

**THE IMPACT OF DENLYN MALL ON LOCAL SMALL BUSINESSES IN THE VICINITY OF
MAMELODI TOWNSHIP**

By

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22256822

A MINI-DESSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF MASTERS OF BUSINESS ADMINISTRATION DEGREE AT
THE NORTH-WEST UNIVERSITY (MAFIKENG CAMPUS)

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August 2015

DECLARATION

I, Leonard Maputle Kekana, declare that the mini-dissertation hereby submitted in partial fulfilment of the Masters Degree in Business Administration is my own work and has not been previously submitted by me for the degree at any other University.

Signature _____

Date _____

LM Kekana

ACKNOWLEDGEMENTS

First and foremost I would like to thank God for giving me the strength and wisdom to complete this research report. Special gratitude goes to my wife Mangali and children, Kholofelo, Katlego, Kgothatso, Khutso and Omoratile, for their unfading support and tolerance of many hours spent away from them to complete this project.

To my supervisor, Dr Nick Molefe, thank you for your leadership and inspiration.

Thanks to Mr Phemelo Seaketso for your guidance in analyzing data. Please keep up the good work of supporting students in need of your assistance.

Last but not least I also wish to thank Brenda Lombard, Ajayi Eyitayo Julius and Johannes Masela for their special contribution; the encouragement they gave me as well as the high standard of advice I received from them regarding this work.

ABSTRACT

The gradual extinction of small businesses in the Mamelodi Township brought about by the development of the Denlyn Mall has left a huge void in economic situation of the area, thus forcing the owners of these businesses to live in indefinite credit. The foregoing had thus impacted negatively to the community's social and economic welfare; and also worsened the livelihood of local residents. Despite the importance of the aforesaid plight, the store closures have so far not received the much needed attention it deserves in the marketing literature and retailers; and were left without any guidance on how to assess the impact and magnitude of the lost sales.

The primary objective of this study is to investigate the impact of Denlyn Mall on local small businesses Mamelodi Township with the aim of assessing the change in the economic situation of the area.

A mixed method approach was used in this study, utilising a sample of 90 respondents during the quantitative phase and 40 interviews conducted during the qualitative phase. For this reason the face-to-face interviews and questionnaires were used as data collection instruments. All in all participants that cut across combined operators of informal businesses, namely spaza shops, house shops, street vendors, hawkers and corner cafés and general dealers and supermarkets were carefully selected through the use of a stratified random sampling formula.

The findings suggest that operators of SMMEs made high profits compared with the operators in Denlyn Mall; some of them however, only break even in their business operations. Furthermore, the operators claim that SMMEs can do better with more assistance from government in terms of easy access to registration, training, empowerment programmes and financing options.

Results from the study showed that the average age bracket of majority of operators of small businesses is within 18–44 years, who are adversely affected with the problem of unemployment. It can therefore be deduced that small businesses can be used as a tool to alleviate the problem of unemployment. This study further found that the issue of

education can really help operators of small businesses to be more organised and productive in their businesses.

The study further revealed that majority of the operators of small businesses were not married or were single parents and that their average personal income fell within income bracket of between R1000 and R2999 a month, while the high income earners fell within the bracket of R12 000 and R14 000. Although, results from the study showed that operators of SMMEs make high profits when compared with the operators at Denlyn Mall, some do break-even. However, the operators claim that SMMEs can do better with more assistance from the government in terms of easy access to registration, training/empowerment programmes and financing options.

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List of Acronyms and Abbreviations

ANC	African National Congress
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CHE	Cottage or Household Enterprises
DTI	Department of Trade and Industry
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
GOI	Government of Indonesia
ILO	International Labour Organisation
IMF	International Monetary Fund
LEs	Large Enterprises
MLEs	Medium Larger Enterprises
OECD	Organisation for Economic Co-operation and Development
R&D	Research and Development
SA	South Africa
SAJEMS	South African Journal of Economic and Management Sciences,
SEs	Small Enterprises
SETAs	Sector Education and Training Authorities
SMEs	Small Business Enterprises
SMMEs	Small, Medium and Micro Enterprises

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CHAPTER ONE: RESEARCH OVERVIEW AND ORIENTATION

1.1 OVERVIEW AND INTRODUCTION

This chapter outlines the background to the research, the problem statement, the research questions, research objectives, the literature review, the research methodology, ethical consideration and the significance of the study.

This study examines the impact of Denlyn Mall on local small businesses in the vicinity of Mamelodi Township. The study will play a significant role in unearthing opportunities for further development and welfare of small businesses in Mamelodi and South Africa economy at large. The study also highlight areas of shortcomings that prohibit potential growth and operations of small business. An outline of existing hypothesis derived from previous international small business studies are given as background. The discussions and analysis of literature on the state of small businesses in three countries: China, Indonesia and South Africa were selected as areas of focus for comparisons. The researcher used questionnaires to gather information from respondents.

1.2 PURPOSE OF THE STUDY

The informal sector is a crucial sector of most of the developing countries. The informal sector is, at best, seen as a safety net for unemployed workers. Consequently, the most appropriate policies are those that alleviate poverty or provide insurance during extended periods of unemployment. Mamelodi Township Community received with mixed feeling the development of the nearby Mall. For small business operators the Denlyn Mall was going to take away their business ventures and destroy their future. For residents, the existing job opportunities available at the informal sector would be taken by those who are well connected to the Mall businesses.

The purpose of this study is to provide answers to some of the critical concerns and uncertainties raised by informal business and inhabitants of Mamelodi. The study is developed to determine the impact of Denlyn Mall on local small businesses in the vicinity of Mamelodi township. These results will advise relevant stakeholders, among

others, government and its small business agencies, independent mall business bodies, etc.

1.3 BACKGROUND

The democratisation of South Africa (SA) and the advent of globalisation have changed the economic situation in the country. In the past there were a number of family businesses ranging from spaza shops or tuck shops to general dealers and other variety of township retailers within the townships. These township businesses were providing very limited items in the form of basic necessities customised for human consumption in a particular area for certain categories of communities. According to Leebaert (2006) small business are often the beginning of large ones and that they provide catalytic benefits to the economy.

According to Gamble, (2009), in the Western context, the consumer is omnipresent, both as a rhetorical figure and as the cornerstone of economic progress and stability. The loyalty of customers derived from local adaptation and trust-based credit facilities gave such businesses a considerable market share in the community, despite the inflation of prices by ambitious small business owners. When it is time to settle debts, then these local customers normally pay what would be due to creditors and also purchase necessities for a particular period until further credit is being granted. One of the key factors characterising the advantage of the local small businesses is that the kind of existing arrangement goes beyond buyer-seller relationship.

Ligthelm (2008) highlighted that township inhabitants only experienced the economic facelift in the late 1990s, when consumers progressed to a middle-income group. The new developments in electronic media, the internet, social networks and information technology have further contributed immensely to changing roles of businesses operations in all sectors of the economy. These in turn have changed our consumption pattern and life style. This was emphasised by Vel, Ajay & Dayne (2010) when he mentioned that given continuous changing market demands, the sophistication of customers and multi-channel retail models, innovation has become imperative to retail growth and profitability. However, some of the respondents claim to break even in their sales at the end of the month. They can no longer even afford to offer credit facilities

like before due to limited cash flow and insufficient inventory at their disposal. These businesses are now used for convenience sake by local communities — as a source of emergency supply.

“Too many organisations struggle to define problems and goals; much less to innovate with the precision and efficiency needed to compete in the world today” (Bingham & Spradlin, 2011). Modern chain stores in the township malls have taken over the market share and thrown these small township entrepreneurs out of business by placing a variety of well-known brands at the disposal of the consumers. “Most large shopping mall developments are anchored by national grocery chains offering a wide variety of food and grocery products not previously offered in township areas” (Ligthelm, 2008).

1.4 PROBLEM STATEMENT

According to Ligthelm (2008), the pre-1994 retail landscape in the township was dominated by small, mainly informal retail business offering basic products and services to a relatively low income consumer market. “Despite their importance, store closures have not received attention in the marketing literature, and retailers are left without guidance” Haans and Gijbrecchts (2010). These small businesses operated in a dilapidated infrastructure with limited financial muscles to maintain their operational consistency, especially with regard to employing latest technology in their daily business activities.

In 2009 Denlyn Mall opened for business in Mamelodi Township, in direct competition to local small businesses. The Mall, established according to the standards of modern shopping mall developments, was received with mixed feeling by both residents and small business owners in the area. This act has allegedly been seen as responsible for local small businesses extinction. It is for this reason that the study aims to establish the extent to which the advent of Denlyn Mall in Mamelodi has impacted on local small businesses and the community at large in the area.

1.5 RESEARCH QUESTIONS

The formulation of the research questions follows the setting of objectives. The research questions established here intend to guide and centre the research and give answers to the following:

- What does the impact of Denlyn Mall entry into the consumer market have on small businesses in Mamelodi Township?
- What are the potential benefits of Denlyn Mall to the local community?
- What are the observed demographic and purchase behaviour characteristics of the households that have been deflected to Denlyn Mall?
- What are the community structural changes and employment opportunities created by Denlyn Mall?

1.6 RESEARCH OBJECTIVES

In this case the primary objective of the research is to investigate the impact of Denlyn Mall on small business around Mamelodi.

The secondary research objectives of this study are:

- to bring to the light the impact of the Mall on small businesses;
- to investigate the challenges the small businesses faces in the area; and
- to explore the formal and informal business usage; and employment opportunities created.

1.7 SIGNIFICANCE OF THE STUDY

The chapter presented a brief background of the study: the impact of Denlyn Mall on small businesses around Mamelodi Township. The problem statement was discussed from telling informal businesses decline, seemingly succumbing to Denlyn Mall's established retail giants. The research questions were discussed with the intention of guiding the research objectives.

A number of respondents as reflected on the one-one-one interviews raised concerns about the role the Department of Trade and Industry play in assisting small business

growth in the country. They compare their small business counterparts in other countries. The respondents feel that the Department of Trade and Industry and the government are not doing enough to influence other role players to assist in developing small businesses.

This study will contribute towards the existing body of knowledge on small businesses in and around Mamelodi and the influence of the Denlyn Mall on both the township small businesses and the residents. The investigation of small business operations before and after the establishment of Denlyn Mall will answer the question of whether local small businesses are succumbing to established brands in the Mall. Although there is no formal documentary about the audit of small businesses in the area before the mall arrived, the researcher relied on questionnaires and outcome of the interviews to come to a conclusion. This will provide advice and guidance on the declining state of small businesses in the area. The following are some of the benefits the study may provide:

- The report will be helpful to the government to revisit policies on SMME assistance.
- The report will assist surviving SMME's in the area to take stock of their business strategies and correct the mistakes done by their previous SMMEs owners.
- The report of the study will be used as the basis for furthering research on the effect of malls on small business in other areas.

1.8 CHAPTER OUTLINE

This section outlined analysis and assessment of the chapter. The chapter presented telling background of the retail industry with reference to small businesses in the country and the rest of the world. The problem statement of Mamelodi's dwindling small businesses as a results of newly constructed Denlyn Mall was highlighted. The extent to which Mamelodi small businesses succumbed to Denlyn Mall's retail giants was also elaborated and will be clarified further in the subsequent chapters.

Four research questions were clearly formulated and were followed by primary and secondary objectives. The chapter also outlined the significant role of assisting small

businesses to grow their businesses and advice from Government and stakeholders with policies and regulations amendments.

1.9 SUMMARY

The chapter begins with background of economic activity within the retail industry that has flourished over the years. This can be seen by the increased developments of formal retail shopping centres. However, such developments typical in many townships have raised concerns from community and strategic partners in small businesses.

The study has provided us with a brief review of the discussions on interviewing on Mamelodi communities where patrons do their daily shopping at the newly constructed Denlyn Mall. The problem statement of the study is how the Denlyn Mall has affected the Mamelodi community and small business owners and the relationships they enjoyed throughout the years. The research questions intended to guide the study were formulated. Both primary and secondary research objectives were constructed. The significant of the study to both small businesses and relevant stakeholders was presented.

The next chapter reviews the literature focused on examining the current theory on small business in three countries: China, Indonesia and South Africa. Various credible sources of information on the subject, written between 2000 and 2013 were used as references. The chapter is followed by research methodology which will outline the research design employed to collect information. Chapter 4 presents results derived from field work, where questionnaires were used as data collecting tool from 90 respondents. Findings are presented in the last chapter of the research. The chapter concludes the study by making recommendations and considering area for further research.

CHAPTERTWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter begins with the definitions and discussion of key concepts of small business in SA. Reference is also made to definitions and classifications of small businesses in other countries as well as best practices by looking at various reference sources on the subject, written between 2000 and 2013.

Ligthelm (2008) highlighted that the pre-apartheid retail landscape in the township areas was dominated by small, mainly informal retail businesses, offering basic products and services to a relatively low-income consumer market. While we are all seeing and hearing about the rise and fame of shopping mall developments in townships, everyone who lives there had exposure to a variety of small businesses that existed at the time before the invasion of these malls in their areas. Today, it is recognized widely that shopping malls are housing chain stores that generally offer lower prices and tend to provide more standardized products that are characterized by high-tech inventory and distribution systems utilization.

Charman, Peterson and Piper (2011) mentioned that most local spaza micro-enterprises, had not historically engaged in price competition, but operated on the basis of location and relationships with clients.

According to Mago and Toro (2013), the concept of small business is diverse and depends on the level of economic development in each country. The general view of township small businesses that comes to mind are street hawkers/vendors, spaza shops, corner cafe', house shops, township general dealers, township supermarket of which their unique business approaches are based on respective owners' tastes and preferences. Most of the locals have used these small businesses at one time or another and many are still using them today. They may be at a stage of decline, but may not completely disappear, i.e. they are there to stay through relevant skills transfers and proper mentoring. "An inexperienced youth with hunger for success is far more valuable than a master on the decline" (Nuzwayo, 2013).

Even as the South African government attempts to steer economic growth and development toward the formal sector, informal economic activities persist in the retail sector. According to Rolfe, Woodward, Ligthelm and Guimares (2010), one of the reasons that the informal businesses dominated trade and commerce in SA is that the lack of formal retail in the townships and homelands under apartheid had led to entrepreneurial opportunities in the informal sector.

“In one of its historically largest purchase operations, American retail giant Walmart, bought 51% of South African Massmart in May 2011 for the sum of US\$2.4 billion” (Flores-Arroz & Musca, 2011). Accordingly, South African local groups feared that the purchase would represent closure of local businesses and subsequently job losses into the retail market. The Massmart group which is based in Johannesburg includes retail businesses like Game, Dion Wired, Makro, Builder’s Warehouse and Masscash. These retail giants are common in the townships, and some of them are found at local malls.

As one of the newly developed malls in Mamelodi, the Denlyn Mall was received with mixed feelings from both local community and local businesses. “Mamelodi Township falls under City of Tshwane, one of the largest municipalities in the country and the third largest in the world in terms of land mass” (Draft 2013/2014, IDP Review: City of Tshwane). According to Green (2006), the township, situated 20 km east of the centre of the City of Tshwane (Pretoria), took its name from the farm, but was changed to Mamelodi in 1962 through the personal intervention of Dr. Hendrick Verwoerd, the then Prime Minister. There is a diverse set of living standards in Mamelodi, ranging from well-built brick houses to small informal dwellings, known as shacks, made out of sheet metal.

2.2 THE CLASSIFICATION OF THE SOUTH AFRICAN ECONOMY AND RETAIL SECTOR

“In August 2003, President Mbeki referred to SA being characterised by a ‘first economy’ and a ‘second economy’ operating side by side. In November, in an address to the National Council of Provinces, he stated that the second economy (or the marginalised economy) is characterised by underdevelopment; little contribution to

GDP; contains a big percentage of our population; incorporates the poorest of our rural and urban poor; structurally disconnected from both the first and the global economy; and incapable of self-generated growth and development” (ANC Today, 2004).

“In his State of the Nation Speech in 2004, President Mbeki argued that the core of our response to all these challenges is the struggle against poverty and underdevelopment, which rests on three pillars. These are: encouraging the growth and development of the first economy by increasing its possibility to create jobs; implementing our programme to address the challenges of the second economy; and building a social security net to meet the objective of poverty alleviation” (ANC Today, 2004).

“In 2003, President Mbeki argued that these two economies — the first and third world economies in his terminology — existed ‘side by side’ and were separated by a structural disjuncture” (Ngiba, Dickinson, Whittaker & Beswick, 2009).

In answering the question on whether formalization is the solution, Weder (2003) mentioned that given the current business and economic environment in developing countries the opportunity costs of informality seem to be much lower than the cost of operating formally. This is based on the premise that even SMMEs with a higher degree of formality still face the same obstacles as those with higher level of informality. On the other hand the cost of operating formally is very high for formal, medium firms.

“Using the term informal ‘economy’ rather than informal ‘sector’ partially addresses such concerns. The term economy implies a greater range of activities than sector. If both formal and informal activities are seen as part of the economy we are better able to see the linkages between the two” (Devey, Skinner & Valodia, 2006).

According to Statistics South Africa (2001 and 2007), the formal sector in SA is defined as economic activity that occurs within the purview of state regulation and formal employment is defined as employment originating from a business or firm that is registered with the state. On the other hand, the informal sector is defined as economic activity that occurs outside the purview of state regulation and informal employment is defined as employment originating from a business or firm that *is not* registered with the state.

“The retail industry remains one of the largest sectors in the global economy” (Venter & Dhurup, 2005). According to Skinner (2006), the South African retail environment can be divided into the formal retail sector and the informal retail sector. Accordingly the first of these, the formal economy, is comprised of the official businesses that operate within the law whereas the second, the informal economy, is comprised of businesses that operate outside of government regulations.

According to Dawson and Mukoyama (2006), the internationalisation of retailing is evident in many ways including: the sourcing of products for resale, the operation of stores in foreign countries, the use of foreign labour, the adoption of foreign ideas and the use of foreign capital.

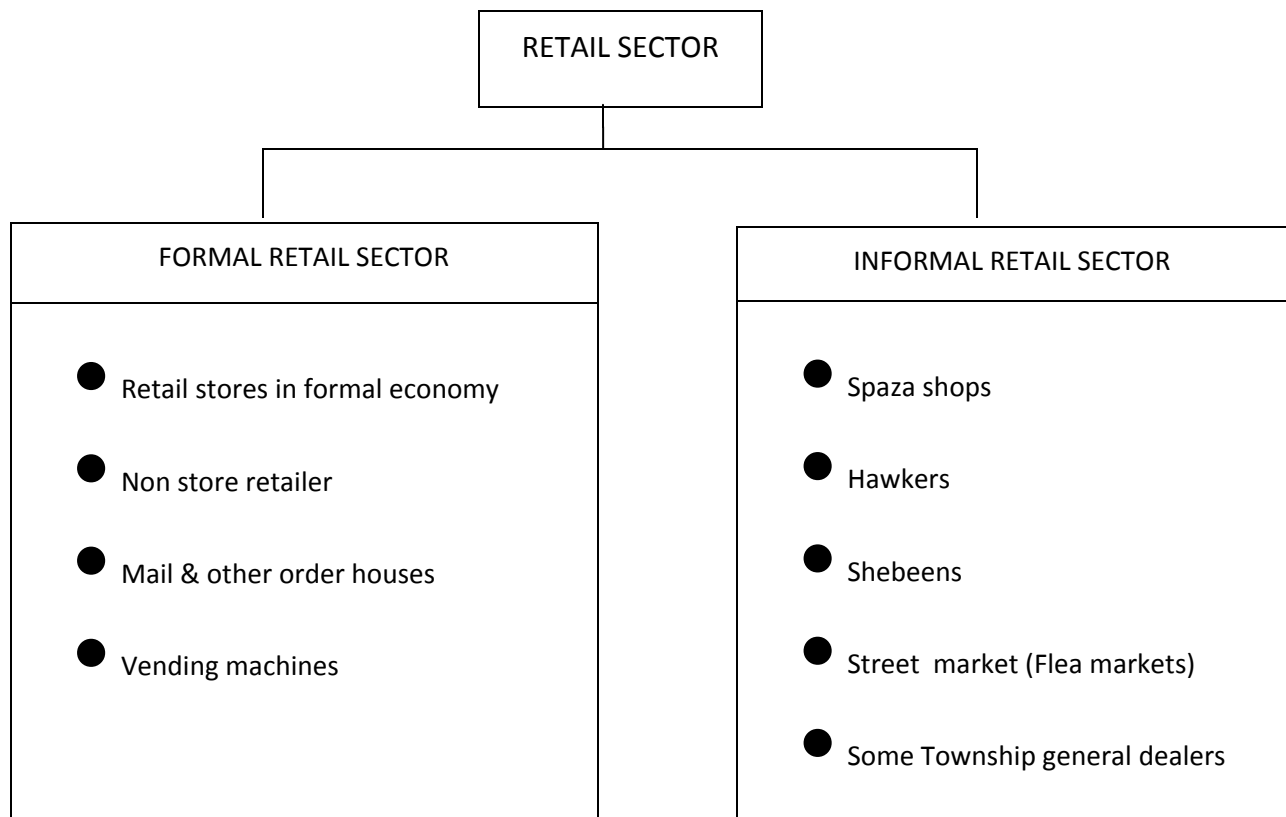


Figure 2.1: Classification of the South African Industry. Source: Tuskin (2004).

Lighthelm and Masuku (2003) describe the informal retail industry as comprising of:

- Spaza or Tuck shops: are businesses operating in a section of an occupied residential home or any other structure on a stand, zoned or used for residential purposes and where people live permanently.
- Hawkers or street vendors: operate from a temporary or permanent structure on a street or taxi rank or train station.
- Township General Dealers: are standalone businesses operating within a brick and mortar structure often located in a business area, but may also be located in residential sections of the townships. They carry a wider product range than spazas and have more fixtures and fittings allowing self-service to clients.

Figure 1: includes shebeens and/or informal liquor outlets as well as flea markets as part of the informal retail industry. They however, will not be discussed in this study. The study will be limited to street hawkers/vendors, spaza shops, corner cafe', house shops, township general dealers, township supermarket.

2.3 THE INFORMAL ECONOMY AND SMMEs

According to the Statistics South Africa (2010), the informal economy refers to the existence and activities of informal business (and their employees) outside the legal and institutional regulatory framework. It is for this reason that this concept refers to enterprises and workers that are unregistered and unincorporated.

The Statistics South Africa (2011), further elaborated that Informal employees are those who do not have a written contract of employment, are not registered for income tax or value-added tax, and do not receive basic benefits such as pensions or medical aid contributions from their employers (Statistics South Africa, 2011: XVII). As is evident from the aforementioned definition, the informal economy includes a variety of different types of employment.

The sentiments were shared by Skinner (2006) when he expanded that the informal sector consists of those businesses that are not registered in any way. According to the

author, they are generally small in nature, and are seldom run from business premises. Instead, they are run from homes, street pavements or other informal arrangements.

Rolfe *et al.* (2010) highlighted the following descriptions of different types of retail establishments: “In South Africa, the informal spaza shops originating primarily in black homes are an especially prevalent type of retail operation. Typically these businesses operate in section of an occupied home or in another structure on a stand zoned or used for residential purposes and where people permanently live. Many spaza shops are run as family endeavours, with relatives involved in the retail activities, primarily selling food, beverages, and various consumer goods”.

In its 2005 annual country assessment, the International Monetary Fund (IMF) commended SA for the remarkable economic progress achieved since 1994, but at the same time notes that serious economic challenges remain; persistent high unemployment, poverty, large wealth disparities and incidence of HIV/AIDS (IMF, 2005).

