

DETERMINING THE ENTERPRISE SUCCESS FACTORS WITHIN A
SELECT GROUP OF RETAILING MICRO ENTERPRISES IN SITE C
KHAYELITSHA

By

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Student number: 8531818

I declare that **DETERMINING THE ENTERPRISE SUCCESS FACTORS; WITHIN A SELECT GROUP OF RETAILING MICRO-ENTERPRISES IN SITE C KHAYELITSHA** is my own work and that all sources that I have used or quoted have been indicated and acknowledged by means of complete references.

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Hilton Abraham Naidoo



10 / 03 / 2016

ABSTRACT

The research identified Site C area of Khayelitsha, a township in the Western Cape province of South Africa, as the case study. Khayelitsha has an estimated population of 1.2 million people, and has about 22 sub-sections or areas. Khayelitsha is made up of old formal areas and new informal/formal areas. Site C, is an area which was built up around one of the old formal areas, and contains a high number of informal settlements, RDP houses, and informal backyard dwellers. The study's primary objective is to identify what factors the business owners themselves regard as being critical for their own personal success, as well as that of the business they own. The secondary objectives were to determine what the make-up of these identified success factors were, and what their respective contribution was to the overall success of the business, as well as what interventions (if any) could make these identified success factors more effective. Qualitative data was requested from each of the participants over the various questionnaire development phases, to obtain a basic and detailed picture of each owner and their business, and to enable a detailed descriptive analysis of each participant.

During the literature reviews of the Small Medium and Micro Enterprise (SMME) sector in South Africa, many sources identified the possible failure factors. These failure factors had extensive references to studies which focused primarily on the small and medium enterprises versus the micro enterprises component. The level of data available on micro enterprises indicated a significantly lower level of relevant data, than the data available on the small and medium enterprises component. The identification of the success factors is equally important as a valuable contributor to understanding the significant failure rate of start-up businesses within the SMME sector in South Africa. This thesis will consult literature studies that discuss these challenges. It will have an emphasis on the micro enterprise sub-sector within the broader SMME sector. The inequitable number of data between the micro enterprises and the small to medium enterprises is confirmed by the literature review. The core focus of the research is to hear from the established micro entrepreneurs themselves and what they identified over the course of their business existence, as being the key factors that enabled their success to date, as well as moving toward the future. The findings indicated that success factors are indeed identifiable from the entrepreneurs themselves. These factors included the education and training level of the entrepreneur, the entrepreneurial capacity of the entrepreneur, the access to financial resources, the specific business retail mix and the uniqueness of the specific business within its immediate locality.

Whilst the owners' success (and by default the business as well) is the priority of this research, the equally important failure rate of small business initiatives in South Africa is of concern, and are the proverbial other side of the coin. Small businesses are playing a vital part in our global economy and in particular in terms of job creation and poverty alleviation. The two pillars of the governments micro enterprise rollout is through the Department of Social Development via poverty alleviation programs which have at their core, essentially micro enterprise formation. The other pillar is via the Department of Trade and Industry in respect of job creation and empowerment as objectives. In South Africa much emphasis throughout the Integrated Small Business Strategy is placed by national, provincial and local governments on Small, Medium and Micro enterprises (SMMEs), to drive job creation and poverty alleviation. Therefore, an investigation into the factors contributing to the success of SMMEs is of vital importance. Recent changes in statistical data gathering methodologies have enabled greater understanding of the contribution of especially the smaller enterprises in the informal sector. The extensive literature consulted, put this figure as high as 80% of economic activity in developing countries. This by itself makes it critically important as an employment option for the retrenched, school leavers, graduates and the unemployed in general. Only willing participants were interviewed and were randomly selected based on the criterion of being in business continuously, for at least 5 years. This target population's value is unique because they fall into the 20% category of small businesses who survive the first 3.5 years of business, as well as being in the even more elite and valuable niche of 2.10% of South Africans who are running firms older than 3.5 years. These two features are both exceptional and generates' a unique further study opportunity. The opportunity is to identify why the other 80% of start-ups failed over the initial 12 - 48 month period since start-up. The specific focus area of this research is to identify the success factors of retail micro enterprises located within the case study area, being Site C Khayelitsha.

The broad findings of the study of successful retail micro-enterprise owners in Site C Khayelitsha, indicate that their prior quality of education, the presence of role models in their social circle influenced their motivational aspect to start a business, their personal management skills levels were a significant feature in their success as well their exposure to, and understanding of business and how it works; were all crucial to their success.

KEY WORDS: entrepreneurial success factors, small business success, micro enterprise success, entrepreneur capacity, entrepreneurial skills, entrepreneur education, poverty alleviation, SMME support and entrepreneur obstacles.

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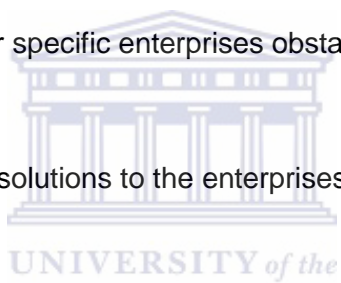
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LIST OF ACRONYMS

AGOA	African Growth and Opportunities Act
APEX	(South African Micro-Finance) Apex (Fund)
AU	African Union
BDS	Business Delivery Services
BEE	Black Economic Empowerment
BEE.Com	Black Economic Empowerment Commission
BRAIN	Business Referral and Information Network
BRICS	Brazil, Russia, India, China, South Africa
CBD	Central Business District
CBO	Community-based Organizations
CCs	Close Corporations
CGIC	Credit Guarantee and Insurance Corporation
COSATU	Congress of South African Trade Unions
CSIR	Council for Scientific and Industrial Research
D.G.	Director-General
DBSA	Development Bank of Southern Africa
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry
EMIA	Export Marketing and Investment Assistance Scheme
EU	European Union
FET	Further Education and Training
GEAR	Growth Employment and Redistribution
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
GTZ	Gesellschaft für Technische Zusammenarbeit
HDI	Historically Disadvantaged Individuals
HRD	Human Resource Development
HSRC	Human Sciences Research Council
IDC	Industrial Development Corporation
ICT	Information and Communication Technology
IPAP	Industrial Action Policy Plan
ISRDP	Integrated Sustainable Rural Development Program

Khula	Khula Enterprise Finance Limited
LBSC	Local Business Service Centre
LED	Local Economic Development
LIP	Local Industrial Park
MAC	Manufacturing Advice Centre
NAFCOC	National African Chamber of Commerce
NAMAC	National Manufacturing Advice Centre
NDP	National Development Plan
NGO	Non-governmental Organization
NPI	National Productivity Institute
NRF	National Research Foundation
NSBC	National Small Business Council
NSF	National Skills Foundation
Ntsika	Ntsika Enterprise Promotion Agency
NQA	National Qualifications Authority
PDI	Previously Disadvantaged Individual
RSA	Republic of South Africa
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SARB	South African Reserve Bank
SAWEN	South African Women Entrepreneur Network
SB	Small business
SBDC	Small Business Development Corporation
SDZ	Spatial Development Zone
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Financing Agency
SETA	Sector Education and Training Authority
SIZ	Special Investment Zone
SMEDP	Small/Medium-Enterprise Development Program
SMEs	Small and Medium enterprises
SMME	Small, Medium and Micro-Enterprises
SPF	Sector Partnership Fund
SSA	Statistics South Africa
TAC	Tender Advice Centre

TFA	Trilateral Free Trade Area
TIDP	Trade and Investment Development Program
TIPS	Trade and Industrial Policy Strategies
UK	United Kingdom
URP	Urban Renewal Program
USA	United States of America
WTO	World Trade Organization



CHAPTER 1

INTRODUCTION, AIM, METHOD AND LAYOUT OF STUDY

1.1 INTRODUCTION OF THE STUDY

This chapter deals with the research topic addressed in this thesis, being; what according to each respondents own experiences, knowledge and views, constitutes enterprise success factors, for a group of retailing micro-enterprises, in the area of Site C of Khayelitsha, an Apartheid era township, located in the Western Cape Province of the Republic of South Africa.

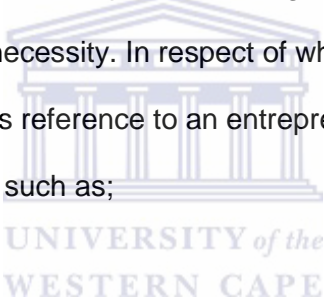
For an appropriate commencing point to address such a very specific research topic, it would require that a practical working definition of success be identified for use within this study, within the context of this very specifically focused research topic. The very broad sector within which micro retailing enterprises find themselves located, is the Small, Medium and Micro Enterprises Sector, commonly referred to as the SMME sector. The Micro enterprises sub-sector of the broader SMME sector; in addition to being the largest component of the SMME sector, has within it multiple niche areas, one of them being the retailing enterprises, commonly referred to in South Africa as “spaza” shops.

These spaza shops operate typically, but not on all occasions, from either a residential stand or the home of the owner. Recent evolutions of this type of enterprise has also revealed a type of sub-letting arrangement of the primary occupier of a specific stand or site, who then acts as a type of landlord, where the operator of the spaza pays a fee to use a set aside space to conduct the spaza business, separate from the principle land occupiers own space utilization.

Furthermore, the notions of both an entrepreneur as well as a small business owner, also requires further conceptual clarity for their use within this specific research topic. Given that all the remaining respondents who participated until the end of the study are in the same retail micro enterprise sub-sector, as well as the equally important factor, that they all are also the owners and the sole managers of the respective spaza businesses; it is thus both important and necessary for the purposes of this study, to identify the important common features of these concepts for this same final research respondent group.

1.2 DEFINITION AND LITERATURE REVIEW OF SUCCESS

For the purposes of this research, and given that there are many different criteria that can be utilized to clarify the notion of success, a specific working definition for this research is both important, as well as a practical necessity. In respect of what would constitute the notion of success, Nieman (2003:11) makes reference to an entrepreneurial orientation which is fostered by a number of variables such as;

- 
- (i) culture;
 - (ii) family;
 - (iii) role models;
 - (iv) education;
 - (v) work experience; and
 - (vi) personal orientation.

Tipu and Arian (2011:534-535) identify Nieman's view, as increasingly being challenged by a more behaviorist approach, with a greater emphasis on what an entrepreneur does and not so much on who s/he is. They further elaborate that a focus on entrepreneurial characteristics will not fully explain the reasons for entrepreneurial success for these same reasons.

With regards to the entrepreneurial characteristics applicable in defining the relative success or not, of an entrepreneur, as well as his or her enterprise, the following areas are listed under the specific aspect of the entrepreneurs' characteristics which are supportive of relative success, being

- (i) creativity and innovation;
- (ii) risk orientation;
- (iii) leadership;
- (iv) good human relations;
- (v) positive attitude;
- (vi) perseverance; and
- (vii) commitment.

