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**CHALLENGES FACING SUSTAINABLE DEVELOPMENT OF
SMALL MEDIUM MICRO ENTERPRISES (SMMEs)
A CASE STUDY AROUND MAFIKENG LOCAL MUNICIPALITY**

BY

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DECLARATION

I hereby declare that the work done as part of this study is original and has never been submitted to any university for a Masters degree. The work was done by myself, and thus I, Serotobale Peter Mokone absolve to stand by the contents of this manuscript.


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ABSTRACT

The study reflects on the dynamics of Small Medium Micro Enterprise (SMME) development in South Africa with particular reference to the North West Province. Interviews were held with SMMEs within the precinct of the Mafikeng Local Municipality, relevant policy documents and other published materials were critiqued, to evaluate processes undertaken for business development.

The objective of this study is to examine the challenges faced by SMMEs and explore factors influencing growth and sustainable development of small businesses.

Results have shown that the level of education, location of the business, the lack of proper training and government support, were significant in relation to the problems experienced by SMMEs..

Most respondents indicated that financial assistance was one of the most important interventions that could help in accelerating growth and sustainability of SMMEs in the Mafikeng Local Municipality.

The study recommends that rigid banking requirements need to be relaxed to afford SMMEs access to finance. Financial assistance is one of the key intervention strategies to accelerate the growth and development of SMMEs.

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CHAPTER ONE

ORIENTATION

1. INTRODUCTION

The study reflects on the dynamics of Small Medium Micro Enterprise (SMME) development in South Africa since 1994, with particular reference to the North West Province. This is preceded by a historical background which lays the foundation for discussing government initiatives on SMME development. Interviews were held with SMMEs within the precinct of the Mafikeng Local Municipality, relevant policy documents and other published materials were critiqued, to evaluate processes undertaken for business development. The White Paper on the National Strategy for the Development and Promotion of Small Business was considered for purposes of the research. The findings of the research focused on the North West Province, showed the options and successes of the initiatives. The study concludes by giving recommendations that could help reduce the collapse and help resuscitate businesses that find it hard to make positive strides in the business world.

The advent of the new dispensation led to the release of political prisoners, the unbanning of political parties and the calling for negotiations towards a new Constitution, based on one man one vote (Hetherington 1991). This announcement marked the beginning of a political change that led to the first democratic elections held in April 1994 (Watson Ladzani, Technikon Southern Africa).

Hetherington (1994), applauded the work of politicians. He regarded political liberation as important, but cautioned that people cannot eat politics, and that economic liberation feeds people. He further highlighted that economic liberation allowed everybody to create wealth, to earn their own living, to feed, clothe and house their families and buy better education for their children and also highlighted that parliaments had their place but markets were more important.

In the South African context, as well as, in most parts all over the world, small business is regarded as one of the pillars of the economy of every country. It contributes about 60% of the Gross Domestic Product (GDP) of the country's economy. The manufacturing sector in the North West Province contributes around 9% of the GDP and 6.5% to the Gross National Product (GNP) respectively. The sector is dominated by Small, Medium and Micro Enterprises (SMMEs) in the mining, agriculture, food processing, automotive, manufacturing, tourism and service industries in the North West Province (National Small Business Act number 102 of 1996).

SMMEs are internationally recognised as an important component of a country's economic development strategy. In South Africa, and particularly in the North West Province, economic development requires more jobs, faster economic growth, rapid poverty alleviation and greater equity sharing in the fruits of economic growth.

As early as 1995, the importance of SMMEs for development in the new South Africa, was affirmed by the Small Business White Paper (RSA 1995). The White Paper on the National Strategy for the development and promotion of SMMEs was an initial attempt of the post-apartheid government, to create an enabling environment for the creation of small, medium and micro enterprises, following the history of industrialization of the South African economy that has been characterized by large capital intensive firms and a continuous neglect of small enterprises (Rogerson, 1998).

The Department of Trade and Industry (DTI), together with its agencies, partnered to ensure effective and efficient implementation of policies and programmes for the smooth running of businesses. Business regulations were also put into place, to ensure that SMMEs were protected from unscrupulous business dealings. Such government red tapes worked for both the government and the private sector, to ensure that there was fair trade among all the business fraternities (Rogerson, 1998).

Skills development is one aspect that is pertinent for the success of every SMMEs and is top on the government agenda regarding the development of small business (Rogerson, 1998). The success of SMMEs has a direct bearing on the country. Thus, the government

deemed it fit to ensure that regulation on SMMEs is evolved to ensure a conducive environment for trade dealings (Rogerson, 1998).

The White Paper identified skills as an important issue in its broader agenda. Looking at the past, the Apartheid legacy of poor education and training for black South Africans was a serious constraint on SMMEs development (Rogerson, 1998).

Looking at the future, the building of technical and entrepreneurial skills was seen as vital for South African development. This challenge was also addressed by the Department of Labour in 1997 when it produced its Skills Development Green Paper (DoL 1997). Although the Green Paper's focus was primarily on larger enterprises, it did acknowledge the importance of including micro and small enterprises within the National Skills Development Strategy.

More recently, since 2001, policy processes within the Department of Labour have led to a growing emphasis on the intersection between enterprise development and skills development. This is reflected in one of the five objectives of the National Skills Development Strategy, to stimulate and support skills development in small business.

In 2002, the National Skills Fund began to support a range of innovative projects in this field. Within the context of overall macro-economic performance, the ideal policy package for small business support in the Province and the country as a whole, should allow the SMMEs sector, to maximize its contribution to the economy's overall performance in terms of growth, employment and income distribution (National Skills Act, 97 of 1998).

This would involve making more resources available to the sector, as well as, raising efficiency with which the sources that are already available are effectively utilized, for growth and development of the economy (National Skills Act, 97 of 1998).

In addition, SMMEs' potential is also shaped by two key dimensions to entrepreneurship, namely, entrepreneurial capacity and entrepreneurial opportunity. Capacity refers to the resources, be they financial, physical or intellectual, that an entrepreneur can draw on to

operate his/her business. Opportunity in contrast refers to whether the market in a particular locality is fully saturated or if business opportunities are presenting themselves (Annual Review of Small Business in South Africa-2004).

1.1 STATEMENT OF THE PROBLEM

The introduction of SMME development was meant to provide additional support to the local economy with the view, to stimulate sustainable economic growth that would help alleviate poverty through the provision of employment. The department of Economic Development and Tourism, together with other relevant stakeholders (Municipalities, Non Governmental Organizations and the Private sector), put in place the following strategies to curb the demise of SMMEs; Skills Development, Access to Finance, Black Economic Empowerment, Provincial Growth and Development Strategy, Tourism Master Plan, Municipal Growth and Development Strategy and Trade and Investment Promotion. However, some of the challenges that SMMEs currently face, have negated any kind of support and interventions that has even led to the closure of some of the SMMEs. The type of intervention strategies, which the government implemented, could not address the aforementioned problem.

Job creation and poverty eradication with low level of expertise and skills, stand out as the key challenges. Increased pressure is put on the State, to become pro-active in promoting growth and development and facilitating greater private sector participation and partnerships with special focus on the second economy (SMME Development Summit-2005). Much research has not been undertaken to establish the cause for poor development in the SMME sector.

1.2 OBJECTIVES OF THE STUDY

The main aim of this study is to examine the challenges faced by SMMEs and to explore factors influencing growth and sustainable development of small businesses in the Mafikeng Local Municipality region. More specifically, the study has the following objectives:

- To assess the respondents' knowledge on management of SMMEs,
- To identify hindrances on sustainable development of SMMEs, and
- To explore suggested strategies to be put in place, to increase growth and sustainable development of small businesses in the Mafikeng Local Municipality.

1.3 IMPORTANCE OF THE STUDY

A large proportion of SMMEs in the province are relocating to neighboring provinces, and these include areas like Gauteng, Northern Cape and Limpopo provinces, where they are in a position to acquire both the financial and non-financial assistance from government and the private sector. Thus, the study should assist policy planners to develop sustainable, long and short term strategies, to curb the existing problems. When policies are properly developed and effectively implemented, this could curb relocations of SMMEs to such competing provinces (Small Business Summit, North West Province-2006).

1.4 THE SCOPE OF THE STUDY

The Province is demarcated into four district councils of Bophirima, Southern, Central and Bojanala District councils. The capital city, Mafikeng, is located in the Central District and it is where the seat of the Provincial Administration is situated. The province covers 116 320 km² and is home to approximately 3.7 million people that constitute 8.2% of the South African population. The province contributes 7% to the National Gross Domestic Product. It is the second highest proportion of rural population in South Africa with 64.4% of the population, classified as rural and 35.6% as urban (North West Provincial Growth and Development Summit: 2005).

The geographical parameter of the study is the Mafikeng Local Municipality which is located in the capital of the provincial government (See figure 1.1 on the next page). Mafikeng Local Municipality has been chosen by the researcher because of its proximity.

Map of Mafikeng Local Municipality



Figure 1.1

1.5 PLAN OF THE STUDY

Chapter one introduced the reader to an understanding of the research objectives and motivated the importance of the study. In chapter two the theoretical foundation of the study is given and the related literature is dealt with. The research problem is stated in chapter three. Chapter four gives a full exposition of the research design and how the data are analyzed. The research results are reflected in chapter five. In chapter six, the research results are discussed, conclusions are drawn, implications for business are cited and recommendations are made.

CHAPTER TWO

THEORETICAL FOUNDATION AND LITERATURE REVIEW

2.1 INTRODUCTION

This chapter tries to highlight how SMMEs are affected by failure to ensure effective and efficient implementation of government policies and lack of interventions by the private sector. The chapter seeks to identify the role that is played by the government and the private sector, with the intention to support and improve the sustainable development of small businesses Provincially, Nationally and Internationally.

The approach decided for this project was that of assessing current SMME status on key sectors within the province, and cascade it down to local levels (Mafikeng Local Municipality), which is the focal area of study. The following synopsis indicates briefly the core for the sectors (Manufacturing, Construction, Tourism, Finance, Service Industry, Agriculture and Spaza shops) under review. It is apparent that, if government intervention is not up to speed, private sector firms will focus on regions that are eager for investments and that promise high returns on investment opportunities for such investors. Government should understand the needs of business sectors operating in specific regions/provinces, and also address the challenges and concerns encountered by SMMEs.

In line with the objectives of the Provincial Growth and Development Strategy (PGDS), growth in the economy and employment can be enhanced through government support for small, medium- and micro-sized enterprises. The institutional framework of support for such enterprises will be fundamentally restructured. The Government will determine appropriate support policies which will be considered as well as key sectors. Support to these sectors will be decided by itself (Government), the private sector and non government organisations. Such areas of support to small and medium-sized enterprises will include some of the key sectors, and these include the following;

2.2 ECONOMIC SECTORS

The following are sectors that are pertinent for economic development in the province, and if pursued, will result in the positive spin offs for the economy of the province.

2.2.1 TOURISM SECTOR

The tourism sector in the North West Province will best stimulate SMMEs that are in the bed and breakfast business, by attracting potential investors into the province, using state assets, to promote black equity, leverage joint venture partnerships and to draw up Broad Base Black Economic Empowerment (BBBEE) investment charters. The investment environment for tourism in the province is attractive to investors, and this may require leveraging financial assistance to SMMEs for infrastructure upgrade.

The province is not doing much in terms of assisting SMMEs to get funding to develop this sector which has high potential for economic growth, considering the 2010 world cup that will be staged in South Africa within the next three years.

The province should take advantage of the coming 2010 world cup to be staged in the country. The country's tourism industry will benefit from the estimated three million visitors expected for the tournament, while construction and engineering companies will look forward to a slice of the billions to be spent on infrastructure in the lead-up to the event. Thus, the government needs to ensure that resources are equitably spread among all aspiring SMMEs, so that they are afforded opportunities during the pre-and post-world cup 2010 event (<http://www.tourismnorthwest.co.za/parks/>).

2.2.2 AGRICULTURE & AGRO PROCESSING

The process of land reform be it (lease or own) and its pace, represents both opportunities and constraints in unlocking the potential of SMMEs in the agricultural sector. Effective

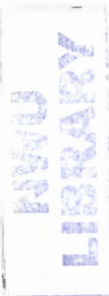
implementation of the intervention would more likely create a new generation of black farmers. But if these farmers are to move beyond the subsistence level into commercial farming, a crucial strategy will be to increase resources deployed in such farming activities and to improve financial and non-financial support services. The Land Redistribution for Agricultural Development (LRAD) advisory programme is a body that is involved in the promotion of black commercial farmers as a main form of economic empowerment in the agricultural sectors.

Agro Processing, nationally, makes a relatively low contribution to GDP at 2.4 %. (Statistics South Africa, 2001). In the province, the leather furniture and meat processing sub-sectors make a sizeable contribution to the Provincial economy. Limited activity exists in this sector, although it is clear that other opportunities to add value to agricultural products, are present. It will be important for the provincial government to determine what the key focus areas in manufacturing in the longer term are, and what they should be, for the North West Province. The development of a provincial BEE charter/strategy would be useful in terms of adding value and decreasing reliance on other sectors in the provincial economy.

Manufacturers that operate in the province are less competitive than Gauteng based manufacturers because they are far away from the big markets and suppliers. The transport costs impact negatively on the pricing structures which result in high price settings by local SMMEs.

2.2.3 FINANCIAL SERVICES

Financial Services has a crucial and cross cutting strategic role to play a catalyst for many of the proposed programme/actions recommended that attest the support and development of SMMEs. Hence, the building of the necessary relationship at national level, combined with clear and focused project planning in conjunction with the private sector, will be important short term actions that will alleviate start capital and cash flow



problems normally encountered by small business, (Business Map Foundation Report, 2003).

According to the financial document for small businesses, banks are still more interested in short-term loans or in financing large operations. They tend not to favour SMMEs with long-term loans and still require material mortgages, they do not bank on the quality of an entrepreneur.

Financial services are critical to business growth and security. Access to credit is important to start businesses, to assist with cash flow problems and to diversify and invest in business assets.

In the same token, access to credit is access to debt and, if not well managed, this can lead to further hardship with continuous debt indulgence by SMMEs. This does not necessarily mean that access to finances is not important but it has to be part of a package of support services which should entail debt management training. This suggests that informal enterprises require business mentoring and analysis skills. These are the kinds of services that small business support services should provide, especially to emerging SMMEs, who are normally victims to unscrupulous financial institutions.

Rutherford (1998), highlights the irony of exploiting SMMEs' ability to save rather than encourage them to go into debt.

