AN IMPACT ASSESSMENT OF MICRO ENTERPRISES ON
THE LIVELIHOODS OF LOW INCOME HOUSEHOLDS IN
KHAYELITSHA

Thesis Submitted to the Faculty of Economic and Management Sciences, Institute for
Social Development, University of the Western Cape, in partial fulfilment of the
requirement for MA Degree in Development Studies

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Supervisor: Dr. I. Conradie

Date: May 2015
Declaration

I declare that the thesis entitled: Impact assessment of micro enterprises on the livelihoods of low income households in Khayelitsha is an authentic and original piece of work by me. It has not been submitted in whole or part for any degree or examination at any other university. I declare that all the sources I have used or quoted have been fully acknowledged and referenced.

I have read the Examinations Regulations and I am aware of the potential consequences of any breach of them.

Signature:........................................................................................................

Name:...........................................................................................................

Date:............................................................................................................
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### Acronyms

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<th>Definition</th>
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<tr>
<td>AIMS</td>
<td>Assessing Impact of Micro Enterprise Services</td>
</tr>
<tr>
<td>DFID</td>
<td>Department for International Development</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>FPL</td>
<td>Food Poverty Line</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>LBPL</td>
<td>Lower Bound Poverty Line</td>
</tr>
<tr>
<td>NDP</td>
<td>National Development Plan</td>
</tr>
<tr>
<td>NPC</td>
<td>National Planning Commission</td>
</tr>
<tr>
<td>PPP</td>
<td>Purchasing Power Parity</td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
</tr>
<tr>
<td>SARS</td>
<td>South African Revenue Services</td>
</tr>
<tr>
<td>SASSA</td>
<td>South African Social Security Agency</td>
</tr>
<tr>
<td>SEF</td>
<td>Small Enterprise Foundation</td>
</tr>
<tr>
<td>SLA</td>
<td>Sustainable Livelihoods Approach</td>
</tr>
<tr>
<td>SMME</td>
<td>Small Micro and Medium Scale Enterprises</td>
</tr>
<tr>
<td>UBPL</td>
<td>Upper Bound Poverty Line</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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</table>
Abstract

Livelihoods are essential for poverty alleviation. A poor person’s life cannot be transformed at all if the person has no means of earning a substantial income to sustain daily living. In today’s world many people rely on human capital for livelihoods. This is usually in the form of skills or educational qualifications that permit an individual to find employment. However, not every person is able to get meaningful employment which can generate an income to allow the person to live above the poverty lines. Generating an income from employment is not a livelihoods strategy that is available to many South Africans as the country has high unemployment rates and an economy that is performing poorly. In addition the overspill of institutionalised inequality from the apartheid era has many South Africans living in poverty. The South African government is promoting Small Micro and Medium Scale Enterprises (SMMEs) as a key strategy for job creation, economic growth for poverty alleviation and a reduction in inequalities. Many poor people in urban areas adopt micro enterprises as a livelihoods strategy.

The research assessed the impact of micro enterprises on the livelihoods of low income households in Khayelitsha. The objectives of the research were; (a) to determine the impact that micro enterprises have on the livelihoods of low income households; (b) to ascertain how low income households identify micro enterprises as a livelihoods strategy; (c) to identify how household assets were allocated to livelihoods strategies; (d) to determine how low income households operate micro enterprises; and (e) to identify challenges faced by low income households in earning a livelihood through micro enterprises.

A qualitative research design was used for the study because the aims of the research were to get an insight as to how people’s lives had transformed by adopting micro enterprises as a livelihoods strategy. To this end, in-depth interviews and observation data collection methods were employed. A study sample of 22 participants was drawn using non-probability sampling. Grounded theory was used for data analysis. Coded data was entered into an Excel spreadsheet which was used to generate graphs and tables.

The findings indicate that micro enterprises as a livelihoods strategy have a positive impact on the livelihoods of many households in Khayelitsha. The impact is more significant because many households who engage in micro enterprises do not have other options for
livelihoods strategies. Furthermore, many households reported to be better off operating a micro enterprise rather than being employed. Some households reported dissatisfaction with micro enterprises because they could not determine beforehand how much income would be generated making it difficult to plan monthly household expenditure. None the less micro enterprises enabled households to provide shelter, food, education for children and family members, health care and provision of household furniture. The results also indicate that for many micro enterprise owners the lack of financial capital was the biggest challenge because it prevented capital investment. High competition was also a challenge that a few owners were not able to overcome. On the whole the study concluded that micro enterprises are a good livelihoods strategy for the poor and could keep many South Africans above the poverty line.
Key words

Micro enterprises
Livelihoods strategies
Sustainability
Low income households
Income generation
Household assets
Poverty alleviation
Impact assessment
Informal sector
Khayelitsha
Capital
Chapter One: Introduction

1.1 Chapter Overview

This chapter paints a picture of poverty in South Africa with an emphasis on what are believed to be the root causes of poverty. In section 1.2 the researcher highlights the seriousness of poverty in South Africa and the strategies adopted by South Africa in order to curb the problem. Section 1.3 provides a problem statement for the study. Section 1.4 raises the research questions followed by the specific aims of the study in section 1.5. Section 1.6 provides an ethics statement and section 1.7 presents a chapter summary.

1.2 Background and Contextualisation

1.2.1 Introduction

Poverty is not a new phenomenon in many African nations and South Africa is no exception. Poverty has been attributed to many different causes ranging from historical to political factors. Since the inception of the United Nations (UN) development decades at the end of the Second World War, many strategies have been adopted and implemented as a way of reducing and eradicating poverty. Studies have shown that Small, Micro and Medium Scale Enterprises (SMMEs) play a significant role in reducing poverty and accelerating economic growth. Specifically, SMMEs create a demand for non-tradable goods, namely services and local products through links which have an indirect effect on demand. In addition SMMEs are coupled with the ability to create employment in rural and urban areas, which appears to be the main contributing factor to the reduction of poverty (Mnenwa and Maliti, 2009:1). Consequently SMMEs are seen by many developing nations as job creators and stimulants of economic growth which ultimately impacts on the reduction of poverty. Hence the role of SMMEs in the development process continues to be at the centre of policy debates in many countries (Abor and Quartey, 2010: 218). Many African countries have adopted strategies that promote the development of SMMEs as a major way to reduce poverty, particularly among urban dwellers (Eshetu et al, 2013:21).
Since the end of the apartheid era, which was a system of institutionalised racism that allowed poverty and inequalities to flourish, the democratic government has made the eradication of poverty and reduction of inequalities a priority. Amongst the strategies to eradicate poverty and reduce inequalities is the promotion of SMMEs through the creation of an enabling environment by changing the legal framework so that all South Africans have access to information and advice, finance, training in entrepreneurship and skills management (DTI, 2014: 3-4). Furthermore, the government’s National Development Plan (NDP) recognises that SMMEs are the future for job creation and economic growth which would ultimately alleviate poverty (NPC, Plan, 2011).

1.2.2 Background Information on Study Area

1.2.3 South Africa

In terms of monetary economics South Africa is considered to be an upper medium income country in the world and one of the wealthiest nations on the African continent. South Africa is endowed with mineral resources such as gold, diamonds and platinum. Despite the wealth, the majority of the population of black Africans are poor. Around 45.5% of the population is poor and 20.2% of the population lives in extreme poverty (Stats SA, 2014b: 12).

Statistics released in February 2015, indicate that 27 million South Africans are living below the poverty line which translates to more than half of the population. In 2012, South Africa adopted the use of three poverty lines to measure poverty. The first line is the Food Poverty Line (FPL) which is the level of consumption below which individuals cannot afford to purchase sufficient food to provide them with an adequate diet for their nourishment. The FPL is set at R335 per person per month and around 10.7 million (22%) South Africans are living below the FPL (Stats SA, 2015:14). The second poverty line is the Lower Bound Poverty Line (LBPL) which is set at R501 per person per month. The LBPL measures non-food items, to obtain these a person must sacrifice some food purchases. Currently it is estimated that 18.6 million (37%) South Africans live below the LBPL. Lastly, the Upper Bound Poverty Line (UBPL) set at R779 per person per month, which measures an individual’s ability to purchase both adequate food and non-food items (Stats SA, 2014b:7).
In February 2015 it was estimated that 27 million South Africans are living below the UBPL.¹

In April 2014, Statistics South Africa released Poverty Trends statistics where it was found that 20.2% of South Africans were living in poverty. The trends analysis showed a decline in the number of people living in poverty. Looking at population groups, the number of black people living in poverty declined from 66.9% in 2009 to 54% in 2011 (Stats SA, 2014b:27). The coloured population living in poverty declined from 37.8% in 2009 to 27.6% in 2011 whilst the Indian population living in poverty declined to 3.4% from 11.6% and the white population group saw a decline from 1.5% to 0.8% in the same period (Stats SA, 2014b:27).

Much of this poverty has been attributed to the country’s previous political system of apartheid which reigned supreme from around 1948 up to 1994 when the country held its first democratic elections. The apartheid political system legalised discrimination, thus institutionalising inequalities in the process, as it set foundations for inequality in nearly all institutions of South African society. The majority of black South Africans had limited access to good quality education which is vital for one’s life chances, since an adequate education may provide access to formal and secure employment with adequate pay. This is one way of ensuring that people have some control over resources to maintain some socially acceptable standard of living. Education and jobs determine current income levels and savings potential as well as shaping future opportunities for the individual and the future of those whom the individual supports (Bhorat et al, 2004: 11).

The incidence of poverty for black South Africans was further exacerbated by the apartheid regime denying black Africans economic opportunities such as the chance to operate businesses. Many black South Africans engaged in micro entrepreneurship in the informal economy whereby they operated small house shops popularly known as “Spazas” which were essentially convenience grocery stores in the townships. Such micro entrepreneurship not only served to meet the everyday grocery requirements of township residents, they were also a means of providing a livelihood for many of the unemployed residents or served as a supplementary source of income for those who were employed in low paying jobs (Charman et al, 2011:3).

¹The current statistics on poverty lines and population living in poverty released in February 2015 are based on 2011 estimates of the Living Conditions and Income Expenditure Surveys conducted by Statistics South Africa every five years to profile and monitor poverty and inequality. Updated information on poverty trends is not yet available.
Spazas are now facing stiff competition from foreign traders (such as Somalis, Tanzanians, Egyptians, Rwandans and Pakistanis) who apply entrepreneurial business practices. For instance, price competition has made it possible for the foreign traders to outcompete and in many cases even take over South African shops which are usually run on an individual and survivalist basis. The South African micro enterprises tend to compete on location rather than price. Ultimately, competition based on location reduces the profit margins, but more significantly allows easy entry for anyone who wishes to supplement an income (Charman et al, 2012:48).

Unemployment is a challenge in South Africa. The Labour Force Quarterly Survey showed that in the fourth quarter of 2014 unemployment was at 24.3% (Stats SA, 2014a: 2). The unemployed may be defined narrowly to refer to any person of working age (15-64 years of age) who is jobless and had searched for work in a given period usually a week or month before being counted as unemployed (Kingdon and Knight, 2006: 292). In broader terms unemployment includes the narrow definition of the unemployed plus those who wanted to work but did not actively search for employment in the reference period (Kingdon and Knight, 2006:292). Since 1998 Statistics South Africa uses a strict measure of unemployment whereby a person has to take an active step to look for work or start some form of self-employment in order to be measured as unemployed (Posel et al, 2013:1). Such high levels of unemployment are believed to be the major cause of widespread poverty. SMMEs are promoted because they are believed to play economic, social and political roles in employment creation, resource utilization and income generation because of their unique economic and organizational characteristics (Nelson and Nguiru, 1987).

SMMEs in the informal sector are mostly dominated by groups which had been previously disadvantaged. The government through the newly established Ministry of Small Business Development has prioritised entrepreneurship and the advancement of SMMEs as the catalyst to achieving economic growth and development. In addition SMMEs are seen as a way to address apartheid inequalities. The government recognises the role that SMMEs play in addressing poverty, especially as a coping strategy adopted by the poor. The DTI is implementing a number of policies to ensure that adequate financial and non-financial assistance is provided to the sector for long term prosperity as well as prosperity for the country as a whole (DTI, 2014). Implementation of such policies is now the responsibility of the Ministry for Small Business Development.
It is important to note that SMMEs are not homogenous in South Africa. SMMEs have been divided into three categories of enterprises, the survivalist mostly found in the informal sector and dominated by black South Africans, the growth-oriented micro enterprise and the formal SMME economy which is dominated by white business owners. A significant number of women in South Africa are involved in the survivalist enterprises and are constrained by patriarchy and child care responsibilities which hinder their progression out of the survivalist enterprises; many of these women are likely to remain poor (May et al, 1998:44-45). The government recognised that women make up a large part of the survivalist sector and has set an objective to support the advancement of women in all business sectors. A policy on the promotion of SMMEs exists and recommends different support strategies for all categories of SMMEs. However, it is not specific on how it would support the survivalist sector. The implication is that ultimately implementation of the policy would be affected and some people might be excluded from benefiting from the policies, hence affecting poverty reduction and employment creation (Devey et al, 2006: 13).

1.2.4 Khayelitsha: Study Area

Khayelitsha is a township located in the Cape Flats in Cape Town in the Western Cape and is considered to be the second biggest township in South Africa. At a glance, the township clearly displays a poverty profile with high unemployment rates, low income households and underdevelopment (Ngxiza, 2012: 182).

Cape Town had been designated as a Coloured Labour Preference Area in 1955 with the intention of controlling the number of black South Africans migrating to the Western Cape in search of employment (Cook, 1986: 57). In March 1983 Parliament announced that all black South Africans who were legally residing in the Cape Town Metropolitan area would be re-located to Khayelitsha. When the announcement was made a fairly significant percentage of the black population was in Cape Town “illegally”. They could not be housed and a backlog of workers had emerged due to the Influx Control Policy. Also, only about half of the legitimate migrant workers could be housed in hostel accommodation and the end result was that shacks were erected in the backyards of township houses (Cook, 1986:58).

Khayelitsha is like any other township with a high population density. Many residents live in informal dwellings such as backyard rooms, or shacks in informal settlements, mainly
constructed out of timber or recycled materials such as cardboard, plastics and corrugated iron (Lemanski, 2009:473). Those who live in informal dwellings in informal settlements often live in a single room in which they cook, eat, sleep, wash and live, often using communal water facilities, communal toilets and some may have access to electricity (Nleya, 2011, Lemanski, 2009).

The township has twelve wards and is mostly inhabited by Xhosa-speaking people from the Eastern Cape Province. Like many other South African townships, it is inhabited by the most marginalised people who are mostly migrants from other provinces or countries. There is lack of a significant economic base in the township, with only the basic retail and service sectors such as hair salons, restaurants and shebeens (Business Trust, 2007: 8-9). Even though there are many poor people there are some areas of the township which are fairly well-to-do with well-built dwellings.

Statistics from the 2011 population census pegged the population of Khayelitsha at 391749 composed of 51.95% female and 48.05% males, mostly aged between 18-34 years (City of Cape Town, 2013:3). However, the actual population is estimated to be much higher than the census figure. A local Community Based Organisation (Umtha Welanga, 2014) estimates the population to approximately1.2 million. Only 35% of the population is employed and 3% are self-employed. Many of the poor population are economically inactive; 47% of the population has an annual income below R9, 600 which translates to less than R800 per month. This means that for an average household of 3.30 persons, each household member was living on R242.42 per month. That amount is far below the FPL which is set at R335 per person per month (Stats SA, 2015). The living standards and conditions for most of the population in Khayelitsha are poor and still keep people trapped in the cycle of poverty. Poverty in Khayelitsha is mostly attributed to low employment rates which could be attributed to a high shortage of skills as most of the residents do not have a matric qualification. Hence many are employed as unskilled or semi-skilled labour or in the informal sector. Others resort to criminal activities such as selling illicit drugs (Unit for Religion and Development Research, 2005:24).

High unemployment rates, especially amongst the youth are linked to crimes and this affects businesses. Many SMMEs in Khayelitsha are in the informal sector and fall into the survivalist category; crime makes it hard for such businesses to succeed. Big businesses are also affected by crime and many have had to close down due to safety concerns (City of Cape
Violent crime is central to people’s livelihoods as many residents consider it as one of the biggest challenges in the area (Nleya and Thompson, 2009:52). If people are not feeling physically safe then it is unlikely that they will engage in a livelihood activity that may compromise their safety.

In addition to crime as a constraint to business performance, other challenges faced by SMMEs in Khayelitsha include high costs of renting premises, which raises operational costs of the business. Furthermore, as is a common trend amongst SMMEs there are high rates of duplication where more and more people enter the informal sector selling the same products or providing the same services, making it difficult to make a living out of the business. Access to services such as water and sanitation is poor and not all residents have electricity or running water, which may also impact on a business (City of Cape Town, 2013: 6-7).

1.3 Problem statement

Prior to the 1970s, development economists never viewed SMMEs favourably and had little interest in their promotion or research. Much focus and attention was on larger entities which required intensive capital investments. The belief was that larger, capital intensive enterprises would yield real economic growth and development. However, this was not the case as countries which were experiencing phenomenal growth in their Gross Domestic Product (GDP) through such investment did not translate this growth into real development as poverty levels were still rising and people’s lives were not changing for the better. A rise in GDP did not translate into real jobs where people earned enough wages to afford better housing and other basic social amenities (Todaro and Smith, 2012: 14-15, Thomas, 1996: 97). In the 1970s there was a shift in the mind-set of development economists as more and more scholars, policy makers and the donor community started to realise that micro and small scale enterprises could be engines of economic growth which could have a real impact on poverty reduction for the world’s poor (McPherson, 1996: 254).

In South Africa SMMEs are now widely recognised as a key to job creation and economic growth. Theoretically, SMMEs should be able to generate jobs thus helping with poverty alleviation in the country. However, the reality is that since the dawn of democracy in 1994 (which operates on the principles of equality for all), inequalities are still rampant in South Africa with alarming gaps between the rich and the poor. Unemployment levels in the country are high which implies that not all individuals in the working population are able to
earn their livelihood through paid wages. The government in its development plans has emphasised the promotion of the SMME sector in order to eradicate inequalities and reduce poverty, yet a significant number of South Africans still live in abject poverty. Therefore it is vital to assess the impact that SMMEs have on the livelihoods of low income households in order to measure the effectiveness of SMMEs in poverty alleviation.

1.4 Research Questions

Considering the research problem statement, the research attempted to answer the following questions:

- What is the effect of SMMEs on the livelihood of the household?
- What would have happened to the livelihood of the household if it was not involved in SMME activities?
- How would the household’s livelihoods change if the household relied on other sources of income such as social grants or wages from casual labour?
- Are the benefits of running SMME activities greater than the costs of running the SMMEs?

1.5 Aims of the study

The overall aim of the research was to explore the importance of micro enterprises in poverty alleviation by assessing the impact of micro and small scale enterprises on the livelihoods of low income households.

Specifically the study aimed to:

- determine the type of impact that micro and small scale enterprises have on the livelihood of low income households;
- ascertain how low income households identify micro enterprises as livelihoods strategies;
- identify how household assets are allocated to livelihoods strategies;
- determine how low income households operate micro enterprises;
• identify challenges faced by low income households in earning a livelihood through micro and small scale enterprises, and
• Provide relevant conclusions and recommendations.

1.6 Ethics statement

Legislative changes in human rights and data protection have brought ethical considerations in social research into the limelight. In addition there has been an increased public concern about the limits of inquiry involving human subjects, particularly concerning ways in which people are affected by participating in research (Ali and Kelly, 2004: 59).

The study was bound by the ethical rules and guidelines stipulated by the University of the Western Cape. The study did not harm participants in any way whatsoever. All participants were fully informed about the aims and intentions of the study. Participation was on a voluntary basis and participants were free to withdraw from the study at any time. Specific procedures followed on ethical considerations are discussed in detail in chapter 3.

1.7 Chapter Summary

Poverty and unemployment figures are high amongst the youth and blacks in South Africa. Many people have failed to overcome poverty due to many factors. One of these factors is argued to be South Africa’s past government system of apartheid which institutionalised inequalities. High unemployment rates have also been attributed as a cause of poverty. To address the inequalities of apartheid and overcome poverty, the government has prioritised entrepreneurship and the advancement of SMMEs. However, SMMEs are in different categories and those who are most affected by poverty tend to be engaged in SMMEs which are survivalist in nature.
Chapter Two: Literature Review and Theoretical Framework

2.1 Chapter Overview

This chapter presents the study's literature review and theoretical framework. The aim of the literature review is to put into perspective key findings of existing studies and issues in current debates concerning SMMEs as livelihoods strategies for low income households. The literature review contextualizes and defines SMMEs as a livelihoods strategy for low income households and its relation to poverty alleviation in South Africa. Theoretically the study is based on the Sustainable Livelihoods Approach (SLA) as the approach provides an understanding of concepts such as asset ownership, capabilities and vulnerability of the poor which are vital in poverty alleviation.

