owned and managed by South African citizens.

- **CRITERIA**

Organisations willing to assist in establishing MCO's, must be based in rural or peri-rural urban areas and must have some links with the community, as well as community leadership. The NGO or CBO should already be involved in some form of SMME support activity in the community, such as business training and advice. There must be a need for an MCO in the community and there should not be another lending facility offering a similar product within close proximity to the area where the MCO will operate.

- **HOW DOES KHULASTART PROVIDE LOANS?**

Khulastart uses the group solidarity methodology (gives loans to groups - not individuals). Individuals select themselves into groups of 3 -10 members and need to meet the criteria established for group participation. Most importantly, the group has to be a cohesive one. The loans are disbursed on an incremental basis from R300 - R3,500 per member within a group. The group decides, based on the activity of the individual businesses, how much each member has to receive, and will subsequently stand surety for the full amount owed by the group as a whole.

- **WHAT TYPE OF BUSINESSES CAN BE FINANCED WITH A KHULASTART LOAN?**

Micro-loans can be used to start or expand any type of legal business activity. MCO's should encourage diversification of business activities in their area and to actively seek "non-traditional" business activities for women clients. A strong bias is placed on small scale manufacturing, crafts and tourism.

- **THUSO MENTORSHIP PROGRAMME**

The primary aim of Thuso Mentorship, is to ensure the transfer of skills on a one-to-one basis. It offers two services, namely pre-loan and post-loan services. During the pre-loan stage, entrepreneurs are assisted with advice, counselling and development of viable business plans. In the post-loan stage clients are assisted with any and every aspect of managing a successful business as identified by a client, mentor or by both.

- **HOW TO APPLY**

Clients approach mentorship offices for assistance and the Regional Coordinator evaluates each request or proposal. He then appoints an accredited mentor, and once a business plan is complete, the Regional Coordinator refers the client to a bank, or the mentor will accompany him.

The Regional Coordinator will appoint an accredited mentor, where mentoring assistance is needed (i.e. after the loan has been granted or in the case of existing businesses). In the case of the applicant approaching a bank directly for a loan, if the bank recognizes potential, and the entrepreneur does not have adequate security, they may require a convincing business plan and a guarantee. The bank may then recommend the entrepreneur to the Thuso Mentorship Scheme for a business plan development.

Thuso Mentorship appoints an accredited, suitable mentor to draw up a business plan and upon receipt and the subsequent processing of the application, the bank may apply for a Credit Guarantee through Khula Enterprise Finance Ltd. Once the Credit Guarantee has been approved, the bank may grant the loan.

For a business loan of between R100,000 to R300,000, the client contributes 25% of the consultation fee and 50 % for a business loan of between R300,000 to R1 million.

- **LAND REFORM CREDIT FACILITY (LRCF)**

The Land Reform Credit Facility is a wholesale finance facility at Khula Enterprise Finance Ltd, whose aim is to stimulate and encourage private sector participation and involvement in the Land Reform process. The LRCF is funded by the Department of Land Affairs and the European Union.

The facility achieves its objective by giving commercial banks and other high-credit rated institutions incentives to invest in high-value agricultural and ecotourism joint ventures, thereby unlocking private sector investment into the agricultural, agribusiness and ecotourism sectors.

The aim of the establishment of these joint partnerships, is to enable the previously disadvantaged farm workers, neighbouring communities and emerging farmers to acquire land through mortgage finance and control of land-based productive assets through equity share schemes.

The facility makes loans available to commercial banks and other credit-rated institutions for on-lending to projects, which are reorganizing their enterprises into equity-share schemes. The significance of the LRCF, therefore, is that it enables the partners to acquire joint ownership and control of productive assets.

For accessing the LRCF, the project /applicant has to first submit their business plan to the commercial bank of their choice which will evaluate the

application's viability, using their own criteria and then only when the bank is satisfied, will the application be passed on to the LRCF to assess whether or not the application meets the basic empowerment and Land Reform criteria.

Depending on the percentage share-holding of the previously disadvantaged individuals in this newly formed joint venture partnerships, the LRCF will charge the interest rate of between 2% to 3% below the three months average Johannesburg Inter-bank Agreed Rate (JIBAR) to any of the commercial banks intending to on-lend such funds to projects that meet and promote land redistribution criteria. Financing for mortgage loans, is available at 1% below the JIBAR rate.

Once the bank and the LRCF have approved a loan application for any project, the land reform beneficiaries on that project automatically qualify for a grant to finance the organisational development and capacity building of the new shareholder partners in the enterprise. This grant is called the Community Facilitation and Support Fund. The grant can be accessed by LRCF-funded projects only.

In summary, the LRCF does the following.

- Enables meaningful participation of historically disadvantaged individuals and communities in high-value agricultural and ecotourism enterprises.
- Acts as a wholesale facility, wholesaling funds to commercial banks and other high credit-rated institutions at preferential rates for on-lending to Land Reform projects.
- LRCF makes funds available to commercial banks and other high-credit rated institutions on the submission of a viable business plan.

This subsection in detail discussed all the services available from Khula. The next subsection will discuss services available from the Industrial Development Corporation.

4.7.2 INDUSTRIAL DEVELOPMENT CORPORATION (IDC)

The IDC's role is to promote the development of industrial and agricultural projects in conjunction with private sector partners.

The IDC provides various forms of financial assistance to private enterprises for growth and new development. The IDC offers a variety of instruments, ranging from installment sales to loans, equity and quasi-equity. Bridging finance, export credit lines and international finance are offered by specialist units.

Over 70 % of all IDC loans in the last financial year were allocated to manufacturing small enterprises (Irwin, 2002).

In the following subsection, services available from the National Empowerment Fund, will be discussed.

4.7.3 NATIONAL EMPOWERMENT FUND (NEF)

Through the NEF the DTI provides acquisition funding and venture capital from R200,000 upwards in support of Black empowerment.

4.8 BUSINESS DEVELOPMENT

Business development is addressed through the following divisions.

- National Coordinating Office for Manufacturing Advisory
- NTSIKA
- Competitiveness Fund

These subsections will be discussed in the following subsections.

4.8.1 NATIONAL MANUFACTURING ADVISORY COORDINATING OFFICE (NAMAC)

Through NAMAC, the DTI assists business owners in the manufacturing sectors seeking business solutions, support and funding. They oversee 15 manufacturing advice centres in eight provinces across the country. The local office situated in Vanderbijlpark is called Gaumac. The MAC's offer cutting edge technical assistance, training and product development.

4.8.2 NTSIKA

For business mentoring and advice, Ntsika has various accredited Tender Advice Centres (TAC's) and Local Business Service Centres (LBSC's) which together, provide business counselling and advice and offer various affordable business training courses.

- VISION

To be a leading and dynamic national agency that supports and further develops

a vibrant and thriving small, medium and micro enterprise (SMME) sector in South Africa.

TABLE 4.2: NTSIKA PROGRAMMES

	Programmes	Description
1	Local Business Service Centres	a key programme for the promotion of small, medium and micro-enterprises (SMME's) across South Africa. The programme provides a nation wide infrastructure on which programme partnerships between government, local communities, and the private sector can be formed to realize the goals and objectives of the national strategy for the development and promotion of small business in South Africa.
2	Counselling, Advice & Technical Support	To offer support services to SMME Service Providers in relation to the delivery of their programmes.
3	Access to Technology Programmes	To provide access to technology and appropriate skills transfers and support services to SMME's.
4	Development of a Network of Service Providers	To develop an effective and efficient local and provincial SMME Service Provider network in partnership with other stakeholders.
5	Institutional Funding	To provide funding for programme delivery to accredited Service Providers.
6	Institutional Support Division	To facilitate the establishment and development of SMME Service Providers in order to enhance their capacity to deliver business development services.
7	Management and Entrepreneur Skills Training	To enhance the skills of trainers, counsellors and information officers to offer an efficient SMME service and to upgrade the managerial skills of SMME Service Provider organisations.

Table 4.2 continue ...

	Programmes	Description
8	Materials Development	To develop specific training materials and tools to enhance the performance of SMME Service Providers.
9	Mentor ship programme	To utilize skilled business persons to offer personalized counselling and advisory services to qualifying SMME's.
10	Programme Design Services	To assist government departments and service providers to design or redesign SMME programmes and strategies.
11	Programme Design, Research and Information	To ensure that policy makers and programme implementers have access to relevant information on the structure and development of the SMME sector. To assist SMME practitioners and government institutions to design SMME strategies and programme business/action plans.
12	Service Provider Organisational Development	To enhance the operating and managing capability of SMME Service Providers through the development of the managerial Skills of senior management and Board Members.
13	Technology	Facilitates and co-ordinates access to technology and appropriate skills transfer which will ensure a vibrant and growing SMME sector.
14	Targeted Assistance	Facilitates the creation of an enabling environment to promote the growth and development of enterprises owned and managed by disabled persons, youth and women. Also, to promote the development of rural entrepreneurs.
15	Tender Advice Centre (TAC) Programme	The Tender Advice Centre programme focuses on small businesses with 5 to 50 employees in construction, manufacturing and services industries.

Table 4.2 continue ...

	Programmes	Description
16	Trade and Investment Development Programme (TIDP)	<p>The TIDP is designed to help small businesses in South Africa to develop their ability to compete in the international marketplace. The programme is divided into three tracks.</p> <p>Track one will help businesses which need advice and training pertaining to competing in the international market place.</p> <p>Track two assists selected businesses with product and market development issues to enable the firm to maximize its export opportunities.</p> <p>Track three is an international partnership programme designed to facilitate partnerships and business opportunities between South African SMME's and their European Union counterparts.</p>
17	Training of Trainer's Programme	<p>This programme seeks to enhance the skills of small business development trainers and information officers in order to provide an efficient training service to SMME's.</p>

Source: Ntsika website, (2002)

4.8.3 COMPETITIVENESS FUND (CF)

Through a 50% grant, business owners in the manufacturing sector who want to increase the competitiveness of their business, including marketing and product development, are assisted in order for them to improve their competitiveness.

4.9 TECHNOLOGY

The DTI has three divisions that are supplying enterprises with help to improve their technology base. These will be discussed in the following subsections.

4.9.1 TECHNOLOGY FOR WOMEN IN BUSINESS (TWIB)

Through TWIB the DTI provides technology advice programmes and training opportunities aimed specifically at women who want to expand and enhance their business through the use of computers, science and the latest equipment. TWIB also facilitates linkages between women business owners and technology service providers and assists beneficiaries of TWIB with business and market opportunities. They are also known for their annual awards competition where business women who excel in science and technology, are recognised.

4.9.2 COUNCIL FOR SCIENTIFIC AND INDUSTRIAL RESEARCH (CSIR)

This council assists business owners who want to improve on or develop a product with market-related research and product-testing. Through their Technology for Development programme, they assist business owners with training, subsidised research, help source equipment and assist owners with market assessment.

4.9.3 TECHNOLOGY AND HUMAN RESOURCES FOR INDUSTRY PROGRAMME (THRIP)

Managed under the National Research Foundation (NRF), THRIP provides incentive funding for research and technological advancement of a firm to a business owner who through their programme, employs a member of a higher education institution or expert in a research institution.

4.10 TENDERING

Tender assistance are supplied by the Tender Advice Centres.

4.10.1 TENDER ADVICE CENTRES (TAC'S)

This is a service provided by Ntsika, and is a must for any small business owner wanting to secure a government tender. They are also effective centres to access business training and financial assistance. In addition, most of their services are free or at least highly subsidised.

4.11 EXPORT

Export assistance is available from the Export Market Investment Assistance programme and through the Trade and Investment Development Programme. These will be discussed in the following subsections.

4.11.1 THE EXPORT MARKET INVESTMENT ASSISTANCE (EMIA)

EMIA helps business exporters by partially compensating them for costs incurred while they are developing export markets for South African products and services. The programme focusses on assisting business owners with trade missions and attending exhibitions, but also provides funding to aspects such as marketing, patent registration and export readiness training.

4.11.2 TRADE AND INVESTMENT DEVELOPMENT PROGRAMME

This is an export programme hosted by Ntsika which has three levels, according to the degree of export-readiness a business owner requires. They range from export entrance workshops right down to travelling on international trade exhibitions, to networking and linking up with overseas trade partners.

4.12 BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME

The latest business support initiative by the Department of Trade and Industry is the Black Business Supplier Development Programme (BBSDP). This Programme was launched with a minimum of R10 million and is the department's 'fast track' tool to help Black-owned small businesses to become more competitive. The programme is also meant to strengthen ties between Black small business and established corporate and public sector enterprises.

The cash grant incentive is a 20% to 80% scheme between the applicant and the government. Money from the fund is intended primarily for use in business development initiatives, such as human resource capacity building, bolstering management skills and training.

Successful applicants will get between R5,000 and R10,000 a time up to a maximum of R100,000 (Anon, 2003 a).

4.12.1 CRITERIA FOR APPLICATION

Grant applicants need to fulfil the following criteria.

- Must have been in business for at least a year.
- Turnover less than R12 million per year.
- Having majority Black ownership.
- Being legally compliant.

4.13 UMSOBOMVU YOUTH FUND(UYF)

The Umsobomvu Youth Fund is aimed mainly at the younger generation and supply funds to people under the age of 35. They also apply a voucher system to pay for training of the youth.

4.14 CONCLUSION

In the preceding chapter the reader has been introduced to the support services available to SME's from the various Government departments and those from the private sector service centres. In this chapter the services available from the

DTI are discussed in detail. This entire chapter is allocated to the DTI, due to the vast numbers of services available from the DTI, with the need for the reader to have a clear understanding of how the different sources of financing can be acquired and what the requirements are. The following chapter will discuss the research methodology.

CHAPTER 5

RESEARCH METHODOLOGY

The previous two chapters comprised the literature review of the support centres for SME's. The purpose of this chapter is to outline the design of the empirical research regarding the support services on offer to SME's through the local service centres.

This chapter sets out to present the research methodology with regard to the research method and the development of the research, in line with the research objective set out in chapter one.

5.1 INTRODUCTION

This chapter explains the research methodology used in research of this nature. The first part of this chapter explains the methods that could be used and the application of these methods in this research study. A broad scope of the aspects relating to the particular research methods and techniques will be considered in order to determine its sufficiency within the broad framework of this study. An investigation of the design of a questionnaire, population size, sample size, data collection, validity, reliability, data-processing and research analysis will be done.

According to Wellman and Kruger (1999:2), research methodology refers to the "...application of various methods, techniques and principles in order to create scientifically obtained knowledge by means of objective methods and

procedures within a particular discipline". Research methodology consists, therefore, of the methods used to collect and analyse data. These methods were developed for acquiring knowledge by way of reliable and valid procedures. Research methodology should, therefore, be systematic and purposeful, so that procedures are planned to yield data on a particular research problem.

5.2 THE RESEARCH PROBLEM AND OBJECTIVES OF THIS STUDY

The purpose of the research methodology, is to comply with the objective of this study, as discussed in Chapter 1.

The research problem or purpose is firstly to understand how the local service centres assist in the alleviation of the unemployment in the Vaal Triangle region and assist in the regeneration of wealth creation mechanisms. This research is contained in chapters two to four.

5.2.1 PROBLEM STATEMENT

The problem statement is whether the SME's are aware of the organisations that provide help to SME's, their services and whether the SME's are using these services. This part of the research problem is addressed through the survey, making use of a questionnaire.

5.2.2 OBJECTIVES OF THE STUDY

- PRIMARY OBJECTIVE

The primary objective of the study is to investigate the different support systems supplied by the various service centres in the region.

- SECONDARY OBJECTIVES

The following secondary objectives are important towards supporting the achievement of the primary objective.

- Evaluating the support services supplied, in order to determine if the services supplied/available are relevant, useful and used by existing enterprises and new/planned enterprises.
- Ascertaining the views of the consumers of the service centres, which in this case, are mainly the small business owner.
- Allowing all the role players in the Vaal Triangle region, to establish what is available.
- Investigating where the region stands at the moment and what can be done to get the ball rolling and providing for the momentum to snowball.
- Possibly creating **one-stop service centres**.
- Identifying typical areas where new and existing enterprises need support.

5.3 DEMARCATION AND LIMITATIONS OF THE STUDY

The area of study includes SME's that operate in the Vaal Triangle region. The Vaal Triangle region, as far as the scope of this study is concerned, consists of the area listed in Table 1.3; for a map of the area see Annexure A. The study will include Sasolburg as it is functionally and economically inter-linked with this particular region's economic activities, and should be interpreted as such.

The study, due to cost considerations, cannot cover every SME in the population, but will cover only those that were statistically selected from the population.

5.4 POPULATION AND SAMPLE SIZE

In research studies of this nature, the population must first be determined. Wellman and Kruger (1999:18) define the population as the study object, which may be individuals, groups, organisations, human products and events or the conditions to which they are exposed. In this study the primary objective is concerned with the different support systems supplied to SME's by the various service centres in the in the Vaal Triangle region.

The population can be seen as the small businesses in the Vaal Triangle. As the number of businesses are large, only a sample of the businesses will be invited to participate in this research, due to limited funding. The SME's represent the population, the population size in this study, therefore, relates to the number of businesses registered with the local government, which at the time of conducting the research study, totalled one thousand (1000) or $N = 1000$.

A sample relates to a sample frame as the listing of elements or units from which the actual sample is drawn (Cooper and Schindler, 1998:204). McMillan and Schumacher (1993:163) avers that the “... researcher must determine the size of the sample that will provide sufficient data to answer the research question. The general rule in determining the sample size, is to use the largest sample possible, since the larger the sample, the more representative it will be of the population”.

It was decided that the researcher would select a random sample from the population to be researched, with the objective of getting a representative sample where every business would have an equal chance of getting selected. It was decided to select every ninth business from the list, giving a total of 111 selected businesses out of the population of 1000.

TABLE 5.1: POPULATION AND SAMPLE SELECTED

	Frequency	Percentage
Population	1000	100
Sample	111	11.1

Source: Own research

The population and sample selected are shown in Table 5.1. Of this sample, 5 randomly selected small business owners were interviewed and 106 questionnaires were hand-delivered, giving a total of 111. Ninety-one (91) businesses of the one-hundred-and-eleven responded by handing back the questionnaires.

According to Fink (1998:87), all studies aim at a high response rate; however, no standard exists to assist the literature reviewer in deciding whether the aim has been achieved and, if not, the effect on the particular study's outcomes. In this study, questionnaires were hand-delivered and collected so as to ensure a high response rate.

TABLE 5.2: RESPONSE ON RESEARCH

Response	Number of responses	Response rate
Delivered questionnaires	111	-
Questionnaires received	91	82
Interviews	5	100.00
Total response	96	86.5

Source: Own research

Table 5.2 shows that responses were received from 91 small businesses. This amounts to a response rate of 82 %. This high response rate was achieved by hand-delivering the questionnaires, followed by hand-collecting the following day or helping the respondent with the questionnaire. A total response of 86.5% was achieved if the 5 interviews are included.

