

**The impact of impact of government support
programmes for Small, Medium and Micro –Enterprises
(SMMEs) on SMMEs in Brits**

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Acknowledgments

Firstly and foremostly I would like to honour my creator for the life, strength, blessing and talents that he has given me during the milestone of my academic career.

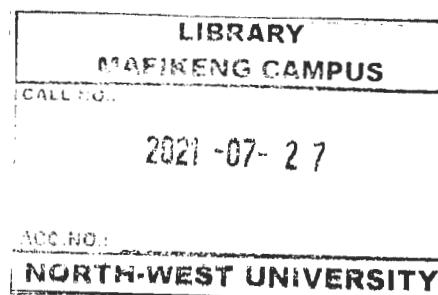
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Abstract

South Africa is faced with high rate of unemployment, poverty, crime and HIV /AIDs. The government has attempted to address these challenges by promoting the development of Small Micro and Medium Enterprises (SMMEs). The state of SMMEs in South Africa continues to decline despite the enabling business environment for SMMEs that has been created by government through legislation, policies and strategy development. The failure and closure of some SMMEs should be of major concern as the government might lose potentially viable enterprises that could possibly have been major economic contributors and players in the economy of South Africa. The development of SMMEs have been identified as key to the future central development of any economy in the world there it becomes imperative to propagate the sustainable development, survival and growth of SMMEs in South Africa. This study recommends that there is a need to engage research as a measure investigating the different aspects of the SMME phenomena so that informed decisions can be made by the policy makers and the other stakeholders. In that context this study was developed with the aim of promoting the relationship between the government support programmes for SMMEs and its beneficiaries. This will be achieved by primary assessing the extent of support that has been effectively received by the beneficiaries in comparison to the available support services, establishing the level of awareness and knowledge about the programmes the same beneficiaries. The study assesses the extent to which the beneficiaries are proactive in terms of seeking information in an attempt to encourage and promote a spirit of entrepreneurship as key attribute that SMMEs owner should have and practise. The study identified the nature of support received, level of awareness about the programmes, access to information and transparency as important factors determining the significance of the government support programmes for SMMEs.

Table of contents

Chapter 1 Overview of the study	8
1.1 Introduction	8
1.2 Background to Problem Statement	8
1.3 Problem Statement	11
1.4 Objectives of the Study	13
1.5 Research design	13
1.6 Layout of the study	13
1.7 Conclusion	14
 Chapter 2 Literature review	 15
2.1 Introduction	15
2.2 Global trends of SMMEs	15
2.2.1 Role of SMMEs in South Africa	17
2.2.2 What is an SMME?	17
2.2.3 SMMEs Definition – South African Context	18
2.2.4 State of SMMEs in South Africa	19
2.2.5 Towards understanding SMMEs in Brits	21
2.2.6 Role of SMMEs in Local Economic Development	21
2.3. Framework of government SMME support programmes and policies	22
2.3.1 Integrated Strategy on Promotion of Entrepreneurship	23
2.3.2 Business Service Development	23
2.3.3 Local Economic Development services	24
2.3.4 Access to finance	24
2.3.5 Umsobobvu Youth Fund	24
2.3.6 Institutions providing financial support	24
2.3.7 Sector focused support measure	24
2.3.8 Supports for Women–Owned Enterprises	25
2.3.9 Skills Development Measures	25
2.3.10 Non government assistance available	25
2.4. Problems facing SMMEs	25
2.4.1 Lack of access to finance and credit	26

2.4.2 Lack of business plans	27
2.4.3 Business management skills problem	28
2.4.4 Lack of access to markets	28
2.4.5 Lack of information awareness	29
2.4.6 SMME Development Strategy in Madibeng municipality	29
2.4.7 SMME support in Madibeng Municipality	30
2.4.8 Small Enterprise Development Agency	31
2.4.9 Department of Finance and Economic Development	31
2.4.10 Industrial Development Corporation (IDC)	31
2.5. Evaluation of government SMMEs Support Programmes	31
2.5.1 Lack of data	32
2.5.2 Lack of coordination and failure to implement	33
2.5.3 Lack of awareness	33
2.5.4 Failure in delivery	34
2.6. Factors affecting success of SMMEs	35
2.6.1 GEM Entrepreneurship and SMME Model	36
2.6.2 Impact of Local Economic Development on SMMEs	37
2.7. Advices	38
2.7.1 Policy Design	38
2.7.2 Strategic Alliance and Networking	39
2.7.3 Dissemination of information	40
2.7.4 Monitoring and evaluation	41
2.7.5 Education and Skills Training	41
2.8 Research Questions	42
2.9 Conclusion	42
Chapter 3 Research Methodology	44
3.1 Introduction	42
3.2 Research types	45
3.3 Data collection	46
3.3.1 Interviews	47
3.3.2 Structured interviews	47
3.3.3 Semi-structured	47

3.3.4 Unstructured interview	47
3.3.5 Surveys	47
3.3.6 Questionnaires	48
3.3.7 Telephonic questionnaires	50
3.3.8 Interventionary measures	51
3.4 Population	51
3.4.1 Sampling	51
3.4.2 Sample Size	52
3.5 Research Procedure	53
3.6 Ethical issues	53
3.7 Limitations	53
3.7 Conclusion	54
Chapter 4 Data Discussion	55
4.1 Introduction	55
4.2 Response rate	56
4.3 Demographics	57
4.4 Results of Investigation	62
4.5 Measures of association	70
4.5.1 Significance of gender to the other variables	79
4.5.2 Significance of ownership to the other variables	82
4.5.3 Significance of age to the other variables	83
4.5.4 Significance of type of industry to the other variables	85
4.5.5 Significance of level of education to the other variables	86
4.5.6 Significance of support received to the other variables	88
4.5.7 Significance of awareness to the other variables	90
4.5.8 Significance of seeking assistance to the other variables	92
4.6 Conclusion	93
Chapter 5 Conclusion and Recommendations	95
5.1 Introduction	95
5.2 Summary of the findings	95
5.3 Evaluating research objectives	96

5.4 Limitations	100
5.5 Recommendations	100
5.6 Proposal for future research	101
5.7 Conclusion	102
References	103
Appendix A	110
Appendix B	113
Appendix C	115
Appendix D	116
List of Tables	
Table 4.1	70
List of Figures	
Figure 1	36
Figure 4.1	58
Figure 4.2	59
Figure 4.3	59
Figure 4.4	60
Figure 4.5	61
Figure 4.6	62
Figure 4.7	63
Figure 4.8	65
Figure 4.9	66
Figure 4.10	66
Figure 4.11	67
Figure 4.12	68
Figure 4.13	69

Chapter 1

Overview of the Study

1.1 Introduction

Small Medium Micro-Enterprises (SMMEs) in South Africa continue to face challenges that are even a threat to their existence, development and survival despite the irrefutable presence of myriads of government support facilities (Rogerson , 2004 : GEM 2008; GEM, 2009; SEDA,2009; Blottniz, 2009; Rogerson, 2009). An increasing number of survivalist, informal enterprises continue to dominate the profile of SMMEs in South Africa (Rogerson, 2005; Sanchez, 2008). The overall rating of SMMEs activities in South Africa continue to significantly decline (SEDA, 2009; GEM, 2009)

This study seeks to evaluate the impact of government SMMEs support programmes on SMMEs in Brits. This will be established by finding out if SMMEs in Brits have received any assistance and if they are aware of the existence of the support programmes available.

Most studies on SMMEs in South Africa have focused more on Gauteng and Eastern Cape than other provinces (Rogerson, 2001; Brand, 2006; Quesada, 2005). This argument raises the importance of research on SMMEs in other geographic areas. It is upon this premises that this study of SMMEs in Brits which is located in the Northwest Province is necessary to fill in the gap identified with other researches.

The section of this chapter that follows will give an overview of the research problem and subsequently state the problem explicitly upon which this study will be imperatively commissioned. The objective of this study which defines the intentions and outcome upon which this paper is based will also be discussed. Lastly this chapter will briefly outline the research design which this study will follow.

1.2 Background to Problem Statement

A historical review since 1995 update shows government's recognition of the vital economic role played by SMMEs towards the economic growth and sustainable development of the country in South Africa. Through the White Paper the National

Small Business Development Strategy of 1995 was formed as policy that aimed to spearhead the development of SMMEs. The main objectives of National Small Business Development Strategy were to promote the development and sustainability of SMMEs by addressing the main challenges identified. The challenges identified were unfavourable legal environment, lack of access to markets, lack of access to finance and credit, low skills levels, lack of access to information, shortage of effective supportive institutions (National Small Business Development Strategy, 1995).

The National Small Business Development Strategy was passed into legislation, the Small Business Development Act of 1996 a year later. The act authorized the setting up of support institutions which were supposedly to implement the objectives of the policy. Several support institutions were established which provided a wide range of support services ranging from financial, skills development, access to markets and many other support services aimed at addressing challenges faced by SMMEs (Small Business Development Act, 1995). Some of the key institutions amongst many others were: Ntsika, Khula, National Manufacturing Advice Centre, Thuso Mentorship, Umsobobvu Youth, Local Economic Development (LEDs), Small Enterprise Development Agency (SEDA). Rogerson (2004) has described the government support policy as being valid in its intentions to address the challenges facing SMMEs.

The central problem that arises given this background is that despite all the available government support there has been major reports of continuous declining SMMEs activity in South Africa (GEM 2009). Global Entrepreneurship Monitor (GEM 2008) shows that the ranking of SMMEs activities continued to decline in terms of new business start up, South Africa ranked 38th out of the 43. On the measure of new business prevalence rate South Africa rates is only 2.1% that was lower than the expected average 4.9% reported compared to other countries (GEM , 2008). According to the GEM (2009) reports, the rate at which new business is established is significantly low at 1.4% compared to an average of 7.9%. Contrary to the increasing average of prevalence rate from 4.9% to 7.9 at global scale which suggest an overall increase in new business start up in other countries. South Africa reported yet another deteriorating prevalence rate decline of 1.4% in 2009 down from 2.1% in 2008 this indicates a major decrease

in small business activities in South Africa (South Africa GEM, 2008; GEM, 2009). The World Bank 2008 reports on the key economic indicators also showed a positive discontinuity trend in the small business activity in South Africa. These global reports can be supported high number close corporation closing down according to CIPRO 2008 and StatsSA 2008 data analysed by Van Blottniz (2009) showed a high rate of closure and liquidation of only registered close corporation. Empirical evidence further concur that there is a robust decline in SMMEs activity in South Africa despite the availability of government support (Rogerson, 2004; Ntsika, 2004; Orford and Wood, 2005; Brand, 2006; Veldsman, Johann and Rensburg, 2007; Phabo, 2008; GEM, 2008; Rogerson, 2009; Swanepoel, Strydom and Nieuwenhuizen, 2010; Olawale and Garwe, 2010).

Other studies on SMMEs in South Africa unanimously agree that SMMEs are facing serious challenges that are hindering their start up, growth and survival (Rogerson, 2005; Sanchez, 2008; Thwala and Phaladi, 2008; Blottnitz 2008, Swanepoel *et al.*, 2010). Most researchers on SMMEs in South Africa have *cited* to the lack of funding as the main constraint (Quesada, 2005; Rogerson, 2005; Brand, 2006; GEM, 2008; Rogerson, 2009; Swanepoel *et al.*, 2010; Olawale and Garwe, 2010). Lack of business skills such marketing and business plan has been identified as another major cause of business failure (Lotz and Marais, 2007; Wagner, 2007; GEM, 2008; Rogerson, 2009). Lack of appropriate support is the main reason for high rate of failure for SMMEs (Brand, 2006; Rogerson, 2008)

In a survey on the macroeconomic challenges facing South Africa by the Accelerated and Shared Growth Initiative it was alleged that lack of SMMEs activities was the major the contributing cause of the current high unemployment rate, crime and HIV AIDS (Rodrik, 2006). The survey further argued of SMMEs activity in South Africa being the lowest compared to other developing countries (Rodrik, 2006). SMMEs are instrumental in addressing poverty and unemployment (UNDP, 2003; Rodrik, 2006; Rogerson, 2004:770; GEM, 2008). Evidence of lack of growth and development of sustainable SMMEs in South Africa is given by the continued predominating survivalist and informal micro enterprises that have no prospects growth in SMMEs profile (White paper, 1995; Rogerson, 2004; Sanchez, 2008).

From this background it can be argued that the current state of SMMEs in South Africa does not depict the amount of government support that has been available over the past 16 years. The findings by recent studies show that that SMMEs continue to face generic challenges associated with lack of funding, business skills and access to markets despite the continued availability of government support (Swanepoel *et al.*, 2010 ; Olawale and Garwe, 2010; Rogerson, 2010). From this background there seems to exist a disparity between the outcome of the existing government support programmes and the state SMMEs. The reported national outcome on SMMEs brings into question the effectiveness of government SMMEs support programme at local and district level.

1.3 Problem Statement

The problem observed is that despite the proximity and access to government support institutions, wide ranges of services and infrastructures, SMMEs in Brits Central Business District (CBD) are not observed to be growing or developing. In contrast the researcher has observed that SMMEs in the CBD are dominated by retail shops, survivalist, informal micro enterprises and street traders most which have little or no prospects of growth. The observed trends of SMMEs contradicts those outline in the SMME Development Strategy which aimed to support the development of SMMEs which focuses on secondary economic activities such processing of raw minerals, Canned fruit and vegetables factory, Juice factory , soya , sunflower and olive extraction , mining supplies such chemicals , clothing , food etc, tour operators, guesthouse amongst many others. In contrast most of these SMMEs registered on the Local Economic Development Services (LEDS) database operate in the construction, services, retail and manufacturing (Local Municipality of Madibeng 2009/10 IDP Review, 2010).

They are 365 SMMEs officially registered on the LEDS database for Madibeng Municipality of which 61 are reported to be inactive. Only a total of 39 SMMEs are from Brits. The main challenge identified by the LEDs official is that most of these registered SMMEs do not have operational facilities such as offices rather they are operated from home. As a result the database does not consists of their physical addresses but the name of the business, the location, sector and the contact numbers. Small Enterprise Development and Department of Finance are

other support institutions also available that offer similar and yet different support services for SMMEs in Madibeng Municipality.

Lack of finance to pay for rentals has been named as the main problem causing SMMEs not to set up offices. The researcher observed that most shops within CDB were observed to be occupied by small retailers who are mostly selling clothes imported from China. These shops are mostly owned by Chinese and Pakistanis and they are generally family businesses. The problem is that these small family businesses have a capacity to employ at most one person. Therefore the main problem is with the types of SMMEs observed in Brits CDB is that they seems to have no capacity to employ more than two people as stipulated in the definition of SMMEs, they also seem to have little prospects of growth.

Madibeng Municipality is located in the North West Province. Madibeng is centrally situated at 40km from Pretoria, 55km from Johannesburg and 50km from Rustenburg and have access to the main road networks, railways and airlines. Its main economic sectors are agricultural, mining, manufacturing and tourism (Local Municipality of Madibeng 2009/10 IDP Review, 2010).

The observed SMME trend exists despite the Madibeng Municipality having a SMME Development Strategy as one its key development strategies in its Integrated Economic Development Strategy (IEDS). The SMMEs Development Strategy's main objective is to support the development of existing and new SMMEs. It also aims to ensure full utilization of government support programmes for SMMEs. Support is also available from the Department of Finance, Enterprise Development Agency and other non government institutions.

Empirical evidence has shown that having an economy predominated by survivalist micro enterprises and street traders has major negative impacts such as high unemployment and increased poverty (GEM, 2008; Rogerson, 2004; AGISA, 2006; Stats', 2009; Banerjee, Galiani, Levisohn and Woolard, 2006; Frankel, Smit, and Sturzenegger, 2006). SMMEs are viewed as a prerequisite for sustainable economic growth and a cornerstone of local economic development (Local Municipality of Madibeng 2009/10 IDP Review, 2010). Empirical studies have unanimously agreed that SMMEs are critical for the development of sustainable job creation, poverty eradication and contribution towards economic growth (DTI, 2004; Quesada, 2005; Rogerson, 2009; Blottniz, 2009; Sanchez, 2008; Swanepoel *et al.*, 2010; Xuba, 2007; 2009/10/IDP Review). From this

background it can be argued SMMEs play an important role in local economic development. This makes an evaluation of the effectiveness of government support programmes at district or Municipality level to become important.

1.4 Objectives of the Study

The main objective of this study is to evaluate the impact government SMME support programmes has had on SMMEs in Brits. Against this background this study has two-fold objectives. Firstly to promote sustainable development and growth of SMMEs in Brits by maximizing the effectiveness of government support programmes and to devise the means to improve factors causing the policy to be ineffective Secondly this study aims to create awareness amongst the SMME stakeholders as well as to establish an overview of the profile of SMMEs in Brits.

1.5 Research design

Primary data will be collected using a semi structured questionnaire which consists of both qualitative and quantitative questions The Qualitative technique will be used to understand the mindset and views of SMMEs owners as well as the description of the overall outcome of the SMME government support programmes and policy. A structured questionnaire was used with both closed and open ended questions to help get precise answers and seek respondent's full views and opinions respectively. Quantitative techniques will be used to gather the actual numbers of SMMEs that have benefited from the support programmes.

The target population will be based on the 365 SMMEs registered on Local Economic database of Madibeng Municipality. A random number generation will be used to select the participant where numbered slips representing a name of SMMEs will be drawn from a container. To ensure that each number has an equal chance of being chosen the numbered slips will be returned into the containers standing a change to be chosen. The sample will be drawn from the total participating population of 365 SMMEs this will again increase the changes of fair representation of the SMMEs population.

. 1.6 Layout of the study

This study consists of five chapters.

Chapter 1 provides an introduction and background about the study. It also outlines the research problem identified, the objectives of the study and gives and a contextual overview of the study.

Chapter 2 focuses on literature review which will seek to bring an understanding of the background and role of SMMEs from a broader perspective. It will cover the challenges facing SMMEs, SMME failures and role of government in SMME development.

Chapter 3 describes the research methodology that will be used to collect data pertaining to the research problem identified. It will outline different research steps to be followed in the process of gathering data.

Chapter 4 will focus on presentation of data and findings from the data gathered. There will be analysis of the responses from the SMMEs owners registered on the Local Economic Development database in terms of the support they have received as well as their views on how helpful the programmes have been

Chapter 5 presents findings and conclusions. The interpretations of data will be summarized and conclusions will be drawn. Based on these recommendations will be drawn.

1.7 Conclusion

In this chapter it has been established that SMMEs play a major contribution role towards economic development and growth throughout the world (Agisa, 2006; Rogerson, 2004; GEM, 2008). The major problem identified is that SMMEs in South Africa continue to face challenges that are a threat to their start up and existence despite the availability of government support programmes (GEM, 2008; Rogerson, 2009; Swanepoel *et al.*, 2010; Olawale and Garwe, 2010). High Unemployment rate and poverty have been identified as some of the effects of low SMMEs activity (Rogerson, 2004; GEM, 2008; AGISA, 2006). The main objective of this study is to evaluate the impact of government support on SMMEs in Brits in the Madibeng Municipality located in the Northwest Province.

The next chapter will focus on understanding the historical background and development of SMMEs by analyzing what other authors have said on the subject under study. This will help to gain a broader perspective on SMMEs.

Chapter 2

Literature Review

2.1 Introduction

Research on Small Medium Micro Enterprises has attracted many scholars who have contributed to the large volumes of literature on SMMEs (Rogerson, 2004; Lotz and Marais, 2007; Ladzani and Netswera, 2009; Sanchez, 2008; Kesper, 2002; Phabo, 2008; Oxford and Wood, n.d; Quesada, 2005; Chiloane and Mayhew, 2010; Abor and Quartey, 2010; Olawale and Garwe, 2010) amongst many others. An analysis of literature will provide in-depth of information, important facts and context about SMMEs in a broader perspective.

The previous chapter identified the research problem that SMMEs activity in South Africa continues to decline despite the availability of government support programmes. This background has given rise to the need to investigate through research if SMMEs in a specific geographical area have benefited from the available government SMMEs support programmes.

Keywords used to search for literature were: SMMEs, Government support, Role. The search engines, Google Scholar and Yahoo were used to search for articles.

This chapter will focus on the discussions, views and presentations of other authors on SMMEs. In essence literature review will bring insight into different aspects of SMMEs such as the nature, significance, State of SMMEs in South Africa, challenges facing SMMEs, the effectiveness of South African government SMME support programmes and the possible interventionary measure than can be taken to improve their sustainability. This research is limited to Brits in Madibeng Municipality. The literature review is however based on analysis of articles published and no published on SMMEs in South Africa. The main objective of this literature review is to build a theoretical knowledge and background upon which the research is based.