In addition, under the specific aspect of the entrepreneur's managerial skills level (Nieman, 2003:14-20), lists the success factors as

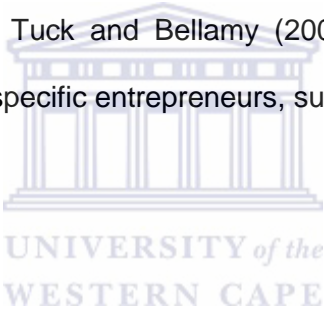
- (i) planning;
- (ii) knowledge of competitors;
- (iii) a mainly market orientation;
- (iv) client service;
- (v) the priority of high quality work;
- (vi) financial insight and management;
- (vii) the knowledge of skills with regard to the business; and
- (viii) the use of experts.



Added to the aforementioned, the concept of “success”; can also be further sub-divided into purely financial performance criteria, such as

- (i) survival (based on the nature of informal sector retail micro enterprises);
- (ii) solvency;
- (iii) profitability; and
- (iv) the return on investment; as a few examples of purely financially based measures of success.

From the aforementioned criterion options it is clear that there are many options potentially available that by themselves and within reason could constitute a practical and working definition for success. Simpson, Tuck and Bellamy (2004) confirms this view and adds additional features related to the specific entrepreneurs, such as

- 
- (i) personal characteristics;
 - (ii) organizational values; and
 - (iii) performance measures; as being valuable indicators of “success”.

While not completely comprehensive, the various aforementioned trends listed, represent the broad areas from which a general notion of success could potentially be extrapolated reasonably satisfactorily. For the purposes of this specific research, and after reviewing the volumes of data acquired during the course of the research phases, the working definition of success for this specific topic of study, is identified as being

- (i) a micro retail enterprise in Site C Khayelitsha, and
- (ii) which has been trading without interruption for a minimum period of no less than five (5) years

Both elements of the working definition are significant:

- (i) the element of uninterrupted trading speaks to the continuity element of the enterprise, and the value of having inputs of experience and quality that speak to a measure of consistency over a defined period of time, and
- (ii) the element of a minimum of five years of continuous business operation reinforces the inputs in ways that also affect the quality of the data, as they are ascribed to the specific source, as well as the inputs that relate specifically to a defined minimum period of time in a business that is operational.

A current statistic indicates that within the broader SMME sector, success rates hover at 28.50% of all new start-up businesses that will still be in business within one year of business formation (The Cape Times, Business Report, 6 March 2014:11). Using this statistic as a basis, the failure rate for a new start up enterprise within the SMME sector in South Africa is thus a significant 71.50% within the first year. This represents a significant obstacle to any aspiring entrepreneur within the SMME sector in SA.

Contrasting this current statistic with the fact that the final remaining research respondents in this specific research, not only survived their first year of start up in their respective businesses, but also managed to remain in business for a minimum period of five years and beyond, indicates the unique and significantly higher value and quality of the respondents experience, knowledge and views, as they relate to shedding light on the broader context of both the informal sector and their specific socio economic environment.

A further item of significance, as it relates to the minimum five year business operating period, is that an SMME business that is regarded as an established business, has to have been operating for three years (GEM, 2012); thus further enhancing the unique value and quality of the input received from these specific entrepreneurs.

A SMME business which qualifies as an established enterprise has significant business experiences that are substantially more valuable and insightful, regarding what it takes to succeed, irrespective of its size and specific sub-sector of operation. Within this context, any SMME business which has operated for at least a five year period, which is almost double that of what is regarded as an established SMME enterprise, is thus even more significantly valuable, as it relates to its insights, experiences and lessons as they impact on success. Perhaps most importantly, the unique value proposition of this specific final research respondent group lies in the fact that they are located in an elite 2.30% of business owners who survive beyond 42 months of being in business from the start-up phase (GEM, 2012:48).

Equally significant as a feature of the final remaining research respondent group, is that each entrepreneur in this study, is both an owner and a manager of the enterprise in question. The impact of this additionally unique characteristic as it relates to both the survivability and growth of the micro enterprise has a somewhat unique dynamic (Watson, Hogarth-Scott and Wilson, 1998:217-218). This commonality also has a bearing on

- (i) the specific nature of the survival characteristics;
- (ii) the motivational aspects; and
- (iii) the nature of the obstacles faced by this type of owner/manager dynamic (Watson et al., 1998:220).

For this study, this duality of characteristics is quite significant, even within such a list of very unique respondent characteristics; each of which lends greater value than would be the norm, to any similar study. A further impact that this common feature has for each respondent on this specific study, is that any eventual findings should bear this commonality in mind when attempting any extrapolation of this study or an extension of its findings to other areas. The appropriate caution and context should thus be exercised.

1.3 RATIONALE FOR THE STUDY

Globally, the SMME sector is increasingly being touted for the valuable role it plays in amongst others; the creation of jobs, overall GDP growth contribution and the overall economic development of a given country. Worldwide, there is sufficient evidence of the failure rate of this sector being extremely high, with some authors such as Sherman (2005:1) putting it as high as 80 percent of all start-ups. This failure rate for SMME's is slightly higher than that noted by a Cape Times article (Business Report, 6 March 2014:6) of 71.50%; but the unanimity of the extremity of the failure rate and conversely therefore the extremely low success rate, appears to be universally consistent. The obstacles for start-up enterprises are nothing less than quite significant.

What is not always very clear are the various factors and their interplay, that underpin and contribute to this excessively high failure rate, as it relates to the multiple components that make up the SMME sector in South Africa. The identification of what factors support the overall success rates of SMME businesses would be of equally valuable importance as well as being able to identify those factors that contribute to the failure of SMME's, in South Africa. In the South African context, and globally, the SMME Sector as a whole is also generally advanced as a significant role-player and potential contributor to both current and future economic growth, as well as its potential role in reducing poverty and unemployment levels. A cautionary note however should be struck around this quite broad assumption.

Integrated, coordinated and sustained structural and regulatory mechanisms of support from both the Public and Private sectors within a given country, should ideally be at the heart of any such assumption; the absence of which would render this assumption simply wishful thinking at best and sincerely misguided at the very least.

This is evidenced by the one step forward four steps backward experiences of the SMME sector in South Africa especially since a democratic government took office in April 1994. The significant failure rate statistic of SMME's in South Africa has directly contributed to a very high unemployment rate of about 25.40% (The Cape Times, Business Report, 31 October 2014:15). According to Nieman, Hough and Nieuwenhuizen (2009), in the wealth creating process, small businesses in South Africa contribute approximately 42% to the country's GDP. This factor both reveals the direct linkage and reciprocal inter-relationship between the GDP of a given country and its small business sector, but equally so, the negative impact any ill-resourced and un-coordinated approach will invariably contribute to.

The importance of the SMME Sector's active establishment, expansion and overall continued success, as a significant contributor to poverty alleviation, job creation and reducing excessive levels of inequality within the current context of South African unemployment rates, is clearly discernible from these statistics. The most recent sources identifying items such as GDP contribution, labor force contribution and business numbers is that of the Cape Times (Business Report, 7 March 2014:18) (Business Report, 30 October 2014:15), which lists

- (i) GDP contribution of the SMME sector at between 36% - 45%;
- (ii) labour force contribution at 60%;
- (iii) 5,2 million South Africans unemployed; and
- (iv) contributory composition numbers at 5, 6 million businesses.

It is therefore critically important for Government policy makers, especially in such bleak economic times such as these, with the ongoing knock-on effects of the global financial crisis, to review what works effectively within a SA context for the SMME sector and to simultaneously implement that which is identified as effective, as quickly as possible.

The twin challenges of inequality and poverty; demand in and of itself, that a decisive and coordinated response is initiated to provide both viable relief and continued support for the SMME sector as a whole; and especially the Micro enterprise sub component, given its significant majority percentage of the overall SMME sector. The current and ongoing global, regional and South African economic challenges (DTI: 2010-2013) poses significant challenges and questions around the importance of research such as this, and it's contribution to identifying what enables those in the SMME sector who have not failed, but rather to succeed, to be able to do so, and to continue to do so in a sustainable manner?

It is clear from the aforementioned data, that the SMME sector as a whole is regarded as a somewhat complex in its possibilities, something which is able to address significant and multiple challenges simultaneously, if it can be effectively supported to be successful. In this regard, this research contribution focuses on what these high value and unique entrepreneurs regard as the factors that have enabled them to succeed, against the myriad of obstacles they have and continue to face and overcome on a daily basis? In this regard, and specifically as it relates to the micro retail enterprise sub sector and the specific respondents of this study, it is also important to identify any trends that may speak to what contributions currently or potentially, this sub sector is able to make going forward. Equally important for this specific research, would be the notion of what Government at all three levels (National, Provincial and Local) can actively and in a coordinated and properly resourced fashion, can effectively leverage to support the objective of overall success.

The process of this research study, will attempt to secure the unaltered and unedited views of the entrepreneurs themselves, who make a success of their micro retail businesses (spazas) on a daily basis, against such a myriad of obstacles. Within the thesis document, these views will be reflected upon and analyzed in a structured and sequential manner, within the context of contemporary SMME research and trends, both globally and nationally.

1.4 PROBLEM STATEMENT

This study therefore is critically and primarily focused on identifying, from the respondents themselves, what factors have assisted them to be successful within their respective businesses (Simpson et al:2004).

The context of this study however has to deal with the many factors that have inhibited any meaningful interventions in the SMME sector in South Africa. These include

- (i) the high failure rate of SMME Sector enterprises broadly;
- (ii) the lack of sufficiently accurate and reliable data of the failure phenomenon across the sub-sectors that make up the SMME sector;
- (iii) the lack of up to date broad spectrum information across these sub sectors of the broader SMME Sector; and
- (iv) especially those that make up the micro enterprise sub component, inclusive of its own numerous elements.

Interestingly most black entrepreneurs are located within the Micro enterprise subsector and which also comprises of the largest numeric component by far, of the broader SMME sector. This research study finds itself located within these aforementioned factors, all of which serve to further increase the level of complexity as well as the significant limitations of delivering effective and appropriate resource and support programs, to enable a much higher survival and further growth rate of enterprises within the broader SMME Sector. Honig (1999), in his own study on what determines success, indicated that among many developing countries, the growth of micro enterprises provides a good indicator of the most visibly vibrant and growing economic activity.

Whilst considerable effort and resources are being directed toward overall SMME promotion; the Micro enterprise sector does not in practice receive much of it, given that sufficient empirical research on the Micro enterprise sector itself is quite limited versus the depth of research for the more popular Small and Medium sub sectors within the SMME Sector. This continued in-balance further negatively affects any meaningful progress towards effective support measures for the Micro enterprise sub component of the SMME sector. The absence of an equitable level of empirical research in the micro enterprise sector versus the small and medium sub sectors is another significant motivation for the pursuit of this specific research topic by this researcher; especially given that most black entrepreneurs find themselves located within it. The informal trade sector constitutes an important part of the South African economy, with an estimated gross value contribution of ZAR 493 - ZAR 572 Billion attributed to Micro and Small enterprises (DTI:2007/2008).