Drawing on the experiences of institutions like the Grameen Bank in Bangladesh and the Self Employed Women's Association's (SEWA) Bank in India, there is increasing focus on SMMEs' ability to save. International experience demonstrates that what is needed are institutions that are accessible, friendly, that will accept small deposits, in an environment in which clients also have access to other kinds of services, (Lund and van der Ruit, 2000).

2.2.4 ACCESS TO INFRASTRUCTURE AND BASIC SERVICES

The statistics demonstrate that, seven out of ten SMMEs, which work in informal areas in the province, work from backyards. Shelter, water, sanitation and electricity are critical interventions that support those working in the informal economy.

The delivery of some of these basic services largely falls outside the ambit of provincial government responsibilities. It is critical that those delivering these services, are mindful in the design and implementation of service delivery of the overlap between living and working spaces, as well as, the particular needs of those in the informal economy. Awareness creation among service delivery agents, is an important role that the provincial government can play, to alleviate this gory situation (Black Business Quarterly- 3rd Quarter, 2006).

It is, therefore, imperative that the government ensures the provision for factory spaces, together with all the basic amenities that are critical to businesses, for them to operate effectively and efficiently.

2.2.5 CO-OPERATIVE GOVERNANCE

The Provincial Government has made it its top priority to attend all the economic development and SMMEs support of the Province, to create a better life for all its citizenry. The relationship between National, Provincial and Local spheres of government in respect of economic development and industrialization, requires an overhaul and that, any strategy that is implemented, needs to transcend to all tires of government. This would call for considering a transformation of various government structures that have the responsibility for sustainable economic development and support to SMMEs development (North West Economic and Industrialization Plan, 2003).

The Provincial Government is mindful of the fact that, in order to comply with the Public Finance Management Act (PFMA), it must ensure that it has in place appropriate systems

and skills, to address its policy objectives (North West Economic and Industrialization Plan, 2003).

It is essential that proper systems of control and accountability be established at the outset, to ensure that the interests of the business fraternity (SMMEs) are considered and also that policy imperatives are adhered to.

2.2.6 BEE ELEMENT

In some way, the picture emerges of a Province that enjoys a number of meaningful opportunities to improve economic performance through BBBEE implementation. The province can clearly fast track BBBEE if the key constraints are removed, and an integrated and focused approach is adopted. The role of Provincial and district government, as well as other stakeholders in both public and private sectors, will be to organize sufficient resources around specific sector based opportunities which simultaneously offer the private sector, useful score card and commercially viable opportunities, and the public sector opportunities to fast track BBBEE. In this way, BBBEE and SMME growth will develop and be sustained over time.

This call for strong local government capacity to plan, integrate and collaborate with key sector and national government actors, (as well as civil society), suggests that a cross cutting strategy will be essential to deploy resources to the strengthening of existing support, developing programmes, planning and integration capability at Provincial and District levels (BBBEE Strategy Report, 2003, North West Province).

2.2.7 REGULATIONS

There is a preoccupation in the informal economy literature with regulations , where some authors claim there is too much regulation (de Soto, 1989, 2001) and others, particularly with respect to labour regulations, there is too little (ILO, 2001). The South

African surveys suggest that regulations are not a huge constraint to growth, for example, the Investment Climate Survey (2006).

According to the survey, findings are not surprising, given that the majority of those interviewed are not registered for Value Added Tax (VAT) and are unlikely to be adhering to these kinds of regulations. The policy challenge, particularly in the case of bigger informal enterprises, is to provide the correct incentives to encourage registration and greater adherence to national labour legislation. In previous work, the process for VAT registration has been interrogated from the perspective of those working informally and has been found lacking (Skinner 2006). There is a motivation for informal enterprises to register as this is a prerequisite for accessing government tenders and other financial and non-financial incentives. Given affirmative procurement policies, the state, at all levels, is encouraged to grant tenders, and particularly to small businesses owned by previously disadvantaged individuals.

2.2.8 ECONOMIC IMPACT OF HIV/AIDS

It is extremely difficult to assess what the near and long term economic impact of HIV/AIDS will be like on the South African economy. A study that was conducted by ING Barings Bank, predicts that the economic growth rate over the next decade, is likely to be 0.3% to 0.4%. These points get lower every year, resulting in real GDP being 17% lower in 2010 than it would have been in the absence of AIDS (Bureau for Economic Research, 2006). Another study by the Business Coalition found that, sectors like mining, manufacturing and transport, are labour intensive, with workers who are mostly semi and unskilled, and are a high risk category. The findings of the research reflect that 55% of mines, 46% of transport companies, and 38% of manufacturers, have noticed a drop in profits due to the Aids pandemic. Large companies are in a position to carry such costs more easily than small businesses can. It is, therefore, quite imperative that the government should be very vocal about the scourge, to avoid unprecedented levels of massive declines in the GDP of the country, which could have a colossal impact on the country's economy.

2.2.9 SMALL BUSINESS DEVELOPMENT

SMMEs are internationally recognized as an important component of any country's economic development strategy. In South Africa, with particular reference to the North West Province, economic development purports more jobs, faster economic growth, rapid poverty alleviation and greater equity in the sharing of the fruits of economic growth.

Immediately after assuming office in 1994, the then minister of the Department of Trade and Industry (DTI), released a discussion paper on Strategies of the Development of an Integrated Policy and Support Programme for SMMEs in South Africa (Development Strategy for SMMEs, North West Province, 1998).

After a process of wide consultation, this document led to a White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa' in March 1995. This was followed by an enabling act, the National Small Business Act (no. 102 of 1996). The act illustrates the South African government's commitment to SMMEs, as well as government's belief that without definitive, sustainable and dynamic small business, development in South Africa will not take place (Development Strategy for SMMEs, North West Province, 1998).

The small business sector was already identified by the North West Government as crucial for alleviating poverty, stimulating growth and eradicating inequalities in the province.

In the few years down the line, it was realized that the economic performance of the country, which has been better feared by many, had, in fact, improved a whole lot better, though there are still some grey areas that needed government attention (Annual Review of Small Business in South Africa, 2004/2005).

A certain portion of people who were in the business sector, were still being marginalized by the prevailing situation and policies which the government developed. According to the Annual Review of Small Business (2004/2005), quite a number of SMMEs in the country, including the North West Province, still experience problems regarding issues pertaining to the development of the small business sector.

According to the records, approximately forty percent of SMMEs in the manufacturing sector within the province, closed because of the less conducive environment which they operated in, and the slow pace of intervention by key government stakeholders in prime economic spheres in Mafikeng Local Municipality (<http://www.dbsa.co.za>).

The most pertinent concern is the rate of entry and exit of SMMEs in the market and the stagnation of established small businesses, where business development is at a very slow pace. Existing enterprises seem to have a low propensity to create additional employment and this result in a huge pool of individuals who become unemployed. The static rate of formal SMMEs creations, suggests that there is little progression between survivalist micro enterprises and more formal small enterprises. These policy perspectives suggest that, whilst broad entrepreneurship programmes are important, the key issue is less about entrepreneurial opportunities and more about entrepreneurial capacity (www.dbsa.co.za).

2.2.10 RECONSTRUCTION AND DEVELOPMENT

In the early 1990s unions, the civic movement and social organisations began to develop a plan for social transformation needed for the post apartheid South Africa. Extensive consultation within the African National Congress, its allies and a wide range of technocrats, resulted in the Reconstruction and Development Programme (RDP) in 1994. The RDP aimed at addressing the many social and economic problems facing the country. It recognized the dynamic interconnection between problems, such as, lack of housing, shortage of jobs, inadequate education and health and the overall failures of the economy. It proposed job creation and providing services that would be done in a way to

create employment. The five key products were to meet basic needs, develop human resources, democratize the state and society and build the economy and implement RDP.

2.2.11 ACCESS TO FINANCE

Inadequate capital (and poor access to credit) is typically the first constraint mentioned by SMMEs when they are surveyed. Afenyadu (1999) presents evidence from Ghana that lack of capital constraints the ability to engage in business ventures.

King and McGrath (2002) suggest further that access to finance also undermines the possibility of technological advancement and effective utilization of intellectual capital. Mead and Liedholm (1998) show, from evidence across a range of African countries, that initial capital is a strong predictor of enterprise success. However, it is important to remember that credit is not a panacea. Indeed, without other inputs, greater access to credit may cause problems rather than solve them by encouraging excessive enterprise expansion.

2.2.12 ACCESS TO MARKETS

Inadequate capital is often related to complaints about inadequate markets. Much of the informal sector internationally faces a twin crisis of over-supply and under demand. Whereas in the retail sector, barriers to entry are very low, there is typically over-competition between enterprises. These enterprises have largely come into being because their owners were either retrenched from the formal economy or were never able to access it. However, this type of trader is also the typical customer of such enterprises. The selling of goods by the poor to the poor is unlikely to result in anything more than survival incomes. This is the nature of much of the SMMEs in Mafikeng and around the entire country. Moreover, more sustainable small-scale trading is affected by the historical legacy of apartheid, which forbade anything but the most basic retailing in the townships. These elements of historical legacy, limit the opportunities to access such markets successfully for blacks and informal SMMEs (Rogerson, 1998).

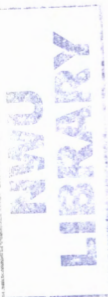
2.2.13 CONDUCTIVE CONDITIONS

The two major elements of this are security of tenure and access to infrastructure. SMMEs across the province have been undermined by limited security of tenure, although this has begun to be reduced under the relaxation of the state's economic role due to liberalisation. An important element in location differentials is infrastructure. Townships and informal settlements lack the electrical, telephonic and transport infrastructures of urban areas, notwithstanding the recent attempts to redress these imbalances. King and McGrath (2002) argue that successful production, trade and networking, are all undermined in such an environment.

Although the apartheid legislative barriers to black SMMEs have largely disappeared from the statutes, the practical situation at local government level, remains very mixed. Security of tenure has been radically improved, although street traders in many locations are still subject to harassment and illegal charges. However, it is difficult to establish how far issues of location, tenure and infrastructure are at the root of constraints faced by informal SMMEs within Mafikeng. Working from home, the street, a rural area or a township are also heavily determined by many of the other factors affecting enterprise performance, such as race, gender, capital, education and employment history.

2.2.14 STRONG NETWORKS AND RELATIONS OF TRUST

Trust and networks have become overemphasized elements of mainstream social theory in recent years. Nonetheless, it is evident that they do have some degree of salience to an analysis of SMMEs' health. King's (1999) research in the informal economy of South Africa suggests that, the literature on trust in South African business may have overemphasized the limits to inter-racial trade. He describes the very important and multiple roles that Asian business plays in supporting African SMMEs development (King 1996 and 1999). However, there are grounds for being less positive about the interactions across race and ethnicity in the South African context, given both the legacy of apartheid and the high levels of violence against those from elsewhere in Africa.



King and McGrath (2002) argue that networks are of growing importance to SMMEs in an increasingly knowledge economy. Barr (1999) suggests that networks may act as a way of coping with the vagaries of poorly functioning systems of contract enforcement.

This also may be true in the Mafikeng local municipality and highlights the concern that networks may act as a way of risk minimisation rather than growth or profit maximisation. There is a large literature on the importance that the geographic clustering of enterprises plays, in promoting enterprise development and technological progress (Piore and Sabel 1994; Schmitz 1995) and there is a significant Africa-oriented element to this literature (McCormick 1999). This literature argues that, close proximity is crucial to enterprise learning and cooperation, and brings important collective efficiencies.

A similar literature has also developed on the benefits of business linkages (Grierson and Mead 1999). Both vertical (between firms of different sizes) and horizontal (between firms of similar size) linkages are seen as routes to better enterprise performance. Vertical linkages may be particularly important to smaller enterprises as a source of knowledge, skills, technology and capital. All of these notions point to the importance of learning through cooperation and remind us that, not all meaningful skills development will take place through structured training programmes.

2.2.15 ADAPTATION TO TECHNOLOGICAL CHANGES

Since the mid-1990s, there has been a growing concern about the impact of technological change on the work of micro and small enterprises. However, it is clear that technology use is closely related to forces external to the SMMEs sector. Trade liberalisation in much of Africa during the 1990s, led to a growing influx of new products into markets that had been relatively protected. Moreover, this came at a time of rapid technological change internationally. It is argued that this has impacted on artisans in two ways. Firstly, the most often cited example here is the introduction of high levels of computerisation into cars. A fundamentally different level of knowledge and equipment is required to fix a computer-controlled fuel injection system than a mechanics controlled system (King

1996, Kinyanjui 2000). This shift in technology, puts greater power over car maintenance back into the hands of large dealerships. Secondly, the shift in packaging away from metal and glass to plastic, has serious implications for those trades that have relied on reusing these older materials for food packaging, lamps, etc.

2.2.16 ENABLING ENVIRONMENT

The legal and economic framework in which enterprises operate, is crucial to their performance. In the literature on enterprise development, it has been argued very forcefully that, the legal framework of many countries, serves as a barrier against enterprise (de Soto 1989). In many cases in the province, the reduction of open hostility has been more important for smaller enterprises than any positive programme of engagement from the government. However, there is more disagreement about what constitutes an enabling economic environment. In theory, structural adjustment and trade liberalisation were supposed to bring benefits to micro and small enterprises. However, there is evidence within the province and even in the entire country that, there is both negative and positive impact of these policies on SMME development. It can perhaps be said, as a generalization, that those with better skills and knowledge, and located in strong market niches, have benefited. On the other hand, those faced with low barriers to entry, have seen a saturation of markets and growing poverty (King and McGrath 2002).

Prior to 1994, South Africa did far more than most, to discriminate against and constrain the development of SMMEs amongst the black community. This took place through the direct impact of a range of apartheid-related laws, designed to promote separate development. It was also a function of the industrial policy that flowed from the apartheid vision. Since 1994, South Africa has also done far more than most countries to overturn this legacy and to focus deliberately on the development of black SMMEs.

The 1995 Small Business White Paper is arguably the most sophisticated SMMEs policy document on the continent. A series of interventions and institutions have been developed at the local, provincial and national levels in order to operationalise this new vision. The

impact of macroeconomic trends and policies on the South African SMME sector, has not received much attention. To the extent that GEAR has been accompanied by a reduction in formal sector employment rather than a growth, it seems likely that some over-saturation of markets, in areas like hawking, may be occurring. However, the growth of outsourcing and informalisation of larger enterprises, taken together with growing access to international markets, is likely to have had a positive effect on elements within the SMME sector.