2.2 Defining Micro Enterprises

There is no universal definition of a micro enterprise as different countries use different measures such as the number of employees, sales levels or investment levels to define microenterprises (Ayyagari et al, 2007:416). However, SMMEs are more commonly defined in economic terms such as employment, which uses a head count of employees as criteria for the definition. Such a definition classifies SMMEs as survival activities if the SMME employs less than one employee, household activity if there is more than one employee, micro enterprise if it employs fewer than five employees, small emergent enterprise if it employs less than 25 employees and a growth business if it employs 100 or fewer employees (Green et al, 2006:1019). The challenge with such a definition is that it overlooks an important aspect of skills which are crucial to the survival of an SMME. That is to say, an SMME may employ one highly skilled employee that is effective. Being highly skilled the worker may cost more, hence raising the operational costs of the business. In any case, such a business would not necessarily fit in the category of survivalist SMME. That said, it is highly unlikely for an SMME in a low income community to operate a business that would require such skills.

In South Africa the official definition of SMMEs is stipulated in the National Business Act of 1996 which classifies SMMEs within a small business cluster and thus defines it as “a separate and distinct business entity, including co-operative enterprises and non-
governmental organisations, 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” (DTI, 2008:2). A set of thresholds is used to classify different sizes of small businesses to include micro, very small, small or medium enterprises. Using employment as a criterion for classification, South Africa classifies any enterprise with a total of full time paid employees of fewer than 200 as a medium enterprise, with the exception of the agriculture sector which is classified as medium if it employs fewer than 100 employees (DTI, 2008:3).

An enterprise is classified as a small enterprise if it employs 50 employees or less. A very small enterprise is any that employs 20 employees or less and a micro enterprise is classified as such if it employs 5 employees or less (The DTI, 2008:3).

**Table 1: Definitions of Small Businesses in South Africa**

<table>
<thead>
<tr>
<th>Size of enterprise</th>
<th>Number of employees</th>
<th>Annual turnover</th>
<th>Gross assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>Fewer than 100-200, depending on industry</td>
<td>Under R4m to R50m, depending on industry</td>
<td>Under R2m to R18m, depending on industry</td>
</tr>
<tr>
<td>Small</td>
<td>Fewer than 50</td>
<td>Less than R2m to R25m, depending on industry</td>
<td>Less than R2m to R4.5m, depending on industry</td>
</tr>
<tr>
<td>Very Small</td>
<td>Fewer than 10 to 20 depending on industry</td>
<td>Less than R200,000 to R500,000, depending on industry</td>
<td>Less than R150,000 to R500,000, depending on industry</td>
</tr>
<tr>
<td>Micro</td>
<td>Fewer than 5</td>
<td>Less than R150,000</td>
<td>Less than R150,000</td>
</tr>
</tbody>
</table>

**Source:** DTI, 2008.
2.3 Defining Low-Income Households

A household may be simply defined as a unit of a common establishment of people who reside together and share reproduction in terms of income generation, consumption and domestic activities (Chant, 1991:6). Smeeding & Weinberg (2001:1) define a household as a dwelling unit which may be shared by members who are related or not. Beaman and Dillon (2012: 125) combine several definitions of a household to include a component of sharing a dwelling unit, members eating food that is commonly prepared and also that members may work together on an agricultural plot or in an income generating activity.

A household may be classified as a low income household if the household’s earnings are below the poverty wages. Essentially, poverty wages are legislated minimum wages that are considered sufficient for a worker’s family to live on. However, in most cases the buying power of minimum wages has been lost leaving minimum wage workers further and further below any definition of poverty (Schenk, 2001: 3).

It is important to highlight that low income households are not necessarily characterised by unemployment or welfare receipts such as social grants or child support. Household members might be employed but may earn less in wages. When low wages are combined with increasing family responsibilities, it translates the household into a low income household (Hastings et al, 2004: 9). This is because whatever income is earned, it is insufficient to meet the costs of household members’ daily needs such as transportation, housing, food, health care and other basic needs. Furthermore, earnings may be even lower if members are employed as seasonal workers or are employed in the service sector and may have to work for fewer hours (Allegretto et al, 2013:8).

Low income households are often seen as households with considerable difficulties (Orthner et al, 2004:159). This is because many low income households experience hardships as they are often found in communities with social problems. Low income communities tend to have high unemployment rates which may have an impact on crime rates, juvenile delinquency and may also contribute to substance abuse. Other social problems may include high teenage pregnancy rates, child negligence or mistreatment. Low income household members may be susceptible to poor physical and mental health as a result of poor diet and environmental factors (Hastings et al, 2004: 2-4). This might have an impact on members’ ability to earn an income as access to social services such as job training and higher paying employment is limited. This may also affect the household’s functioning as a family with adult care givers
stressing about money to provide children with a lifestyle that is possible with an income (Orthner, et al, 2004:159).

Low income households often do not have much human capital which further reduces possible work opportunities which limits the possibility of increasing earnings (Hastings et al, 2004:9). Lack of human capital in the form of educational qualifications prevents members of low income households from securing higher wage employment which increases the likelihood of experiencing poverty. The probability of finding higher paying employment for low skilled workers is small amidst changing macroeconomic trends which have had an impact on the transformation of urban economies, making economies more global and heavily reliant on finance and technology (Hastings et al, 2004:4). With globalisation, local industries are facing stiffer competition from multinational corporations. For instance, Chinese businesses have penetrated markets in Africa and offer their products at highly competitive prices. Furthermore, mining activities in South Africa have been reduced which makes it hard for low skilled workers to find employment in that sector.

2.4 Poverty in South Africa

Poverty and inequality are common features of many African states, but the situation is much worse in South Africa because of the wide gap between the rich and the poor which translates into higher levels of inequality. This may be attributed to a highly skewed income distribution (Armstrong et al, 2008:5). Furthermore, historically, the political system of apartheid in South Africa allowed for poverty and inequality to thrive and grow in the country at disheartening rates amongst the majority of the population. Regardless of the transition to a democratic system of government in 1994, the government is still under pressure to eradicate poverty and redress the inequalities of apartheid as a fairly large population of South Africans are still living in poverty. Nonetheless, the transition to democracy offered hope to the poor and marginalised of a better life as all groups are now included in national development planning (May and Meth, 2007:271; Zack, 2001: 352).

Poverty in South Africa, like elsewhere in the world, faces issues around its conceptualisation or how best to measure it. Poverty is usually defined in absolute or relative terms. Absolute poverty refers to poverty where an individual is not able to meet daily basic human requirements for survival. Relative poverty is based on judgements of what is considered to
be poverty. That is, people in similar social settings will be considered either as poor or non-poor at different points in time (Noble et al, 2007:120).

South Africa’s picture of poverty is even grimmer if comparisons are made with other nations such as Turkey. World Bank and United Nations Development Programme (UNDP) statistics of 2000 showed that Turkey had a GDP lower than South Africa. Even with a lower GDP, only 18% of its population were living below the Purchasing Power Parity (PPP) line of less than US$2 per day. On the other hand South Africa had a GDP 25% higher than Turkey, yet a staggering 35.8% of its population were living below US$2 per day (May and Meth, 2007:273).

A higher percentage of the people living in poverty in South Africa are black people, followed by coloured people. To some extent these racial groups are more prone to chronic poverty most likely because of South Africa’s apartheid history. Due to oppression, poverty in these racial groups has been transmitted from one generation to the next as the apartheid system limited opportunities for black and coloured people. It is therefore more likely for children from poor households to become poor adults. Due to limited opportunities non-white population groups were not able to realise any meaningful form of capital for sustainable livelihoods (Aliber, 2003:476) in the pre-1994 era.

Assets are central to the livelihoods of a household as they are required for income generation that would allow the household to have an acceptable standard of living (Adato et al, 2006:230). Assets can actually determine a household’s state of poverty or non-poverty. Nonetheless, employment for many South Africans is the only way to accumulate any capital for assets (Carter and May, 1999). Rising unemployment for many is the cause of poverty as clearly employment is the source of sustenance for poor people in South Africa. In terms of gender, South African women have a higher rate of unemployment than men (Aliber, 2003:478) and in 2014 the unemployment rate of women was 26.6% higher than the male unemployment rate (Stats SA, 2014a). Hence, it is not surprising that the incidence of poverty is much higher for women than men. In a study on poverty and inequality in South Africa, May and Meth (2007) found that the poverty rate for female headed households was 60% which was nearly twice the poverty rate for male headed households. This shows that more South African children are living in poverty, putting them at risk for malnutrition as well as being likely to be exposed to domestic violence and other crimes which may affect their
educational attainment. Consequently, sustainable secure livelihoods for poverty reduction in such households are negatively affected, which increases the likelihood for such a household to be trapped in the poverty cycle.

Recent trends using different measures of poverty show that between 2006 and 2011 the number of South Africans living in poverty had declined. Using 2011 to 2014 poverty lines, Table 2 shows that the number of people living below the national Upper Bound Poverty Line had decreased by 4.1 million from 27.1 million in 2006 to 23 million in 2011. Also, the number of people living in extreme poverty rose from 12.6 million in 2006 to 15.8 million in 2009, whilst from 2009 to 2011 the number of extremely poor persons decreased to 10.2 million (Stats SA, 2014b:12). Much of this decline was attributed to the provision of a social wage which aims to improve the lives of the poor by reducing their cost of living. The social wage in South Africa is provided through free primary health care, no-fee paying schools, low-cost housing, free water, social grants such as child support grants and old age pensions. In addition, the government also provides basic services such as electricity, water and sanitation as well as Reconstruction and Development Programme (RDP) housing for the poor (Stats SA, 2014b:8). Though this is the case, many people, especially in urban areas live in shacks which do not have basic services. Figures released by Statistics South Africa in February 2015 show that the population living in poverty had increased by 6.5% from 45.5% in 2011 to 54% in 2015 and the population living in extreme poverty had increased to 22.2% from 20.2% in 2011.

Table 2: Poverty Headcounts for 2006, 2009, 2011 and 2015

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<tr>
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<tbody>
<tr>
<td>Percentage of the population that is poor</td>
<td>57.2%</td>
<td>56.8%</td>
<td>45.5%</td>
<td>54%</td>
</tr>
<tr>
<td>Number of poor persons (millions)</td>
<td>27.1</td>
<td>27.8</td>
<td>23.0</td>
<td>27</td>
</tr>
<tr>
<td>Percentage of the population living in extreme poverty</td>
<td>26.6%</td>
<td>32.4%</td>
<td>20.2%</td>
<td>22%</td>
</tr>
<tr>
<td>Number of extremely poor persons (millions)</td>
<td>12.6</td>
<td>15.8</td>
<td>10.2</td>
<td>10.7</td>
</tr>
</tbody>
</table>


Poverty statistics used were based on previous poverty lines.
2.5 Impact of SMMEs on the Livelihoods of Poor Households

For many poor households livelihoods diversification is a key to survival (Ali et al., 2014:68). However, one must be careful not to assume that livelihood diversification is an option for all poor households as diversification might imply choice or options for livelihoods strategies. The reality is that many poor households do not have options nor do they have the power to negotiate for livelihoods strategies (Beall, 2002:74). That being said, many poor people in urban areas engage in a number of activities for survival and betterment of their lives. SMME activities are one of the most common productive activities for livelihoods as the poor are most likely to be found in casual wage labour or in the informal sector with less benefits such as medical or pension benefits (Beall, 2002:74).

There are two points of view towards the performance of SMMEs and how they impact on poverty alleviation in developing countries (Ali et al, 2014:68). Some scholars such as Agyapong (2010) seriously question the SMMEs’ ability to promote growth and reduce poverty. It is argued that large enterprises are capable of exploiting economies of scale and can easily undertake the fixed costs associated with research and development which can boost productivity. Small businesses are neither more labour intensive nor better at creating jobs than large firms because the business environment facing all firms, big and small is crucial for growth. Furthermore, larger employers offer better jobs in terms of wages, benefits, working conditions, opportunities for skill enhancement, and job security which might have a meaningful impact on poverty reduction (Agyapong, 2010:197). This implies that SMMEs merely earn resources for the survival of low income households and that it is unlikely for low income households to acquire assets or enhance capabilities\(^3\) on SMMEs alone.

Furthermore, those who do not support SMMEs as a poverty reduction strategy argue that incomes from SMMEs merely serve to cover consumption needs. Earnings from SMME activity may earn resources for the poor not only in the short term but also in the long run

\(^3\) Sen’s work on capabilities centres on humans as being more than just a means to an end. Humans are ends themselves who play a dual role of “being agents as well as beneficiaries of progress”. Capabilities look at evaluating a person’s actual ability to achieve various valuable functionings as part of living (Sen, 1993). In this case an enhanced capability implies improving a person’s ability to achieve the various human functionings.
merely to sustain consumption. Poverty rates for microenterprise workers particularly in the informal sector are twice as high as those who do not work in the microenterprise sector due to lack of non-salary benefits such as employers’ contributions to health insurance, on-site meals, bonuses, pension funds, and emergency funds (Agyapong, 2010:201). This may be true for micro enterprises in the informal sector as Rogerson (1996: 173) and other studies on micro enterprises in low housing areas, particularly informal settlements, find that not many enterprises show the potential for long term growth as many enterprises are merely a means for survival.

More research shows that SMMEs have a positive impact on the livelihoods of low income households. In Pakistan SMMEs provide employment to most of the labour force that is not employed in the agricultural sector (Ali et al, 2014:68). As stated by Beall (2002:74), more poor people rely on their labour for income generation. It is hoped that once an individual is able to generate an income, capabilities are enhanced and the individual’s chances to acquire assets are slightly higher than if the individual were not generating an income at all. SMMEs may allow low income households to secure more and maintain assets thus promoting and sustaining the household’s livelihoods (Farrington et al, 2002:28). Furthermore, by enabling households to acquire assets, SMMEs enhance low income households’ resilience to shocks as well as protecting the household’s livelihood by preventing a decline in livelihood security. More importantly, SMMEs provide the basic needs for low income households (Farrington et al, 2002:27).

In a country like South Africa, agriculture is no longer a key livelihoods source for the poor masses. Even after the end of apartheid, many poor people still do not have access to land or the means to generate a sustainable income from the land. Carter and May (1999:9) found that over a quarter of rural households in South Africa had access to about 2.2 hectares of land for cultivation and nearly a quarter own livestock. For those with access to land, a very small percentage own productive agricultural equipment which could be used for microenterprise activity. Many rural South Africans do not have assets which can be converted to cash in times of need, hence the increasing vulnerability (Carter and May, 1999: 9). This illustrates the need for other sources of livelihoods; therefore SMMEs cannot be brushed off as a livelihoods strategy for the poor. Many poor people have had to migrate to urban areas in search of jobs, but with relatively few skills or educational qualifications few
have had the opportunity of being employed with meaningful wages to sustain livelihoods (Carter and May, 1999:9).

Furthermore, globally environmental factors have also affected agricultural productivity. Albu and Scott (2001) argue that agriculture is no longer playing a central role in poor people’s livelihoods due to changing social and environmental factors such as soil erosion, falling agricultural prices, increased labour force, migration and urbanisation. Due to these factors the demand for alternative employment and non-agricultural livelihood opportunities has gone up to such an extent that the formal employment sector cannot absorb the supply. Consequently, many turn to the informal sector for a living, making it the fastest growing area of employment. In urban areas SMMEs in the informal sector remain a source of livelihood for the poor as they are considered to be one of the keys to lifting people out of poverty. SMMEs have even been described by others as the backbone on which the urban economy thrives (Vanderschueren et al, 1996:33).

2.6 SMMEs and Poverty Alleviation

A poor household’s involvement in micro enterprise activity may depend on a number of personal and social factors, the nature of activity and the availability of resources. Many households may engage in micro enterprises on an on-off basis (Duncombe, 2006:82). However, SMMEs can still be used to make poor people economically active as SMME activities are strategic in meeting basic needs and ensuring household survival with benefits directly linked to meeting different household needs such as health care, education and nutrition of household members (Abonge, 2012).

Different categories of SMMEs contribute differently to poverty alleviation. The vast majority of new and very small SMMEs don’t conform to the expectations of economic theory, i.e. expanding to create employment. They are mainly survival type activities and are particularly appropriate and extremely important for poverty alleviation as they help a large number of very poor people to become a little less poor. Support programmes for small enterprise development are necessary for poverty alleviation if more reliable levels of income are to be earned (Mead and Liedholm 1998: 70).
A study by Omolara (2012) in the South Western Osun State in Nigeria appraising the impact of SMMEs on poverty alleviation reveals that those engaged in SMME activity felt the poverty cycle had been broken. The security of long term livelihoods had been secured as they were able to educate children, provide good shelter, medical care and community support. However, it was also found that some entrepreneurs were still struggling to survive and could not fully state whether SMMEs have had any impact on the reduction of poverty. Nevertheless, such respondents acknowledged that engaging in SMME activity had enabled them to better their situation.

A nation-wide survey in Kenya by Daniels (1999) using random sampling of all types of SMMEs in both rural and urban areas, examined whether SMMEs and their returns contributed to employment and household income as compared to minimum wages in the formal sector. The study shows that SMMEs made a significant contribution to employment and national income in Kenya and the greatest contribution was made by SMMEs in rural areas. Daniels argues that SMMEs are relevant in categories where they provide the only source of income for the household as was the case for urban SMMEs. A significant number of urban households where SMMEs were the only source of income were able to generate incomes above the poverty line. Some of the households made twice as much or even three times as much above the poverty line. However, combining rural and urban households where SMMEs were the only source of income the study found that sufficient earnings were not generated to meet the absolute poverty line (Daniels, 1999:60).

In addition to allowing low income households to generate an income above the poverty line, SMMEs have the capacity to generate more new jobs than other sectors, such as agriculture. For instance, household enterprises which are part of the informal sector of entrepreneurship generate more new jobs for the unemployed in urban areas. Fox and Sohnesen (2012) found that the sector is often ignored in development strategies, yet the sector attracts a youthful population of both genders that are likely to have a family to support. More importantly, youths are more likely to be affected by unemployment than any other population group. However, in most parts of Sub-Saharan Africa agriculture is still the common source of livelihoods, whilst in South Africa agriculture is not a common livelihoods source for the poor. This is partly because of overcrowding and landlessness and in rural areas people who
have access to land usually own less than a hectare (Cousins, 2007:229). For these reasons, other livelihoods sources such as SMMEs or household enterprises are required. Even though Fox and Sohnesen’s study in 2012 could not determine a positive correlation between income and household enterprise, available evidence indicates that household enterprises are a successful livelihoods strategy for many households in Sub-Saharan Africa, as they provide for higher household welfare and have an impact on poverty alleviation.

Individual poverty levels may play a crucial role in using SMMEs as a strategy in poverty alleviation. Households living in abject poverty may find it difficult to experience the positive impact of SMMEs on poverty alleviation because whatever income is generated from SMME activity may be so low that it may as well be non-existent for those that are extremely poor. However, for those who are relatively poor or live in subjective poverty, income generated by SMME activity is significant in poverty alleviation. This is particularly true for rural households as SMMEs add to incomes gained from other livelihoods sources such as farming activities, crop sales and livestock sales (Duncombe, 2006:83).

Since the end of apartheid the South African government has adopted policies that support the promotion of SMMEs and has put in place public support infrastructures. In addition the new Ministry for Small Business Development has been created with a Department for Small Business Development setup to provide extensive support to small businesses and cooperatives, increasing support through consolidated public agencies, enterprise coaching, mentorship, incubation and intensive support programmes. However, support infrastructures have not always necessarily translated into employment creation that linked to SMMEs. A significant number of the SMMEs are survivalist in nature and have no hope for any enterprise growth or any meaningful employment creation (Rogerson, 2004:769-770).

In terms of poverty alleviation, micro enterprises in South Africa play a significant role, particularly for female headed households, the disabled and for people in the rural areas who are struggling to survive. On the other hand, for groups of urban survivalist enterprises success of such enterprises as well as the effectiveness of wider coping strategies of poor households are affected by local economic development activities of local governments. If local governments establish formal markets, appropriate policies towards land-use zoning and

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4 In South Africa 67% of land is white commercial agricultural land, 15% is black communal areas mostly state owned (ex-homelands, coloured reserve areas), 10% other state owned land and 8% the remainder of the land including urban areas. Source: Fact Check No1 (Walker and Dubb, 2013).
improved infrastructure provision, it can have a positive impact on the workings of survivalist informal enterprise (Rogerson, 2004: 771). This shows that SMMEs are not given enough support to realise their potential as a poverty alleviation strategy for the poor in urban areas.