Informal street trading can enhance the confidence levels of street vendors, because they feel a sense of economic independence by being able to take care of their family by earning small incomes (Kusakabe, 2010). The entrepreneurial abilities of informal street traders are well demonstrated by one informal trader in the following comments in (Kusakabe, 2010) who indicated: “It is [dignifying]. I can earn money by myself. No one will look down upon [me]. [I am] independent. I am my own boss. I have money to pay for my house, rent and to spend each day”.

Most micro-entrepreneurs strive to operate informally due to the fact that government procedures and processes are complicated to follow and costly to maintain. “Micro-entrepreneurs will continue to produce informally as long as government procedures are cumbersome and costly” (Chen, 2004).

The research conducted by Moola and Moloto (2004) on the emerging African middle class concluded that domestically focused South African companies, and especially retailers, are benefiting from the emerging African middle-income class phenomenon.

The question is why do people start businesses when there are major challenges ahead? Skinner (2005) found that around 40% of the enterprises indicated long-term unemployment (longer than 6 months) as the most important reason for starting a business in the informal sector. The second most important reason and clearly linked to high long-term unemployment rates was the need to increase income.

Böhme and Thiele (2011) said that it has been less well recognized that the evolution of the informal sector is also shaped by the demand side, in particular by the structure of final demand as well as linkages to the formal sector.

The informal economy in developing countries such as SA provides an entry point for persons excluded (through criteria such as education, skills, and poverty) from the formal labour market to pursue business opportunities or to gain employment (Charman, Petersen & Piper, 2011). According to Charman *et al.* (2011), the considerable demand for goods and services within poor communities, especially where formal businesses are largely absent, provide an opportunity for the emergence of micro-enterprises that are modelled on formal business, but operate informally. "It is thought that about 50% of the economic activity of the poor in the South African informal economy involves trade" (Ligthelm, 2008).

Casale, Muller and Posel (2004) estimated that employment in the informal sector has grown by more than 100000 people each year, or 8% per annum from 1997 to 2003. This trend is confirmed by the various labour force surveys that show an average increase in informal sector employment of 5.8% between 2001 and 2005 (Barker, 2007). Braude (2005) estimated that the informal sector in SA comprises between 7 and 12% of the total economy.

"In Johannesburg of the 12% of enterprise owners who reported trying to obtain a loan from a bank or any other credit institution only 18 firms were awarded the loan while in Durban of the 14.2% who had tried to obtain a bank loan for business purposes only 20 were successful. This demonstrates an extremely low level of access to credit" (ANC Today, 2004). It is for this reason that Canagarajah and Sethuraman (2001) and Cichello (2005) stated that many informal street-trading businesses are started with

loans from social networks—friends and family—which emphasises the lack of formal financing.

The informal economy translates to non-compliance of the micro-enterprises because an income of this nature of businesses is not reported for taxation. Spaza shops, street vendors, hawkers, informal general dealers and supermarket all fall within the definition of micro enterprises as set out in the Small Business Act (1996 and 2004). This was supported by Chebelyon-Dulizu, Garbowitz, Hause and Thomas (2010), emphasising that the great majority of Spaza shops operate informally without a licence to trade.

Devey *et al.* (2006) stated that it's now widely accepted that informal employment in SA has grown since political transition, but that the growth has declined over the years. Employment in the informal sector in SA is concentrated in trade with just under half of all informal workers located in this sector (47.1%), i.e. trade. Ishengoma and Kappel (2006) stated that the majority of the informal sector (IS) enterprises target the low income market because it's associated with low entry barriers. "There is anecdotal evidence that the historically low barriers to entry in the Spaza market were attributed to some form of collusion in price setting, a practice widely evident among street traders" (Charman & Peterson, 2007).

"Informal street vendors also provide informal training or apprenticeships to people who would otherwise have remained unemployed or might have engaged in criminal activities. By starting informal trade operations and saving small amounts of money, informal traders take risks which enhance the entrepreneurial abilities of the poor" (Neves, 2010; Soetan, 1997; Tambunan, 2009). Unfortunately, as described by <http://www.moneyweb.co.za> (accessed 22/08/2013), "the construction of shopping malls has resulted in traditional small businesses in the townships being replaced with larger businesses".

"The current state of knowledge of informal business and employment still requires much development, given that existing theoretical frameworks do not adequately explain the internal dynamics of micro-enterprise in the informal economy" (Charman *et al.*, 2011).

Rogerson (2004) mentioned that with the existing government, SMME programs have largely been biased towards the group of medium and small-sized enterprises and, to a large extent, have by-passed micro-enterprises and the informal economy. Entrepreneur, Herman Mashaba, speaking ahead of Inaugural World Trade Congress Africa 2013, highlighted that “mainly, we see big retailers and South African retailers going into Africa and we don’t want to end up with the retail space being dominated by only multinational companies” (Masote, 2013).

2.4 SMALL BUSINESS IN CHINA

2.4.1 Definition, classification and description

China’s Regulations on the classification of Small and Medium-sized Enterprises (the “Regulations”) divides small and medium sized enterprises (SME) into three categories: medium, small and mini. The classification system defines SME’s as companies with sales between RMB30 million and RMB400 million with a workforce ranging from 400 to 3 000 employees (Hilgers, 2009). Accordingly, companies that fit this profile in China are vital to China’s economy as generators of employment.

Table 2.1: Specific standards for different industries in China. Source: China Briefing 2012

Classification Standards for SME’s in China (All revenue and asset figures are in RMB)				
Industry	Specific standard (upper limit)	Medium	Small	Mini
Wholesale Trade	No. of employees <200 persons or operating revenue <400 million	No. of employees ≥ 20 persons and operating revenue of ≥ 50 million	No. of employees ≥ 5 persons and, operating revenue of ≥ 10 million	No. of employees ≥ 5 persons and operating revenue of ≥ 10 million
Retail Industry	No. of employees <300 persons or operating revenue <200million	No. of employees ≥ 50 persons and operating revenue of ≥ 5 million.	No. of employees ≥ 10 persons and, operating revenue of ≥1 million	No. of employees <10 persons or operating revenue <1million

2.4.2 Importance of small business in China

“In China too, the government has made the growth of SMEs an integral part of future economic development, issuing its first national level plan for them last year. This Growth Plan sees SMEs growing 8% every year for the next five years. Given that they already make up 60% of China’s total economic output and create 80% of its jobs, the economic future of China will be shaped by their success”. <http://www.lloyds.com/news-and-insights> (accessed 26/08/2013).

“SMEs have become an important force in China’s national economy and social development and play a significant role in developing the economy, solving employment issues, improving people’s livelihoods and innovating technology” (Xin, 2010). This was reiterated by Li (2012) who mentioned that SMEs, which are flexible and able to rapidly adapt to new technologies as well as to draw in and train specialised human capital, are significant in making new services and products available and facilitating the spread of technology and innovation.

“By 2007, China had 42 million SMEs, which accounted for 99.7% of the total number of enterprises in the country. SMEs also accounted for more than 68% of China’s exports and 75% of the new jobs created nationwide each year, while registering more than 65% of China’s patents” (Hilgers, 2009).

“SMEs are playing an important role in achieving the economic miracles in some countries and regions. In China, they also are playing an increasingly essential role in economic prosperity, employment increase, innovation promotion and new industries creation, and have become an important driving force behind economic and social development” (Lei, 2008).

Pinielo (2013) mentioned that most Chinese SMMEs produce good quality products at low or medium cost, thus avoiding strong competition from state-owned companies or joint venture and reducing risk. According to the Chinese Ambassador to Botswana, Liu Huanxing, “consumers in those countries welcome good quality but cheap products from SMMEs in China. That is why in some countries, even if they take a lot of measures to restrict Chinese imports, they are hard to resist because of the strong

demands from consumers. Besides that, the labour cost is relatively low in China, which also helps SMMEs to cut costs” (Pinielo, 2013). According to the Ambassador, “the internationalization of China’s economy has accelerated the development of SMMEs. Another reason was their investment in innovation. China penetrated the information society, more and more SMMEs paid great attention to innovation. The Chinese government also encouraged the SMMEs to add more scientific value to their products” (Pinielo, 2013).

2.4.3 Challenges faced by small business in China

According to Logic Sourcing (2007), one of the problems that challenge many SMEs is that they do not have international purchasing experience and resources to locate, qualify and negotiate with Chinese suppliers.

For this reason **SMEs face several specific challenges when beginning to do business in China:**

- Lack of understanding of China’s culture and business practices.
- Lack of relationships with Chinese suppliers.
- Significant expense to evaluate potential suppliers.
- Unpredictable quality and cost.
- Limited or no familiarity with foreign customs and delivery procedures.

“Although SMEs are a major source of China’s economic miracle, underfunding is a risk for the health and continuing growth of China’s SME sector” Li (2012). According to Hilgers (2009), many of the country’s small and medium sized enterprises (SMEs) are bracing for a rough landing and some are struggling for their very survival.

“In the first two months of 2011, the Chinese Ministry of Industry and Information Technology recorded a slight increase in bankruptcies, reporting that 15.8% of the country’s SMEs were facing bankruptcy, up by 0.3% since 2010, and that the financial losses involved had grown by 22.3%”. <http://www.stratfor.com> (accessed 23/09/2013).

Small companies play an “irreplaceable” role in job creation, technical innovation and social stability, and the funding difficulties and tax burdens facing some of them “deserve high attention” SMEs are at a natural disadvantage in competing for loans because of the perception that it is safer to lend a big company (Hilgers, 2009). “Demographics are also fuelling the expansion of SMEs, the trend toward urbanisation mean to build another 40 billion square feet of floor space between now and 2025”. <http://www.lloyds.com/news-and-insights> (accessed 26/08/2013). According to Executive VP of China Association of SMEs, “external demand is weakening which is very difficult for export oriented SMEs. It was further elaborated that many industries are facing the problem of overcapacity where some companies are producing only 50% of their capacity”. <http://www.chinadaily.com> (accessed: 26/07/2013).

“Chinese SMEs are constrained from achieving economies of scale in the purchase of such inputs as equipment, raw materials, and consulting services; are often unable to access global markets; and are also limited in their performance in increasingly open, competitive domestic markets. Because of their size, it is difficult for Chinese SMEs to access such functions as training, market intelligence, logistics and technology. They are unable to take advantage of market opportunities that require large volumes, homogeneous standards and regular supply” (Kanamori, Lim & Yang, 2007).

2.4.4 Measures taken to rectify the problem

In the open ceremony of China’s 18th Party Congress this month (December), Hu Jintao in his report stresses: “We should deepen reform of the financial system and improve the modern financial system so that it will better contribute to macro-economic stability and support development of the real economy” (Li, 2012). “These measures are not likely to revamp the entire system for SME financing, but they are long-awaited measures in the right direction to help China’s small business cope with the current monetary tightening and rising uncertainties of external demand” (Bloomberg News, 2013).

“We will promote trials by providing private capital to initiate the establishment of private banks responsible for their own risks, as well as financial leasing companies and

consumer finance companies and other financial institutions”. <http://www.reuters.com> (accessed 2013/08/12/).

“The Chinese government attaches great importance to SMEs. On 1 January 2003, the Promotion Law on SMEs became effective. In February 2005, the State Council issued several opinions on encouraging, supporting and guiding the development of self-employed and private economy and other non-public sectors of the economy. It was stated in the outline of the 11 five-year-plan, the SME Growth Project will be carried out. Meanwhile, the State Council approved and established the National Leading Group for promoting SMEs headed by Ministry of Industry and Information Technology and constituted fourteen ministries including Ministry of Finance, Ministry of Science and Technology and Ministry of Agriculture” (Lei, 2008). Accordingly, the external environment for SMEs has been strengthening, and financing service system for SMEs has been improving.

“To solve the problem of overcapacity and increasing costs, some SMEs are moving some of their production capacity to other emerging markets, to take advantage of lower costs, avoid taxes and trade protectionism”. <http://www.chinadaily.com> (accessed: 26/07/2013).

“And in contrast to the difficulty environment facing many small businesses in the UK, Chinese banks are increasingly opening up their balance sheets to the SMEs where they believe they can realise more profitable returns”. <http://www.lloyds.com> (accessed: 26/08/2013).

Lei (2008) mentioned that in recent years, the Chinese government, in accordance with the principles of socialisation, specialisation and market-orientation, has vigorously developed various business support service organisations, and improved the service system for SMEs, providing SMEs with convenient, efficient, high-quality services. The following are some policies and practices for SMEs development in China:

- **Actively promote financing and credit guarantee systems to ease SMEs difficulty to obtain financing.**

Regarding indirect financing, a series of policies have been issued by the People's Bank of China and China Banking Regulatory Commission to guide and encourage financial institutions of the banking sector to improve services for SMEs, and accelerate the innovation of financial products and services for SMEs.

- **Increase support for business start-up and expand employment through business creation.**

The Chinese government encouraged business start-up by actively supporting the development of training programs, entrepreneurship mentoring, and service agencies handling administrative matters for SMEs. At present there are over 500 technology incubators established across the country, which have incubated a large number of technology SMEs.

- **Strengthen market expansion and facilitate trade among SMEs.**

The Fund for SME International Market Development was launched in 2000 to support SMEs to participate in overseas exhibitions and fairs. The China International SME Fair has been held annually since 2003, providing a platform for SMEs to develop market and strengthen trade and economic cooperation.

- **Strengthen industry-academia linkage and improve the system for technological innovation of SMEs.**

SMEs are encouraged and supported to build linkage with universities and research institutes by jointly setting up labs and Research and Development (R&D) centres and through joint or commissioned R&D. Technology intermediary agencies have been developing rapidly, including SME service centres, productivity centres, technology consulting organisations, and technology exchange markets.

- **The emphasis on education and training and improve the human quality of SMEs.**

SMEs training framework have been developed to meet multiple needs and covers a wide scope, by making full play of the guiding role of fiscal funds, mobilising resources of all stakeholders and relying on universities and other institutes. The SME Galaxy Training Program has been in the implementation since 2003, and it offers training in business administration, safe production, and industrial policies, etc.

- **Step-up the construction of information networks and provides all sorts of free information services for SMEs.**

China announced a package of measures to help small companies, including tax breaks and easier access to bank loans, after the collapse of manufacturers in Wenzhou city highlighted growing risks to the economy.

2.5 SMALL BUSINESS IN INDODONESIA

2.5.1 Definition, classification and description

“Definition of SMEs also varies amongst different Indonesian government agencies: for example, according to the Ministry of Industry, Small Enterprise is a business establishment with assets (excluding land and building) of less than 200 million rupiah, Medium Enterprises are from 200 million up to 500 billion rupiah, and firms of more than 5 billion rupiah are considered Large Enterprises (LEs)” (Sari, Alamand & Beaumont, Undated). “Small business is a business with equity less than 300,000 USD”. <http://www.indosight.com> (accessed: 14/11/2014).

A different definition is given by the Central Bureau of Statistics (Biro Pusat Statistik [BPS]), which classifies enterprises systematically according to the number of full-time employees. Accordingly, from 0 to 4 workers a firm is classified a Cottage or Household Enterprise (CHE) , those with 5 to 19 workers as Small Enterprises (SEs), and those with more than 19 as Medium Larger Enterprises (MLEs) (Sari *et al.*, Undated).

Table 2.2: Classification of Indonesian SMMEs. Source: Govindaraju and Chandra (2012).

Enterprises	Assets (excluding land and buildings)	Gross Income
Micro	≤Rp.50,000,000.00	≤Rp. 00,000,000.00
Small	>Rp. 50,000,000.00 - Rp. 500,000,000.00	>Rp. 00,000,000.00 - Rp. 2,500,000,000.00
Medium	- Rp. 500,000,000.00 - Rp. 10,000,000,000.00	>Rp. 2,500,000,000.00 - Rp. 50,000,000,000.00

2.5.2 Importance of Small Business in Indonesia

“Small and medium enterprises (SMEs) play a major role in countries at all levels of economic development” (Govindaraju & Chandra, 2012). MSMEs have historically been the main player in the Indonesian economy, especially as a large provider of employment opportunities, and hence a generator of primary or secondary sources of income for many households” (Tambunan, 2006).

According to Govindaraju and Chandra (2012), in addition to the contribution from small and medium enterprises, Indonesia also recognizes the contribution of micro enterprises to the growth of the national economy through employment provision and gross domestic product (GDP) value which reach 91.03% and 33.08% of national achievement, respectively. “Therefore, the empowerment of small, medium, and micro enterprises (SMMEs) is one of Indonesian government’s programs to develop the national economy” (Govindaraju & Chandra, 2012).

“Moreover, related to export performance, SMEs in Indonesia give significant contributions to national export performance. In 2010, SMEs’ contribution to national export performance is about IDR 175.894,9 Billion (or equal to 15.81%) and IDR 187.441,82 Billion (equal to 16.44%) in 2011. The flagship export products for SMEs include: 30% of handicraft, 29% of fashion and accessories, 27% of furniture, 10% of food and beverage, and 4% of health and beauty products. These figures prevail

despite wide range affirmative policy initiatives in developing SMEs launched by the Government of Indonesia (GOI)" (Indonesian Country Presentation, 2013).

"In Indonesia, SMEs are mostly located in the rural areas and involved in agro-based activities. In 2009, they totalled 52.7 million or 99.9% per cent of all establishments; provided 96.2 million jobs or 97.3% per cent of the total employment; and generated added value amounting 2,993,151 billion Rupiah or 56.5% per cent of the total added value" (Najib & Akira, 2011; Kuswantoro & Rosli, 2012).

According to a recent study by the US Agency for International Development, small businesses account for 99% of all firms in Indonesia, employing more than 99% people (more than 97% of total employment) and make up about 57% of the Indonesia GDP Hlongwane (2013). Countries such as Indonesia, with comparable economic features to ours, have realised the importance of small businesses in their economies and are giving the sector the support it deserves (Hlongwane, 2013).

2.5.3 Challenges faced by Indonesia

In the Indonesian Country Presentation (2013), Indonesia still faces many problems in promoting SMEs export products which include internal and external problems:

- Internally, obstacles that face by Indonesian SMEs involve: low commitment to fulfil consumer orders (both domestic and foreign customers); lack of management applied by SMEs, especially in production, administration, and financial aspects; limitation of facilitation for SMEs in order to fulfil orders; low quality of human resources; limitation of capital owned by SMEs; lack of information and communication to stakeholders; and lack of capability in SMEs for R&D.
- Externally, Indonesia face several problems, such as: instability of supply and price of raw and support materials; high requirements from buyers toward product quality, social environment quality, work environment quality, price competition, and eco-friendly aspects; lack of market access; lack of financial

access which includes information, credit skim, and high interest rate; also variation of Halaal standardization between Indonesia and importing countries.

According to Indonesian Country Presentation (2013) the main policy challenge will be to speed up the development of technology based SMEs, preferably in the kind of technology that conforms to the current global discourse on *sustainable development* that embeds with three key domains: (i) *Environmental Sustainability*, (ii) *Social Sustainability*, and (iii) *Economic Sustainability*. In that spirit, the main feature of the development policies for SMEs consists of the following aspects:

- Improvement of access to technology;
- Improvement of access to finance;
- Improvement of access to market;
- Technology diffusion and commercialization scenarios through business incubation; and
- Provision and creation of an environment conducive to supporting new business ventures, etc.

2.5.4 Measures taken to rectify the problem

In order to pursue National Welfare, GOI supports its SMEs in many ways. Indonesia's policy and strategy are geared up to drive SMEs empowerment. The SMEs' empowerment programmes are done by empowering the policy directions as follow: In the Indonesian Country Presentation (2013) the following measures were highlighted:

- Develop SMEs to support their significant contributions towards economy growth, jobs creation, and increasing competitiveness as well as to support their contribution on increasing people's income, especially to low-income people;
- Strengthen the institutions by applying good governance principals;
- Expand the bases and opportunities as well as grow the senses of entrepreneurship to drive national growth, to increase export, and to create job employment;

- Increase the collaboration of educated labour and skilled labour by adopting technology application;
- Develop SMEs to increasingly play its role in the process of industrialization, transfer technology, and capacity building;
- Integrate business development in the context of regional improvement, in line with the character of entrepreneur, and business potential in each province;
- Develop SMEs to increasingly play a role as products (goods and services) provider to become more competitive than importer's products.

Accordingly, those strategies are made up to speed up SMEs capacity in line with Indonesian policy direction which focuses on 5five priorities: increase business climate for Cooperative and SMEs, increase access toward productive resources, develop product and market for Cooperatives and SMEs, increase labour competitiveness, and increase Cooperatives as institution.

It was discussed in the Indonesian Country Presentation (2013), that describes the measures are being put in place to address challenges, and as such attention has been paid to support SMEs in many aspects. Encouraging entrepreneurship on SMEs players is put high on the agenda of GOI, for entrepreneurs are seen as the catalyst of growth, combining capital, innovation and skills. This agenda recognizes the importance of entrepreneurship that stands out in the time of innovative change, and fostering a climate conducive for SMEs which is considered as fundamental aspect.

2.6 SMALL BUSINESS IN SA

2.6.1 Definition, classification and description

A very small business in SA can be described as owner-managed, having more than five, but less than employees and very few assets (Small Business Amendment Act, 2003: 6). A micro business in SA can be described as informal, having less than five employees, and very few assets (Small Business Amendment Act, 2003: 6).

Table 2.3: Definition of small business in SA. Source: National Small Business Act No. 102. 27 November 1996.

Sector or subsector in accordance with the Standard Industrial Classification:			
Size of class	Total full-time equivalent of paid employees	Total turn-over	Total Gross asset value (fixed property excluded)
Agriculture:			
Medium	100	R4.00 m	R4.00 m
Small	50	R2.00 m	R2.00 m
Very small	10	R0.40 m	R0.40 m
Micro	5	R0.15.m	R0.10 m
Mining and Quarrying:			
Medium	200	R30.00 m	R18.00 m
Small	50	R7.50 m	R4.50 m
Very small	20	R3.00 m	R1.80 m
Micro	5	R0.15 m	R0.10 m
Manufacturing:			
Medium	200	R40.00 m	R15.00 m
Small	50	R10.00 m	R3.75 m
Very small	20	R4. 00 m	R1.50 m
Micro	5	R0.15 m	R0.10 m
Electricity Gas and Water:			
Medium	200	R40.00 m	R15.00 m
Small	50	R10.00 m	R3.75 m
Very small	20	R4.00 m	R1.50 m
Micro	5	R0.15 m	R0.10 m
Construction:			
Medium	200	R20.00 m	R4.00 m
Small	50	R5.00 m	R1.00 m
Very small	20	R2.00 m	R0.40 m
Micro	5	R0.15 m	R0.10 m
Retail and Motor Trade and Repair Services:			
Medium	100	R30.00 m	R5.00 m

Small	50	R15.00 m	R2.50 m
Very small	10	R3.00 m	R0.50 m
Micro	5	R0.15 m	R0.10 m
Wholesale Trade, Commercial Agents and Allied Services:			
Medium	100	R50.00 m	R8.00 m
Small	50	R25.00 m	R4.00 m
Very small	10	R5.00 m	R0.50 m
Micro	5	R0.15 m	R0.10 m
Catering, Accommodation and other Trade, Commercial:			
Medium	100	R10.00 m	R2.00 m
Small	50	R5.00 m	R1.00 m
Very small	10	R1.00 m	R0.20 m
Micro	5	R0.15 m	R0.10 m
Transport, Storage and Communications:			
Medium	100	R20.00 m	R5.00 m
Small	50	R10.00 m	R2.50 m
Very small	10	R2.00 m	R0.50 m
Micro	5	R0.15 m	R0.10 m
Finance and Business Services:			
Medium	100	R20.00 m	R4.00 m
Small	50	R10.00 m	R2.00 m
Very small	10	R0.15 m	R0.40 m
Micro	5	R0.15 m	R0.10 m
Community, Social and Personal Services:			
Medium	100	R10.00 m	R5.00 m
Small	50	R10.00 m	R2.50 m
Very small	10	R0.15 m	R0.50 m
Micro	5	R0.15 m	R0.10 m

According to the Department of Trade and Industry (DTI, 2004), the amount of start-up capital required differs according to the type of business. General dealers required between R8 000 and R10 000, Spaza shops required between R2 000 and R4 000, and

hawkers required between R1 000 and R2 000. The DTI's findings are supported by research of Skinner (2005) on the start-up capital's requirements of informal market traders in the Durban area as shown in the Table 4.