Its emergence is largely attributed to the divergence between the growth in population, especially the urban population, and employment growth in the formal economy. The growth of informal enterprises, especially in the retail sector, is also thriving on the demand of less affluent households, whose household needs for unsophisticated and affordable products have been aptly supplied by the informal sector to date. Prahalad (2002) refers to this informal area as the "Bottom of the Pyramid" (BOP), in which he postulates four (4) essential levels of a pyramid making up the global population matched to their average earnings per annum. The SA informal sector, within this pyramid of earnings level and population numbers, would thus essentially fall within the BOP accordingly.

The micro retail enterprise / spaza trade in South Africa was estimated in 2005 to account for nearly 3 per cent of South Africa's total retail trade (Ligthelm, 2005) and within the context of the overall and significant growth of the SMME sector as a whole, it is reasonable to expect that this percentage contribution would have increased quite significantly to date.

Additional to focusing the research on the unedited and direct feedback of the high value group of entrepreneurs' views on "success factors" in their respective enterprises, attention is also paid to the size, role and characteristics of each enterprise, as well as the specific socio-economic context in which each of them have to operate. The confluence of these two sets of data would contextualize the significance of any findings going forward, especially as it relates to context and application of any supportive interventions. The context of each entrepreneur had a significant impact on the research tools opted for in this research study.

1.5 RESEARCH QUESTION

1.5.1 Main research question

The main research question in this study is:

- what factors have the retail micro-entrepreneurs themselves identified, that has enabled them to succeed, where others have not succeeded?

1.5.2 Secondary research question

The secondary research question in this study is:

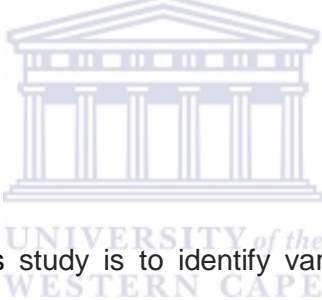
- what are the elements that make up these of these success factors, in respect of what government can do, and in which manner, to actively support the goal of business success for these specific enterprises ?

1.6 OBJECTIVES OF THE STUDY

1.6.1 Primary objective

The primary objective of this study is to determine what the target entrepreneurs personally regard as the key factors in their respective businesses that allowed them to succeed. It would include analyzing the responses of these high value owners (all of whom have been in business for 60 months and longer) who agree to participate and who have the option to withdraw at any time, by listing the research findings of the success factors as provided by each participating owner, and determining the list of resources identified by the participating owners and their significance in contributing to their success to date.

1.6.2 Secondary objectives

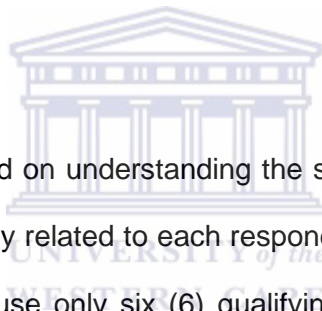


The secondary objectives of this study is to identify various elements that make up the success factors that the high value entrepreneurs list, and determine from the views expressed by the respondents' what their respective contribution is toward the overall success of the business. Equally important would be to determine what interventions, if any, by SMME stakeholders; especially Government, could make these success factors much more effective in increasing the success rate of SMME's broadly, and retail micro-enterprises in particular.

1.7 SELECTION OF THE SAMPLE FOR THE STUDY

The participants in this study all reside in geographic location of Site C Khayelitsha, which makes up a significant population component of the broader Metropolitan area of the City of Cape Town, of the Province of the Western Cape, in the Republic of South Africa.

They have all been in business for at least five (5) consecutive years, as per the working research definition of success established in this study, and have been selected randomly, with the aforementioned criterion as the determining factor; and within the ethical consideration that all who agree to participate are also able to withdraw at any time during the research process. Additionally, they have to be willing to participate in the detailed case study research process via the completion of the full questionnaire throughout the entire process; failing which their inputs are to be excluded. The final research respondent group of six (6) is thus those who remained in the process of the original group of fifty seven (57), until its conclusion. The identification of which factors contributed to the success of these entrepreneurs is the primary focus of this research. The unedited and personal views of the respondents themselves will be the sole indicator of what these factors are and will be listed as such.



Secondary priorities were focused on understanding the specific make-up of these success factors, their context and how they related to each respondents eventual success. However, it is important to note that because only six (6) qualifying respondents completed the full questionnaire process until the very end of the questionnaire and interview processes, it constitutes a very limited (by quantity) view of the potentially broader views of other similar entrepreneurs. This should however not negate the significance (quality) of the unique and high value of the final group, given that by the qualifying criterion, they are of exceptional quality by virtue of the fact that they fall within the 2.30 % of enterprises that survive beyond 42 months from the business start-up phase (GEM 2012:48).

While the outcomes may provide very useful insights and indicators, they should all be interpreted and contextualized appropriately when any extrapolation is attempted. With regards to methodological issues (more fully discussed in Chapter 3), the case study area with its highly in-depth and detailed approach, will be used for the six (6) remaining and qualifying research respondents.

All of the final respondents are retail micro enterprise owners and managers, which is one of the key factors of this specific research. The gender distribution of the final respondent group was on a 50/50 basis, which afforded an equal representation of the genders present in this study. In respect of the age factor, this was very difficult, especially in initially trying to find younger entrepreneurs, who had been running their business continuously for five (5) years. When the final remaining entrepreneurs were tallied, the youngest age profile tended to be on the upper end of the 18-35 year old age range.

1.8 LIMITATIONS OF THE STUDY

The sub sector of Micro enterprises has even less research data, than many other sub sectors of the broader SMME sector in South Africa, such as the Small or Medium enterprise components. The absence of a decent amount of research on the Micro sub sector of the SMME sector, has required that very broad extrapolations are made, within reason, to enable their use as general guides in mapping any process to follow for the Micro enterprise sub sector.

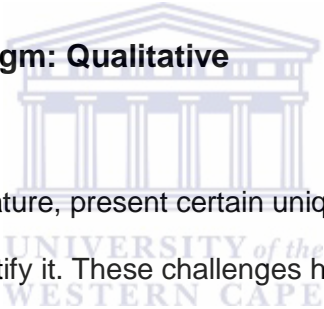
Consequently, the niche of the retail element within the overall Micro enterprises sub sector, has similar problems as faced by the broader SMME sector, but in many instances, to a far greater and more negatively impacting extent. The spazas', as micro retail enterprises are commonly known, are significant in that they offer an option, although with significant limitations, to alleviate poverty and decreasing in some way the levels of inequality, primarily because of the low barriers to entry. This does not mean to suggest that accessing this specific space is easy for anyone wanting to attempt making a venture a success. Nor does it follow that if an entrepreneur in this specific niche were reasonably successful, that it would lead to expansion of employment levels; which is vital in analyzing the contributory value of this sub sector and where its core value lays.

1.9 ASSUMPTIONS OF THE STUDY

The assumptions of the study are that significant contributions can be made by these micro retail enterprises (spazas), especially regarding more effective ways to assist them, both to survive the myriad of obstacles they face on a daily basis, as well as to assist them to grow their businesses. The research findings will shed significant light on what the actual experiences as well as limitations are, for these specific types of enterprises, within Site C Khayelitsha.

1.10 RESEARCH METHODOLOGY

1.10.1 Methodological Paradigm: Qualitative



Qualitative research by its very nature, present certain unique challenges when it comes to the aspects of attempting to quantify it. These challenges have often lead those who prefer the quantitative research aspect, to indicate that qualitative research is difficult to quantify, precisely because it isn't pure numbers, and often would require the researcher ostensibly to make value judgments. Additionally, this notion of difficulty equally suggests that it is complex to draw any collective general conclusions.

This pre-supposes that only quantitative research is exclusively objective, which is not the case. Poggenpoel and Myburgh (2006:304) define qualitative research as a “deep holistic exploration and description of an identified phenomenon”, and argue that the rationale of qualitative research is to provoke realization and not to examine theory. This input finds resonance within this specific research study process and its respondents.

The approach of this specific research is precisely that; it is an approach that determines to explore broadly and not to examine a specific theory or hypothesis. The Poggenpoel et al. definition intertwines also with that of Handwerker (2006), who defines qualitative research by highlighting the need for the researcher to understand and explain the events of a specific set of people. This additional view, also lines up appropriately with the approach of this specific research, in that it prioritizes understanding and attempts to explain the events around a specific group of people; in this case, it is the final research respondent group.

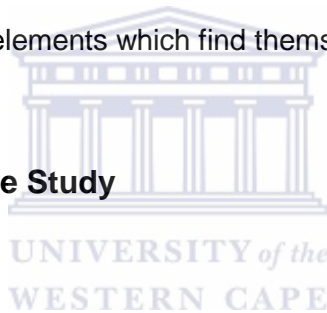
This research attempted to focus as much on these aforementioned elements in the study, with the view to assist with explaining the experiences of each case study entrepreneur. This contextualization element is crucially important for these types of enterprises; especially given the Apartheid legacy within which their socio-economic environment continues to remain shaped by, to this day. Putting the above definition into perspective, the researcher conducted the process within a qualitative approach, as hypothesis testing was not the essence of the study, but rather the priority of securing a comprehensive understanding of the problem which was investigated.

One of the distinguishing features of the Global Entrepreneurship Monitor (GEM) project is the fact that it goes beyond a mere quantitative approach to understanding entrepreneurship in different economies, and places value on examining the profile of entrepreneurs, to gain a deeper understanding of the intricacies and complexities that comprise this important subset of the population (GEM, 2011:21). This specific research study has a similar priority and emphasis, which this researcher has consistently applied throughout all aspects of the research process, and has contributed to a depth of information pertaining to each specific final research study respondent. This level of detail especially regarding the motivations for their views, as well as their actions; is aptly displayed in Appendix A (page 211) of this document.

1.10.2 Approach: Interpretive

Given that the specific research topic was not about testing a hypothesis, but rather to gather data first and then to develop from the collected data, a clarification of context and actions resulting in a potential hypothesis; the phenomenological tradition is more appropriate, and is also therefore a much better fit. Inclusive of the low level of existing literature for this very specific focus of the research study, and by implication the equally low level of reliance that can therefore be placed upon it; an exploratory research option was utilized. This option is consistent with attempting to find out both what is happening, as well as to seek new insights and to ask questions that assesses the phenomenon in a new light. This is done by collecting internal and external secondary data, whether by in-depth interviews or focus groups; both elements which find themselves located herein.