Although Rogerson’s study (2004) finds that SMMEs play a vital role for female headed households, a Global Entrepreneurial Monitoring survey by Herrington et al in 2010 found that fewer South African women are involved in entrepreneurial activities. Those who are, tend to be involved in “Me-Too” projects. Women tend to have the responsibility of family welfare; they must therefore balance family and business obligations, hence many are involved in projects where emphasis is on creating additional income. Also, many South African women are household heads; so running a business is a large risk as they do not have assets which may be used as security in obtaining loans nor do they know or understand terminologies used by banks and they may hesitate to approach banks (Herrington et al, 2010:40-41).

SMMEs may be the only means of livelihoods for some low income households but as a poverty alleviation strategy it is under threat from a new phenomenon of the foreign trader. Currently, SMMEs are facing stiff competition from foreign traders which may exacerbate poverty for low income households. Not only do they have to overcome the existing challenges facing the SMME sector, they also need to ensure that their enterprises survive this new phenomenon of foreign traders who have managed to drive existing South African enterprises out of business (Charman et al, 2012:48-49).

A 2011 study by Charman et al of Spaza (tuck shops) shops in Delft, a community with low incomes and high unemployment in the Western Cape reveals just how significant SMMEs are for poverty alleviation in low income areas. Of significance was the finding that the SMME sector in the informal economy is much larger than what is officially reported (Charman et al, 2011:24). This shows the extent to which a fairly significant number of people or households may rely on SMMEs for their livelihoods. The largest category were the Spaza shops, followed by house shops which are operated on a part time basis and do not provide additional employment. Such enterprises were merely run to supplement other

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5 SMME activities copied from others usually tend to be easy to start such as selling fruit and vegetables, fast food.
household income and the nature of employment provided was temporary or casual work (Charman et al, 2011:24).

Also evident from the study was that foreigner shopkeepers are dominating the local Spaza market through better service, product diversification and, more importantly, price competition (Charman et al, 2011:24). According to the study findings it costs foreign traders between R30 000 and R40 000 to enter the Spaza shop market whilst most South Africans start with less than R5 000. Resultantly, turnover is higher for foreigners whilst South African shopkeepers earn considerably less. Many South Africans have closed their shops and opted to rent out their shops to foreigners (Charman et al, 2011: 19-20). This new phenomenon of foreign traders who are capable of driving South Africans out of the informal sector further raises the question of what becomes of the livelihoods of low income households.

For many low income households SMMEs as a livelihoods activity tend to be classified as survivalist, where more profitable alternatives is the main motivation, unlike with viable enterprises where the owner has a choice and considers profitability (Harvie, 2003:4). Survivalist enterprises tend to be seasonal or may operate on a part-time basis with relatively little barriers to entry. Earnings are mainly used for surviving whereas in a growth oriented enterprise profits are reinvested. Such survivalist enterprises tend to be useful strategies for instant relief from poverty whilst viable enterprises may have a long term sustainable impact on poverty alleviation (Harvie, 2003:4). However, the real impact of SMMEs whether survivalist or viable on the livelihoods of low income households may largely depend on the overall performance of the economy (Beck et al, 2005:224). When the macro economy is performing and growing well, micro enterprises flourish and may even expand and employ more workers. However, when the economy is stagnant, micro enterprises do not perform well. Some may not expand and lay-off employees whilst others may shut down (Mead and Liedholm, 1998: 68). In Kenya that was particularly true for micro enterprises with linkages to larger enterprises (Bowen, 2009: 17).

2.7 Challenges Faced by SMMEs and their Limitations as a Livelihoods Strategy

Rankhumise and Rugimbana (2010) conducted a study in selected Municipalities in Mpumalanga to get views from owners on what leads to the success or poor performance of micro enterprises. The study found that more women were engaged in the informal sector.
Also in line with the government’s policy and focus in promoting youth entrepreneurship, most of the enterprise owners were aged between 21 and 40 years. Many owners expressed facing challenges such as the lack of funding whereby micro enterprise owners felt they were not taken seriously by financial institutions when applying for loans. Many lending institutions view micro enterprises as high risk and this could be related to another challenge which is the lack of training.

Many micro enterprise owners lack financial management skills, managerial skills, training in strategies to pay back loans and adequate business skills. Other challenges to business performance include crime rates and the legacy of apartheid. High crime rates in townships affect business performance and investment as the little that owners make and whatever assets that may be purchased are at risk of being robbed (Rankhumise and Rugimbana, 2010). Ultimately high crime rates deter entrepreneurship as individuals are weary of risking money into a livelihoods strategy that may not have the intended impact on the household. Similarly, a study by Agupusi (2007) in Alexandra Township found that crime leads to negative perceptions of the township. Potential investors shun doing business in Alexandra because of high crime rates. In addition, service providers which may enhance entrepreneurship in the community feel that the cost of doing business in a community that is politically intense and laden with violent crime, is just too high (Agupusi, 2007:15). Furthermore, many townships in South Africa are isolated as historically they were established far from the city or central business districts.

The legacy of apartheid, which discouraged a culture of entrepreneurship amongst black South Africans, has left a less than favourable view towards entrepreneurship amongst blacks (Agupusi, 2007:11). Furthermore, restrictions imposed by the Group Areas Act prohibiting black South Africans from operating businesses in designated white areas, restricted trade to townships. This inhibited any potential growth or expansion as the purchasing power of township consumers is limited, and affects profitability (Rankhumise and Rugimbana, 2010). Many micro enterprises in the townships consequently tend to be survivalist in nature as the majority of those who engage in the activity do so out of economic necessity, mainly due to unemployment or a need to supplement their incomes (Morris et al, 1996: 60).

A study in Khayelitsha by Morris et al (1996), which aimed to distinguish entrepreneurial from non-entrepreneurial business activity found that a small percentage of people involved
in SMMEs were motivated by the recognition of an opportunity. Many started their microenterprise activity with minimal start-up capital, ranging from R500 to as little as R100. Much of the start-up capital was from personal savings or a family loan. A later study by Herrington et al (2010:4) concurs with Morris et al’s findings showing that the number of people who engage in small enterprises out of necessity had increased from 21% in 2004 to 33% in 2009.

Inadequate start-up capital and access to financial services remain a big challenge for many low income households who rely on SMMEs for livelihoods. Studies across the world have shown that many SMMEs do not have adequate funding to start businesses and the situation is particularly bad for poor people with low incomes. This is because they are not able to approach organisations such as banks or other formal lending institutions to obtain loans (Herrington et al, 2010:90). Financial institutions demand guarantees on any loan obtained, in addition to documentation such as business registrations, business records and so forth. Many micro enterprises do not have such records and are, thus, not able to benefit from services offered by financial markets (Herrington et al, 2010:90). Furthermore, Agupusi (2007) argues that the policy framework is often rather inhibitive, as it discourages entrepreneurs from seeking funds. There are also knowledge gaps between local business service providers and entrepreneurs, as many entrepreneurs do not know of the existence of business service providers or how they can be approached (Agupusi, 2007:15). In the Alexandra study, many respondents felt that accessing business support services or financial services involved not only knowing of the existence of a business support service provider, it was also a matter of who one knew as well as having the right political connections.

Looking at the reasons for engaging in micro enterprises, it is not surprising that SMMEs often do not realise their growth potential nor create employment as expected. This is because those who engage in micro enterprises for survival do so without obtaining any business management skills (Agapusi, 2007:13). The lack of management skills affects business performance and growth since entrepreneurs may not be able to keep business accounts or differentiate between business capital and profits or just be able to open a bank account. Enterprises run in such a manner may remain stagnant, with no growth or improvements in income levels. In fact, some might even collapse, leaving the household in poverty, which could be worse than before engaging in the micro enterprise.
Uncertainty about profitability is also a challenge for SMMEs as a source of livelihoods, particularly for households that do not have other sources of income. A 2012 study by Cichello studied factors that inhibit people from starting up small-scale enterprises in Khayelitsha. The study found that people are reluctant to venture into business due to concerns over the expected profitability of self-employment. Continual risk of business failure and lack of access to start-up capital were also amongst factors that prevented people from engaging in SMMEs for livelihoods (Cichello et al, 2012).

Although Cichello found that people were reluctant to venture into self-employment due to the lack of certainty of profitability, another study by Rolfe et al (2010) analysed entrepreneurs in South Africa’s informal sector with the aim of determining the extent to which African informal retail trade produces viable enterprises as well as the ability to sustain a basic standard of living for the entrepreneur. A significant number of South Africans engage in informal retail trade activities and the activities are for much more than mere survival. The SMMEs may remain small and might not even create employment; however they are more than capable of generating incomes that allow individuals to sustain a livelihood above the subsistence level (Rolfe et al, 2010: 8).

2.8 Theoretical Framework

2.8.1 The Livelihoods Approach

The livelihoods approach to development, popularly known as the sustainable livelihoods approach has evolved since livelihoods studies were brought to the centre of development studies in the 1990s. International development agencies such as the Department for International Development (DFID), through the sustainable livelihoods approach to development have further popularised the approach by placing it at the core of its poverty alleviation policies (De Haan, 2012: 346). The realisation that though economic growth may be a necessity in poverty reduction, there is no causal relationship between the two as reducing poverty largely depends on poor people’s capabilities in making use of available economic opportunities (Krantz, 2001:10). The approach looks at poverty in its entirety and considers the best ways to improve the situation of the poor by understanding that poverty is a condition that occurs due to insecurity and not necessary because of lack of wealth (Meikel et al., 2001:1). Insecurity may arise due to poor health, illiteracy and lack of social services;
therefore, addressing one area might actually lead to an improvement in another aspect of poor people’s lives (Krantz, 2001:11).

A livelihood may be defined as comprising the capabilities ortangible and non-tangible assets such as social resources that are required to make a living. Capabilities mean what people are actually able to do with the goods which they possess (Nussbaum, 2003:3). Not only would capabilities enhance productivity and efficiency, capabilities allow humans to “engage meaningfully and fruitfully with the world and most importantly the capability to change the world” (Bebbington, 1999: 2022). In order for capabilities to be effected a person must have entitlements as these are the “actual or potential resources available to individuals based on their own production assets or reciprocal arrangements” (Adger, 2006: 270). Entitlements are important for capabilities because without entitlements it may not be possible for an individual to realise an income. Entitlements are considered to be “a set of alternative commodities that a person can command using the totality of rights and opportunities that he or she faces” (Adger, 2006:270). Hence it could be said that once a person fully enjoys entitlements that individual’s capabilities are set in motion for the individual to generate a livelihood in order to meet daily living expenses and requirements.

A livelihood may be considered sustainable if a household is able to still earn a living continuously, regardless of external stresses or shocks (Rakodi, 2013:3). A shock is anything like ever rising inflation or any sudden event such as an early death of a bread winner or a job loss which weakens a household’s income or livelihood. Shocks are mostly dramatic and maybe as a result of changes in environmental factors such as droughts, floods, storms or even political instability (De Satgé and Holloway; 2002, Marsche, 2006). Stresses are on-going pressures that put a strain on livelihoods as resources decline due to fluctuations in long-term food security or limited access to essential services such as electricity or water. Changes in seasons can also put pressure on a household’s livelihood. For instance, in South Africa as the season changes from warm to cold, households have to spend more on power to keep warm thus depleting resources for other household expenditure or a livelihood activity (De Satgé and Holloway, 2002: 14-15). If a household is able to recover from a shock or deal with a stress, then the household’s livelihood is sustainable (Rakodi, 2013:3).
2.8.2 Assets and Capitals for Livelihoods

Assets are important for livelihoods because they have an impact on a household’s welfare as they provide a living and store wealth for individuals. Furthermore assets also provide a meaning in a person’s world (Bebbington, 1999:2022). Assets are more than just resources for sustaining a livelihood. Assets can actually give a person the capability to be and act. For instance possessing human capital, which are skills and knowledge, allows people to produce more efficiently and increase production. But human capital also allows people to engage with the world in a more meaningful and productive manner (Sen, 1997). The SLA identifies five key assets which are essential for sustainable livelihoods. These assets, often depicted in a pentagon, are human capital, social capital, financial capital, natural capital and physical capital. Social capital is a vital asset and this is in the form of social networks or relations. These play a crucial part in helping a person to find or maintain a job as well as surviving a crisis (Maxwell et al, 2000: 26). Financial capital is usually in a monetary form such as cash, loans or personal savings. Financial capital may be used to start a livelihood strategy. For example, a poor household may use a loan to start up an income generating activity. Natural capital is capital in the form of natural resources such as land, water, forests, etc. Physical capital entails actual physical items such as houses, tools, machinery, food stocks or livestock (De Haan, 2012:346).

When a household experiences a shock, assets can be converted to a livelihood or monetary income. Assets can also reflect living conditions of a household as well as affecting the production potential of a household. This is to say the type of assets that a household has will determine the livelihood strategy that a household will adopt. For example if a household owns a freezer it can sell cool drinks for a livelihood as opposed to a household without this asset (AIMS, 2001). However, asset ownership may be affected by a poor household’s vulnerability.

Moser (1998) analyses livelihoods in terms of the vulnerability of poor people. She argues that vulnerability and poverty are not synonymous since poverty measures are fixed and static. Vulnerability is dynamic and better captures the processes of change that poor people go through as some move in and out of poverty. Therefore, not all vulnerable people can be classified as poor whilst it remains true that poor people are the most vulnerable. To understand vulnerability, both a threat and resilience must be identified. A household’s resilience can best be understood by assets owned by the household as well as other
entitlements which can easily be mobilised or converted into an exchangeable transaction when the household is experiencing a threat (Moser, 1998:3). A household with more assets is less vulnerable than a household relying on a single asset (Moser, 1998:3). Relying on a single asset can further increase vulnerability, particularly if the asset is not enough or even fails the household to survive a threat (De Satgé and Holloway, 2002: 89). In urban areas, transactions are highly commoditised, where a household must pay for shelter and food rather than rely on self-production as such income generation is vital for survival. Poor households in urban areas usually rely on their labour to generate an income either through wage employment or by using their labour to produce goods and services which may be sold through informal sector self-employment (Moser, 1998:4).

Due to commoditisation in urban areas, vital services such as education, housing, transportation, water and sanitation must all be paid for. A household that fails to pay for these might further erode its livelihoods. For instance, without a good education chances of getting a good job are minimal, without water and sanitation people’s well-being is affected because they are least likely to go to work or attend school regularly to obtain qualifications if not healthy. Therefore, without livelihoods many urban households may not have sufficient resources to consume goods and services that are necessary for a minimum standard of living or for the household to meet the poverty line (Rakodi, 2013:4-5). Thus a household may decide to pursue a livelihood activity to maintain a minimum standard of living. However, low-income urban households may decide differently on how to pursue a livelihood.

Beall and Kanji (1999) argue that livelihoods should not only be understood in terms of income earning but also as a much wider range of activities. These include gaining and retaining access to resources and opportunities, dealing with risk, negotiating social relationships and managing social networks and institutions within households, communities and the city. Low income households adopt income earning or livelihood strategies so that they are able to cope, deal and recover from stresses and shocks (Chambers and Conway, 1991:10). The strategy adopted will depend on the options that are open or available to the household. The household composition also determines how a household makes use of the livelihoods available to them. SMMEs are considered as a livelihood strategy for low income households as they can improve household welfare by enabling the household to acquire assets or maintain an existing assets base. These assets serve as stores of wealth which can improve standards of living or the quality of life as well as increasing SMME productivity in
the future (AIMS Team, 2001:2). However, the impact of SMMEs on livelihoods may be affected by resources that a household allocates to SMME activities.

SMMEs as a livelihood strategy may be rendered ineffective if long term consumption declines and household assets are lost permanently or are depleted (Rakodi, 2013:6). This is to say if a household keeps obtaining micro loans in order to sustain SMME activity, then the activity may essentially be ineffective if any income generated is used to repay the loan such that the household’s consumption declines in the long run.

The concept of livelihoods gives a better basis for analysing or evaluating the socio-economic impact of SMMEs as a strategy for poverty alleviation as it provides a more realistic framework for assessing the direct and indirect effects on people’s standards of living (Krantz, 2001:22). However, low income households are not homogenous; some households maybe better off than others even if the socio-economic differences are not clear. Thus, households may engage in similar SMME activities, but due to lack of homogeneity, the standard of living for one household might be slightly higher than the standard of living of another household (Krantz, 2001:23).

2.9 Chapter Summary

Poverty remains a challenge in South Africa as it does on the rest of the continent. The Government has adopted several mechanisms in efforts to alleviate poverty. One such mechanism is the promotion of micro enterprises as a livelihoods strategy for the poor who were also previously disadvantaged. The South African government has established a Ministry for Small Business Development and Entrepreneurship in order to develop the small business environment, i.e. making it easily accessible and minimising legislative procedures which may act as barriers to entry into the small business sector. However, many households who engage in micro enterprises for livelihoods often face challenges which may hinder the performance of micro enterprises hence affecting livelihoods. Some of the challenges faced by low income households operating micro enterprises for livelihoods are financial constraints, particularly start-up capital for the businesses and access to financial or business support services.

Despite these challenges, overall micro enterprises play a critical role in the livelihoods of low income households. Many low income households who engage in micro enterprises are
able to sustain daily living expenditures for household members, like the cost of healthcare, food, shelter and education for children.

This study has been guided by the sustainable livelihoods approach as it provides a realistic framework for assessing the impact of micro enterprises on people’s standards of living.
Chapter Three: Research Methodology
(The Survey of Khayelitsha Informal Enterprises)

3.1 Chapter Overview

This chapter starts with a philosophical guide to the study and the designing of the research. The chapter then discusses the sampling process and selection of respondents for in-depth interviews. The researcher explains methods used for data analysis and ethical considerations followed by the limitations of the study.

3.2 Research Philosophy

Social phenomena are very diverse with differences within groups that are classified as homogenous. For instance there are differences within similar races, differences within the same gender or class that must be taken into consideration if social research findings are to be a true reflection of reality. This is to say that different social contexts hold different meanings and relevance structures for human beings’ living, thinking and acting within it (Babbie, 2007: 28-29). Taking these factors into consideration the study was guided by an interpretivist epistemology. Epistemology is about what is or should be acceptable in a discipline. Specifically in the social sciences epistemology deals with whether the social world should be studied in the same manner as the natural world (Bryman, 2012: 27).

Researchers who believe that the same principles, procedures and ethos of the natural sciences can be applied to the study of the social world hold an epistemological position known as positivism (Bryman, 2012:27). Positivism argues that social research should be conducted in a similar manner to the natural sciences or at least try to follow research methodologies of the natural sciences if social sciences are to advance scientifically as the natural sciences which have progressed significantly because of the methodologies used (Babbie, 2007: 20-21). Furthermore, methodologies used in the natural sciences are appropriate for the study of social phenomena because only observable phenomena can be counted as knowledge. Such knowledge can only be developed by induction through verified facts. Using deduction, hypotheses are generated and tested empirically because facts and values in the social world can easily be separated (Snape and Spencer, 2003:6).
However, there are limitations with positivism as it is not possible to fully control variables in research that involves human beings, aiming to achieve explicit results. Furthermore, human behaviour cannot be studied whilst other variables significant to human life are eliminated. Meanings and reasons for human behaviour cannot be disregarded in controlled experimental studies (Snape and Spencer, 2003:6). The extent to which theories generated through deduction can be applied to individual lives is also questionable because of positivism’s emphasis on hypothesis testing which overlooks the importance of discovery through alternative understandings (Snape and Spencer, 2003: 6).

In contrast interpretivist epistemology challenges the application of the scientific model in the study of the social world. Interpretivism in social research emphasises the differences of subject matters in the social world and the natural sciences. Interpretivism calls for a different approach to research procedures in studying the social world (Bryman, 2012: 28). Kant in 1781 argued that people use different ways to learn about the world other than direct observation. For instance “perceptions are not only related to senses but to human interpretations of what our senses tell us” (Snape and Spencer, 2003: 6). People’s knowledge of the world is derived from thinking about what happens to people and not just about particular experiences. A clear “distinction exists between scientific reason based strictly on causal determinism and practical reason based on moral freedom and decision making which involves less certainty” (Snape and Spencer, 2003:7).

Interpretivism is an integral component of qualitative research because of its emphasis on the importance of interpretation and observation in understanding the social world. Reality is not fixed; it is socially constructed as people’s experiences occur within social, cultural, historical and personal contexts (Hennink et al, 2011:15). Due to the social construct of reality, people’s experiences of reality are specific to the individual making it possible to have a reality with multiple perspectives as opposed to a single truth for all, as is championed by positivism (Hennink et al, 2011:15).