Table 2.4: Start-up capital requirements in Durban area. Source: (Skinner, 2005).

Start-up capital range	Percentage of workers	Cumulative percentage of workers
R0 – R500	38.4	38.4
R501 – R1 000	12.0	50.4
R1 001 – R5 000	30.7	81.1
R5 001 – R10 000	8.9	90.0
>R10 000	10.0	100.0

“The rapid increase in consumer expenditure by residents in township areas during the past decade, together with the fact that the overwhelming majority of township dwellers expressed no intention of moving out of their townships, created substantial market potential in these areas”. <http://www.iolproperty.co.za> (accessed 17/9/2013).

“Most of the informal self-employed workers said that they chose their occupations based on individual needs (desire for greater flexibility and independence) and skills. Many women, especially those married with children, prefer self-employment over formal wage earner jobs to better balance work and family responsibilities”. www.saweb.co.za (accessed 26/06/2013). A study by Stellenbosch University recently found that black people accounted for 41% of the middle class in 2012 whereas they only accounted for 10.5% in 1993 (Denollo, 2013). The statement was supported by Professor John Simpson at the Consumer Goods Council Summit in October 2013 when he said that “the black middle class has overtaken the white middle class in every way and, more importantly, it is changing all the time. It is different today than what it was in 2004” (Denollo, 2013).

2.6.2 Importance of small business in SA

Across the globe small businesses contribute immensely to world economies. They are, thus, a backbone of SA's economy (Mboyane, 2006). According to BSA (2008), they are usually the majority of businesses in many countries. In SA, small business contributes over 80% of the business sector and they are the backbone of SA's economy (Mboyane, 2006).

Daniels (2013), said that globally, small and medium-sized enterprises are globally recognized as engines of economic and job creation and that 9 million South Africans are employed by SMEs and the sector is said to contribute 60% of the national gross domestic product (GDP).

Falkena, Abedian, Von Blottnitz, Coovadia, Davel, Madungandaba, Masilela and Rees (Undated) mentioned that SMEs account for nearly half of national output, and close to 60% of the employed are working for SMEs, or are employed in domestic service or the informal sectors of SA. Yet this reality is not reflected in government policy towards SMEs and this sector does not receive the attention or support justified by its role in the economy.

2.6.3 Challenges faced by small businesses in SA

To open a business in the township seemed relatively easy, but very difficult to sustain. Many township businesses were operated and managed by locals before the dawn of democracy; and the community depended on their products and more so purchasing on credits for those who were unable or could not afford cash payment at that particular time.

Ligthelm (2006) compiled a study investigating the impact of shopping mall on existing small informal retailers in the Shoshanguve Township. The results in Table 2.5 show the effect of the shopping mall on small retailers in Soshanguve. This reflects a decrease in their businesses activities during the six-month period since the opening of the shopping mall in the Soshanguve area.

Table 2.5: Percentage increase and decrease in turn-over of SMMEs in Soshanguve. Source (Ligthelm, 2006).

Distance from the mall	Decline in turnover (%)	Decrease in profit (%)
Less than 1 km	80.0	75.0
1.1 – 2 km	71.4	61.9
2.1 – 3 km	78.9	73.7
3.1 – 4 km	60.0	70.0
4.1 – 5 km	30.0	36.8

“Most of the successful East Asian development states were built on the back of sustainable growth coalitions between government and business” (Gumede, 2013). “By business grouping these East Asian development states, not the state disciplined free-riding peers itself, the government secured and retained the trust of business by delivering effective services, minimizing corruption and governing fairly in the interest of the widest number of people, not only a small elite” (Gumede, 2013).

“What are the obstacles to cobbling together a sustainable coalition for growth between business and government in SA? There is a deep distrust between SA’s main market and stakeholders or social partners, including between the ANC Government and organized business. Yet trust is essential to foster a development coalition” (Gumede, 2013).

Many informal street-trading businesses are started with loans from social networks friends and family which emphasises the lack of formal financing Canagarajah and Sethuraman (2001); Cichello (2005). According to the Global Entrepreneurship Survey Monitor (GEM survey) in 2012, survey, “only 14% of South Africans intended to open a business in the next three years, which is below the average of 27% for nations with similar levels of economic development (Malaysia, Brazil, Russia)” (Hlongwane, 2013). “Our challenges are immense: 4.6 million people are unemployed in SA, 2.3 million are

discouraged from looking for a job and 12.7 million are not economically active”. (Hlongwane, 2013).

Ligthelm (2004) claimed that more than 90% of small township retail businesses and spaza shops are owned by individuals. Accordingly, more than 83.8% of small township retail businesses and spaza shop owners are engaged in their businesses on a full-time basis. “South African’s small business economy was either neglected by policy makers or, in the case of black-owned enterprise, actively discouraged by repressive measures during the apartheid years” <http://www.business.iafrica.com> (accessed 05/05/2013).

SA is at a crossroads economically and, if no drastic action is taken to put the economy on a sustainable growth footing for the benefit of all South Africans, we risk unprecedented social upheavals reminiscent of the struggle against apartheid, if not worse (Hlongwane ,2013).

Although change in the township retail scene market has been massive over the past ten years, unfortunately the education is valued relatively low by the SME’s and informal sector. The majority of companies, however, are still operating on assumption and guesswork rather than solid knowledge and understanding of this dynamic trading environment and its customers (Armer, 2013).

Pozo (2006) however states that the notion that high tax rates (and hence large governments) increase underground activity is not supported by data derived from a cross country study by Schneider (1999) covering 70 countries. There was no relationship between a high tax rate and the size of the underground economy, e.g. the US has a higher than average tax rate, but a very small informal economy. Pozo (2006). Pozo (2006) further stated that there’s a positive correlation between the informal sector and perceptions of corruption. “Where people will pay taxes when they have faith in their taxes not being swindled, they will pay and on the opposite, but they will evade taxes if they believe that their taxes will go into the officials’ pockets” (Pozo, 2006).

In Jones (2013), referred to the remark by Teddy Blecher, Chairman of a technical task team under the auspices of the Human Resource Development Council, mentioned that government has a role to play in entrepreneurship by protecting small business where

the market system is not working effectively. Blecher cited by Jones (2013) further elaborated that protection of small businesses should be a national imperative.

While some few small businesses have benefited from Broad Based Black Economic Empowerment (BBBEE) to flourish into reputable businesses, other up-and-coming entrepreneurs are still banking on this government initiative and have hoped that it will improve their business situations, but top businessman, Richard Maponya, thinks otherwise. "It (BBBEE) is not a real thing because it takes away the self-initiative needed from young and up-and coming entrepreneurs who must wake up and want to do things themselves" <http://www.citypress.co.za>. (accessed 30 September 2013). Accordingly, BBBEE was a good idea in principle, but in practice it did not always work.

"I really blame our government for the economic situation because we are nearly 20 years into our new dispensation, but we have not come up with a bank that would give people a risk fund" <http://www.citypress.co.za> (accessed 30 September 2013). Mr Maponya gave reference to his place of residence, Soweto, which has suddenly become a place where white business people want to do business, while small entrepreneurs of the area should be given an opportunity to own business there.

"At present, too many primarily white companies have implemented BBBEE and affirmative policies. Criticism is levelled against this action in that the companies by selecting well-connected black politicians for black empowerment deals and by appointing such politically connected individuals to the Boards and senior executive positions, it is widely believed that such individuals will provide protection from government criticism or provide an political 'insurance' against the political call for radical redistribution. Other still more cynical criticism is levelled against companies for appointing token blacks without adequate skills for the position people role" (Gumede, 2013).

"Accordingly, some of the ANC government is ideologically opposed to business playing a leading role in the development of the economy. People in this group wrongly argue that only the state can generate growth. They furthermore argue that the state should 'discipline' business in other words; business must bend to the state's will. According to

Ilan Straus, a consultant for the African Development Bank (SfDB), argues that high labour costs and inefficient industries mean that liberalization can, and has led to job losses and rationalization in South Africa” (Van Rensberg, 2013). The statement was supported by an entrepreneur; Herman Mashaba, who termed the “current labour legislation as ‘draconian labour legislation,’ which he considers is destructive to the operation of small businesses and making it hard for them to operate. Accordingly, mainly SMEs (small and medium enterprises) employers are faced with wage agreements that they simply cannot afford and either retrench workers or do not hire as many as they would like to” (Masote, 2013).

The GEM reported that “South Africa has the lowest emerging entrepreneurship rate in the Sub- Sahara Africa, and one of the lowest in the world” (Maliba, 2013). “In its policy proposals, the small business sector is sometimes seen by the South African government as the panacea for South Africa’s employment and growth problems. The DTI is charged with the responsibility of developing and implementing policy for the SMME” (ANC Today, 2004).

Table 2.6 Participation, employment and unemployment rates (%). Source (Authors’ calculations using the October Household Survey and the September wave of the Labour Force Survey).

Year	ILO classification			Broad classification	
	Participation	Employment	Unemployment	Participation	Unemployment
1995	51.4	43.3	15.6	60.3	28.2
1997	48.2	37.5	22.1	60.6	38.0
1999	55.4	41.7	24.8	69.0	39.9
2001	59.4	41.4	30.3	72.1	42.5
2003	56.8	40.6	28.6	70.6	42.5
2005	57.2	41.9	26.7	71.2	41.1

Notes: All statistics are for population 16–64 years old.

Table 2.6 presents the recent trends in participation, employment and unemployment for the working-age population. First of all, unemployment, irrespective of the measure

adopted, is extremely high, and has increased substantially since the ANC came to power after SA's first democratic elections in 1994. Using the ILO definition, unemployment doubled between 1995 and 2001, going from an already high unemployment rate of 15.6% to 30.3%. It has declined since then, but was still 26.7% in 2005 substantially higher than in 1995. The ILO definition for international comparability was used; however, this definition almost certainly understates the magnitude since discouraged workers are part of the unemployment problem. Second, labour force participation also substantially increased since the end of apartheid. Using the ILO definition, it increased by 6 percentage points, which, over a decade, represents a large shock to the labour market. Evidence from international comparisons suggests that even among African countries, which tend to have lower employment rates and higher unemployment rates than OECD and Latin American countries, SA performs poorly (Banerjee, Galiani, Levinsohn, McLaren & Woolard, 2008).

2.6.4 Measures to rectify the problem

Simpson, Tuck and Bellamy (2004) has investigated the impact of education, training, development, prior-knowledge and experience to the success of small businesses. While most businesses relied heavily on prior knowledge and experience, the study finding reveals that education and training had a positive effect on the success of the business Simpson *et al.* (2004).

“South Africa is in a great need of entrepreneurs, who will assist in the alleviation of unemployment, and the more we think about creating jobs rather than landing them, we will soon heal from the money social illnesses within society” (Maliba, 2013). The need thus exists to create a situation where the small business flair must be developed, supported and encouraged especially within the previously disadvantaged areas like townships.

According to Rolfe *et al.* (2010), business training and development could determine the success of entrepreneurial activity in terms of generating income while presence of shopping mall, a growing phenomenon in SA could have a negative effect on micro-enterprise income. “Minimum Education, Low education attainment, without secondary

school or higher levels of education, should adversely influence income and sales. The owner's educational attainment should influence the success of the entrepreneurial start-up rates (Oxford *et al.*, 2004) and ultimate success" (Rolfe *et al.*, 2010).

Table 2.7: Functional managerial recommendation for spaza shops owners. Source (SAJEMS, 2010).

<p>General Management</p> <ul style="list-style-type: none"> • Stock displays should be eye-catching to the customers. • Ensure that only money received matches stock sold. • Have long term expansion plans. • Compile a monthly budget. • Showing expenses and income.
<p>Human Resource</p> <ul style="list-style-type: none"> • Provide employment for family members and the unemployed. • Selection criteria of staff should include a basic education and favourable personality traits to customers and business. • Delegate stock decisions about usage, quality and which stock to purchase or sell to staff. • Delegate physical minor in-store tasks to staff. • Preferably train staff by showing them what and how to do a task. • Motivate staff by offering incentives, preferably money.
<p>Purchasing</p> <ul style="list-style-type: none"> • Good inventory control using stock control systems is important. • Avoid out-of-stock or expiry perishable stock situations by linking demand to stock levels. • Build long-term relationships with key suppliers to obtain credit and free delivery. • Use a phone-in order system. • Belong to a spaza shop business association or engage in cooperative buying schemes to obtain bulk buying benefits, discount and other special arrangements such as getting credit. • Buy stock according to customers' preferences or those that sell fast. • Exercise visual stock control to determine when stock levels are low.

Marketing

- Trading hours should remain long.
- Change fair prices due to severe competition.
- Give regular customer discount.
- Offer specials at times and advertise using flyers or attractive notice boards.
- Obtain signage from Coca Cola to increase visibility.

Finance

- Plan monthly expenses using a budget.
- Invest monthly savings in a stockvel.
- Use monthly savings for expansion or emergency purchases.
- Alternatively, apply for expansion loans (Standard Bank the most prominent supplier in this example) if being able to afford repayments.
- Separate business and household expenses.
- Employ a simple filing system for record keeping for business documents.
- Employ a basic bookkeeping system to determine profit.
- Limit customers' credit to avoid cash flow problem.
- Keep a tight stock control to avoid losing profits due to stock problems, e.g. perishable products or theft.

Operations

- Use household fixed assets for business purposes if possible, to decrease expenses.
- Save money to buy new assets to avoid problems in obtaining credit.

Information management

- Engage in business planning, especially future expansion plans.
- Let customer stock demands be a guide to which stock to buy.
- Advice customers only when asked.
- Give advice to customers on specials and cheaper or better quality products.
- Engage in networking to obtain information about suppliers, where to seek advice, on competitors, marketing and training.
- Implement an SMS service for customer to place orders.

Public relations

- Create a favourable business image.

Although costly to implement, the above Table (Table 2.7) functional managerial recommendation for spaza shops owners may be relevant to small business owners, however, there are more cost effective basic training programmes that may be recommended to small business owners.

According to Bbenkele and Ndedi (2010), Entrepreneurship Education is a training program that seeks to prepare people to be responsible, enterprising individuals who are able to take risks, manage results and learn from outcomes. It is for this reason that lack of entrepreneurship has been identified by South African experts as one of the prime factors in South Africa (Herrington & Wood, 2003).

Beside Entrepreneurial Education, inadequate marketing skills of business owners create marketing problems in the small business sector. “This is partly because marketing implementation can be more important to success than planning and strategy” Murphy (2006). Accordingly, the tasks required of small business vary widely: inventory, accounting, organisational, sales, marketing and payroll.

“Anglo American and the Development Bank of Southern Africa have each channelled R250 million toward the establishment of the Sebenza Fund, which will provide loans for new businesses at an interest rate of 6%” (Faku, 2013).

Faku (2013) referred to the series of Transformation Dialogues published by Business Report, in conjunction with Nedbank and SAfm, kicked off a series of Transformation Dialogues towards the end of October 2013, with the aim of getting South Africans to engage on responding to critical questions about transformation with the topic “To BBBEE or Not To BEE”. The focus was on the strides and the pitfalls in the push to transform the South African economy. One caller said “South Africa’s economic structure needed to be changed, pointing to what he called “South Africa’s monopolistic economic structure”, which made it difficult for smaller players to create new businesses in existing industries, such as banking and retail” (Faku, 2013).

The caller’s views were echoed by the Group Executive for Marketing, Communication and Corporate Affairs at Nedbank who said that BEE was seen as redistributive mechanisms, and therefore, it was not surprising that there were negative sentiments

about it. Accordingly, the focus rather should be on “growing” the cake, in other words, expanding the economy via entrepreneurship and human capital investment so as to bring as many as possible into the economic mainstream.

2.7 SUMMARY AND CONCLUSION

This chapter highlighted the importance of the inherent nature of SMEs in South Africa and the rest of the world. It is also noted that the pursuit of personal non-economic goals is something for which some owners of the SMEs are willing to sacrifice due to resource and operational conditions challenges and difficulties.

The informal and formal economies are defined and explained. The categorization of businesses depicted differentiated the informal community-based small businesses from the formal established businesses that are housed in shopping malls. The description and classification of businesses across the world are determined by the number of employees and financial measures such as annual turnover and market capitalization. It was from this account that the position of retail industry in SA was determined; from which the dominance and strength of formal retail businesses from SMMEs were highlighted.

Drawing on the results of the earlier research cited in the literature review the following were developed:

- Small businesses have seen a drop in the gross sales since the development of mega-retailers,
- Small businesses have seen more drop in clientele to more developed businesses
- Small businesses can clearly identify their competitive advantage and disadvantage, but can do nothing about it without resources.

According to classification standards for SMMEs, South Africa and China use the same measuring tools in the form of number of employees and revenue generated, while Indonesia uses only assets and the revenue to determine the size of the business.

While small business owners in South Africa and Indonesia find it difficult to sustain their small businesses, the government in China support small businesses as they account for 99.7% of the total number of enterprises in the country. The country has become an important driving force behind economic and social development.

Small business in China and South Africa are scattered everywhere across their respective countries. Small businesses in Indonesia are found mostly in rural area, which makes it difficult for funders to recognise them. Surprisingly, unlike China, South African small businesses located everywhere in the country like China find it difficult to get financial assistance. It is for this reason that best practice should be copied from countries that are doing well.

There are concerns from literature that existing theoretical framework do not adequately explain internal dynamics of small business in the informal sector. It was only recent that South African government decided to create Ministry of Small Business, an indication that the country intends to take small business development initiative seriously. South Africa has recently extended business relations with China. China, through small businesses, has been recorded as the country that has achieved highest levels of employment creation and poverty alleviation. China was in a devastating economy during the country's revolution in 1949, with a virtually collapsed socio-economic infra-structure. Today, China has empowered more that 400 million of its poor citizens through small business poverty alleviation programmes and has succeeded in creating a marvellous economic boom. Chinese small businesses are able to adapt to new technologies and the sector produces good quality products at a low cost. It is for this reason that some developed and developing countries with high labour costs, imports not only products but human capital as well.

The next chapter will explain the methodology used for the assessment as well as the method used to collect and analyse data to assist in coming to the findings of the study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology and research design that were used to collect the required information from the respondents. The study is aimed at understanding the impact of the Denlyn Mall on small businesses in Mamelodi over the past few years. A sample 90 Questionnaires were distributed to people operating small business such as owners of Spaza shops, supermarkets, street vendors, hawkers, informal general dealers; and some part of community members were interviewed. 40 people were also interviewed. The outcome of such interviews and questionnaire analysis were used to gain understanding which would provide guidelines, advice and possible solutions to South African Small Business policy-makers and prospective entrepreneurs on the insight of small businesses in Mamelodi.

3.2 Research Design

Zikmund (2003) defines research design as the blue print or master plan, which indicates the methods and procedures for the collection and analysis of data necessary to conduct the research. For the researcher to answer specific research objectives or hypothesis, the use of research design is applied. The researcher used– two Sample t-tests statistical technique for data analysis. The t-test assesses whether the means of two groups are *statistically* different from each other.

The Statistical Package for the Social Sciences (SPSS) soft-ware was employed for this purpose. With the SSPS one may analyse data in three ways:

- Describe data using descriptive statistics, example frequency, mean, minimum and maximum.
- Examine relationships between variables, example correlation, regression, factor analysis, etc.
- Compare groups to determine if there are significant differences between these groups, example t-test, etc.

3.3 Research Methodology

Research methodology is defined by Leedy and Ormrod (2001) as “the general approach the researcher takes in carrying out the research report”. In this instance the research methodology refers to the set of procedures that will be followed in the subsequent sections of this study in order to investigate the impact of newly developed Denlyn Mall on small business in Mamelodi Township.

3.3.1 Overview of possible methods available

Creswell, (2003), highlighted that quantitative research creates meaning through objectivity uncovered in the collection of data. McDaniel and Gates (1998) stated that qualitative research means that the research findings are not subject to quantification or quantitative analysis. Qualitative research is described by Creswell, (2003) as an effective model that occurs in a natural setting that enables the researcher to develop a level of detail from being highly involved in the actual experiences.

“Mixed methods research is becoming increasingly articulated, attached to research practice, and recognised as the third major research approach or research paradigm, along with qualitative research and quantitative research” (Johnson, Onwuegbuzie & Turner, 2007). These researchers thus define mixed research as a synthesis that includes ideas from qualitative and quantitative research.

3.3.2 Justification of the method chosen

Several definitions exist for mixed methods Greene, Caracelli & Graham (1989); Tashakkori & Teddlie (1998); Johnson & Onwuegbuzie (2004), however, for the purposes of this research work, the following definition supplied by Clark (2005) was supplied: “mixed research is research that combines qualitative and quantitative data collection and data analysis within a single study”. This present study used two main factors that help to design and conduct a mixed method study, which were implementation of data collection and priority Creswell (2003); Morgan, (1998). For data Collection, the information for both qualitative and quantitative data was collected at the

same time (concurrent or simultaneous). On the other hand, regarding priority, both qualitative and quantitative researches were emphasized on or given equal priority (Azorin & Cameron, 2010).

“One of Mixed methodology’s major strength is that it is a “workable solution” to the seemingly unending debates between qualitative and quantitative purists” (Johnson & Onwuegbuzie, 2004).

“Qualitative research is a form of scientific inquiry that spans different disciplines, fields, and subject matter and comprises many varied approaches” (Denzin, 2000).

“Quantitative research is a formal, objective, systematic process in which numerical data are used to obtain information about the world. This research method is used:

- to describe variables;
- to examine relationships among variables;
- to determine cause-and-effect interactions between variables.” (Burns & Grove, 2005).

Mixed methodology is the method preferred by the researcher. The nature of small businesses in the area of Mamelodi needed data that is in both numerical and descriptive form with the aim of yielding unbiased results. Furthermore, “recent approaches to research design call for the use of both qualitative and quantitative research – a mixed methodology research design” <http://classroom.synonym.com> (accessed: 13/04/2014)

3.3.3 Appropriateness of the chosen method

The appropriateness of the Mixed Methodology is based on the fact that “most mixed methodology research begins with a qualitative observation of an event or phenomenon. The research then uses a quantitative tool, like a survey, to validate or invalidate observations made during the qualitative phase” <http://classroom.synonym.com> (accessed: 13/04/2014).

3.4 Population and sampling

3.4.1 Total Population

According to Statistics South Africa (2011) Mamelodi Township has an official population of 334 577. Mamelodi Township has an unemployment rate of 63.6% (Moller, 2008). As a probable measure to counter such shortcoming, a number of households have resorted to selling a variety of items to root out existing high level of poverty.

Most small businesses in Mamelodi Township are unknown and/or unregistered with relevant bodies that do not even fall within the definition of Small Business Act , 1996 (Act 102 of 1996) as reflected in Appendix 1. They operate mostly in residential places instead of established and demarcated business centres. This statement was echoed by Statistic South Africa (2010) referring to the informal economy as the existence and activities of informal business outside the legal and institutional regulatory framework. Skinner (2006) expanded that informal sector consist of those businesses that are not registered in anyway. It is for this reason that the researcher had to round-off the entire Mamelodi Township and identified what he termed in his own words, ‘recognizable, reasonable and decent-sized” Spaza shops, house shops, street vendors, hawkers, informal general dealers and township supermarket.