The response from the small business owners interviewed and the delivered questionnaires, was analysed separately, in order to see if a marked difference could be observed. After careful consideration of the two sets, it was found that no marked difference appear between the two groups; the two sets were then combined into one group for further analysis. The response from the delivered

questionnaires was found to be representative of the sample, since the response from the small business owners interviewed, did not differ substantially. The tables furnishing the results of the survey contain only the response of small business owners who responded to that specific question.

5.5 THE QUESTIONNAIRE

According to McMillan and Schumacher (1993:239), a questionnaire is one of many ways used to obtain data and that a researcher that chooses to use a particular method, should ensure that there is no better way of obtaining reliable information. Parasuraman (1991:363) defines a questionnaire as a set of questions designed to generate the data necessary for accomplishing a research project's objectives. Equally important, is the evaluation of the questions being asked. This can be achieved by asking the following questions, as these have been described by Orna and Stevens (1995:21).

- Are the questions really necessary in view of the objectives for the particular study?
- Will the respondents be willing and able to provide adequate information on the subject?
- Do the questions cover the content area for which these were designed?
- What does the research questionnaire seek to find out?
- What limits must be set to the breadth and depth of the particular questions asked?
- What are the potentially useful ways in applying the research questionnaire (methodological options)?

When the above questions have been addressed, the researcher must try and

ascertain the type of questions he or she will be using within the limits of the actual research questionnaire. To achieve this aim, the following type of questions could be useful, according to Bennett (1997:42).

- Open-ended questions, which require the respondents to provide their own personal opinions and answers to the questions.
- Multiple-choice questions, which require the respondent to choose an answer or alternative answer from a list provided within the questionnaire.
- Dichotomous questions which are the opposite from multiple choice questions and which allow the respondent only one or two responses, such as “Yes” or “No”.
- A standard five-point Lickert-scale, which is used in most questions, in order to ensure consistency and which is also easy to complete by the relevant respondent.
- A nominal scale, which is used for questions relating to demographics that can be completed by the respondent by means of a multiple-choice form.

A survey is one of the tools used in the collection of research data and is ultimately dependent on the purpose of the study (Tuckman, 1994:216). According to Best and Kahn (1993:230), the questionnaire is a self-report instrument used for gathering data about variables of interest to the researcher and consists of a number of questions or items that a respondent reads and answers.

Tuckman (1994:230) states that questionnaires are used by researchers to directly convert the information provided by people/respondents into data. In

this instance, the questionnaire is appropriate to gather data for this research, in that it aims to represent factual data about the use of the services by the SME's provided by the local service centres.

The questionnaire was seen as being cost-effective because it would be easy to distribute and collect.

The use of questionnaires in this research is based on the following assumptions.

- Respondents can read and understand the questions.
- Respondents are presumably willing to answer the questions.
- Respondents are in a position to supply the information to answer the questions, and especially in view of the presumed willingness to find out what the use of services are and on possibly improving their businesses by making use of the services provided.

Being in written form, the interaction with the respondent is impersonal. It has, according to Fraenkel & Wallen (1990:336), both advantages and disadvantages.

5.5.1 ADVANTAGES OF QUESTIONNAIRES

The following are some of the advantages of the use of questionnaires as used in this study (Ary, et al., 1990:421; Best & Kahn, 1993:230; Fraenkel & Wallen, 1990:336; Tuckman, 1994:216).

- It can be distributed to respondents with financial and time-cost effectiveness and covers a wide coverage/area.
- It reaches people who otherwise would be difficult to reach, thus

obtaining a broad spectrum of views.

- Since the questions are phrased identically, the questionnaire allows for uniformity and elicits more comparable data.
- Anonymity of respondents is assured, since respondents are not required to divulge their identities, addresses and businesses.
- It is relatively easy to plan, construct and administer.
- It can be administered by anybody on behalf of the researcher.
- Respondents can answer the questionnaires at leisure, without any pressure for immediate response.
- The influence an interviewer could have on the respondent, is eliminated.
- Processing is made easy by the questionnaire being well-compiled.
- Because of its impersonal nature, the questionnaire may elicit more candid answers and objectives and therefore, more valid responses.
- The questionnaire enhances progress in many areas of research and brings to light much information, which would otherwise have been lost.

5.5.2 DISADVANTAGES OF QUESTIONNAIRES

Despite its usefulness, the questionnaire has some limitations (Ary, et al., 1990:421; Best & Kahn, 1993:230; Fraenkel & Wallen, 1990:336; Tuckman, 1994:216).

- The motivation of respondents may be difficult to check, which could lead to misleading responses.
- A low response rate is the biggest common limitation of the questionnaire. This will affect the validity of the results.
- Questionnaires can frustrate respondents who may feel that their personal options are left out.

- Respondents may be unwilling to respond to questions bordering on private matters or controversial issues and consequently give answers of what they believe to be socially desirable responses.
- The length of the questionnaire may lead to careless or inaccurate responses and may result in low return rates.
- Questions may not probe deep enough to reveal a true picture of opinions and feelings.
- Little can be done to rectify a misinterpreted question.
- Because of its apparent simplicity, a questionnaire might appeal to the amateur investigator and may be abused.
- The respondents may have little interest in a particular problem and therefore, may answer the questionnaire indiscriminally.

In spite of these limitations, a questionnaire still is a valid instrument for data collection and is still widely used. Wolf (cited by Ary et al., 1990:423) argues, that careful and sensitive developmental work will help to identify and make full provision for these limitations. In using the questionnaire, the researcher must satisfy himself/herself that the questions are stated with sufficient clarity in order to function in the impersonal interaction and he/she must try to maximise the likelihood that a respondent will answer the question and return the questionnaire (Ary et al., 1990:423).

To address the last remarks, the researcher conducted a pilot study. In order to ensure a good response rate, the researcher did not mail the questionnaires due to the generally poor returns received from mailed responses, but he delivered the questionnaires personally and appealed to the respondents to please fill it out. The researcher also personally collected the questionnaires back from the respondents. Despite this, a small percentage of respondents did not co-operate.

This percentage is low and after careful consideration, it was decided that this will not have a marked effect on the outcome of this research.

The next step involved the drafting of a questionnaire (Annexure C) in order to allow the researcher to achieve the primary objective set out earlier in this chapter and to solicit opinions from a sample of the business owners interviewed.

Personal interviews form part of the research so as to determine general trends and impressions towards local service centres, action programmes, procedures and strategies. This will be used to aid in the process of compiling the relevant questionnaire.

Interviews concluded, included the following.

- Managers and officers of organisations in the local service centres.
- Managers and officers of client organisations of the service centres.

The questions to clients of the service providers, namely the SME's, consisted of two sections.

- Section A: General and demographic information.
- Section B: Information regarding the evaluation and use of services by the clients, as well as a recommendations section.

Questionnaires to service providers (Annexure B) contain questions concerning the provision of services by the local service centres.

For the empirical study, questionnaires are completed by a statistically representative sample of the SMME's in the Vaal Triangle Region. The results

of the questionnaires are analysed in Chapter 6, and the hypotheses tested for validity.

There are a large number of SME's in the area and for the purpose of the study, a questionnaire was personally distributed to a statistical sample of these SME's. Only a certain percentage of the questionnaires were received back from the respondents and were used for analysis purposes.

5.6 MEASURING INSTRUMENTS

There must be differentiation between different levels of measurement on the basis of the following four features of the numbers assigned within the research process.

- Distinguish ability (the number 2 is different from the number 1).
- Order of rank (2 has a higher rank than 1).
- Equal intervals between successively higher numbers.
- Absolute size.

Wellman and Kruger (2000:133) support the view that a different level of measuring may be assigned, corresponding to each of these four characteristics. These four categories of measurement scales can be described as follows (Zikmund, 2000:276).

5.6.1 NOMINAL SCALE

A scale in which the numbers or letters assigned to objects serve as labels for identification or classification; a measurement scale of the simplest type.

5.6.2 ORDINAL SCALE

A scale that arranges objects or alternatives according to their magnitudes.

5.6.3 INTERVAL SCALE

A scale that not only arranges objects according to their magnitudes but also distinguishes this ordered arrangement in units of equal intervals.

5.6.4 RATIO SCALE

A scale having absolute rather than relative quantities and processing absolute zero, where there is an absence of a given attribute.

5.7 FINALISING THE QUESTIONNAIRE

The draft questionnaire was discussed with Venter of the North West University, in order to obtain an expert opinion on the content from him. The format and contents of the questionnaire were finalised only after a pilot study where the questionnaires were presented to five managers or owners of SMME's and the respondents were asked to comment on the clarity or otherwise of the questions. Its contents were specifically evaluated in terms of non-ambiguity, relevance, general validity and interpretation. The respondents all felt that they understood the questions well and had no difficulty in answering the questions. No changes were made to the questionnaire, except that one set of questions about the use of the business services supplied by local government, was added. This does not mean, therefore, that there was no

chance that some questions could cause any problems. According to Sudman and Blair (1998:300), questionnaires need to be tested in order to identify and eliminate problems that might occur.

5.8 DATA PROCESSING AND ANALYSIS

An independent research statistician, Oosthuysen from the North West University, Vanderbijlpark Campus, was consulted regarding the various aspects relating to the responses from the relevant research questionnaire. Calculations were made in order for the researcher to check the reliability of data analysed.

After the researcher has ensured that the relevant data have been correctly coded and entered, as described by Bennett (1997:44), he/she must then decide on an appropriate computer programme in order to analyse the data obtained. The following programmes can be considered.

- Quattro or Lotus that is particularly useful for specific data analysis programs such as SAS and BMDP.
- The statistical program for the social sciences or SPSS package.

5.9 ANALYSIS AND INTERPRETATION OF DATA

An appropriate statistical procedure must be used to analyse and interpret the data that have been captured. The relevant data must be interpreted, so that the results can be obtained against the formulated research problem. The analysis of data is done mainly by means of reliable statistical techniques and methods

aimed at investigating variables and their effect, relationships and patterns of intent within the particular area of study (Wellman and Kruger, 2000:201).

5.9.1 TABULATED DATA

Data tabulation is the process whereby data are converted into the “List of required information” required by a prior step in the research process. At this stage, the researcher has ample data, but very little information. The researcher may have completed questionnaires, but until they are tabulated and analysed, it will remain useless (Bennett, 1997:43). The particular data for this research study were analysed in tabular format. A standard set of tables were produced.

According to Boyd et al., (1981:407-415), a tabulation plan specifying the precise counts, must be obtained and prepared so as to eliminate errors in raw data. This means, that the researcher must choose between uni-variate and multi-variate tabulations in counting the particular data. The former is a tabulation of a set of responses of two or more questions simultaneously (Drew and Hartman, 1985:236-245). In some instances, the deviation in the scores of items must be calculated in order to measure certain variations in responses.

Before discussing a few of the statistical methods, it is necessary to distinguish between categorical and continuous variables. Categorical variables are ones that cannot be quantified, or that can be measured only in terms of classes or categories, or that are more conveniently measured in categories than on a continuum (Bennett, 1997:46).

A second form of data can be obtained by employing the ordinal scale. The data obtained, are referred to as ordinal-scale responses. Although responses are

categorised, the numbers possess the power of rank order. Two summary statistics, the mode and the median, can be used to good effect in interpreting ordinal scale responses (Zikmund, 2000:284).

Continuous variables, on the other hand, are ones that can be quantified or measured on a continuum rather than in a class or category. A respondent's age, height and number of children are examples here. Two types of response categories fall into this group, namely interval-scaled responses and ratio-scaled responses. All summary statistics, namely the mode, median and mean and the standard deviation, can be used to good effect in the case of interval-scaled responses.

The difference between interval-scaled responses and ratio responses, lie in the fact that, despite the fact that the values or units of measurement in the interval scale remain constant throughout, its starting point or zero point is arbitrary, An interval scale, therefore, may start with zero (0) or one (1), with the result that different interval-scale responses cannot meaningfully be compared or interpreted. The ratio-scaled response, however, has an inherent unambiguous starting point. The starting point of such scales will always be equal to absolute zero (0).

The above-mentioned classification should be kept in mind when selecting statistical procedures to analyse data, since some methods can be used only when data are categorical, whilst in other cases, the data have to be of a continuous nature (Parasuraman, 1991:407-447).

5.9.2 CHI-SQUARE ANALYSIS AND ANALYSIS OF VARIANCE

Chi-square (χ^2) analysis determines whether the differences observed between two sets of data are attributable to sampling variation or not. In order to employ this method, the following four conditions must be met.

- There must be two observed (collected) sets of sample data or one set of observed sample data and one hypothetical set of data.
- Typically, these data are arranged in columns and rows, or in frequency distribution form.
- The two sets of data must be based on the same sample size.
- Each cell in the data must contain an observed or hypothetical count (not percentage) of five or larger.

According to Boyd, et al., (1981:432), different cells in a row or a column may represent either categorical variable or continuous variable data that have been arranged in classes or categories.

The correct application of this method involves the following.

- Calculating a statistic (called the Chi-square statistic) that summarises the difference between the two sets of data.
- Determining the degrees of freedom associated with the data set.
- Using these two values and a table of the Chi-square distribution so as to determine whether the calculated Chi-square statistic falls within the range which may easily have occurred by chance, as a result of sampling variation.

(Boyd, et al., 1981:432-438).

The χ^2 test allows us to compare the observed frequencies (O), with the

expected frequencies (E_i) based on the theoretical ideas about the population distribution or the presupposed proportions. The technique tests, whether or not the data have come from a certain probability distribution. Calculation of the chi-square statistic allows us to determine if the difference between the observed frequency distribution and the expected frequency distribution, can be attributed to sampling variation. The steps to be taken are the following.

- Formulate the null hypothesis and determine the expected frequency of each answer.
- Determine the appropriate significance level.
- Calculate the χ^2 value, using the observed frequencies from the sample and expected frequencies.
- Make the statistical decision by comparing the calculated χ^2 value with the critical χ^2 value.

Once the chi-square test has been determined appropriately at the 05 level of significance (or some other probability level). The chi-square statistic may be calculated (Zikmund, 2000:471). The χ^2 statistic can be calculated by using a computerised program.

5.9.3 CROSS TABULATION, CORRELATION AND REGRESSION

Cross tabulation correlation and regression explain significant differences that occur which the statistical procedures referred to above, do not. According to Bennett, (1997:48) the use of these methods assume the following.

- The data to be analysed, are obtained from descriptive studies.
- The data are from representative samples.

- The data include measures on a number of variables for each respondent.

Cross-tabulation is a method which can be used when both the dependent and the independent variables are categorical, e.g. if a researcher wishes to determine why respondents exhibit different behaviour from one another, a number of independent variables could be selected that could influence the behaviour of respondents, and then these are cross-tabulated with the dependent variables (for example average consumption of a product). The researcher would then be able to establish whether the independent variable has an effect on the dependent variable (Parasuraman, 1991:407-447).

A major drawback of cross-tabulation, is that the researcher must evaluate the results subjectively. Some researchers employ correlation and regression analysis in order to overcome this problem, provided they have ordinal data at their disposal (Boyd, et al., 1981:456-462).

5.10 RELIABILITY AND VALIDITY

According to McMillan and Schumacher (1993:227), reliability refers to the consistency of measurement. The aim of developing reliable measures, is to minimise the influence of chance or variables unrelated to the intent of the measure. Researchers are, therefore, obliged to select and develop data-gathering procedures that will be highly reliable and valid.

The following two types of validity can be identified (Locke, Silverman and Spirduso, 1998:117).

- **INTERNAL VALIDITY**

This focuses on the design of the research, which should deal with what is being probed. The data collected, should be used to achieve the objectives set out in the research.

- **EXTERNAL VALIDITY**

This focuses on whether the results obtained, can be truthfully applied to external people, institutions or objects.

In dealing with reliability, Wellman and Kruger (2000:142-145) distinguish between the following types of reliability used within the research process.

- The test-retest approach that involves the same group and correlates with the first results.
- Internal consistency, implying a great degree of generalisation across the item within the test.
- Parallel-form reliability of a test, which is determined by the interchangeable versions of a particular test that can measure the same items by using different content.
- Inter-rater reliability refers to the unreliability due to accidental, inconsistent behaviour on the part of the individual administering or scoring the test.

It is important, therefore, that the researcher ensures that the methods for collecting data, are valid and reliable. Whilst it is difficult to achieve absolutely valid and reliable results, the researcher should attempt to produce results that have the least doubt as to reliability and validity.

In this study, applicable research techniques were used to test the research problem and objectives. A sample from the population was used. A response rate of 82 percent of the sample is considered very good and this makes it possible to rely on the results obtained in this study.

In this chapter the framework of the empirical research, how the sample were derived and how a high response rate was ensured are discussed. In the next chapter the results of the questionnaires will be evaluated and the findings made.

CHAPTER 6.

ANALYSIS OF RESULTS AND HYPOTHESES TESTING

In this chapter the findings of the empirical research undertaken will be analysed. Where possible, the findings will be compared to the theoretical background discussed in the preceding chapters.

6.1 INTRODUCTION

The empirical research in this study concentrated on small- and medium enterprises/businesses in the various business sectors of the Vaal Triangle. The purpose of the empirical research was to determine, through the use of a questionnaire, the levels at which SME's are aware of business services provided by local business service centres and whether they make use of business services provided to SME's by local business service centres. The summary of the data collected, is presented in this chapter.

The empirical data were collected in two stages. The first stage was devoted to the analysis of the services available to the SME community from the local service centres; this was conducted on a structured interview basis. The second stage focussed on the distribution of questionnaires. During this stage, five of the respondents were interviewed to find out if there is a difference in the response between the respondents that completed the questionnaires by themselves only and those with the researcher, when he was available, to explain some questions if needed. It was also important to find out what the respondents thought they needed as far as incentives/help.

After completion of the interviews with service providers, the questionnaires were distributed manually to the selected sample of SME's and it was planned to collect these within three days. This was, however, easier said than done. The researcher got the impression, that the local business people are averse to forms and information they have to deal with and that they ignore new information as long as possible. This, coupled to the fact that some business owners are bluntly refusing to co-operate, unfortunately led to a lower return than was hoped for. The various aspects related to the questionnaires were evaluated and the results now follow.

6.2 PILOT STUDY OF THE QUESTIONNAIRE

There is always a chance that some questions could cause problems and as such, questionnaire testing is needed to identify and eliminate these problems (Sudman and Blair, 1998:300).

A survey questionnaire was developed after a literature review of similar research projects. The questions applicable to this study, were developed and adjusted. The format and contents of the questionnaire were finalised only after the questionnaire had been presented to five managers or owners of SMME's and the respondents were asked to comment on the clarity or otherwise of the questions. Its contents were specifically evaluated in terms of non-ambiguity, relevance, general validity and interpretation. The respondents all felt, that they understood the questions well and had no difficulty in answering the questions. No changes were made to the questionnaire, except that one set of questions about the use of the business services supplied by local government, was added.

The final questionnaire is bound as Annexure C.

The information requested in the questionnaire (see Annexure C) was broken down into the following categories.

- Information pertaining to the sector within which businesses operate and the form of ownership.
- Information about the size of the business organisation, based on the number of employees.
- Information regarding the knowledge about the business service provider organisations and the use of said services by them.
- Comments/recommendations by the SME owners about their needs.