Looking at the research topic, the researcher was of the view that an interpretive research philosophy would be more appropriate for the research design in order to obtain an in depth understanding of the research problem.
3.3 Research Design

A research design is an outline that provides guidance as to how data should be collected and analysed in a given research study. The research design that a researcher chooses has implications for the priority that will be given to a number of dimensions in the study, such as the importance that will be attached to the causal connection between variables and generalisations to larger groups of individuals outside the research study group (Bryman, 2012: 31). The research design was qualitative because the researcher aimed to get in depth information from the people who have relevant information for the study. The study targeted male and female owners of SMMEs in Khayelitsha.

3.3.1 Research Methodology

Research methodology is a systematic way of solving the research problem and entails various steps that a researcher may adopt to study the research problem as well as understanding the logic behind the steps so that relevant research methods may be adopted (Khotari, 2004:8). Understanding the logic behind a particular method or technique is important because research does not clearly fit into the qualitative or quantitative research methodology category. Much research combines features of each methodology (King et al, 1994:5). Qualitative methodology is a form of research method that emphasises the use of words rather than quantification in the collection and analysis of data (Bryman, 2012:365). For this study the researcher used in-depth interviews because of their relevance to the objectives of the study.

3.4 Sampling

3.4.1 Probability Sampling

As the social world is constructed from different perceptions, a researcher must draw a study sample when conducting social research through a sampling process. Sampling in social research is the process of selecting a group or a subset from a population that is representative of the general population in order to determine characteristics of the whole population (Neuman, 2000:196).

The two main categories of sampling are probability and non-probability. Probability sampling is favoured in quantitative research as it is considered to be more rigorous in its
precision for selecting a sample that is more representative of the general population. Findings from studies using probability sampling may be used to make statistical estimates (Ritchie et al., 2003:77). Results could be certain in “terms of probability because errors of estimation or significance of results obtained can be measured” (Khotari, 2004:60). In addition probability sampling is said to minimise the sampling error which may occur because of differences between a sample and the population from which it is selected (Bryman, 2008:192).

There are several types of probability sampling. Simple random sampling is the most common type particularly in surveys. Simple random sampling gives each unit of the study population an opportunity of being selected (Bryman, 2008:192). Another type of probability sampling is systematic random sampling. This is similar to simple random sampling in that all units of the population have an equal chance of selection. However a system is used to draw the sample. For instance, the researcher may wish to draw a study sample of 100 from a study population of 2000. In such a case the researcher would randomly assign a number to each population unit and draw every $20^{th}$ unit from the study population (Bryman, 2012:192).

Stratified random sampling is another form of probability sampling which is used when a researcher wants to ensure that specific or all population units are included. For instance if studying people’s voting patterns in the Western Cape, the researcher would ensure that the study population is not drawn from a single geographical location. This could lead the study sample to be composed of one population group. To ensure that all races were included in the study population the researcher would have to draw a sample based on either race or geographical area. A study sample would be drawn using simple random sampling or systematic sampling (Bryman, 2012). Other probability sampling methods include multi-stage cluster sampling where sampling is done in clusters. The study population is grouped into sub populations, for instance studying Christianity amongst sub-populations of denominations (Babbie, 2007:209).

### 3.4.2 Non-probability Sampling

The second category of sampling is non-probability sampling which is favoured in qualitative research. Non-probability sampling is used in studies whose population cannot easily be
found. For instance, when studying homelessness or homosexuality, it is not possible to come across a register of homeless people or people who are homosexual. The researcher would have to use purposive sampling or judgement sampling. The sampling process does not give equal opportunity to the entire population of being included in the sample. The study sample is purposefully selected under the assumption that it will be representative of the whole population (Khotari, 2004: 59). A study sample would be drawn based on a precise criterion, i.e. ensuring that homeless people are included in the study sample of the homeless.

Snowballing sampling is another form of non-probability sampling. In this sampling method a researcher relies on the interviewee to be led to another person who may fit the criteria of the study population. For instance, a homeless person would lead the researcher to another homeless person setting in motion a snowballing effect until the researcher is able to draw the required study sample (Babbie, 2007).

Quota sampling is a non-probability sampling method where the researcher must consider the purpose of the research and determine what percentage of the population is male or female. The researcher must also establish what proportion of males or females fall into which age category, race group, education levels and so forth. The researcher must ensure that the study sample contains units with the same distribution of characteristics contained in the population that is being studied (Babbie, 2007: 185). However, it is sometimes difficult to get accurate up to date information about the population units.

When a researcher wants to understand a social setting he may use an informant. This form of non-probability sampling relies on information given by an individual whom the researcher deemed to have full knowledge about the research subject (Babbie, 2007: 186). For instance to understand cultural practices in a rural community the researcher might wish to interview a village headman as he is believed to be the custodian of cultural practices. The challenge with this sampling method is that the informants may purely express their opinions and may not be a true representation of the study population. Furthermore, research is rich when data is collected from a wider source, although it may not be possible to get many informants from the population that is being studied, especially if it is gangs or other criminal groupings.

Having looked at the various sampling methods, the researcher used non-probability sampling to select a study sample. As the study aimed to assess the impact of SMMEs on
livelihoods, the study population’s relevance to the research topic was important (Neuman, 2000: 196). The researcher used purposive and snowballing sampling methods to draw a study sample from a population of SMME holders in Khayelitsha. The study had a sample of 22 participants- 11 males and 11 females. An initial study sample of 10 units was purposefully drawn from the Zenzele Training Centre data base. The sample included people who had undergone training in different courses such as tailoring, welding, designing and carpentry and had opened their own businesses. The remaining sample was drawn using snowball sampling. The snowball sampling method yielded a study sample of 12 units by using referrals made by people who knew other people who owned micro enterprises and who were willing to take part in the study.

Snowball sampling was also used because the researcher felt it was more appropriate in order to obtain a sample with characteristics of the research interest. This is because most organisations that work with micro enterprises in Khayelitsha were not at liberty to disclose contact details of microenterprise owners registered in their data bases because of confidentiality issues. The limitation with the snowball sampling method was that the researcher had no way of verifying the eligibility of the sample yielded from referrals (Biernacki & Waldorf, 1981:144). The researcher thus ended up with a sample with units who were operating the same type of micro enterprise such as hairdressing and tailoring. However, the researcher was of the view that this was mainly a general drawback of the sampling method and that it did not have much impact on the representativeness of the referral sample as far as the research interests were concerned. The impact of this drawback would perhaps be more significant if the research focus was on more sensitive issues such as sexual assault, drug addiction or domestic violence.

3.5 Data Collection

The study data was collected through in-depth interviews which were guided by a semi-structured questionnaire (see Appendix1). The in-depth interview was used to get a deeper insight on the impact of SMMEs on the livelihoods of low income households in Khayelitsha. An interpreter was used during the interviews to translate from English to IsiXhosa and vice versa. The interviews were transcribed and field notes were recorded. Observation was also used to assess the physical environment where SMMEs operated.

The gathering of field data focused on the following major themes:
- Determining household composition and household income
- Establishing ownership of assets
- Determining livelihoods activities and their outcomes to assess impact on livelihoods
- Challenges faced by the livelihood activity and the household’s ability to overcome the challenge.

Raw data was derived from interviews and field notes. The themes focused on during data collection also served as a guide in coding recurring themes which are vital in the qualitative data analysis process (Hennink et al, 2011: 204). Qualitative data analysis requires the researcher to immerse in the data in order to understand any social or cultural meanings attached to behaviour so that the experiences of the study participants can be interpreted and form an evidence-based understanding of the research issues (Hennink et al, 2011:205).

### 3.6 Literature Review

A literature review was conducted in order for the researcher to put into perspective the theory of livelihoods and its related concepts. The literature review also allowed the researcher to understand SMMEs and put into perspective the need for an assessment of the impact that SMMEs have on the livelihood of low income households by putting the research topic into an existing body of knowledge. In addition, the literature review provided background information about the study area.

Bryman (2012) argues that the literature review is one way of ensuring that a researcher does not simply re-invent the wheel but rather to identify what is already known, the concepts and theories that are relevant, research methods and strategies employed to study the topic, any inconsistencies in the findings and any unanswered questions.

### 3.7 In-Depth Interviews

In-depth interviews are a common data collection tool in qualitative research. This is because in-depth interviews are “designed to discover underlying motives and desires so as to explore the needs, desires and feelings of respondents” (Khothari, 2004:110). A semi-structured interview guide was used to gain insights into how SMMEs have impacted the livelihoods of low income households in Khayelitsha. Even though there was an interview guide in the form
of a semi-structured questionnaire, flexibility was allowed so that interviewees could respond to questions in the order most suited to the interviewee. Flexibility also allowed the researcher to be responsive to relevant issues raised by the interviewee (Legard et al, 2003: 142).

A total of 22 in-depth interviews were conducted with SMME owners in Khayelitsha out of which 20 were also the heads of households. The interviews were conducted with the owners of SMMEs in order to obtain information and understanding of issues pertaining to SMMEs relevant to the study interests. The interviews were conducted in the SMME owner’s locality (place of business).

The researcher was aware of the importance of the concept of reflexivity in this study because in-depth interviews are not just about asking and responding to questions, but also responding to each other’s perceived appearance, identity and personality. The concept of reflexivity was even more important because the researcher did not speak or understand the study participant’s medium of communication (Hennink et al, 2011:19-22).

3.8 Observation

Observation is a technique employed by the researcher to systematically observe and record behaviour (Bryman, 2008:257). Furthermore, observation allows a researcher to record actions and interactions, but also to obtain a detailed description of the social settings (Hennink et al, 2011:170).

In this study, the main purpose of observation was to gather information about the environment in which SMMEs were operating their businesses. The researcher wanted to observe whether the physical environment was conducive for the income generation of SMME owners who were operating in the retail or service sector. This implied observing the number of customers, frequency of sales and even type of sales (i.e. selling on credit or cash).

As the aim of the research was to assess the impact of SMMEs on the livelihood of low income households in Khayelitsha, the researcher had hoped to carry out observations within the study participant’s household. Observing a participant’s household would help in gathering first-hand information about a household’s assets, accessibility to vital services and living conditions. Being able to observe household assets would provide a better picture
about how much a household really earns. For instance, if asked about earnings some respondents might indicate a lesser amount than they actually earn whilst items in the house or the way they dress might provide a different picture. The researcher was aware of the danger in making inferences just based on appearances (Bryman, 2012). Unfortunately, observing participants’ households was not possible, as discussed further in section 3.12 (limitations of the study).

3.9 Data Analysis

Qualitative research in nature tends to produce a mass of words which must make sense in order to answer the research questions. These words can only be described and summarised during the data analysis process. Qualitative data analysis is sometimes described as a science and an art (Hennink et al, 2011:205). It is a science because of the “rigour and structure that come from following established procedures and using well accepted methods and techniques for analysing textual data” (Hennink et al 2011:205). Furthermore as a science, qualitative data analysis must apply appropriate techniques in order to develop evidence based interpretations of data and ensure that research findings come from the data. As an art, qualitative data analysis calls for the researcher to be creative and flexible in interpreting human experiences so that personal, social and cultural meanings that influence human behaviour are uncovered (Hennink et al, 2011:205). The researcher must make sense of many contrasting views and at the same time produce a comprehensible account of people’s experiences that reflect the “irrational nature of human behaviour” (Hennink et al, 2011:205).

All transcripts from in-depth interviews were given a numerical code to further ensure confidentiality. The interview guide was divided into themes; data emerging from the interviews was analysed and coded as per themes in the interview guides as well as any further themes that emerged during interviews.

The researcher went through what are considered as standard stages in qualitative data analysis. The stages are:

- Familiarisation with the data whereby the researcher reviewed the interview transcripts
- Organisation and indexing of data; this was done by entering the data into an Excel worksheet for easy retrieval and identification
- Anonymising of data by giving interview scripts numerical codes
- Coding/indexing of data which was entered into an Excel sheet
- Identification of themes
- Re-coding
- Development of provisional categories
- Exploration of relationships between categories
- Refinement of themes and categories
- Development of theory and incorporation of pre-existing knowledge
- Testing of theory against the data
- Report writing, including excerpts from original data if appropriate (such as quotes from interviews).

The researcher applied a thematic analysis to coded data, even though theoretically it is not an identifiable approach. Still, the analysis uses a framework which is “a matrix based method for ordering and synthesising data” (Bryman, 2008:554). Central themes and sub-themes are put in an index with cases and variables. The themes and subthemes emerge from a thorough reading of transcripts, field notes and any other information that makes up the data (Bryman, 2008: 554). This framework was entered into an Excel sheet (see Appendix 6) to enable the researcher to generate graphs.

This approach merely provides a framework for data analysis and does not provide a way of identifying themes. Nonetheless, a semi-structured questionnaire was used as a guide in searching for themes. Theoretically, a researcher may also look for topics that recur again and again followed by looking at indigenous typologies such as local expressions that are used in an unfamiliar way. Other things that may be taken into consideration are transitions, similarities and differences, linguistic connectors, missing data and theory-related materials (Bryman, 2008:554).

Much of what was done during the data analysis is based on grounded theory. The Concept of grounded theory was developed by Strauss and Glaser in 1967. Grounded theory is a form of qualitative research whereby a theory emerges out of the data thus “constructing a theory that is grounded in data” (Corbin and Strauss, 2014: 6). Grounded theory, like many qualitative methodologies, is an inductive way of thinking which allows for the development of
theoretical explanations to occur only after data collection and analysis. However, in some instance the process of data collection may be on-going. General concepts are identified from the data and theoretical explanations are derived. The theoretical explanations may also provide an insight into a variety of experiences and phenomena (Corbin and Strauss, 2014: 6).

In grounded theory, data is analysed through what is known as a constant comparison. This allows for the data to be broken into smaller pieces which are easier to manage. These pieces are then compared for “similarities and differences, where data is similar, it is grouped together under the same conceptual heading” and after analysing the data further it is put into themes (Corbin and Strauss, 2014: 7).

The data is presented in a narrative analysis coupled with graphs and tables.

3.10 Ethical Considerations

3.10.1 Ethical Approval

The researcher obtained approval to carry out the research from the Ethics Committee of the University of the Western Cape. The study abided by the ethical rules and guidelines stipulated by the University of the Western Cape.

3.10.2 Informed Consent

Ethics in social research dwells on procedural issues particularly on the principle of informed consent. Informed consent means a research participant agrees to participate in a research process after being fully provided with sufficient information about the research. The participant should be able to understand the information provided and decide to participate in the research voluntarily (Hennink et al, 2011:63). To ensure this, the researcher approached micro enterprise owners in Khayelitsha and provided information about the research so that research participants could voluntarily make a decision on whether to take part in the study or not.

The study information (see Appendix 3) was explained to the study participants verbally and in written form prior to participation in the study. The intention of the study was also stressed
to the participants. Those who agreed to take part in the study on a voluntary basis gave their written consent (see Appendix 2). No monetary compensation or compensation in any other form was paid to the study participants as participation was on a voluntary basis with freedom to withdraw from the study at any time. Once the thesis has been accepted by the University the researcher intends to give study participants feedback on the research study findings.

3.11 Confidentiality

In any social research one of the major concerns is to protect the interests, privacy and safety of the study participants. It is vital to ensure that the participants’ identity remains confidential as well as maintaining study participants’ anonymity (Babbie, 2007: 62). The researcher was able to assure study participants of confidentiality through the informed consent process. Participants were informed that all information provided during the course of the study would be kept confidential. As the researcher used an interpreter during interviews, the interpreter signed a confidentiality agreement (see Appendix 5) to further protect the confidentiality of the participants.

The researcher also ensured that research participants’ privacy was not invaded. Invasion of privacy could be harmful if participants are deprived of the protection that privacy may offer (Ali and Kelly, 2012: 64). The researcher ensured protection of privacy by not disclosing any personal information. Questionnaires were coded to ensure protection of personal information.

Only relevant data to the study was collected and analysed for the aims of the study. Collected data was secured and was not kept for longer than was necessary. Furthermore no data collected was transferred to third parties.

Data would only be retained for a specific period. Once the thesis has met all the requirements and is satisfactory to the examiners, the interview scripts will be destroyed as there would be no further need since the data was collected for this particular academic requirement.
3.12 Limitations of the Study

The study had several limitations. One of the biggest limitations lies in the sampling technique used. Because of the nature of the research, the researcher was unable to access data bases of SMME owners from organisations which promote or provide support to SMMEs in Khayelitsha. Lack of access was due to the fact that organisations working with SMMEs in Khayelitsha were not at liberty to disclose names or contact details of SMME owners because of confidentiality agreements. As such the sample mainly contained a specific group of SMME holders, specifically survivalist type of SMMEs in the retail and service sector. It could have been ideal to include more SMME owners in other sectors in order to measure and compare the effectiveness of different SMMEs as a poverty alleviation tool. However that was not practically possible considering how difficult it was to find a study population.

The subject matter of the study was sensitive as it required participants to declare their monthly income. Some respondents were reluctant to reveal information concerning their businesses for fear that the South African Revenue Services (SARS) would start to investigate their businesses as some believed the researcher and interpreter were officers from SARS, working undercover. Others believed the research team was from the South African Social Security Agency (SASSA) investigating individuals who were fraudulently claiming child support grants. During several interviews the research team was asked if they were not from SASSA and were just trying to trick them to find out how much they really earned. Because of the perceptions that the research team could be agents from SARS or SASSA, it is more than likely that some of the respondents did not answer the question on income generated from micro enterprises truthfully.

Another limitation was that the researcher did not speak the study participant’s language (IsiXhosa). The use of an interpreter somehow limited the researcher’s ability to create a better rapport with the participants. Also, some meaning may have been lost in translation.

Most of the interviews were conducted during business hours at the participant’s place of business. In some instances interviews had to be suspended for some time in order for the participant to attend to customers. This disturbed the flow of the conversation and in some instances the interview had to be hurried because the respondent could not afford to take
more time away from the business or serving customers. Also, because SMME owners were interviewed at their place of business, the researcher was unable to carry out observation at the SMME owner’s household. The researcher is of the view that some crucial data which might be relevant to the study’s interests might have been missed out.

The study was carried out in a location with alarmingly high rates of crime. The researcher was present for all interviews and was wary of possible physical danger which limited movement within the study areas. High risk areas were avoided, data was mostly collected from areas that were more convenient and felt safer for the researcher and interpreter.

3.13 Chapter Summary

The study was guided purely by the interpretivism research philosophy and used qualitative data collection methods. The qualitative methods were mainly in depth interviews with owners of SMMEs in Khayelitsha and observation of the physical environment where the study was conducted. Non-probability sampling was used to ensure that the study population was relevant to the research topic because the researcher had no access to records or a database of micro enterprise owners in Khayelitsha. A translator was used to translate English to IsiXhosa and vice versa. The researcher adhered to research ethics by ensuring confidentiality of all information, anonymity, and also all research participation was on a voluntary basis.
Chapter Four: Findings and Discussions

4.1 Chapter Overview

This chapter presents the research results and analysis of the findings. The results are analysed thematically to understand the impact of SMMEs on the livelihoods of low income households in Khayelitsha. However as the study found, not all households in Khayelitsha are low income households. In the discussion, the research questions and aims outlined in Chapter One are addressed.

4.2 Findings

Findings are presented in accordance with the aims and research questions of the study. The chapter is organised into the following sections; (i) demographic profile of the study sample, (ii) household livelihoods sources and asset ownership, (iii) identification of SMME activities, (iv) challenges faced by SMME operators and ability to overcome the challenges, (v) impact of SMME on livelihoods, (vi) need for alternative livelihoods sources, (vii) findings from observations, (viii) discussions and (ix) chapter summary.

On account of the sample size \( n \) (where \( n \) is the actual number of respondents) will be mostly used in presentation of results rather than the use of percentages. Also a detailed respondent profile will be utilised where each respondent is assigned a number (see Appendix 5).

4.3 Demographic profile of Study Sample

The study consisted of eleven (11) female and eleven (11) male small enterprise owners operating micro enterprises in Khayelitsha. The average age for the study participants was 40 years with a range of 27 to 64 years. All respondents were black Africans. There were nine respondents in the 25-34 years age bracket of which seven were female and two were male. Six respondents were in the 35-44 years age bracket, five of which were male and one was female. Five respondents fell in the 45-54 years age bracket, three were male and two were female. Two respondents were in the 55 years and above age bracket, one was male and the other female. The study sample shows there were more young women aged 35 years and
below involved in micro enterprises than males as most of the male respondents were aged 35 years and above.

Table 3 below shows the demographic data of the respondents. The data corresponds to the gender, age, race, marital status and educational background of the study respondents. The table also shows a number assigned to each respondent. All respondents were black Africans but four were immigrants from Ghana (respondents 11 and 13), Zimbabwe (respondent 12) and Somalia (respondent 17).