These small businesses are located in Wards 6, 10, 15, 16, 17, 18, 23, 28, 38, 67, 93 and 97. Some of these businesses may not qualify to be classified as SMEs as defined by National Small Business Amendment Act (No. 29 of 2009) because they are not registered with relevant authorities. The researcher identified a total population of 990 of these businesses.

3.4.2 Sampling and data collection strategy

Coldwell and Herbst (2004) define sampling as the act, process or technique of selecting a representative part of a population for the purpose of determining parameters or characteristics of the whole population. The authors further emphasised

that information is obtained from a subset of the population to make estimates about various characteristics of the total population.

Maringa, Maranga and Mutuli (2013) define stratified sampling as the selection of a random sample from each stratum. “A stratified sample is a probability sampling technique wherein the researcher divides the entire target population into different subgroups or strata, and then randomly selects the final subjects proportionally from the different strata” <http://explorable.com> (accessed 27/02/2014).

3.4.3 The size of the sample with reference to the total population

A stratified Random Sample technique refers to a population sample that requires the population to be divided into smaller groups called “strata”. And, in each stratum, random sample were taken. The researcher distributed 90 questionnaires as shown in Table 3.1 rounded up to 10% of the total population of 990.

The formula used is the stratified random sample derived from <http://www.cimt.plymouth.ac.uk> (accessed 10/04/2014).

Table 3.1: Stratified random sample of Mamelodi small businesses.

Types of small business	Numbers in each sector	Proportion	Population sample per category
Spaza shop, house shop, street vendors, hawkers, and corner café	824	0.83	75
General Dealer	111	0.11	10
Super Market	55	0.06	5
Total	990	1.00	90

3.5 Research instrument used

It is imperative that the researcher consults the research problem to determine the appropriate instruments and protocols for data collection Cooper and Schindler (2005). The research made use of research instruments in the form of a survey questionnaire and face-to-face interviews.

3.5.1 Use of Questionnaire

Every form of research survey relies on the use of a questionnaire. A questionnaire is the main means of collecting quantitative primary data” (Roopa & Rani, 2012). According to Roopa and Rani (2012), “a questionnaire enables quantitative data to be collected in a standardised way so that the data are internally consistent and coherent for analysis”.

3.5.2 Face-to-face Interviews

To complement the survey questionnaire, the researcher also made use of face-to-face personal interview to collect data from small business owners in Mamelodi. Some interviewees were unable to express themselves in English and some were not familiar with terminologies used in the questionnaire. Hence, the face to face interviews enabled the interviewer to establish a rapport and trust with interviewees and clarified some of the questions that were not understood.

3.5.3 Factors determining the choice of particular survey methods

The researcher chose the survey method that will provide data of the desired types, quality and quantity at the lowest cost. The following are major considerations in the selection of a survey method as identified by McDaniel and Gates (1998):

- Sampling precision required: The required level of sampling is an important factor in determining which survey method is appropriate in a given situation.
- Budget available: the budget available for a study is an important consideration and has a strong influence on the choice of survey method used. The budget in combination with other considerations has an impact on the final decision of a survey method to be used.
- Quality of data used: The quality of data required is an important determinant of which survey method to use.
- Length of questionnaire: The length of the questionnaire i.e. the amount of time that it takes average respondent to complete the survey is an important determinant of the appropriate survey method to use.

- Incidence rate: Incidence rate refers to the percentage of people in the general population that fit the qualifications for interviewees in a particular study.
- Degree and structure of the questionnaire: the degree and structure of the questionnaire may be a factor in determining which survey method is not appropriate for a given study.
- The role of a questionnaire: The questionnaire is the common thread for almost all data collection methods. A questionnaire provides standardisation and uniformity in the data gathering process. It standardises the wording and sequencing of the questions. Improper design can lead to incomplete information, inaccurate data and higher costs.

According to McDaniel and Gates (1998), the researcher must consider the following two key criteria in designing a good questionnaire: firstly, does it provide the necessary decision making information for management and secondly, does it consider the respondent?

Does the questionnaire provide the necessary decision-making information?

The primary information role of any questionnaire is to provide the required information for management decision-making. Any questionnaire that fails to provide important insight for management or decision-making information should be discarded or revised. In summary, a questionnaire must accommodate all the research objectives and answer the research questions in depth and breadth to satisfy the information requirements of the manager. Finally, the questionnaire must be translatable back into findings that responds to the manager's original questions.

Does the questionnaire consider the respondent?

Poorly designed, confusing and lengthy questionnaires can turn-off the potential respondents. To gather completed interviews, a questionnaire should be concise, brief, interesting and flow in a logical and clear cut manner. The researcher who is designing the questionnaire must not only consider the topic and the type of respondent, but the interviewing environment and the questionnaire length as well.

3.5.4 The structure of the questionnaire

Each set of questions in the questionnaire was constructed covering areas mentioned in subsequent paragraphs. All copies of the questionnaires were accompanied by the covering letter (refer to Appendix A) explaining the purpose of the study and its intentions.

The Questionnaire (refer to Appendix A) has 35 set of questions in total, divided into the following sections:

- Category A: Awareness and usage of Formal and Informal Trading Stores.
- Category B: Stores and shops image.
- Category C: Personal Assessment of Small Business.
- Category D: Personal Data/Demographics.

3.5.5 The questionnaire development process

McDaniel and Gates (1998) reiterated that designing a good questionnaire involves a logical series of steps mentioned below which may vary from researcher to researcher.

- **Step 1: Determining survey objectives**

The research process often begins when the researcher has a need for decision-making information that is not available. In this case the aim of the survey is to determine the effect of Mamelodi Shopping Mall on small businesses in the area.

- **Step 2: Determining data collection method**

There are a variety of ways in which survey data can be gathered and each method will have an impact on questionnaire design. In this research the use of questionnaire was used to collect information.

- **Step 3: Determine the question response format**

The first phase in the process concerns itself with the type of questions used in the survey. Three major types of questions-response format are used in the marketing research i.e. open-ended, closed-ended and scale-response questions.

Open-ended questions: Open-ended questions are those to which the respondent can reply in their own words and question requires probes from the interviewer. Open-ended responses provide the researcher with a rich array of information that might provide the additional insight for the researcher. Probes aid in clarifying the respondent interests, attitudes and feelings.

Open-ended question are not without problems: One factor is the time and money consuming process of editing and coding. Editing open-ended questions requires collapsing the many response alternatives into some reasonable number. Thus a basic problem with open-ended question lies in the interpretation processing area. Another problem of open-ended question is interviewer biasness.

Although training emphasises the importance of verbatim recording of open-ended question, it is often not practiced in the field. Also slow writers may unintentionally miss important comments. Good probes generally have better quality answers than poor probes. These problems can be overcome by pre-coding open-ended questions e.g. a space should be provided to write in any non-confirming reply in the other category.

Closed-ended questions: A closed-ended question requires the respondent to make a selection from a list of responses.

- The primary advantage of closed-ended question is simply to avoid many of the problems of the open-ended question.
- Interviewer and coder biasness are removed because the interviewer is simply ticking an answer. The coding and data entry process are simplified.
- Therefore, question wording is very critical to obtain accurate responses.

Scaled-Response Questionnaire: The last set of questions in the questionnaire are Scaled-Response Questions. These are multiple questions with the choices designed to capture intensity.

- **Step 4: Decide questionnaire wording**

Actual writing of the questions is an important task as the wording of specific questions always requires a significant time investment for the researcher. The researcher observed the following four general guidelines:

- The wording must be clear.
- Select words so as to avoid biasing the respondent.
- Consider the ability of the respondent to answer question.
- Consider the willingness of the respondent to answer the question.

- **Step 5: Establish questionnaire flow and layout**

After the questions have been properly formulated, the next step was to sequence them and develop a layout for the questionnaire.

- **Step 6: Evaluate the questionnaire layout**

Once a rough draft of the questionnaire has been designed, the researcher must take a step back and critically evaluate it. The following items were considered in evaluating the questionnaire:

- Are the questions necessary?
- Is the questionnaire too long?
- Will the questions provide the answer to the research objectives?

- **Step 7: Obtain approval from all relevant parties**

After the first draft of the above-mentioned questionnaire has been completed, copies of it should be distributed to all the parties that have direct authority over the project.

- **Step 8: Pre-test and revise**

The questionnaires were pretested, i.e. put through in a trial run. A similar questionnaire was distributed in Soweto to determine the effect of Maponya Mall and Jabulani Mall on small business in the area. The results were found to be matching to those in Mamelodi's.

- **Step 9: Prepare final copy**

Typing instructions, spacing, numbering and pre-coding must be set up, monitored and proof read. In some instances the questionnaire may be reduced to save space.

- **Step 10: Implementation**

The completed questionnaire is the basis for obtaining the desired decision-making information from the market place where advice will be given to relevant parties.

3.6 Data analysis technique to be used

At this point, all data collection would normally be completed and the researcher would be confronted with a large stack of completed questionnaires. McDaniel, and Gates (1998), elaborated that the professional researcher may follow a five step procedure for data analysis:

3.6.1 Validation and editing

The purpose of this step is to ensure that the questionnaire has been filled out properly and completely.

3.6.1.1 Validation: This step was used to determine that each questionnaire represents a valid interview. The purpose of the validation process is to ensure that the research results on which the recommendations are based reflect the true response of target consumers.

3.6.1.2 Editing: The editing process involves manual checking for a number of problems. Although editing is extremely tedious and time consuming it is important that questionnaires are checked to:

- find out whether the interviewer failed to ask or record answers for certain questions,
- make sure that skip patterns were followed, and
- check responses to open-ended questions.

3.6.2 Data Coding: Coding refers to the process of grouping and assigning numeric codes to the various responses to a particular question. Numeric codes were assigned to the various responses on the questionnaires.

3.6.3 Data entry: The term data entry refers to the process of converting information from a form that cannot be read by a computer to a form that can. This process requires a data entry device and a storage medium. Data entry device include computer terminal and personal computer. Storage media used in connection with data entry include magnetic tape, floppy discs and magnetic hard discs.

3.6.4 Machine cleaning of data: after the data from all questionnaires have been entered and stored in the computer, a final error checking was done before tabulation and statistical analysis of the survey results.

3.6.5 Tabulation of survey results: The survey results are stored in a computer file and are free of all logical data entry and interviewer recording error.

3.7 Measures to ensure validity and reliability of data collected

3.7.1 Reliability and validity of the research instruments

- A total of 90 questionnaires were served to respondents, also utilised to gather information were one-on-one interviews with 40 relevant stakeholders in the sector. The Alternate Forms technique was employed as measuring technique. In some instances, the correlation between the alternate forms were found to be low. The error that is present was suspected to come from the rating of respondents who could have other ulterior motives, for example that the respondent was unfaithful in rating himself or herself so that he/she may be considered for better opportunities. This means that the instrument measures what it was intended to measure, regarding it as the results as unreliable and the instrument being valid.

3.8 Ethical consideration

In order to ensure that the respondents are protected, the researcher should keep the collected data confidential. In this study measures were put in place to ensure that ethical conduct of the respondents are considered. Information of the personal details of the respondents, such as names, surnames, dates of birth, identity number/passports numbers, are excluded from the questionnaire.

The language and wording used in the questionnaire are appropriate and not offensive to any respondent's cultural, religious or traditional belief systems.

3.9 Conclusion

This chapter presented an overview of the research methodology employed in the study. Possible methods to use for research; sampling of the population, research instruments, data analysis techniques and ethical considerations were presented. The next chapter reflects the results of the study.

CHAPTER FOUR: RESULTS - DATA ANALYSIS AND RESEARCH FINDINGS

4.1 INTRODUCTION

This chapter deals with the results derived from field work spanning three months in Mamelodi. The survey questionnaire and one-on-one interviews were used as tools to collect the information. Questionnaires were completed by 90 respondents, while 40 participants were interviewed personally.

Results of the Data Analysis: Descriptive Statistics are shown in a tabular form in Appendix B.

4.2 CATEGORY A: AWARENESS AND USAGE OF FORMAL AND INFORMAL TRADING STORES

The key findings in this section are drawn from responses derived during the collation of responses from the questionnaires distributed. Responses were categorised according to the following issues: dealt with based on the subcategories, identified as:

- Section 1: Awareness of formal/informal stores;
- Section 2: Usage of formal/informal shops; and
- Section 3: SMEs and the economy.

4.2.1 SECTION 1: AWARENESS OF FORMAL/INFORMAL STORES

- Effect of formal businesses over informal ones e.g. affect on monthly turnover/sales.
- Effect of Denlyn Mall on informal businesses.

It is quite obvious that all the respondents to the questionnaires are fully aware of the formal and informal trading stores. Except for a few of the respondents who are well-educated, the terms of formal and informal business used in the questionnaire had to be explained. This prompted some of them to ask for further information, after which they were able to give examples of the formal trading stores that they have used before and are still patronizing. Some of them were inquisitive and asked for more information. It is

quite obvious that all the respondents to the questionnaires are fully aware of the different marketing functions of formal and informal trading stores.

Why our own type of business called “informal,” while the others are called “formal.”

What makes our own informal? (Informal business owner: Banele, age: 32)

This question and other queries of the respondents were addressed by the other sections of the questionnaire.

“I don’t mind to be a formal business man, if only the process of registration of business and more so obtaining of license is easy and straight forward.” (Informal business owner: Musa, age: 28)

The importance of this aspect of the questionnaire is to ascertain the awareness of the SMEs’ operators to the fact that they are competing in a market where there are other operators with perhaps a wider horizon and scope. From their responses, it is evident that this fact is well-established in their subconscious; hence all of them are well aware of the customers that regularly patronise the formal businesses, like Pick ’n Pay, Shoprite, Woolworth, Checkers, Spar, Edgars etc. They patronize these big shops regularly based on their choice and taste, while they also visit them in order to ascertain or compare prizes of items sold by them as well as the formal businesses.

“There is no doubt that we all patronize the big stores in the malls but is just to get whatever I do not have in stock or just to compare prices or even sometimes to know which items or goods are moving faster” (Informal business owner: Mpho, age:42)

68% of respondents claimed that their sales are not affected negatively by the presence of the Denlyn Mall. This is as a result of the proximity of the mall to buyers. These set of respondents observed that those who purchase from them would rather prefer the shorter distance that their shops provide rather than go a longer distance of the mall.

As you (the researcher) can see, the Denlyn Mall is about five hundred metres (500m) from here. So if you need something urgently, will you then have to go to the mall to get it? Sometimes when people are still cooking, they quickly come here to purchase ingredients to add to it. (Informal business owner: Raphael, age: 33)

However 12% of the respondents claim to be affected negatively by the presence of the mall.

The Denlyn Mall met us here. We have been staying here before it was constructed and we've had many customers, but ever since it came, our buyers have reduced. We cannot reduce our prices to be lower to what is obtained in the malls because we will close down finally. If this happens, how do we survive? (Informal business owner: Karabo, age: 54)

However, 20% of respondents in this group are indifferent as they claim to break even in their sales.

Despite being close (to the mall), I am not affected negatively by its presence, I break even and that is fine by me (Informal business owner: Derine, age: 30)

The field notes taken during the survey provided an insight into survival tactics used by practitioners of SMEs in the order to operate successfully in the informal business sector. As part of the marketing strategy, the businesses operate over extended hours as a means of survival, but then at an additional cost to their customers. They acknowledge that even among themselves a sort of competition exists which comes in the form of reduction in prices during the day time between 9am–5pm, while an increase comes at night between 7–10 pm, since the malls do not usually operate at these times.

This is a spaza shop and my source of income; I can't afford to fold up. So what I lose in the morning time, I gain in the evening when the stores in the mall have shut down. My prices are slightly higher and the people don't have a choice than to buy from me especially if they cannot wait till the following morning. (Mabongs, 33)

The reduction in prices of commodity, however, is to lure purchasers to their shops. Also, some operators of SMEs do bulk purchasing.

Operations of small business like my own don't have the money to purchase in wholesale, we do it in bits and in retails, but sometimes we contribute money as a group in order to purchase our items so that the price could go down, and we distribute the

goods among ourselves according to your contribution and specified goods. (Informal business owner: Mosoto, age: 32)

Several shop owners come together, contribute money and purchase their goods in bulk even from the same places where operators in the mall do their purchases. They then distribute the goods among themselves and the mall in Mamelodi does not really have any 'significant' effect on the monthly turnover/sales of operators of SMEs as the group that actually complained of a negative effect are those whose shops are around the mall.

4.2.2 SECTION 2: USAGE OF FORMAL/INFORMAL SHOPS

Table 4.1 Frequency of visiting formal or informal shops.

	Regular	Occasional	Most often	Never	Future
Formal stores					
Pick 'n Pay	47.8%	18.9%	12.2%	7.8%	13.3%
Shoprite	56.7%	27.8%	8.9%	8.3%	3.3%
Spar	12.2%	25.6%	14.4%	20.0%	27.8%
Woolworths	17.8%	23.3%	12.2%	22.2%	24.4%
Cambridge	41.1%	25.6%	11.1%	11.1%	11.1%
Boxer	36.7%	30.0%	15.6%	11.1%	6.7%
Checkers	23.3%	24.4%	10.0%	21.1%	6.7%
Informal stores					
Spaza shops	64.4%	24.4%	2.2%	8.9%	0.0%
Supermarkets	54.4%	28.9%	7.8%	7.8%	1.1%
General Dealers	45.6%	31.1%	13.3%	7.8%	2.2%
Other SMMEs	52.2%	27.8%	7.8%	7.8%	4.4%
Non-committal	31.1%	37.8%	21.1%	21.1%	7.8%

The responses we got from the questionnaire instigated a shop-to-shop analysis. For those shops operating formally or informally, the respondents used the following parameters to indicate where they visit/shop most frequently: shops which were never used; shopped at least; shopped at regularly; shopped at occasionally; shopped at most

often or considered for use in the future. The analytical summary of the frequency of visits is determined by using the valid percentages derived from the statistical analysis of the data.

For occasional shopping, 18.9% of the respondents shop at Pick 'n Pay, while 27.8% shop at Shoprite and almost the same number of 25.6% do their shopping at Spar. For Woolworths, 23.3% of the respondents shop there occasionally, while 25.6% do theirs in shopping at Cambridge and 30% at Boxer. Checkers has 24.4% of respondents shopping there occasionally, while the 24.4% of respondents shop occasionally at spaza shops, and informal supermarkets have their own fair share of 28.9% occasional shoppers. 31.1% of respondents shop occasionally in General Dealers; while 27.8% of them shop in other SMMEs and 37.8% of respondents are non-committal.

A percentage of 12.2% shop most often in Pick 'n' Pay as compared to 8.9% who do theirs in Shoprite. A much higher percentage of 14.4% do their shopping most often in Spar, while 12.2% do theirs in Woolworths however almost the percentage of 11.1% shop most often in Cambridge. Boxer has 15.6% of respondents who shop most often in it, while Checkers has its own share of 10%. A lower percentage of 2.2% shop most often at spaza shops and 7.8% at informal supermarkets, 13.3% of respondents shop most often at General Dealers, while 7.8% of them shop most often in other SMMEs. 2.2% of the respondents are non-committed.

It is interesting to note that some of the respondents do not shop in these informal shops, but they did mention that they would consider using them in future. 13.3% of the respondents consider using Pick 'n Pay in the future, while only 3.3% would consider using Shoprite. However 27.8% of them would consider using Spar in the future. For Woolworths, 24.4% of the respondents would consider using Woolworths in the future and an 11.1% would consider using Cambridge in the future and 6.7% has this impression about Boxer. For Checkers, 21.1% of the respondents would consider using the shop in the future, while 0% would consider using Spaza shops and 1.1% for Supermarkets. 2.2% of the respondents consider using General Dealers in the future and 7.8% of the respondents don't know. It is interesting to note that some of the

respondents, who do not shop in the informal shops, did mention that they would consider using them in future.

Respondents constituting 7.8% have never shopped at Pick 'n Pay, 8.3% at Shoprite, 20% at Spar, while 22.2% has never shopped in Woolworths. For Cambridge and Boxer, 11.1% has never shopped in them; however 21.1% and 8.9% of the respondents have never shopped in Checkers and Spaza shops respectively. Respondents of 7.8% average have never shopped in Supermarkets, General Dealers and other SMMEs. 21.1% of respondents don't know.

For the informal businesses (SMEs), 52.2% of the respondents shop regularly in them, while 27.8% shop occasionally in them and 7.8% either shop most often or never shopped in them. However 4.4% of the respondents will consider using other forms of SME's in future. Respondents who shop regularly with General Dealers contribute 45.6% and those who shop occasionally with them are 31.1%. A much lesser percentage of 13.3% shop most often with them and a lesser percentage of 2.2% will consider shopping with them in the near future, while 7.8% of respondents have never shopped with General Dealers.

Of the 90 respondents who filled the questionnaire, 37.8% were not sure whether they shop occasionally in any of these stores, while 31.1% were neutral with their regularly shopping experience and 21.1% not sure whether they ever shopped or used the shops. 2.2% of the respondents were not sure whether they shop often in the stores and 7.8% would not know whether they will consider using them in future.

Considering these shop-to-shop analysis of the SMEs were the most regularly patronized by the respondents with the Spaza shops being most visited by 64.4% of them. From field notes gathered during the field trips and from the interviews conducted, this may be attributed to the closeness and nearness of these Spaza shops to the people in general. This observation is also reflected in the fact that 54.4% of the respondents shop regularly at informal Supermarkets, while 52.2% of the respondents shop regularly with other SME's and 45.6% of them shop with General dealers. On the other hand, statistical analysis showed that 56.7% of respondents shop regularly at

Shoprite making it to be the most regularly shopped formal store followed by Pick 'n Pay (47.8%), Cambridge (41.1%), Boxer (36.7%), Checkers (23.3%), Woolworths (17.8%) and Spar (12.2%), respectively. The reason for this variation, as explained in other portions of this research study has been found to be as a result of personal interest as reflected by the respondents. Other reasons are given in other relevant sections of the research findings.

For the formal shop that is most often shopped in, overall 15.6% of respondents shop most often in Boxer, while 14.4% shop in Spar and an equal amount of 12.2% shop most often in Woolworths and Pick 'n Pay. 11.1% of the respondents shop most often in Cambridge, whereas 10% shop most often in Checkers and 8.9% in Shoprite. The SMEs' also have their own fair share of informal stores which are used most often, shopped in, 13.3% of respondents shop most often at General Dealers, while an equal amount of 7.8% shop most often at informal Supermarkets and other SMEs with 2.2% shopping most often in Spaza stores.

From their responses to the questionnaire, the respondents indicated that they would consider shopping in either the informal or formal stores in the future notwithstanding the fact that they shop either regularly, most often or occasionally in them. Overall 27.8% of respondents indicated that they will consider shopping in Spar in the near future, while 24.4% considered Woolworth and 21.1% considered Checkers. In addition, 13.3% would shop in Pick 'n' Pay in the near future whereas an equal amount of 11.1% will consider using Cambridge and informal Supermarkets in future. Boxer would be considered for use in future by 6.7% of the respondents and 3.3% for Shoprite. For SMEs, 1.1% of the respondents would consider Supermarkets, 2.2% would shop with the (General Dealers), while 4.4 % would consider usage of other forms of SMEs in the future. 7.8% of the respondents are not sure of considering any of these stores for use in the future.