2.2.17 WHAT SHOULD BE DONE?

Before asking what can be done to stimulate skills development for enterprise development, it is important to note that many of the most positive developments in this field across the province, have occurred in spite of, or irrespective of, the actions of the state. It is also important to remember that, even the best of policies on paper, are unlikely to reach the SMMEs manufacturing sector. Nonetheless, there is scope for an improved official position. This needs to take place within an environment of genuine cooperation across government departments. Departments will not work effectively in this cross-sectoral area until they begin to understand the specialist knowledge, skills and experience each of them brings to the situation (www.idc.co.za).

More needs to be done to strengthen provider institutions and to encourage the organisations of the SMME sector. The state needs to find a way to support business development that takes a strong line on the likelihood of market failures and the need to change the culture of training, whilst at the same time acknowledging where market mechanisms and collective action can and should take the lead. At the programme level in the education and training system a better understanding is required of what is being attempted. Programmes for those already in the sector, are insufficiently distinguished from those for potential entrants and there is simply not enough acknowledgements of the complexities of SMMEs focused strategies. Equally, policymakers need to be more realistic in what they expect of already overburdened providers, whilst still setting them

realistic targets and incentives, to reach out more effectively to the SMME sector (www.idc.co.za).

Table 1.1 depicts the total value added, production and intermediate consumption for the 39 activities contained in the North West Province. This represents the economic perspective of the Province.

Table1.1 The North-West Economy in Perspective [R' Millions, 2004 Prices]

		Production	Value added	Intermediate Demand
1	Agriculture	R 3,874	R 2,382	R 1,492
2	Platinum mining	R 27,441	R 14,544	R 12,897
3	Gold mining	R 5,077	R 2,945	R 2,133
4	Other mining	R 4,002	R 2,121	R 1,881
5	Meat, Fish, Fruit, Vegetables, Oils and Fat Products	R 260	R 90	R 170
6	Dairy products	R 923	R 160	R 763
7	Grain Mill, Bakery and Animal Feed Products	R 1,107	R 147	R 960
8	Other food products	R 1,113	R 291	R 822
9	Beverages and tobacco products	R 889	R 357	R 533
10	Textiles, Clothing, Leather Products and Footwear	R 827	R 185	R 642
11	Wood and Wood Products	R 359	R 106	R 253
12	Furniture	R 611	R 173	R 438
13	Paper and Paper Products	R 199	R 51	R 148
14	Publishing and Printing	R 155	R 66	R 88
15	Chemicals and Chemical Products (incl. Plastic Products)	R 1,692	R 592	R 1,100
16	Rubber Products	R 823	R 269	R 554
17	Non-Metallic Mineral Products	R 2,585	R 1,357	R 1,228
18	Basic Metal Products	R 2,559	R 845	R 1,714
19	Structural Metal Products	R 437	R 139	R 298
20	Other Fabricated Metal Products	R 822	R 366	R 456
21	Machinery and Equipment	R 1,223	R 441	R 782
22	Electrical Machinery and Apparatus	R 1,419	R 421	R 998
23	Communication, Medical and other Electronic Equipment	R 92	R 42	R 50
24	Manufacturing of Transport Equipment	R 519	R 152	R 367
25	Other Manufacturing and Recycling	R 127	R 36	R 92
26	Electricity	R 1,391	R 680	R 712

27	Water	R 389	R 190	R 199
28	Buildings	R 2,790	R 672	R 2,118
29	Other construction	R 3,487	R 840	R 2,647
30	Trade	R 15,660	R 8,006	R 7,654
31	Accommodation	R 2,766	R 1,414	R 1,352
32	Transport services	R 19,328	R 7,913	R 11,415
33	Communications	R 7,527	R 3,082	R 4,445
34	Insurance	R 9,033	R 5,026	R 4,007
35	Real estate	R 6,448	R 3,588	R 2,860
36	Business activities	R 4,410	R 2,454	R 1,956
37	General Government	R 20,175	R 10,397	R 9,778
38	Health and Social Work	R 6,586	R 3,394	R 3,192
39	Activities/Services	R 6,705	R 3,455	R 3,249
	Total - North-West	R 165,831	R 79,388	R 86,443

Source: Conningarth Economists-2006

As shown in the table 1.1, the North-West is still heavily dependent on the mining sector for its economic performance. Manufacturing contributes 8 percent to the GDP and is, to a large extent, dominated by mining-related industries (i.e. Metal Products and Machinery, Non-Metallic Mineral Products and Chemical and Chemical Products). The economic structure of North-West differs quite markedly from that of the RSA Sectoral Composition of the North-West Province Economy – Value Added Per Main Economic Sector R Millions, 2004 Prices]

Figure 1.2 refers to the sectoral composition of the North-West Province Economy – Value Added per main economic sector [R Millions, 2004 Prices]

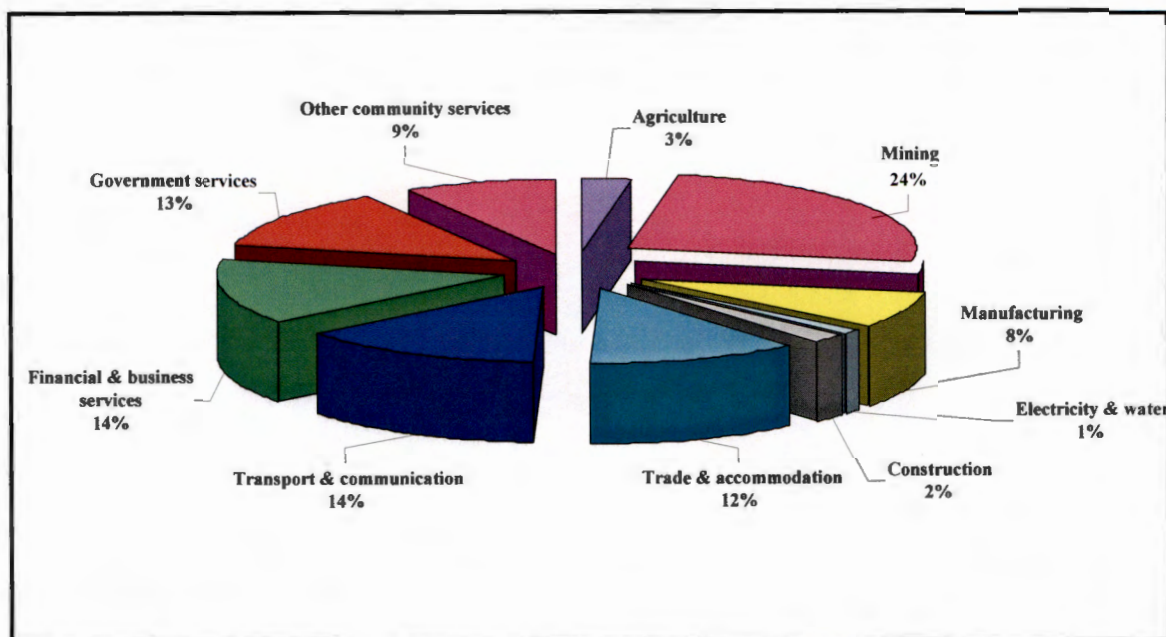


Figure 1.2

Source: Conningarth Economists-2006

2.2.18 SELECTION OF MARKETS

Different markets will grow at different rates and it is important for SMMEs in the province, to accurately predict which will be the growth market for the future to survive in a changing economic environment. In the past, the white consumer market compensated for its smaller size with greater disposable income. Now black buying power, more often referred to as black diamonds, is rising and is likely to achieve dominance. To adapt and achieve sustained growth in the next decade, SMMEs need to address this market successfully (Visagie, 1997).

2.2.19 CUSTOMERS

The SMMEs must carefully analyse the customers and product lines to weed out the losers and strengthen the victors. Local SMMEs should ensure that their business is close to the best potential customers, which may not be the biggest but which will show sustained long-term growth. Distribution, in connection with correct positioning for niche

markets and the appropriate technology to retain a competitive advantage, are the keys to adapt in a new and growing economy like that of the North West Province.

2.2.20 RESTRUCTURE THE SALES APPROACH

The strategies are likely to lead to successful increase in promotional expenditure and sales effectiveness relative to the competition, which may result in some SMMES being tempted to cut back or even changing the promotional pitch to highlight value rather than price. All of these are methods to adapt in the changing environment of the second economy (<http://www.naw.org/publications/pubs>).

2.2.21 MANAGING A CHANGING ENVIRONMENT

The manager/owner may be faced with more change than managers in larger corporations since growth is often an objective of the smaller business. Growth requires change and effective management of change is essential to ensure business success. As already stated, managing change effectively begins with the recognition that change requires altering the attitudes and behaviour of individuals. It is common knowledge that many managers are unable to change attitudes and behaviour to fit the changing needs of the organization (<http://findarticles.com/p/articles/mi>).

2.2.22 AFFIRMATIVE ACTION

Affirmative action in South Africa has moved towards a democratic future, the rumblings are being heard throughout big, medium and small organizations about the need to democratise. Most SMMES should consider or even implement some kind of affirmative action programme to ensure the challenges of change (Oakley- Smith, 1992).



2.2.23 EMPLOYEE ADVANCEMENT

The employee advancement dimension is concerned with the progress of the individual within the SMME. Many traditional and not-so-traditional SMMEs have not considered the implications of valuing and managing a diverse workforce. What is required is a strategy for managing diversity which takes into consideration the effects on SMMEs cultural, racial, gender, age and other kinds of diversity. The creation of a conducive environment will enable SMMEs to take on the challenges of change and do business not only in a changing South Africa, but also in the global arena. In this whole transformational process, the existing SMMEs' support structure will have to play a key role. De Coning (1992) believes that a businessman in particular, is talking in almost euphoric terms about new business opportunities and internal markets which can be fully exploited.

2.2.24 TAX COLLECTION

South Africa has managed to become one of the world's successful income tax collectors. However, one report has estimated the tax gap between tax due and tax collected is still at a substantial R30bn annually. Most of this is probably in the formal sector. It is extremely difficult to establish what this might be in the informal sector. The additional revenue collected can be used to fund development challenges and increase social spending while holding down the budget deficit. We also welcome the fact that the government has attempted to improve the tax system for SMMEs in SA. There has been a recent move for tax amnesty for SMMEs who had previously not registered for tax to do so without any penalty if registration is done within the prescribed time lines(<http://www.statssa.gov.za>).

2.2.25 SUCCESSION PLANNING IN BUSINESS LIFE-CYCLE

Succession planning can be defined as the attempt to plan for the right number and quality of managers and key-skilled employees to cover retirements, death, serious illness or promotion, and any new position which may be created in future organisation plans.

This definition includes covering for the potential growth of a small firm and exit strategy of an owner-manager, which might be a management buy-out. Succession planning forms part of the human resource plan, which should contribute to the overall business plan. Human Resource Planning (HRP) attempts to ensure there is a match between the demand and supply of labour, from the Internal Labour Markets(ILM) and/or External Labour Markets (ELM). It helps calculate critical resources, including succession planning and career pathing of employees (Beaver and Hutchings, 2004).

2.3 INFORMAL ECONOMY

The normal development continuum of conversion from small informal beginning to a more formal business structure does not occur in large informal markets. Typical entrepreneurial practices are not applied, suggesting that informal markets are largely occupied by survivalist businesses with limited dynamism and lacking entrepreneurial spirit. Thus, business people operating in informal markets may therefore be described as necessity entrepreneurs and not opportunity entrepreneurs (Small Business Alert, 2003).

2.3.1 INTERNATIONAL TRENDS

Rather than contracting, as originally predicted, international statistics demonstrate that the informal economy is expanding. According to Chen (2001) 93% and 83% of new jobs in Africa and in Latin America respectively, were in the informal economy. According to the International Labour Organisation (2002), of non agricultural jobs, 75% in Africa, 3% in Asia and 57% in Latin America are in the informal economy. The International Labour Organisation, 2003 (ILO) calculates that non standard work, self employment, part time and temporary work, comprises 30% of overall employment in 15 European countries and 25% of the total employment in the United States. Sethuraman's (1998) detailed multi-country data analysis demonstrates that there is a loose correlation between being poor and working informally, with women tending to be disproportionately represented in lower income generating tasks. However, although individual incomes are often low, cumulatively these activities contribute significantly to Gross Domestic Product (GDP).

The ILO estimates that informal enterprises contribute 27% to GDP in North Africa; 41% in Sub-Saharan Africa, 29% in Latin America, and 31% in Asia.

2.3.2 THE INFORMAL ECONOMY IN SOUTH AFRICA

Since Stats SA introduced the six monthly Labour Force Surveys (LFS) in 2000, South Africa has had comparatively good labour market statistics.

2.3.3 CURRENT POLICY ENVIRONMENT

According to Accelerated Growth and Initiative of South Africa (AsgiSA), there is a need for a robust industrial policy that can articulate the country's industrial development path and build on sustainable industrial capabilities. Over the past years, the Department of Trade and Industry (DTI) has been engaged in an extensive and rigorous process of developing a National Industrial Policy Framework. The Industrial policy aims to, inter alia, facilitate diversification of the economy and promote an employment catalysing industrialisation path. The industrial policy seeks to promote, broaden and accelerate economic activities across a range of industrial and service sectors.

It is important to note that the Industrial Policy is not aimed at replacing the existing policy initiatives, such as Customised Sector Programmes, Integrated Small-Enterprise Development Strategy, the emerging Broad-based Black Economic Empowerment (BBBEE) Codes of Good Practice and the National Export Strategy. Rather, it is aimed at giving coherence and strategic direction in the way government intervenes in respect of its economic policies. The key function of the Industrial policy will be to provide coordination and leadership, improve private sector investment and employment, by convening processes to identify constraints and opportunities and to lead purposive actions to relieve these constraints and unlock opportunities (Department of Trade and Industry, July 2007).

2.4 CONCEPTUAL FRAMEWORK

The framework, (figure 1.3) shows how SMMEs can grow and develop with the fusion of both SMMEs and entrepreneur characteristics. The external variables also play a prominent role in SMMEs development. Thus, if all these factors could be synergized, effectively and efficiently, SMMEs would grow and this would result in the overall growth in the economy of the country.