6.3 DATA COLLECTION

In the Vaal Triangle region one thousand (1000) SMME's (refer Annexure D) are registered (Sebideng Local Town Council, 2000). For this study use was made of the random sampling method, where we targeted every ninth SMME for participation.

A total of 111 questionnaires (refer Annexure D, marked in bold) were distributed personally to the businesses selected; only 96 responded. The questionnaire was prepared in English, although the researcher was prepared to translate, if needed. All respondents, except one where the researcher translated for the respondent, were comfortable in the use of the English version. Every precaution was taken to ensure that the questions were understood and that quality answers were obtained.

6.4 BREAKDOWN OF INFORMATION OBTAINED FROM SMALL MEDIUM MICRO ENTERPRISES'S

6.4.1 SECTOR

The first section of the research questionnaire analyses the sector within which the organisation is conducting its business.

Question: In which category of business does your company fall?

The data collected are presented in Table 6.1 below.

The majority of respondents fell in the category “retail, hotel, restaurant” at 37.5%, followed by “manufacturing” at 28.1%, followed by “wholesale, motor vehicle sale, repair”. None of the respondents fell within the category, “agriculture, forestry, hunting and fishing”. This closely relates to the industrial nature of the Vaal Triangle.

Table 6.1 follows overleaf

**TABLE 6.1: SECTORS INTO WHICH RESPONDENT'S
ENTERPRISES FALL**

VARIABLE	FREQUENCY	PERCENT
Agriculture, forestry, hunting, fishing	0	0
Business services	4	4.2
Consumer services	4	4.2
Finance, insurance, real estate	2	2.1
Health, education, social services	1	1.0
Manufacturing	27	28.1
Mining, construction	4	4.2
Retail, hotel, restaurant	36	37.5
Transport, communications, utilities	2	2.1
Wholesale, motor vehicle sale, repairs	16	16.7

Source: Own research

6.4.2 OWNERSHIP

The first section of the research questionnaire further analyses the type of ownership.

Question: In which category of registration does your business fall?

The data collected are presented in Table 6.2

TABLE 6.2: CATEGORY OF OWNERSHIP

VARIABLE	FREQUENCY	PERCENT
Sole proprietor	43	44.8
Partnership	4	4.2
Closed Corporation	39	40.6
Company	10	10.4

Source: Own research

From the responses it is clear, that the preferred form of registration is that of “sole proprietor” at 44.8% of the respondents. It is assumed, that this is because there are relatively little legal requirements for this form of registration. This is closely followed by the formation of closed corporations, followed next by companies. The partnership is by far the least common at 4.2%, form of registration amongst the respondents. It is assumed, that this form of registration is not preferred, due to its various disadvantages.

If the researcher had to predict the outcome of preference of registration, this is exactly what he would have predicted, taking into account the advantages and disadvantages, as well as the ease of registration of the various business formations.

6.4.3 EMPLOYEES

The first section of the research questionnaire further analyses the size of the respondent's business by employee numbers.

Question: How many employees do your business have?

The data collected are presented in Table 6.3.

TABLE 6.3: EMPLOYEES

VARIABLE	FREQUENCY	PERCENTAGE
Less than 5	29	30.2
5 or more, but less than 10	28	29.2
10 or more, but less than 20	21	21.9
20 or more, but less than 30	8	8.3
30 or more, but less than 40	2	2.1
40 or more, but less than 50	2	2.1
50 or more, but less than 100	5	5.2
100 or more	1	1.0

Source: Own research

The largest percentage, namely 30.2% is found in terms of businesses with less than five employees, with the smallest percentage those with more than 100

employees, namely 1%.

From Table 6.3 it is clear, that if we add the three categories for the smallest businesses together, we get 81.3%. Thus, the majority of the respondents fall within the small and medium sized category with 81.3% of all the respondents having less than 20 employees. It was the objective of the study, to research small and medium-sized enterprises and these results clearly show, that the research covered this category well.

6.4.4 BRANCHES

The first section of the research questionnaire further analyses the size of the enterprise by the number of existing branches.

Question: How many branches do your business have?

The data collected are presented in Table 6.4.

The category having only one branch, had the largest group (86.5%). Most of the respondents indicated, that they had 1 or 2 or 3 or five branches. If we add these categories together, we find that 95.8% of the respondents fall in this group. This is further evidence, that the questionnaires were aimed at the small business sector.

TABLE 6.4: NUMBER OF BRANCHES

VARIABLE	FREQUENCY	PERCENTAGE
1	83	86.5
2	3	3.1
3	2	2.1
4	0	0
5	4	4.2
6	1	1.0
7	1	1.0
8	0	0
9	0	0
10	0	0
more than 10	2	2.1

Source: Own research

6.5 SECTION B: INFORMATION REGARDING THE EVALUATION AND USE OF SERVICES BY THE CLIENTS

In this section, the following assumptions are made when evaluating the data.

- If a business owner is not aware of the service or service provider, he/she obviously does not make use of the service supplied by that service provider.
- If the business owner is aware of the service provider, he/she can ~~then~~

decide whether to make use of the service or not.

- If he/she was aware of the service provider and has made use of the service provider's services, the percentage of use was calculated only from those that were aware of the service providers and not from the total of the respondents.

In this section, the following standard set of four questions was used to determine the level of awareness of the service organisation, and the use of the services supplied by the service provider.

1 Are you aware of(Service Provider)?

If you answered "no" proceed with question 5; if "yes", proceed with question 2.

2 How did you become aware of it?

.....

3 Have you used them at all?

yes	no
-----	----

4 How?

.....

6.5.1 SERVICE PROVIDER: GAUMAC VAAL

The data collected are presented in Tables 6.5 and 6.6

TABLE 6.5: RESULTS REFERRING TO GAUMAC

VARIABLE	FREQUENCY	PERCENTAGE
Aware of Gaumac	12	12.5
Not aware of Gaumac	84	87.5
Used Gaumac	5	41.7
Did not use Gaumac	7	58.3

Source: Own research

Gaumac was used for the following services.

- Business plans (3)
- Training (1)
- Website development (1)
- Marketing (2)
- Training workshops (1)

It is very disappointing to see, that only 12.5% of the respondents are aware of Gaumac Vaal, and that only 41.7% of these have made use of the services supplied by Gaumac Vaal. Under the current difficult conditions, where a great number of businesses in the area are struggling, the researcher would have assumed a more widespread use of the business support services provided by Gaumac. This is one of the areas that need further research.

The fact that such a small percentage of the total respondents use the service of Gaumac, is an indication that Gaumac definitely not meets the expectations of the Government and the brief from NAMAC which reads as follows: “To

contribute significantly to economic transformation of South Africa by improving the competitiveness and growth of South Africa's Small and Medium-sized Enterprises, in line with best practice globally, and through the supply of relevant value-added business information to all SME's".

It is difficult to determine why this is the case. If more SME's wish to be reached and impacted by Gaumac, something differently will have to be done. Through the media and through personal marketing, the SME's have to be made aware of this office and the advantages of making use of their subsidized service.

Through research about the satisfaction of the clients of Gaumac, the researcher has found a disturbing number of clients that are not very happy with the service received.

After discussion with these clients, it seems that-

- the client need to be taken towards a strategic planning session of his/her business, in order to fully understand at which stage of development and growth his/her business is, and where he/she wants the business to go. This will allow him/her to better understand in which areas of his business he/she needs help.
- Gaumac personnel should spend more time making sure that the client understands that they are only helping him/her to be empowered to do the required changes to his/her business, and that this will take effort on his/her part to get there.
- The SME business owners have to be trained to take a more holistic approach to their businesses and the way decisions and changes are made.

In Table 6.6 the sources of knowledge of the the respondents that are aware of about Gaumac, are discussed.

TABLE 6.6: SOURCES OF KNOWLEDGE OF GAUMAC

VARIABLE	FREQUENCY	PERCENTAGE
Nicro	1	8.3
Newspapers	5	41.7
Media	1	8.3
Contacted personally	5	41.7

Source: Own research

The largest number of respondents, namely 41.7%, became aware of Gaumac through newspapers and personal contact, with the smallest number, namely 8.3%, indicating that they learned of Gaumac through Nicro and other media.

The researcher would strongly recommend that Gaumac works closer with the local media, so that this service to SME's could get greater exposure. It is especially important, that the success stories be told, for the whole Vaal Triangle to become aware of this valuable service. It can also be mentioned, that the researcher, once while specifically looking for the Gaumac advertisement, could not find it in the local paper, and had to be told by Gaumac on which page to look. This was mainly because the advertisement was not very eye-catching and blended into the normal background "noise" in the paper. Maybe this is an aspect that can be taken into account when designing

articles and advertisements.

6.5.2 SERVICE PROVIDER THE INDUSTRIAL DEVELOPMENT CORPORATION (IDC)

The data collected are presented in Tables 6.7 and 6.8.

From Table 6.7, it is clear that 67.7% of the respondents are not aware of the IDC, which is very high for an organisation with such a long history. Of the respondents that were aware of the IDC, only 3.2% made use of their service; this is a very small percentage and the researcher believes that the IDC should be used by a larger percentage of enterprises. It is disappointing to see that the majority of respondents are not aware of the IDC and it is recommended, that the IDC work on their image.

TABLE 6.7: INDUSTRIAL DEVELOPMENT CORPORATION

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the IDC	31	32.3
Not aware of the IDC	55	67.7
Used the IDC	1	3.2
Did not use the IDC	30	96.8

Source: Own research

If it is assumed, that the IDC concentrates services on the larger projects; it is

consequently not surprising, that such a small number of the respondents have made use of IDC services. The question for the researcher is, whether this is the correct area for the IDC to aim their services at and whether they should not be more approachable by smaller enterprises.

The fact that 32.3% of the respondents were aware of the IDC, means that, it can be assumed that this is because of the fact that the IDC is one of the older organisations. This is further confirmed by the fact, that a large proportion of respondents cannot remember where they heard about the IDC.

With the need for financing in small enterprises and all the industrial and business experience and help available from the IDC, it is disturbing to see that very little use is made of their services. The researcher feels, that the IDC should make an effort to market themselves more effectively and efficiently to the small business owner, as there are many small enterprises that could grow very large very rapidly, with the right financing partner.

The IDC was used for the financing of product development.

TABLE 6.8: SOURCES OF KNOWLEDGE OF THE INDUSTRIAL DEVELOPMENT CORPORATION

VARIABLE	FREQUENCY	PERCENTAGE
Media	16	51.6
Do not know	15	48.4

Source: Own research

From Table 6.8, it is clear that 51.6% of respondents became aware of the IDC through newspapers. It is interesting to see, that 48.4% of respondents that are aware of the IDC, cannot remember how they became aware of it; this may be explained by the age of the IDC, relative to some of the other service organisations.

6.5.3 SERVICE PROVIDER KHULA

The data collected are presented in Tables 6.9 and 6.10.

TABLE 6.9: KHULA

VARIABLE	FREQUENCY	PERCENTAGE
Aware of Khula	6	6.3
Not aware of Khula	90	93.7
Used Khula	0	0
Did not use Khula	6	100

Source: Own research

Only 6.3% of the respondents are aware of Khula and 93.7 of respondents are not aware of Khula. None of the respondents that were aware of Khula, made use of their services.

TABLE 6.10: SOURCES OF KNOWLEDGE ABOUT KHULA

VARIABLE	FREQUENCY	PERCENTAGE
Newspapers	4	66.6
Television	1	16.7
Word of mouth	1	16.7

Source: Own research

The largest number of respondents, namely 66.6%, became aware of Khula through newspapers.

Many business owners make the general comment, that the availability of finance is a major stumbling block to the acquisition of new equipment and for expansion. It is, therefore, disturbing to see the low level of knowledge about this organisation and the services they can provide.

The researcher feels, that with the objective of making finance available to enterprises by government, with the objective to create jobs and revenue, Khula is a predominantly vital link in the system, suggesting that a lot more marketing should be done by them. If entrepreneurs and prospective entrepreneurs were more aware of Khula's various services and different forms of financing, more entrepreneurs would be able to access this financing. The researcher believes, that if entrepreneurs are more knowledgeable, they will not be turned away by banks so easily, as they will be aware of the fact that the bank can get surety from Khula for the loans.

According to Terblanche, this government agency has to break even, while it has to lend out money in the most dangerous market. Khula has to see to it that the multitude of small businesses have access to finances. Most of these entrepreneurs are first-time entrepreneurs and have little business knowledge and security for banks.

Khula does not lend directly, but does this by way of intermediaries such as; the banks, (which are not known as being bold, but to be very conservative), as well as welfare organisations. These welfare organisations whose main objective being welfare and not profitability used poor controls, resulting in losses of millions in the year 2000.

Khulastart is the Achilles heel of Khula. In this programme loans of up to R3,000 are supplied to the poorest survivalist entrepreneurs. Although very important, it cannot be expected of Khula to keep this up indefinitely.

After the bad experience in 2000, Khula is expecting that more than 90 % of the loans will be paid back to the organisations that have supplied these loans. The banks reacted to their negative experience by lending mostly to existing businesses, as new ones are too risky. In the researcher's opinion, this is exactly what should not happen. If Khula withdraws from new loans, we are back to the problem that prompted government to start Khula in the first place, namely that new entrepreneurs do not have access to money. The reasons for defaulting, should be researched and this should be addressed through training and controls, but at all costs money should be made available to the new entrepreneur.

Micro business loans actually belongs with the Department of Social Welfare

and not with Khula. If people on social welfare are given opportunities to start their own businesses, irrelevant of the size of these businesses, they are moving away from social welfare towards becoming taxpaying citizens. It, therefore, makes good sense that the Department of Social Welfare take hands with the Department of Trade and Industry and together, design a system to train would-be entrepreneurs and to supply them with seed-money. We especially need a lot of seedmoney for job creation projects.

Business loans smaller than R100,000 are not profitable to the banks. Khula tries to fill this gap by lending large amounts of money at 14 % interest to non-profit small business lending organisations. These organisations break this up in a number of small loans at maximum interest. Many of these organisations went out of business in the past seven years due to poor back payments on loans and poor management. Khula states, that about 100,000 entrepreneurs have benefitted from this programme.

Bankloan guarantees constitute Khula's most stable project. Although this scheme is progressing slowly, about 2,000 entrepreneurs have been helped through this scheme. Khula guarantees 80 % of such a loan and this is used in cases where the entrepreneur does not have the required security to allow the bank to furnish the loan. Khula feels, that the banks do not make use of this programme often enough. A bone of contention from the bank's side, is the cost and time involved into recovering these guarantees from Khula; as well as some of the requirements from Khula, such as the one in reference of the requirement requiring of the entrepreneur to spend a certain percentage of his/her time at his/her enterprise, which is impossible to monitor.

One of the main motivations for banks, is playing politics; a large Khula

loanbook is proof of the bank's commitment to economic empowerment. Banks complain that one of the constraints, is the poor business plans submitted by the entrepreneurs. In answer to this, Khula started a programme called "Thuso" in 1991. This is a mentor scheme that helps entrepreneurs to write business plans.

Khula has also set aside R40 million for investment in small empowerment companies. With the appointment of Firm Capital to manage this fund, it looks as if this will take off.

Reasonable success is generated by Khula's latest project: the Land Reform Credit Fund. This fund supplies soft loans to farmers from the previously disadvantaged communities. With this, a parallel grant is given to train these farmers in management techniques.

Khula needs our sympathy and support, as it is doing great pioneering work in the New South Africa; it is striving very hard to be self reliant. At the same time, it is not always getting the necessary credit, as many entrepreneurs think it is the bank that lends them the money and lose track of the fact, that Khula as the wholesaler, is making it available in the first place.

6.5.4 SERVICE PROVIDER NTSIKA

The data collected are presented in Tables 6.11 and 6.12.

Only 4.2% of the respondents are aware of Ntsika, with 95.8% of the respondents not aware of Ntsika. None of the respondents that were aware of Ntsika, made use of their services.

TABLE 6.11: NTSIKA

VARIABLE	FREQUENCY	PERCENTAGE
Aware of Ntsika	4	4.2
Not aware of Ntsika	92	95.8
Used Ntsika	0	0
Did not use Ntsika	4	100

Source: Own research

TABLE 6.12: SOURCES OF KNOWLEDGE ABOUT NTSIKA

VARIABLE	FREQUENCY	PERCENTAGE
Newspaper	1	25
Word of mouth	3	75

Source: Own research

The largest number of respondents that are aware of Ntsika, namely 75%, became aware of Ntsika through word of mouth.

It is very disappointing that such a small number of the respondents are aware of this organisation, especially if the low-skills level about business and finance is taken into account.

Ntsika, which is operating more on a grassroots level, (small, medium and micro enterprises) should be in the hearts and minds of every small and

potential small or micro-entrepreneur. People thinking about starting an enterprise, as well as those that have newly started, should all have been trained or helped by one of the local business service centres. It is of the utmost importance that Ntsika promotes itself to a greater extent to potential businessmen.

With the multitude of services for the smaller enterprise through local service centres made available by Ntsika, they can act as a catalyst to light the fire for entrepreneurship. The research, however, shows that a low number of respondents are aware of this valuable organisation and this is not acceptable. Ntsika should at all costs carry out their message and make sure that the public at large become knowledgeable about their services and where to get hold of these services.

6.5.5 SERVICE PROVIDER NATIONAL PRODUCTIVITY INSTITUTE (NPI)

The data collected are presented in Tables 6.13 and 6.14

Most of the respondents namely 87.5% are not aware of the NPI, with only 12.5% being aware of the NPI. A total of 25% of the respondents that were aware of the NPI, made use of their service.

From Table 6.14, it is clear, that both television and word of mouth, at 33% each, were mostly used to make the NPI known.

TABLE 6.13: NATIONAL PRODUCTIVITY INSTITUTE

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the NPI	12	12.5
Not aware of the NPI	84	87.5
Used the NPI	3	25
Did not use the NPI	9	75

Source: Own research

The following services provided by the NPI, were used.

- Productivity competition
- Information provision

TABLE 6.14: SOURCES OF KNOWLEDGE ABOUT THE NATIONAL PRODUCTIVITY INSTITUTE

VARIABLE	FREQUENCY	PERCENTAGE
Newspapers	3	25
Television	4	33.3
Word of mouth	4	33.3
Do not know	1	9.4

Source: Own research

The NPI has existed for a relatively long time and this is probably the reason for a slightly higher level of knowledge about the organisation.

In a developing country with a large number of lower-skilled workers and managers, it is imperative that the NPI should be deeply involved with uplifting skills and productivity levels. This is a very old organisation; with a very low level of awareness about them, this clearly shows that something is amiss.

6.5.6 SERVICE PROVIDER SECTORAL EDUCATION AND TRAINING AUTHORITY

The data collected are presented in Tables 6.15 and 6.16.

TABLE 6.15: SECTORAL EDUCATION AND TRAINING AUTHORITY's

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the SETA's	13	13.5
Not aware of the SETA's	83	86.5
Used the SETA's	3	23.0
Did not use the SETA's	10	77.0

Source: Own research

From Table 6.15, it is clear that 86.5% of respondents are not aware of the Seta's and the services that they can provide. Of the respondents that were aware of the Seta's 23% have used their services.