Overall, 22.2% of the respondents indicated that they never shopped at Woolworths, while 21.1% never shopped at Checkers and 20% have never shopped at Spar. An equal percentage of 11.1% of respondents indicated that they never shopped at Cambridge and Boxer, while 8.9% never shopped at Spaza shops whereas another

equal percentage of 7.8% indicated that they never shopped at Pick 'n Pay, Supermarkets, General Dealers and other SMEs. 21.1% of the respondents are not sure of their responses.

4.2.3 SECTION 3: SMEs AND THE ECONOMY

Table 4.2: SMEs and the economy

	1	2	3	4	5
SMEs are shaping new economies	26.7%	16.7%	6.7%	43.3%	6.7%
SMEs contribute immensely to world economies	4.4%	26.7%	7.8%	35.6%	55.6%
SMEs constitute majority of businesses in Mamelodi		17.8%	6.7%	74.5%	
SMEs are recognized or engines of economic growth and job creation		23.3%	8.9%	67.8%	
SMEs contribute more to the GDP than any other sector		33.3%	11.1%	55.6%	
SMEs are a major source of employment		23.3%	8.9%	67.8%	
SMEs are killed off by larger and more established businesses		12.2%	6.7%	80.0%	
SMEs are more labour intensive		17.7%	8.9%	73.4%	
SMEs are not engaged in price competition		25.6%	7.8%	66.6%	
SMEs operate on the basis of location and relationship with clients		6.7%	3.3%	90.0%	
Growth of SMEs boost employment more than the growth of larger firms		14.4%	7.8%	77.8%	
SMEs offer credit to their customers		14.3%	2.2%	83.3%	
SMEs are not characterized by high tech inventory and distribution system utilization		27.8%	10,0%	62.2%	
SMEs charge higher prices		40.0%		56.7%	
Education, training, prior knowledge and experience have a positive effect on the success of small business		6.6%	6.6%	87.8%	

Notes:1 = Strongly Disagree; 2 =Disagree; 3 = Not applicable; 4= Agree; 5=Strongly Agree.

A statistical analysis of the responses of respondents indicates that a higher percentage of them agreed that SMEs are pilots of any economy. They attested to the fact that SMEs are the economy's engine rooms. With respect to shaping new economies, a

greater percentage (43.3%) of respondents agreed that the SMEs achieve this, whereas 26.7% strongly agreed with this notion, while 16.7% of respondents disagreed and 6.7% strongly disagreed. Overall, 70% of the respondents agreed with this notion, while 23.4% disagreed, whereas a much lesser 6.7% are not sure what their response would be. This same trend is followed considering respondents' responses with respect to the contribution of SMEs to world economies. 35.6% of respondents agreed that SMEs contribute immensely to world economies, while 25.6% strongly agreed to the notion. 26.7% of respondents disagreed while 4.4% strongly disagreed with this notion. Overall, 61.2% of respondents agreed with the notion, whereas 7.8% are unsure. Furthermore, it is evident from statistical data that a higher percentage of respondents recognize the fact that SMEs are engines of economic growth and job creation. A sum total of 74.5% agreed to this, while an aggregate of 17.8% disagreed with the notion while 6.7% of them are neutral.

As a follow up to boosting economic growth, respondents believe that this results into the fact that SMEs contribute more to the GDP of the economy (even more than any sector). Those who agreed with this point constitute 55.6% of the respondents, while 33.3% disagreed with it. 11.1% of respondents are neutral.

On the issue of employment, 67.8% of respondents agreed that SMEs are major sources of employment while 23.3% disagreed with this claim. The reasons adduced for this situation are explained in the latter part of the findings of this research work. However, 8.9% of the respondents are neutral in their thoughts. A similarity in opinion is expressed by a high percentage of respondents (77.8%) who agreed that growth of SMEs boost employment more than growth of larger firms, while a lower percentage (14.4%) of respondents disagreed with this, and 7.8% of the population of respondents are not decided on their opinion with regards to this. Jottings from field notes and transcriptions from interviews tend to reveal reasons given by respondents for this trend and these are represented in relevant sections of the research findings.

Perhaps as a result of the above-mentioned and for obvious reasons, respondents agreed to the fact that the SMEs constitute the majority of businesses in Mamelodi. A higher percentage of 74.5% agreed with this notion, while 17.8% of respondents

disagreed. The fact that SMEs offer quick jobs or are major sources of employment in the economy, as alluded to by respondents, could be a veritable reason for this. Most of the SMEs are also run as family endeavours and this could be a reason as well. Only 6.7% of respondents are undecided on this notion. As regards to whether SMEs are killed off by larger and more established businesses, there is a strong agreement to this as 80% of the respondents believed this to be true.

“You see all these big stores. If it is possible they want every business to operate under them. Don’t you see that they even buy themselves up? On a daily basis, large stores are coming and in the process killing us (SMEs) off because people tend to prefer to go and shop with them” (Informal business owner: Bonani, age: 31.)

The reason for a strong agreement to this notion could be attributed to a sentimental belief of some sorts. It could also be assumed that a ‘silent unhealthy rivalry’ exists between operators of SMEs and the well-established businesses. From information gathered on the field, operators of SMEs believe that their inability to source for funds, unlike the well-established businesses, also leads to a gradual decline of their businesses. However, a lower percentage of (12.2%) disagreed with this notion. They claimed that SMEs are not killed off by the larger businesses. They argue that the longevity and survival of any form of SMEs depends on the way it is handled. These set of respondents revealed that their businesses, though small when compared to the formal ones, have been in existence and are still surviving despite the ‘intimidating presence’ of the malls. 6.7% of the respondents are undecided on this notion.

The majority (73.4%) of respondents, who are in agreement that the larger businesses which operate formally are more labour intensive than SMEs, are in the majority (73.4%). They argue that, because of the wider scope of operation, this form of businesses tends to employ more hands than what obtains in the case of the small-scaled SMEs. This set of respondents cited examples of what happens in the Denlyn Mall in Mamelodi where most of these big stores operate with the assistance of employees, in jobs ranging from serving at the counters, cashiers, security, sanitary health standards, packers, cleaners, kitchen staff, bakers, etc. whose perception of duty is to assist in the day-to-day running of the beehive of activities that take place in the

stores. In view of this, they accept that the formal businesses are in a better position to be better employers of labour. However, they did note that these forms of labour are more casual and manual and not well remunerated as well. In contrast, in the informal shops there are fewer employees who do relatively less work, since their employers and perhaps their family members are involved. Therefore these employees are much more adequately remunerated. It is also noted that despite the large number of personnel "employed" (a lot of them are not placed on permanent employment, but on contract and hence are not covered by extant labour laws). Shop-lifting is a common occurrence in these large stores by buyers and even the members of the staff as well and, for this reason, it is argued that more labour is required. It is argued that additional labour in terms of security personnel and operators of security devices like the CCTV monitors are required. Unlike what happens in the big stores, these groups of respondents agreed that SMEs' are not labour-intensive. They argue also that the scope of work done is much less than what is required in the larger stores, hence fewer hands are needed. They also claim that most SME's are one-man businesses or family endeavours, therefore the stores are usually run by other members of the extended family (relatives) or in a few cases by 'employed' hands.

"I cannot employ anybody to run the shop for me. I have one of my younger sisters staying with me and wherever she is not available, maybe when she goes home to see our parents, my children sometimes run the shop for me, especially when they are on school holidays." (Informal business owner: Queen, age: 38)

It is observed that the issue of casualization is even more pronounced with SMEs than what is found in the larger stores. This is because, whoever is 'employed' does most of the manual jobs in the stores unlike in the large stores where there is division of labour and shifting hours of job. Shop-lifting is also reduced or non-existence in stores operating as SMEs. On-the-field information gathered during the study revealed that non-indigenusness (or foreigners) who operate SMEs usually ensures that they employ at least one South African to help in running their stores. This is to ensure that there is no restriction to trading which may result from a communication barrier between them and their customers. It is presumed that this practice, apart from fulfilling basic

immigration practices for obtaining business permits also allows for free flow of trading activities. On the other hand 17.7% of the respondents disagreed and claim that SMEs are more labour intensive than the larger business. Their own argument is based on the fact that SMEs like hawkers and street vendors need to really move from one place to the other in order to display and sell their wares which makes labour very intensified. 8.9% of respondents are neutral in this case.

With respect to the issue of engagement in price competition, 66.6% of the respondents agreed that there exist a price competition between SMEs and the larger business, while 25.6% of them disagreed and 7.8% were undecided. This factor will be treated vis-à-vis the issue of whether SMEs charge higher prices than the larger formal businesses. In this case, statistical analysis revealed that 56.7% of respondents agreed that operators of SMEs charge higher prices than the larger stores. However, these sets of respondents claim that they charge 'moderate' prices. They define 'moderate' prices as being prices that exist within the range of those charged by larger businesses that operate in the mall and that of the unit price purchased from wholesalers. They claim that the price scale or difference charged by SMEs is of no significance when compared with prices charged by the formal shops. Although they accept that this is higher than what formal businesses charge for the same goods/items and services, they still claim that the price is 'moderate'.

"I charge prices based on what I get from the market where I go to purchase my goods. I cannot afford wholesale buys, I buy in bits so I always put (add) something on top (increase price slightly)." (Informal business owner: David, age: 20)

In addition to this and from notes gathered on the field, these group of respondents claim that some situations bring about their price fluctuations. They claim that the larger businesses knock off earlier in the day, while in their case they knock off late and because of their clients may need to make purchases later in the night even though purchases can only be made through the burglary proofing. They also observed that a lot of the large businesses do not open on some special days, e.g. holidays; break, etc., while in their case their shops open for businesses almost every day of the year. Hence, for all these inconveniences their prices are a little bit higher for all these

inconveniences. An interesting development came up and was given by the respondents in that group with respect to charging of higher prices. They believe that they do not charge higher prices based on the grounds of their religious beliefs. They claim that it is actually 'HARAM' (not good) to charge higher prices for goods and services rendered to the people. They stated that a minimum increase to the wholesaler's prices should be charged on goods and services. Exact prices could not be ascertained by the researcher, so this claim could not be substantiated by this study.

Increasing prices arbitrarily is against my religion. It is called Haram (Something evil) in Islam. (Informal business owner: Assalamale Kum Musa, age: 29)

On the other hand 40% of respondents disagreed with this and argued that SMEs actually charge lower prices for their goods and commodities. This group believes that this practice helps them to keep their clients, since they (clients) have a wide choice of stores to buy from, not even with the competition from the bigger business operators. This set of respondents also claims that they use this strategy of selling at lower prices to compete among themselves (SMEs operators) as buyers would prefer to buy from them even if the price difference is as low as one cent. They posit that the larger stores actually charge higher prices than them, but that buyers are always carried away by the aggressive promotional activities embarked upon by them (formal stores) such that they (buyers) do not even realize the price differentials.

An extremely high percentage (90%) of respondents agreed that the operation of SMEs is dependent on the basis of location and relationship with their clients. From the field trips, it was observed that Tuck shops, Spaza shops and informal Supermarkets operate in closer proximity to their clients than the larger business which tends to be more established in the suburbs. The SMEs operate more within residential areas where the people dwell and are of closer proximity to them. The closer proximity of SMEs offers their clients convenience to purchase goods and services from them (SMEs). This is where SMEs win the battle because some customers prefer to purchase goods and services closer to their residential places.

Another angle to this notion is that the larger businesses which operate in the malls normally close business earlier in the day than operators of the SMEs who knock off late in the night. Here transport is inaccessible during that time of the day. Hence the people have an opportunity of purchasing from them even at 'odd' hours, even though it may be at higher prices.

Since more of the SMEs are also offshoot of family endeavours, they operate within the family in the environment where the people reside. On the other hand, a less value of 6.7% disagrees with this notion. These consist majorly of operators who do their wares well outside the comfort of where they reside. 3.3% of the respondents are undecided on this issue.

As a result of the fact that SMEs operate on the basis of location and relationship with their clients, each operator seem to have a personal relationship with his/her clients. And since it is a competitive market and with the fear of losing customers to other operators either in SMEs or the formal market sector, respondents agreed that they offer credit facilities to their customers.

I am not affected by the presence of the mall (Denlyn), everyone has its (his) own customers. I have developed a good relationship with my customers and they are aware that even if my prices are high, they are not so unaffordable compared with what can be got from the malls. Sometimes I give my customers credit facilities. Look at this book, it contains the names of people who still owe me, although this may not be too good for business but li have to keep my customers. (Informal business owner: Bongani, age: 40)

This is one way of keeping their customers who do not enjoy such privilege liberty from the big business operators. Although some of these operators complained against such practices as some of their clients keep owing them for longer periods of time, which in turn affects their cash flow and returns on the goods purchased. They still maintained that it was part of their own strategy to keep their customers. Some of the respondents cited the fact that some of the operators in the malls also utilize similar strategy to keep their clients, e.g. usage of "thank you" cards or birthday messages and gifts by Edgar's,

Jet, etc. For these reasons, a high percentage (83.3%) agreed that SMEs offer credit facilities to their customers. Some of the respondents (14.5%) disagreed with this based on the experience they have had as a result of this practice. From the field notes gathered during the trip, this group of respondents actually confessed that they have had terrible experiences of their clients not paying off the debts owed them over a long period of time. They complained that this acts have affected their business badly. Some of them even reported that this act had “once their business had run aground and it was a hell of a time for them to pick up.” A lower number of respondents (2.2%) are undecided on this issue.

62.2 % of respondents who see no reason why SMEs should be operated by a high tech inventory and distribution system. In actual fact, they see no need for this. They believe that this system of operation is peculiar to operators of big formal businesses whose operations are more on a larger scale and more complex as well. This group of people are of the opinion that since their stores are not expansive, they see no reason why they should operate on a high tech system. On the other hand, 27.8% of respondents disagreed with the view expressed. They argue that the idea is a good one, but that they cannot afford the luxury of implementing a high tech system. 10% of the respondents are uncommitted about the idea.

Opinions are divided on whether education, training, prior knowledge and experience have positive effects on the success of small businesses. While 87.8% believe that this is vital for all around success, 6.6% did not agree with this notion. From the field notes gathered, some of those who are positive to the notion stated that their prior educational background has really assisted them with record-keeping and interaction with their clients. This group of respondents among whom studied disciplines like marketing, business studies and accounting eluded to the fact that prior knowledge of courses like financial statement, bookkeeping and trial balance, cost and management accounting, business literacy, etc. has helped them to improve their businesses. They claimed that what has actually kept them in the business thus far is the result of their academic and literacy background. Some of them claimed to have been in the business for as long as twenty years, long before the existence of the Denlyn Mall. They reported that over the

years they have maintained a constant and dignified relationship with their clients. This set of respondents form a strong group that believes that their businesses are not 'threatened' by the big businesses and hence their presence do not have any negative impact on their sales.

“My educational status has helped me in the business. I am an employer of labour (I have one assistant working for me) because I have been taught right from school to be a job creator and not a job seeker. And my education has helped me to maintain this business in terms of my manner of approach to customers (which is very vital if you want them to come back). I have learnt record keeping, accountability and marketing strategies. I started the business with R5000 and now I can boast of an increase, at least I can pay my rent and take care of my family.” (Informal business owner: Thabo, age: 37)

It is interesting to note that even among the group of respondents who share this opinion, there was another group of respondents, though uneducated, but still believe that prior education and training is vital for all-round success of their businesses. This group formed the highest percentage that believes in education and training. They actually confided in the researcher that they regret dropping out of school and that their businesses would have performed better if they were well-schooled. They also argued that with a 'mixed' society like what is found in Mamelodi and indeed South Africa, not being schooled is not too good for business.

On the other hand, those respondents who did not agree with the notion stated that the business was actually handed over to them by parents, guardians or relatives. They claim that they got “on the job” experience and in turn “mastered the tricks of the game”. They claim that their educated counterparts are not doing better than them and that they interact with them very well on a daily basis.

The majority of these respondents who are divided on this issue are South Africans who can communicate very well in local indigenous languages. They stated that their fluency in the languages even enhances their relationship with their clients despite the fact that they are not educated or trained prior to their operating the business. Another part of

this group of respondents claimed that it was unemployment that drove them to a start-up of their business. This group had formal education, but dropped out before completion of matric. They claimed that their struggle for survival and quest to be successful has resulted in them to being well-established in their business endeavours.

6.6% of the respondents are indifferent to the issue of education. To them, factors important to be successful in business are dedication, organization and persistence, no matter the difficulties encountered.

4.3 CATEGORY B: STORES AND SHOPS IMAGE

Table 4.3: Stores and shops image

4. Do you think small enterprises (SEs) reduce poverty and unemployment? Give reason for your answer.

YES	71.1%
NO	28.9%

5. Do you think that the emergence of Shopping Mall in Mamelodi hinders self-employment activities? Give reason for your answer.

YES	73.3%
NO	26.7%

6. Do you think that the informal economy is characterized by higher/lower level of access to credit? Give reason for your answer.

YES	(Lower) 75.6%
NO	(Higher) 33.3%

7. Do you think that large Shopping Malls emerge because majority of small businesses operate informally without a license to trade? Give reason for your answer.

YES	66.7%
NO	18.9%

8. Do you think that large businesses have advantage over small businesses in competing for loans? Give reason for your answer.

YES	80%
NO	18.9%

9. Do you think that limited access to sources of finance is a significant barrier to the growth of the SMEs and to the high rate of failure among SMEs? Give reason for your answer.

YES	81%
NO	17.8

10. Do you think that SMEs play a vital role as a provider of employment opportunity and as a generator of primary and secondary source of income for many households? Give reason for your answer.

YES	74.4%
NO	25.6%

11. Do you think that the emergence of shopping malls present closure to local and small businesses and subsequent job loses into the retail market? Give reason for your answer.

YES	76.7%
NO	23.3%

12. Do you think the existence of SMEs can be a solution to mass unemployment? Give reason for your answer.

YES	82.2%
NO	

13. Do you think supporting SMEs and encouraging entrepreneurship on SME can help address the challenge facing SME? Give reason for your answer.

YES	76.7%
NO	23.3%

15. Do you think supporting SMEs and encouraging entrepreneurship on SME can help address the challenge facing SME? Give reason for your answer.

YES	90%
NO	10%

Though the parameters used in this category have some basic similarities to those used in the previous category (Category (A)), their responses are basically a test for reassurance of what respondents have given to questions in category (A). The theme for category (B) is divided into major sub-categories as follow:

- Section 1: Government regulations and support — license/financing/loans/credit for SMEs.
- Section 2: Effect of presence of SMEs' on poverty and unemployment/generation of income.
- Section 3: Effect of Denlyn mall on self-employment.

The above mentioned sub-categories shall be used to relate the responses received from respondents through the completed questionnaires. They shall also be compared with responses from the interviews and field notes as well.

4.3.1. SECTION 1: GOVERNMENT REGULATIONS AND SUPPORT— LICENSE/FINANCING/ LOANS/CREDIT FOR SMES.

The respondents reiterated that the government has a big role to play when it comes to the issue of licensing, financing, loans and credit facilities. They explained that apart from families and relatives whom they depend upon for this support, government at all levels has the capacity to assist, using these facilities. Therefore on the issues of the informal economy being characterized by higher/lower levels of access to credit, 75.6% of them observed that it is lower while 24.4% agreed that it is higher. Those who stated that access to credit is lower attributed this to the fact that a lot of practitioners of SMEs do not have the required license to operate. And because of this, 66.7% of the respondents believe that the large shopping malls emerge because the majority of small businesses operate informally without licenses to trade. A lower percentage of the respondents (33.3%) argue against this assertion.

To further attest to the fact that informal stores are less privileged when it comes to access to financial facilities, 80% of the respondents agreed that large businesses have an advantage over small businesses in competing for loans, while 18.9% of the disagreed to this notion. The resultant effect of this is that the limited access to sources of finance is a significant barrier to the growth of the SMEs and to high rate of failure among them. To this view, 81.1% of the respondents responded in the positive, while 17.8% of them were negative about it.

Respondents are of the opinion that government is not doing much to support growth and development of SMEs despite being major employers of labour, they complained of government's regulations in terms of registration of businesses. They claimed that most of them operating at the SMEs level do not see the need to go through the cumbersome process of registration because of the administrative bottle-necks that are involved. They observed that majority of them cannot compete favourably with the formal business operators because of the stringent requirements requested for obtaining of license and securing loans for their businesses. Hence they cannot access loans even if there opportunity is created by the government.

On the other hand, they reiterated the fact that the formal business operators are able to have access to financial support and loans from government because they have the required collateral to secure such facilities. They also have assets which they can liquidate in case they are unable to settle bank loans and have access to various forms of capital as well. However, these respondents did mention that very little capital is required to establish an SME unlike in comparison to the larger businesses.

4.3.2 SECTION 2: EFFECT OF PRESENCE OF SMEs ON POVERTY AND UNEMPLOYMENT/ GENERATION OF INCOME.

The results of the response to the question on the effect of the presence of SMEs on poverty and unemployment showed that 71.1% of the respondents believe that SMEs can reduce poverty and unemployment. Responses recorded earlier in this findings attest to this fact, as respondents agreed to the fact that SMEs are the major driving force of the South African economy and the greatest employer of labour as well. All the same, 28.9% of the respondents do not agree that SMEs can be used to reduce poverty and employment. More of their additional reasons to support their motion are stated in the latter parts of this research study. Respondents also attest to the fact that SMEs play a vital role as a provider of employment opportunity and as a generator of primary and secondary sources of income. 74.4% of those who agreed to this notion believe that the majority of families in South Africa are operators of SMEs and hence the bulk of their incomes come from this source. However, 25.6% of the respondents disagreed

with this as a result of the fact that they wondered how many SMEs are really successful.

4.3.3 SECTION 3: EFFECT OF DENLYN MALL ON SELF-EMPLOYMENT.

The respondents were asked if the sprouting up of malls and the predominance of formal stores in all nooks and crannies of South Africa really are hindering self-employment activities. To this effect, 73.3% of the respondents agreed that the emergence of the shopping mall in Mamelodi hinders self-employment activities. For this reason they found it difficult to agree that SMEs can really serve as a source of income to the people. 26.7% of the respondents do not agree with this notion. This group of respondents are those who argue that they are not adversely affected by the presence of the mall.

As a follow up to this, 76.7% of respondents thought that the emergence of shopping malls present closure to local and small businesses and subsequent job losses into the retail market are a consequence of the emergence of shopping malls, while 23.3% disagreed. However, an overwhelming 82.2% of the respondents agreed that the existence of the SMEs can be a solution to mass unemployment for reasons stated earlier on. They (90%) also believe that by supporting SMEs and encouraging entrepreneurship on SMEs, the challenge facing SMEs can be adequately tackled. 10% of them disagreed with this notion.

As also mentioned earlier, respondents attest to the fact that SMEs are the greatest employer of labour in the economy. They agreed that SMEs help in reducing poverty and unemployment. In fact, a high percentage claimed that majority of businesses in Mamelodi are SMEs, despite all the challenges facing their survival. They asserted that operating SMEs is the major way by which the majority of people in South Africa generate income to take care of their families.

“How many people are employed in government parastatals or in the informal business sector”? (Informal business owner: Simkelo, age: 22)

The question that may need to be asked is: How many people are employable? Since the establishment of an SME does not require high capital, and requires little or no experience or education, it tends to offer a solution to employ more people. 73.3% of respondents, however, believe that the emergence of the Denlyn Mall shopping mall in Mamelodi hinders self-employment activities as a result of the fact that the mall now brings competition around the area where it is existing such that it could crash out a not too-solid SME in that area. They argue that since most SMEs struggle to stand on their feet, the presence of the mall in that area kills those (SMEs), off, even before they get to maturation state. This is because buyers (especially those around the shopping mall) in Mamelodi now have a wide range of alternatives that the mall provides rather than a restricted value of opportunities offered by the SMEs.