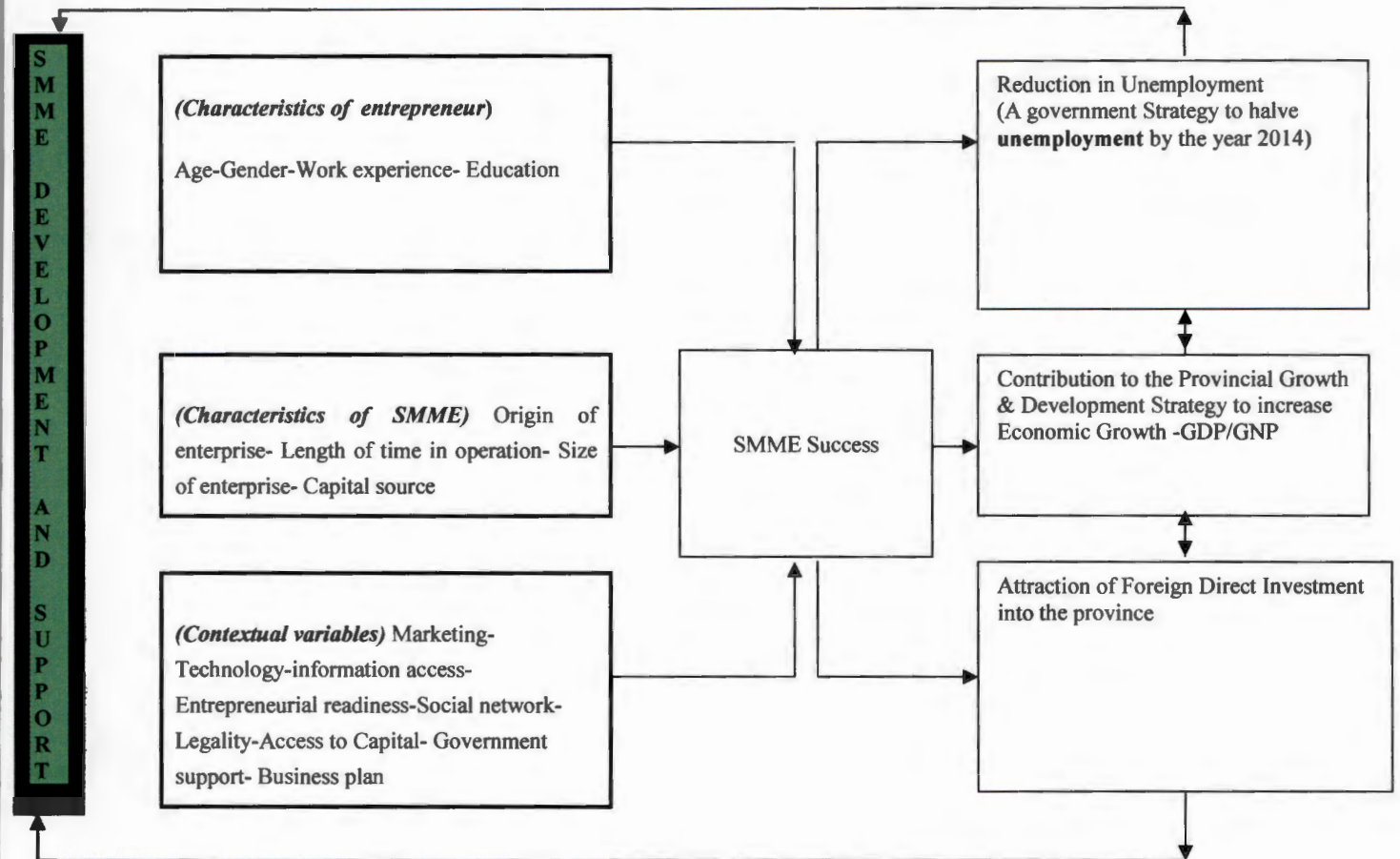


Figure: 1.3 Conceptual Framework

The following analysis can be drawn from the conceptual framework:

2.4.1 Experience

A number of researchers have found that SMMEs who have the experience, had great entrepreneurial goals than those with less experience. The period in business enables

most of the entrepreneurs to acquire the necessary skills and the know-how of pertinent issues pertaining to the running of the business.

2.4.2 Education

Entrepreneurs who have acquired the necessary educational background, have the abilities or opportunities to increase the formation of new ventures, the possibilities of self-employment, a chance to develop new products and possibilities of owning high tech business entities.

Education is the most important factor in shaping the success of a small business and this element is lacking in most of the SMMEs.

2.4.3 Length of time in operation

Length of time in operation may be associated with a learning curve. Old players in the business fraternity, normally acquire vast experiences than the new comers. According to Kristiansen, Furuholt, & Wahid (2003), the length of time in the business operation is significantly linked to business success. This means that the experience that a person gains through out the period in business could have positive results for the success of a business.

2.4.4 Size of an enterprise

The size of a business portrays how large an enterprise is, in terms of employment. McMahon (2001) found that the size of an enterprise is significantly linked to high quality business performance. Thus, bigger enterprises seem to have a higher level of success than smaller ones. This could be the result of availability of high capital, expertise and equipments, etc.

2.4.5 Capital source

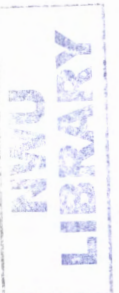
Finance is one of the critical elements that are necessary for any development and success of an enterprise. A study by Kristiansen, Furuholt, & Wahid (2003) explored that financial flexibility was significantly correlated to business success. This implies that SMMEs that seek financial backing from financial institutions usually succeed in their business, depending, of course, on the effective usage of such resources.

2.4.6 Marketing

Stiffer competition in the market should be responded to proactively, by doing market development. Although that could be complex for SMMEs that are still new in the market, proper market research and development could help the company yield positive spin offs, if the research is done properly. Market development is, therefore, crucial for preserving high growth in the business. Thus, new entrants in the market should properly identify and respond to current and new market opportunities. These include new products or services to offer existing customers and obtaining new customers for existing products or services.

2.4.7 Technology

Technological changes should be responded to accordingly by SMMEs, to find new and better ways to sustain their competitive urge, by using new processes and current growth methods. Technology will play an important role in this instance since it has a direct relationship with the improvement in the production. According to (Swierczek & Ha, 2003), poor equipments and outdated methods of technology, have an impact on the development of SMMEs. A study in Ireland unearthed that technological posture, automation, and process innovation were significantly linked to satisfaction on return on investment (ROI) (Gibbons & O'Connor, 2003).



2.4.8 Information access

The availability of business information is important for the intention to initiate a new enterprise. Information seeking refers to the frequency of contact that an individual makes with various sources of information. The result of this activity is most often dependent on information accessibility, either through individual efforts and human capital, or as a part of a social capital and networking. Access to new information is indispensable for the initiation, survival and growth of firms (Swierczek & Ha, 2003).

2.4.9 Entrepreneurial readiness

Entrepreneurial readiness in this study refers to self-efficacy. The term refers to a person's belief in his or her capability to perform a given task. According to Cromie (2000), self-efficacy affects a person's beliefs regarding, whether or not, certain goals may be attained. The attitude provides the foundation for human motivation (Pajares, 2002) and personal accomplishment. Unless people believe that their actions can produce the outcomes they desire, they have little incentive to act or to persevere in the face of adversities (Pajares, 2002). An individual's perception of self-efficacy has a strong influence on how he or she will act and how the available knowledge and skills will be utilized. Consequently, people behave according to beliefs about their capabilities rather than on real facts, based on their competence and capabilities.

2.4.10 Social network

Social networks have an impact on the likelihood of successful entrepreneurial endeavour. According to Huggins, 2000, there is a general agreement that SMMEs networks, with the view to get new ideas that will help them survive. Networks represent a means for entrepreneurs to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital (Aldrich & Zimmer, 1986). A social network consists of a series of formal and informal ties between the central actor and other actors

in a circle of acquaintances, and represents channels through which SMMEs get access to the necessary resources for the business.

2.4.11 Legality

The legal aspect in developing countries such as South Africa, is a hindrance of success among SMMEs. In many cases, such red tapes, result in some SMMEs being forced to allocate significant amount of financial resources due for bribery to access the necessary documents, (The Entrepreneur, 2006).

2.4.12 Access to finance

Access to finance is obviously one of the typical obstacles to the start-up of new businesses. The inability to obtain sufficient funds is often cited as a major obstacle experienced by many small businesses (Ryan 2003; Demirg-Kunt & Love 2001). Several studies have concluded that the lack of access to capital, is regarded by SMMEs as the main hindrance to business innovation and success. In many instances, and this currently happens in the North West Province, informal sources of credit, though with high interest rates, constitutes a very substantial contribution to business start-ups for SMMEs. Thus, capital has a very high impact on the development and success of small businesses.

2.4.13 Government support

The government has supporting agencies that cater for the mentoring, coaching and also for providing aftercare to emerging SMMEs. These include national and provincial government agencies. In the province, minimal attention has been paid to SMME development, in order to strengthen both the provincial and national economy. Therefore, it is the responsibility of the government to support and foster SMME development.

2.4.14 Business plan

Lack of knowledge to develop a proper business plan is one key problem for emerging SMMEs. In this context, a business plan can also be regarded as a development orientation. In line with this, the characteristics that distinguished the best performing enterprises from others, is their commitment to change (Smallbone, Leig, & North (1995). Therefore, well planned business activities as manifested in a business plan, will yield a better business performance.

2.5 SUMMARY

Chapter two dealt with factors that impact on the development and sustainability of SMMEs. It also explores the possible interventions that the government and the private sector can avail, to help the plight of SMMEs. The success of any business will entirely depend on the blending of all the elements as depicted in the framework. If most of these are synergized and effectively and efficiently deployed, the business will experience considerable growth in spite of other hindrances that are normal in any business environment.

CHAPTER THREE

PROBLEM STATEMENT

3.1 INTRODUCTION

Chapter one served as an orientation chapter. The theoretical foundation of the study and the literature review was given in chapter two. This chapter provides the empirical study of small business and gives the foundation and rationale for the study. The chapter focused on challenges faced by SMMEs on the sustainability and development.

According to Schindler and Cooper, 1998, the problem statement contains the need for the research project. It is usually represented by a management question, followed by a more detailed set of objectives.

3.2 SITUATIONAL ANALYSIS

The research was triggered by the closure of businesses in and around Mafikeng precinct and the enormous exodus of SMMEs to other neighbouring provinces. There is a general concern by SMMEs within the Mafikeng Local Municipality that the government is not doing much, to help small business to grow and develop. Key factors that impede the development of these businesses include, among others, access to finance, access to markets, technological developments, marketing and business experience. These elements resulted in most of the businesses either closing down or relocating to provinces that offered them attractive incentives, to sustain their business operations.

This study tries to answer the following research questions;

- Are respondents knowledgeable about management of SMMEs?; and
- Are respondents knowledgeable about the procedure of getting financial assistance and where?;

- What are the respondents' views in relation to sustainable development of SMMEs?;
- Is registration with SARS important or not? ;
- Why is monitoring and evaluation of SMMEs important? ;
- What are the hindrances on sustainable development of SMMEs? ;
- What are suggested strategies to be put in place, to increase growth and sustainable development of small business in the Mafikeng Local Municipality.?

3.3 GEOGRAPHICAL SETTING

The North West Province is demarcated into four district councils of Bophirima, Southern, Central and Bojanala District Councils. The capital city, Mafikeng, is located in the Central District and it is where the seat of the Provincial Administration is situated.

The North West Province is the fifth largest Province, occupying 9,5% (116320 km²) of the total land area of South Africa. It is situated centrally, and to the North of South Africa

3.4 SUMMARY

Chapter three focused on the problem statement. This was initially highlighted in a generic approach and research questions were later used to explore further the possible problems encountered by SMMEs. The following chapter deals with the exposition of the research and analysis of the study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 INTRODUCTION

In chapter three, the research problem was spelt out. An exposition of the research design and analysis is given in chapter four. According to Mouton (1996:107), research design is a set of guidelines and instructions to be followed in addressing the research problem.

Grinnell (1988) indicated that the research design is a plan, which includes every aspect of a proposed research study, from conceptualization of the problem right through to the dissemination of the findings. It provides the answer to the question of “what are the means which I shall use to obtain information I need” (Mountain & Marais, 1985).

The intention of the research design is to plan and structure the research study in such a way that the ultimate validity and reliability of the research findings is maximized. The type of research design used in this study was exploratory and quantitative. More specifically, the following aspects are dealt with; method of data collection, the measuring instrument, sampling, data analysis, ethical considerations and limitations of the study.

4.2 METHOD OF DATA COLLECTION

Morette et al. (1990) define data collection as an important part of any research proposal because it does not only give the description of how data will be collected, but also constitutes the basic information from which conclusions will be drawn.

There are four categories of data collection, namely personal surveys, the telephone, mail surveys and group completion of individual questionnaires (Creswell, 2003). In this instance, a personal survey was used to collect data.

According to Earl Babbie, (2004), survey's intent is not to describe the particular individuals who, by chance, are part of the sample, but to obtain a composite profile of the population.

The results of the research are a number, or a series of numbers. These are often presented in tables, graphs or other forms of statistics (Anderson, 1998). The use of the quantitative method has the advantage of providing data for statistical analysis (Creswell, 2003).

4.3 SURVEY INSTRUMENT

A comparison of communication approach is provided by Cooper and Schindler (2006:253). The advantages and disadvantages of self administered surveys, telephone surveys and surveys via personal interviews were comprehensively spelt out. Using this as a foundation, it was decided to use the self administered survey approach for the present study. A structured questionnaire was used as a survey instrument. De Vos (1998) describes a questionnaire as an instrument with open or closed ended questions or statements to which a respondent must react to. A structured questionnaire (see appendix A) with the most common answers listed with numerical codes for data entry purpose was used, because of its major advantage of removing any ambiguity arising from the questions asked and therefore minimizing any misinterpretations.

The questionnaire was divided into four general sections: identification of socio-demographic information, assessment of knowledge on available strategies to sustain economic development of SMMEs, identification of hindrances on sustainable development of SMMEs, and suggested strategies by respondents to be put in place to accelerate growth and sustainable development of small business in the Mafikeng Local Municipality.

Thirty three (32) questions, comprising both open-ended and closed ended questions were posed to participants, to address knowledge of participants on available strategies to sustain economic development of SMMEs, identify hindrances on sustainable

development of SMMEs and explore suggested strategies to be put in place to accelerate growth and sustainable development of small business in Mafikeng Local Municipality.

4.4. SAMPLING FRAME

The focus of the study area is the Mafikeng municipality, one of the five municipalities of the Central District Council and also where the Capital of the North West Province of South Africa is located. The other local municipalities include;

- Ditsobotla;
- Tswaing;
- Zeerust and
- Setlakhgobi.

The Mafikeng local Municipality is chosen because of its proximity as compared to other municipalities. The municipality is made up of 28 wards and 421 enumeration areas, which fall under tribal, urban and informal settlements; recreational, industrial areas, farms and sparse areas (Space-Time research, 2005). These have been classified as urban and rural areas in which tribal and informal settlements, together with sparse areas and farms, fall under rural areas while urban settlements, recreational, institutional and hostel areas, fall under urban areas, (Space-Time research, 2005). From the classifications, this suggests that much of the Mafikeng local municipality is rural since nearly 18 wards are rural compared to only two wards that are urban. The remaining eight wards are classified as both rural and urban areas.