**TABLE 6.16: SOURCES OF KNOWLEDGE OF THE
SECTORAL EDUCATION AND TRAINING
AUTHORITY'S**

VARIABLE	FREQUENCY	PERCENTAGE
Media	7	53.8
Levies	6	46.2

Source: Own research

From Table 6.16, it is clear that the larger part of the respondents became aware of the Seta's through the media.

The following services provided by the SETA's, were used by the respondents.

- Work skills plan development
- Training of staff

Through the levies paid, progressively more and more business owners are made aware of the SETA's. At this stage, more people should have been aware of the SETA's. The researcher believes, that on the training front, much more should be done to create a culture of training and continuous retraining and improvement of skills amongst the workforce and amongst management. This should spread throughout our nation and become a nationwide priority. It is imperative, that we become a nation of learners; a skilled nation with skills in all the subjects, especially the higher technologies, so that South Africa can compete internationally. If some of our basic resources are scrutinised the researcher can indicate that we are still a long way from maximally utilising our

resources well. For example, the best jewellery diamonds come from South Africa and although De Beers, originally a South African company, controls the world diamond market, even it is no longer South African controlled today. The diamonds get cut and polished mainly in Amsterdam and Antwerp and not in South Africa. As a matter of fact, a very small number of diamonds are processed locally. Talking about jewellery, we mine a large percentage of the world's gold, but the gold jewellery are mainly imported from Italy. We have only a handful of jewellers in South Africa. Further examples abound.

If South Africa wants to be taken seriously, we should stop wasting our resources and further beneficiate these, so that we could start to become a nation of exporters of final products and not only of commodities. Users of commodities never want to pay much for commodities; as a matter of fact, the larger economies control their imported inflation by not allowing their currency prices of commodities to rise. At the same time, more and more commodities are being pushed on to the world markets which lower prices even further.

This clearly demonstrates the fact that every South African citizen should start to think how he or she can improve his/her own skills and how possibly they can beneficiate some of our commodities, so that our country can be transformed from being a wasteful one, into a thrifty, knowledgeable nation, where everybody's living standards are improved to a point where there are no poor or sick or uneducated illiterate people left in our society.

For the 2003/2004 period, R2.9 billion is expected to be channelled through 26 Sector Education and Training Authorities (SETA's). Businesses, large and small, must pay a 1% skills levy to these SETA's. Yet last year less than 35% of the funds were spent (Anon, 2003 a).

The following question could be asked: “**Why are we not spending the money set aside for training?**”. There may be many answers to this question, but the researcher believes, that not enough information is made available to the population and to employers and that the infrastructure of the SETA’s are not well-developed. One of the areas where this information can be distributed very fast, is in secondary schools. If all the prospective school-leavers are made aware of the opportunities available to them to get trained, a larger demand will be created by them. In addition to this, the researcher believes, that a culture of training and up-skilling should be created in South Africa.

6.5.7 SERVICE PROVIDER THE SMALL BUSINESS DEVELOPMENT CORPORATION (SBDC)

The data collected are presented in Tables 6.17 and 6.18.

TABLE 6.17: SMALL BUSINESS DEVELOPMENT CORPORATION

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the SBDC	69	71.9
Not aware of the SBDC	27	28.1
Used the SBDC	6	8.7
Did not use the SBDC	63	91.3

Source: Own research

Table 6.17 shows, that 71.9% of the respondents are aware of the SBDC and that of the respondents that are aware of the SBDC, only 8.7% have made use of their services.

TABLE 6.18: SOURCES OF KNOWLEDGE ABOUT THE SMALL BUSINESS DEVELOPMENT CORPORATION

VARIABLE	FREQUENCY	PERCENTAGE
Newspapers	22	31.9
Media	8	11.6
Do not know	33	47.8
Television	6	8.7

Source: Own research

Table 6.18 shows, that 47.8% of the respondents that are aware of the SBDC, do not know where they have heard of the SBDC; this may be due to the fact, that this is a long-existing organisation.

The following service provided by the SBDC, was used.

- Financing

The fact that the SBDC has been around for such a long time, is probably one of the reasons for a larger percentage of the respondents being aware of them.

It is very disappointing to see, that such a small percentage of businesses avail

themselves of their services.

6.5.8 SERVICE PROVIDER THE CHAMBER OF COMMERCE/BUSINESS FORUM

The data collected are presented in Tables 6.19 and 6.20.

Table 6.19 shows, that 44.8% of the respondents are aware of the chambers/forums, but that 93% of the respondents that are aware of the chambers, are not members of the chamber. Only 4.7% of the respondents that are aware of the chamber, have made use of their services.

TABLE 6.19: CHAMBER/FORUM

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the Chamber/Forum	43	44.8
Not aware of the Chamber/Forum	53	55.2
Is/are a Member	3	7.0
Is/are not a Member	40	93
Used the Chamber/Forum	2	4.7
Did not use the Chamber/Forum	41	95.3

Source: Own research

TABLE 6.20: SOURCES OF KNOWLEDGE ABOUT THE CHAMBER/FORUM

VARIABLE	FREQUENCY	PERCENTAGE
Newspapers	6	14
Media	5	11.6
Television	1	2.3
Do not know	31	72.1

Source: Own research

Table 6.20 shows, that 72.1% of the respondents that are aware of the chambers, do not know where or how they became aware of the chamber. This may be due to the age of the chamber's organisations.

The respondents indicated, that the following service provided by the Chamber/Forum, was used.

- The provision of export certification.

The Chamber/Forum is in a good position to provide an invaluable service to the local community. It seems, however, that due to a small membership and only voluntary staff, their ability to provide services to the SME sector, especially new and upcoming businesses, is seriously lacking.

According to vd Walt the Chamber's secretary, she believes that every businessperson can gain by belonging to the forum. She feels, that it is

important to be knowledgeable about happenings in the Vaal Triangle (Anon, 2003 e).

The researcher believes, that the Chamber/Forum with its local knowledge, is in a very advantageous position and should pool its resources with other local service centres, in order to provide a more comprehensive service to business people and they should especially get involved with new/potential enterprises in the area, as well as job creation projects. If the business atmosphere in the Vaal Triangle can be improved through their actions, allowing for the atmosphere to become more vibrant, the existing members will probably benefit most. Looking at the situation from this viewpoint, the researcher cannot understand why the Chamber/Forum does not increasingly become involved with the new/prospective entrepreneur, in this way ensuring that he/she become fully-fledged and increasingly profitable as soon as possible.

6.5.9 SERVICE PROVIDER THE BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME (BBDP)

The data collected are presented in Table 6.21.

Table 6.21 shows, that 99% of respondents are not aware of the BBDP and that none of the respondents have made use of their services.

This is the latest programme from the DTI and the small time-frame, coupled with the low number of Black business owners in the sample, probably explains why nobody in the survey was fully aware of this programme.

TABLE 6.21: BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the BBSDP	1	1
Not aware of the BBSDP	95	99
Used The BBSDP	0	0
Did not use the BBSDP	0	0

Source: Own research

According to Kekana (2003:3) owner of Risimati Engineering, one of the beneficiaries of the BBSDP, this is a good idea, but where the DTI hasn't got it right, is that it should be flexible enough and should be able to customise each application criterion according to the client's business.

Kekana believes, that the predominant emphasis on training, was not applicable to his business. The system caused him to spend a lot of money on project management, software and training. This money would have been better spent with on-the-job training. Another area that needs strengthening, is in communication and follow-through. Kekana says, effective communication between DTI and its grantees, would go a long way in aiding the growth of small businesses such as his, as their businesses need change.

6.5.10 SERVICE PROVIDER BUSINESS LINKAGE PROGRAMME(BLP)

The data collected are presented in Table 6.22.

TABLE 6.22: BUSINESS LINKAGE PROGRAMME

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the BLP	0	0
Not Aware of the BLP	96	100

Source: Own research

Table 6.22 shows, that none of the respondents are aware of the BLP.

With the business climate in the Vaal Triangle being very difficult at the moment and growth figures struggling to improve, it is important that business owners spend relatively more time to market their businesses. This is one forum where business can be marketed for free. With the business linkage programme of the SBP, they will be trying to link a specific business with larger players in the area. The researcher strongly believes, that this opportunity should be grasped with both hands by all businesses.

According to Majola (2003:6), owner of Witbank-based scrap metal company, Majola Recycling, his company grew from five employees three years ago to its present 20, after linking up with Columbus Joint-Venture, Escom, Sasol and Iscor, through the Business Linkage Programme.

Majola avers, that apart from this venture's greatly increasing his earnings, he has gained much experience working with large companies, including how to classify stainless steel and to check international prices.

The programme which aims to be mutually beneficial for both small business owners and the participating large corporate companies, aims to develop and grow the emerging market and SME sector.

The researcher believes, that more businesses should ensure, that they are registered and accredited in a programme like this. The BSP is clearly making a large and valuable contribution to smaller businesses. As there are only benefits to be gained from this system, large and small enterprises should take note of the Linkage Programme.

6.5.11 SERVICE PROVIDER THE UMSOBOMVU YOUTH FUND (UYF)

The data collected, are presented in Table 6.23.

Table 6.23 below indicates, that none of the respondents are aware of UYF. It is disappointing to note, that nobody in the sample was aware of this organisation and its services. The researcher believes, that this organisation could greatly assist new and emerging young businessmen to get their businesses viable.

The UYF should be doing a lot more to make their services known to the populace, so that all the younger people are made aware of this organisation and the services it provides.

TABLE 6.23: UMSOBOMVU YOUTH FUND

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the UYF	0	0
Not aware of the UYF	96	100

Source: Own research

6.5.12 SERVICE PROVIDER LOCAL GOVERNMENT

The data collected, are presented in Table 6.24.

TABLE 6.24: LOCAL GOVERNMENT

VARIABLE	FREQUENCY	PERCENTAGE
Aware of the Local Government Service	7	7.3
Not aware of the Local Government Service	89	92.7
Used the Local Government Service	0	0
Did not use the Local Government Service	7	100

Source: Own research

Table 6.24 shows, that 92.7% of the respondents are not aware of the business services on offer from Local Government. None of the respondents that were aware of the service provided by Local Government, have made use of their services.

It is disappointing, that none of the respondents have made use of the business services provided by the Local Council. This can probably be linked to the fact, that only a handful of people are aware of the fact that they provide business support services.

According to Potgieter, a well-known businesswoman in the area. The highly qualified financial consultants and the town planners of Local Government should support entrepreneurs so that the entrepreneurs can implement their creative ideas. Potgieter avers, that business people encounter too many problems from Local Government in running their businesses; this leads to a situation in which some even run their businesses without the necessary permits. Lack of uniform rules and regulations leads to frustration amongst business people. According to her, many overseas investors cannot get approval for businesses from local government and then go elsewhere. Business people know how to follow the correct procedures, but it simply takes too long. Small business owners especially, must be helped and encouraged by local government (Anon, 2003 d).

The researcher believes, that local government should take charge of their city and the business environment. They should be promoting small business as a priority and should work out some incentives for the new entrepreneurs, instead of trying to compete with every other local government for the few larger investors, as this policy is not giving the results required.

The researcher also believes, that the local government can do a lot more to create community-based job-creation projects within their boundaries; especially if we recognise, that every rand spent on job creation locally, will reduce poverty and crime and expand the tax base of the local government.

6.6 HYPOTHESES TESTING

The following two tables, Table 6.25 and Table 6.26, will be used for hypotheses testing.

Table 6.25 shows, that the SBDC is the service provider known to the largest percentage of respondents, at 71.9% and that both BLP and UYF are unknown to the respondents.

Data available in reference of the average percentage of business owners who are aware of the different service providers, the first part of the null hypothesis can be rejected, as only 17.2 % of the business owners are aware of the service providers.

Table 6.26 shows, that Gaumac is the most widely used service provider, at 41.7% of the respondents who were aware of Gaumac and that several of the services available from this service provider, are not used at all.

TABLE 6.25: LEVEL OF AWARENESS ABOUT SERVICE PROVIDERS

ORGANISATION	PERCENTAGE AWARE OF SERVICE PROVIDER	PERCENTAGE NOT AWARE OF SERVICE PROVIDER
GAUMAC	12.5	87.5
IDC	32.3	67.7
KHULA	6.3	93.7
NTSIKA	4.2	95.8
NPI	12.5	87.5
SETA's	13.5	86.5
SBDC	71.9	28.1
Chamber/Forum	44.8	55.2
BBSDP	1	99
BLP	0	100
UYF	0	100
Local Government	7.3	92.7
AVERAGE	17.2	82.8

Source: Own research

TABLE 6.26: USE OF SERVICES

ORGANISATION	PERCENTAGE AWARE OF SERVICE PROVIDER	PERCENTAGE THAT USED THE SERVICE PROVIDER
GAUMAC	12.5	41.7
IDC	32.3	3.2
KHULA	6.3	0
NTSIKA	4.2	0
NPI	12.5	25
SETA's	13.5	23
SBDC	71.9	8.7
Chamber/Forum	44.8	4.7
BBSDP	1	0
BLP	0	0
UYF	0	0
Local Government	7.3	0
AVERAGE	17.2	8.6

Source: Own research

The second part of the null hypothesis - whether the service providers provide adequate support, can be rejected, as on average only 8.6 % of the respondents who were aware of the services, made use of the services.

We, therefore, cannot reject the following stated alternative hypothesis.

H1: That the local service providers are not known and, therefore, do not provide adequate support for SMME's

At the same time, we cannot say with surety if the SME's would have used the services if they were aware of the service providers and this is an area that should be further researched.

6.7 FINDINGS

The research has shown, that there are a number of organisations, each offering some help to SMME's. What the research also shows, is that there is a large degree of overlapping of these services, as viewed by the public. It seems that, due to this fragmented approach to the problems experienced by SME's the SME's are not making use of the services supplied by the local service centres, this despite the fact that each organisation is providing help in some areas, they are not making a combined effort, but provide only those business services they see fit. It is this uncoordinated effort that is the major downfall of these organisations. This is probably the main reason why South Africa is not making inroads into the unemployment figure.

Local government for example displays a need to attract employers to the area. It seems that they want a "quick-fix" with only a few large organisations. The problem, however, is that every other Local Government in the country is doing precisely the same. The end result is that none of them are very successful in their endeavour.

This fragmentation of the business support given, seems to be one of the main impediments to really providing a useful service. Business people are busy ~~and~~

do not have the time available to research the market for possible incentive schemes that may help them in their business. They also cannot go from one office to the next to fill in forms that duplicate a lot of information; it is important to reduce the time factor, as well as the logistical problem. All of this create many factors constraining the knowledge base about the business services. Some of this factors are the following.

- Lack of advertising/marketing.
- Unappealing advertising.
- Lack of funding.
- Poorly trained personnel.
- No knowledge of success stories in the area.

The researcher suggests, that all the role-players in the Vaal Triangle come together and create a one-stop business centre somewhere in the Vaal Triangle. If all the role-players provide funding to a single outlet where the staff are knowledgeable about all the business support organisations and the support that they provide, this will allow new and existing entrepreneurs and managers to discuss their needs with a single knowledgeable office, which can subsequently recommend the correct areas where help/subsidies/incentives etc., can be acquired.

According to Els (2001:23), entrepreneurs and the businesses that they begin, are widely accepted as the solution for South Africa's unemployment problem. The Department of Trade and Industry plays a major role to stimulate the starting of small businesses.

In 2001 Ruiters, Director-general of trade and industry, in parliament acknowledged that his efforts to stimulate the growth of small, micro-, and

medium-sized enterprises, did not generate the results he had hoped for. The research clearly indicate that businessmen in the Vaal Triangle are not knowledgeable about the organisations that provide the incentives to the SMME sector. This may be an indication to one of the reasons why Ruiters's efforts to stimulate the growth of small, micro-, and medium-sized enterprises, did not have the results he had been hoping for.

The fragmentation of these incentives, definitely contributes to this apathy amongst new and existing businessmen. In the researcher's viewpoint, all these services should be drawn into a **one-stop business centre**, which can then speak as a single mouthpiece in reference of the provision of required services. With proper media coverage, as well as local marketing of the services provided, the message will spread, especially if their success stories are evident from the efforts and if these are made known to the public.

Although many excuses are offered why the DTI cannot achieve this goal, Worrall, Director of EmPowerLink (EPL), states that one of the reasons is, that one-stop service centres for entrepreneurs is virtually non-existent. These are centres where the entrepreneur can get all the help he/she requires for his/her business. Worrall propounds that it "...is nearly impossible for new business people to get help for the many problems that they have to solve. Someone that tries to phone one of the agencies that are supposed to help small business, will soon find out how difficult it is to get information".

In the early 1990's small businesses in Hertfordshire, Great Britain, home of a struggling aeronautical industry, had a tough time to survive. The Exemplas-group, together with the Business Link-Programme of the British government and private enterprises, started a one-stop call centre. The result is, that small

businesses in Hertfordshire now have a 78 % chance of success. This can be linked directly to the easy access to information and services needed by new entrepreneurs.

Research has shown, that one of the most important elements for success, is for entrepreneurs to discuss their problems with knowledgeable specialists before they start an enterprise.

Worrall says, that entrepreneurs in South Africa are not very willing to ask for help, but when they finally do it, they find out that it is very difficult getting help.

In Britain small businesses enter new markets, and expand the economy and generate new employment opportunities. Research done by the University of Cape Town recently, shows that the creation of new jobs is very low on the priority list of South Africa's small business owners. More than half of the people working for themselves, started their enterprises out of need, with the objective of putting food on the table and to having an own job. The other half of the entrepreneurs , mainly from urban areas, gamble it on their own in the light of a good business opportunity that is normally financed with pension payouts or retrenchment packages. This is a very dangerous situation. A failure rate of 95 % shows, that this is not advisable.

One reason why so few new jobs are created in South Africa is red tape. Government makes it very difficult for small enterprises that are already struggling to survive, to employ people on a risk relationship. Once they are employed, it is very difficult to get rid of under-performers. Many entrepreneurs find it easier to close down and to start over than to fight it out in court or

with unions.

According to some of the businessmen interviewed, this is an area of great concern, as they have to “carry” people during times when it is very difficult for them to do so. They find themselves in this situation, due to a lack of personal knowledge about the whole personnel/human resources area and how to deal with this. They then easily acquire the help of consultants, but the results achieved, are not what had been envisaged beforehand. In some cases they are forced to re-employ personnel that have been terminated and this completely discourages them from reducing staff later or disciplining their staff in order to minimise unwanted behaviour.

The situation created in such an environment, is very dangerous to the long-term health and growth of such a business. This lack of appropriate action at the right time, endangers the continuation of the whole business and may cause the ultimate failure/closure of the business, due to bankruptcy or because the owner is not prepared to carry on any longer.

According to McLean of Omega, one of EPL’s support companies, one of the most obvious reasons why South Africa cannot succeed in creating a strong SMME sector, is the lack of a co-ordinated support system. This view is also supported by Exemplas and Sakaza, one of the Black empowerment groups. With the right kind of support and service centres, as well as efficient support, South Africa can follow the examples of other countries and the SMME sector can become an important part of the economy.