From the field notes gathered during the study and from the interviews, would-be-starters of SMEs are really threatened by the presence of the mall in Mamelodi. Some of those who responded to the interviews claimed that they already had in their subconscious that people generally prefer to patronize malls than the SMEs; hence the fear is already in them to establish any form of SME. However 26.7% of respondents do not agree to the fact that emergence of the Denlyn Mall in Mamelodi hinders self-employment activities. They lay claim that with dedication, determination and foresight, they have been able to weather the storm even in the face of the presence of a mall and that their self-employment activities have actually brought food on their tables.

Look! My brother, with determination, dedication, and prayers, there's no environment that you cannot succeed. I have been in this business for quite some time now and I am satisfied. (Informal business owner: Bolivia, age: 40)

Respondents, however, noted that unless tangible assistance and support come from government, then using the establishment of SMEs for reducing poverty and unemployment may be a tall dream. If they argue that if government's effort is geared towards this direction, then SMEs can be used as a weapon to reduce poverty and unemployment based on the fact that most youths and families depend on these forms of informal businesses to survive and they also serve as empowerment for especially the youths who now start their own business and struggle for survival.

An additional but interesting dimension to this aspect of the report especially from field notes during visitation is about some respondents' comments on the attitude of some youths with respect to the usage of SMEs to battle unemployment. This group of respondents observed that most youths even if assisted by the government do not have the right orientation and perspectives to run SME successfully. They claimed that the unserious, lazy, lackadaisical and uncaring nature of some youths would not allow any form of SMEs to survive under their operation.

You can never survive as a business person if you are not serious. How many of those youngsters outside there can operate a business successfully. I asked my son to take care of my supermarket while I was away to Soweto, he and his friends nearly ran me aground. I had to pick up my pieces when I came back after (just) two weeks. (Informal business owner: Bongji, age: 49)

This group of respondents also claimed that some of the youths in this category drop out of high school as a result of them not being serious and even if they are assisted, their way of life, mind-set and reasoning will not help issues. They are of the opinion that such youths should actually be re-orientated and rehabilitated before being set-up or assisted along this direction.

The youths need training in entrepreneurship, many of us do not know how to save or recycle our gains while still maintaining the capital. (Informal business owner: Julius, age: 21)

The group of respondents who share this view are part of those earlier mentioned who believe that informal businesses are killed off by the intimidators springing up of so many malls in which the formal businesses operate and the 28.9% who agreed that SMEs could not be used to solve problems of poverty and unemployment.

How can government think that they can solve this problem of unemployment using the SMEs since malls are developing in every nook and corner and people visit them every day? (Informal business owner: Roland, age: 43)

4.4 CATEGORY C: PERSONAL ASSESSMENT OF SMALL BUSINESS/DENLYN MALL

Table 4.4: Personal Assessment of small business/Denlyn Mall

14. Most small businesses like spaza shops are run as family endeavours

True(80%)	False(20%)
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15. Informal trading can enhance the confidence level of street vendors

True(70.7%)	False(23.3%)
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16. Informal trading gives the entrepreneurs more independence

True(81.1%)	False(18.9%)
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17. Majority of informal businesses are in the retail or services sector

True(85.6%)	False(14.4%)
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18. Informal businesses yield low profit margins

True(54.4%)	False(45.6%)
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19. Long term employment is the main reason for starting a business in the informal sector

True(70%)	False(28.9%)
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20. Employment in the formal sector has increased/decreased due to the emergence of large shopping malls

True	False
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21. The government has made the growth of SMEs an integral part of future economic development

True(76.7%)	False(22.2%)
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Table 4.5. Recommendation of SMEs to your friends and family

1	Very likely	46.7%
2	Somewhat likely	
3	Neither likely nor unlikely	6.7%
4	Somewhat unlikely	5.5%
5	Very unlikely	73.3%

Table 4.6: Rating scale: Indication to extent of agreement or disagreement

		Unsure	Agree	Disagree
1	Denlyn Shopping Mall is within easy reach		76.6%	23.3%
2	Denlyn Shopping Mall is conveniently located		77.8%	21.2%
3	Denlyn Shopping Mall is a one stop shopping centre			
4	Denlyn Shopping Mall is offers a vibrant shopping experience	4.4%	81.1%	14.4%
5	Denlyn Shopping Mall offers a unique shopping experience	4.4	68.9	26.6
6	Denlyn Shopping Mall offers a stimulating shopping experience	5.6	71.1	23.3
7	Denlyn Shopping Mall has a larger variety of different shops to choose from		86.6	13.3

Note: 1 = Strongly Disagree; 2 =Disagree; 3 = Agree.

Table 4.7: Likelihood of recommendation of Denlyn Shopping Mall to friends and relatives?

Recommendations to friends and relatives	Very likely	Somewhat likely	Neither likely or unlikely	Somewhat unlikely	Very likely
	46.7%		6.7%	5.5%	73.3%

Table 4.8: Likelihood of shopping for food and groceries at each of the following:

Types of stores	Definitely would shop at	Probably would shop at	Probably would not shop at
Corner café	25.6%	32.2%	1.1%
Spaza shop	45.6%	35.6%	13.3%
House shop	34.4%	41.1%	11.1%
Hawkers	33.3%	37.8%	10%
Street vendors	40%	37.8%	
Super market	37.8%	38.9%	10%
Retail outlet, e.g. Pick 'n Pay, Shoprite, etc.			

This category (theme) is divided into two parts. The first part deals with personal assessment of small businesses by respondents, while the second part tends to estimate their personal assessment of the Denlyn Mall itself. The subcategories under which these are treated are as follow:

4.4.1 Personal assessment of small businesses

- Section 1: SMEs as family endeavours/sources of income.
- Section 2: Confidence /independence of SMEs entrepreneurs.
- Section 3: SMEs as retailers /service providers.
- Section 4: SMEs yielding higher/lower profit margins.
- Section 5: Government effort on growth of SMEs for economic development.
- Section 6: Employment in the formal and informal sectors.

4.4.1.1 SECTION 1: SMES AS FAMILY ENDEAVORS/SOURCES OF INCOME

An overwhelming percentage (80%) of the respondents agreed that small businesses like spaza shops, supermarkets, tuck shops are off-shoots of family businesses and endeavours. They allude to the fact that they actually took over the business from their parents/guardians or relatives. They claim that informal businesses run in their families as well.

This business is a generation thing in my family, my parents handed it over to me, and they are already old. They started the business way back during the apartheid era, now they are weak and I have to take over since my elder ones are all married. (Informal business owner: Sophia, age: 33)

The fact that most tuck shops and supermarkets are extensions of residential building attests to this fact. A lot of these shops found in Mamelodi and most probably elsewhere are located inside residences inside which the shops are located and run by inhabitants possibly owners or renters of such residences. On the other side, 20% of the respondents claimed that they 'picked' up the businesses either as an interest, part-time or business instinct. They disagreed with the notion that SMEs are run as family endeavours.

4.4.1.2 SECTION 2: CONFIDENCE/INDEPENDENCE OF SME ENTREPRENEURS.

As observed earlier, operating SMEs has become a major source of livelihood for families in South Africa. It is a common fact that everyone needs an item daily or commodity at some point in time. Hence, respondents observed that an informal trading apparatus enhances the independence and confidence level of practitioners, even street vendors, as they are sure of a trade that will provide income to put food on their tables every day. To this view, 76.7% of the respondents agreed, while 23.3% of them disagreed.

The independence enjoyed by SMEs entrepreneurs cannot be underestimated as they are in full charge of their businesses. The success or otherwise of the business depends so much on their ingenuity and seriousness, not minding other market forces that also control the economic environment. The fact that informal trading gives the entrepreneurs more independence is alluded to by a majority of 81.1% of the respondents, while 18.9% disagreed. In view of the foregoing, the confidence level of SMEs practitioners is enhanced as a result of the fact that they are in control of their own businesses and their “destinies lie in their hands.” Hence they take full responsibility for the success or otherwise of their businesses.

“I am fully in charge of my business. I stock when my goods are running out and I go as far as china village to purchase my goods. I am the MD/CEO of my company. Ha ha ha! (Laughter)” (Informal business owner: Khumalo, age: 28)

4.4.1.3 SECTION 3: SMEs AS RETAILERS /SERVICE PROVIDERS

As a result of poor access to fund and financial assistance, it was also claimed by respondents that majority of informal business are in the retail or service sector. 85.6% of respondents agreed to this assertion, while 14.4% disagreed. Operators of SMEs purchase their items from the larger businesses and sell in retails. However, information gathered from the field trips noted that part of the survival antics of operators of SMEs is that they pool their finances together in order to purchase in bulk and share among themselves to sell in retails. The idea of breaking the bulk has its advantage in that most

customers buy for immediate uses rather than store for long periods, hence their need to purchase goods for their immediate uses.

4.4.1.4 SECTION 4: SMEs YIELDING HIGHER/LOWER PROFIT MARGINS.

On the issue of profit margins, 54.4% of respondents agreed that SMEs yield low profit margins, while 45.6% disagreed with this, and some of them accept that they normally break even in their returns.

“I am satisfied with my profit margin. At least I can feed my family. I am not in a hurry; my inputs were small, but with time and hope to grow bigger.” (Informal business owner: Zone, age: 26)

Those informal operators who claim to make low profit believe that informal business like SMEs do not have the financial muscle of those operating in the formal sector. Hence the input of financial resources into their business is usually minimal and the expected returns would be lower. These group of respondents are those whose shops are close (within 50 meters) to the Denlyn Mall. On the other hand they claim that since most operators of SMEs’ do not have formal education or are dropouts (except for those who are in this category, but have existed for so long in the business) they tend not to manage the business well and this results into lower profit margins. These respondents also claim that the level of poverty that exists among the people especially operators of the SMEs normally results in low profit margins as these people spend whatever little profit that accrues to them instead of re-circulating such to expand their business. They claim that majority of the SMEs have gone moribund as a result of this act.

“There was a time I ran out of business because I had to spend the little profit I made on my mother’s sickness(she had cancer of the breast), unfortunately she eventually died. I am just starting up now from a loan I secured from my neighbour. I can’t steal and I have to survive.” (Informal business owner: Rosina, age: 26)

Unlike larger businesses which have access to various sources of funding to develop more root in the system, the respondents claim that SMEs do not have necessary financial capacity to engage in high tech marketing strategies of the larger business

operators. They are of the opinion that operators in the formal sector engage in a lot of activities such as media hype (print and electronic) to advertise their goods and services from time to time, especially during festive periods in order to lure customers to them. They also engage in price reduction/shedding from time to time.

“All these big stores compete against themselves. You can see from time to time that they bring out promotions claiming a reduction in their prices. They even do bonanza and raffle or even give gifts (to children) especially during the festivals. They do all these in order to attract customers. Can (we) afford that?” (Informal business owner: Bosinga, age: 29)

It is the belief of this set of respondents that SMEs lose customers to the larger business operators as a result of this on a daily basis. They believe that this trend persists even more as a result of the fact that the larger business operators even compete fiercely among themselves in such a way that they even try to ‘steal’ or lure’ customers away from themselves- a case of “where two elephants fight, the grass suffers”. These respondents did also mention that people are easily attracted to the infrastructural set-up of the larger businesses which operate in the malls making them to have more customers, even if only for window shopping.

“You know that a lot of people actually visit the malls or its surrounding in order to window shop or meet their dates. In the process, they end up buying something.” (Informal business owner: Sinetemba, age: 28)

They claim that the more visitors you have, the greater the likelihood of purchases and the greater the profit margins. They also observed that the shopping malls always offer a variety of goods and services to choose from and a wide range of similar or different products (and prices range).

As earlier stated some, respondents however attest to the fact that they experience ‘moderate’ useful gain margins. Majority of respondents in this category, are those whose shops and stores are far away from the Denlyn Mall. They claim that residents patronize them as a result of the distance of their residences to the malls. Hence people are left with no choice but to buy from them. They have the researcher’s confidence to

reveal that they do sell at higher prices, knowing well that customers will just have to buy from them. This set of respondents also claim that their profit margins increase during festive periods as majority of the people stock more during this time.

4.4.1.5 SECTION 5: GOVERNMENT EFFORT ON GROWTH OF SMEs FOR ECONOMIC DEVELOPMENT.

On the issue of whether the government (at all levels) has promoted the growth of SMEs as an integral part of future economic development, 22.2% of the respondents disagreed, with the notion, while 76.7% of respondents were in the affirmative. From notes taken during the field study, operators of SMEs in Mamelodi (and it will not be surprising if it is the view of other operators) are of the opinion that government is not doing anything to improve the SMEs in terms of growth and development. The respondents were only assured that the researcher was not a government agent and that gave them the confidence to interact freely with me, with respect to this portion of the questionnaire. They asserted that a lot of concentration is being given to the large businesses who have made marks in the business world because government derive a lot of benefits from them ranging from taxation, export and import and other benefits that SMEs may not afford to showcase. And as a result of this, SME's are often left to their devices. These groups of respondents posited that government is only playing lip service to the suggested incorporation of SMEs into the economic plan policy of the nation.

“All what the government does is propaganda. They read the budget every year and promise heaven and earth, but look at the situation in the country. Have things improved? They pay more attention to the big stores because of what they can get from them, but for us we are neglected to survive if we can, maybe because a lot of us are not registered.” (Informal business owner: Kola, age: 45)

Respondents agreed that government is not doing much to assist SMEs, while 23% claimed that although they are aware of the government's efforts to assist SMEs operators that the conditions attached are very stringent. 5% of the respondents claimed that they are indifferent.

“The government, I suppose may have the right intentions of assisting us, but the people in charge are messing up the whole arrangement. Can you imagine that after putting up all the documents for a loan of R50, 000, the DTI still asked me to provide a start-up fund of R20, 000, where do I get it from?” (Informal business owner: Sabelo, age: 31)

“The government is only paying lip service to their promise of jobs for the unemployed. Is it not through development of SMEs that this can be done? So, how are they helping us?” (Informal business owner: Matabel, age: 44)

The respondents commented on the following ways in which the government could assist the SMEs:

- **Financing:** This is the most mentioned way that respondents believed government should extend assistance to operators of SMEs. It is their general beliefs that like formal businesses, SMEs need enough funding in order to get off the ground and to survive and grow in a competitive market that exists in Mamelodi. They also observed that most SMEs lack enough funding to keep up with the competitive market. They advised that government could assist SMEs to develop by granting them loans, while some suggested the issue of subsidy for them.
- **Registration:** Although these operators claimed that they would like to register their businesses, they complained that administrative bottle necks associated with registration is very frustrating. Hence they would rather prefer to operate with their unregistered businesses.
- **Training:** A few of the operators noted that capacity building should be done for operators of SMEs through organization of workshops, trainings and conferences on business management and handling skills, financing, outsourcing, marketing strategies, customer relations, advertising, etc. They claimed that the formal businesses have vast resources in all these areas, but operators of informal businesses who are mostly unschooled or unskilled are lacking in this vital area. Hence they suggested that government could assist in this direction.

Respondents who reacted in the affirmative reiterated that they hope government could show some commitment to implementing this noble idea instead of making a show of it in the media. There is no denying the fact that government needs to re-strategize in terms of whatever plans or visions they have for the development of SMEs' as most respondents reacted negatively when government is mentioned.

4.4.1.6 SECTION 6: EMPLOYMENT IN THE FORMAL AND INFORMAL SECTORS.

The issue of whether employment in the formal sector has increased or decreased due to emergence of large shopping malls, in addition to the importance of SMEs in relation to employment, has been dealt with earlier in these findings but it is worthy of note that 70% of the respondents agreed that long-term employment is the main reason for starting a business in the informal sector. This confirms the earlier assertion that SMEs are the greatest opportunity employer of labour and that the major aims of practitioners are for sustenance and employment. 28.9% of the respondents do not agree to this.

Table 4.9: SMME Shopping Preferences of Respondents

Types of informal stores	Shopping preference		
	Definitely	Probably	Probably not
Corner café	25.6%	32.2%	1.1%
Spaza shop	45.6%	35.6%	13.3%
House shop	34.6%	41.1%	11.1%
Hawkers	33.3%	37.8%	10.0%
Street vendors	40,0%	37.8%	
Supermarkets	37.8%	38.9%	10.0%

In addition, to finding out about the shopping preferences of respondents with regards to formal stores, the researcher also attempted to find out which of the various forms of the SMEs is preferred for shopping with respect to common items like food and groceries. Statistical analysis shows that 45.6% of respondents would definitely shop at spaza shops, whereas 40% of them would rather shop with street vendors and 37.8% in

supermarkets. More so, 34.4% of the respondents would prefer to purchase food or groceries from house shops, while 33.3% would shop with hawkers and the least probable for definite shopping is the corner café' where only 25.6% of the respondents would definitely buy food and groceries. On the reverse side, 13.3% of the respondents would definitely not shop for food and groceries at spaza shops, while 10% would not shop in supermarkets. From house shops, 11.1% of the respondents would not buy fruits and groceries whereas 10% would definitely not buy the same items from hawkers and 1.1% would not definitely shop at the corner café. 41.1% of respondents would probably shop in house shops, while 38.9% would do so in supermarkets. The same percentage (37.8%) of respondents would probably shop for food and groceries with hawkers and street vendors while 35.6% would do this with spaza shops and 32.2% in corner cafes.

The majority of respondents (76.6%) agreed that there is easy access to Denlyn Mall belong to the group of respondents whose stores are closer to the mall. The 23.3% of respondents that disagreed with this notion belong to the group whose stores are far from the mall. This has a close resemblance to respondents' responses to the idea of whether the Denlyn Mall is conveniently located. A similar proportion of 77.8% agreed to this view, while 21.2% disagreed, reasons being similar to those expressed above.

On the experience of shopping in Denlyn Mall, there is a general trend of agreement on a positive shopping experience as expressed by the respondents. For vibrancy of the shopping experience, 81.1% agreed to this, while 14.4% disagreed and 4.4% were undecided. 68.9% agreed that the Denlyn Mall offers a unique shopping experience, whereas 26.6% disagreed and 4.4% were neutral. A high proportion of 71.1% of the respondents agreed to a stimulating experience in the Denlyn Mall, when compared to 23.3% who disagreed and 5.6% who are not sure. From field notes gathered during the study and from the interview sessions, respondents agreed to this that their experiences based on their visits and patronages of the Denlyn Mall and there is no denying the fact that they have had their own portion of worthwhile experiences that it is worth while shopping in the mall.

Furthermore, 86.6% of the respondents agreed that the Denlyn Mall has a larger variety of different shops to choose from when compared with the SMEs. On the other hand 13.3% of them disagreed with this based on the fact that they believe that SMEs are more all over the place and because they are not concentrated in a particular place like the malls, their varieties may not be that appreciated. Overall, unlike the case of SMEs, only 46.7% of the respondents are very likely to recommend the Denlyn Mall to their friends and relatives. This lower percentage is surprising considering the fact that the respondents themselves agreed that the mall provides a vibrant, stimulating and unique shopping experiences for them. However, the reason, as stated during the interviews, is as a result of the fact that since they (respondents) also deal in similar goods and services provided by the Denlyn Mall, they cannot recommend that their families and friends patronise it rather than shopping with them. This is quite understandable.

Conclusively, 73.3% of respondents stated that they are very likely to recommend SMEs to their friends and family. Despite the intricacies expressed by respondents, it is interesting that a high percentage (73, 3%) were still of the opinion that they would advise anyone and very likely to recommend to friends and family to venture into the SMME business. Their reasons are not far-fetched and they vary widely, but not limited to the following:

- SMEs are the major and largest opportunity for employment of labour and a source in which to boost to the national economy.
- With little financial back-up, it is much easier to set up an SME and if well-managed, it could serve as a source of livelihood.
- The operator of the SME enjoys an air of freedom and confidence around him/her because the buck stops at his/her table.
- SMEs are major instruments to fight poverty and if well-operated, one would not have empty pockets.

In view of the aforementioned reasons a high percentage (73.3%) of the respondents are very likely to recommend SMEs to their friends and families. 5.5% are unlikely to recommend SMEs, while 6.7% are undecided whether to recommend SMEs to friends and families.

4.5 Category D - Demographic information

The demographic indices used to gather information in the questionnaire include age, education, marital status, personal income, household income, occupational/work status and occupational group. All these provide insight into corresponding information derived from interactions with the respondents during the field trips and interview sessions.

Table 4.10: Demographic information - Age

Less than 18 years old (close interview)	
18 – 24 years old	38.9%
25 – 34 years old	26.7%
35 – 44 years old	13.3%
45 – 54 years old	
55 – 64 years old	
64 years old and above (close interview)	

- **Age:** Findings from statistical analysis, showed that the highest percentage (38.9%) of the respondents fall within the range of 18–24 years. Further to this, 26.7% fall within the category of 25–34 years, while 13.3% represent the age group of between 35–44 years and this same figure also stands for respondents less than 18 years old. It can therefore be derived from this information that the average age of respondents who are operators of SMEs fall within 18–44 years. The age category represents a most productive age group of any economy. It is a fact that the highest rate of unemployment and poverty fall within this age group as a result of the fact that most of them are the bread winners for their respective families.

Statistical analysis also show that as the age increases, the number of SMEs operators decrease for example, from age 18–24, 25–34, 35–44 and 45–54, the population of respondents decreased in the following order: from 35, 24, 12 to 7 respectively. The fact that persons belonging to the age 45–54 category are mostly retired and they derive certain benefits from government, may be areas on that could be adduced explanation for this trend.

The survival or otherwise of an SME operation can be linked to these age disparities depending on the seriousness of the efforts put into the running of the business.

Table 4.11: Demographic information – Education

1	No schooling/formal education	11.1%
2	Some primary education	
3	Higher primary school completed	
4	Some high school	18.9%
5	High school completed, i.e. matric certificate	22.2%
6	Some Technikon/College education	5.6%
7	Technikon/College completed	5.6%
8	University education completed	9%
9	Undergraduate (University)	7.8%
10	Some Postgraduate Degree	1.1%

- Education:** The indices of age can be intertwined with that of education. The highest percentage (22.2%) derived from the statistical analysis belong to respondents who have had high school completed, that is those who have matric certificates. As earlier mentioned earlier, the majority of those in this group, either failed their matric or even dropped out of high school dropout, as well. A lot of them are driven into the SMEs business as a result of poverty and unemployment. 18.9% of the respondents constitute those in this category, that is, those who have had the high school experience, but not necessarily have achieved the matric certificate. This is followed by respondents who do not have any schooling or formal education (11.1%) mostly foreigners. These are people who come to South Africa for 'greener pastures'. From field notes and reports of interviews gathered during the study, these set of people have had great stories about the South African economy and believed that with endurance and some struggle, they could make it. On arrival in the country they find out that without

'good education and other necessary job requirements, the only readily available job is found in the SME market.

An average of 9% of respondents belongs to the category of persons who have passed through matric to the post-secondary or tertiary education (University): 7.8% (undergraduate), 5.6% (Technikon/College completed or not completed) and 1.1% (postgraduate degree). By and large, the majority of respondents fall within the category of persons who have not had formal education and those who have completed high school. The issue of education with respect to SMEs is reflected in Category 4: Demographic Information.

Table 4.12: Demographic information – Marital Status/Family Cycle

1	Single without children	22.3%
2	Single with children	23.3%
3	Married or living without children	6.7%
4	Married or living together with children	34.4%
5	Separated or divorced	8.9%
6	Widowed	4.4%

- Marital status:** On the issue of marital status/family cycle, 34.4% of the respondents are married and or living together with their children. This correlates with an earlier deduction that most SMEs start as family endeavours and that they play a vital role as a provider of employment opportunity and as a generator of primary and secondary source of income for many households, as well. Whereas 23.3% of the respondents are single with children, 22.2% of them are single without children. It can be deduced that respondents who fall into this category are those who belong to the age group of between 18–35 years and who have not had formal education or who have either finished matric or dropped out of high school. Respondents who are married and or living without children constitute 6.7%, while those that are divorced constitute 8.9%. These are majorly women who have to fend for themselves and the children usually left in their care

by their husbands. 4.4% of respondents are widowed and also depend solely on SME for survival.