Table 3: Demographic Profile of Respondents

<table>
<thead>
<tr>
<th>Respondent Number</th>
<th>Gender</th>
<th>Age</th>
<th>Race</th>
<th>Marital status</th>
<th>Education Background</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Female</td>
<td>29</td>
<td>Black</td>
<td>Single</td>
<td>Secondary</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>34</td>
<td>Black</td>
<td>Widow</td>
<td>Secondary</td>
</tr>
<tr>
<td>3</td>
<td>Male</td>
<td>43</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>4</td>
<td>Male</td>
<td>41</td>
<td>Black</td>
<td>Single</td>
<td>Tertiary</td>
</tr>
<tr>
<td>5</td>
<td>Female</td>
<td>57</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>6</td>
<td>Male</td>
<td>45</td>
<td>Black</td>
<td>Married</td>
<td>Primary</td>
</tr>
<tr>
<td>7</td>
<td>Female</td>
<td>34</td>
<td>Black</td>
<td>Single</td>
<td>Secondary</td>
</tr>
<tr>
<td>8</td>
<td>Female</td>
<td>28</td>
<td>Black</td>
<td>Married</td>
<td>Tertiary</td>
</tr>
<tr>
<td>9</td>
<td>Male</td>
<td>32</td>
<td>Black</td>
<td>Single</td>
<td>Secondary</td>
</tr>
<tr>
<td>10</td>
<td>Female</td>
<td>31</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>11</td>
<td>Male</td>
<td>46</td>
<td>Black</td>
<td>Single</td>
<td>Secondary</td>
</tr>
<tr>
<td>12</td>
<td>Female</td>
<td>27</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>13</td>
<td>Male</td>
<td>43</td>
<td>Black</td>
<td>Married</td>
<td>Tertiary</td>
</tr>
<tr>
<td>14</td>
<td>Female</td>
<td>53</td>
<td>Black</td>
<td>Single</td>
<td>None</td>
</tr>
<tr>
<td>15</td>
<td>Female</td>
<td>27</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>16</td>
<td>Male</td>
<td>64</td>
<td>Black</td>
<td>Married</td>
<td>Primary</td>
</tr>
<tr>
<td>17</td>
<td>Male</td>
<td>32</td>
<td>Black</td>
<td>Married</td>
<td>Tertiary</td>
</tr>
<tr>
<td>18</td>
<td>Female</td>
<td>48</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>19</td>
<td>Female</td>
<td>36</td>
<td>Black</td>
<td>Separation</td>
<td>Secondary</td>
</tr>
<tr>
<td>20</td>
<td>Male</td>
<td>54</td>
<td>Black</td>
<td>Married</td>
<td>Secondary</td>
</tr>
<tr>
<td>21</td>
<td>Male</td>
<td>35</td>
<td>Black</td>
<td>Single</td>
<td>Primary</td>
</tr>
<tr>
<td>22</td>
<td>Male</td>
<td>44</td>
<td>Black</td>
<td>Separated</td>
<td>Tertiary</td>
</tr>
</tbody>
</table>
4.3.1 Educational Attainment of Study Respondents

There were 21 respondents in the study who went through a formal education system and only 1 respondent who had no education at all. Figure 1 below shows education attainment of respondents. The results show that the highest education attainment for most of the respondents was a matric qualification (secondary school). More female respondents (9) had attained education up to secondary level than male respondents (4). However, despite more female respondents having attained education at a secondary school level, more male respondents (4) attained tertiary education than female respondents as only 1 female had tertiary education.

![Figure 1: Education Level of Respondents](image)

Figure 2 below shows that a total of 12 respondents were married of which 6 were men and 6 were women. There were 7 single respondents, 3\(^6\) of whom were women and 4 were men. Only 1 female was in the widowed category. In the other category there were 2 respondents consisting of 1 male respondent and 1 female respondent who were separated from their spouses. Overall there were 5 female headed households including the household where the respondent was cohabiting, however she stated that her partner did his own things and she was in charge of her own welfare. There were 5 male headed households including the one who was separated from his wife as despite the separation he was still in charge of the household where his wife and children were residing.

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\(^6\) One respondent classified herself as single even though she was cohabiting with a boyfriend
4.3.2 Household Composition

The average household size in the study was 3.4 persons, composing of an average 1.9 adults and 1.5 children. The most common relationship between household members was that of parent and child followed by a husband and wife relationship. Only 1 household was composed of siblings. The results show that 16 respondents had households composed of two or more adults of which 8 had more than one adult employed. Employment included running a self-owned SMME, running an SMME together with respondent and formal employment. None of the respondents had a household member who engaged in casual labour. Casual labour refers to employees who are used as and when needed with no official benefits such as paid leave and may even be paid differently from full time employees (Campbell, 1996).

4.4 Households Livelihoods Sources and Asset Ownership

All respondents relied on SMMEs as a source of income. However, 8 of the households had more than two adults earning an income for the household. Other incomes for households included government grants in the form of child support grants and old age grants as shown in Figure 3 below. A total of 11 respondents were receiving grants. There were 8 respondents who were benefitting from the child support grant of R310 per child per month at the time of
data collection\textsuperscript{7}. Only 3 households qualified for the old age grant of R1350 per person per month\textsuperscript{8}.

Another type of grant received by households was the “Back to School grant”, which was received by one household only. Receipt of the back to school grant was periodic as it was received only at the beginning of a school term. The amount for the back to school grant was R150 per child to help with the purchase of school supplies such as stationery, on condition that the children will stay in school. The respondent said she gets the money from government; however the researcher was unable to verify the existence of such a grant. It is very likely that the respondent’s children were beneficiaries of some sort of school support programme and not a formal grant from the government.

Only one household received both the child support grant and old age pension grant. The child who received this child support grant was the grandchild of the pensioner.

\textbf{Figure 3: Number of Households Receiving Government Social Grants}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure3.png}
\caption{Number of households receiving government grants}
\end{figure}

4.4.1 Ownership of Assets

Asset ownership is a crucial component in sustainable livelihoods because assets provide a living and store wealth for a household. Asset ownership by SMME holders is significant as

\textsuperscript{7} As of April 1\textsuperscript{st} 2015 the Child Support Grant was at R330/month per child. (Source www.gov.za)
\textsuperscript{8} As of April 1\textsuperscript{st} 2015 the Old Age Pension Grant was at R1410/month per pensioner. (Source www.gov.za)
it might impact on livelihoods to secure a person’s financial present and future as well as being used as security in times of a crisis or need (Field Funder Guide, 2007).

Table 4: Asset Ownership by Gender

<table>
<thead>
<tr>
<th>Asset owned</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>House</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Vehicle</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Savings</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Human capital in the form of vocational skills</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Physical capital in the form of market structures</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Table 4 above shows 6 male SMME holders owned a house whilst only 5 female SMME holders owned a house. A total of 11 respondents owned a house. Amongst the 11 respondents who did not own a house some owned a shack⁹ which was considered to be a house by the owner. However when it comes to accessing financial services in the financial market a shack is not recognised as housing, since it does not serve as a proof of address (which is one of the requirements to open a bank account or obtain a loan).

Savings was the asset that was owned by most respondents as 15 of them owned personal savings. More female respondents (8) owned savings as compared to 7 of the male respondents. Most of the females who owned savings were married as were most of the males who owned savings. However, for those respondents who did not own any savings, most of them were married men. There were no differences in the number of single people of either gender who owned savings. It is important to note that the study sample had more married persons than single persons.

A total of 8 respondents owned a vehicle of which 5 were male and 3 were female. Other assets owned by respondents were human capital in the form of vocational skills which were owned by 14 of the respondents (8 male and 6 female). Possession of vocational skills

⁹ A type of temporary housing usually made out of scrap metal, iron sheets or cardboard boxes.
corresponded highly with the type of SMME operated by respondent. For instance, respondents who were operating a welding or carpentry SMME had undergone formal training in welding or carpentry which was appropriate in operating a welding or carpentry SMME. Also respondents who were operating a tailoring SMME had undergone formal training in tailoring which again enabled them to operate a tailoring SMME.

Another asset owned by respondents was physical capital or infrastructure in the form of access to market structures for products produced and services provided. A total of 14 respondents stated they had access to market structures whilst 8 of the respondents stated they had no access to market structures for their products which affected sales and income generation capacity. A total of 5 respondents (3 male and 2 female) owned other assets in the form of equipment such as kilns, welding machinery, sewing machines and a bicycle which could easily be converted into cash in case of a shock or stress.

### 4.4.2 Social Capital and Livelihoods

Social capital may be important in determining the success of micro entrepreneurs (Honig, 1998: 378). For this study, the focus was on business associations as a form of social capital and how it would impact on the success of micro enterprises. The study found that more male SMME owners belonged to associations than female SMME owners.

![Figure 4: Membership of Association by Gender](image)
Figure 4 above shows a total of 15 respondents did not belong to any business associations. The majority of respondents who did not belong to any association were female (10) as compared to only 5 of male respondents who did not belong to any association. A total of 7 respondents belonged to associations. Five of the respondents who did not belong to business associations stated the lack of information about the existence of local business associations or any associations that may help to improve outcomes of the SMMEs. Furthermore, respondents who were aware of the existence of business associations in Khayelitsha stated that there was a limited access to information on how to join such associations.

Another reason for not belonging to a business association was a lack of interest in joining local business associations. Much of the lack of interest was attributed to perceived disorganisation in the running of these associations in Khayelitsha. Some respondents stated that the associations were too politicised. People who were not politically active may not have the same opportunities as those who were politically active. As such, some respondents felt they were better off not joining any business association. In addition to political influences, some non-South African respondents felt it was not easy for foreigners to join an association that is run by South Africans for South Africans. Foreigners were not welcomed in such associations anyway. Time was also a consideration for some of the respondents in whether to join an association or not. Fewer respondents (2) considered time as a factor in not joining business associations. The respondents stated they had to spend long hours running a business; it would therefore be difficult to find time to participate in any of the association activities.

Fewer respondents (7) belonged to different types of associations such as, a business association, an arts and crafts association and a business street association. Those who belonged to a business association mentioned that the association had some benefits on their business. One respondent said,

*If there is a new project coming to Khayelitsha the business association is the first to find out about it. The association may also have information on whether the project will be procuring products or services from local micro enterprises and how to go about the bidding process. I have had a few fairly big contracts which I came to know about through the business association. On my own I would not have had access to such information. Being a member*
of the business association has definitely had a positive impact on my welding business.

Another respondent who belonged to a business association said the association provided a lot of security for his business premises particularly as he was a non-South African. The respondent stated that,

*Khayelitsha is very volatile; people are constantly rioting and demonstrating. Sometimes residents want to remove our shops because they say they harbour criminals. I do not see how a container shop can hide a criminal. The street association prevents rioters or demonstrators from destroying shops. However I don’t really know how the street association is operating now. I paid a registration fee of R50 but we are supposed to pay a monthly fee of R20 but nobody from the association has come to collect in over a year. I do not even know if the association is operational anymore.*

Some of the respondents who belonged to associations did not believe membership to any association had yielded any benefits at all. Two of such respondents indicated strong negative views towards their respective associations. Respondents raised concerns that they had to pay a membership fee of R100 but it was not known what the money was used for since the association was not active in any way. Since paying the membership fee, members of the association had not been given any information about the association’s future plans. It is important to note that the respondents joined the association because it was compulsory for all traders on that particular street to join the association. Clear information about what the association does or how it would benefit the traders’ SMMEs was not available. When asked why they still joined the association if information about the association or its activities was not forthcoming, the respondents stated that they had no choice but to join the association as they were told everyone trading on that street had to join.

### 4.5 Identification of SMME Activities

The informal economy is a means for survival for many poor people as it is highly unregulated and untaxed (Rolfe et al, 2010: 5). All respondents in the study were engaged in SMME activities in the informal sector. Figure 5 below shows the different types of SMMEs that the respondents were engaged in. Five women were engaged in the tailoring business.
The tailoring business includes a tailoring cooperative and fashion design. There were 4 respondents operating a hair dressing and cosmetic shop business, 3 respondents were operating a welding and painting business, 2 respondents operated a furniture re-upholstery business, 2 respondents were involved in carpentry. Only 2 respondents were involved in running a spaza shop, one respondent was operating a shoe repair business, one respondent operated a restaurant and catering business, 1 respondent was a street hawker and 1 respondent was running an arts and craft business.

Table 5: Type of SMME

<table>
<thead>
<tr>
<th>Type of SMME</th>
<th>Number of SMME Holders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Crafts</td>
<td>1</td>
</tr>
<tr>
<td>Carpentry</td>
<td>2</td>
</tr>
<tr>
<td>Furniture re-upholstery</td>
<td>2</td>
</tr>
<tr>
<td>Hair dressing and cosmetic shop</td>
<td>4</td>
</tr>
<tr>
<td>Hawker</td>
<td>1</td>
</tr>
<tr>
<td>Restaurant</td>
<td>1</td>
</tr>
<tr>
<td>Shoe Repair</td>
<td>1</td>
</tr>
<tr>
<td>Spaza</td>
<td>2</td>
</tr>
<tr>
<td>Tailoring</td>
<td>5</td>
</tr>
<tr>
<td>Welding and Painting</td>
<td>3</td>
</tr>
</tbody>
</table>

Most of the respondents had been operating a micro enterprise for a significant number of years ranging from one to twenty years. The average number of years for operating SMMEs was eight years. All respondents were still operating the same type of micro enterprise that they had started with.

4.6 Reasons for Choosing to Engage in a Particular SMME
The respondents had different reasons for choosing a type of SMME to engage in. The reasons ranged from personal fulfilment to survival. One of the reasons in deciding to engage in an SMME was an interest to run their own business and not to work for another person, as well as enjoying the activity. One respondent said that,

*I love sewing and I love having my own business. I decided to take up a sewing training course to enhance my skills. Instead of doing it on my own I opted to run a sewing cooperative with some other ladies from Khayelitsha. A cooperative was a better option because currently the government is providing a lot of support to promote cooperatives. Some of the support is in the form of training through SEDA which has helped to enhance my business management skills. In addition some government departments when procuring services and products give priority to cooperatives. I saw the potential in running a sewing cooperative that is why I opted for this type of business.*

Some respondents chose the type of business they were operating based on the lucrative nature of the business at the time when deciding to engage in micro enterprises. For instance respondents engaged in the welding and painting business stated that in the past the welding business in Khayelitsha was highly profitable. The high crime rates in the township increased the demand for welding services as people needed burglar bars or gates to enhance security in their homes. The market demand was large but supply was limited, making the running of a welding business very profitable.

Other respondents chose to engage in a particular enterprise because of the sector’s stability. For instance, a respondent operating a furniture re-upholstery business said that profits were not constant which might give the impression that the business was not as lucrative. However, there was always a demand for the service, making it a safer choice. People bought new furniture all the time and might want to protect the furniture with plastic covers or may want to re-upholster old furniture because they cannot afford to buy new furniture. The demand is not constant; it is very seasonal and fluctuates. However, despite all these fluctuations at the end of the year the business still survives and generates an income for the owner.

Another reason for deciding on a business was the possession of skills required to operate the business. This was particularly common for respondents operating a hair dressing enterprise. Most of the respondents stated they already possessed hair dressing skills prior to engaging in
micro enterprises. The respondents felt they would be better off operating a business in which they possessed a skill other than working for somebody else or employing someone to work for them. In addition, respondents reported that operating a business with the right or necessary skills meant doing the work yourself which is cheaper than employing somebody else with the skills.

Respondent number 22 chose to operate an Arts and Crafts business because he was naturally gifted as an artist and throughout his life he had used his talent to earn a livelihood. In the past he had worked as an art teacher at Cape Town College and had also been a resident artist for some crafts shops and art galleries. After some time the respondent felt it would be better if his skills were used to generate a better livelihood for himself, but he also felt the need to help other artists in the area. The business not only helps artists to enhance their skills but also gives them an opportunity to earn an income because it is very difficult for artists to find a job unless the artist is well established.

Some of the study participants reported that prior to engaging in a micro enterprise they had been unable to find any employment at all. Others reported that they had tried to work but were not happy with the wages which were very low and not enough for survival. Unemployment and survival influenced participants to choose a micro enterprise that would offer a livelihood particularly for those respondents whose households had no other income at all. Respondent 8 stated that her family situation was so bad that the only option was to start a tailoring business. The participant said,

*Everything was going badly for my family. My father had three taxis which were doing very well as such there was never a need for my mother to be employed and she has never done any paid work in her life as there had never been a need for her to work. One taxi was involved in a road accident, then another one had a break down and something happened to the other one. It all came crashing down for my family in a short period of time. I was the oldest of five children and was at varsity pursuing a fashion design course. My siblings would phone me every day that they had no money at home for things like food, electricity and did not know what to do. I had no choice but to withdraw from varsity and get a job. I got a job working as a cashier at Woolworths which paid R1800 a month. It just wasn’t enough for our household to survive. I don’t know what would have happened to my family if*
I did not start my own designing and tailoring business. Thanks to the business I have helped my father to re-build his taxi business and have managed to pay school fees for my siblings.

A tailoring micro enterprise was a better option as the participant already had a sewing and tailoring background. In addition, the respondent had a chance to undergo formal training in a tailoring and business skills course which was offered at the Khayelitsha Training Centre. That made starting the business a little easier for the respondent.

Other reasons reported as to why participants chose particular SMMEs were the lack of “the right educational qualifications” to find a job. Some had tertiary qualifications but were not able to find any employment. Other reasons included family background, where the family was running a spaza business which made it easier to start the same type of business. Familiarity and experience were also factors taken into consideration when choosing a type of micro enterprise for some respondents.

4.7 Start-up Capital of SMMEs

Table 6 below shows the amounts of money used as start-up capital for various SMMEs. Three respondents reported that they could not recall how much money was used to start operating their businesses. One of the respondents (Respondent 1) in the group who operated a tailoring SMME could not say how much money was used to start the business because she received business support from an organisation (Township Patterns) which aims to bring economic development and opportunities to women in their own communities. The organisation bought all the materials that were required and at the time Respondent 1 had just completed a tailoring and business training course at Zenzele Training Centre, the centre provided sewing machines to help establish the business. Thus, the respondent could not easily calculate the cost for starting the business.

Five respondents started their businesses with R500 or less. Within this range the lowest amount was R15. This was for respondent number 4 who started a welding business which was started with three other friends who also contributed R15 each to buy an invoice book. The four had undergone training in welding and business skills at Zenzele Training. Upon completion of the training the four were supplied with a welding machine which they would use until the business was self-sustainable to purchase their own equipment.
The type of SMMEs that had a start-up capital of R500 or less was welding, tailoring, spaza shop and furniture upholstery. The furniture upholstery business grew out of a fruit and vegetable store which had a start-up capital of R300. Four respondents started their businesses with a start-up capital of between R501-R1000 which were the welding, wood and carpentry, street hawker and tailoring businesses. Five respondents started their business with less than R5000 but more than R1000. These businesses were mainly tailoring, a hair dressing saloon and furniture upholstery. Three respondents started their business with a fairly significant amount of start-up capital for the informal sector. The start-up capital ranged from R20 000 to R25 000. One of these SMMEs was a shoe repair business, one hair salon which also doubles as a cosmetic shop, and one an arts and crafts business which required expensive kilns. The start-up capital for the shoe repair business was R22 000 but much of it went to the purchase of a container which is used as a shop.

Table 6: Amount of SMME Start-up Capital

<table>
<thead>
<tr>
<th>Amount used as start-up capital for SMME (ZAR)</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unknown</td>
<td>3</td>
</tr>
<tr>
<td>R0-500</td>
<td>5</td>
</tr>
<tr>
<td>R501-1000</td>
<td>4</td>
</tr>
<tr>
<td>R1001-2000</td>
<td>1</td>
</tr>
<tr>
<td>R2001-3000</td>
<td>1</td>
</tr>
<tr>
<td>R3001-4000</td>
<td>1</td>
</tr>
<tr>
<td>R4001-5000</td>
<td>2</td>
</tr>
<tr>
<td>R5001-10000</td>
<td>1</td>
</tr>
<tr>
<td>R10001-30000</td>
<td>3</td>
</tr>
<tr>
<td>Other[^]</td>
<td>1</td>
</tr>
</tbody>
</table>

Respondents were asked about the source of start-up capital for their business. Table 7 summarises what respondents reported to be sources of start-up capital for SMMEs.