Research shows, that the statements about the lack of a co-ordinated support system are very real and apparent in the Vaal Triangle. This lack of co-

ordination and the lack of a **one-stop service centre** are certainly making a contribution to the lack of knowledge, the lack of use of the business support structures and the incentives provided.

Worldwide, 95 % of new job opportunities are created in companies with fewer than 200 employees.

Despite their significant contribution in most, if not all, market economies worldwide, there is still not sufficient appreciation for the role of SMME's. Bannok (1992:30) identifies the following two possible reasons for this situation.

- Large companies tend to monopolise the media, by among others by holding press conferences, placing national advertisements and lobbying governments. Smaller businesses find it increasingly difficult to voice their concerns and to create an awareness of their own problems, which are different from those of big business.
- SMME owners are not natural "joiners", i.e. they do not participate so easily in organisations which represent business interests. Even if they do, big business and their interests might tend to dominate events.

Through **one-stop service centres** and a co-ordinated campaign by all the role players to work together through such a **one-stop service centre**, the information about the centre and the incentives, can be made available throughout the region in partnership with the media. Once a large percentage of the population are made aware of such a one-stop service centre, the centre will emerge as the hub of business help and this will snowball.

In this chapter the findings of the empirical research undertaken was analysed.

The last chapter evaluates the data collected against the theory discussed in previous chapters, while recommendations for further research are made.

CHAPTER 7

CONCLUSIONS AND RECOMMENDATIONS

In this chapter an overview of the research will be made in the light of the findings of the research. The main conclusions based on the research output in the research documentation, will be reviewed and recommendations will be made for further research.

7.1 INTRODUCTION

The purpose of this study originated from the visible decay in the city centres of the Vaal Triangle and the visible absence of prosperity, coupled with the realisation of the important contribution of SMME's in both the formal and informal sectors of the Vaal Triangle region, as well as the contribution made by SMME's towards the alleviation of poverty and their job creation ability.

The primary objective of the study was to investigate the different business support systems supplied by the various service centres in the region. This was done in chapter three.

During this research project, the researcher researched the availability of support systems for SMME's, with emphasis on local service centres in the Vaal Triangle Region. The purpose also was to understand how the local service centres assist in the alleviation of unemployment in the Vaal Triangle region and assist in the regeneration of the wealth creation mechanisms.

The secondary objective; “allowing all the role players in the Vaal Triangle region to know what is available”, has been met in chapter three.

7.2 CHAPTER SUMMARY

The first chapter outlines the rationale of this study. The chapter highlights the problem of unemployment and the resulting crime and social problems linked to unemployment. It further shows that unemployment in the Vaal Triangle is a problem of larger proportions than the average in South Africa. The chapter further highlights the need for industrial regeneration and a policy to sustain industrial activities in the region in order to combat this unemployment problem, as well as the social costs of unemployment. The study focuses on the business services provided to SME’s by the local service centres. In this chapter, the reader is also guided along the lines of the contents of the research project. The research hypotheses are stated, aims are defined and research methodology is briefly outlined.

The second chapter provides an outline of the literature study and discusses the unemployment situation in South Africa, striving to show how the current unemployment situation had come about. It remarks on some of the reasons that have given rise to the demise of the Vaal Triangle region’s economy. It further discusses the situation in the Vaal Triangle, highlighting the poverty status of the region. In addition, it makes some suggestions about what government should do to change and to alleviate the situation. This chapter outlines some of the remedies like using skills as a vehicle to empowerment and entrepreneurship as a vehicle to empowerment. It discusses factors inhibiting entrepreneurship and goes on to discuss informal, micro, small, medium, and large businesses. It defines a small business. The chapter furthermore discusses

the requirements for creating one new employment opportunity, followed by a discussion of the creation of employment through small business, as well as the creation of employment through an expanded Public Works Programme.

The third chapter discusses and lists the different business support systems provided by the various government, semi-government and private organisations that support SME's.

The fourth chapter discusses and lists the different business support systems provided by the DTI supporting SME's.

The fifth chapter discusses the empirical research, demarcation and limitations of this study. It defines the population used for the research and calculates the sample size that will be used in the research. It tables the response level from respondents to the research questionnaire. It discusses the use of questionnaires as research tools, as well as their advantages and disadvantages.

The sixth chapter contains the analysis of the results, showing clearly that there is a lack of knowledge in reference of the use of the business services provided by the various suppliers.

This last chapter deals with findings, in accordance with the stated research aims.

7.3 EVALUATION OF THE BUSINESS SUPPORT SUPPLIED

In this section the various business services supplied are researched, in order to determine whether the business services supplied / available, are relevant, useful and used by existing enterprises and new/planned enterprises.

7.3.1 SERVICES SUPPLIED BY GAUMAC

In the light of Gaumac's vision, namely to **contribute significantly to the economic transformation of South Africa by improving the competitiveness and growth of South Africa's Small and Medium-sized Enterprises (SME), in line with best practice globally, and through the supply of relevant value-added business information to all SME's**, it could be concluded, that Gaumac is achieving some results as far as the vision is concerned. The research clearly shows, that the knowledge base of 12.5 % and, therefore, the users of their service, is too low. The use of their service (41.7%) by the respondents who are aware of their service, is very encouraging. The researcher believes, that a lot more could be done to improve this situation.

Gaumac provides the following services.

- Advisory services to improve company growth and performance.
- Technology support.
- Information support.
- Assistance in setting quality and product standards.
- Providing retail outlets for service providers and institutions to extend their services.

- **Marketing advice.**
- **Finance management and access.**
- **Business management.**
- **Competitiveness improvement.**
- **Environmental management.**
- **Human resource development.**
- **Productivity and process improvement.**

In perusing the list of services provided, we come to the conclusion that Gaumac is clearly covering the bulk of areas where SME's need help most.

Previous research has indicated, however, that there seems to be some discrepancy between the expectation of clients before the work was executed, as compared with their opinion afterwards. In the researcher's opinion, this is due to the fact that government endeavours only to create an enabling environment, rather than to do the job for the client.

This could perhaps better be explained by the following example. Many of the clients of Gaumac's services, need financing. This need is normally addressed by way of an analysis of the clients' business and financial figures, followed by a comprehensive business plan drawn up by a consultant. During the initial stages, many of the clients are under the impression, that they will be helped to get the financing. There may be some misunderstanding when entering in the relationship at this early stage, and some promises may be made. The process is then concluded by the consultant handing the client the business plan, at which stage he/she moves on to start the following project. This is the point at which the client realises that he/she still has a problem, namely that he/she has expected financing, but now ends up with a business plan instead.

In this situation, the client is enabled to look for financing with the crucial business plan in his hand, but this is really not what he/she had been expecting. It seems to the researcher, that more effort should go into the front-end of this process, in order to make sure that the client understands, that neither Gaumac nor the consultant can give him/her any financing, but that he/she would have to approach various financing houses himself/herself to get the financing; also, that many of these will turn him/her down. But should he/she prevail and learn from each of these, what is required by the ones that turn him down, and build in answers for these into his business plan, he/she will probably be successful in the end. This example shows how difficult it is to supply the client with the correct help.

At a recent budget address to parliament, Trade and Industry Minister Erwin and his deputy, Hendricks, both lauded the Manufacturing Advisory Centres (MAC's). The MAC's are "...very successful examples of what we can do together to support small manufacturing enterprises". The MAC programme had made an impact on the economy by assisting over 1400 enterprises (Timm, 1:2003).

Gaumac is clearly on the right track in the opinion of the researcher; however, if we take into account that they are only helping only those enterprises with more than five and fewer than 200 employees, it is clear that there still exists a gap at the lower end - namely the potential enterprises and very small enterprises. The researcher believes, that Gaumac's services are relevant and useful and that these are being used by the SME's in the region. Gaumac should, however, do much more to market themselves in order to improve their knowledge base in the region as it is unacceptably low.

7.3.2 INDUSTRIAL DEVELOPMENT CORPORATION

The IDC's role, is to promote the development of industrial and agricultural projects in conjunction with private sector partners, and if we consider the Honorable Minister Irwin's comment, that over 70 % of all IDC loans in the last financial year (2003) were allocated to manufacturing small enterprises, the IDC is clearly making a difference.

If we analyse their knowledge base of 32.3% amongst the respondents, they are certainly one of the better known service providers. Of the respondents, only 3.3% made use of the IDC's services, which is unacceptably low.

The IDC provides various forms of financial assistance to private enterprise for growth and new development. The IDC offers a variety of instruments, ranging from installment sales to loans, equity and quasi-equity. Bridging finance, export credit lines and international finance are offered by specialist units. The services provided by the IDC are relevant; however, the IDC's services are generally not used and, therefore, the researcher believes, that the IDC can do much more to promote their services to the SME sector.

7.3.3 KHULA

Khula, being a wholesaler of financial services, can probably get away with a slightly lower knowledge base, but in the researcher's opinion, a knowledge base of 6.3% is too low. None of the respondents have availed themselves of services supplied by Khula.

With the need for financing being very high up on the list of needs by SME's,

it seems that from these research results, that Khula is definitely not doing enough to market themselves. They provide such a crucial service that it is important that the public, especially new and prospective entrepreneurs, are aware of Khula's services so that they can make use of these.

Where Khula is experiencing problems with loans not being paid back by the SME's, it clearly shows, that there still are problems and the researcher believes, that more controls and training may overcome this. Maybe the Thuso mentoring programme should be stepped up so that fresh entrepreneurs could be trained how to manage their enterprises better and to improve their survival rate. Khula must at all costs ensure, that financing is available to the new SME's and they should not withdraw to only lend to older SME's, such as was the case after their previous experience of bad debt.

7.3.4 NTSIKA

Ntsika, being a national agency that supports and further develops a vibrant and thriving small, medium and micro-enterprise sector in South Africa, is a very important organisation, providing much needed services to small enterprises.

With a knowledge base of only 4.2% amongst the respondents and with none of the respondents having made use of their business services provided, the researcher thinks, that Ntsika is not really doing their job in the Vaal Triangle.

The services provided by Ntsika, are relevant and much needed in the Vaal Triangle. The problem at the moment is, that their knowledge base is too small. It is thus very important that Ntsika do a lot more marketing of their services. It is important that the man in the street should become aware of this valuable

organisation.

7.3.5 NATIONAL PRODUCTIVITY INSTITUTE

The NPI, with a knowledge base of 12.5%, is one of the better known agencies but this is still a low knowledge base. Of the respondents that were aware of the institute, 25% made use of their services which is on an acceptable level. There definitely is a wide scope for improvement as far as the NPI's knowledge base is concerned, and the researcher believes, that the NPI as one of the older service providers, could do a lot more to make their services known.

7.3.6 SECTORAL EDUCATION AND TRAINING AUTHORITY'S

With a knowledge base of 13.5%, and the SETA's being relatively new, they can feel proud that they have achieved this level of market awareness, but there is still a lot of work to be done in future to make sure that more people, especially the general public, become aware of how the SETA's could help with skills training in South Africa. A total of 23% of the people knowledgeable about the SETA's, have made use of their services. This is heartening, and the researcher feels that this figure will improve in future as more people become knowledgeable about the SETA's.

7.3.7 SMALL BUSINESS DEVELOPMENT CORPORATION

The SBDC, with a 71.9% knowledge base, is the best-known service provider, probably because of their age. They have a use-factor of only 8.6%, which is too low and which should be improved on.

7.3.8 CHAMBER OF COMMERCE/BUSINESS FORUM

With a knowledge base of 44.8%, the Chamber/Forum is one of the better known agencies, but if we take into account their age and the fact that they are local, it seems clear that the Chamber/Forum is not performing well. With a use-factor of 4.6%, it also is not in great demand.

The researcher believes that the Chambers/Forum's services are not relevant; this is clear from their low membership numbers. They do not tender any useful or relevant services to SME's and for all practical purposes, the researcher believes, that they should rethink their role in society. Research has shown, that if they start to concentrate on the small and new entrepreneurs, this base of new enterprises will have an impact on the region. This impact will be far greater than that of their current policy of trying to influence local government from the sidelines. If the different chambers and forums do not merge soon and do not start to supply relevant business services to the region, the specific Chamber/Forum will miss a very valuable opportunity to influence the Vaal Triangle's economy for the better.

7.3.9 BLACK BUSINESS SUPPORT DEVELOPMENT PROGRAMME

This is the latest of the service providers which has a very short track record. A knowledge base of zero is, however, very disappointing. A lot more marketing should be done in order to make sure that the Black entrepreneurs become aware of this organisation.

7.3.10 SMALL BUSINESS PROJECT

With a knowledge base of zero amongst the respondents, the researcher feels, that the BSP is not doing a good job of making their services known.

7.3.11 UMSOBOMVU YOUTH FUND

With a knowledge base of zero amongst the respondents, it is clear, that the Umsobomvu Youth Fund is not making their services known adequately.

The services of UYF are definitely relevant; their use at this stage are still relatively low.

7.3.12 LOCAL GOVERNMENT

A knowledge base of 7.5% is very low and it is clear, that local government could do a lot more to make their business services known. None of the respondents made use of their business services.

With the Local Government's effort being invested into going after a diminishing number of large businesses, it is clear, that Local Government is not well-informed on this matter and that they are wasting the opportunity. Research has clearly shown all over the world, that the largest impact on the economy as far as job creation is concerned, can be made by increasing the number of small businesses. The researcher strongly believes, that Local Government should revamp their business services and incentives and start to concentrate on increasing the numbers of small businesses being formed in the

Vaal Triangle. As these small businesses start to provide job opportunities and thus reduce the number of unemployed, all these newly employed people earning money and paying their taxes and spending their hard-earned money in local businesses, will revive the Vaal Triangle's economy; this will in consequence draw the larger companies into the region as they will pursue the market. They do not come to grow the market; they want to make profits, therefore they need a large potential market to attract them to the region.

The researcher is aware that it takes more effort to work with a multitude of small businesses, rather than with one or two larger ones. It is important, that Local Government understands, that if they do not promote small businesses and keep on concentrating on the large ones, all their efforts will be rewarded by failure and not by success.

7.4 VIEWS OF THE CONSUMERS

Unfortunately the respondents did not give the researcher any feedback on this matter in the questionnaires, consequently the researcher can make comments only about his general impressions. It seems, that many of the respondents have tried to get help in the past but due to negative outcomes, they have become totally despondent and rely only on their own resources. This is probably not what the DTI and Government have in mind. If in the Vaal Triangle we go back to the root of the problem, which is unemployment and poverty, it is clear from research that the present basket of business services on offer, is not addressing the problem effectively.

7.5 UNEMPLOYMENT AS A MEASURE OF SUCCESS

According to a South African Broadcasting Corporation (SABC) news bulletin, employment in the formal non-agricultural sector in South Africa at Sept./Oct. 2003, stood at 6.335 million; this figure having only marginally improved over the last year. In July/August 2002, the figure stood at 6.334 million, which means that during the past year only 100,000 new jobs were created in the formal non-agricultural sector.

There are five times as many work-seekers as there are available jobs, writes Vaida (2003:S3). The gap has widened - figures suggest, that between 1996 and 2001, only 600,000 jobs had been created for more than three million new entrants to the job market.

Hirschowitz (cited by Vaida, 2003:S3), Statistics South Africa's Deputy Director General for research and development, says that 750,000 new job seekers enter the market every year. These include matriculants and university and technikon graduates, all of whom have no work experience.

The national census estimated the unemployment rate at 41.6%. This was higher than the official labour market statistic of 29.5%, which was based on the labour force survey of September 2001.

Simkins avers that the country has a "massive unemployment problem". The census found, that 33.7% of the working-age population - those between 15 and 65 years - were employed. The number of people not economically active - students, home-makers, the disabled, those too ill to work and people not seeking work - amounted to 42.3%.

From these quotes by various prominent people and organisations, the researcher concludes that the country as a whole, and in particular the Vaal Triangle, is not yet benefitting from the current basket of business services, and help made available. There is not a measurable reduction in the unemployment figure in the region; it can thus be deduced, that no noticeable wealth creation is taking place. The question is, **how do we seriously reduce these figures through the current business services on offer?**

The research clearly shows, that the solution for these problems, lie in the establishment of more small businesses. We should do everything in our power to make it easy for small business to start, to grow and to employ personnel. It is of the utmost importance, that all the role-players divert their attention from the so-called large employers (they are a bonus if you could find them, like winning the lotto - do you have a personal friend who had ever won it?. The researcher boldly states that your answer will be “no”). If the region starts to expend all their regeneration efforts in reference of the small business, the large businesses will be drawn in, because they will be approaching a vibrant economy, like the moth is drawn towards a candle.

7.6 WHERE DOES THE REGION STAND AT THE MOMENT

The region is not in a healthy position at the moment. According to Kotze (2003: 1), unemployment in the region has increased from 144,000 in 1996 to 240,000 in 2002 - an increase of 60%. This clearly shows, that all the role-players should take note and get their efforts co-ordinated so that we could make a concerted effort to swing this trend around.

There are a number of places where the entrepreneur can look for help or for business services. The services in the Vaal Triangle are currently very fragmented and are generally not used. This is the crux of the matter. If the services are not used, why does the taxpayer support these organisations with their taxes?

The researcher strongly believes, that the business services/incentives should be available and that it should be made easier for the entrepreneur to get hold of information and help through the offices that supply the services. It is up to the Minister to ensure that fragmentation and duplication are removed and that a user-friendly atmosphere is created.

7.7 AREAS WHERE HELP IS NEEDED

Specific problems are encountered by SMME's. These could be summarised as follows.

- Lack of property (assets).
- Lack of finance.
- Insufficient market conditions.
- Inadequate business and management expertise.
- Lack of relevant market information.
- Lack of time to plan and to acquire what is needed.

These problems can be addressed by the following support services.

- Training
- Mentoring
- Finance / Loans
- Business help

- **Accounting help**
- **Registration help**
- **Administration help**
- **Business incubators**

Following the creation of a new venture, many new entrepreneurs soon discover that the venture they are now in charge of, is quite different from the one they initially created. As the business expands, initially successful management practices may soon become obsolete. Recognition of this fact, is of central importance to the continued survival of the business. Hofer and Mahon (1980) point out, that it is essential for the owner/manager to recognise at an early stage, that radical changes in the way the business operates, will most likely be required if the venture is to survive in the long term. This admission tactically accepts the need to change from an entrepreneurial management approach to a professional one (Garavan et al., 1997:157).

Many entrepreneurs think their problems are over, once customers start to roll in. A large increase of sales, however, brings in additional expenses and “outgoings”. Generally, these expenses have to be met before the customer pays up. Such overtrading has major implications for the long-term survival of the business (Garavan et al., 1997:158).

Financing the small business, is one of the most difficult tasks facing the entrepreneur. The ongoing financial management of business is a problem of almost equal difficulty. One of the most common reasons cited for small business failure, is poor capitalisation and a lack of expertise in financial management (Garavan et al., 1997:206).

After a period of rapid growth, many ventures enter a stage of maturity or stability and may in some cases, start to decline. This period of stability, when it happens, requires the emphasis of the owner/manager to be redirected from a growth focus towards ensuring that the venture consolidates its position and looks strategically to the future (Garavan et al., 1997:215).