2.2 Global trends of SMMEs

The emerging significance of the socio-economic contribution of SMMEs throughout the world has attracted the interest of many researchers and scholars to investigate SMMEs (Chabane, 2003; Von Blottnitz 2009; Devey, Skinner and Valodia, 2006; Lotz and Marais, 2007; Rogerson 2004; Pahwa *et al.*, 2006;

Sanchez, 2008; Rogerson, 2008; Olawale and Garwe, 2010). Most of the researchers concur that SMME sector globally has been playing a major role towards sustainable economic growth and development (OCED, 2004; Thompson, 2007; Ferreira, 2007, Abor and Quartey, 2010). SMME's are being recognised for playing an important role towards economic contribution in most countries in the world (GEM, 2009; DTI, 2004; Rogerson, 2005). SMMEs contribute over 40% in emerging economy countries like China, Brazil, Russia, India and South Africa (OCED, 2004). Schumpeter (1934) as *cited* in Ferreira (2007) identified the creation of new firms as being critical for economic growth and change. According to Schumpeter (1994) who was an economist and also one of the first proponents of the idea that small business remained important even in the face of intensive capitalism and globalisation.

Most institutional reports, scholars and articles have observed that trend of economic growth largely depend of the level of SMMEs activity (DTI, 2004; OCED, 2004; GEM, 2008; Banerjee *et al.*, 2006; Frankel *et al.*, 2006). Small Business and Entrepreneurship Council *cited* by Ferreira (2007) have reckoned SMMEs as the backbone of the USA economy and the primary source of job creation. Most studies concur that SMMEs are as important for both economic and social development of developing countries (UNDP, 2003; Devey, Skinner, Valodia, 2006; Pahwa, Bester, Van Niewenhuizen and Dawood, 2006; GEM, 2008; Phabo, 2008, Abor and Quartely, 2010; Olawale and Garwe, 2010). Urban Con (2009) states that the micro-enterprise sector constitutes the majority of the working population in most countries especially those in Africa and Asia. SMMEs serve as both pillar for local entrepreneurship and an engine of economic growth (Chabane, 2003).

According to Abor and Quartey (2010) SMMEs contribute to a country's national product by either manufacturing goods of value, or through the provision of services to both consumers and/or other enterprises. SMMEs are also able to produce a variety of goods or services at relatively small levels of output and can be used to enhance the efficiency of large business (Chabane, 2003; Brand, 2006; Devey *et al.*, 2006). Wagner (2007) concurs and further says that SMMEs make a unique contribution, they are innovative, flexible and provide employees with learning experiences and further emphasizes their employment generation role.

2.2.1 Role of SMMEs in South Africa

SMMES and entrepreneurship reportedly play a vital role of stimulating economic activity, job creation, poverty alleviation and the general upliftment of living standards has been recognised both internationally and in South Africa (Van Vuuren and Groenewald, 2007; National Small Business Development Strategy, 1995; DTI, 2005). Given South African's legacy of big business domination, constrained competition and unequal distribution of income and wealth, the small business sector is seen as an important force to generate employment and more equitable income distribution, and this stimulates economic development (Chabane, 2003). Sanchez (2008) agrees on that assertion and further advances that SMMEs are important for redressing economic inequalities and views them as necessary for black people to be economically empowered and integrated into the main stream economy. They are also often the vehicle by which the lowest-income people in the society gain access to economic opportunities (Urban-Con, 2009)

2.2.2 What is an SMME?

There has not been a universally accepted definition in literature of small medium enterprises. SMMEs definition differs from country to country and between institution (Brand, 2006; Wagner, 2007). SMMEs have been differently defined by researches some have defined SMMEs on the basis of the size of the firm whilst others have used capital assets, use of skill of labour and turnover level (Brand, 2007; Abor and Quartey, 2010). The Bolton Committee (1971) *cited* in Abor and Quartey (2010) use economic and statistical characteristics to define SMMEs. The Bolton Committee in 1971 developed a descriptive definition of SMMEs in terms of relative small market share, management by owners in personalised way and quantitatively in terms of its size and its contribution towards GDP, employment and exports.

The Organisation for Economic Co-operation and Development (2004) defined SMEs as a firm with less than 500 employees whilst UNIDO (2000) *cited* by Abor and Quartey (2010) defines SMEs differently according to number of workers in terms of an industrialised or developing country. UNIDO (2000) further defines on the basis of country's development level as follows; industrialised countries small firms consists of with less than 99 workers, medium firms with 100-499 workers and large firms as those with 500 or more workers. Whilst in developing countries

small firms consist with less than 5 workers, medium 20 -99 workers and large firms with 100 or more workers (UNIDO, 2000).

According to Urban Con (2009:11) an SMME can be defined as an enterprise, which is owner operated and functions with the primary focus of providing a livelihood for the owner and the immediate employees. In South Africa the National Small Business Act, No. 102 of 1996, states that small business means a separate and distinct business entity, including cooperative enterprises and non-governmental organisation managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy and which can be classified as a micro-, a very small, a small or a medium enterprise. From this background it can be observed that SMMEs definition differ from country to country and between different institutions.

2.2.3 SMMEs Definition –South African Context

In South Africa the definition focuses on both qualitative and quantitative characteristics of SMMEs. The Department of Trade and Industry's White Paper on National Small Business Development Strategy of 1995 provided the official definition of SMMEs by dividing them into five categories as follows:

The National Small Business Development Strategy of 1995 categorises survivalist enterprises as generally those that operate in the informal sector of the economy. They are businesses mainly set up by unemployed persons and the income generated is below the poverty line, providing minimum means to keep the unemployed and their families alive. Little capital is invested, there are not much assets and there is not much training needed to start the operations. Opportunities for growing the business are very small. These constitute the largest sector of small business and they are not a target of government support

Micro enterprises are qualitatively categorised by the National Small Business Development Strategy of 1995 as usually very small business owned by between one to five employees, usually the owner and family. They are mostly informal in terms of having no licence, labour legislation, VAT registration, accounting procedures and no formal business premises. The National Small Business Development Strategy of 1995 further identifies them as having the following quantitative characteristics: - have a turnover below the VAT registration level of R300 000 per year, they lack basic business skills and training. Micro enterprises have potential to make the transition to a viable formal small business.

Very Small enterprise they operate in the formal economy, use technology, employ less than 10 paid employees. It is characterised mostly be self employed professional like lawyers (National Small Business Development Strategy of 1995) The National Small Business Development Strategy of 1995 defines the small enterprise category constitutes most of the established business they employ less than 100 employees. They are more established than very small enterprises in that they are formal and registered, have fixed business premises. and are usually managed by the owner.

Medium enterprises employee up to 200 employees and they are generally difficult to distinguish from small enterprises (National Small Business Development Strategy of 1995). They are further considered to stilling mainly owner managed, but decentralised management structure with division of labour. They Operates from fixed premises with all formal requirements. They have a maximum of R5 million capital asset.

From the above definitions background a similarity exist between the definition of SMEs in the South African context by the National Small Business Development Strategy of 1995 in and UNIDO (2000) definition of SMEs in industrialized countries. This may imply that the definition of SMMES in South Africa in the global context falls under industrialized and not developing countries SMEs category.

2.2.4 State of SMMES in South Africa

Studies on SMMES in South Africa shows a negative correlation between the state of SMMES and the myriads of government support available (Von Blottnitz, 2009; Devey *et al.*, 2006; Rogerson, 2005; Ladzani and Netswera, 2009; Rogerson, 2009; Swanepoel *et al.*, 2010).The low level of entrepreneurial activity, business start up and high rate of business failure raises concerns about the state of SMMES in South Africa (GEM, 2008; Rodrik, 2006; Banerjee *et al.*, 2010). According to a cross national study of levels of economic development by the Global Entrepreneurship Monitor (GEM) report indicates that South Africa's performance, since 2001, has consistently been below trend compared other participating countries (GEM, 2008; GEM, 2009).The report further shows that in terms of new business start up South Africa ranked 41 out of the 43 countries this means that South Africa has the lowest new business start up and in addition there is a continuous decline of new business being started.

The report also shows a low new business prevalence rate of only 2.1% which is lower than the average of 4.6% for all GEM efficiency-driven countries of which South Africa is one. South Africa's total entrepreneurship activity rate of 7.8% is significantly lower than the average for all efficiency-driven economies 11.4% as well as the average for all middle to low income countries of 13.2% (GEM, 2008). The GEM 2008 survey confirms the findings of previous GEM reports, namely that South Africa has lower than expected entrepreneurial activity rates, given its per capita income (GEM, 2006; GEM, 2007).

A continuous decline in SMMEs activities can also be seen from the following indicators according to (GEM, 2009) a low new business start up of 2.5 compared to an average of 5.3, established business ownership rate of 1.4% compare to an average of 7.9 and a high business discontinuity rate of 4.2 compared to a an average of 4.9%. A positive discontinuity rate and declining small business start up trend in South Africa has also been reported by the IMF World Economic Indicators (2009). Studies on SMMEs in South Africa are also of the view that there is a declining trend in SMMEs activities (Frankel *et al.*, 2006; Rodrik, 2006; Von Blottniz, 2009).

Despite good economic growth in the past, a major concern for South African economy is the lack of job creation, which results in high unemployment, for example, 21.9% in March 2009 (StatsSA 2009, in Swanepoel *et al.*, 2010). SMMEs in South Africa are purportedly not contributing to the growth of the economy, and to employment generation as in other parts of the world. (Jinabai and Kadwa, 2004; Rodrik, 2006).

The problem of high unemployment rising in the formal sector has allegedly been contributed by lack of job creation by SMMEs in the formal economy (Jinabai and Kadwa, 2004; Rodrik, 2006; Frank *et al.*, 2006; GEM, 2008). Rodrik, (2006) and Frank *et al.*, (2006) argue that South Africa's SMMEs' contribution towards employment creation is far less than SMEs in other parts of the world. According to the National Small Business Development Strategy (1995), most of the SMMEs are micro and survivalist enterprises and they are not the target of government support. Rogerson (2004) argues that despite survivalist not receiving government support they are most responsible for creating new employment than SMMEs in the formal economy. SMMEs contributed 27–34% of total gross domestic product (GDP) in 2006 (DTI 2008, in Swanepoel *et al.*, 2010).

2.2.5 Towards understanding SMMEs

In attempt to understand the state of SMMEs in Madibeng Municipality there is limited literature on the state of SMMEs. The trend of SMMEs observed in Brits CBD requires in-depth investigation to understand them. Such investigations have not yet been done.

Madibeng Municipality is the region is heavily dependent on the gold-mining industry (Local Municipality of Madibeng 2009/10 IDP Review). The risk of depending on mining industry according to Lotz and Marais (2007) is the vulnerability in the long term as mining is exposed to external fluctuations such as recession, exchange rates thus exposing the economy to high risk unemployment and economic collapse should the mining industry collapse or face challenges. It has been argued that locality development is viable in places with potential for economic growth, but less so in more remote locations where resources are scarce and out-migration predominates (Hindson and Vincent, 2005).

The local Municipality of Madibeng SMME Development Strategy has proposed the need to focus on the promotion and development of SMMEs based on the key local economic and social-economic business environment of the region (Local Municipality of Madibeng 2009/10 IDP Review). Based on the local economic analysis the strategy has identified the need to focus certain type of SMMEs in potential economic sectors of agricultural, mining, manufacturing, trade, transport and communication, service and tourism. A contradiction can be drawn between the strategically expected types of SMMEs in Madibeng Municipality and the realistically existing ones. Based on the analysis on the SMMEs registered on the LED database shows the following high number of cleaning, security, construction, general trading and few tourism and farming companies (LED SMMEs, 2010).

2.2.6 Role of SMMEs in Local Economic Development

Some literature has examined the importance of SMMEs in local economic development (Local Municipality of Madibeng 2009/10 IDP Review; Lotz and Marais, 2007; Rogerson, 2009; Pahwa *et al.*, 2006; Xuza, 2007; Hindson and Vicente 2005; Orford and Wood, n.d). SMMEs are a strategic means for community development in that they help create capacity for employment, business opportunities, improve livelihoods and promote economic welfare, they are connected with livelihood strategies (Hindson and Vincente, 2005). SMMEs

can be used as the vehicle through which community economic development can be achieved through proper alignment of goals and objectives (Hindson and Vincente, 2005). SMMEs are a prerequisite for sustainable economic development and they are also a cornerstone of local economic development (Local Municipality of Madibeng 2009/10 IDP). Chiloane and Mayhew (2010) applaud SMMEs as having an intrinsic motive that is necessary to alleviate poverty and provide for daily transactions or to pursue business opportunity for profit. Brand (2006) suggests that SMMEs can be used in the procurement and value chain of local municipalities and this can help to improve service delivery in the municipalities.

2.3 Framework of government SMME support programmes and policies

Governments around the world have begun to embrace globalisation through a comprehensive SME policy and an implementation framework (Thompson, 2007). The Government policies and legislation are key elements in determining the enabling or disabling environment for organization and representation of those in the informal economy (Urban-Con). The government saw the promotion of the development of SMMEs as a solution to addressing the socio-economic imbalances inherited 1994 (National Small Business Development Strategy, 1995). The main objectives of the SMME development policy were to address the following challenges;- alleviating poverty, by making it possible for poor people to generate income to meet basic needs; reducing poverty through employment creation; redistribution of wealth, income and opportunities; and contributing to economic growth, by improving innovation and thus competitiveness.(National Small Business Development Strategy, 1995)

The Department of Trade and Industry was the organ given the mandate to oversee the development of SMMEs in South Africa since 1994. The DTI through the White Paper developed the National Small Business Development Strategy 1995 and the National Small Business Act of 1996 outlined government institutional support for the development SMMEs in South Africa. The White Paper and the Act formulated a supply driven strategy to address what the government believed to be the main challenges facing SMMEs (DTI, 2004). The following were the challenges identified: an unfavourable legal environment; lack of access to markets and procurement; lack of access to finance and credit; low skills levels;

lack of access to information and shortage of effective supportive institutions (National Small Business Development Strategy, 1995).

Several institutions were established to implement the objectives of the SMME development policy by offering non financial and facilitating financial support services to SMMEs. Some of the institutions were Centre for Small Business Promotion; Ntsika Enterprise Promotion Agency; National Manufacturing Advice Centres; Khula; Provincial SMME desks; Land Bank; Industrial Development Corporation and National Empowerment Corporation amongst many others (National Small Business Development Strategy, 1995). The framework of these institutional supports will be discussed later in detail to help us to understand the nature of government support services available for SMMEs.

2.3.1 Integrated Strategy on Promotion of Entrepreneurship

The new strategy was established by the government in attempt to continue addressing the challenges and finding ways to improve the operating conditions for small enterprises (DTI, 2005). The primary objective of this strategy is to ensure that reinforce and integrate entrepreneurship and promoting small enterprises, activities according to different government policies and strategies (DTI, 2005). The strategy's core principle is to the shift from the supply focused to an integrated paradigm in response to the findings of a review of the effectiveness of the 10 year government small business support policies in South Africa 1994-2003 (DTI, 2005). The review led to the merging of Ntsika and the National Manufacturing Advice centres into Small Medium Enterprise Development Agency whose mandate is to provide non-financial support to small businesses at all local levels (DTI, 2005). The following section will discuss the nature of government SMME support and policies in detail.

2.3.2 Business Service Development

Small Enterprise Development Agency was established after the integration of the Ntsika Enterprise Promotion Agency (Ntsika), the National Manufacturing Advice Centre Trust NAMAC in 2004 (DTI, 2005). Its mandate is to provide non-financial support to local small business. SEDA is suppose to have branches offices countrywide in order increase access to business development services (South African Government Information, 2009)

2.3.3 Local Economic Development services

These are municipality-led projects to create employment and growth in the area with the aim of alleviating poverty. They also improve linkages with other households, social and economic infrastructure and implement the economic programmes of government (South African Government Information, 2009).

2.3.4 Access to finance

Several institutions have been established that can help SMMEs to access financial support. Khula was established in 1996, it facilitates access to credit for small, medium and micro-enterprises (SMMEs) through commercial banks, retail financial intermediaries and micro-credit outlets. Certain major banks have partnered with Khula Enterprise Finance Limited to provide small business finance under the Khula Credit Guarantee Scheme (South African Government Information, 2009)

2.3.5 Umsobobvu Youth Fund

Is an institution that aims to facilitate the involvement of young people in economic activities providing both financial and non-financial support to youth enterprises? Umsobobvu was establishment in 2000 by government it implements a youth enterprise programme (South African Government Information, 2009)

2.3.6 Institutions providing financial support

Land bank provides finance for agricultural businesses, ranging from small to large scale farmers (South African Government Information, 2009). Other institutions include the Industrial Development Corporation supports and funds various industrial development programmes (South Africa Government Information, 2009). National Empowerment Corporation is funded by government; it provides funding for black economic empowerment ventures. These and many others institutions not discussed above were institutions established to provide financial support to SMMEs. In addition they are some large companies, nongovernmental organisations and institutions that are also providing financial assistance to SMMEs (DTI, 2005).

2.3.7 Sector focused support measure

Other sectors have developed initiatives that aim to promote growth in their specific sectors, for example The Tourism Enterprise Programme (TEP) with Department of Environmental Affairs and Tourism (DEAT) partnership with the Business Trust. It focuses on small business development in the tourism sector.

This public-private initiative successfully demonstrates the efficacy of a sector-focused small business support programme (DTI, 2005).

2.3.8 Supports for Women–Owned Enterprises

South African Women Entrepreneurs Network (SAWEN) – launched July 2001. SAWEN seeks to affiliate all women enterprise groups, co-operatives, organisations and initiatives in to a national umbrella body that will represent and articulate the aspirations of all women entrepreneurs (potential and existing) that operate within the South African SMME sector, as well as lobby for their support needs. It also seeks to target rural women (South African Government Information, 2009). Other women institutions includes South African Women in Construction – launched August 1999, Technology for Women in Business (TWIP) and Women in Oil and Energy in South Africa (WOESA) which was launched 2002 (DTI, 2005).

2.3.9 Skills Development Measures

As part of their sectoral skills-development mandates, various sector education and training authorities (SETAs) have developed and are implementing small business Skills-development programmes (DTI, 2005). Some of the SETAs are also implementing the New Venture Creation Learnership, with the aim of enabling the participating learners to learn the skills and receive the support necessary to start and successfully manage their own businesses (DTI, 2005).

2.3.10 Non government assistance available

According to the DTI (2005) they many other non government institutions and private sector companies offering help to SMMEs. Many large corporations have developed and implemented their own in-house programmes, such as the youth enterprise support programmes of South African Breweries (SAB Kickstart), Anglo-Simile, and Shell Petroleum (Shell LiveWire), which provide training and support and run youth-entrepreneurship awards (DTI, 2005).

Financial institutions and some major banks have programmes that support SMMEs (DTI, 2005). Several large corporations have designed programmes to increase their procurement from small enterprises. Sponsoring corporations run their programmes either individually or in collaboration with other corporations under the Corporate Small Business Development Forum (CSDF). NGO and university programmes are running entrepreneurship education and financial literacy programmes as well small business research (DTI, 2005). The South African Broadcasting Corporation (SABC) has also commissioned various

enterprise programmes, such as Enterprise Zone and Vuk'Uzenzele in attempt to promote the development of SMMEs and create awareness of support programmes available (DTI, 2005).

Research has also asserted the involvement of non government support institution such as churches (Kutu, 2009). Swanepoel *et al.* (2009) in their study concluded that SAB KickStart Programme adds value, advances entrepreneurship, and can be replicated by other large institutions in South Africa. Brand (2007) has urged the development of framework that integrates SMMEs into larger companies as a practical way to enhance the development of SMMEs. There is a need to form a strategic partnership between the existing government and non government support institution (Xuza, 2007; Ferreira, 2007; Orford and Wood, n.d).

2.4 Problems facing SMMEs

Although literature reveals that generally SMEs failure is a common phenomenon in the world (Ferreira, 2007; Mahedea, 2008; Ndabeni, 2009; Chiloane and Mayhew, 2010). Thompson (2007) argues that this is not the same in South Africa where in spite of the herculean effort being made by central and provincial governments globally to integrate SMEs as a part of their socio-economic development strategies, small and medium enterprises are still constrained by a number of varying challenges which have hampered generally their innovative and international competitiveness. Empirical evidence suggests that SMMEs in South Africa continue to face constraints despite the availability of government support (Pretorius and Shaw, 2004; Ferreira, 2007; Wagner, 2007; Underwood and Jacobs, 2007; Bbenkele, 2007; Phabo, 2008; Mahedea, 2008; Ndabeni, 2009; Chiloane and Mayhew, 2006). Despite the potential role of SMMEs to accelerated growth and job creation in developing countries, a number of bottlenecks affect their ability to realize their full potential (Abor and Quartey, 2010).