1.10.3 Research Design: Case Study



Site C Khayelitsha, a township in the Province of the Western Cape (Republic of South Africa), is the case study area. The township is predominantly composed of informal structures but not exclusively so. Appendix B of this study (page 229), lists a picture of the location as well as two maps. Whilst the exact number of micro enterprises in the area is not known; and especially those which function as retail micro enterprises; the average number of settlements in Khayelitsha points to the notion that roughly 12% of the number of dwellings in each settlement area (which would include Site C Khayelitsha), engage in some level of informal street trading in which some form of trade is the primary activity. In addition, the likelihood that those who are engaged in this activity are doing so on a full-time basis is very high (City of Cape Town, Informal Settlements Report: 2005).

Only six (6) retail micro enterprises remained of the original fifty seven (57) participants, until the end of the research process and who also completed the comprehensive questionnaire process. These included the administration of a highly structured questionnaire using in-depth personal interviews on multiple contact occasions by the researcher. This combination of approaches, in addition to being consistent with the Inductive Approach, also offers the researcher the following significant advantages such as,

- (i) providing a better understanding of the specific entrepreneurs' attachment and interpretation of specific issues within their own particular contexts;
- (ii) lending itself to a closer understanding of the specific research context, the collection of qualitative data;
- (iii) a more flexible structure to permit changes of the research emphasis as the research progresses; and
- (iv) an acknowledgement by the researcher that he is part of the research process, and a lesser concern with the need to generalize the research outcomes (Saunders, Lewis and Thornhill, 2000:91).

1.11 Research Ethics

The qualitative researcher must strive by all means to conduct him/herself in an ethical manner and manifest a thorough understanding of his/her actions and efforts during the research process. Participatory accountability holds the qualitative researcher accountable for all forms of participation (Shank and Villella, 2004). Fielding (2000) believes that it is difficult to maintain objectivity but emphasizes the importance of a continuous attempt to achieve objectivity. Confidentiality is another important ethical aspect in qualitative research and was repeatedly mentioned to each of the volunteer research respondents.

Brown (2003) notes that it is important for the researcher to assure the interviewees that the information disclosed will not be linked back to them. In other words, no one would be able to trace them through the information given. This aspect was repeatedly noted to each respondent throughout the often arduous and lengthy process. Welman and Kruger (2001) interpret the above as the right to privacy and mention that it is important to inform the respondent that his/her name will remain anonymous. The researcher assured participants of their anonymity both in the numerous interactions with the respondent as well as in the research information sheet, and reaffirmed this during and post the interviews.

Honesty is another important ethical consideration and should be implemented from the start when the researcher gives a careful explanation about the purpose of the research (Brown, 2003). From the start, the researcher communicated in an open and honest manner to all the relevant participants as well as reminding them that they could withdraw from the process as any time; which many eventually did exercise the right to. Welman et al., (2001) highlight trust as key factor to increase validity. The researcher should gain the trust of the respondents so that they feel at ease and disclose information accurately. This was evident throughout the research process and was most visible in the specific detail provided by each respondent. The researcher was also very specific of ensuring that the trust level was good.

Furthermore, Welman et al. (2001) notes that especially male researchers should be cautious not to act in a paternalistic way towards female respondents. All respondents were advised at the commencement of the interview process, that their responses and personal information would not be shared with anyone else, without their express permission and were confidential. Appropriate sensitivity was used regarding both customary considerations and gender considerations, which align to this input from Welman. This was repeated often throughout the interviewing process.

1.11.1 Access

Interviews were arranged on the availability of the respondents. The locations were either their businesses or an acceptable alternative if the respondent did not want to conduct the interview at their premises. Telephonic options were also exercised quite frequently, to avoid any additional inconvenience to the respondents already demanding schedules as well as limiting costs incurred by them to contribute.

1.11.2 Data Analysis

The fundamental purpose of data analysis was to provide interpretation of the results captured, and to draw conclusions from all the data collected. According to Tustin, Ligthelm, Martins and Van Wyk (2005:103-106) the focus of any analysis can only take on one of three basic forms. They are as follows;

- (i) descriptive analysis, with the aim here is to provide a summary of the sample in terms of the variables of interest;
- (ii) estimation, where the aim of this particular focus is to use the information available from the sample to estimate the situation that is likely to exist in the population as a whole; and
- (iii) hypothesis testing, where the aim is to test specific proportions of the variables of interest and use the evidence provided by the sample to draw conclusions about these proportions for the population as a whole.

From the sample results achieved, the researcher generalizes or makes claims about the population in question (Creswell, 2003:152), as was the case in this research engagement.

1.12 THE LAYOUT OF THE BALANCE OF THE THESIS

1.12.1 The literature study

The literature study was conducted around

- a) a focus on the SMME role and contribution to the economy;
- b) the contribution of the SMME sector towards job creation, the location within policy of the micro enterprise sub-sector; and
- c) the unique set of challenges faced by the entrepreneurs who find themselves located therein.

Where the outcomes of the feedback from respondents warranted it, further reading of the issues raised was pursued and accompanied by regular updates of contemporary publications that speak to the overall research topic.

The broader trends that affected this study are

- (i) the lack of highly accurate SMME statistics broadly, but especially for micro enterprises and also those in Site C Khayelitsha;
- (ii) the withdrawal over the research period of many of the respondents for varying reasons, thus leaving only six (6) respondents who completed the process; as well as,
- (iii) the general attitude of suspicion toward any request for information by these enterprise owners. This may have contributed to the attrition rate of respondents who at first were quite eager to share their experiences, but over time did not continue to participate.

In addition,

- (i) the overall literacy level of the respondents;
- (ii) a general unwillingness to provide information and make suggestions;
- (iii) the rapid escalation and the associated impact of the xenophobic phenomenon in the townships; as well as
- (iv) the increased survival pressures they bring for these entrepreneurs, and their direct and indirect dependents

Chapter 1 deals with the definition of success and this research projects adoption of a working definition thereof for the purposes of this research study. It also detailed the broad problem trends for the SMME sector, and delves deeper into the specific sub-sector within the broader SMME sector, where this study locates itself; namely, the Micro enterprise sub-sector. Key factors that play a critical role in entrepreneurial development were identified and listed, as well as the role that the interview respondents themselves can make to the research; via their own views, experiences and recommendations to SMME support agencies, be they National, Provincial or Local government. A brief overview of the research methodology and objectives are covered, within the context of the Chapter One framework and challenges.

Chapter 2 addressed the International and National perspectives on the SMME sector and developments therein. It initially focused on the overall economic context via the role of global economic trends such as the knowledge economy, and then shifts to the National dynamics. Under the International focus, it then magnifies this focus to regional trends within the Southern African Development Community (SADC), and ultimately brings the specific focus to South Africa and its economic trends, both macro and micro-economic; and the policy and institutional context within which South African SMME's find their immense challenges located.

The emphasis then shifts to the National focus, where the review of the National Small Business Strategy is clarified, the implementation of the newer Integrated Small Enterprise Development Strategy and the limitations it faces are addressed. It also includes a review of the policy from its inception in 1994, and the vision document “Vision 2014” which addressed the two decades since 1994.

The prioritizing of the micro enterprise sector within the revised strategy, further affirms the researchers original decision to make a more meaningful contribution to the SMME sector, by focusing on the micro enterprise domain.

Chapter 3 deals with the various options regarding research methodologies which are useful for this type of study. Various options are sourced and analyzed for appropriateness in respect of the sub-sector, the audience profile and the context of the study. Special attention is paid to the fact that the research attempts to identify from the respondents themselves what they deem as success factors, and not the testing of a specific hypothesis. The tools that would assist this factor are especially focused on.

Chapter 4 commences with listing the verbatim responses of each case study respondent; wherein a range of significant contemporary studies are accessed for common elements, issues of significance and contradictory views.

Subsequent to the listing of the responses, the second half of the chapter then proceeds to detail from the final six respondents, the significant trends, factors, corroborations and implications of these responses for the broader SMME Sector; and especially the micro-enterprise sector. It is important to note that the extensive literature of contemporary research, especially South African focused research, is extensively interrogated and utilised.

In addition it also lists general business information on each of respondents which enables an understanding of the personal circumstances of each case study participant, and adds a layer of depth to the context of each respondent which is beneficial to the research outcomes. Extensive cross referencing of contemporary studies applicable to the research feedback is also brought to bear both for the purposes of affirming responses, but equally important, to present alternative positions on the same respondent responses. The reasons for the general success of the case study businesses are also provided.

However, what should be remembered is that the views of the final remaining six (6) research respondents, while quite informative, are nonetheless the views of a limited number of respondents, and should always be contextualized as such. This does not detract in any way from the fact that all of these remaining respondents fall within an elite 2.30 % of all business owners who manage to remain in business beyond 42 months. In this regard they are both highly valued, but also extensively experienced and appropriately qualified to speak to the issues raised with them. Notwithstanding this, any extrapolation of the findings of this study should be diligently approached with this in mind and qualified as such.

Chapter 5 addresses the conclusions and recommendations arrived at via the research study, with appropriate cognizance of the contemporary studies in this field. On the basis of the findings arrived at, various recommendations are made that could guide more effective interventions and assistance to service providers, whether they be governmental agencies and/or public or private sector based entities. Equally important, is the value of this information to other existing or would-be entrepreneurs. This would especially be the case in the retail micro enterprise domain and within locations and contexts such as these specific respondents find themselves. The information would make a contribution to a much higher level of success and consequently a lower rate of failure for small businesses such as these.

The next chapter in this research document, Chapter 2, introduces the international, regional and national context to the role and contribution of entrepreneurship and its development, and the multiple facets that play a significant role in developing this sector.

1.13 Conclusion

Chapter one has addressed key areas of the study such as the specific research definition of success that will be used in the research process.

The chapter also identified the primary and secondary objectives of the study. Limitations of the study are highlighted, which is important for the reader to evaluate the validity of the research, especially as it relates to potential extrapolation of any findings.

The rationale and the assumptions of the research study are also stipulated, including broad coverage of the research design and methodology. The objectives concentrated on identifying the factors contributing to the success of micro enterprises within a low to non-existent infrastructure environment and the socio-economic extremities which accompany such lack of development, as well as the rest of the outlines of the thesis documents layout also being listed.

CHAPTER 2

AN INTERNATIONAL AND NATIONAL PERSPECTIVE ON SMALL MEDIUM AND MICRO ENTERPRISE (SMME) DEVELOPMENT

2.1 INTRODUCTION

This chapter focuses initially on the international context, and then proceeds toward addressing the national context of South Africa, in respect of the SMME sector, specific to its development and the broader trends located therein. Included in these trends, are policy frameworks, economic environments per country, types of interventions and the particular outcomes experienced over time by each initiative. For a more accurate understanding of the South African experience in the SMME sector, it is prudent to assess and contextualize the international experiences of countries across the spectrum of both developed and developing countries. This should be done to be in a reasonable position to gauge the appropriateness of these experiences and practices, as well as any lessons that may potentially have an application potential for the current South African context with its myriad of challenges; both historical and current.