[^]: Respondent collected and sold scraps and whatever material that could be recycled from other people’s rubbish. he sold

58
Table 7: Source of Start-up Capital for SMME

<table>
<thead>
<tr>
<th>Source of SMME start-up capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Business support from client</td>
</tr>
<tr>
<td>• Village banking (pooled resources with other community members)</td>
</tr>
<tr>
<td>• Gift from family member/friend</td>
</tr>
<tr>
<td>• Personal savings</td>
</tr>
<tr>
<td>• Collecting scraps (to make items which were later resold)</td>
</tr>
<tr>
<td>• Using part of a redundancy payment to start the business</td>
</tr>
<tr>
<td>• Loan from fellow (foreign) countrymen in Cape Town</td>
</tr>
</tbody>
</table>

Most respondents used personal savings to start operating the business. Those who used personal savings included those who started a business with less than R100 to those who started their business with as much as R20000. Other sources were gifts from family members or friends who assisted. Respondent 8 was given money by a family friend who wanted the family to find a source of livelihoods as they were going through a financial crisis. Other sources of capital can be argued to have been in the form of social capital. For instance Respondent 11 who migrated to South Africa from Ghana reported the following;

*If a person from my country arrives in Cape Town, those who have settled in Cape Town come together to assist the new person. They contribute money, some offer shelter others food to help the new person to settle down. If the person wants to start a business, as was my case they contributed money to top up whatever the person has saved. Like in my case I had some money but it was not enough to start my shoe repair business. Fellow Ghanaians living in Cape Town topped up what I had until I had enough to start my shoe repair business. I was not expected to pay back those who had contributed financially. What is expected of me is that whenever a new person arrives in Cape Town from Ghana, I must assist that person either financially or provide food or shelter until the person is able to generate an income. That person in turn is also expected to help whoever migrates to Cape Town in future.*
Respondent 2 also used social capital as a source of start-up capital for her tailoring business. The respondent used a system of community or village banking (like stokvels) to raise capital to start the business. A group of about ten women in her community banked R1000 each per month and each month a different person would receive a certain amount from what was banked by each member. When it was the respondent’s turn to receive the money, she used some of it to start a tailoring micro-enterprise. In addition, the respondent also underwent a training course in tailoring and basic business skills at Zenzele Training Centre. Upon completion of the course, Zenzele Training Centre loaned the respondent a sewing machine which she used until she was able to purchase her own sewing machine.

Another source of start-up capital was from an organisation that provides support to SMMEs in low income communities. Not only did the organisation provide the start-up capital (the organisation was the SMME’s first client), but also helped the respondent SMME with getting clients and selling products. A rather unusual source of start-up capital for Respondent 6 was other people’s rubbish, where the respondent collected scraps and made products which were later sold. He saved money from whatever he was able to sell until he had enough to buy proper equipment and rent space to open a proper workshop.

4.8 Business Debts

In trying to understand how micro enterprises are operated, respondents were asked whether they had any current business debts or any other debts. Twenty-one respondents did not have any current business debt or any other debt. Only 1 respondent had a business debt from Standard Bank. She took a loan of R3000 which was used to purchase equipment for the business and other materials required for production. When the researcher was conducting the interview with the respondent in October 2014, the respondent still had two or three months left to finish repaying her loan.

Figure 5 shows how micro enterprise owners felt about obtaining a business loan. Four respondents (three female and 1 male) reported that they did not wish to obtain a loan because a loan would be too risky for the SMME. There were 9 respondents (5 male and 4 female) who were not interested in obtaining a business loan. These respondents had similar explanations for not wanting a loan like those who did not wish to risk their businesses. Respondents explained that the performance of SMMEs was not guaranteed to assure the
ability to meet the monthly loan repayments. Other reasons were fear of bankrupting the business if the owner was not able to make monthly loan repayments. Some expressed fear of repayment conditions as the reason for not obtaining a business loan. One respondent reported that she would rather obtain a loan to purchase a house than to invest in her business mainly because the business was not stable.

Figure 5: Respondents Interest to Obtain a Loan

More male than female respondents (5) reported that they would like to obtain a loan to help boost their business. Respondents also reported that they could not meet all the requirements needed to obtain a loan. For example, banks or financial institutions would require bank statements and payslips which the respondents could not provide. A bank statement was not possible for some respondents because the income generated from the SMME was too low to open a bank account or it was used right away to meet everyday living expenses. In addition, banks require proof of residence in the form of lease agreements or title deeds from anyone who wants to obtain a loan from the bank. People who live in shacks cannot provide this
proof because shacks do not have street addresses or title deeds. If there were better or flexible conditions or requirements for people to obtain a loan some of the respondents reported that they would welcome the opportunity to apply for a loan. Other respondents reported that it was impossible for foreigners to obtain any kind of loan from the bank.

4.9 Operating Hours

Nearly all respondents reported that their SMMEs were basically operated by themselves. Three respondents reported that they operated the business together with a spouse. On average respondents spent 8 to 9 hours a day operating their business. Some worked from Monday to Sunday whilst others worked from Monday to Friday. Some indicated that they might spend longer hours if there was a high demand for their products. This was common for welding, tailoring and hair dressing. The spaza shop operators had fixed times due to security concerns.

One respondent reported that he could not account for how many hours a day were spent on his business because he employs somebody else to do the work. When he receives orders the employee is given a deadline to complete the task.

4.10 Challenges Faced by SMMEs and Ability to Overcome the Challenges

Respondents reported several social and economic factors as challenges faced by SMMEs in Khayelitsha. Table 8 provides a summary list of the challenges mentioned by respondents.

Table 8: Challenges Faced by SMMEs

<table>
<thead>
<tr>
<th>Challenges Faced by SMMEs</th>
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<tr>
<td>• High competition</td>
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<tr>
<td>• Price competition from Zimbabweans and Somalis</td>
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<tr>
<td>• Business unstable which affects household income/livelihoods</td>
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<td>• Difficulty in finding more clients</td>
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<td>• Increased input and running costs</td>
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High levels of competition seemed to be the biggest challenge for most of the SMMEs. For instance, the hairdressing business seemed to be highly competitive as there were many hairdressers in Khayelitsha. Competition was an even greater problem for hair dressing salons that were not located strategically, such as close to Khayelitsha train station and taxi ranks. The respondents reported that this challenge was not easy to overcome because there was not much that could be done to prevent customers from getting services at other salons which were easily accessible and more visible. The respondents reported that they may have to employ marketing strategies, like having a person stand close to the station. Yet, the final decision lies with the customer and customers like salons that are conveniently situated.

Respondents in the welding sector complained of price competition from Zimbabweans who were felt to have flooded the market. Zimbabwean welders offer their products at a lower price and may even sell on credit. The respondents in the study could not sell their products at a lower price due to rising costs of materials. Respondent 3 reported that the Zimbabweans were able to offer lower prices because they bought materials in bulk as a group at a lower cost. The respondent on the other hand only bought materials when he had an order for a product, which was more costly. To overcome this challenge the respondent reported that he had resorted to focusing on bidding for government tenders which excludes foreigners from bidding. However, there is no guarantee in winning the government tenders. As a result traders still struggle to find customers.

- Lack of space/premises to operate from, which prevents owner from purchasing more business equipment
- Unable to find trustworthy employees
- Lack of financial capital
- No capacity for marketing
- Customers who prefer buying at lower prices or credit
- High inflation and poor economic environment, i.e. reduced purchasing power
- Foreign SMME holders denied access to financial services
- Business location not ideal
- No patents on designs
- Lack of equipment
- No access to financial markets
Another respondent in the welding sector stated that in order to overcome competition he aimed at producing high quality designs for gates and burglar bars. He tried to be more creative and come up with new designs. However, there are many welders in Khayelitsha, who easily copy new designs and may then start producing it at a lower price. That makes survival in the welding sector very difficult.

Competition from foreign traders has led to a number of problems, the most apparent being the recent xenophobic attacks. The unrest started because some South Africans were not happy with foreigners who found it easy to start small businesses in the country. The conflict may have policy implications for the small business sector. Government could possibly decide to regulate the sector to ensure that the primary beneficiaries in the small business sector are South Africans. Regulation may be introduced that make it compulsory to register the business prior to operation. In such a scenario many people (including locals) may not be able to meet the requirements, especially those who start their businesses with less than R100. In that regard more people could end up not having any livelihoods source or they could be trading illegally.

Most respondents (for tailoring and furniture re-upholstery) reported that costs for input materials had increased; they therefore had to increase prices, which made it difficult to get new customers. Other challenges faced by SMMEs included the lack of financial capital, access to financial services, and the lack of space in which to operate their business.

### 4.11 Impact of SMMEs on Livelihoods

A good number of respondents (19) reported that engagement in the SMME sector had a positive outcome on household livelihoods. Respondents reported there was an improvement in livelihoods such that they were able to buy whatever they wished unlike when they were engaged in wage employment. It was also reported that because of engaging in the SMME sector respondents were able to sustain daily living expenses for their households. Furthermore, Respondent number 17 reported that operating a micro enterprise had a positive impact on livelihoods as he did not have many other livelihoods options available to him. He stated that as a refugee it was not easy for him to return to Somalia and there were not many livelihoods strategies available for such a person in South Africa.
Not only did operating an SMME have a positive impact on the livelihoods of some of the respondents, it also provided a sense of control over livelihoods. If the respondent worked for longer hours this would be reflected in the income generated, unlike when working for someone else where you can work for long hours and still get paid very little. One respondent reported that having a business gave her control over her income. She said,

*I can now control my income, even though the money I make depends on the number of customers that I have but still I have a sense of control over my income. If I need to make a certain amount I know how much work I have to put in.*

Only 3 respondents felt that operating an SMME had not made any difference on livelihoods as life had remained the same. That included a respondent who had not acquired any significant assets since engaging in the SMME sector. Some felt that the inconsistencies in monthly income made it difficult to budget for living expenses as there was no way of knowing the amount that would be generated. A respondent felt that at least with wage employment there was the reassurance of a fixed monthly income which allows the household to plan their monthly expenditure.

It was also reported by one respondent that operating an SMME had a negative impact on his livelihoods by raising expectations from extended family members. The respondent said,

*Family members think that just because I run my own business I have a lot of money. They are constantly asking for money which puts pressure on my livelihoods. If I tell them I do not have money they think I just do not want to assist them and this has affected family relationships.*

Overall most respondents reported a positive impact of SMMEs on livelihoods, with households being able to provide health care, shelter, education for children and extended family members, food and household property. Some were able to purchase a vehicle because of engaging in micro enterprises. Respondent 22 stated that his business had provided him with the opportunity to travel across South Africa and also outside South Africa to art fairs, all of which had helped his business.
4.11.1 Income Generated Weekly from SMMEs

Income generated per week varied for different types of SMMEs, with fairly significant differences in income generated even for similar types of SMMEs. One of the tailoring SMMEs generated an average weekly income of R2480. The lowest weekly income generated in this sector was R700 and R6250 was the highest. The highest earning tailoring SMME was run as a cooperative composing of ten women. This meant that at the end of the month, whatever income was generated had to be shared amongst the cooperative members. The lowest income generated in the tailoring sector was by Respondent 19 who was operating her business from her home, which was fairly far from the town centre. In addition she was residing in a crime stricken area.

The average weekly expenditure for the tailoring sector was R445 which mainly catered for electricity and rent. Respondent 7 could not account for weekly or monthly expenses and earnings since she only made something when there was an order. The different orders had different input costs as they differed in specifications.

In the welding sector the average income generated was R1067 per week. The lowest income earned per week was R400 and the highest income earned was R2800 by Respondent 4 who also happened to have a tertiary education. He was the only one who was able to calculate weekly expenses whilst the others did not have a clear idea of how much was spent on the business on a weekly basis. The two respondents who could not account for weekly expenses reported that when there was an order a customer was required to pay a deposit which was used to purchase materials and if necessary, to hire labour. Respondent 6 reported that he was no longer paying rentals because of poor services at Khayelitsha Training Centre, i.e. toilets were in a bad state. It was not known whether once the issues with the landlord were resolved he would be required to pay the outstanding rentals. If that happened there could be some implication for his income as the respondent did not have any savings which could be used.

The average income generated per week in the hair dressing sector was R1750. The highest weekly income was from a hair dressing salon which also operated as a cosmetics shop, which was earning an average of R5000. The lowest average amount earned per week was R500. Three respondents in that sector could not say how much income was earned per week, because the hair dressing business was unpredictable with good income earned on some days
and no business on other days. The average weekly expenditure in that sector was R1444. Respondent number 13 indicated a higher weekly expenditure (R2100) than weekly income generated (R1500). The respondent explained that sometimes the inputs may last longer than a week depending on the number of customers that the hair salon got.

The spaza shops also generated significant amounts of weekly income. The Somali run spaza shop performed slightly better than the spaza shop operated by a South African respondent. The Somali run spaza shop was bigger and also operated as a cash and carry. The weekly income generated by the Somali run SMME was R10000 with expenses of R1625. The shop was also an agent for many of the products sold in the shop, like soft drinks and eggs from farms. They therefore do not have to purchase the products from intermediate suppliers, which reduced their input costs.

The spaza shop operated by South Africans generated R5000 a week and indicated weekly expenses of R8000. The respondent of the South African run spaza shop reported that she bought a lot of the products from intermediate suppliers on a weekly basis. Despite the discrepancies in her income and expenses, she reported that the business was not operating at a loss and generated an adequate income for her household. That was a reflection on the owner’s poor financial management skills or just that she could not clearly differentiate between costs and profits or for some reason did not want to give the researcher a true picture of how the business was really performing.

The Arts and Crafts SMME performed extremely well for a micro enterprise, generating an average weekly income of R12500 and weekly expenses of R5600. The respondent reported that the expenses for the business were high due to high overhead costs such as electricity bills for the kilns. Demand for products was relatively low because overall the art market was performing badly. Demand had declined whilst supply had increased. Furthermore, many art shops and galleries were no longer ordering products from the respondent’s shop as they had their own artists who produced similar products. The overhead costs for operating the business had remained the same despite the falling demand for products.

Fifteen respondents were not able to recall how much income was generated in the previous year. However, out of these 15 respondents, 13 of were still able to report that their business was doing better with time as they made more money than the previous year. That included cases of a reduction in running costs by no longer employing full time workers. Of the respondents who reported a positive change in income 2 indicated that the business was
getting better because they were getting well established with more regular customers. One respondent suggested that income had remained about the same. Two respondents reported that since their business was seasonal, it always performed better during the summer.

4.11.2 Ability to Save Income Generated From SMMEs

A total of 15 respondents were able to save on a monthly basis from income generated from SMME activities. However, most of the savings tended to be used for consumption in the short term. That appeared to be a common trend for most of the respondents who were able to save. Savings would be used to pay for either university fees for a child, purchase household appliances or just use for living expenses. One respondent stated it as follows:

*Even though I am able to save about R500 a month from the money that I make from my business, at the end of the day I still end up using the savings for everyday living expenses. I may save up for a month or two but still the money is used up for everyday living expenses.*

Only one respondent was able to use the savings for long term investment such as constructing a house in the Eastern Cape which she intended to let out in the future once it was completed.

At the time of the interviews one respondent had just lost a son. In his interview he stated that he was able to save plus about R1000 each month from his SMME. At that particular time the respondent was having difficulties to meet funeral expenses in order to bury his son. The son’s body had already been kept at a mortuary for more than two weeks. The household’s livelihoods source was not able to deal or cope with that particular stress. However, due to the sensitivity of the loss of a child, it was not possible to determine whether the financial difficulties in meeting the funeral expenses were due to the actual lack of money or because he did not wish to use the household’s savings to pay for the funeral. In this context it is important to remember that funerals for most black South African cultures are very expensive.

On a gender basis, more females were able to save on a monthly basis though the difference was minimal as can be seen in Figure 6. There was quite a significant difference in the
average amounts of income saved by male and female SMME owners. The average amount saved by female respondents was R2681.25 per month compared to R1647.86 for male owners. Some of the male respondents were not sure of the exact amount of the monthly savings as they did not keep any financial records.

Figure 6: Ability to Save by Gender

The largest amount saved was R15000, by Respondent 15 but the amount also included savings from a spouse’s income from formal employment with the City of Cape Town. The respondent owned a hairdressing salon which also doubled as a cosmetic shop. The income generated by selling cosmetics was steadier than income from hairdressing salon. Despite the hair dressing industry being highly competitive in Khayelitsha, the respondent was still able to save a fairly significant amount.

Other respondents who were able to save stated that it was due to determination and personal sacrifice that monthly savings were generated. Respondent 8 stated it as follows:

*I know how to save when the need to do so arises. If I have a target to save R4500 in a particular month I will push myself to achieve my target even if it means working many late nights or even going hungry then I will do it. Sometimes you just need to make a sacrifice in order to achieve your goals.*
In addition to personal sacrifice and determination, Respondent 2 joined a village banking group locally known as a “stokvel” \textsuperscript{11} whereby each member deposits R1000 each month. The village banking group lends out the money to members and non-members. At the end of the year the deposits and any interest earned are shared out equally amongst members. For the respondent the money obtained at the end of the year is used to purchase large household appliances and towards the completion of the house which the respondent was constructing in the Eastern Cape.

One respondent reported that she understood the need to save, no matter how little. She saves R150 each month from a tailoring and stated:

\begin{quote}
It does not matter how little you make you just have to save some money from whatever little you are making. Any business has a good day and some bad days. You must prepare for the bad days. That is why I try to save something even if it is only R150 each month.
\end{quote}

There were 7 respondents who were not able to save any money from income generated by SMMEs. The most common explanation was that the income generated from SMMEs was just not stable. There were days when the SMMEs did not generate any income at all, which made it impossible to have monthly savings. Other respondents stated that the money that was generated from the SMME was just enough to sustain daily living expenses. One respondent stated it as follows:

\begin{quote}
It is not easy for me to save any money at all. How can I possibly save when I cannot estimate how much am going to make each day. Most days when I make some money, before going home I pass by a supermarket. I use the money to buy whatever I need on that day. I mostly buy food so I cannot say I will save what I have made when I do not have any food at home. Besides, I live with my boyfriend only and all my children are grown up. Perhaps, if my children were still young and living with me, maybe I would try to save a little bit for emergencies. But it is difficult to save when earnings from a business are unstable.
\end{quote}

\textsuperscript{11} A stokvel is a saving or credit scheme with twelve or more people. Members contribute fixed sums of money on a weekly or monthly basis. They have regulations on how much to contribute and each month when contributions are paid members rotate to receive the contributions.
4.11.3 Job Creation

Few SMMEs in the study had the capacity to create casual, part-time or temporary work let alone full time jobs. The sectors that employed part-time workers were hairdressing, welding and furniture upholstery businesses. The hairdressing business employed workers who worked on a commission basis. The worker would only get paid if there was a customer and he or she provided a service. That meant that for the days that the salon owner did not make any money the worker did not earn any income at all.

The welding and furniture re-upholstery businesses employed people on a contract basis only. If the business had orders from customers then more labourers would be hired and paid upon completion of the job. That was a way of minimising running costs for the business.

4.11.4 Need for Alternative Livelihoods Sources

Respondents were asked whether they would rather be engaged in another livelihoods activity. Sixteen respondents reported that they were better off operating their business for livelihoods. Some reported that they were better off being their own bosses rather than working for somebody else. Those who had been employed by somebody else before, reported that they were not satisfied with the working conditions or wages. Comparing the two income sources, respondents reported that their households were better off relying on SMMEs for livelihoods. Another reason offered for preferring to run an SMME was that it was a much better option than being unemployed and just sitting at home, particularly because jobs were scarce. It was also reported that it would be difficult for a person who has never worked to find a job. One respondent felt that fewer black South Africans should be engaged in wage employment and more should be operating their own businesses to create more jobs.

Operating a business allowed some respondents to purchase whatever they wanted; for one this meant being stress-free about generating an income in general. Income generated by SMME activity was much higher than what the respondents used to earn in wage employment. Earning low wages was felt to be stressful as the wages were not enough for households to live on.
There were 6 respondents who felt they would be better off doing something else for livelihoods. A few of these respondents felt that they would be better off getting a job, especially if it paid more. The respondents felt they would be much happier because they would be assured of a fixed monthly income. A respondent operating a street clothing store reported that her business was seasonal. During the winter months she hardly operated the business because of the bad weather. The windy and rainy weather made it difficult to set up the store and customers were not interested in purchasing wet merchandise. She felt that it was better to find a steady job or run another type of business. However, the other type of business that she was interested in required a lot of financial capital which she could not mobilise.

Another respondent indicated that they would rather do something else for livelihoods, but that would depend on the options available. If there was a chance for a higher paying job with better working hours then it was better to take that option, because operating a business was time consuming as the business operated from Monday to Sunday. Family life was suffering as he did not spend enough time with his family.

One respondent felt that he would be better off if he had a job, however he would still maintain the business to supplement his income. He currently employed people who did the work for him and he had time, which could be taken up by wage employment.