On close interaction during face-to face interviews, two of the widows revealed that they have been operating and surviving on SME since the death of their husbands. With the meagre resources obtained from their sales, they have been able to cater for their children’s education and meet other needs as well. These widows belong to that group of respondents who claimed that presence of the Denlyn Mall does not have any negative impact on their businesses.

Table 4.13: Demographic information – Personal Income

1	Up to R 999 a month	
2	R 1000 – R 2 999 a month	27.8%
3	R3000 – R 5 999 a month	25.8%
4	R 6000 – R 8 999 a month	17.8%
5	R 9000 – R 11 999 a month	7.8%
6	R 12 000 – R 14 999 a month	3.3%
7	R 15 000 – R 17 000 a month	
8	R 18 000 – R 20 999 a month	
9	R 21 000 and above a month	
10	Refused to disclose	8.9%

- Personal Income:** Statistical analysis revealed that a relatively high percentage (27.8%) of respondents is in the group of low income earners (personal income). This group of respondents earn between R1000–R2999 in a month. This is closely followed by the group who earn between R3000–R5999 in a month, represented by 25.6% of respondents. Earlier in this report, the fact that SME operators are low-income earners has been alluded to, with reasons as well. It can be deduced that the minimum average monthly income for the respondents is between R1000–R7000. Reports of the interviews also reveal that those who belong to this category operate as hawkers, street vendors, and some spaza shops. For others who operate supermarkets, general dealers, some spaza shops, corner café and house shops, their own monthly income range between

R6000–R8999000 in a month representing 17.8%, while another group constituting about 7.8% earn between R9000–R11999 in a month. Respondents who earn between R12000–R1420999 constitute about 3.3% of the respondents, while 8.9% refused to disclose their earnings. By and large and from findings of the research, the majority of operators of SMEs are low/medium income earners.

Table 4.14: Demographic information – Household Income

1	Up to R 999 a month	10%
2	R 1000 – R 2 999 a month	26.7%
3	R3000 – R 5 999 a month	14.4%
4	R 6000 – R 8 999 a month	13.3%
5	R 9000 – R 11 999 a month	7.8%
6	R 12 000 – R 14 999 a month	4.4%
7	R 15 000 – R 17 000 a month	
8	R 18 000 – R 20 999 a month	
9	R 21 000 and above a month	
10	Refused to disclose	

Household income: The researcher tried to differentiate between personal income and household income. The intention was to find out if SMEs can really be used as a solution to deal with poverty among the people by relating what the monthly earnings of a household in comparison to the personal income.

Hence for household income per month, 26.7% of the respondents earn between R1000–R2999, whereas 14.4% of them earn between R3000–R5999 and 13.3% earn between R6000–R8999 in a month. This is not different from those who earn between R1000–R2999 when compared with the personal income ratings (27.8%).

From this finding, it can be assumed that most SME operators are breadwinners for their families and they actually use the business to fend for their families. 10%

of the respondents earn a household income of up to R999 in a month, while about 7.8% earn between R9000–R11999 in a month. An average of 4.4% earn between R12000–R1499921000 in a month.

All these findings still attest to the fact that operators of SMEs are low income earners. However, as earlier stated in the findings of this research, some of the respondents claim to only break even in their sales at the end of the month. Whether the use of SMEs can really be used to solve the problems of unemployment and poverty currently still leaves much to be desired.

Table 4.15: Demographic information – Employment status

1	Employed part-time	13.3%
2	Employed full-time	61.1%
3	Unemployed and not looking for job	2.2%
4	Unemployed and looking for job	7.8%
5	Retired/pensioner	12.2%
6	Disabled	
7	Student	3.3%

Table 4.16: Demographic information – Occupational group

1	Clerical work	6.7%
2	Administrative work	10%
3	Unskilled work	33.3%
4	Skilled/semi-skilled work	11.1%
5	Government employee	6.7%
6	Private sector employee	10%
7	Professional/specialist	6.7%
8	Self-employed	6.7%

- **Occupation:** Respondents constituting 61.1% are involved in full-time employment, while 13.3% of them are employed on a part-time basis. Those on full-time employment claimed that they operate the SME in order to make ends

meet and pay their bills. About 12.2% of respondents are retired/ pensioners, while 7.8% are actually unemployed and looking for a job. They use the SME activities to bridge the gap before being engaged fully in a full-time job. On the other hand, 2.2% of the respondents are not employed by the government or the private sector and not looking for job. These group of respondents are actually satisfied with what they are doing and actually feel that looking for another job other than SMMEs is a mere waste of time. The student population covers 3.3% of the respondents interviewed are students. The three students revealed that their studies are actually self-sponsored and that whatever little they get from their businesses is invested into their studies.

Findings from this research revealed that the type of occupation which the respondents engage in ranges mainly from unskilled work which constitute (33.3%); to skilled/semi-skilled work (11.1%). It is evident from this information that a reasonable percentage of the respondents who are in full-time employment might also be involved in the unskilled or semi-skilled employment. This result confirms that these respondents engage in SME activities in order to supplement the meagre amounts they are being paid in their work. This also correlates with the information on average personal and household income of the majority of the respondents falling between R1000–R2999. The private sector and administrative workers constitute 10% respectively. Field notes taken and the interview sessions conducted revealed that this category of persons normally employ the services of close relatives to look after their own stores while they are at work, since they tend to knock off late in the evening. More so, this seems to apply for both clerical and government employees who both constitute 6.7% of the respondents in both cases.

Furthermore the self-employed (6.7%) and those who are considered professionals/specialists (6.7%) tend to have a more flexible time period within which they display their wares. The interview sessions with some of the specialists revealed that they open their stores after knocking off from their private duties and then close late at night.

4.6 DEDUCTIONS FROM RESULTS OF STATISTICAL ANALYSIS

4.6.1 CATEGORY 1: AWARENESS AND USAGE OF FORMAL AND INFORMAL STORES

Category 1 deals with participants' knowledge and usage of the SME's and the larger businesses or in other words, usage and knowledge of both formal (the larger businesses) and informal (SME's) stores. The values for the tests of significance (2-tailed) values of formal stores like Pick 'n Pay, Spar, Woolworths, Cambridge, Checkers, (.043; .000; .002; .104; .017 respectively) and Spaza shops (0.00) are less than 0.05. As a result of this, we can conclude that there are statistically significant differences between the mean number of people buying from small businesses (SMEs) and these formal stores.

However, since the one sample test revealed that the means (0.256, 0.022, 0.678, 0.489, 0.200, 0.367) for supporting shopping at formal stores, Pick 'n Pay, Shoprite, Spar, Woolworths, Cambridge, Boxer and Checkers respectively were greater than the mean for supporting small business. We can conclude that participants of the study support formal stores than the informal stores.

These deductions correspond with the results of the findings from the research which concludes that participants in the study have good knowledge and also shop at the formal stores from time to time. They do this especially when they want to compare prices of goods or services offered by the formal stores. From the above-mentioned, it can therefore be deduced from the above conclusions that since the mean of one sample test for Spar is the largest (0.678), then it is the most preferred among the formal stores.

For Shoprite and Boxer, their values for the tests of significance (2-tailed) values of 0.802 and 0.081 respectively are greater than 0.05. Therefore we can conclude that there is no statistically significant difference between the mean number of people buying from small businesses and Shoprite/Boxer.

In the case of considering SMEs and the economy with respect to employment, education, credit, labour, labour intensive, etc., the values for the tests of significance (2-tailed) values are lesser than 0.005. Because of this, we can conclude that there is a statistically significant difference between the mean numbers of people who support small business against the above factors. Therefore, since our one sample test revealed that the mean for the supporting of SMEs is greater than the mean for supporting of these economic factors, we can conclude that participants in the study support the following: deductions:

- that SMEs contribute to GDP more than any other sector and shape economies/economic growth;
- that SMEs are major sources of employment and constitute majority of businesses in Mamelodi.

These deductions are derived from the values for the tests of significance Sig (2-tailed) values which indicate that SMEs have more positive impact on the economy and employment since the values are lesser than 0.05. Furthermore, it can still be deduced from these values that:

- SMEs are killed off by larger and more established businesses;
- SMEs operate on the basis of location and relationship with clients; and
- Education, training, prior knowledge and experience have positive effects on the successes of the SMEs.

4.6.2 CATEGORY 2: STORES AND SHOPS IMAGE

In the case of whether SMEs reduce poverty and unemployment, since the value for the tests of significance Sig (2-tailed) value is less than 0.05, that means that there is a statistically significant difference between the mean numbers if respondents who agree with this notion and those who disagree.

Since our one sample revealed that the mean for supporting this notion is less than the mean for disagreeing, we can conclude that participants in the study disagree with this notion equally or that they slightly support the suggestion that SMEs reduce poverty and

employment. The same scenario goes for whether the participants think that the emergence of the Denlyn Mall in Mamelodi hinders self-employment activities. The values for the tests of significance Sig (2-tailed) value here are also less than 0.05. Therefore we can conclude that there is statistically significant difference between the mean number of people who agree or disagree with this notion. Therefore, since our one sample test revealed that the mean for the supporting of the notion is less or equal to the mean for opposing the notion, we can conclude that participants in the study support the notion or share the disagreement and agreement equally.

The following factors in the present category under consideration all have Sig (2-tailed) values (0.00) that are lesser than 0.05, whether participants agree or disagree with the following notions:

- Informal economy being characterised by high/low level of access to credit/loans.
- Large businesses emerge because majority of SMEs operate without licence.
- Limited access to sources of finance is a barrier to growth of SMEs.
- SMEs are major provider of employment and primary sources of income.
- Emergence of shopping malls causes closure of SMEs and enhance job loses into retail market.
- SMEs can be solution to mass unemployment.

Therefore the deduction with respect to them in terms of statistical analysis is that there are people who are positive to the notion and those who are negative to them. Conclusively, since our one sample test revealed that the mean for the supporting of the notion is less or equal to the mean for opposing, we can say that participants on the study share the positives and negatives equally.

4.6.3 CATEGORY 3: PERSONAL ASSESSMENT OF SMALL BUSINESSES

For the following set of factors that were considered in the questionnaire to which the respondents reacted, the values for the tests of significance Sig (2-tailed) values are lesser than 0.05:

- Small businesses being run as family endeavours.

- Informal trading enhances confidence level.
- Informal trading gives more independence.
- Informal businesses are more focused on the retail/services sector.
- Informal businesses yield low profit margins.
- Long term employment gives rise to starting informal business.
- Employment in the formal sector has increased/decreased due to shopping malls.
- Government has made SMEs a part of their economic plan.

On the issue of recommendation of either SMMEs or Denlyn Mall to friends and family, the responses vary. From statistical analysis, the Sig(2-tailed) values (0.00) for recommendation of SMEs to friends and family is less than 0.05, hence it can be concluded that there is a statistically significant difference between the mean number of participants who would recommend SMEs and those who would recommend Denlyn Mall. However, since our one sample test revealed that the mean for recommending SMEs was less than the mean for not recommending, we can conclude that participants in the study were equally divided in their responses as to their friends and family. On the other hand, the Sig (2-tailed) values (0.00) on whether the respondents would recommend the Denlyn Mall to their friends and relatives is lesser than 0.05, hence there is no statistically significance difference between the mean number of people who agree to or disagree with the notion.

However, since our one sample test revealed that the mean for recommending SMEs was less than the mean for not recommending it, we can conclude that participants in the study were equally divided in their responses as to whether they would recommend SMEs to their friends and family. On the other hand, the value (0.00) for the tests of significance (2-tailed) value (0.00) on whether the respondents would recommend the Denlyn Mall to their friends and relatives is lesser than 0.05, hence there is no statistically significance difference between the mean number of people who agree to or disagree with the notion. However, since the one sample test revealed that the mean for recommending the Denlyn Mall was lesser than the mean for not recommending it, we can conclude that participants are equally divided in their responses to whether they would recommend the mall or not to their families and relatives. Since the values for the

tests of significance (2-tailed) values (0.033; 0.00; 0.00; 0.00; 0.00; 0.00 respectively) are lesser than 0.05, we can conclude that there is a statistically significant difference between the mean number of people who would patronise these outlets and those who would not.

Participants are equally divided in these responses on how often they patronise these outlets, since our one sample test revealed that the mean for patronising these outlets was lesser than the mean for not using them.

Therefore, it can be concluded that there is a statistically significant difference between the mean number of people who are positive to those notions and those who are negative to them. It can be deduced that since our one sample test revealed that the mean for the supporting of the above notions was less than the mean for disagreeing with them, we can conclude that the number of participants in the study are equally in support/against the notions.

4.6.4 CATEGORY 4 – DEMOGRAPHICS

Under demographics, the values for the test of significance (2-tailed) values (0.26; 0.00; 0.003; 0.00; 0.00; 0.00 respectively) for the all the demographics factors including age, education, marital status, family cycle, personal income, household income, and occupational groups are lesser than 0.05 except for the issue for occupation whose sig (2-tailed) value is of (0.611) is greater than 0.05. Therefore we can conclude that there is a statistically significant difference between the mean number of people who support that these factors play a vital role when considering SMEs and those who are against the notion. Since our one sample test revealed the mean for disagreeing with them, then we can conclude that participants in the study support the notion that these factors play vital role when considering SMEs and informal businesses. In the case of occupation, the reverse is the case. The values for tests of significance (2-tailed) value was greater than 0.05, hence we can conclude that there is a statistically significant difference between the mean number of people who support that the occupation of participants play a role in operating SMEs and those who are against the notion.

However since the mean for supporting this notion is lesser than the mean for opposing it, then participants in the study are equally divided on the issue.

It is also revealed from findings of this research that most of them in this sector range between those who do not have formal education and those who are dropouts from high schools. The importance of the informal sector of the economy cannot be overstressed.

This research has also revealed that most SMEs usually start as family endeavours and the more reason why spaza shops, supermarkets, tuck shops normally operate within the confines of the residential areas where families dwell.

It is revealed from the findings of this study that most of the young people operating in this sector do not have formal education or those who are dropouts from high schools. Although the level of education is vital for any business, it can be deduced from the research that the success of any SMEs may not be tied to the apron strings of educational status, as some of the operators are not too educationally inclined, but have been able to keep their businesses moving for over a decade. With time, they have been able to find a rhythm in their contact with their clients/customers such that a symbiotic relationship has being formed between them. The fact that indigenous languages are used as the mode of communication also endears SMEs operators to their customers. From the research, it can be deduced that operations of SMEs have a sense of independence and confidence since the whims and caprices of the business belong to them. They are able to direct the growth, development or otherwise of the business by themselves as they are in the driver's seat. And because most SMEs dwell in the retail and services business, it is not uncommon for a relationship to develop since the people live their daily lives with various needs for them and their families.

Government (at all levels) needs to look seriously into the issue of assisting the establishment and the eventual successful development of the SMEs. It is quite disheartening that the findings of this study revealed that the operators of SMEs claimed that government efforts have either not been felt by them or that their efforts have not yielded the desired results. They want government to assist them and they need to show enough seriousness, in forms of financial assistance in terms of loans, mentoring

and support through various forms of programmes; and to also reduce the administrative bottle neck and stringent measures attached to registration of their business and issuance of licenses.

Results gathered from this study presuppose that the government needs to strategize or perhaps enact laws which will soften the ground and pave way for more SMEs to come on board. It is also of essence that existing SMEs; and even those that are gradually going moribund should be monitored and evaluated by systems that will ensure sustained support by government. It is however, important to stress the need for operators or would be operators of the SMEs to be up and going. The idea that whatever government does for them form part of their 'national cake' should be discarded and they need to show enough seriousness, commitment and dedication before being qualified for any form of assistance from government or any of their parastatals/agency.

Findings from this study have shown that malls and the larger businesses form an important part of the economy as well and that it is ultimately possible for them and the SMEs to interact and grow together in the same economy. Results also reveal that even operators of SMEs patronize these malls, which offer them a variety of goods and services. The seemingly competitive on co-existence in the system is normal within any economy. This study found out that there is a general competitive relationship among informal/formal businesses and vice versa.

Each operator uses the pricing systems to attract customers and so the comparison of prices becomes competitive. It has also been revealed from findings of this research that the larger businesses are able to survive in this sector of the economy because they have more funds available to play around with and they also engage in other promotional and advertisement activities in order to promote sales.

4.7 SUMMARY AND CONCLUSION

An analysis of responses to the research questionnaires distributed was represented, while important key issues that emerged from responses and testimonies during the interviews sessions were also included. Their responses are quoted verbatim.

Pseudonyms have been used to keep the identity of the participants confidential and ensure their rights are protected. These responses describe their participants' perceptions and experiences on the impact of the Denlyn Mall on small businesses and other related issues in Mamelodi. Field notes gathered during the study, either during the distribution of the questionnaires or interview sessions, were also reported. Results from the statistical analysis of the data collected during the study are summarised below:

We can see that the group means are fluctuating in significantly different because the values in the "**Sig. (2-tailed)**" row are more or less than 0.05. Looking at the **Group Statistics** table, we can see that the impact of Denlyn Mall on small business in Mamelodi it has negative than positives in business.

If the Sig (2-Tailed) value is greater than .05...

You can conclude that there is no statistically significant difference between your two conditions (positive impact and negative impact). You can conclude that the differences between condition Means are likely due to chance.

If the Sig (2-Tailed) value is less than or equal to .05...

You can conclude that there is a statistically significant difference between your two conditions. You can conclude that the differences between condition Means are not likely due to change.

One Example value is less than or equal to .05

The Sig. (2-Tailed) value in our example (Pick n Pay) is 0.43. This value is less than .05. Because of this, we can conclude that there is a statistically significant difference between the mean number of people buying on Small Business and Pick n Pay. Since our one sample test revealed that the Mean for the supporting of Pick n Pay was greater than the Mean for the supporting of small businesses, we can conclude that participants in the study support pick n pay than small businesses.

Two Example the Sig (2-Tailed) value is greater than .05

The Sig. (2-Tailed) value in our example (Shoprite) is 0.802. This value is greater than .05. Because of this, we can conclude that there is a no statistically significant difference between the mean number of people buying on Small Business and small businesses. Since our one sample test revealed that the Mean for the supporting of Shoprite was less or equal to the Mean for the supporting of small businesses, we can conclude that participants in the study support both Shoprite and small businesses equally or slightly small business more.

CHAPTER FIVE: FINDINGS: CONCLUSION, RECOMMENDATION AND IMPLICATION FOR FURTHER RESEARCH

5.1 INTRODUCTION

South African retail industry has grown leaps and bounds since the dawn of democracy. While giant retail stores occupying Mamelodi Mall allowed for more rigorous economic activity, SMMEs are playing a more crucial role at grassroots level by serving as feeder units to these formal stores.

5.2 OVERVIEW OF THE STUDY

This section discusses the findings of the study based on results of statistical analysis. The Survey Questionnaire and one-on-one interviews were employed as instruments to collect information from 90 participants. The section is concluded by providing areas for further research.

The responses of the participants in the study to issues relating to Denlyn Mall were gauged from their answers to the questions in the survey questionnaire and interviews. The statistical analysis of the tests of significance determined the Sig (2-tailed) values of less than 0.05 for the following factors:

- Denlyn Mall within easy reach.
- Denlyn Mall conveniently located.
- Denlyn Mall as a one stop shopping centre.
- Denlyn Mall offering a vibrant shopping experience.
- Denlyn Mall offering a unique shopping experience.
- Denlyn Mall offering a stimulating shopping experience.
- Denlyn Mall having a larger variety of different shops to choose from.

Therefore it can be concluded that there is a statistically significant difference between the mean number of people who support this notations and those who are against them. Since our one sample test revealed that the mean for the supporting of the above

notations was greater than the mean for disagreeing with them, then we can conclude that participants in the study are supportive of the above notations.

5.3 THE RESEARCH OBJECTIVES OF THIS STUDY

The primary objective of the research is to investigate the impact of Denlyn Mall on small business around Mamelodi.

The secondary research objectives of this study are:

- to bring to the light the impact of the Mall on small businesses;
- To investigate the challenges the small businesses faces in the area;
- To explore the formal and informal business usage; and employment opportunities created

An extensive process for determining the extent to which each objective was achieved was followed. Such a process started with a sample of people operating small business such as owners of Spaza shops, supermarkets, street vendors, hawkers, informal general dealers; and some part of community members being interviewed. Questionnaires were also distributed. Such outcomes of the interviews and questionnaire analysis were used to gain understanding which provided guidelines, advice and possible solutions to South African Small Business policy-makers and prospective entrepreneurs on the insight of small businesses in Mamelodi.

The objectives in brief are:

- to bring to the light the impact of the Mall on small businesses;

Township informal retail businesses have in the past managed to secure work and incomes for many black South Africans in the townships. Today these township retail businesses are being fiercely challenged by formal sector structures, the multiple retailers. Denlyn Mall in Mamelodi is one such Mall with a number of domestically focused South African and internationally recognised retail businesses that have impacted negatively on the small businesses in the area. The results of the study revealed that distance of the small retailers from shopping malls and effective customer

service on a small dedicated assortment of merchandise might result in the survival of some of these small township retailers.

- To investigate the challenges the small businesses faces in the area;

The current state of knowledge of informal businesses and employment still requires much development to be compared with the formal business structures located in the Mall. Although small businesses are losing out to formal businesses, the rate at which formal and sustainable employment opportunities are created by the giant retailers in the Mall are unquestionable.

Respondents agreed that although SMEs are vital, formal businesses in the Mall tend to employ more hands than the small-scaled SMEs because of the wider scope of operation. However, employment in some formal businesses was noted to be more casual and manual; and not well remunerated as well.

- To explore the formal and informal business usage; and employment opportunities created

90% of small township retail businesses and spaza shops are owned by individuals most of whom are still operating on assumption and guesswork rather than solid knowledge and understanding of this dynamic trading environment and its customers through employment technology based instruments.

SMEs some are struggling for their very survival and “will stay forever young” because they are at a natural disadvantage in competing for loans. The perception of financial providers is that it is safer to lend a big company.

5.5 LIMITATIONS OF THE STUDY

The following businesses and households are excluded from the study:

- Residents and businesses situated outside a 1km radius of Mamelodi.
- SMME’s operating in other economic sectors outside wholesale and retail in the area.

- Businesses operating inside the Denlyn Mall whose employees were never linked to the employ of the small businesses in the area.

5.6 GENERAL CONCLUSIONS

The research work looked at the impact (either positive or negative) of the Denlyn Mall on small and medium enterprises (SMEs) located in and around Mamelodi Township. Hence, it is deduced from the statistical analysis of the results show that if the value for the tests of significance (2-tailed) value is greater than 0.05, then there is no statistically significant differences between any two conditions (positive impact and negative impact) considered. It can also be concluded that the statistical difference between the means are likely due to change. On the other hand, if the value for the tests of significance, (2-tailed) valve is less than or equal to 0.05, then it can be concluded that there is no statistically significant differences between the considered two conditions and that the differences between the condition means are not likely to change.

5.7 RECOMMENDATIONS

- Financial assistance in the form of loans and subsidies are veritable ways by which government can help in the launch, take-off, development and survival of SMEs. One of the major problems confronting operators of SMEs, as derived from results of this study, is the availability of initial capital take-off investment. This can be attributed to the inherent poverty which is prevalent among the generality of population groups (especially the blacks).