2.4.1 Lack of access to finance and credit

Lack of access to finance is viewed by many others as one of the major obstacle facing SMMEs in South Africa (Chabane, 2003; Rogerson, 2004; Rogerson, 2005; Quesada, 2005; Pahwa *et al.*, 2006; Brand, 2006; Bbenkele, 2007; Lotz and Marais, 2007; Sanchez, 2008; Ladzani and Netswera, 2009; Kutu, 2009; Rogerson, 2009; Von Blottnitz, 2009; Dlodlo *et al.*, 2009; Swanepoel *et al.*, 2010;

Olawale and Garwe, 2010; Abor and Quartey, 2010). In South Africa, the biggest hindrance to the growth of SMEs has been the inability to access financing (Thompson, 2007; Olawale and Garwe, 2010). Olawale and Garwe (2010) emphasises lack of finance as the most important obstacle and further categorises financial constraint as largely an internal factor suggesting that this constrain can be addressed. This assertion has been supported by other authors who are of the view that SMMEs often have no access and capacity to borrow money from the banks and other financial institutions (Bbenkele, 2007; Kutu, 2009; Swanepoel *et al.*, 2010). It seems that the process of financing small business is not working properly (Ferreira, 2007).

Personal income from savings, loan from family or friends have been identified to be the primary source of finance for SMMEs start owners (Swanepoel *et al.*, 2010; Kutu, 2009). The possible reasons why SMMEs do not access to finance from the banks are that:- the banks are hesitant to provide loans because of high-risk nature of micro-entrepreneurs defaulting; high costs of screening applicants without sufficient collateral; low returns on transacting with these entrepreneurs; and socioeconomic, language and cultural barriers (Schoombee, 2000 *cited in* Swanepoel *et al.*, 2010; Pretorius and Shaw, 2004). The observation by Bbenkele (2007) has been that SMMEs have developed a more negative perception about the services being offered by commercial banks. Any analysis of the above theoretical findings and views do not explain or give valid reasons as to why and how SMEs in South Africa continue to have limited sources of finance yet given the availability of many government financial support programmes.

2.4.2 Lack of business plans

Lack of business plans has also been identified as another major contributing factors to SMMEs business failure and a major contributor leading to lack of access to funding (Pretorius and Shaw, 2004; Bbenkele, 2007; Lotz and Marais, 2009). The business plan has been defined by Pretorius and Shaw (2004) as an essential document that identifies the most suitable elements of a business and describes the relevant elements that are useful for banks assessment before granting finance. Lack of an accurate business plan is another major reason why SMMEs are reportedly denied finance (Bbenkele, 2007; Chiloane and Mayhemu, 2010)

2.4.3 Business management skills problem

Different researchers concur that it is evident that small business owners lack basic and essential business management skills such as financial management, marketing and human resource management (Peters & Pellissier, 2009; Van Vuuren, & Groenewald, 2007; Dale, 2009). Mahadea (2008) also agrees that lack of business management skills is a major problem and further identify it as an internal constraint and argues that lack of business management skills as an internal constraint it can be controlled and rectified if small business owners are given the necessary support. Timm and Terblanche (2006) *cited* in Ferreira (2007) attributes the lack of business skills to the historical poor education system and the little or no culture of entrepreneurship created by the apartheid legacy. This view has been also shared by GEM (2009) as the explanation behind South Africa's low and continuous decline entrepreneurship activity compared to other countries in the world.

Lack of skill is viewed by Timm and Terblanche (2006) the as having been caused by the failure of government skills development system in assisting SMEs. Brand (2006) highlights that in competencies in SMMEs and failure is the overall effects of lack of education and training has. Whilst Ferreira (2007) states that inadequate management skills often result in poor management and ultimate business failure. Chiloane and Mayhew (2010) concur and further add that the high rate of illiteracy makes SMME owners to be reluctant to take loans despite the low interest rates on the other hand there is unwillingness in financial institutions to grant loans to entrepreneurs who do not have proper business records. Rogerson (2005) has highlighted the need for skills training programmes to be tailor made if they are to address the skills needs of SMMEs in different sectors.

2.4.4 Lack of access to markets

Given this South Africa's legacy of big business domination small businesses are finding it difficult to develop and grow and to access the markets (Chabane, 2003). Lack of access to viable markets is another challenge facing small business owners as related by other researchers (Kutu, 2009; Underwood and Jacobs, 2007; Chiloane and Mayhew, 2006; Van Vuuren, and Groenewald, 2007). Limited access to international trade and lack of capacity to participate in Mega events such as the world cup limits the exposure to the markets (Ferreira, 2007;

Rogerson, 2009). SMMEs often fail to locate in corporate business premises area such as shopping malls which attract a large customer exposing them to chances of increasing their customer base (Brand, 2006; Von Blottnitz, 2009). Due to lack of financial capacity to pay rental fees for premises in established business areas SMMEs often confine themselves to rural areas and locations where they are limited customers (Von Blottnitz, 2009). Lack of marketing skills has also affected the ability of small businesses to grow (TIPS, 2005; Chiloane and Mayhew, 2006).

2.4.5 Lack of information awareness

One of the most important and widely recognised failures in market based economies is imperfect information (Hindson and Vincent, 2005). Lack of knowledge and proximity to support institutions has allegedly hindered access and awareness about the available support programmes (Ladzani and Netswera, 2009). Underwood and Jacobs (2007) named lack of books and other resources that are relevant to the needs of entrepreneurs and owners of SMMEs as another problem in the local communities. This is a particular problem in the small business sector given the many demands experienced by small business owners searching for information about how to improve their business can be very costly (Hindson & Vincent, 2005).

Lack of adequate research and consideration of appropriate business information is a significant factor in the failure of many (Underwood and Jacobs, 2007; Chiloane and Mayhew, 2010). Underwood and Jacobs (2007) They further emphasises that there is a need for innovative ways of assisting the development of small and micro-enterprises and of recognition by government of the roles that channels for information flow and the availability of sources of relevant and reputable information can play in economic development. Macro environmental challenges such as inflation, recession and interest rates also present challenges to SMMEs (Von Blottniz, 2009).

2.4.6 SMME Development Strategy in Madibeng municipality

The Madibeng Municipality has an Integrated Economic Development Strategy that is a combination of important economic development strategy and the SMME Development Strategy is one of them (Local Municipality of Madibeng 2009/10 IDP Review). The main objective of the development strategy is to facilitate the establishment of new SMMEs, provide support during the initiation phases of establishment as well as to provide sustainable information and support for new

and existing SMMEs within the local municipality's structure (Local Municipality of Madibeng 2009/10 IDP Review). The strategy also aims to help with the facilitation and efficient utilization of government programmes and policies aimed at SMMEs development, networking and matching development assistance provision to SMME sector and channelling information (Local Municipality of Madibeng 2009/10 IDP Review). The core activities during the implementation stage were included the following steps:

- i. Investing the availability and sustainability of alternative funding resources
- ii. Establishing a database on different funding options and makes the information available to recipient
- iii. Establishment of a proper exchange strategy and information exchange for government official dealing with LED/SMME development
- iv. Formulation of appropriate partnership structures and programmes
- v. Service outreach programme, training and entrepreneurship development programmes, financial assistance and marketing services are some of the core activities that the SMME development strategy aims to perform during its implementation.

The above information helps us understand the economic environment in which SMMEs in Brits operate. However the problem that has been indentified is that there are discrepancies between the state of SMMEs in Brits CBD and those that are strategically expected and proposed in the SMME Development Strategy despite all the available support. The researcher has observed that there is a mushrooming of informal traders and enterprises around the city and most business units occupied by small family business mostly selling clothes imported from China. This study will focus on investigating if SMMEs in Brits have benefited from the available Government SMME support programmes.

2.4.7 SMME support in Madibeng Municipality

The Local Economic Development Services is the main government structure that facilitates the provision of government SMME support programmes. There is no documented information about LEDs services department in Brits. However, from a visit to the institution by the researcher it was orally established the institution is responsible for keeping a database of SMMEs in Madibeng for different informational needs by different stakeholders such as donors, government

departments and any other. They also provide training on entrepreneurship development and basic business management skills (Local Municipality of Madibeng 2009/10 IDP Review). They also act as referral point where they can refer SMMEs to other support institution that will address their needs.

2.4.8 Small Enterprise Development Agency

This organisation facilitates and co-ordinates the non financial support needs of the SMMEs. They provide training, advice and facilitate assistance in writing a business plan (SEDA). The institution has offices in the Madibeng area and there is no publically published literature that discusses the performance or services delivered by the institution in Madibeng. However through an interview with some SEDA officials it was established that they are responsible for providing non financial services to SMMEs

2.4.9 Department of Finance and Economic Development

This organ is responsible for the recruiting of SMMEs into the provincial government supply chain database. By registering on the database SMMEs, have an opportunity to apply for tenders to provide services within the province this information was also established through an interview with the official during a visit to their offices. There is also no documentation about the Finance department in Madibeng however they are offices in the area.

2.4.10 Industrial Development Corporation (IDC)

Provides sector-focused financing products ranging from R1 million upwards, with designated finance products focused on small business development and black economic empowerment (DTI, 2005).

2.5 Evaluation of government SMMEs Support Programmes

Ferreira (2007) says that literature does not satisfactorily reveal the detail and the success of the feedback, there seem to be no quality control or feedback regarding assistance provided by government. Literature, however, does reveal that despite the amount of government support offered, the failure rate of SMMEs continues to increase (GEM, 2008; Ferreira, 2007; Von Blottnitz, 2009; Olawale and Garwe, 2010; Ladzani and Netswera, 2009; Orford and Wood, n.d; Ngassam *et al.*, 2009; Twala and Phaladi , 2009). SMMEs are expected to function as a driving force in South Africa's social and economic transition, if supported by measures targeting enterprise constraints (Peters & Pellissier, 2009).

Several reasons have been stated showing that government SMMEs programme and policies have failed (Diale, 2009; Rogerson 2006; Rogerson, 2009; Peters and Pellissier, 2009; Hindson and Vicente, 2005; Thompson, 2007; Ferreira, 2007). Buhlungu, Daniel, Southall and Lutchman (2007) in their presentation of their findings of the South Africa state of the Nation 2007 they highlighted the high rates of unemployment, poverty and HIV as compounding factors of the brunt failure of government policies. Buhlungu *et al.* (2007) further elude the rampant social unrest characterised by the mass protests, marches, demonstrations, petitions, and violent confrontations to be the outcome results of the failure of government developmental policies. Some of the shortfall of the government SMMEs support programmes will be discussed in detail in the subsequent section.

2.5.1 Lack of data

A review of literature available on government policies and support programmes for SMMEs has not lived up to their expectation (Kesper, 2002; Rogerson, 2004; Brand, 2006; Xuza, 2007; Sanchez, 2008). Lack of accurate data makes it difficult to identify beneficiaries and assess the impact on transformation and economic efficiency (Sanchez, 2008; Ladzani and Netswera, 2009). Research into the SMMEs reveals a mismatch between the reality and the model of the SMME sector used by South African policymakers (Peters and Pellissier, 2009). Sanchez (2008) summarises the overall impact of government SMMEs support programme as being negligible. This view has been supported by other researchers on the effectiveness of government support programmes (Ferreira, 2007; GEM, 2008; Diale, 2009; Thompson, 2007).

Although a measure of the success of government SMMEs support and policies can be attributed to the emergence of a middle class of black entrepreneurs in South Africa (Sanchez, 2008). Black Economic Empowerment (BEE) has been cited as another major beneficiary of the SMMEs programmes (DTI, 2004). Ferreira (2007) has argued that researchers on the impact of government programme to have failed to come up with clear information and statistics that measures the effectiveness of the government support programmes. Evaluations of government SMMEs support programmes and policies by other researchers reveal have concluded that government SMMEs support programmes have failed

(Ferreira, 2007; Rogerson, 2004; Rogerson, 2008; Sanchez, 2008; Kesper, 2002; Kutu, 2009; Frankel *et al.*, 2005; Banerjee *et al.*, 2006).

2.5.2 Lack of coordination and failure to implement

The SMME development programme lacked of prioritization of economic sectors and this created an operational struggle between giving (nonfinancial) business services to community initiatives and (financial) business support to individuals (Xuza, 2007). Rogerson (2005) attributes the failure of lack of prioritisation and inability to develop sector focused support instead of the cross national homogenous support programme as a contributing factor to the failure of the government SMME support programme. Government SMME support programmes have been criticised of lacking focus and failure to implement its policies (Sanchez, 2008; Orford and Wood, n.d; Chiloane and Mayhew, 2010). Kutu (2007) names problem of lack co-operation and co-ordination between the National government policies and the provincial policies as having been the major problem during the implementation of the programmes.

Municipal governments are bearing the brunt of state failure regarding policies that actually have nothing to do with them, municipal actors are visible, local, and vulnerable; and they may be paying the price for inept policies and programmes at national, provincial and district level (Buhlungu *et al.*, 2007). Local government contribution to all or some of the above factors varies considerably and may be direct or indirect as municipalities are generally not in a position to advance loans to small enterprise (Pahwa *et al.*, 2006). One of the challenges faced by municipalities is the alignment of the LED project cycle with the business development cycle of SMMEs (Hindson and Vincente, 2006; Xuza, 2007). The challenge is that these policies were not co-ordinated at the local level to achieve maximum impact on economic development (Hindson and Vicente, 2005).

2.5.3 Lack of awareness

There is empirical evidence suggest that one of the main problems associated with government programmes to support small businesses is lack of awareness about the programmes (Rogerson, 2004; Quesada, 2005; Orford and Wood n.d). Government support structures and services suffer from a crisis of credibility (Orford and Wood, n.d). Chiloane and Mayhew (2010) attribute the lack of information dissemination about policies and the programmes as contributing to

low usage of the programmes. Ladzani and Netswera (2009) concur and further explain that the inadequate support received by SMMES is caused by the lack of access to information about such support systems and other hindering factors such as language and proximity.

Orford and Wood (n.d) agree and further say that most businesses are not aware of these services and those that are aware are often not satisfied with the quality of the service they offer. The absence of communication structures about these policies from support institution is of critical concerns for those who are suppose to benefit (Chiloane and Mayhew, 2010). They further argue that there is high cost of searching for support services which has not been mitigated by effective information on how and where to access support (Chiloane and Mayhew, 2010). To date the number of enterprises effectively reached remains small, compared to the vast number of people involved in self-employment in both urban and rural areas (Urban-Con, 2009).

Rogerson's (2004) findings in his study the impact of the South African government's SMME programmes: a ten-year review 1994-2003, the findings shows that programme has failed to achieve its objectives. Rogerson (2004) further states several reasons for the failure of the SMMEs programmes such as poor data about SMMEs, failure to support survivalist and informal microenterprises, lack of sector tailor made aid for assistance amongst other reasons. Similarly Government's intentions for SMMEs development as a vehicle for job creation, poverty eradication and redistribution of economic wealth did not materialise (Jinabhai and Kadwa, 2005; Sanchez, 2008).

2.5.4 Failure in delivery

An important reason for the failure of government programme to support small businesses is due to poor delivery (Orford and Wood, n.d). Sanchez (2008) describes the implementation of government SMME support programmes as far from being satisfactory. A successful small business support programme must therefore accept that the concept of a one-stop-shop for all business support services is unlikely to be successful many businesses require specialised expertise (Rogerson, 2008; Chiloane and Mayhew, 2010). SMMEs are varied in terms of turnover, number of employees, level of formalisation and the sector in which they operate and there are consequently different interventions required

(Hindson and Venture, 2006). DTI (2005) describes supply-side as government pursuing policies and programmes they believe are needed by SMMEs. Government SMME programmes failed to take into account different needs of different clients, with distinct packages of services for different target groups as well as to provide continuous support for clients (Rogerson, 2004; Sanchez, 2008; Urban Con, 2009). The programme has been accused of being biased towards established SMMEs overlooking the survivalist enterprises which are the majority in the sector (Rogerson, 2004).

The SMME sector has been identified to being far from homogenous therefore requiring a fine-tuned set of interventions rather than the generic assistance currently provided that is a culmination of various SMME strategies copied from other models around the world (Thompson, 2007). The newly established SEDA offices at provincial and regional level, together with their local partners, now known as Enterprise Information Centres (EIC) have a challenge to firstly understand the local economy, the nature of small businesses in the area, their needs and challenges, and more importantly, the services they require (Xuza, 2007). Only the few, more dynamic SMMEs show a potential to contribute to rapid employment creation, while survivalist activities (as a result of enforced self-employment) constitute the vast majority of the South African SMMEs economy, growing in numbers but not in size (Rogerson, 2004).

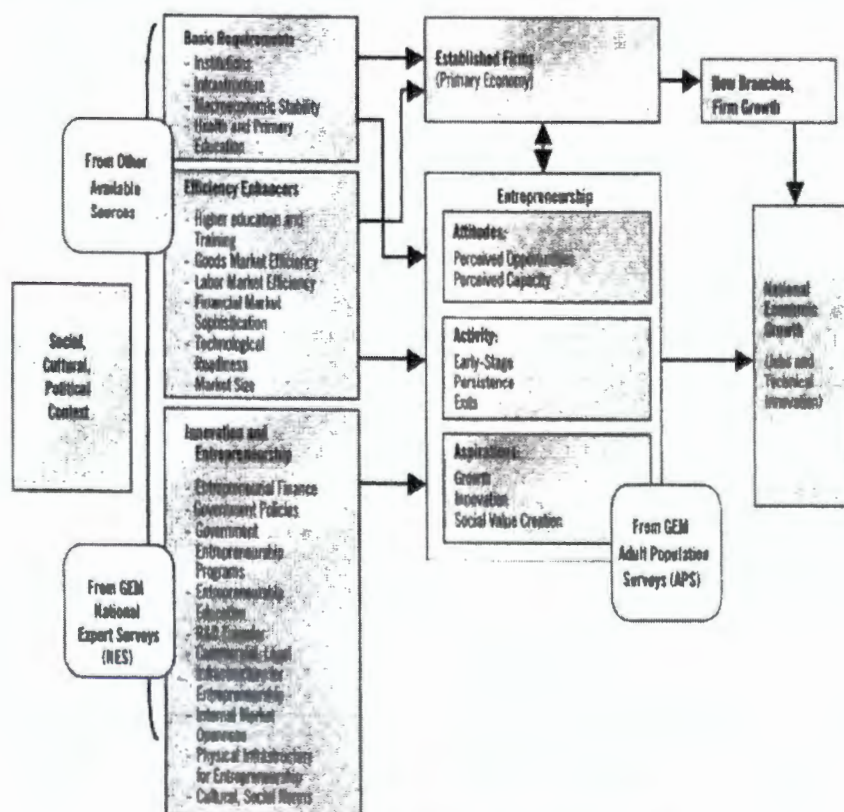
2.6 Factors affecting success of SMMEs

There seems to be many definitions and view and ideas about the success of an SMME (Ferreira, 2007). Rodriguez (2006) *cited* in Ferreira, 2007 says that it is difficult to define success uses the milestones as the business passes through as indicators that the business is growing. Rodriguez (2006) uses three indicators to measure namely achieving break-even point, owner's ability to earn a living wage and achieving real profits. Niewenhuizen and Groenewald (2006) *cited* in Ferreira (2007) define a successful SME as one that has been in existence for at least four years, been profitable, and has shown growth over the preceding three years. Business has different needs for them to be successful however most of the needs are generic.

2.6.1 GEM Entrepreneurship and SMME Model

The GEM model divides countries into three according to their economic development phase based on the level of GDP per capita and the extent to which countries are factor-driven in terms of the shares of exports of primary goods in total exports. South Africa amongst Argentina, Bosnia and Herzegovina, Brazil, Chile, China, Colombia, Croatia, Dominican Republic, Ecuador, Hungary, Iran, Peru, Romania, Russia are in the efficiency driven economies (GEM, 2009). South Africa has become one of the five fast growing economies BRICS the abbreviation standing for Brazil, Russia, India, China, South Africa (Ndabeni, 2005). South Africa there unlike other countries in the efficient driven countries has the lowest SMMEs activity and there is continuous decline of entrepreneurship activity than other efficiency driven economies (GEM, 2009). The GEM efficiency model can be used to benchmark factors necessary for success of SMMEs Development in South Africa. South Africa SMMEs falls under the category of efficient driven economies according to GEM, 2009 reports as well the global definition of SMMEs for industrialised countries by (UNIDO, 2000).