2.2 OVERALL ECONOMIC CONTEXT

The performance of the SMME sector, and especially the smaller enterprises, cannot be viewed in isolation of the wider economy within which they find themselves operating. Given the significant impact that the operating environment has and is at play for the SMME sector, there are key trends within the global context that are of particular relevance to the existence, growth and potential demise of especially the smaller enterprises of the SMME sector.

The fact that one current estimate in the Sunday Times (Business Times, 2 March 2014:3) rates the GDP contribution of the SMME sector at about 60%, provides a useful barometer of both the significance and contribution spread in the overall economy and also a likely reason as to why it has the regard of so many economists regarding its future importance.

2.3 GLOBAL ECONOMIC TRENDS

On a global level, the DTI (2007) estimated that GDP growth averages over the past decade have declined from the levels seen in the late 1980s, and has settled in at optimistic rates ranging from 2.5% - 4.5% per annum. The global financial crisis and its ongoing manifestations across multiple regions, currency instability, monetary policy impacts, increasing joblessness and depreciating GDP rates in the past few years, has bloodied multiple trading blocs, major markets and multiple governments (GEM 2012, African Entrepreneurship: Sub Saharan Regional Report,16). Coupled with the failure of the DOHA round of trade talks, the world is a very different place than the earlier part of the previous decade; many would argue that it is in unheard of and brand new territory. The geographical shift of global growth patterns has been substantial (DTI: 2010-2013). Of particular note is the long-term stagnation of European wide growth, the slowing down of long-term growth prospects for Asia (fueled by China and potentially India), the ever-visible and significant damage to the US economy of the global financial crisis, and the signs emanating from both Latin America and Africa; seemingly bucking the developed world's trends (DTI: 2008/2009) with growth rates contrary to the developed world (DTI: 2010-2013).

The question however remains; how long will this all last? The biggest change in the global economy has been the rapid growth in trade, following financial and trade liberalizations, which began actively in the 1970s and which can be regarded as among the first indicators of the pending globalization phenomenon.

Trade accelerated through the 1990s and over the past decade trade has grown at more than three times the rate of GDP growth; which is a substantial indicator of the dramatic changes at a structural level. The success of the Asian and US economies over this period has been in a large part the result of this trade growth (DTI: 2008/2009). However, the interconnectedness of global markets has also resulted in the contagion of the US and European financial fallout having ongoing knock-on effects into the developing markets. The ongoing Greek debacle, coupled with the time-based inevitability of Portugal, Italy and Spain following suit is a specter haunting global markets (DTI: 2010-2013). For South Africa, the importance of GDP growth rates is even more significant. With a stubbornly high unemployment rate in the proximity of approaching 30%, the creation of jobs and reducing inequality, and the role of small businesses therein; which accounts for roughly 42% of the country's GDP; assumes quite significant proportions in multiple spheres (Nieman et al., 2009) (The Cape Times, Business Report, 6 July 2014:9).

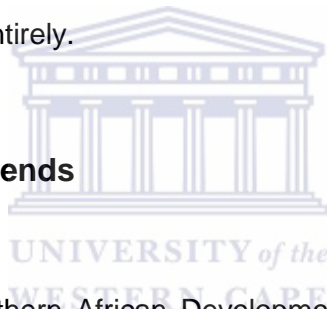


2.3.1. The Knowledge Economy

The growth of the knowledge economy is another major global economic trend. Service sectors around the world are growing much more rapidly than primary or manufacturing sectors. In a global marketplace, product lifecycles are being significantly compressed, creating new frontiers for economic competitiveness and equally highlighting the critical importance of innovation in the economic growth process. From a South African perspective, these trends simultaneously offer both tremendous opportunities and challenges. On the one hand export-led growth with a reasonably competitive exchange rate valuation of the South African Rand to its major trading partners; both traditional and emerging trading blocs; offers South Africa an opportunity to take growth levels to a both a more stable as well as much higher level. This will be critical to achieve the government's broad economic and social objectives.

However, the recent and ongoing global financial crisis (DTI: 2008/2009) has significantly dampened these assumptions, since SA's largest trading bloc, the EU has lurched from crisis to crisis, with massive debt level contagion spreading throughout its financial and institutional entities (GEM 2012, African Entrepreneurship: Sub Saharan Regional Report,16) as well as numerous and escalating security risks associated with member countries involvement in other continental arena's. In addition South Africa's ongoing government policy framework review, relative competitiveness, its economic geography, and its traditional links with the more stagnant European markets, will make competing in this globalized market an extremely challenging prospect (DTI: 2010 - 2013). These overall economic trends offer both opportunities and challenges for the SMME Sector. Developments in broad communications technology in particular have helped open up global opportunities for smaller enterprises, which previously had little potential to access distant markets because of their lack of scale and size. A study by the Small Business Administration (SBA) in the United States of America (USA) showed that 97% of exporting companies are within the category of Small and Medium Enterprises (SME's), and that between 1987 and 1997 the number of USA small businesses exporting tripled from 65,000 to over 200,000 (US Small Business - Office of International Trade, 1999). The role of the USA's GDP at this time needs to be taken significant cognizance of, as it is the principal context for this outstanding performance (DTI: 2007). Given South Africa's peripheral location relative to most major consuming markets, these technological developments should provide a major competitive boost to the export prospects of South Africa's own SMME Sector. However, these opportunities are a double edged sword, as the technological developments and market liberalization also simultaneously increases the vulnerability of these same businesses within newer World Trade Organizations (WTO) trade regimes. If they are not acted upon appropriately and timeously within SA's own developmental priorities, there is a very real risk of significant and continued failure which under the current global slowdown would have an even greater negative magnification especially in respect of employment levels and job creation options.

International competitors are increasingly able to access the South African market and thus small businesses will very likely face increasing levels of competition from amongst other things imports, whether on pure price, volumes or quality. Furthermore, large enterprises can exploit the scale of economies brought about by accessing globalized markets, thus putting them in a much stronger competitive position versus small enterprises. Unequal labor regimes, human rights application and legislative frameworks, further increase the uneven playing fields of competition. The necessary and increasing focus by the SA Government on innovation also highlights a unique opportunity for the SMME sector, albeit within specific niches therein, given that only certain types and sizes of the enterprises within the broader SMME sector lend themselves to this type of business orientation. However, being orientated towards something and acting on it in a deliberate, informed and systematic manner is a different paradigm entirely.



2.3.2 Regional Economic Trends

Growth performance in the Southern African Development Community (SADC) has been relatively poor over the past decade, with overall regional GDP growth during the 1990s at only 1.20%. This is far below the growth levels needed to drive significant demand growth in regional economies and to enable the countries to benefit from the potential of increased trade. Information in the last decade indicates that the continent broadly has turned the corner in respect of improved growth patterns (GEM 2102, African Entrepreneurship: Sub Saharan Regional Report,17). This has created its own momentum in respect of continental economic and trade integration, commensurate with ensuring stability and peace (DTI: 2010-2013). Economic growth in some countries (in particular Angola and Mozambique) has increased substantially in recent years, yet on a regional level this has been partially offset by the erratic economic developments in the Zimbabwean economy.

Whilst some may hold the view that overall growth prospects may have dimmed; the actual performance of the SADC region has pointed to a more sustained and stable growth path (GEM 2012), despite these multiple risk challenges. In the not so distant past according to Chauvin and Gaulier (2002) intra-regional trade in SADC remained well below its potential, and was estimated at only 10% of total trade in the region. It continued to remain well below norms for the trade category, with low levels of infrastructure often cited as a prime contributing factor. Within the context of the continuing effects of the global financial crisis, and the continuing obstacles keeping African regional trading blocs separate, the growth rates achieved in spite of these factors remains quite significant (DTI:2008/2009). The support of and growth in rates of entrepreneurship as part of a potential contributory solution within such a dire context becomes critical, especially when one considers the ever increasing unemployment rates (GEM 2012, African Entrepreneurship: Sub Saharan Regional Report,10). The need for an African common market however is increasing in priority (DTI: 2007) (DTI, Medium Term Strategic Framework: 2010-2013); especially as it pertains to the absorption of an ever youthful and increasingly unemployed population demographic.

Low levels of SADC trade are not only a result of poor economic growth and low demand levels in the region, but has also been impacted by poor transportation options and low trade integration; which implicate the low levels of infra-structure spend or the lack thereof. This has certainly impacted the potential for South African small businesses to take advantage of the nearby export opportunities. According to Chauvin et al., (2002), South Africa historically dominates intra-regional trade, supplying some 78% of all intra-regional exports. Thus, improving SADC integration and finalizing acceptable trade protocols, would all have a significant contribution to the potential for much faster and broader regional growth, increased trade possibilities as well as providing South African small businesses with substantial export opportunities (DTI: 2008/2009).

In the past few years the stabilizing political developments in Zimbabwe present a unique set of opportunities, not without risk, to engage that specific markets unique set of obstacles at this time. It remains to be seen whether the current political stability will endure sufficiently, to allow current economic developments to be effective and thrives. The consequences for South Africa, should it not, are quite significant across both the social and economic domains; whilst not ignoring the significant risks ongoing instability in that region of SADC poses to both stability and growth needs. In addition, the SA Governments heavy push in support of a single African Trade Bloc bodes well for continental integration, where the various regional trade blocs commence harmonizing their trading regimes (DTI: 2008/2009). This facilitation is led significantly under the South African Department of Trade and Industry (DTI) Minister, Rob Davies leadership, and the trade negotiations team. SA companies have historically and well before a democratic dispensation, developed a significant presence in these markets. However, it should be noted that these processes are overwhelmingly dominated by the large SA Conglomerates and Corporates, many of which are former or current Multi- Nationals with strong ties to the historic destabilization agendas of the former Apartheid regime in South Africa. These large Corporates are in many respects historically well-resourced and remain cash-flush from their business dealings during the sanctions era against SA, as well as during the recent economic upturn in the last two decades. This is not the same scenario for the broader SMME Sector, and especially not black-owned businesses.

2.3.3 South African Economic Trends

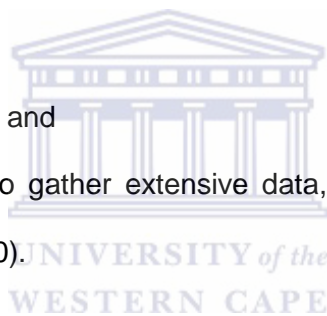
As a general rule of thumb, it is difficult for small enterprises to grow significantly in the absence of overall high growth in the national economy; South African GDP growth in the past 15 years has been positive, but relatively low to moderate (DTI: 2007) and continues to be so (DTI, Medium Term Strategic Framework: 2010 - 2013).