Auggar (cited by Barrow, 1996) claims, that the reasons for failure in small ventures are just the same as in relatively large firms, but further magnified. He argues, that all the symptoms of impending decline are visible. The following are the main warning signs.

- Is the chairperson also the Chief Executive or Managing Director? In the smaller venture, the appropriate question is, does the boss have too many jobs?
- Is gearing more than 100 per cent? Debt far greater than equity is a fatal liability for the small venture. Many small ventures attempt to borrow their way out of trouble.
- Has a director departed in the recent past?
- Are short-term borrowing larger than long-term borrowing? Many small ventures fall into the trap of taking out short-term finance in order to finance long-term projects.
- Has turnover grown more than 50 per cent over the last five years? Rapid expansion can often lead to overtrading, with the situation emerging where the venture does not have ready cash to pay bills, even though the order book is full.
- Is the company in a cyclical industry: many ventures may operate in an industry which is high-risk or which suffers from seasonability (Garavan et al., 1997:215).

These quotations clearly show, that the main reason why new ventures are running into trouble, are-

- lack of finance;
- lack of relevant information; and
- lack of business/management knowhow.

Indications also are that these are the areas that should be concentrated on when supplying business services.

The focus of this study is to research the support given to SMME's by the local service centres. Most of these needs are addressed to some extent by the various service providers; however, even for the researcher to sit down and to have a clear understanding of what is available from whom, is very confusing. There is a great degree of fragmentation and apparent duplication of services, which for the new or potential entrepreneur, seems like a maze through which he must work in order to get information and help. There has to be a better way of offering these services to entrepreneurs.

7.8 POSSIBLE SOLUTIONS

The following could be some of many ways of addressing the problem.

- A conference of all stakeholders.
- Stakeholders to streamline their services.
- One-stop service centres.

To hold more conferences, would probably be a waste of time. In South Africa we sometimes talk too much about a problem and never get to the point to actually do something about it. Now is the time to act!

7.8.1 CREATION OF ONE-STOP SERVICE CENTRES

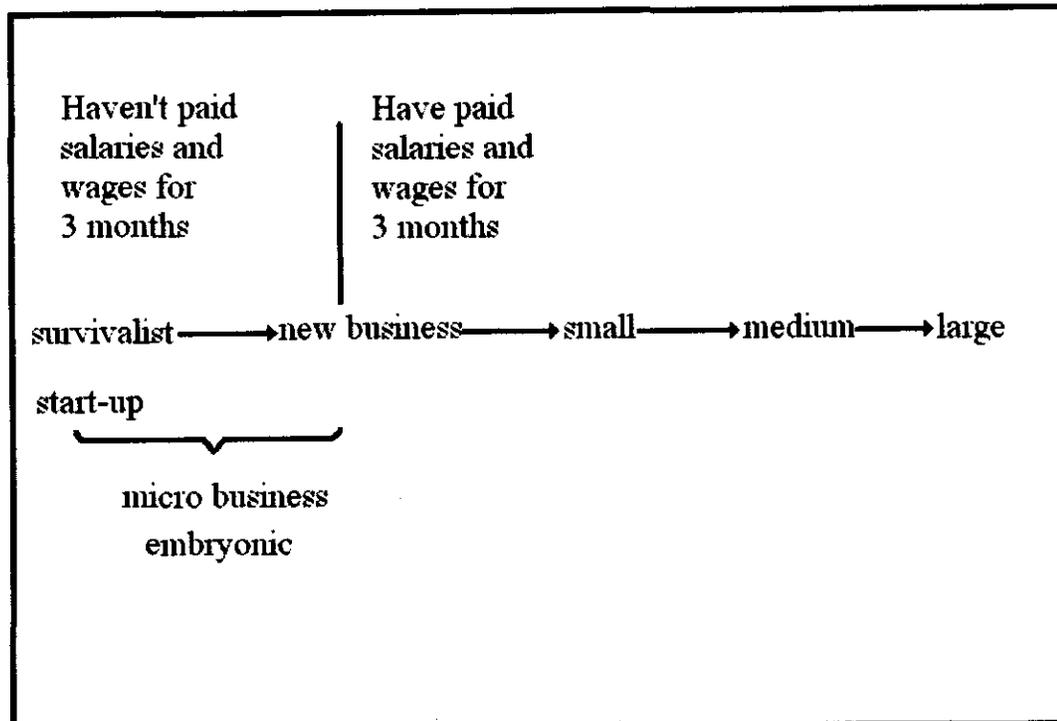
The researcher is of the view that one-stop business service centres constitute the way forward to solve the problem.

One of the goals should be to generate more start-up businesses and the next goal should be, to improve the success rate of these start-up businesses. The results achieved in Hertfordshire, where the survival rate of start-up businesses is 78% and the direct link between this and the availability of information from the one-stop service centre, is very encouraging.

From Hertfordshire's experience, we can deduce, that the provision of appropriate information is one of the cornerstones of such an agency. The supply of relevant information, training, mentoring and registration services, should be priorities for such a one-stop business service centre, with possibly an arm that could concentrate on sustainable community job creation services.

If we study the growth continuum for business (Figure 7.1), the objective should be to get more start-ups, and then to help them get over the hump where they become new businesses, subsequently growing into large businesses. Once the business can be classified as a new business, it seems as if much of the initial risk starts to diminish. The risk can be further reduced if management mistakes could be eliminated. The research has now shown, that lack of information and management expertise, contribute greatly to these mistakes. It is thus clear, that we should concentrate on supplying relevant information, training, and mentoring to the new entrepreneur by way of one-stop business service centres.

FIGURE 7.1: GROWTH CONTINUUM FOR BUSINESS



Source: Own research

7.9 RECOMMENDATIONS

Recommendation 1

A culture of skills improvement and ongoing learning should be created and maintained amongst all South Africans.

Motivation

This is a developing country; the previous political dispensation has left the country with the advent of a segregated education system. Poverty also contributes to poor education amongst the older youths that leave school to help

fend for the family. All of these also gave rise to a relatively uneducated and poorly skilled population.

Recommendation 2

Creating a love for entrepreneurship and self-sufficiency, based on a healthy self-image.

Motivation

In South Africa, entrepreneurship is not highly prized; entrepreneurs are not seen as heroes, while there is some leaning towards socialism amongst some of our citizens.

Recommendation 3

The acquisition of entrepreneurial and management training as having been included into most education syllabi.

Motivation

Youth are not guaranteed jobs after leaving school or tertiary education. Exposure to entrepreneurship will open their eyes to the opportunities available in the world of business. This will improve their business skills and know-how. This will also definitely reduce the number of new entrants that join the ranks of job-seekers.

Recommendation 4

To streamline business help and to make the supply user-friendly through one-stop business service centres.

Motivation

The existing business services are duplicated and fragmented to the point where business people through sheer frustration come to rely only on their own personal resources.

Recommendation 5

To get all the role players in the Vaal Triangle to work together in order to generate a meaningful reduction of unemployment in the region through SMME's and sustainable community-based job creation projects.

Motivation

Although there are a number of suppliers of business services in the area, this research has indicated, that the SME sector is mainly unaware of them and their services available. Unemployment in the area has not started to decline yet. Hand-in-hand with unemployment, goes poverty, which also has not declined yet.

7.10 CONCLUSION

The researcher has to agree with Sunter, that "...the long-term cure for

unemployment includes the encouragement of entrepreneurial education in schools, and nudging financial institutions to come up with innovative ways of providing seed money for small business development” (Sunter, 1997: 80).

Under SMME’s we may include all smaller businesses, remarking as follows about them.

- SMME’s enjoy the tradition of infinite varieties and solid achievements.
- They thrive everywhere.
- Few parts of the economy could survive without their products and services.
- SMME’s provide the bulk of the job opportunities in the country.

In short, SMME’s are the backbone of the economy.

In his State Of The Nation Address, the president of South Africa, Mbeki, on 14 February 2003 referred to the following: the country has stayed on the course of growth, with growth of the Gross Domestic Product for 2002, estimated at 3.1%. Gross fixed capital formation grew by almost 8% during the year. We had ten consecutive years of positive growth. Manufacturing grew by 5.4% in 2002, the fastest since 1995.

From this it is clear, that the country as a whole is moving in the right direction. The problem is, that there are pockets of poor performance and the Vaal Triangle falls into this category, due to the decline as discussed in Chapter 2. The big question is: **How do we pull ourselves up by pulling up our shoelaces?**

The research has shown that SMME’s are the solution to the job creation problem. Jobs are the solution to the poverty problem. Crime is the result of

poverty. If these problems want to be addressed in the Vaal Triangle so that we see a meaningful reduction in both poverty and unemployment, it is of utmost importance that we address this via-

- instituting sustainable community job creation projects;
- increasing the number of business start-ups;
- helping these business start-ups to grow to a point where the business risk is negligible.

One of the recommendations of the researcher towards achieving these goals, is the creation of one-stop business service centres. These centres, if well-funded and managed properly can contribute tremendously towards reducing unemployment and poverty in the region.

7.11 SUGGESTIONS FOR FURTHER RESEARCH

The following areas need further in-depth research.

- Would more SME's make use of the services provided by the local service providers if they were aware of the service providers and their services?
- Why does such a small percentage of respondents make use of Gaumac's services?
- Does the IDC make its services available to small enterprises, and if, so how can they better market themselves to the small business owner and the prospective business owner.

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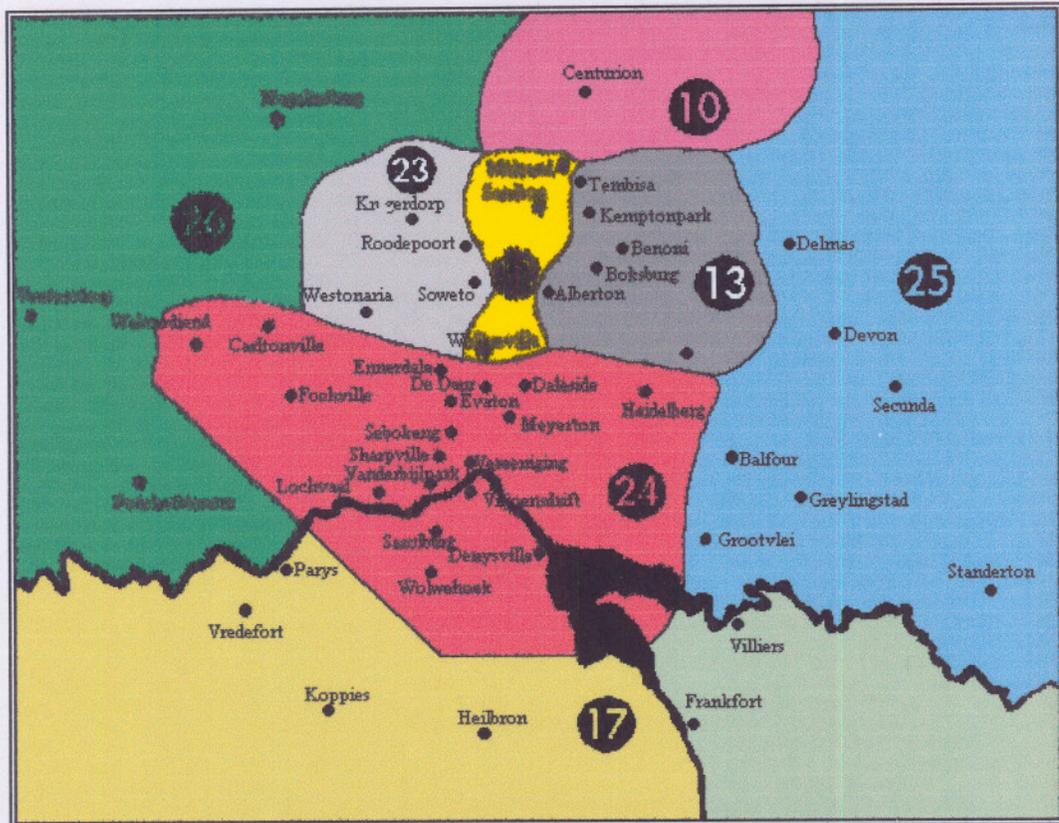
ANNEXURE A

VAAL TRIANGLE MAP

1:100,000

ANNEXURE A

VAAL TRIANGLE MAP



Legend:

10	Pretoria	17	Free State	25	Mpumelanga
12	Johannesburg	23	West Rand	26	North West Province
13	East rand	24	Vaal Triangle		

ANNEXURE B

INTERVIEW GUIDE

ANNEXURE B

INTERVIEW GUIDE

This list of questions were discussed with the service providers themselves

Date:

Person interviewed:

Position held:

Interviewer:

Questions to service providers:

Service Provider:.....

Below are the services provided by you listed, did we omit any services?

.....
.....

Which of these do you think is most helpful to your clients?

.....

How do you make your service known to your clients?

.....
.....

What results have you achieved?

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

Do you think your organisation had a positive effect on employment?

Give details:

.....

Do you think your organisation had a positive effect on the wealth creation in the Vaal Triangle?

Give details:

.....

Annexure C

QUESTIONS TO SMME's

Annexure C

QUESTIONS TO SMME's

Section A: General and demographic information

In which category of business does your company fall (mark with a "X"):

Sector	
Agriculture, forestry, hunting, fishing	
Business services	
Consumer services	
Finance, insurance, real estate	
Health, education, social services	
Manufacturing	
Mining, construction	
Retail, hotel, restaurant	
Transport, communications, utilities	
Wholesale, motor vehicle sale, repair	

Type of enterprise	
Sole proprietor	
Partnership	
Closed Corporation	
Company	

How many employees do your company have?	
Less than 5	
5 or more, but less than 10	
10 or more, but less than 20	
20 or more, but less than 30	
30 or more, but less than 40	
40 or more, but less than 50	
50 or more, but less than 100	
100 or more	

How many branches do your enterprise have?	
1	
2	
3	
How many?	

Section B: Information regarding the evaluation and use of services by the Small and Medium Enterprises.

1 Are you aware of **Gaumac Vaal**? yes no

If you answered "no" proceed with question 5; if yes, proceed with question 2.

2 How did you become aware of it?

.....

3 Have you used them at all? yes no

4 How?

.....

.....

.....

5 Are you aware of the **Industrial Development Corporation**? yes no

If you answered "no" proceed with question 9; if yes, proceed with question 6.

6 How did you became aware of it?

.....

7 Have you used them at all? yes no

8 How?

.....

.....

.....

9 Are you aware of **Khula**? yes no

If you answered "no" proceed with question 13; if yes,

proceed with question 10.

10 How did you became aware of it?

.....

11 Have you used them at all?

yes

no

12 How?

.....

.....

.....

13 Are you aware of **Ntsika**?

yes

no

If you answered "no" proceed with question 17; if yes, proceed with question 14.

14 How did you became aware of it?

.....

15 Have you used them at all?

yes

no

16 How?

.....

.....

.....

17 Are you aware of the **National Productivity Institute**?

yes

no

If you answered "no" proceed with question 21; if yes, proceed with question 18.

18 How did you become aware of it?

.....

19 Have you used them at all? yes no

20 How?
.....
.....
.....

21 Are you aware of the SETA's? yes no

If you answered "no" proceed with question 25; if yes, proceed with question 22.

22 How did you became aware of it?
.....

23 Have you used them at all? yes no

24 How?
.....
.....
.....

25 Are you aware of the **Small Business Development Corporation**? yes no

If you answered "no" proceed with 29; if yes, proceed with question 26.

26 How did you became aware of it?
.....

27 Have you used them at all? yes no

28 How?
.....
.....

29 Are you aware of the **Chamber of Commerce/Business Forum**? yes no

If you answered "no" proceed with 34; if yes, proceed with question 30.

30 How did you became aware of it?
.....

31 Are you a member? yes no

32 Have you used them at all? yes no

33 How?
.....
.....
.....

34 Are you aware of the **Black Business Supplier Development Programme**? yes no

If you answered "no" proceed with 38; if yes, proceed with question 35.

35 How did you became aware of it?
.....

36 Have you used them at all? yes no

37 How?
.....
.....
.....

38 Are you aware of the **Business Linkage Programme**? yes no

If you answered "no" proceed with 42; if yes, proceed with question 39.

39 How did you became aware of it?
.....

40 Have you used them at all? yes no

41 How?
.....
.....
.....

42 Are you aware of the **Umsobomvu Youth Fund** yes no

If you answered "no" proceed with 46; if yes, proceed with question 43.

43 How did you became aware of it?
.....

44 Have you used them at all? yes no

45 How?
.....
.....
.....

46 Are you aware of service supplied by **Local Government** yes no

If you answered "no" proceed with 50; if yes, proceed with question 47.

47 How did you became aware of it?
.....

48 Have you used them at all? yes no

49 How?

.....

.....

.....

50 Comments / recommendations:

.....

.....

.....

.....

.....