4.12 General Observations About the Responses

During the field visits, several factors in this sub-section we can briefly refer to these comments which may have an impact on the livelihoods of the respondents were observed. One observation was security and associated crime rates in Khayelitsha. Some respondents were located at Khayelitsha Training Centre, which is situated about a kilometre away from a train station and taxi rank. Whilst visiting, the researcher was advised on several occasions that it was not safe to walk from the station to the Training Centre, but to rather use a taxi which costs R7.50 to go to Site B and then board another taxi to Bellville which costs R14. The transportation cost was rather high, especially for those who needed to travel frequently and who were concerned about their personal safety. People might also be reluctant to walk around as freely, which made it difficult for potential customers to access businesses located at the Training Centre. These businesses had to develop aggressive marketing strategies in order to attract customers in order to generate a reasonable income. However, marketing
requires financial capital and many of the respondents did not have the financial capacity to carry out marketing campaigns.

Another issue relates to the availability of space from which to operate a business. This mainly concerned the tailoring SMMEs, most of whom were sharing a room with other tailors. This however increases product competition. The probability of producing similar products was very high, whilst tailoring businesses need to produce products that are unique in order to be competitive. Most of the businesses were targeting the same schools to produce school uniforms. Though the concept of competition is good for business, those tailoring SMMEs with limited capacity were not likely to succeed in getting the school uniform contracts. Furthermore, many of the SMMEs were still operating from the same space where they started when they completed training at Zenzele Training Centre. (The Centre helped to provide the SMMEs with operating space until the businesses were well established).

As a third issue, the researcher observed that there were many similar SMMEs in Khayelitsha, which increased competition and dampened earnings. This could be attributed to few, if any barriers to entry in the informal sector. The most common types of SMMEs were hair dressing salons, spazas shops, fruit and vegetable stores, welding shops, restaurants and clothing hawkers.

Finally, the researcher noted that most of the businesses were operated from make-shift shacks or metal containers. In the researcher’s opinion such premises were not very secure for a business, particularly when there are high rates of crime in the area.

4.13 Discussions (General Evaluation of the Survey Responses)

The study revealed that for many of the respondents, being involved in SMME activities was good for livelihoods. Most of the respondents did not have better alternative sources of livelihoods. Many tried searching for paid employment but were not successful, whilst for others wage employment was not an adequate livelihoods source for a household’s survival. As such the study concluded that for most of these households not being involved in SMME activities would be detrimental for the livelihoods of the households. Such households would be negatively affected by not engaging in SMME activities because for most of them employment would, be the closest alternative source of livelihoods. Unfortunately, given
South Africa’s current rate of unemployment in South Africa of 24.3% (Stats SA, 2014a), many of the respondents could not be able to get alternative livelihood sources in the form of employment.

For many respondents micro enterprises had a positive effect on their livelihoods as the household was able to generate an income above the poverty line. However, some of the SMMEs generated incomes just slightly above the poverty line. Rogerson and Rogerson (2010) found that micro enterprises especially those which are survivalist in nature, tend to generate minimal income whilst owners may be waiting for formal sector job opportunities. Furthermore, few of those micro enterprises are able to build long lasting businesses and significantly expand their turnover (Rogerson and Rogerson, 2010). Contrary to Rogerson’s findings that many survivalist enterprise owners were just waiting for job opportunities, the study in Khayelitsha found that many business owners had been running their businesses for more than five years and intended to carry on with the business for as long as possible. Yet, many were unable to expand their businesses due to financial constraints and given limited opportunities to obtain financial services.

Relying on other income sources such as social security grants would affect livelihoods negatively. Firstly, not all the respondents would qualify to receive grants such as old age pension grants. Secondly, the grant amounts are very low and may not be sufficient to sustain a household. For instance, respondents eligible to receive a child support grant were receiving R310 per child per month and pensioners were receiving an old age pension grant of R1350 per person per month (at the time when the interviews were conducted). An average household with 3.4 persons relying on grants only for livelihoods would be living much below the official poverty line. The research found that social grants alone cannot sustain livelihoods for low income households, particularly for households composed of more than one person. However, most of the respondents with children who met the criteria to receive child support grants were benefiting from such grants. Grants serve a purpose for many under privileged South Africans. Neves et al (2009) found that not only do social grants support consumption; they also support investment in productive assets as well as human and physical capital (such as increased enrolment of children into schools).

The study found that respondents would welcome additional sources of income. That was particularly clear where respondents had children; they ensured that they regularly collected the child support grants. Respondents who were eligible for old age pension grants or had a
spouse who was eligible for such grants also ensured collection of the grants. Twenty-one respondents did not engage in casual work to generate more income for their households. Only one respondent was engaged in casual (seasonal) farm work.

The study showed that there is a supportive legal framework in South Africa promoting the development of SMMEs and creating an enabling business environment. Emphasis is placed on the development of entrepreneurship in order for SMMEs to thrive and to be job creators. An entrepreneur is considered to be a risk taker and to be more innovative than non-entrepreneurs. Some studies have found a clear distinction between entrepreneurs and non-entrepreneurs, with entrepreneurs possessing a more positive attitude towards business growth and risks (Macko and Tyszka, 2009: 470). However, considering that most of the businesses in the survey were survivalist in nature, entrepreneurship is not an option for many of them, particularly if taking risks means there is a possibility of losing a household’s only source of livelihoods or losing vital assets. Three micro enterprises who exhibited entrepreneurship were the Arts and Crafts operator, the Somali run Spaza which was working towards opening a chain of wholesales, and one welding business operator who was designing new products for home security. Many respondents who produced goods only bought input materials when there was a customer who had paid a deposit. In sharp contrast competitors were buying input materials in bulk, which lowered production costs and made it possible to sell products at a fairly competitive price. In general price competition was found to be one of the biggest challenges faced by local South African SMME owners. Unfortunately many SMMEs were not able to overcome this challenge.

The responses confirmed that the lack of financial capital or access to financial markets was a significant challenge. This prevented SMME owners from purchasing vital equipment or other assets. Better equipment would help increase efficiency and in the long run reduce costs and increase profits which would have a positive impact on the livelihoods of a household. Many respondents were reluctant to access services from the financial markets even if it would help boost the business. The biggest fear stemmed from what were considered to be harsh loan repayment conditions, as well as the requirements for one to obtain a loan (e.g bank statements and proof of residence).

Herring and Kew (2010) found that the lack of information about existing support organisations such as the Small Enterprise Foundation (SEF), Khula Enterprise Finance and
the National Youth Development Agency Fund was a real disadvantage for micro enterprise owners. Many of them did not know that apart from banks there are many other organisations to obtain loans from or to get support with the operation of a business. Even more striking was the fact that many respondents in the study were not aware of the existence of organisations in Khayelitsha who provide business support to micro enterprises in the area. Making information about such organisations readily available could be of significant value to the success of local enterprises. For instance, micro enterprise owners could be advised about the scope to diversify services, especially for overcrowded subsections like hairdressing, fruit and vegetable stores and spazas.
Chapter Five Summary and Recommendations

5.1 Summary and Conclusions

The main aim of the research was to determine the type of impact that micro and small scale enterprises have on the livelihoods of low income households, i.e. to assess whether micro enterprises could transform the lives of those who rely on them for a living. Secondary aims included ascertaining how low income households view micro enterprises as livelihoods strategies, identifying how household assets are allocated to livelihoods strategies, determining how low income households operate micro enterprises and identifying challenges in running micro and small scale enterprises.

The study showed that men, women, the youth, middle aged and the elderly engage in micro enterprise activities for livelihoods. Most of the micro enterprises were in the informal sector, i.e. most of the micro enterprises were survivalist in nature with the occasional enterprise exhibiting potential for growth. Most of the enterprises provided services such as hairdressing (which were the most common). Others included fruit and vegetable selling, furniture re-upholstery, restaurants, welding and painting, as well as sewing enterprises and arts and crafts selling.

Micro enterprises have a positive impact on the livelihoods of low income households in Khayelitsha, i.e. micro enterprises are a good livelihoods strategy for people who may not have many livelihoods strategies or options available to them and help to keep poor households from falling below poverty lines. This is mainly because the informal sector has no barriers to entry and if any barriers exist at all they are minimal and households may be able to overcome them. These micro enterprises can be started with minimal amounts of start-up capital (like R500 or less).

The study also concludes that households don’t decide to engage in micro enterprise activity for survival only. Some households decided to engage in micro enterprise activities for personal fulfilment. Households were happy to be their own bosses whilst working for another person was distressing, particularly if wages were low and there was not much that could be done to improve the wages. In addition, households took into consideration whether
the person possessed the skills required for running a particular micro enterprise or had a passion for that particular type of activity.

For most of the households who participated in this study all income for the household was generated from the enterprise although 11 households also received social security grants (child support and old age pension grant). Income generated from micro enterprise activities tended to be used for household consumption, where a household was able to save the savings were reserved for future consumption.

The respondents had different sources of start-up capital. Some were supported by organisations promoting small enterprises in Khayelitsha; others received gifts from friends or relatives. Few respondents started the micro enterprises with a significant amount of capital (more than R10 000), basically using personal savings.

The research concludes that many micro enterprise owners are committed, hardworking and determined to succeed in their business ventures. This was evident from the amount of time dedicated to running the businesses. On average respondents spent eight to nine hours a day operating the business. Most of the businesses were operated from Monday to Friday and a few also operated over the weekend. Even on days where business was slow, particularly in the hairdressing sector, the business was still open, showing determination. On the other hand the business growth potential was affected by a wide spread reluctance to take risks. Specifically, 13 business owners were reluctant or showed no interest in obtaining a business loan which could be used to invest more in the business or to purchase more equipment in order to enhance production. Female micro enterprise owners were the most cautious, not being willing to risk their businesses with the financial burdens of loan repayments.

Micro enterprises face many challenges which affect livelihoods outcomes, notably the lack of financial capacity. This constraint affects production if the owners are not able to purchase advanced technological equipment in order to reduce production costs. This could also be a significant factor for micro enterprise owners in the welding sector who are facing stiff price competition from foreigners. Because of the lack of financial capacity the South African owned businesses were not able to take advantage of purchasing input materials in bulk which reduces production costs. Foreigners were buying in groups whilst the South Africans were buying inputs individually and only when there was an order for a product and a customer had paid a deposit.
High levels of competition present a big challenge to micro enterprise owners as there are many similar business ventures operating in the same area. Competition is worsened by poor economic performance of the macro economy as the demand for products and services becomes limited, with excessive supplies. Micro enterprises may be forced to lower prices to overcome the competition which may not be possible because of high input costs.

Based on the conclusions of this study, micro enterprises are a good livelihoods strategy for households in townships. Different micro enterprise activities have the capacity to generate incomes above the poverty line for many households in Khayelitsha. Micro enterprises as a livelihoods strategy are well worth emulating, but bearing in mind that there are individual differences in how similar micro enterprise activities are operated which affect livelihoods outcomes. With the provision of proper support, micro enterprises as a livelihoods strategy are capable of taking many South Africans out of the poverty trap.

5.3 Recommendations

The researcher recommends improved access to information and raising awareness about existing business support programmes in the area. The government through the newly established Ministry of Small Business Development should also play a greater coordinating role for organisations working to support and develop micro enterprises in the area to ensure access to these services is spread wider.

The financial markets should be made more accessible for all micro enterprises. The government in its policy to support micro enterprises should consider providing guarantees for micro enterprise owners who belong to well established business associations or cooperatives registered with local DTI offices. Better access to financial capital could help micro enterprise owners to invest in better machinery and to increase their production capacity. In addition, the government could offer tax incentives to lending institutions.

Equally important is the provision of training skills in business management and entrepreneurship for such entrepreneurs. More people should be made aware about the existence of such opportunities and about entrance conditions. The education system should also place greater emphasis on themes related to business and entrepreneurship. School children should have the opportunity to nurture career prospects in small businesses and entrepreneurship as they do with careers in engineering, law, teaching and many other careers. Provision of business support should also be expanded. New business owners should
be assisted with their plans and encouraged to do market research in order to successfully start-up a business.

Micro enterprise holders should be encouraged to form associations. However, such associations should not be politicised or be associated with any particular political party as this deters people from engaging with the associations.

The study recommends a reduction in communication costs. Many micro enterprise owners rely on their mobile telephones to communicate. High tariffs and unreliable network services may prevent micro enterprise owners from advertising their products using technology. Lower tariff rates for voice calls and data bundles could reduce running costs for micro enterprise owners. Lower tariffs could also ensure ability to market products using the internet and social networks.

Crime derails investments; people might be reluctant to engage in micro enterprise activities if they perceive safety risks for their business places or houses. It is therefore strongly recommended that crime and security should be addressed in the area i.e. increasing the presence of the police in order to curb crimes.
References


Accessed: (2015/02/11).


Umtha Welanga, 2014. Historical Background of Khayelitsha. Online Available at www.umthawelanga.co.za Accessed (2014/05/06)


Appendices

Appendix 1: SMME Owner Questionnaire

Objective of Study:

The aim of this study is to explore the importance of micro enterprises in poverty alleviation by assessing the impact of Small, Medium and Micro Enterprises (SMMEs) on the livelihoods of low income households in Khayelitsha. Through this questionnaire your answers will be helpful in achieving this aim. All information provided is confidential and will only be used for study purposes. Your co-operation is needed and will be greatly appreciated.

Demographic Information

1. Please indicate your gender.
   (1) Female [    ]
   (2) Male [    ]

2. Please indicate your age.
   (1) <18-24 [    ]
   (2) 25-34 [    ]
   (3) 35-44 [    ]
   (4) 45-54 [    ]
   (5) 55 and above [    ]

3. Please indicate your race.
   (1) Black [    ]
   (2) Coloured [    ]
   (3) White [    ]
   (4) Indian [    ]
   (5) Other [    ]

4. Please indicate your educational background
   (1) Primary [    ]
(2) Secondary [ ]
(3) Tertiary [ ]
(4) Vocational Qualification [ ]
(5) Other, please specify……………………………………………………………………

5 Marital Status
(1) Married [ ]
(2) Single [ ]
(3) Divorced [ ]
(4) Other please specify……………………………………………………………………

**Household Composition**

6 How many people live in your household? [ ]

7 Please specify the number of
   (1) Adults [ ]
   (2) Children [ ]

8 What is your relationship to the household members?

   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

9 If there is more than one adult in the house, are they all employed?

   Yes [ ]    No [ ]

10 If yes please specify what kind of employment they are in

   ……………………………………………………………………………………………
   ……………………………………………………………………………………………

11 Does any member of your household engage in casual labour?

   Yes [ ]   No [ ]
12 If yes please specify the frequency.

…………………………………………………………………………………………
…………………………………………………………………………………………

Household Income

13 How many household members earn an income for the household?

…………………………………………………………………………………………

14 Does the household benefit from government grants?

Yes [    ]              No [    ]

15 If yes please specify the type and amount of grant.

…………………………………………………………………………………………
…………………………………………………………………………………………

16 What other sources of income does your household have?

…………………………………………………………………………………………

17 How much is each source of income?

…………………………………………………………………………………………
…………………………………………………………………………………………

18 Are you able to make savings from your monthly income?

Yes [    ]              No [    ]

19 If yes, how much are you able to save on average each month?

…………………………………………………………………………………………

Livelihoods and Assets

20 Please indicate which assets you own.

(1) House
(2) Car

(3) Vocational Skills

(4) Savings

(5) Access to market structures

(6) Other please specify ..........................................................

..........................................................

21 Do you belong to any associations? If no go to question 24.

Yes [   ] No     [   ]

22 If yes, indicate the type of association you belong to.

..........................................................

..........................................................

23 Please explain how the association has benefitted you.

..........................................................

..........................................................

..........................................................

24 If no, please indicate your reasons for not belonging to any association.

..........................................................

..........................................................

..........................................................

Engagement in SMME

25 What kind of SMME do you operate...................................................

..........................................................

26 How long have you been operating the SMME? ...................................................

..........................................................

27 Why did you choose to operate this type of SMME? ...................................................

..........................................................
28 What was your start-up capital? .............................................................................
..............................................................................................................................

29 What was the source for your start-up capital?
..............................................................................................................................
..............................................................................................................................

30 If source of start-up capital was a loan please indicate the loan repayment conditions.
..............................................................................................................................
..............................................................................................................................

31 Do you have any current business debt?
..............................................................................................................................

32 Do you run the business yourself?

Yes [    ]                No [   ] if yes go to question 33 and if no go to question 34

33 If yes how many hours a day do you spend on operating your business
..............................................................................................................................

34 If no, please indicate who else operates your business
..............................................................................................................................

Livelihoods Outcomes

35 How much do you currently earn from your business on a weekly basis?
..............................................................................................................................

36 What is your weekly expenditure on the business?
..............................................................................................................................

37 What was your weekly income from the business in the past year?
..............................................................................................................................

38 In what ways has this income contributed to your life?

(1) Provision of health care for household members [   ]
(2) Provision of shelter for the family [   ]
(3) Provision of education for children [   ]
(4) Ensured food security [ ]
(5) Ensured long term investments [ ]
(6) Provision of vehicle [ ]
(7) Acquiring household property
(8) Other. Please specify………………………………………………………………

Challenges

39 What do you think are the biggest challenges to your business?
..............................................................................................................
..............................................................................................................

40 Are you able to overcome these challenges? ........................................
..............................................................................................................
..............................................................................................................
..............................................................................................................

41 Do you believe running a business has any impact on your livelihoods?
..............................................................................................................
..............................................................................................................
..............................................................................................................

42 In your opinion do you think your household would be better off if it was engaged in another livelihoods source other than an SMME?
..............................................................................................................
..............................................................................................................
..............................................................................................................

End of questionnaire.

Thank you for your time.
Appendix 2 Letter of Consent

Private Bag X17, Bellville 7535, Cape Town, South Africa
Telephone : (021) 959 3858/6 Fax: (021) 959 3865
E-mail: pkippie@uwc.ac.za or spenderis@uwc.ac.za

Letter of consent:

CONSENT FORM FOR INTERVIEWS

I………………………………………………………………………………………………………………………………………………………………………….. have had the opportunity to ask any questions related to this study, and received satisfactory answers to my questions, and any additional details I wanted.

I agree to take part in this research.

I understand that my participation in this study is voluntary. I am free not to participate and have the right to withdraw from the study at any time, without having to explain myself.

I am aware that this interview might result in research which may be published, but my name may be/ not be used (circle appropriate).

I understand that if I don’t want my name to be used that this will be ensured by the researcher.

I may also refuse to answer any questions that I don’t want to answer.

Date:………………………………………………………………………………………………………………………………………………………………………

Participant
Name:…………………………………………………………………………………………………………………………………………………………………………
Participant
Signature:.................................................................................................................................

Interviewer name: Evelyn Maseya...................................................................................................

Interviewer
Signature:.................................................................................................................................

If you have any questions concerning this research, feel free to call me (Evelyn Maseya on 073 782 9379) or my supervisor, (Dr Ina Conradie on 021 959 3845).
Appendix 3 Study Information Sheet

Private Bag X17, Bellville 7535, Cape Town, South Africa
Telephone: (021) 959 3858/6  Fax: (021) 959 3865
E-mail: pkippie@uwc.ac.za or spenderis@uwc.ac.za

INFORMATION SHEET

Project Title: Impact assessment of micro and small scale enterprises on the livelihood of low income households in Khayelitsha.

What is this study about?
This study aims to empirically assess the impact of micro and small scale enterprises on the livelihood of low income households in Khayelitsha. You are asked to participate in this study because you own/operate a micro or small scale enterprise. It is hoped that the study will provide suggestions and recommendations to government and other stakeholders in the micro and small scale enterprises sector to help improve the effectiveness of micro and small scale enterprises on the livelihood of low income households.

What will I be asked to do if I agree to participate?
You will be asked to share information, opinions and suggestions concerning your enterprise and household. The interview will last approximately 30 minutes and it will take place within your community. The interview will be face to face between the interviewer and the respondent. A translator maybe present where necessary.

Would my participation in this study be kept confidential?
Participating in this study will not in any way infringe upon your privacy as utmost care will be taken to protect your confidentiality. All personal information will be kept confidential and will remain anonymous throughout the study. You will be required to sign a consent form.
to protect your privacy and confidentiality while participating in this study. The identity of the people to be interviewed will be kept confidential and details of identity will only be provided voluntarily or used only with consent. The information collected will be kept safe and used for the purpose of this research project. In this research report, the identity of the participants will be protected to the maximum.

**What are the risks of this research?**
There are no physical, psychological or any other risks involved in participating in this research project. Aims and objectives of the research will be made clear from the beginning.

**What are the benefits of this research?**
This research is not designed for monetary or material gains for the participants. It is hoped that the research findings would provide useful information and recommendations to improve the effectiveness of micro and small scale enterprises as a livelihood strategy for low income households.

**Do I have to be in this research and may I stop participating at any time?**
Your participation in this research is at your own free will and you may stop participating at any time. If you stop or decide not to participate, you will not lose anything.

**Is any assistance available if I am negatively affected by participating in this study?**
There are no negative or harmful effects that could happen from participating in this study.