This is the prime contextual environment with all its' variables, that impact overall growth prospects for the SMME sector. The service sector, where most small enterprises are currently clustered, has grown strongly in recent years and overall domestic demand has been relatively modest. This has had the effect of limiting the potential growth of the sector broadly (DTI: 2007).

2.3.4 The changing contributions of small enterprises in the South African Economy

There are significant limitations to the statistical information available on small business, because of both

- (i) the definitional issues; and
- (ii) the current capacity to gather extensive data, in particular across the informal sector (Finscope: 2010).

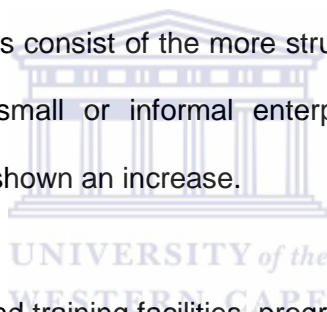


It is one of the primary reasons for this researchers' decision to engage in research focusing on the micro sector, within the broader SMME sector. This relative absence of hard data, versus the levels of data on small and medium enterprises, also constrains the certainty with which conclusions can be drawn about the current state of small enterprises and trends since 1996, as well as limiting the ability of primarily, the State, to effectively and sustainably support the sector. Under 2.3.5 the following trends are listed and indicate a level of progress (DTI, 2003)¹.

¹ Department of Trade and Industry (DTI).2003.State of Small Business Review.Pretoria:DTI. These statistics do not allow for the dis-aggregation of medium enterprises and large enterprises, which results in an under-reporting of the contribution of the small enterprise category as a whole

2.3.5 Positive and negative SMME sector developments

Significant progress has been made in the past two decades in understanding and promoting the contribution of small enterprises to the South African economy. Recent changes in statistical data gathering methodologies have enabled greater understanding of the contribution of small enterprises in the informal sector, and their effect on the formal economy. In particular, since 2003, it was evident that small enterprises make a much more significant contribution to employment, GDP and job numbers than was previously generally accepted, by the micro, small and very small enterprises (The Cape Times, Business Report, 6 March 2014:9). There was also decent growth in regional activity, with some small enterprises becoming investors and joint-venture partners in neighboring countries (DTI, 2007:10). These small enterprises consist of the more structured and higher value-add type businesses and not the very small or informal enterprise formations. Outsourcing to neighbouring countries has also shown an increase.



South African based education and training facilities, programs and capacity are increasingly widely used by people in neighboring countries but also in South Africa, including small enterprise training, which is creating both additional pressure on access to services in South Africa, and limited enterprise opportunities locally. This aspect is very important to structure and manage sensitively and appropriately, in ways that support the African continents growth needs via human capital development, but that also does not limit or exclude SA citizens, especially Black South Africans, many of whom have very recent experiences of being systematically denied access to a decent education in their own country of birth.

The recent phenomenon of Xenophobia incidents correlates to the trend of ill managed, unregulated and unrestricted entry to SA; with continental experiences revealing the same.

This phenomenon should be addressed as a priority and carefully managed, given the economic, political and social impacts and their related consequences; which both SA and the rest of the Continent can ill afford. Equally importantly, the national security threats they pose for instability are more acutely evident daily within SA borders and also across many continental regions. Events across the continent in the last five (5) years, has made this abundantly clear. Any failure to address this adequately, and in a manner that supports Continental growth needs and balancing SA citizens basic rights to a decent quality education and job opportunities; will see the flashpoints of instability expand and grow locally; something SA simply cannot afford. The recent linkages between African armed rebel groups and their SA counterparts indicate this clearly as a trend to note.

Assassination attempts on African expatriates in SA, who have been exiled from their home country, reveal the fragility of our own notions of assumed stability (The New York Times, 08 March 2014:A5). Recent demonstrations which had violent undertones at Parliament in Cape Town, by foreign African nationals, specifically from the Democratic Republic of the Congo (DRC), and Nigeria, against the South African governments policy positions on either country, are an unfortunate sign-post of things to come, if left un-addressed and un-checked (The Cape Times, 05 April 2015:8). Porous borders, ineffective and lax immigration controls and processes are prime culprits in this systemic threat to the national security and stability of SA, are by no means the only sources for this problem. The immigration industry and its service providers, in whose business interests no meaningful, risk compliant and effective change is a priority, has its own financial and potentially other agenda's, for opposing any potential attempts to address these clear national risks, as well as maintaining the high risk status quo to the country. The recent and ongoing escalations of violence across Nigeria, followed by mass deportations of foreign African nationals illegally in Nigeria by the Nigerian government, paint a scenario, if left unchecked and corrected; will both spread and further entrench itself in South Africa.

Its current and future price tag (beyond pure monetary terms) across multiple economic and departmental indicators point to significantly increasing impacts on limited budgets and the State's overall performance levels and achievements. A democratically governed SA, especially its historically disadvantaged population, can simply not afford this multiplier impact on the State's limited resources to assist them out of decades of poverty, joblessness and no access to real opportunities to improve their lives, given the dire social, economic and educational needs backlogs; as well as our moral and political responsibility to them. These developments which are now increasingly showing themselves within a SA societal context, add to both the social cohesiveness and stability pressures, especially within the poorest locations, such as the Apartheid dumping grounds for the majority black populations such as townships and ghetto locations nationwide.

Additional manifestations and associated risk factors are also increasingly seen in areas which benefited massively from Apartheid spending and funding priorities, such as the suburbs and their associated and ongoing economic development as islands of prosperity and growth. Conversely and ironically, they also are increasingly becoming the prime targets of various types and levels of broader criminal activity. Whilst much of these seemingly distant and unrelated events and situations appear to have no direct bearing on the SA context and its myriad of challenges to re-dress both colonial and apartheid dispossession and enslavement; they are indeed linked by the real and often hidden cost to every citizen in SA.

2.4 MACRO-ECONOMIC AND MICRO-ECONOMIC CHALLENGES FOR SOUTH AFRICA'S SMALL MEDIUM AND MICRO (SMME) ENTERPRISES

2.4.1 Gross Domestic Product (GDP) contribution

Despite recent GDP gains, a number of economic challenges remain with respect to the role of small enterprises (DTI: 2007). Interestingly, the small enterprise sector (excluding the medium enterprises component) makes a relatively low contribution to GDP versus its overall contribution to employment (estimated at 29% to 38% contribution by micro, small and very small enterprises). Current indicators of the overall SMME sectors contribution to employment numbers, including the medium enterprise subsector, has been listed as more than two thirds (Sunday Times, Business Times, 2 March 2014:3). By any level of assessment, this estimate has profound significance in respect of the multiple levels the SMME sector as a whole impacts the SA economy and its citizen's opportunity levels. Given that employment creation as well as absorption is a key advantage of the SMME sectors role in any economy, this aspect needs to be addressed rapidly (DTI: 2008/2009).

Recent data (The Cape Times, Business Report, 6 March 2014:9) points to a much larger contribution than was previously assumed a mere five years ago, and is currently listed as

- (i) 36% - 45% of South Africa's GDP; as well as
- (ii) 60% of the labor force numbers.

2.4.2 Inequality levels

Whilst broader levels of inequality across the entire South African landscape continue unabated and often inform and underpin many of the more drastic and pressing challenges, there is also continued inequality in the representation of black people and women in the formal segments of the small enterprise sub sector of the overall SMME sector.

Of course this representation ought to fundamentally commence with ownership first and foremost, but often is relegated to only employment within. It is estimated that only 1% of the black economically active population are in the formal enterprise sector, compared to 17% of the white economically active population (GEM 2013). Women, especially black women and black people broadly, are dominant in the micro and “survivalist” sub sectors of the small business element, which reflects a significantly disproportionate and continued unequal representation, which is both a risk factor for SA’s overall stability and a lack of any meaningful economic stake in the SA economy for the majority of South Africans; a dangerous socio-economic indicator which should be addressed as a priority. These indicators are a clear sign of the enduring, ever present and expanding legacy of Apartheid political policy, social dysfunction and economic patterns of ownership, control and structure.

2.4.3 Regulatory item: VAT/Non-VAT registration

Aggregate estimates are that 54% of entrepreneurs are women, with an estimated 1.3 million of the 2 million non-VAT registered enterprises being female owned. This increasing level of compliance with regulatory requirements is a positive trend for SA (DTI, 2007:12). However, given the nature and extent of non-compliance, especially in this regulatory aspect, it would be prudent to incentivize compliance as far as possible.

The benefits of such a proactive approach is two-fold, namely

- (i) government would have a more accurate head count of the number of entities in multiple economic spaces, their spatial spread as well as their legality; and
- (ii) the ability to further investigate the exact nature, type and make-up of these economic entities would also benefit substantially from having access to a more current data set.

2.4.4 Failure rates

Significantly high failure rates for start-ups as well as established enterprises making a much more limited contribution to economic growth, points broadly to inadequate enterprise sustainability, low and dismembered support measures and structures and low growth capacity. A statistic from Sherwin (2005:1) is an indicator that suggests the failure rate could be as high as 80 percent of all start-ups. A more recent indicator, that 71.50% of all start-ups in the SMME sector fail within the first 12 months (The Cape Times, Business Report, 6 March 2014:11) confirms the extremity of the assessment almost a decade ago. Furthermore, GEM (2012) indicates that SA ranks alongside Romania and the Gaza Strip for the number of start-up enterprises that survive past the 42 month mark.

2.4.5 Industry sector – spread disparities

There is unequal contribution of small enterprises across industry sectors (DTI: 2007), with an extremely high small enterprise presence in trade and services (estimated contribution of over 50% by micro, very small and small enterprises to GDP), and a very limited presence in manufacturing services.

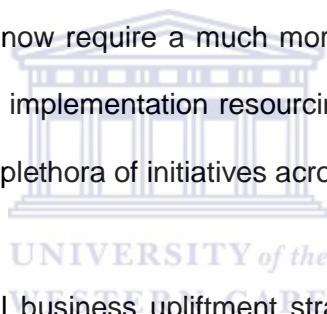
Recent data seems to broadly align itself to this percentage contribution trend as it relates to GDP in SA (The Cape Times, Business Report, 6 March 2014:9). The relative contribution of South African policy interventions to current economic conditions as compared to domestic private sector actions and the impact of global forces, are very difficult to determine (DTI: 2008/2009), simply because so much is in flux on a frequent basis. The particular policy and institutional challenges that have been identified through ongoing review efforts over the past decade and more recent efforts, has produced some key indicators which depending on how they are utilized, resourced and executed, will either be effective or not.