Fig 1: GEM Model for efficiency driven economies



Source Global Entrepreneurship Monitor 2009 Global Report: page 12

The model shows the different requirements necessary for SMMEs development at the different economic development stages of any an economy. The model list some of the basic requirements necessary for efficiency driven economies such as education and training, financial markets, entrepreneurship programmes amongst others. The GEM model's propositions seem to be familiar with the assertions of other researchers (e.g. Rogerson, 2008; Kesper, 2002; Thompson, 2007; DTI, 2005). In addition Vuuren and Groenewald (2007) explains there is need for a variety of economic and non-economic, social and personal conditions needs to be present for entrepreneurship to grow and further cites economic conditions to include, factors such as, availability of capital, support from government, financial infrastructure and using new technologies; non-economic conditions. Ngassam *et al.*, (2009) has in model similar to GEM's model identified a topology that shows that a business has basic needs such as human resources, infrastructure such as business premises, machinery information communication technology well as financial services .

Ferreira (2007) agrees with the above assertion but dispute that finance is not the primary need to ensured improved performance but other things amongst human resource, advices based on experience and new technology are also important. For efficiency-driven countries, the nurturing of economies of scale attracts more growth- and technology-oriented entrepreneurs, creating more employment opportunities (GEM, 2009). Several authors argued of the importance role of information technology in SMMEs development (Dlodlo *et al.*, 2009, Ngassam *et al.*, 2009; Ndabeni, 2005; Van Rensburg *et al.*, 2006). Availability of ICT can help improve the productivity nature of services offered by SMMEs (Dlodlo *et al.*, 2006; Brand, 2006). Desire for personal achievement, desire for social contribution, opportunity to improve personal wealth and social status, research and development, good educational system and good infrastructure as also important for the success of a business (Vuuren and Groenewald, 2007; GEM, 2009).

2.6.2 Impact of Local Economic Development on SMMEs

The Local Economic Development (LED) strategies of municipalities have the potential to shape the business environment for SMMEs (Pahwa *et al.*, 2006) In South Africa local economic development (LED) is a mandatory activity within local government they have a constitutional obligation to develop the local community unlike in other countries where its voluntary (Hindson and Vincente, 2006). LEDs

are a structure used to implement government support programmes (OCED, 2004). LED provides a framework through which the municipality can integrate the economic strategy into an Integrated Economic Development Strategy (Pahwa *et al.*, 2006). Local municipalities can influence the operations of local SMMEs through the regulations and legislation which they impose on SMMEs such as property rates, levies, supply chain management policies, licenses and many others (Pahwa *et al.*, 2006).

The provincial government play an important economic development role in supporting local small businesses to realise their optimal potentials and making local communities active participants in the economy of the country (Urban-Con, 2009). As in other areas of the socio-economic development process, organised business has an important role to play in the strengthening of small business interests (Urban-Con, 2009). The Integrated Development Plan of a municipality can take into account and prioritise categories of SMMEs and their the operational and capital requirements (Pahwa *et al.*, 2006).

2.7 Advices

There is a body of literature on recommendations and advices that can help to increase the effectiveness of government support programmes (Dlodlo *et al.*, 2009; Rogerson, 2005; Ndabeni, 2005; Thompson, 2007; Ferreira, 2007; Kesper, 2002; Rogerson, 2008; Brand, 2007; Sanchez, 2008). In this background it has been argued by Ferreira (2007) that South Africa need to reform its business support policies and strategies in order to meet the objectives of increasing economic growth and reducing employment and inequalities in the societies. Key to these studies could be the summary of recommendations by (Orford & Wood, n.d) to support small businesses. They have recommended the following: the need to channel information from national government to local service providers. This is aimed building awareness amongst service providers and amongst businesses of the full range of service provided by the national government.

Supporting and leveraging support for private sector. Public programmes need to recognise that private service providers are playing a major role in providing business development services and should look at supporting and leverage this rather than replacing or duplicating this.

Building public private partnerships. Public private partnerships can play a key role in addressing some of the gaps in private business development service provision and at the same time can avoid the traditional failings associated with public service delivery.

Orford and Wood's recommendation have been asserted by other researchers (Lotz and Marais, 2007; Brand, 2007; Xuza, 2007 Sanchez, 2008; Kesper, 2002; Thompson, 2007; Ferreira, 2007; Valerie Vicente, 2005). There is a need for proper support structures to assist in the development of SMMEs (Chabane, 2003). It has been also argued that it is imperative that the leadership of SMEs and national policy makers in concert with national institutions constantly use its resources including experts to identify niche or gap in markets for tangible goods and services (Thompson, 2007).

2.7.1 Policy Design

Literature written by rural development scholars and practitioners criticise government SMME policies of being urban biased policies arguing that there is need to address the development of SMEs and the private sector in general (Ladzani and Netswera, 2009; Thompson, 2007; Orford and Wood, n.d). Thompson (2007) propounds that policy makers need align their economies to take advantage of the opportunities presented by globalization or regional free trade agreements. Several researchers have recommended that support services must be more sector targeted so that it can adequately address the specific needs of SMMEs in specific sectors taking into consideration that different sectors have different needs and face different challenges (Urban Con, 2009; Rogerson, 2009; Sanchez, 2008; Chiloane and Mayhew, 2010; Lotz and Marais, 2007). The government approach should focus more on demand side measures which focuses on training and development of entrepreneurs, creating more access to markets for existing SMMEs, a more acute focus on corruption that permeates the South African business landscape (Peters & Pellissier, 2009).

2.7.2 Strategic Alliance and Networking

Networking and the formation of local, regional or international strategic alliances with larger and or similar sized firms will assist to take advantage of global market opportunities and also to benefit from economies scale and technological (Van Ransburg, Smith and Veldsman, 2006; Ferreira, 2007; Brand, 2006). The needs of small and medium enterprises are often so complex that even a comprehensive

range of support services cannot do justice to all the requirements (Urban Con, 2009). The most effective way to acquire experience and skills, enter new markets, structure additional financing and meet market competition is quite often a joint venture with an experienced local or foreign partner (Urban Con, 2009; Ferreira, 2007; Brand, 2006).

In other developed countries, joint ventures are far more prevalent than in South Africa, where racial segmentation, oligopolistic exclusiveness and sanctions, as well as disinvestment, have prevented such developments in the past (Urban Con, 2009). The concept of business framework where large and mature large business will combine with SMMEs will help SMMEs to grow into economically viable businesses (Brand, 2006).

He further states other benefits of integration as being adding value to the chain supply, improved service delivery and potential for job creation amongst many other benefits. There is need to place greater emphasis on promoting entrepreneurship and discourage public sector emphasis on linking business development to social welfare programme (Ferreira, 2007). Rogerson (2004) has argued that SMME support policies should be separated from social welfare and other government policies if the programme is to become successful. There is need to have an integrative partnership between the public and private sector in addressing the SMME development issues (DTI, 2005). Survivalist enterprise struggle to survive but when affiliated to larger business this can give an opportunity to grow and contribute to the economy (Brand, 2006).

2.7.3 Dissemination of information

Chiloane and Mayhew (2010) recommend the need for both side to liaise with community structures in making sure that information should be disseminated in the same way as information about health clinics, government grants, child maintenance and immunisations. Support service providers should move beyond the concept of the "one-stop-shop" to a regionally coherent and coordinated range of support services to avoid confusion and reduce waste of clients' valuable time (Urban-Con, 2009). There is considerable amount of generic information on national support services that could be provided to small businesses (Hindson & Vincente, 2005). The provincial government could therefore play a key role in compiling plain language guides (Hindson and Vincente, 2005). Orford and Wood

(n.d) have also recommended the translation of SMMEs promotion material such as the development of booklets and websites that contain all information about the assistance available and the contact addresses of where to get the assistance into local languages.

2.7.4 Monitoring and evaluation

Monitoring the outcomes of government programmes is vital for good governance and for assessing the benefit of government programmes (Orford and Wood, n.d). Measuring success is somewhat difficult because of the absence of adequate data about SMMEs (Rogerson, 2004; Ladzani and Netswera, 2009). Orford and Wood (n.d) suggest that Geographical Information Management System (GIMS) software that can be used by the state for monitoring and evaluation of SMEs so that timely intervention and provision of assistance to SMEs and start-ups that may need state assistance either financial or non-financial support services. Phabo (2008) has identified the need to enhance SMMEs competitive advantage and sustainability through technology as being of the critical importance. The need to adopt technology changes has also been supported by other authors (Von Blottnitz, 2009; Dlodho *et al.*, 2009).

2.7.5 Education and Skills Training

One of the primary public influences on an individual's attitude toward entrepreneurship is the education system (Ferreira, 2007; Gem, 2008; Orford and Wood, n.d). Some researchers have observed that most support programmes are disseminated in newspapers, internet and other media which the majority of SMMEs have no capacity to understand or access (Orford and Wood, n.d; Chiloane and Mayhew, 2010). The forms contain complicated information that the majority of SMMEs owners often fail to understand because of their low level of education (Chiloane and Mayhew, 2010).

Von Blottnitz (2009) in her study of the state of SMMEs in South Africa observed that more qualified entrepreneurs are more likely to survive than those who are not. Her results shows the need to for SMMEs to be equipped with education and training and many findings agree with this suggestion (GEM, 2008; Ferreira, 2010, Rogerson, 2005; Von Blottnitz, 2009; Chiloane and Mayhew, 2010; Olawale and Garwe, 2010) The education system plays an important role in developing awareness and skills in areas more specifically related to business such as economics, accounting, and entrepreneurship (Orford and Wood, n.d; Kutu, 2007).

2.8 Research Questions

Despite gaining a broader theoretical understanding about the concepts of SMMEs from different authors, several questions have been raised and have remained unanswered by the literature reviewed. The main problem is that the researches do not address, explain and relate to the SMMEs phenomena in Brits so as to help to provide answers to the problem being studied. Lack of literature on SMMEs in Brits has also limited an in-depth understanding of SMMEs in the Brits context this makes it imperative to have an investigation in the stated area so as to help to get answers to the following questions that have emerged and remain unanswered throughout the literature review;-

1. Are SMMEs owners in Brits aware of any of the available government SMMEs support programmes?
2. What are the main sources of finance used by the SMMEs owners?
3. Has there been any form of support received by the SMMEs owners as the targeted beneficiaries of the programme?
4. What are the problems faced by SMMEs in the area?

2.9 Conclusion

In this chapter literature was critically reviewed in attempt to gain in depth and broader understanding of SMMEs. It has been established that SMMEs play a very important role in all countries throughout the world. In this background there have been several attempts by the South African government to support the development of SMMEs through many different institutions. Empirical evidence raises concerns about the reported continuous decline of SMMEs activity in South Africa at a global scale despite the availability of government support. Various themes about SMMEs were explored such as the nature of SMMEs, state of SMMEs in South Africa and the effectiveness of South African government support programmes to help us to gain a contextual understanding of the main issues surrounding SMMEs. Factors affecting the success of SMMEs and the most feasible framework for government support were also explored based on what has been written by other authors. A model that identifies the generic needs of SMMEs in efficient driven economies such as South Africa was also identified and recommendations were drawn.

Literature has revealed that SMME activity in South Africa continues to decline (Ferreira, 2007; Rogerson, 2009; Chiloane and Mayhew, 2010; Olawale and Garwe, 2010; Ladzani and Netswera, 2009; GEM, 2009; Brand, 2006; Wagner; 2007; Buhlungu *et al.*, 2007). The problem of lack of information, articles and research in other geographical area presents an obstacle into gaining an in depth understanding of the state of SMMEs (Rogerson, 2004, Buhlungu *et al.*, 2007; Ladzani and Netswera, 2009). The challenges that these findings presents is that the researches are not about specific geographic area and there it does not adequately address the problems faced by SMMEs in specific geographic areas such as Brits. This background manifests the need for major detailed and meticulous investigative research to be undertaken in areas such as Brits.

The next chapter will describe the Research Methodology and the steps that will be followed to communicate and collect data from the relevant target population during the data collection process. Data will be collected in order to help to find answers to the research questions that have been raised in relation to the main research problem understudy. It is important to establish what method or methods of data collection will be most effective for this study as this will determine the overall findings of the research.

Chapter 3

Research Methodology

3.1 INTRODUCTION

In the previous chapter the research problem was theoretically defined using empirical evidence however some questions have been raised and they have remained unanswered by empirical evidence as a consequence creating a need for a further practical investigation. The main objective of this chapter is to design the research procedures and selecting research methods that will be used to collect data which will be interpreted and analyse in order to give answers to the research questions raised. It is important to establish what methods of data collection that will be most effective for a study as this will determine the overall findings of the research (Mhlanga and Ncube, 2003).

The following were the questions that remained unanswered from the previous chapter;- 1. Are SMMEs owners in Brits aware of any of the available government SMMEs support programmes? 2. What are the main sources of finance being used by the SMMEs owners? 3. Has there been any form of support received by the SMMEs owners as the targeted beneficiaries of the programme? 4 What are the problems faced by SMMEs in the area?

This study seeks to evaluate the impact of government SMME support programmes in Brits. The primary focus of the evaluation is to assess the awareness, understanding, availability and perception of SMMEs owners about the government SMME support programmes. Research methodology and design are important research processes that help the researcher to choose a research method that will be best suited to meet the objectives of their study (Lewis, 2004).

This chapter will describe in detail the method that will be selected by this study, the data instruments that will be used to collect data, the target population, the sample size and the sampling methods that will be used. It has been argued that the planned or chosen type of research method depends on the nature of data to be collected (Strydom, Fouche, Poggenpoel and Schunuik, 2001).

3.2 Research types

Quantitative and quantitative research

Research studies are classified as either qualitative or quantitative (Swetnam, 2001). Strydom *et al.* (2001) say that a combination of both quantitative and qualitative research is also known as a triangulation method. Welman, Kruger and Mitchel (2008) argue that combination of methods is remains necessary to answer all the questions posed by research yet the main disadvantage of combining methods is complexness that will arise when it comes to analysing and interpreting the data.

According to Strydom *et al.* (2001) quantitative research is a study that focuses on the measurement of specific variables that are quantified through statistical methods to determine the relationship between the variables. Welman *et al.* (2008) agree that the underlying principle for quantitative research is the numerical validation or quantifying of theoretical data. Mhlanga and Ncube (2003) assert that qualitative research's demand for numerical measurement of variables and further affirm the ability to be analysed with statistical procedures with the view of determining the predictive generalizations of the theory. Quantitative research will be used to valid the hypothesis testing as it provide estimates needed to answer the 'how many' questions, but fail on many of the depth questions about 'why' and 'how' (Swetnam, 2001).

According to Mhlanga and Ncube (2003) qualitative research takes the descriptive form where insight is gained through analysis and interpretation of the phenomena. Qualitative research is about understanding an issue understudy, perception and values are often obtained from qualitative investigation (Wagner, 2005). Qualitative research is a study planned to determine the feelings, experiences and needs of the respondents in the context of an underlying phenomena (Strydom *et al.*, 2001). Bryan and Burgess (1999: 140) emphasise that qualitative research enables the researcher to assess the respondent's opinion and experiences using methods such as such as observation, interview and historical documents. Welman *et al.* (2008) state that qualitative research is suitable for providing holistic and detailed understanding of a situation. A qualitative research can be used to seek to explore where and why policy or

practice does not work (Strydom *et al.*, 2008). Welman *et al.* (2008) argue that qualitative research cannot give quantitative estimates, but does allow many of these more depth questions to be addressed.

Mouton and Marais (1990:155-156) *cited in* Strydom *et al.* (2001) identified the following characteristics of a quantitative research.

- It is highly formalised as well as explicitly controlled
- Its variables are exactly defined than qualitative
- Data collection procedures and types of measurement are constructed in advance of standard manner

And contrast qualitative research as follows:

- More philosophical mode of operation is adopted
- The researcher attempts to gain first hand, holistic understanding of an phenomena
- Analysis is more descriptive and narrative than statistical.

This study will use both qualitative quantitative methods to collect data. A combination of methods is remains necessary to answer all the questions posed by an evaluation improve the quality of the results and findings quantitative techniques will be used to measure and assess the number of respondent who have benefited from the programme. Qualitative techniques will be used to assess and understand the perception, opinions, views and values of the respondents. The main disadvantage of combining method is complexness that will arise in to analyze and interpret (Welman *et al.*, 2008).

3.3 Data collection

Data collection is the process of gathering and collecting data for the purpose of obtaining information. Primary data is first-hand data collected for a specific purpose, it can collected using different method such interviews, questionnaires, surveys, case studies and other methods (Welman *et al.*, 2008). In contrast secondary data is existing data that has been collected for a different purpose (Swetnam, 2001). Sources of secondary data include newspapers, journals, books and others.

3.3.1 Interviews

An interview is a method of extracting information and transmitting information from the interviewee to the interviewer (Strydom *et al.*, 2001). Interviews can be structured, semi structured or unstructured.

3.3.2 Structured interviews

Structured interviews are characterised by a systematic planning approach of the interview according to the data or information required (Welman *et al.*, 2008). The main advantage is that a structured interview is expected to produce better results than coincidental and random procedures. Structured interviews ensure consistency of questions being asked to respondents and are mostly used to collecting high levels of specific data (Swetnam, 2001).

3.3.3 Semi-structured

It can be viewed as an interview that combines both structured and unstructured interview techniques for the purpose of exploring and gaining in depth information from the respondent (Welman *et al.*, 2008). Questions will mostly be used in questions that seek respondent's full views and opinions as well as to probe for more clarity/information where necessary.

3.3.4 Unstructured interview

According to Strydom *et al.* (2001) an unstructured interview is a where the questions are not planned and it similar to a social interaction where the researcher interact in order to obtain research oriented information. However the interviewer does not participate with the purpose of voicing their feelings, thoughts and observation (Strydom *et al.*, 2001). Welman *et al.* (2008) assert that unstructured interviews are where the questions are not planned rather it is more coincidental and often there is no attempt to explore specific information. The interviewer is left with discretion and freedom as to what is questions are necessary to be asked or what information should be gathered.

3.3.5 Surveys

A survey is a method of collecting data from individuals who are part of the sample size. Surveys are non experimental they are mostly descriptive in nature and data

is collected using different methods such as face to face, telephone, internet and others (Welman *et al.*, 2008). The first step will be to identify the research population. In this study the research population are the SMMEs in Brits and the survey sample population are the SMMEs registered in the Madibeng Local Economic Development database. A cross sectional survey is helps to give an overview of the state of phenomena at a particular point in time whilst longitudinal survey collects data about phenomena over time (Strydom *et al.*, 2001).

A cross sectional survey will be used to gather data about the impact of government SMME support programmes on the SMMEs in Brits. A cross sectional survey will be used as it allows data to be collected at a particular point in time and not over a period of time.

3.3.6 Questionnaires

A structured questionnaire will be the research instrument that will be used for the purpose of collecting data. To achieve the above objectives the structured questionnaire will in its design make closed end questions and open-ended and in order to manipulate the advantages of the two question types. Closed ended because of their requirement for precise answers and ensured consistency of questions being asked to respondent, will be used collecting high levels of specific data. Whilst opened ended questions will mostly be used in questions that seek respondent's full views and opinions as well as to probe for more clarity/information where necessary. The closed questionnaires will make use of a rating scale where respondents can answer the questions by means of placing a scale on the options which they feel it best suits/answers the question. Open ended questions will provide space for respondent to state their views

Given the scarcity of official data about SMMEs the questionnaire will be telephonically administered because the list of SMMEs on the Madibeng Local Economic Development Services data consist of only telephone and cell phone details, contact person and no physical contact addresses. It does not contain physical address since most of SMMEs do not have any offices from which are operating rather they are operating from home.

Secondly SMMEs in Madibeng Local Economic Development Services database consists of SMMEs within all area in the Madibeng Municipality. The rationale for

the inclusion of all SMMEs on the database in the survey population is to be as inclusive as possible in assessing all the possible impacts of government SMMEs support programmes in Brits as well as to help to gain an overview of the profile of SMMEs in the area. The primary objective of conducting the interview telephonically is to be able to access to the respondents. Secondly the reason why telephonic interviews will be used is that they can be a faster response and this can help to improve the response rates.