**What if I have questions?**
This research is being conducted by Evelyn Maseya, a student at the University of the Western Cape. Her contact number is +27 737 829379

If you have any questions about the research study itself, please contact Dr Ina Conradie at The Institute for Social Development (ISD), University of the Western Cape. Her telephone number is +27 (021) 959 3845.

Should you have any questions regarding this study and your rights as a research participant or if you wish to report any problems you have experienced related to the study, please contact:
Professor Julian May  
Head of Department:  
Institute for Social Development  
School of Government  
University of the Western Cape  
Private Bag X17  
Bellville 7535

This research has been approved by the University of the Western Cape’s Senate Research Committee and Ethics Committee.
Translator Confidentiality Agreement

Private Bag X17, Bellville 7535, Cape Town, South Africa
Telephone: (021) 959 3858/6 Fax: (021) 959 3865
E-mail: pkippie@uwc.ac.za or spenderis@uwc.ac.za

Translator Confidentiality Agreement

Project Title: Impact assessment of micro and small scale enterprises on the livelihoods of low income households in Khayelitsha.

I, __________________________ [name of translator], do hereby agree to maintain full confidentiality when serving as a translator for this research project.

I will be verbally translating information from English into IsiXhosa vice versa

I verify that I possess the qualifications to accurately perform the translations.

Specifically, I agree to:

1. keep all research information shared with me confidential by not discussing or sharing the information in any form or format (e.g., disks, tapes, transcripts) with anyone other than the primary investigator;

2. hold in strictest confidence the identity of any individual revealed during a live oral interview, or in any other raw data;
3. not make copies of any raw data in any form or format (e.g., disks, tapes, transcripts), unless specifically requested to do so by the primary investigator;

4. keep all raw data that contains identifying information in any form or format (e.g., disks, tapes, transcripts) secure while it is in my possession.

5. destroy all research information in any form or format that is not returnable to the primary investigator (e.g. telephone numbers and addresses of respondents, research questionnaire).

Contact information for the translator:

Printed name of translator________________________________________
Address: __________________________________________________________________
Telephone number: _______________________
Signature of translator__________________________________________ Date _________

Printed name of primary investigator______________________________________
Signature of primary investigator_________________________________ Date_________
### Appendix 5 Respondent Profiles

**Respondent Number: 1**

**Gender:** Female  
**Age:** 29  
**Race:** Black  
**Education Background:** Secondary  
**Nationality:** South African  
**Marital Status:** Single  
**Household Size:** 2  
**Type of SMME:** Tailoring Cooperative  
**Amount of Income Generated:** R6250/week

---

**Respondent Number: 2**

**Gender:** Female  
**Age:** 34  
**Race:** Black  
**Education Background:** Secondary  
**Nationality:** South African  
**Marital Status:** Widow  
**Household Size:** 4  
**Type of SMME:** Tailoring  
**Amount of Income Generated:** R1000/week
Respondent Number: 3

Gender: Male
Age: 43
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Married
Household Size: 4
Type of SMME: Welding and Painting
Amount of Income Generated: R400/week

Respondent Number: 4

Gender: Male
Age: 41
Race: Black
Education Background: Tertiary
Nationality: South African
Marital Status: Single
Household Size: 3
Type of SMME: Welding
Amount of Income Generated: R2000/week
Respondent Number: 5

Gender: Female
Age: 57
Race: Black
Education Background: Secondary
Nationality: Nationality
Marital Status: Married
Household Size: 6
Type of SMME: Furniture re-upholstery
Amount of Income Generated: Unknown

Respondent Number: 6

Gender: Male
Age: 45
Race: Black
Education Background: Primary
Nationality: South Africa
Marital Status: Married
Household Size: 6
Type of SMME: Carpentry and Welding
Amount of Income Generated: R1500/week
Respondent Number: 7

Gender: Female
Age: 34
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Single
Household Size: 2
Type of SMME: Tailoring
Amount of Income Generated: R3000/week

Respondent Number: 8

Gender: Female
Age: 28
Race: Black
Education Background: Tertiary
Nationality: South African
Marital Status: Married
Household Size: 3
Type of SMME: Tailoring and Designing
Amount of Income Generated: R1200/week
Respondent Number: 9

Gender: Female
Age: 32
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Single
Household Size: 3
Type of SMME: Wood and Carpentry
Amount of Income Generated: R1000/week

Respondent Number: 10

Gender: Female
Age: 31
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Married
Household Size: 4
Type of SMME: Hairdressing
Amount of Income Generated: Unknown
Respondent Number: 11

Gender: Male
Age: 46
Race: Black
Education Background: Secondary
Nationality: Ghanaian
Marital Status: Single
Household Size: 3
Type of SMME: Shoe Repair
Amount of Income Generated: R300/week

Respondent Number: 12

Gender: Female
Age: 27
Race: Black
Education Background: Secondary
Nationality: Zimbabwean
Marital Status: Married
Household Size: 5
Type of SMME: Hairdressing
Amount of Income Generated: R500/week
Respondent Number: 13

Gender: Male
Age: 43
Race: Black
Education Background: Tertiary
Nationality: Ghanaian
Marital Status: Married
Household Size: 4
Type of SMME: Hairdressing and Cosmetics Shop
Amount of Income Generated: R1500/week

Respondent Number: 14

Gender: Female
Age: 53
Race: Black
Education Background: None
Nationality: South African
Marital Status: Single
Household Size: 2
Type of SMME: Clothing Hawker
Amount of Income Generated: R400/week
Respondent Number: 15

Gender: Female
Age: 27
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Married
Household Size: 3
Type of SMME: Hairdressing salon and Cosmetics shop
Amount of Income Generated: R5000/week

Respondent Number: 16

Gender: Male
Age: 64
Race: Black
Education Background: Primary
Nationality: South African
Marital Status: Married
Household Size: 5
Type of SMME: Furniture Repair and Vegetable Store
Amount of Income Generated: R3000/week
Respondent Number: 17

Gender: Male
Age: 32
Race: Black
Education Background: Tertiary
Nationality: Somali
Marital Status: Married
Household Size: 4
Type of SMME: Cash and Carry Supermarket
Amount of Income Generated: R10000/week

Respondent Number: 18

Gender: Female
Age: 48
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Married
Household Size: 6
Type of SMME: Grocery Store (Spaza shop)
Amount of Income Generated: R5000/week
Respondent Number: 19

Gender: Female
Age: 36
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Separated
Household Size: 2
Type of SMME: Tailoring
Amount of Income Generated: R700/week

Respondent Number: 20

Gender: Male
Age: 54
Race: Black
Education Background: Secondary
Nationality: South African
Marital Status: Married
Household Size: 3
Type of SMME: Restaurant and Catering
Amount of Income Generated: R4000/week
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<tr>
<th>Respondent Number: 21</th>
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<tbody>
<tr>
<td><strong>Gender:</strong> Male</td>
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<tr>
<td><strong>Age:</strong> 35</td>
</tr>
<tr>
<td><strong>Race:</strong> Black</td>
</tr>
<tr>
<td><strong>Education Background:</strong> Primary</td>
</tr>
<tr>
<td><strong>Nationality:</strong> South African</td>
</tr>
<tr>
<td><strong>Marital Status:</strong> Single</td>
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<tr>
<td><strong>Household Size:</strong> 1</td>
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<tr>
<td><strong>Type of SMME:</strong> Welding</td>
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<td><strong>Amount of Income Generated:</strong> Unknown</td>
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</table>

<table>
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<th>Respondent Number: 22</th>
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<tbody>
<tr>
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<tr>
<td><strong>Age:</strong> 44</td>
</tr>
<tr>
<td><strong>Race:</strong> Black</td>
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<tr>
<td><strong>Education Background:</strong> Tertiary</td>
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<td><strong>Marital Status:</strong> Separated</td>
</tr>
<tr>
<td><strong>Household Size:</strong> 1</td>
</tr>
<tr>
<td><strong>Type of SMME:</strong> Arts and Crafts</td>
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<tr>
<td><strong>Amount of Income Generated:</strong> R12500/week</td>
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Appendix 6: Excel Spread Sheet of Responses
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<th>Respondent Number</th>
<th>Sex</th>
<th>Age</th>
<th>Race</th>
<th>Marital Status</th>
<th>Edu Background</th>
<th>Hhld size</th>
<th>Other Adult Employed</th>
<th>Type of Employment</th>
<th>Engagement in Casual Labour</th>
<th>Frequency of Casual Labour</th>
</tr>
</thead>
<tbody>
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<td>1</td>
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<td>29</td>
<td>Black</td>
<td>Single</td>
<td>Secondary</td>
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<td>No</td>
<td>None</td>
<td>Just migrated from the Eastern Cape</td>
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<tr>
<td>2</td>
<td>Female</td>
<td>34</td>
<td>Black</td>
<td>Widow</td>
<td>Secondary</td>
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<td>Married</td>
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<td>41</td>
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<td>Black</td>
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<td>Wife runs own business</td>
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<td>Black</td>
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<td>None</td>
<td>None</td>
</tr>
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<td>Black</td>
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<td>Secondary</td>
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</tr>
<tr>
<td>10</td>
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<td>31</td>
<td>Black</td>
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<td>Secondary</td>
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<td>Taxi Driver</td>
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<td>None</td>
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<tr>
<td>11</td>
<td>Male</td>
<td>46</td>
<td>Black</td>
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<td>Secondary</td>
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<td>Yes</td>
<td>own business</td>
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<td>None</td>
</tr>
<tr>
<td>12</td>
<td>Female</td>
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Excel Spreadsheet of responses page 3

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<td>Access to information about new projects, training opportunities, obtained contracts</td>
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<td>Tourism boosts the business, information about new projects</td>
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<td>Don’t want to be involved, too many politics involved</td>
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<td>Not interested in joining association, too busy to attend meetings</td>
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<td>Not possible for a foreigner to join Association dominated by South Africans</td>
<td>Shoe Repair</td>
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<td>Personal fulfilment, government support of cooperatives</td>
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<td>The business was lucrative and had more opportunities</td>
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<td>Could not find employment, sector had demand for product</td>
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<td>Loves sewing</td>
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<td>Family had financial constraints, grew up in sewing environment, pursuing designing course</td>
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<td>Saw a gap, other carpentry shops not producing the same products</td>
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<td>Possessed the skill and did not want to sit idle at home</td>
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<td>Qualified hairdresser and chose to operate a business in which I have skills</td>
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<td>Possess skills in hair dressing</td>
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<td>Family was operating Tuck-shops and would like to expand into Wholesale</td>
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<td>Like sewing</td>
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<td>Don't have right education qualifications for a job so opted to do carpentry but couldn't afford the machinery so opted for welding</td>
<td>1000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>worked for different studios, no employment for trained artists, started business for artists to get skills and secure employment</td>
<td>20000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent Number</td>
<td>Source of Capital</td>
<td>Loan Repayment Conditions</td>
<td>Current Business Debt</td>
<td>Interest in a business loan</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
<td>---------------------------</td>
<td>-----------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Business support</td>
<td>None</td>
<td>None</td>
<td>Too risky, loan would bankrupt business. Needed more clients</td>
</tr>
<tr>
<td>2</td>
<td>Village banking</td>
<td>None</td>
<td>None</td>
<td>Not interested, would bring problems to business</td>
</tr>
<tr>
<td>3</td>
<td>Gift</td>
<td>None</td>
<td>None</td>
<td>No</td>
</tr>
<tr>
<td>4</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No too risky, not sure will be able to repay the loan</td>
</tr>
<tr>
<td>5</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>Yes, but don't qualify no proof of residence</td>
</tr>
<tr>
<td>6</td>
<td>Other</td>
<td>None</td>
<td>None</td>
<td>Yes, but don't qualify for loan, no pay slips or bank statements</td>
</tr>
<tr>
<td>7</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No scared of repayment conditions</td>
</tr>
<tr>
<td>8</td>
<td>Gift</td>
<td>None</td>
<td>3000</td>
<td>Already had loan</td>
</tr>
<tr>
<td>9</td>
<td>Other</td>
<td>None</td>
<td>None</td>
<td>Yes but lives in a shack so don't qualify</td>
</tr>
<tr>
<td>10</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No don't want it</td>
</tr>
<tr>
<td>11</td>
<td>Contributions from countrymen</td>
<td>help another Ghanaian</td>
<td>None</td>
<td>No- not possible for foreigner to obtain a loan</td>
</tr>
<tr>
<td>12</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>Yes to expand business- but foreigner cannot easily get a loan</td>
</tr>
<tr>
<td>13</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No don't want it</td>
</tr>
<tr>
<td>14</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No don't want a loan</td>
</tr>
<tr>
<td>15</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>Yes to buy a house</td>
</tr>
<tr>
<td>16</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>Yes- but don't qualify</td>
</tr>
<tr>
<td>17</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No don't want one</td>
</tr>
<tr>
<td>18</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No- not interested</td>
</tr>
<tr>
<td>19</td>
<td>Gift from brother</td>
<td>None</td>
<td>None</td>
<td>No-not interested</td>
</tr>
<tr>
<td>20</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>Yes want new equipment to expand business</td>
</tr>
<tr>
<td>21</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>No not interested</td>
</tr>
<tr>
<td>22</td>
<td>Personal savings</td>
<td>None</td>
<td>None</td>
<td>Yes but not easy to access a loan</td>
</tr>
<tr>
<td>Respondent Number</td>
<td>Person Operating Business</td>
<td>Hours spent operating business</td>
<td>Weekly Income from Business (R)</td>
<td>Weekly expenditure (R)</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------</td>
<td>-------------------------------</td>
<td>-------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>1</td>
<td>Self</td>
<td>9 hours/day</td>
<td>6250</td>
<td>125</td>
</tr>
<tr>
<td>2</td>
<td>Self</td>
<td>9-10 hours/day</td>
<td>1000</td>
<td>925</td>
</tr>
<tr>
<td>3</td>
<td>Self</td>
<td>10 hours per day</td>
<td>400</td>
<td>unknown</td>
</tr>
<tr>
<td>4</td>
<td>Self</td>
<td>9 hours/day-longer if more clients</td>
<td>2800</td>
<td>1212</td>
</tr>
<tr>
<td>5</td>
<td>Self</td>
<td>8 hours</td>
<td>unknown</td>
<td>900</td>
</tr>
<tr>
<td>6</td>
<td>Self</td>
<td>8 hours</td>
<td>1500</td>
<td>900</td>
</tr>
<tr>
<td>7</td>
<td>Self</td>
<td>9 hours</td>
<td>3000</td>
<td>unknown</td>
</tr>
<tr>
<td>8</td>
<td>Self</td>
<td>Flexible</td>
<td>1200</td>
<td>800</td>
</tr>
<tr>
<td>9</td>
<td>Self</td>
<td>8 Hours</td>
<td>1000</td>
<td>500</td>
</tr>
<tr>
<td>10</td>
<td>Self</td>
<td>8 hours mon to Sunday</td>
<td>unknown</td>
<td>150</td>
</tr>
<tr>
<td>11</td>
<td>Self</td>
<td>11.5 hours Mon to Sunday</td>
<td>300</td>
<td>125</td>
</tr>
<tr>
<td>12</td>
<td>With husband</td>
<td>10 hours per day</td>
<td>500</td>
<td>475</td>
</tr>
<tr>
<td>13</td>
<td>With wife</td>
<td>8.5 hours</td>
<td>1500</td>
<td>2100</td>
</tr>
<tr>
<td>14</td>
<td>Self</td>
<td>7 hours</td>
<td>400</td>
<td>500</td>
</tr>
<tr>
<td>15</td>
<td>Self</td>
<td>9 hours Monday to Sunday</td>
<td>5000</td>
<td>3050</td>
</tr>
<tr>
<td>16</td>
<td>Self</td>
<td>11 hours</td>
<td>4000</td>
<td>unknown</td>
</tr>
<tr>
<td>17</td>
<td>Self</td>
<td>11 hours Mon-Sunday</td>
<td>10000</td>
<td>1625</td>
</tr>
<tr>
<td>18</td>
<td>With Husband</td>
<td>15 hours Mon-Sun</td>
<td>5000</td>
<td>8000</td>
</tr>
<tr>
<td>19</td>
<td>Self</td>
<td>8 Hours</td>
<td>700</td>
<td>250</td>
</tr>
<tr>
<td>20</td>
<td>Self</td>
<td>10-12 a day Mon-Sunday</td>
<td>4000</td>
<td>2000</td>
</tr>
<tr>
<td>21</td>
<td>Self</td>
<td>Depends on work to be done if have order work longer hours if not don't</td>
<td>unknown</td>
<td>unknown</td>
</tr>
<tr>
<td>22</td>
<td>Self</td>
<td>12-14 hours</td>
<td>12500</td>
<td>5600</td>
</tr>
<tr>
<td>Respondent Number</td>
<td>Livelihoods Outcomes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Healthcare, shelter, food security, long term investment, household property, able to do anything I want</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Healthcare, shelter, education, food security, household property, has constructed a five room house</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Healthcare, shelter, education, food security, household property, purchased a phone which helps with the business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Health, shelter, education for children, vehicle, household property, help extended family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Healthcare, shelter, education, food security, household property, once in a while helps extended family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Health Care, Shelter, Food Security, Education for Children, Vehicle Household Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Health Care, Shelter, Education, Food Security, Household Property, Pays School Fees for Brother studying at University of Cape Town</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Health Care, Shelter, Education including 4 siblings, Food Security, Vehicle, assisted in boosting fathers Taxi business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Health Care, Shelter, Education, Food Security, Household property, loan unemployed friends</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Health Care, Shelter, Education, Food Security, Vehicle, Household Property pay for children transport to school</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Education for children, Food Security, Shelter buy clothing for self and children in Ghana as well as the one in SA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Health Care, Shelter, Food Security, Education for Children, Vehicle Household Property and able to assist extended family</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Health Care, Shelter, Education, Food Security, Long term investments, Vehicle, Household Property, Help Extended Family in Ghana</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Uses free Health Care, House inherited from ex-boyfriend, Food Security, Household property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Health Care, Shelter, Education for Children, Food Security, Long term investments, Household Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Health Care, Shelter, Education for Children, Food Security, Household Property and Paying University fees for wife</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Health Care, Shelter, Education for Children, Food Security Provision of a Vehicle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Health Care, Shelter, Education for Child, Food Security, Household Property, Helps Family in Eastern Cape</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Health Care, Shelter, Education for Children, Food Security, Household Property, Help Extended family with Fees, clothes and other living expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Health Care, Shelter, Education for Children, Food Security, Vehicle, Household Property, Pay Child Support to 2 Children living with their mothers R500/each</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Health Care, Shelter, Education, Food Security, Long term Investments, Vehicle, Property, Travel outside Cape Town and Internationally</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respondent Number</td>
<td>Biggest Challenges</td>
<td>Ability to Overcome Challenges</td>
<td>Impact of SMME on Livelihoods</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>-------------------------------</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Finding more clients</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Business unstable</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Increased competition from foreigners</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Competition from foreigners especially Zimbabweans</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Increased running costs</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Space to operate from, rising input costs</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Lack of space prevents buying of new machinery</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Cannot find a trust worthy worker</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Lack of financial capital, customers want lower prices, bad weather</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Business is slow</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>High competition, unable to access certain services as a foreigner, inflation</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Competition, location is not ideal</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Competition is high in Hair Dressing</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Competition, lack of space</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>High competition in hair dressing and cosmetic shops in Khayelitsha</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Competition</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Lack of financial capital to expand, foreigner no access to loan facilities</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Competition from Somali owned shops who sale at lower prices</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Lack of space, lack of Equipment</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Unable to get a loan to buy better equipment, delays in payments from government contracts</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Competition</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Loss of clients due to bad economy, high competition, designs copied</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Respondent Number</td>
<td>Explanation of the impact of the business on livelihoods</td>
<td>Need for alternative Livelihoods source</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Able to meet living expenses</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Example in community for other women, able to take care of her family whilst others expect things to come their way</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Life is still the same nothing has changed</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Increased expectations from extended family</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Able to pay fees for child at university</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Able to purchase assets</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Able to assist brother</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Able to control expenditure</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Earn an income</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Life has changed in some ways for the better</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Peace of mind, appreciate what ever little is earned, control working hours</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Increased uncertainty about monthly income</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Helps with living expenses, buying clothes for children</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Better than working on the farms where pay is very low</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Better than income earned whilst working</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Any business makes a little bit of a difference in one's livelihoods</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>As a refugee I cannot go back home and do the same livelihood activity</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Can buy whatever I want for the household</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Able to sustain self and manage to do things</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Able to sustain daily living expenses</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Able to buy whatever is wanted or needed unlike whilst working</td>
<td>Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Acquired a lot of things and the business has also grown</td>
<td>No</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>