2.5 HISTORICAL POLICY AND INSTITUTIONAL CONTEXT AND CHALLENGES FOR SOUTH AFRICAN SMALL MEDIUM AND MICRO ENTERPRISES



Since the adoption of the original White Paper, in 1995, government has introduced a range of macro- economic and sector-specific reforms and development programs that attempt to influence the capacity of small enterprises to operate competitively in national and international markets. There has also been a significant body of knowledge and experience compiled in recent years, much of which has unfortunately never been implemented. Whilst the information has improved the understanding of the small enterprise sector and the roles government and other stakeholders can and should perform in supporting, facilitating and regulating the development of the sector (DTI, 2008/2009:10); much of it has remained in the realm of possibility. Elements of implementation regarding these identified broad support measures are evidenced in the broader areas of priority around entrepreneurial development, financial and non-financial support programs and regulatory issues (DTI, Medium Term Strategic Framework, 2010 - 2013).

The detailed list of insights gained from the Review of the Small Business Development Strategy (DTI, 2003) follow under the next heading “policy thrust insights” and is enhanced by the periodic annual co-ordination and stakeholder integration results (DTI, 2008/2008:10) as well as subsequent policy of data outputs that further inform this context. During the past few years, a number of reviews of the various agencies and the overall level of support of small enterprises, revealed implementation challenges and the need to respond to changed circumstances. One of the results was the merger of agencies into the Small Enterprise Development Agency (SEDA). The original first mid-term review in 1999, as well as the most recent review updates, via widespread consultations, identified a number of weaknesses; but also affirmed that many of the foundational principles of the original White Paper remain valid. It is the broad operational strategy and previous institutional arrangements, that have run their contextual course, and now require a much more refined, focused and enhanced approach, with far more effective implementation resourcing required, enabling a significant improvement in the impact of the plethora of initiatives across the SA landscape.



Importantly, the national informal business upliftment strategy which was released during March 2014 (The Sunday Times, Business Times, 27 July 2014:12) focused on two especially critical issues; namely infrastructure and skills development; both areas which are listed as critically important in the research reports recommendations (Chapter 5) of this research study. Having such a broad strategy acknowledge key areas of the findings of this specific research study, with all its challenges and limitations, not least of which is the respondent quantity, lends a level of credibility to the significant value of the high quality caliber of the respondents themselves, but also the high quality of the input of the respondents who remained in the research process, despite many significant challenges over the many years of the study.

From policy documents, the insights gained and the lessons learned include, Policy Thrust (DTI: 2003):

- diversity of small enterprises and their needs;
- inadequate knowledge and understanding of the support available across numerous service providers creating confusion amongst potential beneficiaries;
- inconsistent quality of services and inadequate access to support services, in particular in non-metropolitan areas; creating equitable access to services proved to be more difficult than initially expected;
- the need to strike the right balance between cost, impact and reach of interventions;
- continued structural weakness in access to finance for black entrepreneurs;
- lack of clarity on the desired balance between the role of government and its partners;
- inadequate representation of current, new and potential small enterprise interests in business structures;
- widespread regional and local differences in policy absorption; and
- inadequate integration with the wider policy environment that impacts on small business.

2.5.1 Institutional and implementation experiences

The open-ended nature of the White Paper whilst necessary at conception, also by default created a lack of focus and coherence on the one hand. However, it can also be interpreted as allowing for an as yet unknown and changing context whilst allowing for situational driven solutions. Hindsight is always perfect and knows all; precisely because it has the advantage of looking backwards with most if not all the data available. From the policy formulation perspective, during a time when the only real SMME sector support in existence, was focused exclusively on the minority white population; any attempts at redress would have to locate its own starting point, and not with a clean slate as it were.

It would have to navigate existing obstacles, a structurally opposed financial and support services sector, well prior to attempting any form of equal access for the majority of SA's citizens; a situational context which appears to be quite often lost on a host of opinion makers and analysts. While the DTI (2003) outcomes were helpful from the perspective of being reasonably broad to accommodate these myriad of differences, the downside was that it tended to allow space for major contributing sub-sectors to either fall through the proverbial cracks or by default remain unattended to in any kind of effective manner. The micro enterprise sub-sector with its almost exclusively black composition and by the far the largest number of entities, being just one example of this paradox. Thus a cruel irony has played itself out, being that those politically, economically and socially disposed and reduced to slavery, now find themselves at the dawn of a democratic dispensation in 1994, at the outer periphery of priority, focus and resourcing; whilst those who have illegally accrued a range of economic and social benefits across multiple generations, benefit first.

This untenable situation has revealed itself across multiple societal and political flashpoints across SA repeatedly, and will simply not disappear. Policy formulators need to be cognizant of why things are the way they are and for whom they are that way. Anything less is doomed to fail with severe and drastic repercussions. The original DTI co-ordination function option, via its Centre for the Promotion of Small Business, was simply put, not effectively resourced enough, to engage the mammoth task it was assigned and expected to give both direction and content to. Other spheres of government within the new democratic dispensation since 1994, additionally introduced their own challenges across multiple areas. Provinces and Local Government spheres were often too loosely coordinated, as a result of local or provincial political leadership newly introduced to this dynamic and challenging space.

This factor by itself allowed for two extremes being,

- (i) the reinvention of the wheel as it related to what was already determined to be sound policy directives and processes; and
- (ii) in many instances, simply outright refusal to adopt national legislated processes.

Historical support institutions and programs have proliferated across inherited government apparatus which came with their own racially skewed priorities of ensuring the exclusive support for white owned businesses remained, while newly formed institutions revealed limited operational and professional capacity, as well as an outreach orientation. In spite of these myriad of obstacles on multiple fronts, the unfolding processes provided important implementation lessons to either avoid or to follow. A more holistic and structured response, albeit after many years, was that the previous Ntsika Enterprise Development Agency, Khula Enterprise Finance Limited, Manufacturing AdvisoryCentres (MAC), and the recent emergence of the Small Enterprise Development Agency (SEDA) amongst others, were a fundamentally a response to these identified limitations.

There is general consensus that there has been weak agency management in terms of the respective mandates, governance and monitoring and evaluation, as initially envisaged from National Government, via the Department of Trade and Industry as the direct line function with the oversight and coordination function for the SMME sector.

2.5.2 Policy developments

The socio-economic policy environment has changed significantly in the past decade, including the following:

2.5.2.1 Skills development

Skills development has been a strong focus area during the first 10 years of democracy, as it has becoming increasingly evident just how important addressing skills gaps are for both social and economic development policy objectives as well as social stability cohesion.

Key policy, strategy and legislative interventions include

- 
- (i) the National Skills Development Strategy;
 - (ii) the Skills Development Act;
 - (iii) the Skills Development Levies Act;
 - (iv) associated institutional arrangements of the Sector Education and Training Authorities (SETA's);
 - (v) National Qualifications Authority;
 - (vi) National Skills Foundation; and the
 - (vii) Cabinet's response to the Global Financial crisis, reiterated this priority (DTI: 2008) (DTI, Medium Term Strategic Framework, 2010-2013).

While there have been some early and notable successes, there have been numerous teething problems with the new legislative framework, and in particular, challenges for the smaller enterprises attempting to access and utilize the opportunities within this framework.

This is of special significance when one considers the employment or skills development opportunities presented by the SMME sector, given the excessively high unemployment rate of 4,6 million South Africans (The Sunday Times, Business Times, 2 March 2014:3) and the ever increasing social and political instability that accompanies it across multiple spheres of SA society. The significant failure of the new SETA formations to effectively focus and deliver on the mandates they were given, has much to do with unemployable persons who come through the SETA processes. The wholesale restructuring of many of the SETA's when the current Minister of Higher Education, Blade Nzimande, was mandated with this portfolio, is a testimony to the unfortunate misalignment and outright failure of such critical bodies to deliver quality inputs into the SA marketplace and to ensure a greater level of accessibility to skills development.

2.5.2.2 Industrial strategy



The development of the Integrated Manufacturing Strategy aims to

- (i) maximize the latent potential within the domestic economy;
- (ii) integrate beneficially into the global economy;
- (iii) build competitiveness based on increased knowledge intensity;
- (iv) value addition;
- (v) wider and more equitable participation in the economy; and
- (vi) regional production systems (DTI: 2008/2009).

The recent additional review by the Minister of Trade and Industry, Rob Davies, and the re-drafted Industrial Action Policy Plan (IPAP) 1 and 2, all bode well for a clearer sense of SA's objectives in this arena.

The National Development Plan (NDP) which appears to have reasonably broad consensus, notwithstanding key objections to its indicative association with failed neo liberalist policy assumptions, is the overarching framework within which the policy rollout would likely occur; however implementation on any significant scale still remains to be seen.

2.5.2.3 Bilateral and multilateral trade policy

The South African government has engaged in a coherent program of trade liberalization, with the aim of progressively opening up new opportunities for South African enterprises. This was also done to encourage the development of globally competitive practices within the SA economy as a whole.

In addition to multilateral negotiations through the World Trade Organization, South Africa has implemented the South Africa-European Union (SA-EU) Trade Development and Cooperation Agreement and the Southern African Development Community (SADEC) Trade Protocol (DTI: 2008/2009). The priority assigned to continental economic and trade integration by Minister Rob Davies, the Trade and Industry Minister, is reflected in the Trilateral Free Trade (TFA) processes in which the three major trading blocs of Sub Saharan Africa are actively being moved toward some form of commencement (DTI, Medium Term Strategic Framework, 2010 - 2013:29). The myriad of challenges, both regulatory and foundational, that each of the three Sub Saharan African trading blocs face, should not be underestimated, lest a too optimistic timeline is pushed to the detriment of a more sound and functional agreement which will deliver the envisaged economic and trade results that is being pushed for.

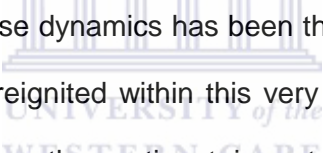
The East, West and Southern African trade blocs each have disparate commencing positions both in the levels and the nature of their respective trade profiles. Commensurately, they also face quite significantly different challenges within their own trading areas; all of which places quite unique challenges on the SA priority to achieve a level of integration and the flow of economic benefits continentally wide, as a priority.

The membership of the BRICS (Brazil, Russia, India, China and South Africa) group of countries has further supported this SA policy thrust into alternate multilateral spaces, with a view to accessing untapped value and alignments, as well as markets for the SA economy. The recent formation of the BRICS development bank is one of the first tangible outcomes of this alternate multilateral structural mechanism, with a new feature, being that of potentially allowing other developing nations, who are not members of BRICS, a level of access to this new development financing facility.

The developmental integration agenda being pursued by SA with its African partners has begun to show successes with the recent launch of the Tripartite Free Trade Area negotiations. Negotiations have progressed significantly since 2003 on many other initiatives, such as the WTO trade negotiations (DTI, 2008/2009:30). However the continued effect of the global financial crisis and the knock-on effects of the failure of the Dohar round of trade talks have all further served to emphasize the differences amongst various trade blocs (GEM 2012, African Entrepreneurship: Sub Saharan African Regional Report).