4.4.1. Sampling

The main objective of sampling is to gather information on a small number of individuals or entities, which can be generalized, to a large aggregate, from which the sample was sourced (Mouton and Marais, 1995).

There are various methods of sampling techniques that could be used to get a sample population relevant for this study. These range from sampling methods that are less representative (non- probability sampling), to those that involve the random selection of

study units (probability sampling). The study adopted a form of probability sampling, namely stratified random sampling (Cooper and Schindler, 2006).

According to the statistical records obtained from the Mafikeng Local Municipality, a total of 880 SMMEs was captured on their data base. About 73 % (643) of the SMMEs operate in the urban areas compared to 27% (237) that operate in villages. A proportionate sampling of 40% from both urban and village was used. Based on the above calculation, a total sample of 352 SMMEs were given questionnaires to complete.

Table 4.1: Sample composition

Areas	Numbers	Percentage
Urban	643	73
Villages	237	27
Total	880	100

4.5 DATA ANALYSIS AND VERIFICATION

Coding and capturing of the data was done with the use of the Statistical Package for Social Sciences (SPSS). However, it was imperative to check all the data that was collected at the field and verified to check responses for consistency. This was done at the end of each day or before the enumerators move to another enumeration area. All questionnaires were scrutinized for errors, omissions and ambiguous classifications before coding and tabulation.

Statistical methods used in the study included descriptive measures; bar and pie charts; correlation analysis and chi-square tests. The Chi-square (χ^2) is a test that tests the association among different categorical variables (Bless et al 1993). It simply tests whether the observed or actual frequency of a phenomenon corresponds to the expected frequency. It is a rough estimate, in that, it accepts weaker or less accurate data, which may not necessarily give the right picture of the existing situation (Connor-Linton, 2003).

Furthermore, the use of correlation matrix was necessary because it examined the extent of statistical association among the different variables. Bless et al (1993) indicate that the correlation shows how well the data of a given problem, satisfies the derived mathematical expression. These analytical methods were important for this study to ascertain any link between the variables, and also to measure the strength of their association.

4.6 ETHICAL CONSIDERATION

According to Kumar, (1999), ethical means principles of conduct that are considered correct, especially those of a given profession or group. Thus, when the information is collected, the researcher must obtain the respondent's informed consent. In this study, the researcher used letters of consent to participants in the interviews. The researcher will inform them why the information is being sought, what purpose it will be put to, how are they expected to participate in the study, and of how it will directly or indirectly affect them.

4.6.1 Anonymity and confidentiality

Anonymity refers to concealing the identity of the participants in all documents resulting from the research.

Confidentiality is concerned with who has the right of access to the data provided by the participants

Anonymity and privacy will be respected by the researcher. This entails that care will be taken in deciding whether sensitive information should be recorded. Informants and participants have a right to remain anonymous. This right should be respected when no clear understanding to the contrary has been reached. Researchers are responsible for taking appropriate precautions to protect the confidentiality of both participants and data.

However, participants will also be made aware that, in certain situations, anonymity would not be achieved. Discussion and reporting throughout the paper will be carried out in such a way as to protect the identity of the respondents by doing the following;

- Using only number codes to link the respondent to a questionnaire and storing the name-to-code linkage information separately from the questionnaires,
- Refusing to give the names and addresses of survey respondents to anyone outside the survey organization, including clients,
- Destroying questionnaires and identifying information about respondents after the responses have been entered into the computer, omitting the names and addresses of survey respondents from computer files, used for analysis, presenting statistical tabulations by broad enough categories so that individual respondents cannot be singled out.

4.7 LIMITATIONS OF THE STUDY

The limitations of the study include factors that hindered the effective eliciting of information from sources. The following are factors that acted as a limitation to the study;

- Data of SMMEs within the Mafikeng Local Municipality is not conclusive since some of the pertinent industries have not been captured in the records of the municipality,
- The researcher encountered difficulties in accessing information on literature from the university library,
- Financial constraints to undertake the study and
- The general strike actions which hampered the collection of data by the researcher.

4.8 SUMMARY

Chapter four dealt with the research design and analysis. Chapter five focuses on the results of the study and the presentation thereof.

CHAPTER FIVE

RESEARCH RESULTS

5.1 INTRODUCTION

Chapter four gave an exposition of the research design and analysis follows in the present study. In Chapter five, the response rate is dealt with and the results of the study are presented and interpreted in relation to the research objectives as spelled out in Chapter 1.

5.2 RESPONSE RATE

The questionnaire was administered to three hundred and fifty two (352) SMMEs in the Mafikeng Local Municipality. Out of the total, three hundred and twenty (320) were filled in properly and used.

5.3 SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Table 5.1 reflects on the biographical data of the respondents. Most of the respondents were unemployed, the majority females at 56% and males at 73%.

Table: 5.1. Characteristics of respondents

Employed Status	Female		Male		Total	
	No	%	No	%	No	%
Employed before	86	44	34	27	120	37
Never employed	110	56	90	73	200	63
Race						
Coloured	0	0	34	28	34	10
Whites	20	10	9	7	29	9
Indian	52	27	30	24	82	26
African	124	63	51	41	175	55
Business Location						
Village	77	39	48	39	125	39
Township	63	32	31	25	94	29
Informal settlement	17	9	11	9	28	10
Town	39	20	34	27	73	22
Educational level						
No Schooling	19	10	7	6	26	8
Primary School	57	29	41	33	98	30

High School	79	40	54	43	133	42
Tertiary	41	21	22	18	63	20
Religion						
ZCC	59	30	38	31	97	30
Protestant	70	36	47	37	117	37
Roman Catholic	38	19	26	21	64	20
Muslim	29	15	13	11	42	13
Gender	196	61	124	39	320	100

Employment Status

The majority of the respondents were not employed at the time of the survey. According to table 5.1, 63% of respondents were never employed before and 37% were employed before. The differences in the employment in terms of gender were also observed: 56% females as compared to 73% males, were not employed and 44% of females and 27% males were employed.

Race

As far as racial affiliation is concerned, there were more Africans than any other racial group. More than half of the respondents, 55%, were Africans (63% were females and 41% were males) followed by Indians at 26% (27% females vs. 24% males), then Colored only males are running business at 10% and lastly by Whites at 9% (10% females vs. 7% males).

Business Location

39% for both females and males, reported that their businesses were located in the villages, 32% and 25% of the females and males respectively in the township, 20% and 27% of the females and males respectively in the town and lastly, 9% for both females and males operate in the informal settlement.

Educational Level

There had been a few number of people who did not have a formal education in the case of both males and females. Only 10% of the females and 6% percent of the males reported that they had never attended school. A huge number of females, (40%) and males, (43%) had attended school up to high school level, followed by those that attended

at tertiary at 21% females and 18% males. Those who had primary education were males at 33% females at 29%. Of the total participants, 8% reported that they had never attended school at all; 30% reported that they had been to primary and 42% to high school education level, and lastly, 20% at tertiary level of education.

Religious Affiliation

30% of the total female population and 31% of the male population reported that they were members of Zion Christian Church (ZCC). There was small difference between males and females, 36% and 37% respectively, who reported that they were members of the Protestant church.

Data reflects that the most church members were Protestants, (36% and 37%), females and males, respectively, followed by ZCC, Roman Catholics and Muslims. The reason for the large numbers could be the claim that the protestants are composed of other different church denominations, for example, Lutheran church.

Gender

The majority of the respondents were females, (61% females and 39% males). Probably this stemmed from the fact that females are more than males. Statistics always show that females are more than males in their numbers.

5.4 KNOWLEDGE ON THE MANAGEMENT OF SMMEs.

Figure 5.1 illustrates the need for more information to be spread on SMMEs training since almost half of the respondents, 47% stated that they had never heard about SMME training. The bulk of the respondents (53%) agreed that they have heard about s training.

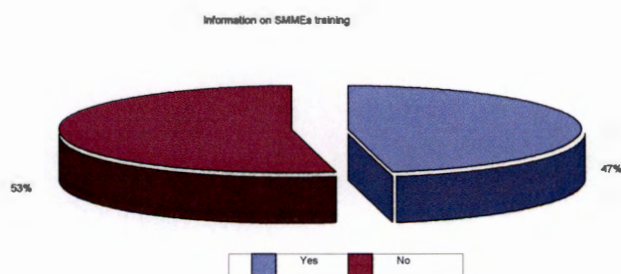


Figure:5.1

HWU LIBRARY

Figure 5.2 explains the number of years or experience which SMMEs have in the running of a business.

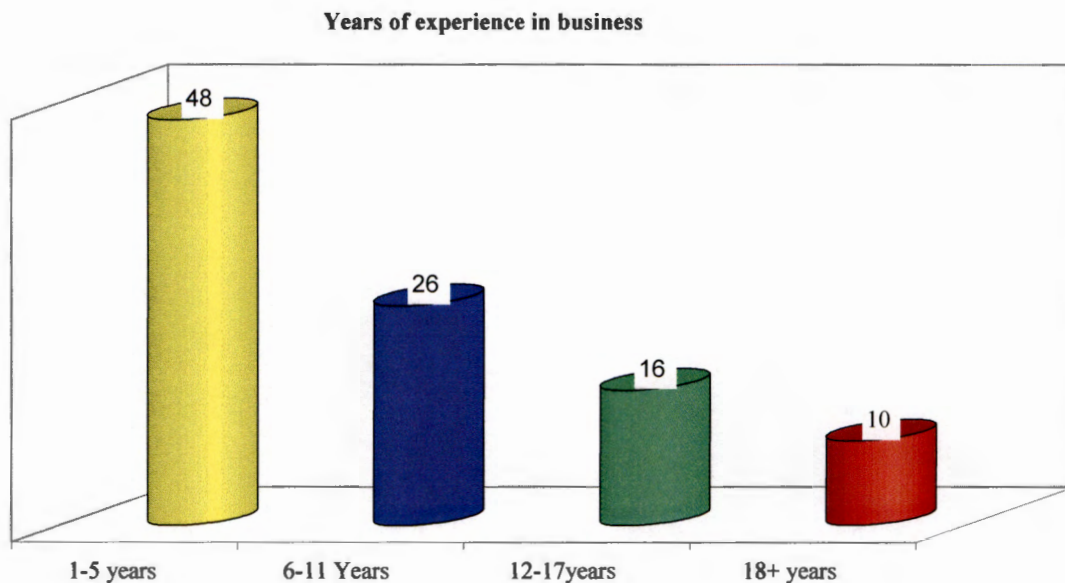


Figure: 5.2.

The period in business

Figure 5.2 reflects that 48% are those who have been in business for the period of 1-5 years (females 43% vs. males 55%) followed by 6-11 years at 26% (females 32% vs. males 16%) ; 12-17 at 16% (females 13% vs. males 22%); 18+ at 10% (females 12% vs. 7%). The results indicate that most of the respondents are still immersing in the business fraternity. The period in business has a huge impact on the sustainability of a business. Thus, from the above figure, it is apparent that less people have more experience in the business world than those with less years of business experience. The chi-square proved that there is a relationship between the two variables at 1%.

Table 5.2 depicts the number of years people had been in business and related this with the gender.

Table 5.2 Years in business by gender

Years in Business	Sex					
	Females		Males		Total	
	(No)	(%)	(No)	(%)	(No)	(%)
1-5	84	43	68	55	152	48
6-11	63	32	20	16	83	26
12-17	25	13	27	22	52	16
18+	24	12	9	7	33	10
Total	196	61	124	39	320	100

$\chi^2=15.4$; $df=3$; $.001 > P < 0.05$

According to table 5.2, majority of respondents are females at 61% and 39% males respectively and 48% is those who had been in the business for a period 1–5 years. That might be due to the fact that since 1994, the government has evolved new interventions and policies that support women and youth empowerment, leading to the rise in empowerment between 1 to 5 years. The new policies were also necessary to stimulate the local economy.

Table 5.3 shows the number of businesses that have registered with the South African Revenue Services (SARS) for tax purposes. The tax amnesty that the government enforced encouraged a lot of business owners to register their companies with the revenue department.

Table 5.3 Business registered with the South African Revenue Services

Business registered with the South African Revenue Services (X14)	X14	X1	X2	X4	X5	X8
	1					
Sex (X1)	.009	1				
Age (X2)	-.133(*)	-.154(**)	1			
Business Location (X4)	-.153(**)	-.066	-.101	.053	1	
Education (X5)	.114(*)	-.005	-.101	-.055	.053	1
Years in business (8)	-.157(**)	.062	-.009	-.102	-.216(**)	1
*Correlation is significant at the 0.05 level (2-tailed).						
**Correlation is significant at the 0.01 level (2-tailed).						

A correlation analysis was used to assess factors such as sex, age, business location, level of education and years in business how they correlate with SARS registration. Correlation matrix, Age and Education are significant at 5% level in relation to business registered with SARS. That implies that people with a higher level of education are in a position to make informed decisions and could interpret and understand government policies, e.g. registration with SARS. That indicated that those respondents who had higher education might be more knowledgeable about the need to register with SARS. Age in the correlation matrix was negatively correlated which might suggest that most younger respondents who had reached higher education levels were likely to register with SARS compared to old respondents with lower education levels. The number of years in business and location were significant at 1% level in relation to the businesses registered with SARS. That could mean that those with business experience know of the consequences and benefits of registering with SARS.

Figure 5.3 explains the reasons why respondents did not appoint an accountant in their businesses. Their major reason is indicated by 78% of the respondents that the accountants are expensive, followed by 12% who felt that there was no need to appoint

such a specialist and lastly, 10% who were not knowledgeable about the existence of an accountant.

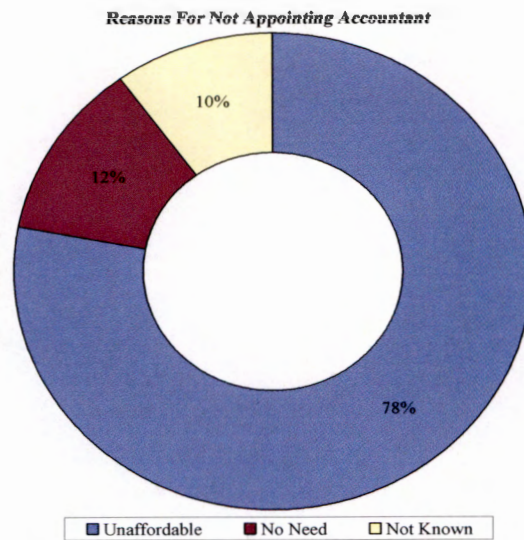


Figure: 5.3

Figure 5.3 reflects on the general view by SMMEs that the appointment of bookkeepers is expensive and not affordable. These people are aware of such services, but the problem is the financial capacity to manage such services. A lot of SMMEs prefer compiling themselves financial statements simply because of a lack of financial means to hire bookkeepers. Thus, at the end of the fiscal year, quite a lot of them encounter problems when information is required for submission of business tax returns.