In order to reduce the time spent on the telephone the questionnaire will be brief and make use of pre-coded closed questionnaire. During the telephonic interview the researcher will ask the questions from the questionnaire and record the responses at the same time. This research instrument would be useful if properly administered in addressing some of the limitations of the study mentioned earlier on such as financial costs, time constraints and lack of statistical data.

Theoretically a questionnaire has many advantages which made us of in this study. Some advantages as agreed by several authors (Welman *et al.*, 2008; Mhlanga and Ncube, 2003; Swetnam, 2001) can be categorized as follows:

Economic and time saving:

- i. It enables several subjects to be addressed simultaneously
- ii. Economy of financial resources, postage is cheaper than travelling cost
- iii. They cover a wider geographical area than any other known data collection instrument

Validity and Reliability

- i. Data gathering is not influenced by personal attributes
- ii. Closed questions help to collect data relevant to the research keep out irrelevant information.
- iii. As written questions are asked the same way to each respondent it helps improve reliability.
- iv. They provide a permanent, verifiable record of data collection.
- v. Respondents are guaranteed anonymity and are freer to give information without fear of being victimized.

Main Disadvantages

Can only be administered to literate people, therefore tend to restrict

3.3.7 Telephonic questionnaires

- i. Respondents.
- ii. They provide no room to clarify ambiguities and rephrase questions.
- iii. They may suffer from delayed return rate as well as low return rate
- iv. Their construction is time consuming and requires a high level expertise which may not be available.
- v. They may be no room to verify authenticity of information

A telephonic questionnaire is defined as an interview where the researcher and the respondent have no physical contact but able to communicate about the contents of questionnaire over the telephone (Strydom *et al.*, 2001). They further say that telephonic surveys are feasible where all the respondents have access to a telephone. Since the list of SMMEs on the database only contain telephone numbers and no physical address because the respondents have no premises from which they are operating from, yet they actively run their small businesses.

Telephonic completion of the questionnaire has certain advantages similar to personal questionnaire such as the researcher gets an opportunity to explain and clarify issues with the respondent, literacy is not required. Validity is the main advantage of the telephonic interviews in that they validity the ability to do what is intended to do (Mhlanga and Ncube, 2003). Validity will also be enhanced by the researcher's objectivity since the research will use a structured questionnaire and record the responses which are mostly pre-coded. Telephonic questionnaires enable the researcher to gather data quickly, has high chance of response and data can be gathered from a widely dispersed geographic population (Strydom *et al.*, 2001).

The main limitations of telephonic questionnaires are that it can be costly depending on the duration and the distance of the calls. It may not be easy to collect sensitive information over a telephonic questionnaire; many people may be sceptic and unmotivated regarding the investigation (Strydom *et al.*, 2001). If the questions are too long the respondent may end the interview by putting call down.

3.3.8 Interventionary measures

To help address the main weakness of the telephonic questionnaire identified the following measures will be put in place;

- The questionnaire to be completed telephonically will be brief and comprehensible
- The researcher will use the questionnaire to ask questions and record the response.
- To enhance chances of getting high responses if a person is busy the researcher will ask what would be a good time for me to call back to speak to him/her and will record the name and best time to contact and write that in call sheet.

Therefore it estimated that data collection will approximately take one week in order to allow sufficient time to make telephone recall to some respondent who may be unavailable at the stipulated time.

3.4 Population

Population encompasses the total collection of all units about which the researcher wishes to make specific conclusion (Welman *et al.*, 2008). The study population shall be the SMMEs owners in Brits due to the complicated nature of SMMEs by definition the study a target population list of SMMEs on the Madibeng Local Economic Development Services will be used. The database consists of SMMEs which are registered as close corporation or a corporate and are also registered for value added purposes.

3.4.1 Sampling

The main purpose of sampling is to able to select a sample whose statistics will accurately portray a known population parameter (Welman *et al.*, 2008: 75). A random sampling technique will be used in attempt to get a fair representative of small business and entrepreneurship activity in the area. The main advantage of random sampling is that each member of the population has the equal chance of being included in the sample and each sample of particular has the same probability of being chosen (Welman *et al.*, 2008).

Other methods like stratified sampling could help have been more certain in obtaining a representative sample clearly distinguishable than random sampling

they could not be used due to the problem lack accurate data records and statistical information about SMMEs at wider scale. Although a census which allows every member in the population to be included as well collection of detailed data would have been the most relevant method (Mhlanga and Ncube, 2003). It would enable the collection the necessary data for record and statistical reasons, which would address the problem lack of accurate records. However due to the long time, cost needed it is feasibly unsuitable for the purpose of this study which has time and financial constraints.

Therefore random sampling will be the most suitable method of choosing a representative from the study population. The twofold advantage of this method is that each member of the population has an equal chance of being picked and each sample of particular size has the same probability of being picked. This brings about high chances of fair representation of chosen population (Welman *et al.*, 2008). Therefore random sampling eliminates biases that are likely to arise from other sampling methods like non-probability, quota and cluster sampling. It is also cost effective than other methods like census and quota sampling.

3.3.2 Sample Size

A SMMEs database register obtained from the Local Economic Development Services of Madibeng Municipality will be used. The database lists 365 SMME database 183 in construction, 82 in services, 25 in tourism, 24 in manufacturing, 22 in transport, 17 in agriculture, 10 in retail and 2 in catering. The database registers SMMEs that have registered close corporation (cc) and corporate that has registered for Value Added Tax. Brits has locations such as Brits CBD, Letlhabile, Mothotlung, Maboloka, Makau, Hebron, Oukasie, Segoaeline, Bapong, Kgabalatsane, Seventy three of the SMMEs are located in Letlhabile , forty two in Oukasie, forty one in Mothotlung and the other being spread and the other being located in other areas. Since it many calls have to be made around it has been decided not to include the all SMMEs in Brits but only to include SMMEs in the most concentrated area Letlhabile. The entire population will be included and no sample will be taken to allow the study to give a fair representation.

3.5 Research Procedure

The researcher will request for a formal letter from the North West University which identifies the researcher and her intentions to carry research. The researcher will liaise with the Madibeng Local Economic Development Services.

After these steps the researcher will start to enter to the data collection process by personally administering questionnaire with the aid of research assistants. Data will be collected over a period of two weeks and the other remaining two weeks will be used to make revisits to respondents who happen to have been absent.

3.6 Ethical issues

Strydom *et al.* (2001:25) say that it is important to obtain informed consent from the participants. Informed consent implies that all possible information on the purpose of the research should be discussed and exposed to the respondent. Confidentiality of participant is identified as a barrier to the participation of respondents, the real names respondents as well as the business names of the small medium and micro enterprises (SMME's that will have participated will not be included. Strydom *et al.* (2001) further emphasize the need for privacy and confidentiality of the respondent. The researcher will explain the to the respondent that participation is voluntary and that purpose of study as well as the fact the fact that any information provided will be used for only the stated research purposes. The researcher will also avoid committing plagiarism by acknowledging the work of other authors used.

3.7 Limitations

The main limitation of the telephonic interviews is the communication is handicapped than other non verbal communication. The information gathered could be subject to the researchers subjective since they are responsible for capturing the information.

However this study is subject to many other limitations because of the other variables that the researcher cannot control by the stipulated interventional measures discussed in the previous section because of the telephonic questionnaire method used to collect data.

- Data collection may be interrupted by distractions or background noises to capture their attention.
- The respondent may be too busy or unavailable to respond to the telephone call unlike with emailed or mailed questionnaire the respondent has the freedom to answer the question at their own space and time.
- The respondent may decide to terminate the interview by putting the telephone down and most of the time there are no second chances.

3.8 Conclusion

This chapter the research process that best suits the objectives were selected. Different research types, data collection methods and tools such as interviews and questionnaires were discussed. The target population, the sample population and sample size were also identified.

Detailed procedures that will be followed and how the different methods will be used in this study were also described. Strydom *et al.* (2001) have found that telephonic questionnaires are most suitable where all respondents have access to telephones and may even have a high rates and quick changes of response than other methods. Therefore based on the geographic dispersion and lack of business offices for SMMEs owners in Brits the telephonic questionnaires was selected to be the best method of data collection.

The next chapter the findings from the study will be presented, interpreted and analysed so that it can be meaning can deduced from the data. Different statistical tools will be used to analyse the data as well as to make presentation of the data.

Chapter 4

Data Discussion

4.1 Introduction

This chapter aims to discuss and analyse the results of research data. The purpose of data analysis is to present facts, trends and patterns and will help to develop meaningful explanations and answers to the research problem questions. The main objective of the research was to evaluate the impact of government's Small Medium and Micro –Enterprises (SMMEs) programmes on SMMEs in Brits. The problem of a continuous declining trend of SMMEs in South Africa in contrast to the availability of myriads of government support programmes for SMMEs has attracted the attention of several scholars (GEM, 2009, Rogerson 2004; Pahwa *et al.*, 2006; Sanchez, 2008; Rogerson, 2008; Olawale and Garwe 2010). However the existing literature does not answer the question on the impact of government support programmes on SMMEs in Brits. The research will seek to provide answers to several related questions such as the level of awareness, possibility of having received government support or having tried to seek assistance as well as possible measures that can be taken in order to add value of the programme.

In this chapter the findings from the survey will be categorised and discussed that mainly focusing of their relevance to the research questions. The chapter aims to identify, record and analyse the relationship between the different variables under study. Data collected was interpreted using a computer SPSS spreadsheet. Various descriptive statistical data techniques will be used to interpret the data so that the research objectives can be achieved.

Responses from the respondents will be presented and interpreted using statistical techniques so that interpretations in the form of facts, trends and patterns may be detected so as to help to help develop explanations Pearson correlation coefficient, graphs and charts will be used to create a visual interpretation of the findings. Pearson correlation coefficient is a method that shows the significant relationship between different variables (Strydom *et al.*, 2001).

The following sections of this chapter will focus on presenting results between the different variables such as demographic profile, type of ownership, industry, source of finance amongst others. The subsequent section will reveal the

perceptions of the respondents regarding the impact of government SMMEs support programmes.

4.2 Response rate

Telephonic interviews were held over a period of three days during which respondents were conducted telephonically. During the interview the researcher asked questions from the questionnaire and recorded the responses. Interviewees whose telephones or cell phones were not answered were recorded on questionnaires and were called for the second and third time respectively. The rationale being to increase the numbers of respondents and to enhance the validity, consistency and reliability of the research study.

Category	Number of respondents who were able to help	Percentage
Responded	52	71%
No responses	13	19%
Incomplete Contact Numbers	5	6%
Unwilling respondents	3	4%
Total	73	100%

In total 52 telephonic interviews were conducted successfully out of the intended 73 giving a response rate of 71%. The 20% no response category consist of those responded who were conducted telephonically but their telephones were ringing without any responses and cell phones which reported that they were not in service. There was at 6% of the respondents who could not be conducted at all as there was either an omission of their conduct number or the number was incompletely recorded from the registered database that was used a source documents. Three percent of the respondents indicated their unwillingness to participate in the telephonic interviews citing personal and confidentiality reasons.

Questionnaires containing actual content of data collected from telephonic interviews were analysed using different statistical methods. The data was summarised on a spreadsheet and statistics were calculated using SPSS. In attempt to get a fair representation of the requirements for the sample the

respondents were subjected to the same questions based on standard questionnaire. The following statistical sample will show that the sample met the strict rules and that it was randomly selected. All names were allocated a number and numbers were drawn. If somebody did not complete a questionnaire, the next number was drawn and the person used. In this way the sample could be regarded as being representative. It is also acknowledged that, should somebody else want to use the results, they first test the results before it is used to confirm the results.

Follow-up approach can be used a measure to identify non response bias, the follow-up approach involves randomly selecting and resurveying a small segment of non respondents (Rogelberg and Santon, 2007). Rogelberg and Santon (2007) also identify passive non response as measure of non bias where the non response was unplanned because of various the respondents not receiving the questionnaire. Based on the above measure taken to increase rate of response on no responses the researcher will exclude the 21 non respondent from the analysis of the results decision by the researcher is to consolidate the validity, reliability and consistency of the research study.

4.3 Demographics

In this section demographics characteristic such as gender, age and educational qualifications variables will be analysed in order help gain insight of the demographic profile of the respondents. Lack of education training and skills has been cited by other empirical findings to be major contributing factor to SMMEs high failure rate and lack of entrepreneurship or small business start up (Von Blottnitz, 2009; GEM 2009; Brand, 2006; GEM, 2007; GEM, 2006). In the following sections the relationship between the different demographic attributes will be compared and analysed and presented statistically to show the significant differences and relationships between the variables.

Figure 4.1 Gender

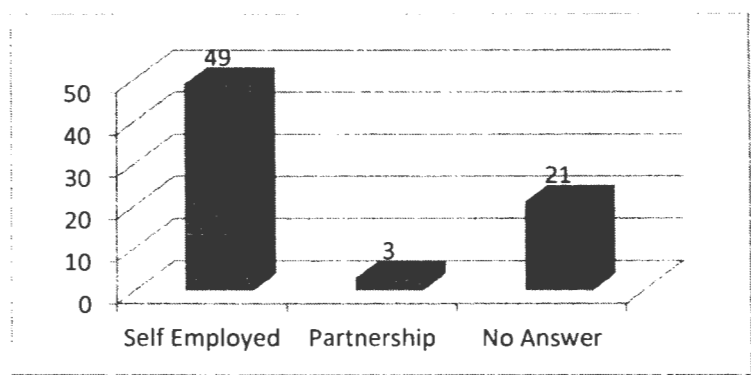


Out of a total of 52 respondents the gender distribution shows that 62% were female and 38% male. It is officially reported that the population of South Africa is constituted of 49% male and 51% female (Stats SA, 2007). This population statistics may explain why females were predominately the majority of the respondents in this study. These figures may also explain the general perception that most women were historically uneducated resulting in most of them being unemployed formally thus resorting to small business for source finance for survival (UNDP, 2009)

Concerning only 38% of the respondents being male it may indicate the gender imbalances that exist in South Africa where most of the men have a formal employment compared to women and thus only a few of them are SMME owners.

From the total 73 respondents 21 (20%) constitutes the participants who did not respond to the telephonic interviews for various reasons such as the telephone numbers ringing without a response, numbers being out of service and with other respondents citing unwillingness to participate in telephonic interviews for fear of being victimised, personal and confidentiality reasons.

Figure 4.2 Ownership

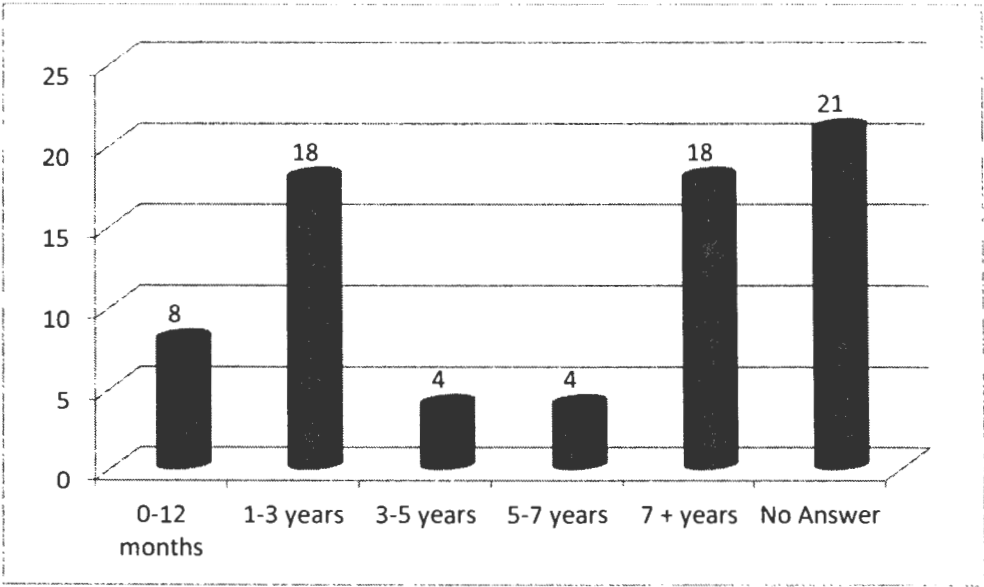


There are various forms of SMMEs ownerships namely sole ownership, partnership, cooperatives, and close cooperation amongst many others. Close corporation is legal business entity with a limited liability where the shareholders are natural persons such as family members or business partners.

According to Swart (2010:63) instead of working for someone else and individual may want to start their own business and work for themselves he further argues that self employment has its own risks and benefits. The main benefits associated with self employment are primarily the prospects of enjoying profits, self independence, being own boss and the desire for self actualisation (Swart, 2010). Unemployment and investment needs may also be other factors contributing to own business start ups or self ownership (Swart, 2010).

Cooperatives are autonomous associations of persons there several merits that m united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically controlled enterprise (Ngassam, 2009). The profile of business ownership in the SMMEs is spread as follows: 94% are self owned business with the remaining 4% being partnerships or corporative. With regard to ownership the figures indicates that the majority of SMMEs are owned by self owned.

Figure 4.3 Years of Service (Business)

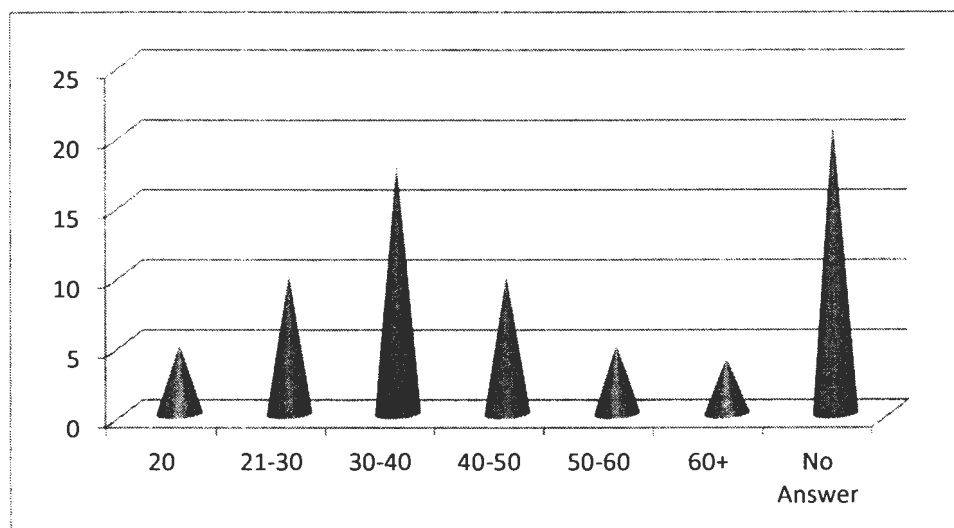


The state of the business with regard to number of years the business has been in operation upswing trend with 11% of the business having been in business in less

than a year, 25 % being in the post start up start stage of between one year and three years, an average of 5% of the business being more than 3 years but less than seven year, 25% being over years in business.

These trend has been observed and reported in a series of GEM between 2005 till 2009 studies which have argued that there is low business start up and high mortality rate with most small business failing to survive post the first three year of start and those do survive often failing or going out of business before the first five years (GEM, 2005; GEM, 2006; GEM, 2007; GEM; 2008; GEM, 2009; IMF, 2009). This may suggest that lack of support for pre and post start up stages of the SMMEs or support being biased towards certain sectors or already well established SMMEs being the main beneficiaries.

Figure 4.4 Age Profile

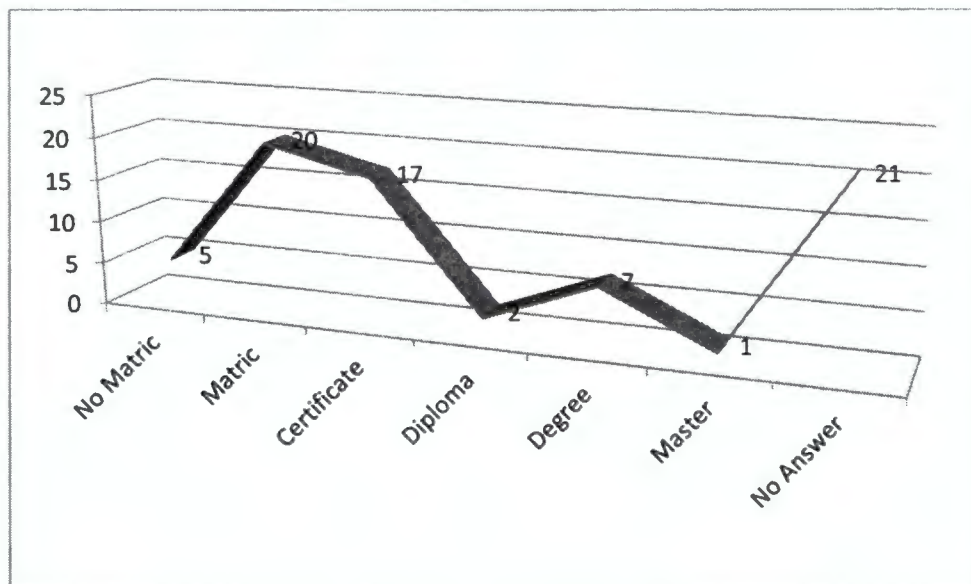


The majority of the respondents (58%) were between the ages of 30 and 50 years, 32 % were between 20 and 30 years while 20% were above 50 years. This may be attributed to fact that the youth constitute 60% of the total population of therefore South Africa is considered to be having a relatively young population (Stats SA, 2007; GEM, 2009). The demographic statistics of South Africa may therefore explain why SMMEs owners are predominantly below the age of 50.