ANNEXURE D
POPULATION

ANNEXURE D

POPULATION

LIST OF SMALL BUSINESSES IN THE VAAL REGION WITH 100 AND LESS EMPLOYEES (VANDERBIJLPARK, VEREENIGING AND SASOL)

Businesses questionnaires were distributed to are marked in bold

1	MARIGOLD ICE-CREAM
2	TSHEPISO BUTCHERY
3	ICE-BLOCK SUPPLY
4	LA OMA SLAGHUIS
5	ARCON PARK FRUIT MARKET
6	CRAZY HORSE ROAD HOUSE
7	HOT SPOT FAST FOODS
8	CHEROKEE ROAD HOUSE
9	VAAL BODY REPAIRS AND SPRAY PAINTERS
10	A&I BEARINGS
11	RISIVILLE SUPERMARKET AND TAKE AWAY
12	CHECK AND BUY SUPERMARKET
13	DAIRY TALK ICE-CREAM
14	MARKET CAFE
15	RENOWN FRESH MEAT
16	KOPPISOL PLESIEROORD
17	WALDRIFT SUPERMARKET
18	LENMIN ENGINEERING
19	AMTEC
20	ALUTECH
21	TRADOR
22	POT OF GOLD
23	ORANGE AFVAL DEPOT
24	PULA TAKE AWAY
25	VIVA KOE-KOE SHOP
26	FRIESLAND TAKE AWAY
27	VAAL DISCOUNT JEWELERS
28	MANNY'S TAKE AWAY
29	MULTI MEAT
30	R59 TRUCK & TRAILER SPARES
31	CENTRAL INFORMATION SERVICES
32	GOOD LUCK CAFE
33	THE CHICKEN KING
34	CAPRI RESTAURANT

35	GINO'S TAKE-AWAY
36	MEAT AND MORE
37	MARYLAND FAST FOOD
38	CONTINENT CAFE
39	FARM CHICKEN SHOP
40	FURNITURE TIMBER PALACE
41	AFRICAN MAGNETS
42	EASY BUSY CASH AND CARRY
43	AURORA CONFECTIONERY
44	TEXAS MEAT RANCH
45	JACKPOT TAKE AWAY
46	PALACE CAFE
47	RAINBOW RESTAURANT
48	SPEEDY FOOD SUPPLY
49	JOJO FRIED CHICKEN
50	N & M MOTOR TRAILER HIRE
51	TRADEX
52	TOP STAR CAFE
53	COUNTRY FRESH
54	HYPER CHICKEN
55	DELICIOUS CORNER
56	MR FAT CAT VETKOEK
57	SAVOY CAFE
58	RED CAP CHICKEN
59	MACHINE TOOLS REPAIR
60	ARC SPRAY
61	PIZZA HUT
62	DI-TECH ENGINEERING
63	DIMOS ENGINEERING
64	ELCA ENGINEERING
65	AMCOR ENGINEERING
66	PHILIP'S SUPERMARKET
67	ERNEST LOWE HYDROTUBE
68	FERROUS HIGH PRECISION ENGINEERING
69	GENERAL PROJECT AND CONSTRUCTION SA
70	M.M.V. RACING
71	U AND POWER ELECTRIC
72	MOOLA'S FRUIT MARKET
73	INDIAN DELIGHTS
74	HARPER ENGINEERING
75	VEREENIGING COUNTRY CLUB
76	HARRISON AND WHITE CONTRACTORS
77	BELLA PIZZA

78	THREE RIVERS FISH AND CHIPS
79	SANDT
80	ADVANCED ELECTRONICS
81	VAAL PARK SUPERSPAR
82	HARRY'S CAFE
83	METAL BOX CENTRAL CAFE
84	FACTORY CARPET FITTERS
85	TUCK SHOP THESTO
86	MEAT HAVEN
87	QUEEN PIE
88	CHICKEN LICKEN
89	G D WIRE
90	AUTO MECHANICAL
91	TONY'S TAKE AWAY
92	RAINBOW BUTCHERY
93	CHOICE PIE
94	SIRLOIN BUTCHERY
95	PROTEA FISH & CHIPS
96	VAAL TAKE AWAY
97	KEUR BUTCHERY
98	M J S RESTAURANT
99	VANDERBIJL BOLT & NUT
100	KOFFIEHUIS
101	IMPALA ENGINEERING
102	SPICY FOODS
103	BAFANA-BAFANA
104	DRIEHOEK MILK DEPOT
105	KALOELIE MILK DEPOT
106	BR BLITZ MILK DEPOT
107	CHESS KNIGHT ENGINEERING
108	CHAMPION GUN SHOP
109	COLLASIUS TECHNICAL SERVICES (COLTS)
110	SASOLBURG MECHANICAL ENGINEERING
111	D S CONSTRUCTION
112	LAPPOURRI
113	CELLOS PIPING CONSTRUCTION
114	CARAVEL MAINTENANCE AND ERECTION
115	BURLEY ENGINEERING
116	BRITON CONSTRUCTION
117	BRYAK ENGINEERING PRECISION
118	BLITZ ENGINEERING
119	MAGNUM ENGINEERING
120	QUALITY FABRICATORS

121	MANA PRECISION ENGINEERING
122	CLYPAC STEEL
123	MANCO FABRICATION
124	MANN MACHINERY SERVICE CC
125	MULTI-TRADE DISTRIBUTORS
126	MOKOENA DRESSMAKING
127	NUNROYS MARKETING AND ENGINEERING
128	MYSTEK ENGINEERING
129	NANEER ENGINEERING
130	NSA ELECTRICAL & ENGINEERING SERVICES
131	NESSA ENGINEERING
132	TUBAL-CANE FOUNDRY & ENGINEERING
133	D M E AUTO BODY PANEL BEATERS
134	NIC RAS CONSTRUCTION
135	BEARINGS INTERNATIONAL
136	OLYMPIC CONSTRUCTION
137	P & W ENGINEERING
138	PARK ENGINEERING & MINING SERVICES
139	PEACO ENGINEERING
140	PRESTIGE CLEANING SERVICES
141	PETER'S PRECISION ENGINEERING
142	PLASMA WELD
143	PRO PIPE WORK
144	SALISTER DIESELS
145	BATAUNG FISH & CHIPS
146	DIPHOKO RESTAURANT
147	COUNTRY FRESH
148	STRUB LUBRICANTS
149	BILTONG PARADISE
150	SPARK'S ENGINEERING
151	FRONTIERS RESTAURANT
152	ALFA TRIO PANEL BEATERS
153	THREE RIVERS LAUNDRY
154	VAAL FAMILY RESTAURANT
155	TIP-TOP BAKERY
156	MILKY PALACE
157	D & S CHICKEN BAR
158	MINI MARKET
159	QUICK SAVE
160	VAN ZYL'S PANELBEATERS
161	T E C AUTO REPAIRS
162	QUILT GALLERY
163	RUST DIRE INN

164	CIVIC CASH & CARRY
165	BAFOKENG STORE
166	DON SUPPLY STORE
167	EDDIE FISH & CHIPS
168	MOKHALO SUPERMARKET
169	ZUIKERBOSCH MEAT MECCA
170	REFRITECH
171	FREEDOM GROUP
172	TAUNG TRADING STORE
173	VUKA SUPERMARKET
174	USCO I STORES
175	INDUSTRIAL CONCORDE CANTEEN
176	RITE VALUE
177	SAAMTREK CAFE
178	JANTENE CAFE
179	LUBE TECHNOLOGY
180	HYDRO OIL COOLING ENGINEERING
181	ROTHDENE CAFE
182	WYKO BEARINGS
183	HYDRO PRECISION ENGINEERING
184	SARAH'S FISH & CHIPS
185	MMABATHO FISH & CHIPS
186	AB FISH & CHIPS
187	BLUE CAFE
188	MICHAEL'S CAFE
189	MODERN UPHOLSTERERS
190	HARVEST CLEANING SERVICES & CHEMICAL DIST.
191	GOLDEN FOOD CENTRE
192	GOLD STAR FISH & CHIPS
193	CONCOR BUTCHERY
194	MODERN BUTCHERY
195	KHOSA'S BUTCHERY
196	MAZIBUKO CAFE
197	MOTAUNG FISH & CHIPS
198	GOLDWAGEN
199	SEGABI CAFE & GENERAL
200	RECFAB ENTERPRISE
201	MOKOENA CAFE
202	TSEALOPEFE SUPER MARKET CAFE
203	TSEALOPEFE SUPER MARKET BUTCHERY
204	DEKELIDI CAFE
205	SAPAPU CAFE
206	MAKUME COMPLEX CAFE

207	REFILOE SUPERMARKET
208	RAMAKAU MODERN HOUSE CAFE
209	NOVAK MOTOR ENGINEERING
210	HENSWAN EXHAUSTS
211	HIGHWAY CAFE
212	KHAFFINS RESTAURANT
213	MAHLODI FISH & CHIPS
214	MOLEFE RESTAURANT
215	NDABA PHUNYKA CAFE
216	BATLOAKA FUNERAL PARLOR
217	SUNRISE BUTCHERY
218	SITHOLE FISH & CHIPS
219	DEL-ETHNOLOGY
220	BATT MOTORS SASOLBURG
221	DISCOUNT BUTCHERY
222	SUN CRUSH CANTEEN TAKE AWAY
223	ROAD RUNNER TAKE AWAY
224	LUXMI TAKE AWAY
225	GEARMAX (Pty) LTD
226	VLEISKOR BUTCHERY
227	JONNY'S CAFE TAKE AWAY
228	KHAYALAMI FAST FOOD
229	CM CAFE BUTCHERY
230	J.J.M. FILTRATION
231	ROOSTERS TAKE AWAY
232	KWA-JUNDA BUTCHERY
233	MASHIGO'S CAFE
234	DENCOR INDUSTRIES
235	PRO FISH & CHIPS
236	CENTRAL FISH SW7 CHIPS
237	BAVELASE FISH & CHIPS
238	KHUTSONG CAFE
239	ZADCO BUILDERS
240	TRIANGLE FISH & CHIPS
241	MAROGANGE BUTCHERY
242	LAMOLA GENERAL DEALER
243	WYKO BEARINGS
244	IKANA EATING HOUSE
245	B & G CAFE
246	HLOMBANE CHEAP BUTCHERY
247	VET-KOEK DEN
248	MOTHERS KITCHEN
249	FIVE STAR CLEANING

250	ASHMAN
251	WILLIES CONFECTIONERY
252	PORTO MINI MARKET
253	EVEREST VLEISMARK
254	GOLDEN SUN
255	CE 1 SUPERMARKET
256	JUST RIB CAFE
257	HARPERS CAFE
258	GLOBE ELECTRICAL
259	FULCO SPARE
260	C.C. ELECTRIC & APPLIANCE
261	CAMPANELLA PIZZA
262	FRESH MEAT SUPPLY
263	CIVIC BAKERY
264	EVATON MEAT MARKET
265	MAKOSA FRUIT & VEGIES
266	THE MEAT CENTRE
267	MA MEAT MARKET
268	NYEMBE & SONS SUPERMARKET
269	PRO ROOF SHEETING
270	D & D PLANT MAINTENANCE
271	TEMBENI FISH & CHIPS
272	MNGUNA BUTCHERY
273	JACKPOT FISH & CHIPS
274	BOITUMELO FISH & CHIPS
275	HLAPO SUPERMARKET
276	MORNIBA STAR
277	H & M METAL DEALERS
278	LEBEMBE BUTCHERY
279	VAAL CUPBOARDS
280	X-O-DUS ENGINEERING
281	C-CHOP CAFE
282	JABULA FAST FOOD
283	IIOC ENGINEERING CAFE 7 GENERAL DEALER
284	MA MAGGIE FAST FOOD
285	VAAL INDUSTRIAL BUTCHERY
286	SALEY SWEET
287	MONTOEDI (KARAVAN)
288	MISTER GLASS
289	VAAL GEARBOX EXCHANGE
290	SEAL TIGHT
291	FOOD FOX CAFE/GENERAL DEALER
292	OCEAN FISH & CHIPS

293	CELIJO'S RESTAURANT
294	RIVERVIEW ALGEMENE HANDELAAR
295	EL PASO SPUR RESTAURANT
296	PANAROTTI PIZZA PASTA CAFE
297	MILKY LANE
298	PRIMA VERA CAFE
299	AUM PRECISION ENGINEERING
300	RELIANT ELECTRIC
301	TAULAS CAFE
302	KARAMEL KAFEE
303	CATS RESTAURANT
304	MILKY LANE CAFE
305	CAMELOT CAFE
306	JOE'S CONFECTIONARY BAKERY
307	CAMPANELLA PIZZA
308	SMULGENOT KAFEE
309	CUFFU MUG CAFE
310	TRICHROME ELECTRIC
311	HIGHLAND FRYER
312	COCMOS DELICATESSEN
313	KALAHARI OASIS RESTAURANT
314	MR FUNKY FAST FOOD
315	BOBAAS VESELGLASWERKE
316	SADDLES
317	LITTLE CAESARS
318	PONTIES CANTEEN
319	CHICKEN HYPER TAKE AWAY
320	EXCEED GEAR CUTTING & ENGINEERING
321	BARBEQUE PALACE
322	JUST ICE
323	EKONO MILK DEPOT
324	DRIEHOEK MILK DEPOT
325	CONCORDE KIOSK
326	MODEL GLASS & PARTITIONS
327	MARK
328	JERSEY DAIRY
329	MIMOSA SWEETS
330	RADIUS ENGINEERING
331	TIEKIES TUISNYWERHEID
332	LEEUFHOF GEMEENSKAPSAAL KAFEE
333	VEGGIE TOWN
334	WELCOME CAFE
335	ARCON PARK CAFE & SUPERMARKET

336	OUMA SE PLAASKOMBUIS
337	HOSPITAAL WINKEL
338	MADEIRA FISH & CHIPS
339	TOOLNET
340	RETIEF'S ENGINEERING
341	BRANDWEER KANTIEN
342	PLAZA CAFE
343	CATHERINE ROBSON KINDERHUIS
344	PEACEHAVEN SUPERMARKET
345	PIZZA ESPERANZA
346	CHRISALEX CAFE
347	MANNY'S FISH & CHIPS
348	RIKAMA SLAGHUIS
349	D L S ENGINEERING
350	LEKOA TECHNICAL SUPPORT
351	CENTRESAVE
352	FALCON RIDGE SLAGHUIS
353	KRAAINES CAFE
354	UNITASPARK FISH & CHIPS
355	VOPELS CORNER
356	NEDEMI VARS PRODUKTE
357	WATERDAL ALGEMENE HANDELAAR
358	TUCK SHOP
359	STAR CAFE
360	ELECTROMITE
361	VEREENIGING ABATTOIR CANTEEN
362	MARKET MEAT WHOLESALERS
363	SENTRAAL-WES KOOPERASIE
364	NEW GENERATION WHOLESALE
365	STER INRY
366	DUNCANVILLE CAFE
367	SUN HING
368	DIE POT
369	JCR MOTOR ENG
370	ALJIM ENGINEERING
371	NEW INDUSTRIAL BUTCHERY
372	SIMPLY THE BEST (PIZZA)
373	OUR TAKE AWAY
374	L-KOM GROOTHANDELAARS
375	WILLARD CHIPS
376	GEILIES RESTAURANT
377	PAUL PANEL BEATERS
378	VAAL PIPE & VALVE

379	AVONDSRUS 1
380	AVONDSRUS 2
381	TOEKOE'S TAKE AWAY
382	PARAGS MANUFACTURERS
383	DRIEHOEK AFVALLE
384	VAAL MEAT BUTCHERY
385	POWERVILLE CANTEEN
386	MIMOSA CAFE
387	CASABLANCA HAIR SALON
388	SANTO ANTONIO FRUITERERS
389	SUPER TRACK
390	VAAL DRIEHOEK VELLE
391	FOOD CITY CASH & CARRY
392	CONTINENTAL FRESH MEAT WHOLESALERS
393	PIZZA ROADHOUSE
394	WALK AWAY TAKE AWAY
395	ISCOR CAFE
396	SPRINGBOK AUTO GENERAL
397	20TH CENTURY CAFETERIA
398	ERASMIA MELKERY
399	TURNMILL HYDRAULICS
400	WEIRD WIZARD STEEL ART & DESIGN
401	LERATONG RESTAURANT
402	SHARPEVILLE SUPERMARKET
403	BAKERS DREAM
404	TV TAKE AWAY
405	APPLIANCE CITY
406	MARJUAN COFFEE SHOP
407	BELLS RESTAURANT
408	THE AFRICAN LUNCH BOX
409	FIDELITY SPRINGBOK
410	BLACK PANTHER MOTOR SPARES
411	MEXICANO'S RESTAURANT
412	DEE SWEETS
413	MR FISHY
414	VITASOL
415	JOHNNY'S FRUITERERS
416	CORNER LOUNGE
417	LAEKA'S BAKERY
418	PRESTIGE TUISNYWERHEID
419	INDUSTRIAL CAFE
420	NASHUA VAAL
421	THE COSY NOOK
422	AMBASSADORS RESTAURANT

423	ALARMS INTERNATIONAL
424	LA MIRAGE RESTAURANT
425	POSKANTOOR KANTIEN
426	DA ROMANO RESTAURANT
427	DA ROMANO CONTINENTAL DELICATESSEN
428	NEW GOLDEN RAY RESTAURANT & TAKE AWAY
429	A TASTE OF ITALY
430	MISSUS GLASS
431	FRANEUR MELKERY
432	TOWER FRUITERERS
433	FALCE FOODS
434	FUDGIES TAKE AWAY
435	WESTERN FAST FOODS
436	BUDGET BAZAAR
437	VEREENIGING TUISNYWERHEID
438	SOUTHERN FRIED CHICKEN
439	COURT YARD COFFEE SHOP
440	PARK PANEL BEATERS
441	SUNSHINE CAFE & TAKE AWAY
442	AHMEDS SUPERSTORE
443	SHOOTERS
444	ICE-CREAM LANE
445	CHICO'S WHOLESALERS
446	NEW YORK FRUITERERS
447	UNION CAFE
448	CONTINENTAL CAFE NO. 2
449	M & J INDUSTRIAL SERVICES
450	MACHINE TOOL PROMOTIONS
451	HELENA'S TAKE AWAY
452	IMPERIAL FRUIT MARKET
453	CAPE GATE TAKE AWAY
454	KLEIN BOY'S TUCK SHOP
455	PARK SQUARE TAKE AWAY
456	NEBRASKA BUTCHERY
457	RONNIES
458	CHOONDRA'S SWEET SHOP
459	AR AUTO ELECTRIC & MOTOR
460	DEPOT CONTROLLER/POSTAL DISTRIBUTION
461	ZIYADUMA MUSIC SUPERMARKET
462	VEREENIGING FOOD POINT
463	JABULANI SUPERMARKET & SHOE REPAIR
464	5 STAR RESTAURANT
465	CHOONARA SUPERMARKET

466	MAMS CURRY TAVERN
467	TAXIDO TREK SUPER-T
468	TAXIDO BUTCHERY
469	GELLIES RESTAURANT & TAKE AWAY
470	P.G. INDUSTRIES ENTERPRISE
471	SCHOLINGS
472	GELLIES FOOD CENTRE
473	COUNTRY FRESH DAIRY
474	ALPENHORN WURSTBRUDE
475	BLOEMENDAL FOOD
476	PROTEA TAKE AWAY
477	DAIRYVALE
478	EAT 'N MEAT
479	PARK GATE
480	ROBVAN ENGINEERING
481	EXECUTIVE AUTO SPRAY
482	STAND FISH & CHIPS
483	JOLIDA FISH & CHIPS
484	VILLA RESTAURANT
485	MOTTA TAKE AWAY
486	CREATIVE TALENTS
487	GRAB A BITE TAKE AWAY
488	CHICKEN KING TAKE AWAY
489	PORTUGALITO TAKE AWAY
490	EVERYSEAL & GASKETS
491	HYDRO PRECISION
492	FREDDIE FISH & CHIPS
493	VANDEBIJLPARK DEPOT
494	WEST RAND
495	LENMIN ENGINEERING
496	KIRI'S TAKE AWAY
497	AAA TAKE AWAY
498	JOE'S TAKE AWAY
499	ENSENE
500	MINI MAXI ARMATURE WINDERS
501	PHEHAMANG BUTCHERY
502	BATAUNG ZULU BUTCHERY
503	TRIPTIEK SLAGHUIS
504	ATLANTIC INTERNET SERVICES
505	TASTY TURBO TAKE AWAY
506	VASCO DA GAMA
507	PRIMA SLAGHUIS
508	COLLEGE CAFE

509	JUST CHICKEN BUTCHERY
510	ELITE AUTO
511	VAAL TRAINING CENTRE CAFE
512	JUST MEAT BUTCHERY
513	RAYSONICS
514	ZE RICKS ROADHOUSE CAFE
515	EDDIES SUPERMARKET
516	LEGHABILE BUTCHERY
517	BP EXPRESS SHOP BAKERY
518	RAINBOW CAFE
519	GLASS FIT
520	ABACUS MICRO SYSTEMS
521	INTERNATIONAL CAFE
522	PIE CRAZY
523	VILLA VERDI RESTAURANT
524	NORBAK SYSTEM
525	BLACK STEERS
526	MPHASANE CAFE & GENERAL DEALER
527	JONEL CAFE
528	BRATHEMS CHICKEN LICKEN
529	HOME PARTS CENTRE
530	LITTLE FISH & DELI SHOP
531	HETDRE RADIATORS
532	THE MEAT BOX
533	SOLLY'S CAFE
534	VAL'S FISH & CHIPS
535	MOCHA NISSI (Pty) Ltd.
536	L MARINA
537	PONTO FRUIT
538	ARTEMIS
539	ELECTRONIA
540	MAATRIX PERFORMANCE
541	OEWERSPENS RESTAURANT
542	NANDOS KAFEE
543	COLONIAL BUSINESS MAN CLUB
544	FRIENDLY BUTCHERY
545	FAIRWAYS SUPERMARKET SCORE
546	CC'S DINER
547	NANDOS CHICKEN
548	KING PIE
549	ELMA AIRCONDITIONING
550	FREIGHT LINER
551	DADOOS