Table 5.4. portrays the relationship between staff complement, level of education, business location and operating sectors.

Table 5.4 Staff complement by level of education, business location and operating sectors

Level of education	Staff complement including yourself									
	Two		Fifty		Hundred		Two hundred		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No schooling	5	3	8	9	7	18	6	15	26	8
Primary	48	30	25	31	7	18	13	33	98	31
High	74	47	34	42	17	43	8	21	133	42
Tertiary	32	20	15	18	4	10	12	31	63	20
Business location										
Village	59	37	42	51	12	30	12	31	125	39
Township	31	20	29	35	11	28	23	59	94	9
Informal settlement	12	6	3	4	13	33	00	00	73	23
Town	57	36	8	10	4	10	4	10	73	23
Sectors where business is operating										
Manufacturing	62	39	00	00	00	00	00	00	62	19
Tuck shop	28	18	78	95	13	33	00	00	119	37
Transport	27	17	2	2	27	68	00	00	56	18
Retailers	42	26	2	2	00	00	39	12	83	26
Total	159	50	82	27	40	12	39	12	320	100
$\chi^2=78.861(a)df=9$; Asymp. Sig. (2-sided).000 (Business Location)										
$\chi^2 \chi^2=352.861(a)df=9$; Asymp. Sig. (2-sided).000(Business sectors)										

Fifty percent (50%) had only two (2) staff members. This is half of the population sample and the other half is divided as follows; 27% of those with staff complement comprising of fifty (50) personnel; 12% for both one hundred (100) and two hundred (200) personnel.

Educational Level

Considering the educational level in relation to staff complement, 47% of those with high school education prefer only two (2) personnel, followed those with primary education at 30%; 20% tertiary 3% who had never attended school. This is because the labour force is to a larger extent populated by people who have matric certificates only, as indicated in the demographic characteristics, see table 5.1.

Business Location

Table 5.4 also explores the relationship between staff complements and business location. 59% of those respondents whose businesses are located in the townships were in a position to employ two hundred (200) including the owner; 36% of those whose businesses were in town prefers two (2); followed by 51% villages are those who can employ fifty (50) and 33% were those whose businesses were in informal settlement preferred one hundred (100). The townships were overpopulated and there was high demand which had a causal effect of huge supplies of products.

Statistically there was a significant relationship between business location and staff complement by looking at the $\chi^2 = 78.8$; significant p-value of .000 and $df=9$.

Business Sectors

According to the table 5.4, 37% of those who owned tuck shops were in a position to employ fifty (50) personnel at 95%, followed by 18% by transport with one hundred (100) personnel at 68%; manufacturing at 19% employed two (2) employees at 39% and lastly retailers at 26% employed two hundred (200) at 12%.

Statistically there is a significant relationship between staff complement and business sectors by looking at the $\chi = 35$; significant p-value of 000 and $df=9$.

Table 5.5 reflects on skilled and unskilled employees and the impact of empowerment on such employees.

Table 5.5 Skilled employees by empowerment of employees

Skilled or unskilled employees	Empowerment of employees									
	On job training		Skills development		BBBEE initiatives/conferences		Financial management courses		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Yes	90	54	32	19	27	16	19	11	168	52
No	39	26	35	23	53	35	25	16	152	48
Total	129	40	67	21	80	25	44	14	320	100
$\chi^2=28.837(a);df=3; \text{Asymp. Sig. (2-sided),0.000}$										

Table 5.5 postulates a cross tabulation between skilled or unskilled employees and their empowerment if not skilled. The majority of the respondents were skilled enough to carry assigned duties at 52% and 48% is for those who stated that their employees were not skilled. Those who were not skilled were empowered in various ways. On the job training was mostly preferred at 40%, followed by BBBEE at 25%; skills development at 21% and financial management courses at 14%.

Most companies preferred on the job training to empower their employees because they did not incur any training costs. Chi-square also showed high significance between skilled employees and how they were empowered by the employer, supported by the p-value of 0.000, with the degree of freedom of 3 and chi-square of 28.8.

Table 5.6, examines the relationship between the level of education and the support that SMMEs got after training. The level of education acquired by SMMEs has an immense impact on the interpretation of government policies and regulations and other key business related matters. The type and level of education would to a greater extent put in a more favourable position to make positive and constructive decisions that could be beneficial to the business.

Table 5.6 Level of education by support after training

Level of Education	Business support after training									
	Quarterly		No support		Twice year		Once		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No Schooling	9	35	6	23	00	00	11	42	26	8
Primary	8	8	41	42	21	21	28	29	9	31
High	10	8	23	17	20	15	80	33	133	42
Tertiary	9	14	11	18	2	3	41	65	63	19
Total	36	11	81	25	43	13	160	50	320	100
$\chi^2= 59.4; df=9; .000> P < 0.05$										

Table 5.6 depicts that 50% of respondents was supported once; 25% was not supported at all, 13% was supported twice a year and lastly 11% was supported on quarterly basis. The chi-square result confirmed a strong relationship between the level of education and the support SMMEs got after training with $\chi^2= 59.4; df=9; .000> P < 0.05$.

Table 5.7 examines the relationship between experience in business, level of education, its location and appointment of an accountant in their businesses.

Table 5.7 Experience; education and location by appointment of an accountant in business

Experience in business	Appointment of an accountant					
	Yes		No		Total	
	No.	%	No.	%	No.	%
1-5 years	28	34	55	66	83	26
6-11 years	24	46	28	54	52	16
12-17 years	17	52	16	48	33	10
18+ years	82	54	70	46	153	48
Level of education						
No schooling	43	43	55	57	98	30
Primary	58	44	75	56	133	41
High	32	51	31	49	63	20
Tertiary	18	69	8	31	26	9
Business location						
Town	24	86	4	14	28	9
Informal settlement	25	34	48	66	73	23
Township	47	50	47	50	94	29
Village	55	44	70	56	125	39
Total	151	47	169	53	320	100
$\chi^2=22.2; df=3; \text{Asymp. Sig. (2-sided).000 (experience)}$						
$\chi^2=18.8; df=2; \text{Asymp. Sig. (2-sided).000(education)}$						

Most respondents i.e. 53% were not in favour of appointing an accountant compared to 47% of those who had already appointed one.

From the value of $P = .000$ for both which was lesser than 0.05 and the value of $\chi^2 = 22.2$ and $df=3$ (experience) and $\chi^2 = 18.8$; $df=2$ (education) one would conclude that there was a strong relationship between experience, level of education and appointment of an accountant. This implied that entrepreneurs who had a certain level of education were able to make proper business decisions and take advice on possible development methods, hence, the appointment of bookkeepers.

Experience in business

Looking at the respondents with a long experience in business, 18⁺ years, 54% saw the importance of appointing an accountant. That explained the fact that people who had more experience in business are able to take proper decisions like appointing bookkeepers as opposed to those with lesser experience in business.

Level of education

69% of respondents with tertiary education as opposed to 31% who did not prefer appointing a bookkeeper. Those with high school level also recommended that at 52% vs. 49% followed by primary at 44% vs. 56% then those who never attended school have at least supported the idea at 43% vs. 57%. This implies that people who have acquired a higher level of education had a better reasoning capacity of business management than those who had no educational qualifications.

Business location

86% of town business owners had clearly demonstrated the importance of such service by appointing an accountant, whereas 14% did not, followed by village at 44% vs. 56% and the informal settlement at 34% vs. 66%. The reason for the high percentage of business

owners in town could be the fact that there are high prospects for the development of SMMEs than in other areas.

5.5 HINDRANCES ON SUSTAINABLE DEVELOPMENT

Figure 5.4, states the number of days individuals' business were operated. The majority at 49% opened for five days per week i.e. Monday to Friday, 40% opened six days i.e. Monday to Saturday and a few 11%, opened for the whole week i.e. Monday to Sunday. This could depend on individual's religious affiliation or cultural beliefs.

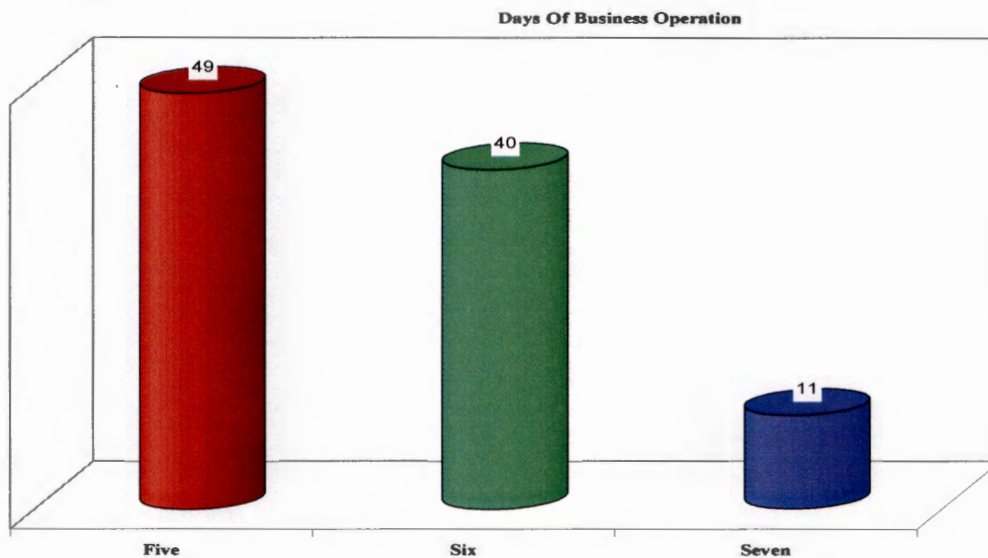


Figure 5.4

Table 5.8 explains the application of financial assistance by gender. It highlights the number of males and females that had applied for assistance regarding finances and also those that are aware of financial services that are offered by various institutions within the vicinity where they ply their trade.

Table 5.8 Gender; received financial support and known services by finance application

Gender	Application for financial assistance				Total	
	Yes (No.)	%	No(No.)	%	No.	%
Female	53	27	143	45	196	61
Male	30	24	94	29	124	39
Received financial support						
Yes	29	24	94	76	123	39
No	54	27	143	73	197	61
Known financial services around the area						
Yes	21	19	89	81	110	34
No	62	30	148	70	210	66
Total	83	26	237	74	320	100

According to the table, the majority of respondents did not apply for financial assistance to develop their own SMMEs at 74%, as opposed to only 26% that applied. The underlying reason is that most people are not knowledgeable about resources offered by financial institutions.

Gender

In relation to gender, 61% were females and 39% males, 27% of those who had applied for financial assistance were females compared to 24% of males. The table further defined the high rate of females who had never applied, 45%, compared to 29% of males who had applied for finance.

Received financial support

Most applicants at 73% had never received any assistance and only 27% had received assistance to develop their SMMEs.

Known financial services around the residential area

27% of respondents agreed that they were knowledgeable about financial services around the area and 73% stated that they were not knowledgeable. The results explained that available resources were not evenly distributed to the business fraternity, especially those that were in dire financial needs.

According to figure 5.5 the majority of respondents never applied for any financial assistance at 73% vs 27% of those who have applied.

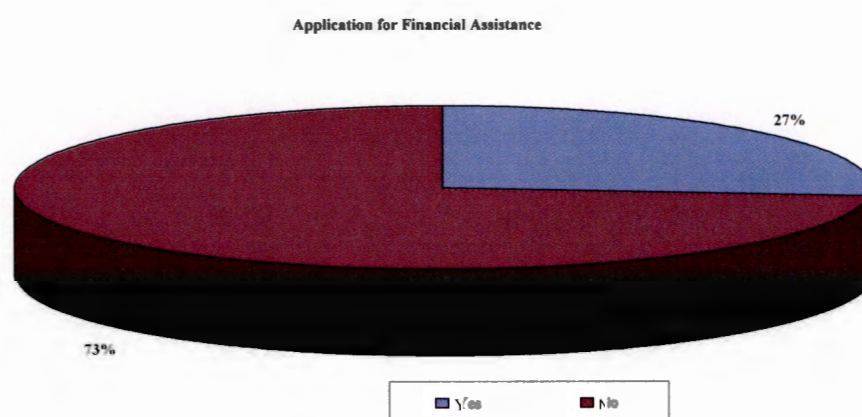


Figure: 5.5

Table 5.9 explained the relationship between the educational level and the financial support given for business development.

Table 5.9 Level of education by given financial support for business development

Level Of Education	Given financial support for business				Total	
	Yes (No.)	%	No (No.)	%	No.	%
No Schooling	39	29	95	71	133	42
Primary	8	39	18	69	26	8
High	53	53	46	47	98	31
Tertiary	35	56	28	44	62	19
Total	135	42	186	58	320	100

$\chi^2=19.8; df=3; 000 < P > 0.05$

According to table 5.9, 58% of the respondents were not given financial assistance to develop their businesses and only 42% had received financial backing. Looking at the level of education in relation to granting finance, 56% were those with tertiary education, followed by 53% with high school, 39% with primary and lastly 29% who never attended school. The results show that people with good academic background are able to benefit more than those with lower levels of education. From the value of $P = .000$ which is lesser than 0.05 and the value of $\chi^2 = 19.8$ and $df=3$ one would conclude that there was a relationship between two variables.

Table 5.10 explores possible reasons that might have contributed to the disapproval of financial applications by various institutions.

Table 5.10 Application for financial support by reasons

Application for financial support	Reasons of not being financed									
	No tax clearance certificate		No business plan		No bank statement		No financial security		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Yes	16	13	48	39	22	18	37	30	123	38
No	27	14	33	17	78	40	59	30	197	62
Total	43	14	81	25	100	31	96	30	320	100

$\chi^2=26.2$; $df=3$; Asymp. Sig. (2-sided).000

According to the statistics, 62% of the respondents had never applied for finance and 38% had applied. 31% of those who have applied had no bank statement and 30% had no financial security, 25% had no business plans and 14% had no tax clearance certificate. With a P – value of 0.000, the relationship between the two (2) variables was highly significant. The results demonstrated that people were not cognizant about the necessary requirements for loan application.