Swart (2010: 63) regards starting of small business by school leavers as an element of career planning where the unemployed youth may decide to venture into business instead of formal employment and he further argues that it does not hold too much risk for the youth. Swart (2010) further cites limited knowledge of financial means and business experience as possible constraints to youth starting

self owned business. However 21% of the total population where not accessible on their telephone or cell phones thus they were excluded from the telephonic interviews.

Figure 4.5 Qualification



Of the total 73 respondents 5 (6%) had no matric, 20 (27%) had matric, 17 (23%) had certificate, 2 (3%) have diploma, 7 (7%) have a degree, 1(0.1%) has master degree and the remaining 21 (28%) constitute the no response population whose telephones or cell phone were not accessible. Von Blottnitz (2009) concluded that there is significant relationship between the level of SMMEs success and education level of the owners; she argues that SMMEs that were owned by educated owners had high chances of survival and success. Lack of education, training and basic business skills has been cited by empirical evidence as some of the major challenges constraining the success of SMMES (GEM, 2008; Ferreira, 2007, Rogerson, 2005; Von Blottnitz, 2010, Chiloane and Mayhew, 2010; Olawale and Garwe, 2010).

The qualification profile indicates that the majority of SMMEs holds at least a matric which shows a high level of literacy amongst the respondents and this could be used as an advantage in the running of their business. Given the high level of literacy profile it mean that with the necessary skills training and development the SMMEs may gain the competencies and skills that are necessary to run a successful small business with potential for growth. The average 6% may be the age group above 50 who may have had no access to education during the

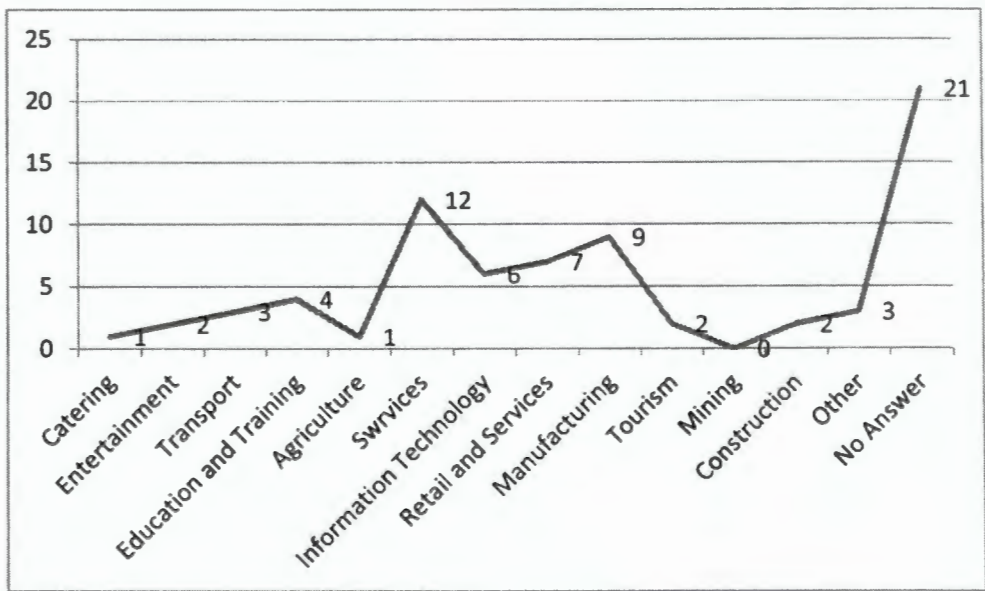
historical imbalances era of South Africa whilst the 94% who are educated may fall between the youth age group who have benefited from the regime change.

The low percentage of those with who holds bachelor's degree or post graduate may suggest that those who have professional qualification have been absorbed in the formal employment given the scarcity of skills.

4.4 Results of Investigation

This sections aims to provide detailed analysis of nature of the SMMES so that meaningful interpretations and conclusions can be deduced about the study. This section wills presents the findings of the profile of SMMEs in terms of their types, evaluation of the level of assistance received, measure the level of awareness and review the perceptions of government support programmes by SMMEs owners. These findings are central to answering the main and sub research questions previously raised.

Figure 4.6 Industry



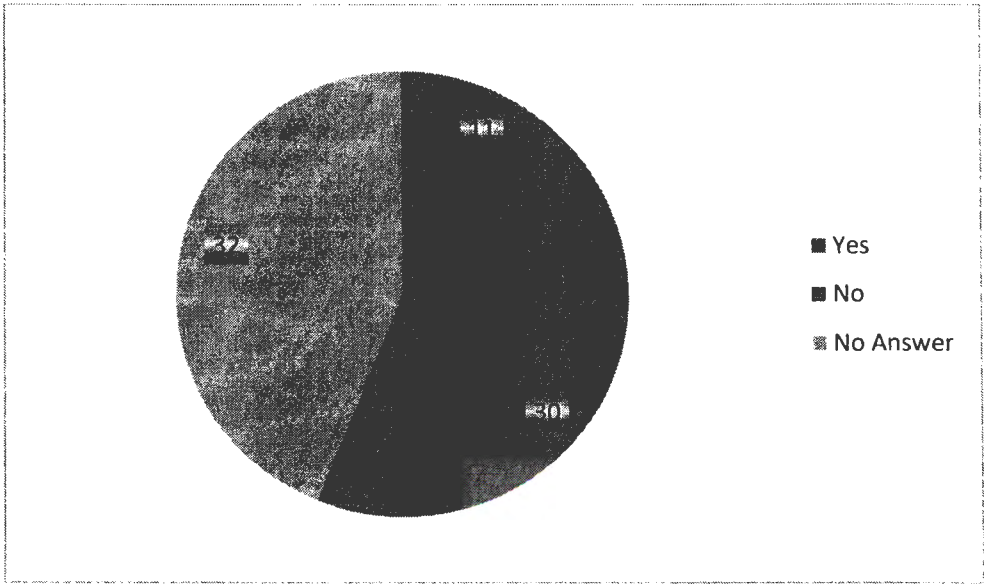
A sectored composition analysis shows that the 23% of the respondents are in services, 17% in manufacturing, 13% in retails , 11 % in information technology, 8% in education and training , 6% in transport and other industry respectively, 4 % being inn entertainment , tourism and other respectively. None of the SMMEs are operating in the mining industry. The sectored analysis of the industry reveals a fair spreading of SMMEs in all sectors in the industry. The industry patterns show a lack of SMMEs that are focused on key economic sectors such as a agriculture,

mining and tourism amongst others. This trend may explain the local Municipality of Madibeng SMME Development Strategy concerns for the need to focus on the promotion and development of SMMEs based on the key local economic and social-economic business environment of the region (Local Municipality of Madibeng 2009/10 IDP Review).

There could be different reasons to explain this trend of establishment ranging from opportunistic entrepreneurs who may set up business the majority of services business for the purpose of participating in government tenders, desire for self employment, and pressure from retrenchment. In the services industry the responses showed a similar trend that the majority of the businesses were set in response to the recognition of tender business opportunities often linked to Black Economic Empowerment and desire to get large sums of funds at one goal.

The low barriers of entry and low capital requirements in the services sectors may also be a contributing factor towards the high levels of SMMEs in the services sector compared to capital intensive industries like agriculture and mining. The natures of services ranged from cleaning, security, general buying and selling, predominantly.

Figure 4.7 Received any form of government support during the period that they have been operating your business

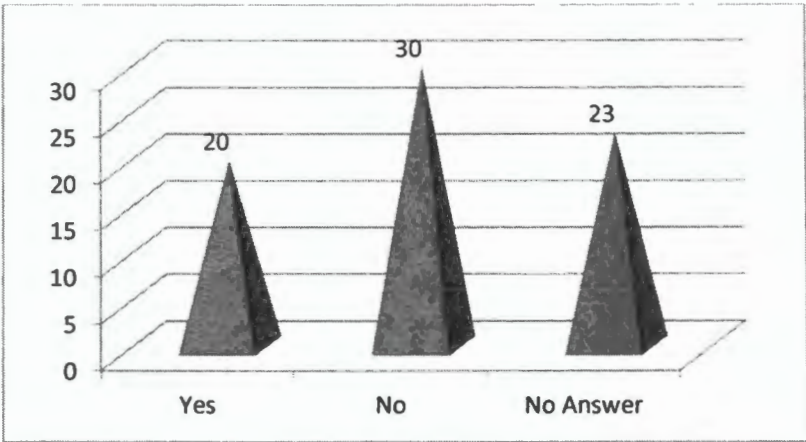


The central questions posed to the respondent were to assess if they have received any form of assistance from government SMMEs Support programmes and follow up questions were asked to specify the type support received. The responses show that 73% of those who participated in the programme have not received any assistance from the government. Whilst the remaining 27% indicated that they have received some form of support from the government. The South African government offers support to SMMEs ranging from financial to non financial support services (National Small Business Development Strategy, 1995; DTI, 2005). Financial supports facilities funding for SMMEs in the form of loans from relevant institution, credit facilities from financial institutions, sector focused funding that aims to provide funding for SMMEs in specific target sectors such manufacturing, industry development programmes, youth or gender amongst other focuses. Non financial services includes general business management advice and counselling , provision of business related information , business skills training such as finance management , marketing, operations, writing business plans and mentorship amongst many other services (DTI.2005)

They are several institutions that have been given the mandate implement the objectives of government support programmes for SMMEs these includes some of the following SEDA, LEDs, Khula, Industry Development Corporation Umsobobvu amongst many others. Support has been offered by several others organs such as nongovernmental organisation, private companies, donor agents and many others.

However, the evidence provided by this analysis indicates that the majority of SMMEs in the area under study have not benefited from the available government support programmes. In fact the data collected showed that of the 20% of those who have received support said that they had received skills training, 4% training of the tendering process, 2% business advice and counselling , 1% have attended workshops and none those who received assistance have indicated any receipt of financial aid. The results revealed a lack of knowledge about the sources of funding provided by the government support for SMMEs between both those who have received assistance and those who have not received any support.

Figure 4.8 Aware of any available government support programmes for SMME's

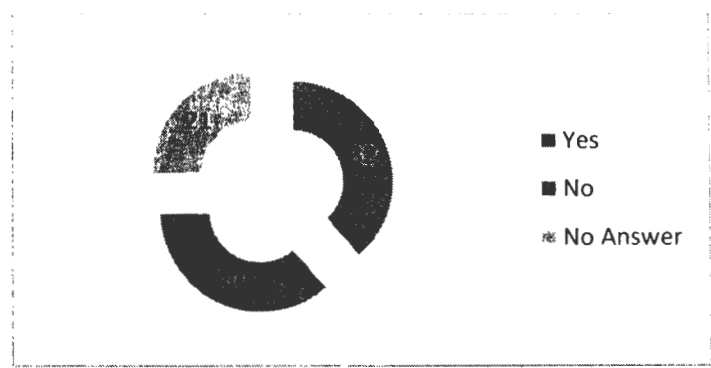


In terms of assess the level of awareness of the available government support programmes for SMMEs respondent where asked a question that indicated that they were either aware or unaware of the available government support programme for SMMES. The results indicates that 60% of the respondents were unaware of the available programmes citing that they lacked knowledge and have not heard about any of these programmes, whilst remaining 40% indicated they were aware of the programmes.

The problem of lack of awareness or access to support services has been alleged by empirical evidence to be a major contributing factor hindering the effectiveness of South Africa's institutional support (Rogerson, 2004; Ladzani and Netswera, 2009; Chiloane and Mayhew, 2010). This problem of awareness and knowledge of DTI support programmes is reinforced to some extent by an uneven geographical distribution of service providers as well as high search cost imposed on SMMEs for accessing the services (Rogerson, 2004). He further cites cumbersome procedures and continual changes in the programmes as possible factors frustrating SMMEs from applying for support.

An analysis at a provincial level by Ladzani and Netswera (2009) of the level of awareness and accessibility of government support programmes attributes the lack of awareness of to others constraining factors such language, remoteness of support institutions especially to rural based SMMEs owners. Lack of access to information about the support programme can thus be attributed the lack support received this far.

Figure 4.9 Tried to seek assistance or information about the availability of government SMME support programmes



In terms determining the number of the respondents who have tried to seek assistance the data collected revealed, 52% have tried to seek assistance whilst 48% has not attempted to seek assistance. Various reasons were given for not trying to seek assistance such as, reluctance, lack of awareness and information about the available government support programmes. Other responded indicated whilst they were aware the existence of these programmes they believed that programmes was not helpful and unreliable stating that they had never seen beneficiaries of these programmes.

Figure 4.8 depicts the general attitude and perceptions of the SMMEs owners about the key attributes as entrepreneurs. Swart (2010) identifies an SMME owner as an entrepreneur who is constantly seeking challenges also as one possess distinct characters, has a health positive attitude towards risk taking. Lack of entrepreneurship spirit in South Africa has been identified by GEM as a major concern can also explain the high numbers of SMMEs owners who have never attempted to seek assistance about the available government support programmes

Figure 4.10 Were you successful

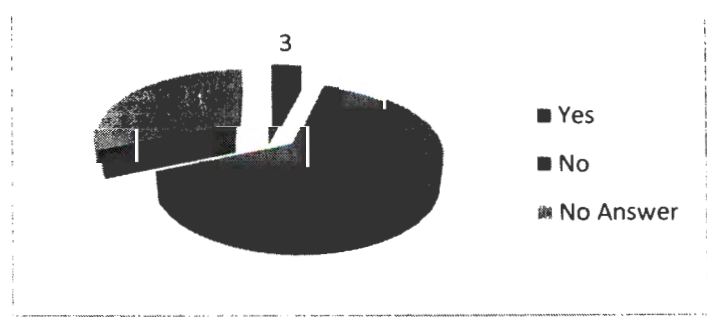
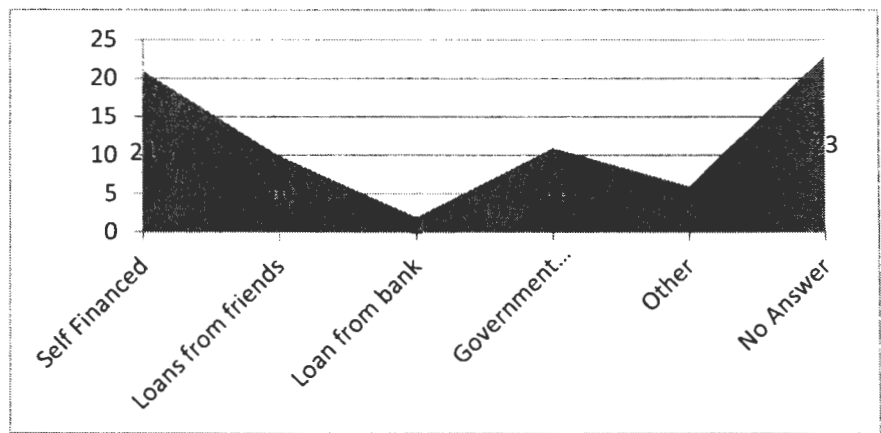


Figure 4.9 gives a broad overview of the of the level success achieved by the government support programmes in the geographical area understudy. The data shows that 86% of the respondents were not successful during their attempt to seek assistant from the available government support programmes for SMMEs whilst 14% was successful. The findings revealed that 9% of those who were successful have received training support, 3% marketing support and 2% tendering and procurement support.

Respondents who were not successful in their attempt to get help from the government support gave several reasons such as lengthy and cumbersome procedure, lack of clarity in terms the responsibilities of the institutions, language barriers were some SMMEs, illiteracy in terms of reading and understanding the forms and information provided by the institutions. Frustrating procedure and requirements which some of the SMMEs owners were not in position to fulfil.

Figure 4.11 Main source of finance for your business



The other question posed to the respondents was about their source of income. The study found out 42% of the respondents primary source of funds used on to finance the business , start up or expected to be used by the SMMEs owners is from personal saving and income, 22% loan from government, 20 % loans from friend , 12% from other sources whilst 4% a loan from the bank.

Empirical findings have cited lack of funding as one of the major challenges threatening the success and survival of SMMEs (Swanepoel *et al.*, 2010; Olawale and Garwe, 2010; Abor and Quartey, 2010). Surveys conducted all over the world among small business owners4 indicate that lack of financing is an obstacle to doing business and company growth (Pissarides, 1999).

Figure 4.12 Facing challenges

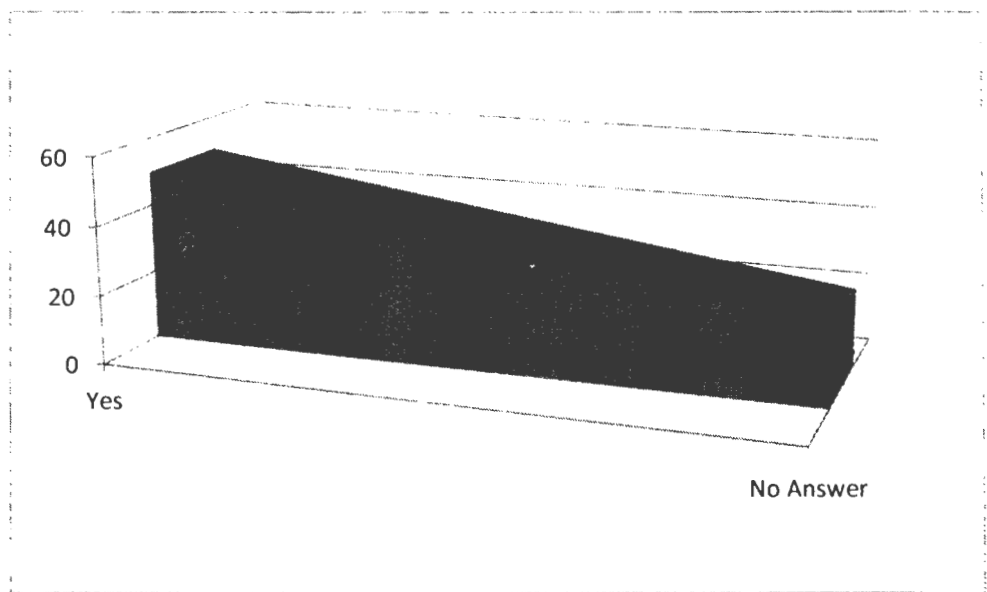


Figure 4.12 shows a summary of statistics about the number of the population of SMMEs that are facing challenges. In the graph excluding the 23 respondents who did not participate the results shows that out of total 50 respondents, 50 (100%) of the respondent are in agreement that they are facing problems. The nature of problems categorically ranges from market problems, business management skills and financial problems. According to Nitcher and Goldmark (2009) SMMEs throughout the world are faced with challenges that hinder their growth.

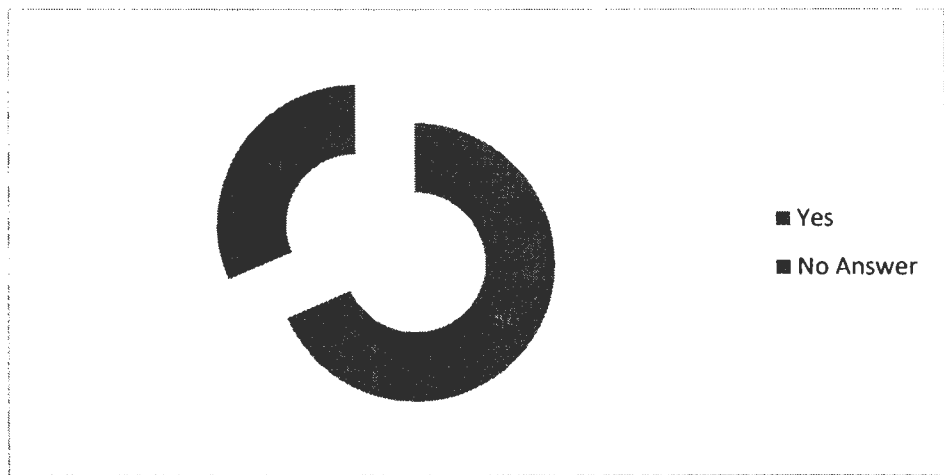
In terms of marketing the respondents named lack of knowledge as to how to prepare a marketing plan, lack of access to markets which are dominated by a few large players especially in the tender opportunities. The marketing plan provides focus and direction in the business (Lotz and Marais, 2007).