Therefore, it will be most appropriate if the government can contribute necessary resources more effectively in this area. Reports from the interviews conducted revealed that to start up a small or medium enterprise, minimum capital ranging between R1000 and R5000 is necessary. This or higher amounts, depending on the 'capacity' of the individual can be given out as loans to encourage SMEs. It would be expected that proper monitoring, guidance, advice, orientation and education programmes and systems be put in place in order to ensure the

correct utilisation of such facilities and the eventual success of those SMEs that have been jumpstarted.

- It can be deduced from results of this study that a high percentage of the populace of Mamelodi, South Africa and indeed any economy fall within the bracket of operators of SMEs. Therefore since a large number of people would need to be dealt with, government need to establish a functioning of Ministry of SMEs with appropriate effective hands, in order to handle matters pertaining to SMEs and related issues. This Ministry should be structured in such a way so as to have a well-defined mandate and cut-out duties to facilitate and enhance the development of SMEs. It would be expected that this kind of government apparatus will be opted by the individuals who would have benefited in the form of whatever facilities from government.
- Education and information are central and key to the success of any business. Therefore, it is vital that operators of SMEs and would-be-starters need to be well-groomed either before they start-off or when they are already in business. Where feasible, all efforts should be geared towards providing the right orientation for operators of SMEs through seminars, conferences and workshops. All these could be contracted out to service providers who would expend most of their time and energy on the field where operators exist. Without the proper education and orientation, especially in this case where loans have to be repaid, then the success of such initiation cannot be guaranteed.
- As part of government's efforts to assist SMEs, appropriate budgetary allocations need to be ensured. It is heart-breaking that more money is usually allocated to overhead expenditures in the budget every year, leaving out vital areas like SMEs which are actually the engine rooms and great contributors in terms of the DGP of the economy. It is evident from this study that if the people are positively engaged through a successful SME programme and they have food on their tables, through this, then government will not have to spend more money on the issues of social,

security and health affairs because the most vibrant part of the populace (youths) would have been positively engaged and would be able to eat well and be in good health.

- The results from this study have shown that SMEs are the greatest opportunity for employment of labour. It is however, thus surprising, that despite this well-known fact, the issue of unemployment and poverty is still a problem—not only in South Africa, but in Africa as a whole. As a result of this and in order to provide a solution, entrepreneurial skills and studies which have been introduced to schools should be introduced, through the Department of Education. Seminars, conferences, training and development programs should also be organised by the DTI in partnership with other relevant business stakeholders for dominating uneducated entrepreneurs in the sector. It is impossible for government to provide jobs for all the ‘employable’ and hence it is important to create a psychological disposition in our learners to be ‘job creators’ and not ‘job seekers’ right from when they are still at school. This can be achieved through introduction of relevant business oriented subjects into their curricular that will spread throughout the grades to matric.
- It is very important that the three tiers of government put in place, enact and legislate on favourable and enabling laws that will support and enhance growth and development of SMEs. These laws should indeed be targeted towards eradicating the bottlenecks and administrative gridlock usually encountered in registration of businesses and obtaining of business licenses. A facilitation of on-line process of registration and verification of SMMEs would alleviate challenges encountered by small business operators. Enabling and flexible laws would empower government to show more commitments and to appropriate funds to the growth and development of SMEs. The laws should also provide checks and balances in the system (both on the side of the government and the governed).

- Proper orientation of youths the findings of this study have shown undeniably that the minimum average group of 75% of operators of SMEs fall within the age bracket from 18–45 years. These ages represent the vibrant and most productive age group in the economy. It also represents an age group which is highly vulnerable which may have either positive or negative inclination. Therefore, special attention needs to be paid to the group. The fact that persons who belong to this age group form the crux of any economy and are usually still young, vibrant and energetic, lends credence to the fact that the issue of SMEs should be taken seriously.
- In view of this, the Department of Education through Sector Education and Training Authorities (SETAs) has a big role to play in this regards as special orientation programmes and activities need to be organised for them from time to time. On the other hand, the Department of Education could work out modalities of encouraging learners in the area of vocational, entrepreneurial skills development and training. Education has a big role to play here as orientation has to start from schools. It is prevalent the 1% skills levy paid to South African Revenue Services be utilised for empowering work placed through skills development. The Department of Education should include in their curriculum the relevant skills necessary to empower small business owners. The recommended programmes are reflected under Literature Review: Section 2.6.4 under Functional managerial recommendation for spaza shops owners (Table 2.7).

5.8 FINAL CONCLUSION

The youths of the post-apartheid era need to move from the free-born or free generation mentality to be more productive and responsible in their contribution to society. In this way, the best can be got from and offered by them and they can in turn make their own positive contribution toward the welfare of the society and the development of the South African economy at large.

It is however, through government's efforts in consultation with relevant economic sector stakeholders that SMEs may be made to alleviate challenges of unemployment and poverty in Mamelodi area and the country at large. When challenges of this nature are addressed, the government will in return focus its energies on more strategic roles of national and international concerns. This is a strong statement to support the fact that SMEs play an important role in the economy and they are veritable means of employment and banishing poverty, if only government can harness its resources properly towards this direction.

This research study shows results with implications vital to the development and growth of the economy. It is evident that this assertion has been found to be applicable in third world countries. The research revealed that the useful engagement of citizens of the nation could be in the formal or informal sectors. It is a truism that despite the resources available to the government, it can still not satisfy the yearnings of its populace when it comes to employment. For this reason both the informal and formal sectors play an important role, if not a dominant one, in the event of reducing employment or eradicating poverty within the teeming population of unemployed South Africans. It can be deduced from this study that SMEs play an important role in sustaining families and putting food on many of their tables. This sector of the economy cannot be neglected by the government.

It is evident from this study that if the people are positively engaged through a successful SME programme and have food on their tables, then government will not have to spend more money on the issues of social, security and health affairs because the most vibrant part of the populace (youths) would have been positively engaged and would be able to eat well and be in good health.

The study of this nature shows results with implications vital to the development and growth of any the economy. The research has revealed that the useful engagement of citizens of any the nation could be in the formal or informal sectors. It is a truism that despite the resources available to the government, it can still not satisfy the yearnings of its populace when it comes to employment. For this reason both the informal and formal sectors play an important role, if not a dominant one, in the event of reducing

employment or eradicating poverty within the teeming population of unemployed South Africans. It can be deduced from this research that SMEs play an important role in sustaining many families.

Research results from this study indicate that most of the operators of the SMEs are the young adults, an age group who form 75% if not more of the vibrant economy. The research also revealed that most SMEs in the form spaza shops, informal supermarkets and tuck shops usually start as family endeavours and normally operate within the confines of the areas where these families reside. On the other hand, some operators find themselves in the business as a result of their quest for survival and development.

5.9 AREAS FOR FURTHER RESEARCH

While South African small business owners complain that Government protocol and restrictive policies prohibit the success of SMEs in the area, Foreign Nationals' small businesses are doing well and have taken over majority of small businesses in the area. These Businesses belonging to Foreign Nationals have substantial variety of products available at their disposable at reasonable prices as compared to South Africans'.

The questions that remain to be answered are:

How do Foreign Nationals' SMMEs make it to the top? What is the secret behind the success of their businesses? What can South Africans learn from them? Where and how do they buy their products which they manage to sell at competitive prices? How can Government assist in the process of registration of small business and more so with the requirements for obtaining a license (Government protocol).

It is important that partnership be created between small business owners and other relevant stakeholders in Mamelodi to enhance harmony and success of SMMEs in Mamelodi.

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APPENDIX A: RESEARCH QUESTIONNAIRE

The impact of Denlyn Mall on Small Businesses in Mamelodi

My name is Kekana L.M. I am a student at the North West University (Mafikeng Campus).

The aim of the study is to determine the extent to which small businesses in Mamelodi are affected by the development of the Mall in the area.

The completion of the questionnaire will take 30 minutes and your participation will remain completely anonymous. It is thus not necessary to mention your name or the name of your business. The results of the study can be made available to you should you require it.

Please mark with an X in appropriate block(s) and answer all questions.

SURVEY QUESTIONNAIRE

SECTION A: Awareness and usage of formal and informal trading stores

1. Spontaneous mention ... Please provide reasons for your answer

a Which formal and informal trading stores and shops do you know of or have you heard of?

.....

b Which of these formal and informal trading stores or shops have you ever used?

.....

c. Which of these formal and informal trading stores or shops do you shop at regularly?

.....

d. Which of these formal and informal trading stores or shops do you shop at occasionally?

.....

e. Which of these formal and informal trading stores or shops will you consider next time you go for your shopping?

.....

f. In your own opinion, what measures do you think can be employed by the government to support and help SMEs to develop off the ground?

.....

g. Does Denlyn Mall affect your business negatively or positively?

.....

h. Has your monthly turnover/sales increased or decreased since the opening of Denlyn Mall?

.....

2. Mark with X in the appropriate column

Frequency of visiting formal or informal shops

	Regular	Occasional	Most often	Never	Future
Formal stores					
Pick 'n Pay					
Shoprite					
Spar					
Woolworths					
Cambridge					
Boxer					
Checkers					
Informal stores					
Spaza shops					
Supermarkets					
General Dealers					
Other SMMEs					
Non-committal					

3. Indicate the extent to which you are in agreement or disagreement with the following statement:

1. = Strongly Disagree 2. =Disagree 3. = Not applicable 4= Agree 5=Strongly Agree

1	SMEs are shaping new economies	1	2	3	4	5
2	SMEs contribute immensely to world economies	1	2	3	4	5
3	SMEs constitute majority of businesses in Mamelodi	1	2	3	4	5
5	SMEs are recognised or engines of economic growth and job creation	1	2	3	4	5
6	SMEs contribute more to the GDP than any other sector	1	2	3	4	5
7	SMEs are a major source of employment	1	2	3	4	5
8	SMEs are killed off by larger and more established businesses	1	2	3	4	5
9	SMEs are more labour intensive	1	2	3	4	5
10	SMEs are not engaged in price competition	1	2	3	4	5
11	SMEs operate on the basis of location and relationship with clients	1	2	3	4	5
12	Growth of SMEs boost employment more than the growth of larger firms	1	2	3	4	5
13	SMEs offer credit to their customers	1	2	3	4	5
14	SMEs are not characterised by high tech inventory and distribution system utilisation	1	2	3	4	5
15	SMEs charge higher prices	1	2	3	4	5
16	Education, training, prior knowledge and experience have a positive effect on the success of small business	1	2	3	4	5

SECTION B: Stores and Shops Image

4. Do you think small enterprises (SEs) reduce poverty and unemployment? Give reason for your answer.

YES	
NO	

5. Do you think that the emergence of Shopping Mall in Mamelodi hinders self-employment activities? Give reason for your answer.

YES	
NO	

6. Do you think that the informal economy is characterised by higher/lower level of access to credit? Give reason for your answer.

YES	
NO	

7. Do you think that large Shopping Malls emerge because majority of small businesses operate informally without a licence to trade? Give reason for your answer.

YES	
NO	

8. Do you think that large businesses have advantage over small businesses in competing for loans? Give reason for your answer.

YES	
NO	

9. Do you think that limited access to sources of finance is a significant barrier to the growth of the SMEs and to the high rate of failure among SMEs? Give reason for your answer.

YES	
NO	

10. Do you think that SMEs play a vital role as a provider of employment opportunity and as a generator of primary and secondary source of income for many households? Give reason for your answer.

YES	
NO	

11. Do you think that the emergence of shopping malls present closure to local and small businesses and subsequent job loses into the retail market? Give reason for your answer.

YES	
NO	

12. Do you think the existence of SMEs can be a solution to mass unemployment? Give reason for your answer.

YES	
NO	

13. Do you think supporting SMEs and encouraging entrepreneurship on SME can help address the challenge facing SME? Give reason for your answer.

YES	
NO	

SECTION C: Personal Assessment of Small Businesses

I am going to read to you another set of attributes that people like yourself have made about SMEs and I would like you to tell me whether they are true or false.

14. Most small businesses like spaza shops are run as family endeavours

True	False
------	-------

15. Informal trading can enhance the confidence level of street vendors

True	False
------	-------

16. Informal trading gives the entrepreneurs more independence

True	False
------	-------

17. Majority of informal businesses are in the retail or services sector

True	False
------	-------

18. Informal businesses yield low profit margins

True	False
------	-------

19. Long term employment is the main reason for starting a business in the informal sector

True	False
------	-------

20. Employment in the formal sector has increased/decreased due to the emergence of large shopping malls

True	False
------	-------

21. The government has made the growth of SMEs an integral part of future economic development

True	False
------	-------

22. How likely are you to recommended SMEs to your friends and family?

1	Very likely	
2	Somewhat likely	
3	Neither likely nor unlikely	
4	Somewhat unlikely	
5	Very unlikely	

23. Using a rating scale please circle/mark with X the appropriate number to indicate the extent to which you are in agreement or disagreement with the following stores:

1. = Strongly Disagree 2. =Disagree 3. = Not applicable 4= Agree 5=Strongly Agree

1	Denlyn Shopping Mall is within easy reach	1	2	3	4	5
2	Denlyn Shopping Mall is conveniently located	1	2	3	4	5
3	Denlyn Shopping Mall is a one stop shopping centre	1	2	3	4	5
4	Denlyn Shopping Mall is offers a vibrant shopping experience	1	2	3	4	5

5	Denlyn Shopping Mall offers a unique shopping experience	1	2	3	4	5
6	Denlyn Shopping Mall offers a stimulating shopping experience	1	2	3	4	5
7	Denlyn Shopping Mall has a larger variety of different shops to choose from	1	2	3	4	5

24. How likely are you to recommend Denlyn Shopping Mall to your friends and relatives?

1	Very likely	
2	Somewhat likely	
3	Neither likely nor unlikely	
4	Somewhat unlikely	
5	Very unlikely	

25. When shopping for food and groceries, either for yourself or for someone, how likely are you to shop at each of the following types of stores or relatives?

Types of stores	Definitely would shop at	Probably would shop at	Probably would not shop at	Definitely would shop at
Corner café				
Spaza shop				
House Shop				
Hawkers				
Street Vendors				
Supermarket				
Retail Outlets e.g. Pick n' Pay, Shoprite, etc.				

SECTION D: Demographic Information

The following questions are asked purely for statistical purpose and to help classify your answers.

26. Age

Into which of the following age groups does your age fall? You can only give the number corresponding to your Age group:

Less than 18 years old (close interview)	
18 – 24 years old	
25 – 34 years old	
35 – 44 years old	
45 – 54 years old	
55 – 64 years old	
64 years old and above (close interview)	

27. Education

What is the highest level of education that you have achieved? You can only give the number corresponding to your educational level:

1	No schooling/formal education	
2	Some primary education	
3	Higher primary school completed	
4	Some high school	
5	High school completed, i.e. matric certificate	
6	Some Technikon/College education	
7	Technikon/College completed	
8	University education completed	
9	Undergraduate (University)	
10	Some Postgraduate Degree	

28. Marital Status/Family Cycle

Which if any of the following best describes your marital status or your family life cycle? You can just give the number corresponding to your family life cycle:

1	Single without children	
2	Single with children	
3	Married or living without children	
4	Married or living together with children	
5	Separated or divorced	
6	Widowed	

29. Personal Income

Into which of the following income groups does your personal income fall before tax and deductions? You can only give the number corresponding to your Personal Income:

1	Up to R 999 a month	
2	R 1000 – R 2 999 a month	
3	R3000 – R 5 999 a month	
4	R 6000 – R 8 999 a month	
5	R 9000 – R 11 999 a month	
6	R 12 000 – R 14 999 a month	
7	R 15 000 – R 17 000 a month	
8	R 18 000 – R 20 999 a month	
9	R 21 000 and above a month	
10	Refused to disclose	

30. Household Income

Into which of the following income groups does your household income fall? By household income we mean the combined income of all members of your

household or wage earners before tax and deductions. You can only give the number corresponding to your household income:

1	Up to R 999 a month	
2	R 1000 – R 2 999 a month	
3	R3000 – R 5 999 a month	
4	R 6000 – R 8 999 a month	
5	R 9000 – R 11 999 a month	
6	R 12 000 – R 14 999 a month	
7	R 15 000 – R 17 000 a month	
8	R 18 000 – R 20 999 a month	
9	R 21 000 and above a month	
10	Refused to disclose	

31. What is your occupation i.e. what type of work do you do? You can only give the number corresponding to your employment/work status:

1	Employed part-time	
2	Employed full-time	
3	Unemployed and not looking for job	
4	Unemployed and looking for job	
5	Retired/pensioner	
6	Disabled	
7	Student	

32. Into which of the following occupational groups does your occupation fall? You can only give the numbers corresponding to your occupational group:

1	Clerical work	
2	Administrative work	
3	Unskilled work	
4	Skilled/semi-skilled work	

5	Government employee	
6	Private sector employee	
7	Professional/specialist	
8	Self-employed	

End of the Questionnaire

Thank you for your participation, cooperation, time and the information you provided. Please rest assured that all your information will be treated with the strictest confidence and will not be disclosed to any third party without you.

APPENDIX B: DESCRIPTIVE STATISTICS

	Descriptive Statistics					
	N	Mean	SD	Variance	Skewness	SE
Pick n Pay	90	2.76	1.183	1.400	.698	.254
Shoprite	90	2.52	.838	.702	1.101	.254
Spar	90	3.18	1.473	2.170	-.164	.254
Woolworths	90	2.99	1.480	2.191	.062	.254
Cambridge	90	2.70	1.156	1.336	.614	.254
Boxer	90	2.70	1.075	1.156	.407	.254
Checkers	90	2.87	1.424	2.027	.240	.254
Spaza shops	90	2.20	.622	.387	.413	.254
Supermarket	90	2.40	.790	.625	.687	.254
General dealer	90	2.57	.900	.810	.505	.254
Other SMMEs	90	2.49	.915	.837	.934	.254
None/don't know	90	2.44	1.092	1.194	.621	.254
SMEs are shaping new economies	90	4.11	4.425	19.583	8.374	.254
SMEs contribute immensely to world economies	90	3.51	1.256	1.579	-.391	.254
SMEs constitute majority of businesses in Mamelodi	89	3.84	1.021	1.043	-.724	.255
They are recognised engines of economic growth and job creation	90	3.79	1.022	1.045	-.788	.254
They contribute more to the GDP than any other sector	90	3.37	1.185	1.403	-.213	.254
They are a major source of employment	90	3.59	1.131	1.279	-.703	.254
They are killed off by larger and more established businesses	89	4.03	.994	.987	-1.064	.255
They are more labour intensive	90	3.77	1.112	1.237	-.925	.254
They are not engaged in price competition	90	3.56	1.210	1.463	-.678	.254
They operate on the basis of location and relationship with clients	90	4.14	.815	.664	-1.420	.254
Growth of SMEs boost employment more than the growth of larger firms	90	3.87	1.073	1.151	-1.125	.254
They offer credit to their customers	90	3.94	1.095	1.199	-1.358	.254

They are not characterised by high tech inventory and distribution system utilisation	90	3.41	1.271	1.616	-.619	.254
They charge higher prices	90	3.18	1.362	1.856	-.303	.254
Education, training, prior knowledge and experience have a positive effect on the success of small business	90	4.19	.898	.807	-1.527	.254
Do you think small enterprises (SMEs) reduce poverty and unemployment? Give reason for your answer.	90	1.29	.456	.208	.947	.254
Do you think that the emergence of Shopping Mall in Mamelodi hinders self-employment activities? Give reason for your answer.	90	1.27	.445	.198	1.073	.254
Do you think that the informal economy is characterised by higher/lower level of access to credit? Give reason for your answer.	90	1.24	.432	.187	1.210	.254
Do you think that large Shopping Malls emerge because majority of small businesses operate informally without a licence to trade? Give reason for your answer.	90	1.33	.474	.225	.719	.254
Do you think that large businesses have advantage over small businesses in competing for loans? Give reason for your answer.	89	1.19	.395	.156	1.599	.255
Do you think that limited access to sources of finance is a significant barrier to the growth of the SMEs and to the high rate of failure among SMEs? Give reason for your answer.	90	1.29	1.104	1.219	7.854	.254
Do you think that SMEs play a vital role as a provider of employment opportunity and as a generator of primary and secondary source of income for many households? Give reason for your answer.	90	1.26	.439	.192	1.140	.254
Do you think that the emergence of shopping malls present closure to local and small businesses and subsequent job loses into the retail market? Give reason for your answer.	90	1.23	.425	.181	1.282	.254
Do you think the existence of SMEs can be a solution to mass unemployment? Give reason for your answer.	90	1.18	.384	.148	1.714	.254

Do you think supporting SMEs and encouraging entrepreneurship on SME can help address the challenge facing SME? Give reason for your answer.	90	1.10	.302	.091	2.712	.254
Most small businesses like spaza shops are run as family endeavours	90	1.20	.402	.162	1.526	.254
Informal trading can enhance the confidence level of street vendors	90	1.23	.425	.181	1.282	.254
Informal trading gives the entrepreneurs more independence	90	1.30	1.106	1.224	7.782	.254
Majority of informal businesses are in the retail or services sector	90	1.14	.354	.125	2.057	.254
Informal businesses yield low profit margins	90	1.46	.501	.251	.182	.254
Long term employment is the main reason for starting a business in the informal sector	89	1.29	.457	.209	.930	.255
Employment in the formal sector has increased/decreased due to the emergence of large shopping malls	90	1.23	.425	.181	1.282	.254
The government has made the growth of SMEs an integral part of future economic development	89	1.22	.420	.176	1.342	.255
How likely are you to recommended SMEs to your friends and family?	90	1.46	.889	.790	2.101	.254
Denlyn Shopping Mall is within easy reach	90	3.76	1.084	1.176	-.793	.254
Denlyn Shopping Mall is conveniently located	90	3.73	1.140	1.299	-1.039	.254
Denlyn Shopping Mall is a one stop shopping centre	90	3.70	1.086	1.179	-.935	.254
Denlyn Shopping Mall is offers a vibrant shopping experience	90	3.87	1.041	1.083	-1.256	.254
Denlyn Shopping Mall offers a unique shopping experience	90	3.57	1.102	1.215	-.611	.254
Denlyn Shopping Mall offers a stimulating shopping experience	90	3.66	1.153	1.329	-.773	.254
Denlyn Shopping Mall has a larger variety of different shops to choose from	90	4.11	.854	.729	-1.103	.254
How likely are you to recommend Denlyn Shopping Mall to your friends and relatives?	90	1.86	1.066	1.136	1.434	.254
Corner café	90	2.28	.972	.944	.163	.254

Spaza shop	90	1.87	1.019	1.038	1.056	.254
House shop	90	2.01	.966	.932	.743	.254
Hawkers	90	2.06	.964	.929	.580	.254
Street vendors	90	1.92	.963	.926	.854	.254
Super market	90	1.96	.959	.919	.794	.254
Retail outlet, e.g. Pick 'n Pay, Shoprite, etc.	90	1.81	1.016	1.031	1.247	.254
Age	90	2.63	1.116	1.246	.524	.254
Education	90	6.51	3.170	10.050	-.134	.254
Marital Status/Family Cycle	90	2.98	1.499	2.247	.121	.254
Personal Income	90	3.89	2.405	5.785	1.471	.254
Household Income	90	4.48	3.091	9.556	.841	.254
What is your occupation i.e. what type of work do you do? You can only give the number corresponding to your employment/work status:	90	2.58	1.445	2.089	1.439	.254
Into which of the following occupational groups does your occupation fall? You can only give the numbers corresponding to your occupational group:	90	4.36	2.195	4.816	.447	.254
Valid N (listwise)	85					

APPENDIX C: GRAPHS (Attached separately)

APPENDIX C: GRAPHS

Usage of Formal/Informal shops