Table 5.11 is concerned with the government departments and other institutions that had leveraged financial assistance to emerging SMMEs. This covers institutions that are situated within the surrounding areas and also those that are based in areas like Gauteng Province.

Table 5.11 Given financial support by government department or institution

Given financial support to develop business	Names of government department /institution									
	Economic Development& tourism		Banks		Khula Enterprise		Development corporation		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Yes	48	39	37	30	28	23	10	8	123	38
No	84	43	14	7	43	22	56	28	197	62
Total	132	41	51	16	71	22	66	21	320	100

$\chi^2=40.4 ; df=3; .000 < P > 0.05$

Table 5.11 reflects that the Department of Economic Development and Tourism at 41% was rated as number one (1) service provider; followed by Khula Enterprise at 22% with a slight difference of 1% for the Development Corporation (21%) and banks at 16%. The reason behind the results is that, the Department of Economic Development Tourism is a government department with the objective of empowering the poorest of the poor economically, and does not use intricate processes and documentation as compared to banks and other institutions. The chi-square result confirmed a strong relationship between service provider and government departments or institutions.

Table 5.12 gives and exposition of a correlation co-efficient matrix between, Sex, Education, Religious Affiliation, Employment and the Number of years in the business.

Table 5.12 Problems experienced in business

Do you experience problems in your business(29)	X29	X1	X2	X3	X4	X5	X6	X7	X8
Sex (X1)	120(*)	1							
Age (X2)	-.189(**)	-.154(**)	1						
Business location 4)	-.155(**)	-.360(**)	.109	1					
Education (5)	.133(*)	-.005	-.101	-.055	1	1			
Religious 6)	.131(*)	.037	-.037-	.157(**)	.182(**)	.194(**)	1		
Employment(7)	.135(*)	-.166(**)	.103	.172(**)	-.081	.070	-.109	1	
Years in business	.208(**)	.062	-.009	.021	-.102	.216(**)	-.054	.179(**)	1

*Correlation is significant at the 0.05 level (2-tailed).

**Correlation is significant at the 0.01 level (2-tailed).

According to table 5.12, sex, education, religious affiliation and employment were significant at 5% level in relation to the problems experienced in business of the respondents, while age and business location were significant at 1% level. It might be

possible that young business owners lacked the experience of running their businesses and that might account for the negative relationship between age and the problems experienced in the business. Also depending on the location, the business might be impacted negatively by the problems experienced, like lack of proper infrastructure.

Table 5.13 explains the relationship between gender, educational level of individuals and problems that were experienced in businesses.

Table 5.13 Gender and educational level by business problems

Sex	Problems experience in business					
	Yes		No		Total	
	No.	%	No.	%	No.	%
Female	105	54	91	46	196	61
Male	78	63	46	37	124	39
Level of education						
No schooling	99	74	34	26	133	42
Primary	58	59	40	41	98	31
High	14	22	49	79	63	19
Tertiary	12	46	14	54	26	8
Total	183	57	137	43	320	100

$\chi^2 = 49.073(a)$; $df=3$; Asymp. Sig. (2-sided).000 (education)

From the above table, 57% of the total population experienced problems and 43% had not experienced problems in their businesses.

Gender

61% of the population who experienced problems in their businesses was females and 39% was males. The results could be due to the high ratio of females to that of males (refer to table 5.1 on pages 42 and 43).

Educational level

When considering the educational level, 42% of the respondents had never attended school; 31% attended primary education, 19% had high school education and 8% tertiary education. Analyzing using the chi-square, there was a very strong relationship between educational level and problems experienced in business. This is supported by the p-value of 0.000; degree of freedom of 3 and χ^2 of 49 which showed the association between the two variables. The results clearly explained that the higher, the educational level, the

lesser business problems encountered and the opposite holds for the inverse relation of the statement.

Table 5.14 explains problems identified by business owners at different locations where their businesses operate.

Table 5.14 Location of business by identified problems of SMMEs

Location of Business	Problems identified													
	Declining sales		High crime rate		High rental/tax		Lack of financial support		Lack of training		High transport costs		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Village	9	7	38	30	13	10	33	26	22	18	10	8	125	39
Township	5	5	30	32	30	32	18	19	9	10	2	2	94	29
Informal settlement	4	6	28	38	16	22	7	10	2	3	16	22	73	23
Town	1	4	16	57	4	14	7	25	00	00	00	00	28	9
Total	19	6	112	35	63	20	65	20	33	10	28	9	320	100
$\chi^2 = 0.05; df = 1; 0.8 < P > 0.05$														

According to the table, 39% of businesses that are situated in the villages experience more problems than other areas, 29% are in the township, 23% in the informal settlement and 9% in town. Crime was highly identified as the major problem at 35%; high transport costs at 35%; high rental/tax was on par with lack of financial support at 20%; followed by lack of training at 10% and the decline in sales at 6%.

The chi-square result confirmed a strong relationship between the area where the business is situated and different types of problems encountered by SMMEs. The association between the two was strong as indicated by $\chi^2 = 0.05; df = 1; 0.8 < P > 0.05$) and they both influenced one another in many ways. Thus, the area where the business operate could have a particular influence on the business. In that instance, there was high prevalence of crime in villages than in towns or urban areas.

Table 5.15 shows improvement in the running of the business after the provision of training.

Table 5.15 Attended training, level of education and business location by business improved after training

Attended training	Business Improvement subsequent to training					
	Yes		No		Total	
	No.	%	No.	%	No.	%
Yes	80	60	54	40	134	42
No	142	76	44	24	186	58
Level of education						
No schooling	36	57	27	43	63	19
Primary	60	61	38	39	98	31
High	107	81	26	20	133	42
Tertiary	19	73	7	27	26	8
Business location						
Village	23	82	5	18	28	9
Township	74	79	20	21	94	29
Informal settlement	61	49	64	51	125	39
Town	64	89	9	12	73	23
Total	222	64	98	26	320	100
$\chi^2=42.4$; $df=3$; $000>P<0.05$ (Business location by Business improved after training)						

In general, 64% of the respondents indicated that there was an improvement in their business subsequent to training. There were some variations in responses by those who attended training, have a certain level of education and the location of their businesses.

Attended training

According to table 5.15, seventy six (76 %) attended training on how to develop and manage SMMEs. 24% stated that they had never attended such training. This implies that their business progress was influenced by knowledge or skills obtained during their training.

Level of education

81% of those with high school education indicated that their businesses improved subsequent to training, 73% of those with tertiary education, 61% with primary education

and 57% of those who had never attended school, indicated that their businesses improved subsequent to training.

Business location

Considering the area where the business was situated in relation to improvement after attending training, the majority at 89% were from the town, 82% from the village, 79% from the township and 49% from the informal settlement.

The chi-square results with a P value of 0.000 were significant suggesting a relationship between business location and improvement subsequent to training.

Figure 5.6 displays the reactions of respondents, concerning the government's plan of action in assisting in accelerating growth and sustainable development of SMMEs. 76% are of the view that no efforts were being made and the remaining 24% said some efforts were made. This calls for a recommendation that the government should to put more effort to sustain and help with the development of SMMEs.

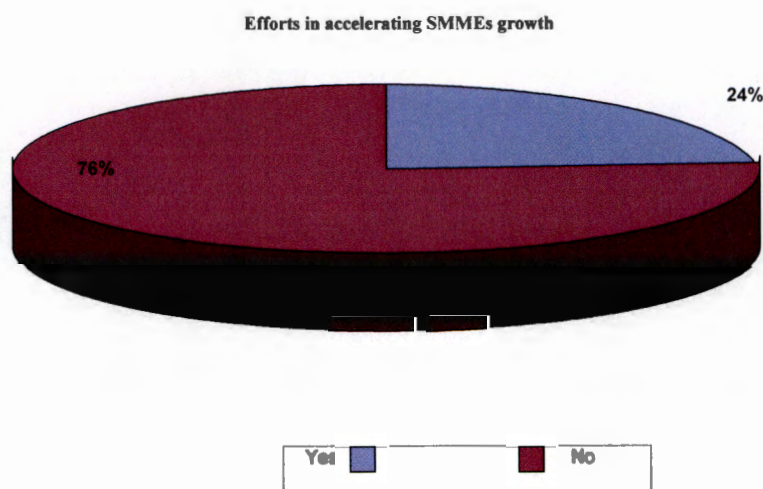


Figure: 5.6

Table 5.16 reflects on the efforts by government to accelerate the development of SMMEs.

Table 5.16 Government efforts in accelerating economic growth and sustainable development

Government efforts in economic accelerating growth and sustainable development of SMMEs (X33)	X33	X1	X2	X3	X4	X5	X13
	1						
Sex (X1)	.708(**)	1					
Age (X2)	-.120(*)	-.154(**)	1	1			
Race (X3)	-.298(**)	-.360(**)	.109	1			
Business location (X4)	.067	-.066	.168(**)	.000	1		
Education (X5)	-.131(*)	-.005	-.101	-.055	.053	1	
Business improved subsequent to training? (X13)	-.165(**)	.014	-.171(**)	.060	-.325(**)	.013	1
*Correlation is significant at the 0.05 level (2-tailed).							
**Correlation is significant at the 0.01 level (2-tailed).							

According to table 5.16 Correlation Matrix, Education and Age were significant at 5% level. This suggests that Education and Age impacted on government's efforts in influencing the growth of SMMEs. According to the matrix, education was negatively correlated to the sustainable development of SMMEs indicating that it was those people with lower levels of education that required support from government in accelerating growth of SMMEs. Subsequent to training, race and sex were significant at 1% level where the place of residence was insignificant. This suggested that, regardless of the area, SMMEs needed help to sustain and accelerate their growth. Those whose businesses improved as a result of training, were supported less by the government since they were in a position to sustain and help in the negative relationship between subsequent business training and government efforts in sustaining and accelerating SMMEs growth from the second correlation matrix.

5.6 SUGGESTED STRATEGIES TO BE PUT IN PLACE TO ACCELERATE GROWTH AND SUSTAINABLE DEVELOPMENT OF SMALL BUSINESS.

Figure 5.7 explains the frequency distribution of suggested strategies by respondents. Financial assistance was highly suggested at 52%; training at 20%; constant monitoring at 17% and implementation of government policies was less recommended at 11%.

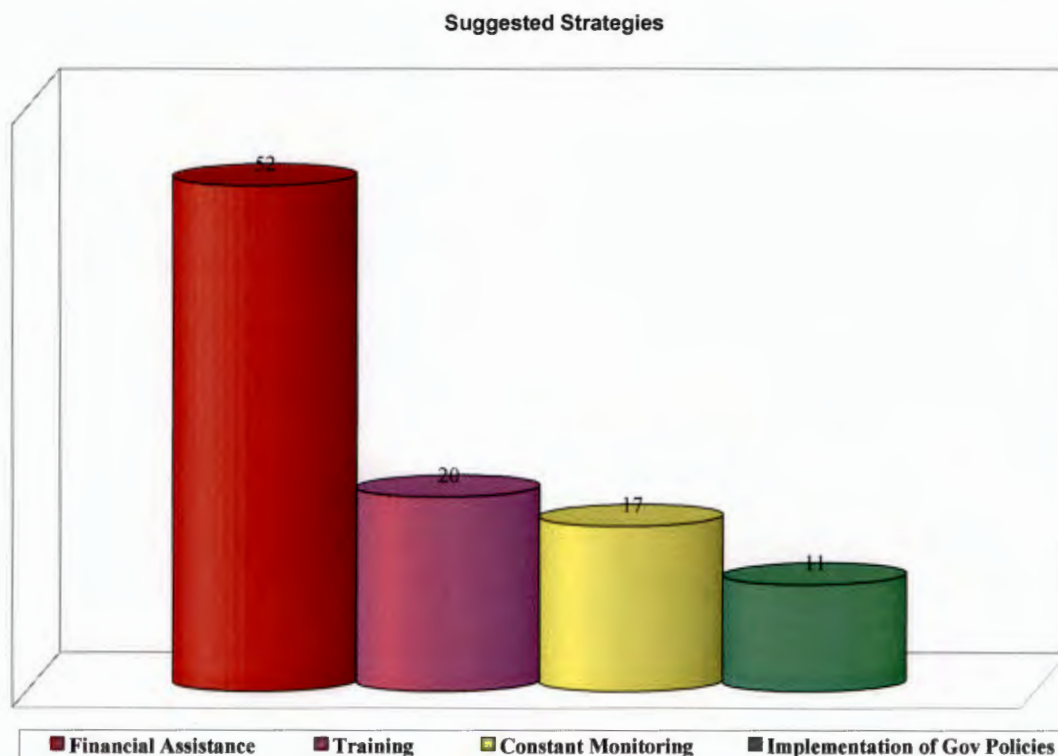


Figure: 5.7

The information clearly indicates the plight faced by SMMEs regarding the lack of financial resources. The majority have indicated that finance is the key intervention strategy that the government should consider to ensure the sustainable development of SMMEs and the least as the implementation of government policies.

Table 5.17 examines the belief that there were strategies that could be put in place to accelerate sustainable development of SMMEs in relation to educational level.

Table 5.17 Level of education by existence of strategies to accelerate SMMEs development

Level Of Education	Believe that there are strategies to accelerate SMMEs development				Total	
	Yes (No.)	%	No (No.)	%	No.	%
No Schooling	5	19	29	81	26	8
Primary	27	25	73	75	98	31
High	40	30	93	70	133	42
Tertiary	26	41	37	59	63	19
Total	197	62	123	38	320	100

$\chi^2 = 1.2$ df = 3 0.7 > P < 0.05

According to the table, 62% believed that there were strategies that could be put into place to accelerate the development of SMMEs in relation to the educational level, and 38% did not believe in the existence of government strategies to uplift SMMEs. About 41% of respondents who believed that there were strategies had tertiary education compared to 30% with high school education. With the χ^2 of 1.2, df of 3 and the P value (0.7) greater than 0.05, that implied that there was a significant relationship between the strategies and the type of education, whether formal or informal. The reason might be that, the majority of respondents had matriculated according to the demographic profile.

Table 5.18 explores the level of education and business location as elements that can help accelerate the sustainable development of SMMEs.