With regard to financial problems the respondents regarded it as the main challenge hindering the success of SMMEs. The respondents attributed financial problems to be accountable for several challenges such as lack of affordability to purchase the necessary equipment, rent for premises to work from, to pay for business and marketing plans, for both start up and continued survival of the business. They also linked their financial problems to lack and limited access to other sources of funding such as commercial banks and government funding programmes.

Fifty percent of the responded admitted to having challenges in basic business management skills whilst the other 50% said they were competent and knowledgeable about the management of their business.

All the responded said that there were uncertain in terms of the procedure that they can follow to access the necessary government support services for SMMEs. They also cited lack of information about the whereabouts of the support institutions as well as their main functions.

Figure 4.13 Something done to improve government SMME support



Removing from the analysis the 23 who did not participate then retaining only the 50 who did participate. The results in Figure 4.12 suggest that 100% of all those who participated in the survey are of the perception that some measures can be taken to help to improve government support programme. An open ended question was asked to all the respondents in order to get their views in terms of what they think can be done to improve the government SMME support programme. Some of the suggestions recorded are as follows;

- ✓ Evaluation and assessment of SMMEs performance, capacity and capability be Monitoring and continuous assessment of the progress of the SMMEs after offering assistance for providing government funding
- ✓ Providing sector tailor made support that will satisfy the specific needs of the SMMEs in specific sectors since different industries have different needs.
- ✓ Creating awareness and providing information about the availability of support programmes using different communication channels such

workshops, fields' visits remote areas like villages and making follow ups. Radios, local newspapers, notice boards, councillors, schools amongst were identified as other possible channels of communication

4.5 Measures of association

This section that follows aims to establish and measure the significant relationship between the variables. Correlation is a measure of the relation between two or more variables in terms of the extent to which a change in one variable contributes to the changes in the other (Ferreira, 2007). This helps you to visually analyse whether one variables distribution is dependent on the other. The measurement scales used should be at least interval scales, but other correlation coefficients are available to handle other types of data. Correlation coefficients can range from -1.00 to +1.00. The value of -1.00 represents a perfect negative correlation while a value of +1.00 represents a perfect positive correlation. A value of 0.00 represents a lack of correlation.

Correlation coefficient often help to validate and check the reliability of the data collected as it establish measures the extent to which the variables have effect on each other and indicating either a positive or negative relationship between the variables. In this study a correlation value of 0.01 indicates a significant relationship. Table 4.1 below represents the correlations that were analysed in this study. The subsequent section will discuss the correlation relationship between the different variables

Table 4.1 Correlation

Correlations

		Gender	Ownership	Years Operating	Age	Qu 1	Qu2	Qu3	Qu4	Qu5	Qu6	Qu7	Qu8	Qu9
Gender	Pearson Correlation	1	-.823**	.907**	.881**	.883**	.882**	.774**	.774**	.916**	-.924**	-.548**	.886**	-.846**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73



Ownership	Pearson Correlation	-.823**	1	-.863**	-.680**	-.714**	-.668**	-.698**	-.698**	-.795**	.792**	.737**	-.742**	.972**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Years Operating	Pearson Correlation	.907**	-.863**	1	.908**	.931**	.882**	.875**	.875**	.913**	-.914**	-.566**	.927**	-.903**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Age	Pearson Correlation	.881**	-.680**	.908**	1	.980**	.976**	.888**	.888**	.928**	-.924**	-.419**	.970**	-.723**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu 1	Pearson Correlation	.883**	-.714**	.931**	.980**	1	.965**	.911**	.911**	.933**	-.926**	-.411**	.961**	-.768**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu2	Pearson Correlation	.882**	-.668**	.882**	.976**	.965**	1	.846**	.846**	.926**	-.928**	-.440**	.963**	-.702**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu3	Pearson Correlation	.774**	-.698**	.875**	.888**	.911**	.846**	1	1.000**	.819**	-.811**	-.399**	.860**	-.748**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73

Qu4	Pearson Correlation	.774**	-.698**	.875**	.888**	.911**	.846**	1.000**	1	.819**	-.811**	-.399**	.860**	-.748**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu5	Pearson Correlation	.916**	-.795**	.913**	.928**	.933**	.926**	.819**	.819**	1	-.989**	-.523**	.948**	-.822**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu6	Pearson Correlation	-.924**	.792**	-.914**	-.924**	.926**	.928**	.811**	.811**	.989**	1	.520**	-.936**	.819**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu7	Pearson Correlation	-.548**	.737**	-.566**	-.419**	.411**	.440**	.399**	.399**	.523**	.520**	1	-.535**	.620**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu8	Pearson Correlation	.886**	-.742**	.927**	.970**	.961**	.963**	.860**	.860**	.948**	-.936**	-.535**	1	-.765**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
Qu9	Pearson Correlation	-.846**	.972**	-.903**	-.723**	.768**	.702**	.748**	.748**	.822**	.819**	.620**	-.765**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	73	73	73	73	73	73	73	73	73	73	73	73	73

Qu10	Pearson Correlation	.757**	-.447**	.689**	.865**	.837**	.899**	.646**	.646**	.850**	-.833**	-.337**	.864**	-.460**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.004	.000	.000
	N	73	73	73	73	73	73	73	73	73	73	73	73	73
V15	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V16	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V17	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V18	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V19	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V20	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a

	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V21	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V22	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V23	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V24	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V25	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V26	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0

	N	0	0	0	0	0	0	0	0	0	0	0	0	0
V27	Pearson	a	a	a	a	a	a	a	a	a	a	a	a	a
	Correlation													
	Sig. (2-tailed)													
	N	0	0	0	0	0	0	0	0	0	0	0	0	0

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

a. Cannot be computed because at least one of the variables is constant.

Correlations

		Qu10	V15	V16	V17	V18	V19	V20	V21	V22	V23	V24	V25	V26	V27
Gender	Pearson	.757**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Correlation														
	Sig. (2-tailed)	.000													
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Ownership	Pearson	.447**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Correlation														
	Sig. (2-tailed)	.000													
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Years Operating	Pearson	.689**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Correlation														
	Sig. (2-tailed)	.000													
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Age	Pearson	.865**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Correlation														
	Sig. (2-tailed)	.000													
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0

Qu 1	Pearson Correlation	.837**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu2	Pearson Correlation	.899**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu3	Pearson Correlation	.646**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu4	Pearson Correlation	.646**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu5	Pearson Correlation	.850**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu6	Pearson Correlation	.833**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu7	Pearson Correlation	.337**	a	a	a	a	a	a	a	a	a	a	a	a	a

	Sig. (2-tailed)	.004	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu8	Pearson Correlation	.864**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu9	Pearson Correlation	.460**	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.000	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
Qu10	Pearson Correlation	1	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	73	0	0	0	0	0	0	0	0	0	0	0	0	0
V15	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V16	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V17	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.

	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V18	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V19	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V20	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V21	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V22	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V23	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0

V24	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V25	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V26	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V27	Pearson Correlation	a	a	a	a	a	a	a	a	a	a	a	a	a	a
	Sig. (2-tailed)	.	.	.	.	.	.	.	.	.	.	.	.	.	.
	N	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

a. Cannot be computed because at least one of the variables is constant.

4.5.1 Significance of gender to the other variables

If the respondent is a female the chances that they are a self employed is (82%). According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or a decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between gender and years of operations

If a respondent is female the probability that they have been operated a business for a period of at least 12 moths is (90%) a positive and strong correlation. According to the guidelines provided correlation is significant at 0.01 level. There

is a dependent relation between the variables. An increase or a decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between gender and age group

If the respondent is female there is a (88%) probability are within the falls within the age group of above 20 years. According to the guidelines provided correlation is significant at 0.01. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between gender and nature of industry

If a respondent is female the probability (91%) that they their business is in the catering industry. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between gender and level of education

The correlation between gender and level of education is a (92%) positive correlation between two variables. Based on the guidelines set above that a correlation is significant at the 0.01 level. There is positive and strong relationship. The correlation is statistically significant since there is a linear dependency on the two variables. This suggests that gender has significant impact on the level of education. Gender does determine whether increase or decrease the impact of government support for SMMEs.

Relationship between gender and receiving support

The correlation between gender and receiving any form of government support is (54%) positive correlation between two variables. Based on the guidelines set above that a correlation is significant at the 0.01 level. There is positive and strong statistical significance. The correlation is not statistically significant since there is no probability of obtaining a test statistics as the ones actually observed. This suggests that gender has significant impact on receiving support. Gender does determine whether increase or decrease the impact of government support for

SMMEs. This suggests that there is a dependent relationship between gender and receiving support.

Relationship between gender and receiving support

The correlation between gender and receiving any form of government support is (54%) positive correlation between two variables. Based on the guidelines set above that a correlation is significant at the 0.01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables

Relationship between gender and awareness about programmes

The correlation between gender and receiving any form of government support is (54%) positive correlation between two variables. Based on the guidelines set above that a correlation is significant at the 0.01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between gender and seeking assistance

The correlation between gender and receiving any form of government support is (54%) positive correlation between two variables. Based on the guidelines set above that a correlation is significant at the 0.01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between ownership and gender

The correlation between ownership and gender is 82%, a perfect positive and strong correlation between the variables. Based on the criteria provided there is a significant correlation at 0, 01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

4.5.2 Significance of ownership to the other variables

Relationship between ownership and years in operation

If the respondent is self owner there is a probability of 86% that they have been in operation for a least one year. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between ownership and age

The correlation between ownership and age is 68%, positive and strong correlation between the variables. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between ownership and type of industry

The correlation between ownership and type of industry is 79 %, positive and strong correlation between two variables. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between ownership and level of education

If the respondent is a self owner there are 79% chances that they have no matric. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between ownership and receiving support

If the respondent is a self owner the chances that they receive support is 73%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between ownership and awareness about support

The correlation between ownership and awareness about support is 74%, positive and strong correlation. Based on the criteria provided there is a significant correlation at 0, 01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between ownership and seeking assistance

If the respondent is a self owner the probability that have tried to seek help is 97%. Based on the criteria provided there is a significant correlation at 0, 01 level. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however neither the same size nor direction.

4.5.3 Significance of age to the other variables

Relationship between age and gender

If the respondent is above 20 years in age is the probability that they are female is 88%. Based on the criteria provided correlation is significant at 0, 01 level. This suggests that a changes variable in age will attribute to similar changes in the gender variable. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however neither in the same size nor direction

Relationship between age and of type ownership

The chances that the respondent is above 20 years old and they are sole owner of their business are 68%. Correlation is significant at 0.01 level based on the guidelines provided. This may suggest that is a dependency between the two variables where an increase or decrease in the one of the variables will impact a change in the other variables however neither in the same size nor direction

Relationship between age and years in operation

If a respondent is above 20 year in age the chances that have operated their business for a period of 0 and 12 months is 90%. Based on the criteria provided as guidelines correlation is significant at 0.01 level. This suggests an interdependent

relationship between the variables where a change in the on variable will impact a change in the other variable. An increase or decrease in the one of the variables will impact a change in the other variables.

Relationship between age and type of industry

If the respondent is aged above 20 years the probability that they operate in the catering industry is 92%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables.

Relationship between age and level of education

The correlation between age and level of education is 92%, positive and strong correlation between the variables. Based on the criteria provided there is a correlation is significant at 0, 01 level. This suggests that a change in one of the variables will attribute a change in the other variables. An increase or decrease the age variable will cause a similar increase of decrease change in the level of education variable.

Relationship between age and receiving support

The correlation between age and receiving support is 41% positive and weak correlation between the variables. Based on the criteria provided there is a correlation is significant at 0, 01 level. This may suggest that a increase or decrease in the age variable will impact significantly weak changes in the receiving support variables whilst the impact of the change is weak or less significant.

Relationship between age and awareness about support

If the respondent is aged above 20 years the chances that they are aware about support available is 97%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables.

Relationship between age and seeking assistance

The correlation between age and assistance is 73%, a positive and strong correlation between the two variables. According to the guidelines provided

correlation is significant at 0.01 level. This may suggest a significant dependent relationship between the variables where a increase or decrease in one the variables will impact the same level or impact of change on the other variable.

4.5.4 Significance of type of industry to other variables

Relationship between type of industry and gender

If the respondent is operating in the catering industry the chances that they are female are 91%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between type of industry and of type ownership

If the respondent is operating in the catering industry the chances that they are self owner is 79%. According to the guidelines provided correlation is significant at 0.01 level. This suggests that a dependent relationship exists between the two variables where a change in one of the variables will cause significant change in the other variable.

Relationship between type of industry and age

If the respondent is operating in the catering industry the chances that they are aged above 20 years is 81%. According to the guidelines provided correlation is significant at 0.01 level. This suggest that either an increase or decrease in type of industry many neither cause an increase nor decrease respectively in the same direction in the other variable.

Relationship between type of industry and years in operation

If the respondent is operating in the catering industry the chances that they are have been in operation for between 0 and 12 months is 81%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in neither a change in the other variables however the change is neither increase nor decrease in the other variable respectively.

Relationship between type of industry and level of education

Correlation between type of industry and level of education is 98%, a positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 levels. There is strong significant dependent between the variables. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between type of industry and receiving support

Correlation between type of Industry and receiving support is 52%, a positive and strong correlation between the variables. According to the guidelines provided correlation is significant at 0.01 level. There is relatively a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact a significant change either an increase or a decrease in a similar direction in the other variables.

Relationship between type of industry and awareness about support

If the respondent is operating in the catering industry the chances that they have awareness about the support programmes is 94%. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that a change in one variable may effect a significant change in the other variable.

Relationship between type of industry and seeking assistance

Correlation between type of industry and seeking support is 82%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 levels. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

4.5.5 Significance of level of education to other variables

Relationship between level of education and gender

Correlation between type of industry and level of education is 92%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that a change in the

industry variable in certain direction will also impact a significant either increase or decrease respectively in a similar direction in the other variables.

Relationship between level of education and of type ownership

If the respondent is has no metric chances that they are a sole owner is 79%. According to the guidelines provided correlation is significant at 0.01 level. This suggests a dependent relationship between the variables however any increase or decrease does not significantly cause an increase or decrease in the other variable in the same direction.

Relationship between level of education and age

If the respondent is has no metric chances that they are age is above is 20 years is 91%. According to the guidelines provided correlation is significant at 0.01 level. An increase or decrease in the one variable will results in neither a change in the other variables however the change is neither increase nor decrease in the other variable respectively.

Relationship between level of education and years in operation

Correlation between level of education and years in operation is 81%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. This indicates that a change in one variable will impact a strong corresponding change either an increase or decrease in the same direction in the other variable. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between level of education and type of industry

Correlation between level of education and type of industry is 98%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is a significant and strong dependent between the variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables

Relationship between level of education and receiving support

If the respondent is has no metric chances have received assistance is 52%. According to the guidelines provided correlation is significant at 0.01 level. An increase or decrease in the one variable will results in neither a change in the other variables however the change is neither increase nor decrease in the other variable respectively.

Relationship between level of education and awareness about support

Correlation between level of education and awareness about support is 93%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. This suggest that a strong relationship between the variables. A change in one variable directly impacts a corresponding change in the other variable.

Relationship between level of education and seeking assistance

If the respondent is has no metric chances that have tried to seek assistance is 81%. According to the guidelines provided correlation is significant at 0.01 level. This indicates that relationship between the variables is not directly dependent. Thus suggesting a change in one variable does not significantly attributes a similar change in the other variable.

4.5.6 Significance of receiving support to other variables

Relationship between receiving support and gender

Correlation between receiving support and gender is 54%, positive and average correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relationship between the variables that is relatively strong. A change in one variable will stimulate a similar change in the other variable.

Relationship between receiving support and of type ownership

If the respondent is aware about the available support programmes the changes that a self owner is 73%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables, however an increase or decrease in the other variable does not results in increase or decrease in the other variable respectively.

Relationship between receiving support and age

If the respondent is has received support the chances that their age group is above 20 is 56%. However this is a significant negative correlation. According to the guidelines provided correlation is significant at 0.01 level. An increase or decrease in the one variable will results in neither a change in the other variables however the change is neither increase nor decrease in the other variable respectively.

Relationship between receiving support and years in operation

Correlation between receiving support and years in operation is 39%, positive and weak correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is weak dependent between the two variables. This may suggest that a change in the receiving support variable in certain direction will also impact significantly weak change either an increase or a decrease in a similar direction in the other variables.

Relationship between receiving support and type of industry

Correlation between receiving support and type of industry 52%, positive and average correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is relatively a strong dependent between the two variables. This may suggest that a change in the receiving support variable in certain direction will also impact a relatively significant change either an increase or a decrease in a similar direction in the other variables.

Relationship between receiving support and level of education

If the respondent is has received support the chances that they have no metric is 52%. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however neither the same size nor direction

Relationship between receiving support and awareness about support

Correlation between receiving support and awareness is 53%, positive and average correlation between the two variables. According to the guidelines

provided correlation is significant at 0.01 level. There is a relatively strong relationship. This may suggest that a change in the industry variable in certain direction will also impact a relatively significant either change increase or decrease in a similar direction in the other variables respectively.

Relationship between receiving support and seeking assistance

Correlation between receiving support and seeking assistance is 62%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that a change in the industry variable in certain direction will also impact a significant change either an increase or a decrease respectively in a similar direction in the other variables.

4.5.7 Significance awareness to other variables

Relationship between awareness about support and gender

If the respondent is aware about the available support programmes the changes that they are a female is 88%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables, however an increase or decrease in the other variable does not results in increase or decrease in the other variable respectively.

Relationship between awareness about support and of type ownership

If the respondent is aware about the available support programmes the changes that they are self owner is 74%. There is negative correlation. According to the guidelines provided correlation is significant at 0.01 level. An increase or decrease in the one variable will results in neither a change in the other variables however the change is neither increase nor decrease in the other variable respectively.

Relationship between awareness about support and age

If the respondent is aware about the available support programmes the changes that their age is above 20 years is 92%. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however neither the same size nor direction

Relationship between awareness of support and years in operation

If the respondent is aware about the available support programmes the changes that they have been in operation for a period of between 0 and 12 months is 86%. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however the change is neither the same size nor direction respectively.

Relationship between awareness about support and type of industry

If the respondent is aware about the available support programmes the changes that they are operating in a catering industry is 94%. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however the change is neither the same size nor direction respectively.

Relationship between awareness about support and level of education

Correlation between awareness about support programmes and level of education is 93%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that a change in the industry variable in certain direction will also impact a significant either change increase or decrease respectively in a similar direction in the other variables.

Relationship between awareness about support and receiving

Correlation between awareness about support programmes and receiving support is 53%, positive and average correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that a change in the industry variable in certain direction will also impact a relatively strong change either an increase or a decrease in a similar direction in the other variables.

Relationship between awareness about support and seeking assistance

Correlation between awareness about support programmes and seeking support is 76%, positive and strong correlation between the two variables. According to

the guidelines provided correlation is significant at 0.01 level. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

4.5.8 Significance seeking assistance to other variables

Relationship between seeking assistance and gender

Correlation between seeking assistance and gender is 84%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is relatively a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between seeking assistance and of type ownership

If the respondent is has sought assistance chances they are a sole owner is 97%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables.

Relationship between seeking assistance and age

If the respondent is has sought assistance chances their age is above 20 years is 90%. There is negative correlation. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables, however an increase or decrease in the other variable does not results in increase or decrease in the other variable respectively.

Relationship between seeking assistance and years in operation

Correlation between seeking assistance and years in industry is 74%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between seeking assistance and type of industry

Correlation between seeking assistance and years in operation is 82%, positive and strong correlation between the two variables. According to the guidelines provided correlation is significant at 0.01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact a significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

Relationship between seeking assistance and level of education

If the respondent is has sought assistance chances they have no metric is 81%. According to the guidelines provided correlation is significant at 0.01 level. There is a dependent relation between the variables. An increase or decrease in the one variable will results in a change in the other variables however the change is neither increase or decrease in the other variable respectively.