552	CHOONARAS WHOLESALERS STORE
553	NETTAS SLAGHUIS
554	VASCO DA GAMA CAFE & FRUITERERS
555	PRETOORS VETKOEK DEN
556	VAN HEERDENS SLAGHUIS
557	ZUIKERBOSCH LIQUOR STORE
558	SWEETS FROM HEAVEN
559	LAMBSONS HIRE & SALES
560	XXX EXHAUST & SILENCER SERVICES
561	REPUBLIC CAFE
562	MISTER PIZZA
563	BON APPETITE
564	DIE VISWINKEL
565	LOLLY POT
566	FRANK'S FRUIT & VEGETABLES
567	CHATTER-LEY'S COFFEE SHOP
568	NIKITA'S OFFICE FURNITURE
569	METRALLARK
570	H & M TECHNOLOGIES
571	MIRAGE PIZZERIA
572	NAZRANA CONFECTIONARY
573	CAFE JULES
574	LITY'S FISH & CHIPS
575	MC SPICE CENTRE
576	CRAWFORDS
577	R & F WHOLESALERS
578	SUPER SAVERS
579	HAFFEJEE CAFE
580	DELTA PIPE CONSTRUCTION
581	INDUSTRIAL SEALS & SUPPLIERS
582	SR SPICES
583	CASANOVA INN
584	MODEL SLAGHUIS
585	VONDEL HARDWARE
586	BASOTHO GREEN GROCER
587	BATLOUNG GENERAL DEALER
588	BAPO FRUIT SHOP
589	EMTHONJENI STORE
590	PROGRESS HARDWARE
591	C DEPOT STORE
592	DAGBREEK BUTCHERY
593	EBONY FISH & CHIPS
594	GEARBOX SERVICES

595	ITOSOSE STORE
596	GILROSE SUPERMARKET
597	J.M. MOKOENA STORE
598	J RAMAKAU STORE
599	GESTETNER
600	ANTRIO DRY CLEANERS
601	P & A DRY CLEANERS
602	RADEBE'S DRY CLEANERS
603	STEPHEN-LEE TRADING
604	ZENEX FILLING STATION
605	ARMSTRONG I, II, & III PETROL STATION
606	SEFATSA FILLING STATION
607	VISION FILLING STATION
608	TK I, II & III FILLING STATION
609	NKUTHA FILLING STATION
610	NUMERI AIR CONDITIONING & REFRIGERATION
611	HIGH TECHNOLOGY CONSTRUCTION
612	WILLIES PET SHOP
613	UBISI'S FILLING STATION
614	CLUB LA MANCHA TAVERN
615	CLUB BARCELONA TAVERN
616	MELOA'S FILLING STATION
617	SESO THO TAVERN
618	MABATHO BOTTLE STORE
619	EXCELLENT HAIR SALON
620	LAPONTE HAIR SALON
621	SILVERTON RADIATORS
622	SEW & KNIT CLINIC
623	CHARLES HAIR SALON
624	MAKGWABA RESTAURANT
625	LEBOKO'S COMMUNITY CONFECTIONERY
626	S,M, NTSIO GENERAL DEALER
627	BOLAONG PUBLIC PHONE
628	BAHLOAKOANE FRESH PRODUCE
629	M & M GENERAL DEALER
630	J.J.V. BOLTS & NUTS
631	ZENZELE DAIRY
632	RIALTO CAFE
633	MOKHEMA WHOLESALERS
634	BILLY HARDWARE
635	NEW YORK TO NEW YORK SUPERMARKET
636	RABALI'S PHARMACY
637	GOBIZITWANA BAR LOUNGE
638	CHILLIBITE RESTAURANT

639	ALCO PRECAST CENTRE
640	T.S. INSULATION & PAINTING
641	EASTERN SUPERMARKET
642	LIQUOR STORE
643	SUPER LIQUOR STORE
644	WYNAND NOLTE EIENDOMME
645	PHOTO FAST
646	PHOTO GRAPHICS
647	GANDAN DESIGN
648	SIGN CREATIONS
649	BISCUIT KING
650	XXX SCRAPYARD
651	DIE VLEISWINKEL
652	VORSTER CREATIONS
653	CHALOVIA
654	KROMMENAALD
655	MOOLMAN FABRICS
656	T DESIGNS
657	KERATA HOUT
658	HOUTWERK
659	MODEL GLASS
660	THE BIG TIME
661	GROOTFONTEIN FURNITURE
662	TOP GLASS
663	AC APPLIANCES
664	DJ ELECTRONICS
665	SASMOVE
666	THE CARPET & BLIND WORLD
667	ARME VERSLANKING
668	DIE SKOONHEIDS KLINIEK
669	EL-ME
670	SEALMECH HYDRAULICS VAAL
671	FIFURES MODEL
672	MARICHELE SONBED
673	HIGH STYLE HAIR
674	MARIANA'S
675	ACCORD LIFTING
676	MELANI'S
677	A-Z BESTUURSKOOL
678	BATTERY DOE
679	ELMA AIR CONDITION & RETAIL
680	M.P. INDUSTRIAL ENGINEERING
681	HENMAR SASOL

682	PRO-VEHICLE ELECTRICIAN
683	SASOL AUTO BODY REPAIR
684	SASVAAL PANEELKLOPPERS
685	TURBO-FLOW
686	TAMMELETJIE
687	STOPNET
688	PIZZA DEN
689	O'HAGANS
690	FLEMINGO PLANT HIRE
691	MOCHACHOS
692	LEMON TREE
693	KOFFIE OPPIE HOEK
694	DIAL-A-MEAL
695	HARRY'S ROADHOUSE
696	A NOSSA CASA
697	AL CAPONE'S DRANK WINKEL
698	SENTRA
699	GEM GARDENS
700	M.S.R. ENGINEERS
701	SPANKS ENGINEERING
702	QUALITY POWDER COATING
703	PRO-TECH SECURITY
704	AFRICAN PEGMATITE
705	BOSRAND SAND COVERLAND
706	B & D PATTERN MAKER
707	LUMELA AFRICA
708	RESINITE S A
709	AFRICAN PRODUCTS
710	CITI BEARINGS
711	SUPERTRACK SECURITY DOORS
712	SHINE MASTER
713	GILLIES A G
714	FERRO STEEL INTERNATIONAL
715	TRIPPLE M ENGINEERING
716	TITAN INDUSTRIES
717	MALESELA TECHNOLOGY
718	ALMAR EXTRUSIONS
719	C B FOUNDRIES
720	COBO CONTRACTORS
721	SUPERIOR CASTING SUP & PATTERN MAKERS
722	PREVAIL ENGINEERING
723	EURO PAINT & HARDWARE
724	D E F ENGINEERING

725	MARBOE CONSTRUCTIONS
726	TH & M LABOUR AND PLANT HIRE
727	McKINNON CHAIN
728	ALL BOLT & NUT MANUFACTURERS
729	ENGINEERING FABRICATORS
730	MARBOE & SONS
731	SPEARCO TOOL
732	ELLISON STORMILL
733	TD COMMUNICATION
734	CARLOS AUTO CENTRE
735	GAMMATEC ENGINEERING
736	G WINDER
737	V A W VAAL ARMATURE WINDERS
738	KEMFIELD HIGH PRESSURE PUMPS
739	THAMES WIRE & CABLES
740	PAULINA'S DECORATIVE DESIGNS
741	VAAL HIGH PRESSURE & PNEUMATICS
742	PETMAR ENTERPRISES
743	DIAMOND POWER
744	ELLA ENGINEERING
745	PIETER'S PRECISION ENGINEERING
746	VAAL DIE CASTING
747	ZIMMERMAN & JANSEN S.A.
748	MASTERWOOD WORK
749	TOY SUPERMARKET
750	BOSS GEAR CUTTING
751	MACKAYS METAL SPRAYING WORKS
752	CINTOOL ENGINEERING
753	E R D ENGINEERING
754	KLIP ENGINEERING
755	N & O ENGINEERING
756	TOP TURN
757	ALL-IN-ONE ENGINEERING
758	GENERAL WELDING WORKS
759	LONE WIRE
760	J.B.N. ENGINEERING
761	VEREENIGING FOUNDRIES
762	MEGAWOOD
763	HELM ENGINEERING
764	AKLIN INDUSTRIES
765	COMPUTER DISCOUNT 3000
766	TRICO SERVICES
767	COMPUTER DISCOUNT 3000

768	DE KLERK MICA HARDEWARE
769	INTER-TURBO
770	BRAKE & TUNE -UP CLINIC
771	HEALTH GENERAL DEALER
772	GASKET CENTRE
773	X-O-DUS FRICTION ENGINEERING
774	CUPBOARD CRAFT
775	HEALTH BOTTLE STORE
776	MTHIMKULU'S FRIDGE REPAIRS
777	NAA'EEL'S CASH & CARRY
778	SEGOLE FRUIT & VEGETABLES
779	ASHANTI HAIR SALON
780	SPYKERMAN ENGINEERING
781	M & A BOTTLE STORE
782	CELE BOOKKEEPERS
783	A R CONTROLS
784	MOLAETSA GENERAL DEALER
785	DAN'S CASH & CARRY
786	FAIR PLAY LIQUOR STORE
787	FAIRY TALE ICE CREAM
788	VAAL KINE KIOSK
789	PANDA GARDEN RESTAURANT
790	MIRACLE AUTO BODY
791	LITTLE MAURITIUS
792	THREE RIVERS NURSERY
793	PROGRESS CAFE AND BAKERY & TAKE AWAY
794	GIOVANNI'S PIZZA
795	RED ROSE CAFE
796	STEVE GENERAL DEALER
797	PIKKIES POP IN
798	FAMILY STORE
799	KHOALI FAMILY STORE
800	PRECISION & LAWNMOWER SERVICES
801	LUCKY CORNER
802	KUBHEKA LUCKY 7
803	LAKESIDE GENERAL DEALER
804	ENYONI BUTCHERY
805	JM STORE
806	M J STORE
807	MADU-MAGEU
808	MINGO'S CAFE
809	VUKANI STORE
810	HENTER MOTORINGENIEURS

811	UNCLE SAM'S INN
812	THAFISA FRUIT MARKET
813	SOLLY STUDIO
814	PHOKENG CAFE
815	MALEKE GENERAL DEALER
816	P MOKOENA STORE
817	N E MOFOKENG STORE
818	SHARPEVILLE FISH & CHIPS
819	TRANSVAAL BLINDS & AWNINGS
820	VALET CENTRE
821	SHARPEVILLE BEER HALL
822	SHARPEVILLE DISTRIBUTION CLUB
823	M J MOKOENA GENERAL DEALERS
824	TRANSVAAL TRADING STORE
825	SHARPEVILLE TAILORS & GROCERY
826	STAR BUTCHERY
827	GIGI SWEETS
828	DIY CHEMICALS
829	COSY CARPETS
830	ONSITE SERVICE
831	S V SWEISWERK
832	REMO HOUTWERK
833	ULTRA FIBRE
834	TRIANGLE PANEL BEATERS & SPRAY PAINTERS
835	GELEENTHEID
836	BLINDS
837	ECONO FLEX
838	PARK SQUARE SUPERMARKET
839	SLEUTEL & SKOEN WINKEL
840	REIVILO INDUSTRIAL
841	ALCARE
842	MOOLMAN DIENSTE
843	DYNAMIC MODELS
844	TRV SUPERMARKET
845	BAFANA FURNISHERS
846	EMFULENI STEEL
847	PICK-A-BED
848	WEST STAR
849	DAYGLO MOTOR SPARES
850	ARABILOE CRAFTS CC.
851	MR FIX IT
852	PCN DRUKKERS
853	THOMAS TYRE CENTRE
854	REDWOODS RESTAURANT

855	EXECUTIVE UPHOLSTERS
856	VAAL MATTRESS
857	CANDLE MAKERS
858	LAUNDRY SERVICE
859	PADDY'S PANEL BEATERS
860	MOBILE TUNING & SERVICE
861	TOP DOG TRAINING & KENNELS
862	MR POOL REPAIR
863	VB LAPAS
864	FACTORY DELI
865	AJ KINGS VISION
866	MAGIC LAWNS
867	MAGIC CARPETS
868	SULIMAN'S CARPETS
869	MINI CARPETS
870	ECONOFLEX
871	CITY LIFE FURNITURE & PAWN BROKERS
872	JANSEN HOUTWERKE
873	FARSONS WALLS
874	HARRY-MPHA PAVING & BETON
875	FLORANI KWEKERY
876	ELUTE PAVING
877	WW PLUMBING
878	SEMFENS
879	VAAL CEILINGS
880	DELJ ENGINEERING & CONSTRUCTION
881	EXPRESS BUTCHERY
882	VAAL CV CENTRE
883	B & M PAVING
884	CENTURY PAVING
885	RIVER PAVING
886	THE DRAIN SURGEON
887	PANTHER PAVING
888	THE ELECTRO CLINIC
889	TRANSVAAL BLIND & AWNINGS
890	GEARBOX MASTERS
891	TRELLIDOR- VORSTER INTERIOR
892	SHADENETS
893	DAY-GLO SUPERMARKET
894	MOM AMIE HAIR BEAUTY CLINIC
895	AL-MAR HAAR SKOONHEIDS SALON
896	LA LUNA SALON
897	SALON LE CHIC

898	BRIDE & GROOM BOUTIQUE
899	MOHAMMED LOCKSMITH
900	SF FAB
901	CB INTERIOR
902	HARLEY TOOL CENTRE
903	KG HAIR SALON
904	DAN & DONS
905	DUNCANVILLE BUTCHERY
906	FRUIT SHOP
907	HAMBURGER HUT
908	FRANCE CAFE
909	THEMSAM CLOTHING
910	ROXOUND ENGINEERING
911	AFRICAN CABLE CANTEEN
912	BRODERICK CANTEEN
913	EVKOM CLUB CANTEEN
914	MITCO CLUB CANTEEN
915	NORDBERG MANUFACTURING CANTEEN
916	TRANSPORT CATERING SERVICES
917	DORBYL VECOR RESTAURANT
918	TNT PANEL BEATERS
919	S A BROUERY KANTIEN
920	BRICK & TILE
921	PULA FAST FOOD
922	RAND WATER BOARD CANTEEN
923	LIBRA CANTEEN-FEDMECH
924	PRESTIGE CATERING
925	MEYERTON FRESH MEAT
926	SONSKYN KAFEE
927	ROTHDENE VLEISHANDELAARS
928	LES MAXIMES RESTAURANT
929	STEEL PARK MOTORS
930	JOHN CRANE
931	MEYERTON FRUIT SHOP
932	MEYERTON RESTAURANT
933	HAVEN BUTCHERY
934	KALAHARI DESSERT DINER
935	VLEISWINKEL
936	MR GEARBOX
937	KWIKKIE TUISNYWERHEID
938	LUCKY'S ROADHOUSE
939	BURGER BOX
940	MUD MAN

941	PETE'S RESTAURANT
942	CLUB HOUDINI
943	GREEN SLEEVES
944	SYBEON
945	THE PRINT SHOP
946	ADAM'S RIB
947	DIE KOFFIEHUIS
948	101 PRODUKTE
949	MASTER VARIETY STORE
950	RAND AIR
951	SWANEPOEL MELK DEPOT
952	AYLESBURY ICE-CREAM
953	DIGGERS GRILL VEREENIGING
954	SASOLBURG AUTO BODY REPAIRS
955	BILTONG BAR
956	HYPER CANTEEN
957	SONNEBLUM TUISNYWERHEID
958	WIMPY BAR
959	NAZRANA BAKERY
960	NATIONAL CAFE AND SUPERMARKET
961	QUICK SAVING
962	NATASHA TAKE AWAY
963	CREATIVE WOOD
964	DAY-GLO HARDWARE
965	E DEPOT
966	OXFORD FISH & CHIPS
967	ALARM DOCTOR
968	AFRIKANO TAP & TILE
969	MIKE'S CAFE
970	PHENOL CONSTRUCTION
971	TUMELO SCRAP METAL DEALERS
972	TAXI RANK TAVERN
973	MEYERTON FRUIT MARKET
974	WILRO PLUMBERS
975	RITTAH'S MOTOR SPARES
976	EDDIE BOTTLE STORE
977	GT'S RUB & CRAB
978	ALRODE COOLING PROJECT
979	A M ALARM & ELECTRONIC
980	C.T.J. BEZUIDENHOUT
981	CASH CORNER
982	AMERICANA HARDWARE
983	BOTHMA & SONS TRANSPORT

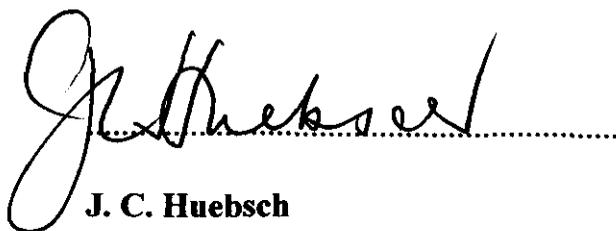
984	BARNET AUTO SPARES
985	KAREE ARMATURE WINDERS
986	CONVEYOR SPLICING SERVICES
987	DIE PARSKUIP DRANKWINKEL
988	DIE PARSKUIP BOTTLE STORE
989	CONVEYOR TECHNIQUE
990	DYNAMIC AIR
991	VAAL PLUMBING
992	CAMPANELLA PIZZA & PASTA
993	EXO FLEX
994	ERICA KWEKERY
995	HERMIT CRAB SEA FOOD
996	FRIK'S FENCING
997	A PLUS SIGNS
998	ELECTWELD
999	CERAMI CRAFT
1000	CAR & TRUCK AUTO

LECTURI SALUTEM

This is to certify that I have professionally edited the doctoral thesis of Mr Philip Malan:

AN INVESTIGATION OF THE SUPPORT SYSTEMS FOR SMALL, MEDIUM, AND MICRO ENTERPRISES THROUGH LOCAL SERVICE CENTRES IN THE VAAL TRIANGLE REGION

Dr J.C. Huebsch(MSATG; MSATI)
Member of the South African Translator's Institute
255 Louis Trichardt Blvd
Vanderbijlpark 1910
Phone No.: (016) 933 9857



J. C. Huebsch

DR. J.C. HUEBSCH
(MTGSA; MSATI)
Sworn Translator/Linguist
Geswore Vertaler/Taalkundige
Tel & Fax: (016) 933-9857