Table: 5.18 Level of education and business location by suggested strategies

Level Of Education	Suggested strategies that should be put in place to increase growth and sustainable development of SMMEs									
	Training		Financial assistance		Correct implementation of government policy		Constant monitoring		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
No Schooling	5	19	13	50	7	27	1	4	26	8
Primary	25	26	47	48	10	10	16	16	98	31
High	21	16	85	64	17	13	10	6	133	42
Tertiary	14	22	20	32	3	5	26	41	63	19
Location of business										
Village	36	29	53	42	9	7	27	22	125	39
Township	12	13	52	55	11	12	19	20	94	29
Informal settlement	00	00	14	50	13	46	1	4	28	9
Town	17	23	46	63	4	6	6	8	73	23
Total	65	20	165	52	37	12	53	17	320	100

$\chi^2 = 14$; 9; df=4; 0.05 > P < 0.05 (education)
 $\chi^2 = 0.05$; df=1; .08 < P > 0.05 (Location)



In this table, it was realised that 52%, which is half of the population, suggested financial assistance as the best strategy to accelerate sustainable development of their businesses, followed by 20% who suggested training, 17% who suggested constant monitoring and evaluation and lastly, 12% who suggested correct implementation of government policies.

Educational Level

41% of those with the highest educational level suggested constant monitoring, 32% suggested financial assistance, 22% suggested training and 5% suggested correct implementation of government policies.

Chi-square also showed a high significance between level of education and suggested strategies, supported by the p-value of 0.005, with the degree of freedom of 4 and chi-square of 14.9.

Business Location

63% of the respondents were those whose businesses are located in town, needed financial assistance. 50% of those whose businesses are in the informal settlement and 42% of those whose businesses were in the village, this clearly shows that they needed financial assistance. Financial assistance was important for business development and to improve the infrastructure where the business operate.

The chi-square result confirmed strong relationship between business location and suggested strategies. The association between business location and suggested strategies is strong was indicated by $\chi^2 = 0.05$; $df = 1$; $0.8 < P > 0.05$).

5.7 SUMMARY

Chapter five dealt with the research outcomes. It highlighted the various factors that could have an impact on the development of small business. It further suggested the intervention strategies that could be deployed by government and other private sector partners to alleviate the demise of SMMEs within the province. Chapter six encapsulates the discussion, conclusion and recommendations that are based on the results of the study.

CHAPTER SIX

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

6.1 INTRODUCTION

Chapter one dealt with the objectives and the importance of the study. Chapter two covered the theoretical foundation and literature review which formed the basis for the problem statement as outlined in chapter three. Chapter four dealt with the research methodology and the research results were presented in chapter five. The results of the study are discussed in chapter six, conclusions and recommends are drawn.

6.2 DISCUSSION AND CONCLUSION

From the analysis, the majority of the respondents were females as compared to males, government policies emphasised on the assistance for women and youth empowerment. It was also worth pointing out that most respondents had business experience of between 1 to 5 years. This again was due to favorable government interventions that were actually in place.

It has been discovered from the study that the demographic characteristics, such as age, gender, educational background, former work experience and experience in business, had an impact on entrepreneurial intention and endeavour.

On the overall, the level of skilled employees was relatively high as indicated by the results, where most respondents were in a position to execute assigned duties. However, there was still room for improvement, particularly for the unskilled respondents who needed to be empowered. Furthermore, it is worth pointing that most females had not applied for financial assistance, which could be related to the fact that most had relatively low levels of education as indicated from the results. As a result, most were not eligible

for financial assistance, which in the long term was detrimental to the proper sustenance of SMMEs, especially within the Mafikeng Local Municipality precinct.

In regard to support of SMMEs in the Mafikeng Local Municipality, the Department of Economic Development and Tourism is critical in ensuring that SMMEs acquire all the necessary financial and other assistance in kind, since it is linked with all the institutions that are mandated to leverage funding to small business.

More results have shown that education, gender and employment were significant in relation to problems experienced by SMMEs. The Local government had placed more emphasis in supporting women who happened to be more in numbers of those who had SMMEs compared to the males. The level of education is also crucial in the sustaining of SMMEs, especially in regard to problem solving and acquiring financial assistance.

The location of the business is vital especially in terms of telecommunication and exposure to existing markets. That is why those SMMEs in the rural areas experienced more problems than those in towns. It was also possible that, apart from social problems like crime, a lack of proper training of respondents who had businesses in villages would experience more problems.

There was also a lack of government support in accelerating growth and sustainable development of SMMEs as indicated by most respondents. This could be attributed to relatively low levels of education of SMME owners, who in turn, were unable to get financial assistance because of the existing policies.

Finally, most respondents indicated that financial assistance was one of the most important strategic interventions that could help in accelerating the growth and sustainability of SMMEs in the Mafikeng Local Municipality.

6.3 RECOMMENDATIONS

The following recommendations were made based on the findings of the study.

- The Mafikeng Local Municipality is predominantly rural and, therefore, government intervention is urgently required in the provision of the necessary resources in agricultural, mining and tourism sectors,
- Rigid banking requirements need to be relaxed to afford SMMEs access to finance. Financial assistance is the single most important strategic intervention to accelerate the growth and survival of SMMEs,
- Government intervention in terms of skills development and financial management, has to be expedited. Continued skills development through training of owners of SMMEs, is vital if businesses are to be run efficiently, they can be in a position to make profits, employ people and reach high growth levels,
- Infrastructures like proper road networks, telecommunications and security, have to be provided by the government, to help ease the communication and transportation of products to outside markets,
- The government has to ensure that women and the youth are afforded business opportunities and play key roles in the mainstreams of the economy,
- SMMEs should be informed about the importance of tax registration with revenue department and also other pertinent laws as this would enable them access tenders offered by the government departments,
- Education is one area that the government should take a serious look into, and also ensure that communities, especially women, who are in most instances in the majority, are given all the necessary support to pursue academic studies to get the necessary academic background.

Graduate School of Business and Government Leadership

Dear madam/sir

SUBJECT: REQUEST TO CONDUCT ACADEMIC RESEARCH

I Mokone Serotobale Peter, student number (16392981) a Masters student in Business Administration (Mafikeng Campus), hereby request to be granted permission to conduct research in your business.

The main aim of this study is to examine the challenges faced by SMMEs and to explore factors influencing growth and sustainable development of small businesses in the Mafikeng Local Municipality region. More specifically the study has the following objectives:

- To assess the respondent's knowledge on management of SMMEs.
- To identify hindrances on sustainable development of SMMEs.
- To explore suggested strategies to be put in place to increase growth and sustainable development of small business in Mafikeng Local Municipality.

Confidentiality, anonymity and privacy are guaranteed by the researcher. If you decide to stop participating during the process, your decision will be respected.

Your participation in this process will be highly esteemed.

Regards.

Mr S. P. Mokone

Cell: 0825551709

Tel : 018-387 7772

APPENDIX A

Research Questionnaire

Instructions

- Please answer all questions.
- Please select one answer per question
- In questions where answers are provided, please tick your answer.
- In questions where answers are not provided and a question requires an explanation, please explain in detail.

SECTION A

Personal Background

1. Sex

1	Female	2	Male
---	--------	---	------

2. How old are you? State the actual age....

3. Race

1	Black
2	Indian
3	White
4	Coloured

4. Where is your business situated?

1	Township
2	Rural Area
3	Informal Settlement
4	Other Specify).....

5. What is your level of education?

1	No Schooling
2	Primary
3	High School
4	Tertiary

6. What is your religious affiliation?

1	ZCC
2	Protestant
3	Roman Catholic
4	Hinduism
5	Other

7. Where is your business situated?

1	Township
2	Rural Area
3	Informal Settlement
4	Urban

8. When did you start your business?

1	Less than a year back
2	Two years back
3	Five years back
4	More than ten years back

SECTION B

Knowledge on the management of SMMEs

9. Have you ever attended any training on SMMEs?

1	Yes	2	No
---	-----	---	----

10. What type of training have you attended? State.....

11. Which institution/government department(s) provided your training?

12. In which of the following sectors is your business operating?

13. Is your business registered with the Registrar of Companies?

1	Yes	2	No
---	-----	---	----

14. What is the form of ownership for your business?.....

Indicate e.g. partnership, sole trader etc.

15. For how long have you been in business?

1	0 – 1 year
2	2 – 3 years
3	4 – 5 years
4	6 year +

16. How much is your turnover per month?.....

17. How many employees do you have?.....

18. Is your business registered for VAT?

1	Yes	2	No
---	-----	---	----

19. Do you experience problems in your business?

1	Yes	2	No
---	-----	---	----

20. If yes, what kind of problems do you experience?.....

21. Are you a member of a chamber of commerce or business association?

1	Yes	2	No
---	-----	---	----

22. If yes, what is the name of your chamber or association?

23. What would you regard as the main challenges facing your business?.....

SECTION C

Major constraints on the development of SMMEs

24. Have you ever visited the Government Offices or Municipal offices for financial or non-financial assistance?

1	Yes	2	No
---	-----	---	----

25 If yes, which of the following offices did you visit?

1	Government Offices
2	Municipal Offices
3	Other (specify)

26. In which place(s) is (are) the office(s) you mentioned in 24 above situated?.....

27. What was the purpose of your visit to the offices of the Department?

1	Application for business license
2	Assistance with drafting of business plan
3	Application for funding (grants / loans)
4	Enquiring about trade exhibition(s)
5	Other (specify)

28. How would you rate the service rendered by the by the Government Department(s)?

1	Excellent
2	Good
3	Average
4	Poor
5	No comment

SECTION D

Suggested strategies to be put in place to increase the growth and sustainable development of small businesses in the Mafikeng Local Municipality.

29. Do you think that there are strategies that should be put in place to sustain small business in this country?

1	Yes	2	No
---	-----	---	----

30. Name suggested strategies that should be put in place to sustain small business in this country.

31. Have you any knowledge about Black Economic Empowerment Strategy?

1	Yes	2	No
---	-----	---	----

32. Have you benefited from Black Economic Empowerment Strategy?

1	Yes	2	No
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End of Questionnaire

Thank You

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DEFINITION OF TERMS

- **Access to finance** – the leveraging of finance/grants to small businesses for developmental stages to help them improve production lines and also to ply trade with other competing businesses (North West Economic Development Strategy-2003).
- **Access to markets** – the ability for small businesses to develop niche markets both locally and outside the boundaries of the country. To establish linkages with businesses in other provinces or countries (www.thedti.gov.za).
- **Attitudes**- evaluation judgments, good or bad, about particular objects, issues, persons or any other identifiable aspect of environment.
- **Apartheid** – the past regime that marginalized on black people and put restrictions in terms of laws that were designed to disadvantage them from engaging in activities that would improve their quality of their lives (<http://www.oecd.org/teds/bis/leed.htm>).
- **Clusters** – a grouping of related industries and institutions in an area or region. The industries are interlinked and connected in many different ways (Small Business Development Summit-2005).
- **Mafikeng Local Municipality**- A local municipality under the Ngaka Modiri Molema District Municipality.
- **Department of Trade and Industry** – it is the national department responsible to ensure an effective business environment for foreign and domestic investors and those wishing to explore the trade in and outside the borders of the country (Department of Trade & Industry, Business Guide-2004/2005).
- **Developing countries** – Countries that are generally characterized by low levels of industrialization, personal incomes, educational attainments and health standards.
- **Developed countries** – that are generally characterized by high levels of industrialization, personal incomes, educational attainments and health standards.
- **Enabling Environment** – the business surroundings that enhance positive spin-offs for the business. The parameters and legal dictates that enable the business to

operate efficiently and effectively in achieving the set objectives (<http://www.idc.co.za>).

- **Enumeration area** – The smallest geographical unit or piece of land into which the country is divided for census or survey enumeration, of a size able to be effectively enumerated. According to Statistics South Africa Enumeration areas contain between 100 and 150 households.
- **Gross Domestic Product** – the total number of goods and services that are produced within the country over a specified period of time (Department of Trade & Industry, Business Guide-2004/2005).
- **Gross National Product** - total number of goods and services produced within the borders of a country.
- **Household** – This is a group of persons who live together and provide themselves jointly with food and/ or other essentials for living. It also be defined as one or more persons occupying a housing unit
- **Location** – the place of strategic placement for operation where the business will carry out its daily business operations (<http://www.inw.org.za>).
- **National Skills Development Strategy** – it provides for the development of strategies to develop and improve the skills of the South African workforce. It provides learnerships that lead to recognize occupational qualifications and provides for the financing of skills development by means of levy grant scheme (Department of Trade & Industry, Business Guide-2004/2005).
- **Networking** – the ability of SMMEs to establish trade linkages with other stakeholders with the view to promote and develop themselves (<http://www.businesspartners.co.za>).
- **P-value**- the probability of having observed our data (or more extreme data).
- **Rural area** - This is any area that is not classified as urban. These may be subdivided into tribal areas and commercial farms as is the case in South Africa.
- **Rural area** - This is any area that is not classified as urban. These may be subdivided into tribal areas and commercial farms as is the case in South Africa.
- **SMMEs** – this is the acronym for Small Medium and Micro Enterprises. There is no definitive delineation between a small and micro sized business. As a general

reference, small is often from 5 to 20, micro from 20 to 200 (Black Economic Empowerment Conference, North West Province -2006).

- **Stakeholders** – individuals and groups who have an interest in the issue in hand. They normally represent their interest as stakeholders (<http://www.businesspartners.co.za>).
- **Social marketing**- an approach where the experience and methods of commercial marketing are applied to a product, which has a social benefit, with the main motivation being social improvement rather than financial gain to the marketer.
- **Study population**- a group of people selected for investigation.
- **Survey** - an investigation in which information is systematically collected but in which the experimental method is not used.
- **Sampling methods** – tools used to select a sample population for a study. They are classified as either probability where each member of a population has an equal chance of being selected or non-probability sampling methods where members are selected from the population in some non random manner.
- **Urban area** – a place or area with a specified minimum number of people or population density. In this case densely populated fringes around towns or municipalities may be classified as urban. A population of 2000 or more is considered urban

ABBREVIATIONS

AIDS	: Acquired immune and Deficiency Syndrome.
BBBEE	: Broad Base Black Economic Empowerment.
DNP	: Gross National Product.
DTI	: Department of Trade and Industry.
ELM	: External Labour Markets.
GDP	: Gross Domestic Product.
ILM	: Internal Labour Markets.
ILO	: International Labour Organisation.
KZN	: Kwazulu Natal.
LFS	: Labour Force Surveys.
LRAD	: Land Redistribution for Agricultural Development.
NWP	: North West Province.
PGDS	: Provincial Growth and Development Strategy.
ROI	: Return On Investment.
RDP	: Reconstruction and Development Programme.
RSA	: Republic of South Africa.
S. A.	: South Africa.
SEWA	: Self Employed Women's Association
SPSS	: Statistical Package for Social Scientists.
SMME	: Small Medium Micro Enterprise.
STATS SA	: Statistics South Africa.
VAT	: Value Added Tax.
ZCC	: Zion Christian Church.