Relationship between seeking assistance and awareness about support

If the respondent is has sought assistance chances aware about support available is 62%. According to the guidelines provided correlation is significant at 0.01 level. This may suggest that is a dependency between the two variables where an increase or decrease in one of the variables will impact a change in the other variables however the change is neither the same size nor direction

Relationship between seeking assistance and receiving support

Correlation between seeking assistance and receiving support is 76%, positive and strong correlation between the two variables. According to the guidelines provide correlation is significant at 0.01 level. There is a strong dependent between the two variables. This may suggest that a change in the industry variable in certain direction will also impact significantly strong change either an increase or a decrease respectively in a similar direction in the other variables.

4.5 Conclusion

In this chapter research results were presented and analysed. Data analysis was performed using the different statistical method chosen. Facts, trends and patterns have been established and explanations were developed to help in providing understanding of the relationships between the different variables which constitutes the research problem questions under investigation.

The results of the analysis suggest that there is significant relationship between the variables namely gender, age, type of ownership, year in operation, type of industry, level of education, support received , awareness about support and attempt to seek assistance. This implies that changes in any of these variables can determine the impact of government support for SMMEs. It has been revealed that the greater the changes in the variables the more significant the impact of the government support for SMMEs becomes. This implies that there is a strong correlation between demography, nature of industry, attitude of SMMEs owners and the impact of government support programmes for SMMEs

Next chapter conclusion to answer the main research questions will be drawn and recommendations will be given. Recommendations aim to add value to the stakeholders as well as to identify possible areas that many need further research.

Chapter 5

Conclusion and Recommendations

5.1 Introduction

SMMEs can be a source of employment creation, redistribution of economic wealth, poverty eradication and empowerment of the disadvantaged in the society in South Africa. Throughout the world SMMEs have been recognized for the important contribution towards economic growth and development. Yet SMMEs continue to face challenges that are a threat to their start up, survival and sustainable growth despite them being recognized as important. In South Africa the government have established several programmes to promote the sustainable development and growth of SMMEs with the main objective of addressing the macro social- economic imbalances.

Empirical evidence asserts that SMMEs in South Africa continue to face challenges despite the availability of government support. The current high rates of unemployment, crime, poverty and HIV/AIDS have been attributed to the shrinking base of SMMEs in South Africa. This trend has attracted the attention of several other researchers whose findings were reviewed in this study and they seem to suggest there is continuous decline and high rate of failure for SMMEs in South Africa. The main limitation of existing studies is that they concentrated on certain geographical areas other than Brits thus creating a need for a research that focused on Brits.

As laid out in the scope of this study the main objective of this chapter is to draw conclusions and recommendations from the study findings on the research questions, provide recommendations for government support programmes and will conclude by proposing areas for possible future research.

5.2 Summary of the findings

The objective of this study was to evaluate the impact of government support programmes for SMMEs in Brits with the main aim of helping to create awareness and promoting sustainable development of SMMEs in the area. The findings show that out of 50 people who responded only 14% have received assistance. There is a high rate of (60%) unawareness and lack of information whilst 40% claimed to be aware of the available government support programmes.

for SMMEs. In terms of seeking assistance 52% have tried to seek help and the other 48% have not tried to seek help. The findings also revealed business skills training was the major form of support.

The findings also suggested that there was to great extend a measure of dependence between the supports received, level of awareness, attempt to seek assistance and the rate of success in receiving assistance. The findings concluded that there is a relationship between the impacts of government support received several factors such as level of education, awareness, support received, and attempt seek assistance and the challenges they are faced by SMMEs.

An analysis of the outcome of data findings from the research questions also provided valuable information on the demographic profile of the respondents in terms of their gender, type of business ownership, numbers of years in operation, age. Secondly the study helped to gather general business information regarding the details of assistance received, the level of their awareness, challenges they are facing, and perception in terms of what can be done to improve the SMMEs programme. The researcher managed to identify the weakness and challenges that have been observed and experienced by the respondents regarding the government support programmes for SMMEs thus making it possible to identify the shortfall of the support programmes.

5.3 Evaluating Research objectives

In this section the measure of support received, level of awareness, satisfaction about the programmes will be evaluated as the primary objectives of study. The demographic profile of the industry as the second objective of the study.

Nature of support received

The study reveals that the support received is insignificant. The evaluation of the responses indicates that 73% of the respondents did not receive any assistance from the stipulated government support programmes whilst the remaining 27% have received limited form of support namely skills training. This lack of support can be attributed to other demographic factors such as age, gender, level of education, nature of industry. However key contributing factors are; lack or limited support being received has been concluded to be the low levels of seeking assistance, awareness as well as the high rate of failure to receive the support by those who have tried to seek assistance.

Level of awareness available government support programmes for SMMEs

The findings to this research question also forms sub premise or secondary objective of this study. The findings reveal that the majority (60%) of the participants were not aware about the available government support programmes for SMMEs. Lack of receiving support revealed in this study can be possibly attributed largely to lack of awareness. This conclusion is based on the statistical analysis presented in Table 4.1 that shows that impact of government support programmes and the factors that depends to a greater extent of the level of awareness. The fact that most of the respondents interviewed showed lacked information about the procedure and place to get assistance indicates the impact of government support programmes was ineffective.

Attempt to seek assistance or information

The evidence from the findings concludes that there is an insignificant different between the rate of those who tried to seek assistance 52% and those who had not 48%. It has been argued by Ferreira (2007) that there is high level of lack of spirit of entrepreneur amongst most South Africans. GEM 2006-2009 reports and several other others have attributed lack of entrepreneurship spirit to be the main contributing factor to lack of SMMEs development in South Africa (Rodrick, 2006; Banerjee *et al.*, 2006; Frankel *et al.*, 2006). Other reasons for not seeking assistance could possibly; lack of knowledge, low level of awareness and mistrust for the programmes amongst other reasons. Frustrations and despair by observing high rate of failure to receive support by those who have attempted to seek assistance could also be a form of discouragement for the others

Therefore despite some measure of attempts to seek help, the level of seeking assistance and the extend any support was received is remained significantly low therefore contributing negatively to the impact of the government support programmes for SMMEs

Level of satisfaction amongst the SMMEs owners satisfied with the government support.

The majority of the respondents were not satisfied with the programme and cited several challenges that are facing as evidence of their dissatisfaction. This

concludes that there are some shortfalls about the available government support programmes for SMMEs. The challenges mentioned include the following;

- ✓ Lack of financial and non financial support
- ✓ Incompetence in term of basic business management skills
- ✓ Lack of awareness about where, how and when to seek assistance
- ✓ Challenge of start up and funding to sustain continuity of business
- ✓ Lack of access to markets
- ✓ Limited interaction between government support agent and the people
- ✓ Lack of information and communication about the programmes
- ✓ Lack of recognition for emerging SMMEs by government

Demographic Analysis

According to DTI (2005) the South African can be categorised into primary and secondary industries. Primary industry includes manufacturing, mining, agriculture and trade amongst many others. The results indicate that SMMEs in Brits are widely distributed in the secondary ranking from services, retail, agriculture, information technology, transport and entertainment amongst others. This industry profile explains the proposal by the local Municipality of Madibeng SMME Development Strategy for the need to focus and the promote the development of SMMEs based on the key local economic and social-economic business environment of the region (Local Municipality of Madibeng 2009/10 IDP Review).

An analysis of the results indicate a strong and positive relationship between the type of industry and other factors that determine the impact of government support such as the level of education, gender, age, level of awareness, support received as well attitude towards seeking assistance. An analysis of the measure of association indicated in Table 4.1 indicates that the types of industry has the highest significant and positive relation (98%) to most of the factors affecting the outcome of government support programmes for SMMEs. Therefore the nature of industry is very important in determining the impact of government support for SMMEs according to this study

Gender

According to the Stats SA (2007) there are more female than males in South Africa. The study finding revealed that 62% of the respondents were female who own an SMME whilst male owners constituted 38%. It is clear that they are more

female are owning small business than man and this representation a fair participation of gender in terms of participation in economic development and empowerment. In terms of the relationship between gender and the impact of government support for SMMEs the study reveals that there is high probability of gender influencing the type of ownership, years in operation and type of the profile of industry.

With regard to government support programmes the study indicates that there is significant relationship between gender and the support received, level of awareness, education and attempt to seek assistance. It can be concluded changes in gender in terms of participation in SMMEs will determine the impact of the government support programmes positively.

Type of ownership

They many forms of business ownership and they have different advantages and disadvantages, thus it is important to choose the most suitable form of business ownership (Swart, 2010). The results of this study indicates that most of the respondents were sole proprietorship and attributes this form ownership as being influenced by gender, age, level of education and years that the business has been in operation.

The research concluded that there is a positive and strong relationship between ownership and the changes of having sought assistance from government support programmes, awareness of the available programmes and the level of education. These results indicate that type of business ownership does determine the impact of government support for SMMEs

Age profile

The population statistics of South Africa reveal that the majority of the population constitutes of a young people who are within the working age group of below 45 years (Stats SA, 2007). As indicated in fig 4.4 the majority of SMMEs owners are aged between 30 and 40 years.

The study established that age may determine the gender, years the business has been in operation, the level of education and the type of ownership. The research concluded that in terms of business support age may determine to a significant extend (52%) of support received, awareness and attempt to seek assistance.

Therefore age of SMMEs owners can determine the impact of government support on SMMEs to a measurable extend.

Period of operation

It has been highlighted in GEM reports that there is high mortality rate for most SMMEs with failing to survive past the first three years after their start and those that do failing to survive to at least five years. In this study it was observed that most of the responses indicated that only 5% of the business has been in operation for a period between 3 -5 years , 25% for more than 7 years , the is a low business start up as shown by low percentage rate representing SMMEs in the start age. This trend can be explained by empirical evidence that suggest that there is a low level of business start up, high mortality and failure rate(GEM, 2008; Von Blottnitz, 2009; Rodrick, 2006; Banerjee *et al.*, 2010).

Level of education

The research revealed that only 5% of the respondents had no matric whilst the remaining 95% majority have either a matric certificate or post matric qualifications. However there are few SMMEs owner who possess a degree qualification the reason being such individuals have been absorbed into formal employment given the scarcity of skills in South Africa.

The study concluded that there is very strong and significant impact of education on the government support programmes in with reference to determining the level of awareness, attempt to seek assistance and receiving support. These findings supports the asserts the conclusion that have been researched by of several others authors, that education level of SMMEs owners play an important role in determining the changes of survival and success(Von Blottnitz, 2009; Ferreira, 2007; 2008; Orford and Wood, n.d)

5.4 Limitations

This has been limited to SMMEs in Letlhabile, with other areas around Brits not being included in the sample for logistical reasons.

5.5 Recommendations

The last objective of this study was to find possible solutions that could add value to the different stakeholders namely policy makers; institutions that offer support

as well as the SMMEs owners. Based on the findings from this study following recommendations have been drawn

Basis of funding

Lack of funding remains the main constraining factor for SMMEs. There is need to improve the nature of support offered to SMMEs owners especially financial and business skills. Financial assistance can be provided on the basis of merit based on the performance and potential of the SMMEs for sustainable growth and the viability of the nature of the business activity. During the course of this study most respondents indicated that they had financial challenges that were hindering the start up, growth and sustainability of their business.

Access to information and promoting awareness

Institutions offering government support services do campaign and outreach programmes so that can improve the level of awareness. They can use different channels that such as local radios, field visits to remote areas, road show, posters, and local schools amongst many other in attempt to increase the level of awareness

Proactive in seeking assistance

It is recommended that SMME owners should seek assistance before, after and during the course of running their business. SMME owners as entrepreneurship should be proactive and positive minded these are important attributes that they should display.

Control and evaluation

Continuous assessment, monitoring and evaluation of SMMEs that have received support are necessary. This would help to ensure effectiveness, efficiency of the delivering and implementation of the policy

Regional based aid budget

The government should base its support on the regional needs of the SMMEs in terms of their location as this determines the nature of industry that could be viable and suitable for future growth.

5.6 Proposal for future research

Further research in Brits would be useful in providing useful information that can be used to address and promote the development of sustainable SMMEs in the area. Further research could include;

- ✓ An investigation in terms of the actual numbers and nature of SMMEs that have failed and gone under that could possibly have been of national strategic importance in the economic development of the country.
- ✓ An investigation of measures that can be taken to improve the effectiveness of government support for SMMEs.
- ✓ The challenges facing support institution in delivering the SMMEs support mandate.
- ✓ A case study on the role economic of SMMEs in specific geographic areas

5.7 Conclusion

An evaluation of the impact of government support programmes for SMME in this study concludes that the programme has been insignificant in terms addressing the key objectives of providing financial and non financial support. The ineffectiveness of government support programmes is to a greater extend contributed by the lack of availability of support high level of awareness, attempts to seek assistance and level of education amongst others factors.

The majority of SMMEs owners have neither received any form of assistance nor possess any information about where, how or whom to approach for the available support. Having failed to receive any form of support the SMMEs owners are not satisfied with the outcome of the programme as they continue to face challenges that are a threat to their start up, survival, growth and existence. Thus the research concludes that the government support programmes had insignificant impact on SMMEs in Brits.

It is concluded that there is a significant evidence of lack integration of the financial and non financial support, level of awareness, improve access to information and attempts to seek assistance. Therefore the impact government programme for SMMEs has been insignificant.

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Appendix A: Matrix

Articles	Themes											
	1	2	3	5	6	7	8	9	10	11	12	
	Significance of SMMEs	Nature of SMMEs in South Africa	Statistics of SMMEs in South Africa	Challenges facing SMMEs	Effectiveness of South African government support programmes	Factors affecting SMMEs	Feasibility of government support of SMMEs	Other types of non government assistance available	Role of SMMEs in Local Economic Development	State of SMMEs in Madibeng Municipality	Small Businesses support in Madibeng Municipality	
1 Why Has Unemployment Risen in the New South Africa?								1				
2 A Commentary on the Policy Guidelines for Implementing Local Economic Development in South Africa, March 2005												
3 Church and small, medium and micro enterprises in rural Tswaing in the north west province												
4 Support for rural small businesses in Limpopo Province, South Africa											1	
5 Development of Framework to integrate informal SMMEs and Entrepreneur with the formal South African economy												
6 Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach												
7 Impact of Municipal Regulations on SMMEs												
8 SMME Owner Perceptions of Government Initiatives to Grow the SMME Sector in the Province of Kwa-Zulu Natal, South Africa												
9 Unpacking tourism SMMEs in South Africa: structure, support needs and policy response												
1 Government support for small, micro and medium enterprises (smme's) as a venture for												
0 business and economic Development in South Africa												
1 Issues in SME												
1 Development in Ghana and South Africa												
1 From Technologists to Business Developers"- the Evolution of												
2 ICT4Dev Practitioners in South(ern) Africa												
1 State of												
3 the												
nation												
South												
Africa												
2007												
1 Promoting Small and Medium Enterprises as a												
4 National Development Strategy:												
1 SMME competitiveness through technology diffusion from higher educational												
5 institutions: a South African perspective												
1 The Environmental Context for SMME												
6 Entrepreneurship in Kwazulu-Natal												
1 Second Best? Trends and Linkages in the Informal Economy in South												
7 Africa1 Informal Economy in South Africa1												
1 The national policy environment of Small, micro and medium												
8 enterprises in South Africa – an Empirical study												
1 Integrated Strategy on Promotion of												
9 Entrepreneurship and Small Enterprises												

2 Towards an e-Model for the Enhancement of Service Rendering by
 0 SMMEs Supporting Agencies in South Africa
 2 An empirical analysis of a private company's corporate social
 1 investment in SMME development in South Africa
 2 An investigation of small and medium enterprises perceptions towards services offered
 2 by commercial banks in South Africa
 2 Difficulties encountered by black women entrepreneurs in accessing training from the small
 3 enterprise development agency in South Africa
 2 An analysis of the business interventions and their effect on the perceived success of
 4 South Africa small and Medium Enterprises
 2 SMMEs' challenges in
 5 reconstructing South
 Africa
 2 South Africa: Macroeconomic
 6 challenges after a decade of success
 2 A critical analysis of the influence of start-up factors in small businesses and
 7 entrepreneurial ventures in South Africa
 2 Marrying the 'System of Innovation' and micro enterprises in real world rural SADC": An overview
 8 of collaborative SMME incubation in the Rural Living Lab of Sekhukhune
 2 Final SMME SECOND PAPER : Supporting
 9 Small Businesses in the Western Cape
 3 SMME THIRD PAPER : Supporting
 0 Small Businesses in the Western Cape
 3 Failing or not aiming to grow? Manufacturing smmes and their
 1 contribution to employment growth in South Africa
 3 Small Medium and Micro Enterprises In South
 2 Africa's national system of innovation
 3 The role of provincial government support in the development of black-owned small
 3 tourism businesses in the city of cape town
 3 Manufacturing enterprises and marketing planning in a mining area of the North West Province,
 4 South Africa: lessons for local business support centres'
 3 Business Plans in Bank Decision-Making when
 5 Financing new Ventures in South Africa
 3 Internationalization of Small and Medium-sized Enterprises (SMEs) and International
 6 Entrepreneurship: A Critique and Policy Implications
 3 Government procurement policy and SMME
 7 development successes and challenges
 3 Preparedness of South African deep rural smmes to deliver e-
 8 government services to local Communities
 3 Private procurement and the
 9 development of black smmes in
 Ekurhuleni
 4 Towards an e-Model for the Enhancement of Service Rendering by
 0 SMMEs Supporting Agencies in South Africa
 4 *Promoting SMEs for Development*. 2nd OECD Conference of Ministers Responsible for
 1 Small and Medium-Sized Enterprises (SMEs).
 4 SMME SECOND PAPER Supporting
 2 Small Businesses in the Western Cape
 4 Ten Years and Ten Trends of Local Economic Development Practice in
 3 South Africa: A Practitioner's Perspective
 4 Supporting the information needs of small and micro
 4 businesses: a South African case-study
 4 The impact of the South African government's SMME
 5 programmes: a ten-year review (1994-2003)
 4 SMME Development in Peripheral Regions:
 6 Manufacturing in Free State Province, South Africa
 4 Small Enterprise Development in South Africa's Lagging
 7 Regions: The Case of Mpumalanga Province
 4 Developing tourism SMMEs in South Africa: the
 8 need to recognise difference

4 'Mega-events and small enterprise
 9 development: the 2010 FIFA World
 5 Strategic Review Of Local
 0 Economic Development In
 South Africa
 5 Growing the SMME Manufacturing
 1 Economy of South Africa: Evidence
 5 Transformation in Small ,
 2 Medium and Micro Enterprises
 5 Xhariep SMME
 3 Development and
 support plan
 5 An exploratory study of problems facing small contractors in
 4 the North West province of South Africa
 5 Working
 5 Paper 2 -
 2005
 5 What Impact do Economic Issues Have on the
 6 Survival of SMEs Entrepreneurs?
 5 Mandeni municipality SMME and informal traders
 7 management and development strategy
 5 An Economic
 8 Overview Of
 Smmes In 2008.
 5 Achieving the Best practices through knowledge : Benchmarking and competitive intelligence
 9 as strategies for decision making for Small and Medium Enterprises
 6 Global
 0 Entrepren
 uership
 Monitor
 2008
 6 Global
 1 Entrepren
 uership
 Monitor
 2009
 6 Local Municipality of
 2 Madineng 2009/10 IDP
 Review
 GEM
 South
 African
 Report
 2007

Appendix B: Questionnaire construction

Research Question	Survey Questions	Variable(s) and/or Relationships measured	Question Type	Statistical test to be used
1	- How long have you been operating your business - Please indicate your gender - How old are you - What form the business ownership - What type of industry are you operating in? - Please indicate your qualification	- Survival period and rate of access to finance - Gender of the respondents - Age trend of SMMEs owners - Type of businesses - Profile of industry - Literacy support and training needs	- Closed - Closed - Closed - Closed - Closed - Closed	A statistician will be consulted to assist with data analysis
2	- Have you received any form of government support during the period that they have been operating your business? - If yes please specify the type of support - Are you aware of any government support programmes available for SMMEs - Have you ever tried to seek assistance or information about the available government SMME	- Government support received by respondents - Assess types of support received by respondents - Awareness of the availability of government support programmes - Respondent's entrepreneurial skills with support programmes - Respondent's experience - Respondent's attitude towards the available programmes - Sources of fiancé for SMMEs	- Closed - Closed - Closed - Closed - Closed - Closed - Closed	A statistician will be consulted to assist with data analysis