Other role-players such as the Southern African Customs Union (SACU) processes are also well advanced with some important milestones having already been reached. Trade negotiations with the United States, Mercosur, China and India remain ongoing (DTI: 2008/2009) and are also making steady progress.

Each of these will have its own unique and very specific impacts on the broader SMME sector in South Africa, via both differing sets of threats as well as opportunities. Parallel with these proactive initiatives to promote greater African regional integration on both a trade and political level, has been the re-emergence of previously low level conflict situations, into full scale destabilization actions of entire countries and regions. These flare ups have taken place across Sub Saharan Africa, in places like the Democratic Republic of the Congo (DRC), the broader Great Lakes Region, South Sudan, West and East Africa and their respective coastal waters. The West and East African elements of these conflict flare ups have taken on significantly new levels of conflict dynamics and are spreading at rates unseen before. The scale and spread of these dynamics have surpassed all state responses from both Nigeria as well as Kenya, in respect of attempting any form of addressing the escalating threat matrix (DTI: 2010 - 2013).

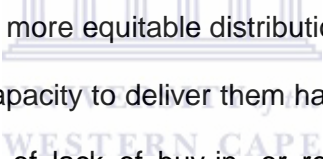


An additional consequence of these dynamics has been that long standing, suppressed and unresolved internal issues have reignited within this very volatile context. A momentum of instability is rapidly spreading across the continent, in part fueled also by third parties whose financial interests are served by the continuation of instability, to allow them to remove valuable resources from the affected regions without any restraint. The picture of an increasingly stable Africa has been severely tarnished by these conflicts, as well as the instability which it breeds, which in turn deprives the affected areas of stability and consequently the peace dividend of development. Without peace, there can be no meaningful development across both economic and social dimensions. The new tasking requirement for the African Union is such that its Peace and Stability Secretariat, now has to attempt to effectively capacitate itself, to deploy rapid response security formations which can stabilize crisis situations at short notice. The economic and military demands of such capability is weighing heavy on the African Union (AU), especially member states such as South Africa, which is being pressured to carry a significant percentage of the weight of the myriad of demands.

2.5.2.4 Macro-economic and fiscal policy

Macro-economic and fiscal policy reform has been ongoing since 1994, including policies to improve macro-economic stability (such as the Growth, Employment and Redistribution Program - GEAR) enabling reduced interest rates. However, this has not occurred without any contestations, from especially the trade union movement, most notably from COSATU and its formations. In addition, there have been quite significant policy interventions which have a meaningful impact on the broader SMME sector, such as streamlining Tax Policy, BEE Codes, Preferential Procurement and the establishment of the Supply Chain Management Framework (DTI: 2007/2008) (DTI: 2010 - 2013).

2.5.2.5 Spatial and local economic development



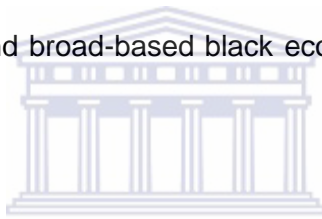
A range of policies supporting the more equitable distribution of economic activity have been developed, but both buy-in and capacity to deliver them have marked their lack of significant progress. As a recent example of lack of buy-in, or rejection of National re-distributive initiatives, the Provincial Development Council (PDC) of the Province of the Western Cape was effectively shelved and made redundant, effectively closing down the most significant structural mechanism which allowed civil society and organized labor an opportunity to contribute and voice its views on key socio economic challenges facing the Western Cape.

This action from the Provincial Government potentially relates to creating avoidable and unnecessary tensions as well as conflict situations which are not only unhelpful, but which also serve to raise suspicions about silencing any voices, especially those of the disadvantaged.

The programs impacted by this action include the Urban Renewal Program, the Integrated Sustainable Rural Development Program, the National Spatial Development Framework, Provincial Growth and Development Strategies, Spatial Development Initiatives, Integrated Development Plans and the establishment of Local Economic Development Agencies by municipalities (DTI: 2008/2009) (DTI: 2010 - 2013).

2.5.2.6 Social partnerships

The Presidential Jobs Summit Agreement, Growth and Development Summit Agreements, and other Sectoral Summits and Charters, have aimed to build cross-stakeholder agreement on the vision, constraints, opportunities and transformation targets for key sectors, with a view to long term job creation and broad-based black economic empowerment (DTI: 2008) (DTI: 2010-2013).



These attempts at stakeholder formation are useful within the notion of seeking a broad consensus and support, for any decisions that affect these priority areas for development. Equally so, the lack thereof, has the reverse effect with significant cost, time and implementation delays across multiple areas. A cautionary note however has to be sounded with regards to notions of securing stakeholder buy-in. The assumption that all stakeholders support the policy objectives and values of the National DTI is an often overlooked flaw. Not all stakeholders hold the same departure point as the DTI. Whilst one would expect that differences would emerge around policy directions in respect of priority, methodology of implementation and outcomes; this is not the case in SA. In SA, largely due to entrenched notions of superiority, privilege and previous benefit, many role-players offer inputs that fundamentally attempt to recapture any of the limited gains made by a democratic state as they intended to create a more equal, just and democratic dispensation.

2.5.3 The Micro-Economic reform strategy

A decade ago, the Micro-Economic Reform Strategy (2002) set out to effect greater co-ordination; key focus areas to address these performance areas include a black economic empowerment strategy, a small business development strategy, employment strategy and geographic spread program.

It sought to address fundamentals underpinning the economy, including

- the economic and social infrastructure;
- competitive inputs;
- access to finance for productive activities and investment in research and development;
- innovation and the take-up of new technologies; as well as
- investment in human capital; and
- a workforce that is adaptive.

The micro economic reform strategy is a key vehicle for intergovernmental coordination with respect to small enterprise development given the key areas it addresses. All of these policy developments have implications for small enterprise support which require integration and coordination.

Government has begun to address this challenge, and does so in a comprehensive manner through the adoption of a revised and refocused strategy; with coordination and integration being the cornerstones (DTI, 2008/2009:10) (DTI: 2010 - 2013).

However, what has become abundantly clear is that government broadly is more acutely aware and concerned about the inadequate employment conditions and job quality in the small enterprise sector (and the economy broadly), and believes it is critical to diligently enforce and promote compliance with the relevant laws and regulations. It is a policy and regulatory position that this researcher endorses. Without compliance, the potential for losing significant gains already made, as well as creating multiple risks to both the socio-economic fabric of our society and adding huge avoidable and additional costs, remains a constant reality. This is especially visible when multiple voices in the media space create diversionary issues around allowing a free for all type scenarios under the disguise of providing opportunities. Meaningful opportunities, especially of an economic nature, function within regulatory contexts and any avoidance of these will eventually have dire consequences and significant costs for all citizens of SA. Regulatory compliance in SA is not negotiable as a means to ensuring a sustainable and stable growth environment.

Jobs, and the notion of decent jobs, have recently presented a new set of challenges and pegged these two similar but different notions, against each other. These may very well represent mutually exclusive positions, as the Chinese experience would suggest. Recent economic and unemployment data, directly impacted by the continuing global financial crisis fallout, seem to have moved government to a position that any job is better than no job; much to the chagrin of organized labor; who themselves are pushing not only for jobs, but “decent” jobs. This move, which is regarded as a sophisticated attempt to effectively casualize labor to as great an extent as possible, with little or no social or economic safety support measures, is being vehemently opposed from especially the left of the political spectrum, as well as from specific formations within Cosatu itself. The Chinese developmental state model, or State led interventionist model, is increasingly being touted as a model which offers valuable lessons for SA at this stage of its own transitional development.

Within the established culture of review for more effective implementation, new interventions within the Ministerial Guidelines in terms of Section 18 of the National Small Business Act (1996) and the establishment of a National Small Enterprise Advisory Council emerged as two powerful mechanisms to advance the renewed focus already identified and achieved. The effective implementation of these initiatives however, is quite another challenge, as evidenced by the relatively low level of impact they have on the SMME sector going forward. The areas that require active and continued development for the future include programs to address the needs of informal enterprises that are currently extra-legal and to encourage their appropriate formalization (DTI: 2003) ((DTI, Medium Term Strategic Framework, 2010-2013:30).

In this regard, changes to the company's registration entity at DTI, point to a more streamlined approach with elements of merging key areas; however capacity to implement is once again rearing its head at the new entity responsible for this initiative at integration (GEM 2012).



Very recent policy announcements regarding the National Informal Business Upliftment Strategy (The Sunday Times, Business Times, 27 July 2014:12) are welcome implementation initiatives to address this important sub sector of the broader SMME sector in SA, and represents an initiative to mainstream such an important component of SA's economic activity and to assist it to more meaningfully contribute to socio-economic policy imperatives announced in the 2014 State of the Nation Address.

Access to finance focuses much of the vocal criticism about the inadequacy of support for small enterprise in South Africa and has served to center on the difficulties enterprises experience in their efforts to obtain this most critical of business resources (Finscope:2010) (DTI: 2008/2009).

This is especially a problem for black-owned and managed enterprises, women (and especially black women) and enterprises in rural areas and remains year in and year out, as a significant obstacle to any meaningful development. As the bulk of all business finance for small enterprises² comes from private sector financial institutions, it is important to strategically assess the nature of government support in this field and how more accessible and sustainable private financing can be encouraged or if other mechanisms need to be looked at more aggressively. The enhancement of existing interventions such as of the public sector support for access to finance, with particular emphasis on rural micro-finance (through the recently created APEX fund) and finance for black-owned enterprises, as well as encouragement of private sector enterprise financing and venture capital, in particular through the new financial services charter are key areas in this regard.

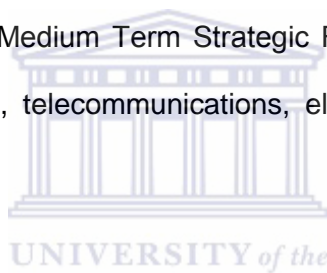
The new structure of access to finance inclusive of the APEX fund via the new Ministry of Economic Development also represents an opportunity to test a different and hopefully more accessible and effective source of finance for SMME's. The eventual formation of the Small Enterprise Finance Agency (SEFA) formed from Khula Enterprises, the SA Microfinance APEX Fund and the Industrial Development Corporations Levy Book, also adheres to the policy review recommendations which focuses on being more targeted in respect of the audience being supported (GEM, 2012:46).

In addition the design and negotiation of industry-specific small enterprise financing schemes, start-up capital, bridging finance (e.g., for exports or procurement contracts) and expansion capital for viable micro enterprises that cannot be accommodated by existing programs should also be actively pursued and are clearly major areas for significant impact.

²Information provided to the Parliamentary Portfolio Committee for Trade and Industry in June 2000 showed that Khula Guarantee's exposure (± R168 million) represented only 0.8% of commercial bank SMME exposure (± R20 billion). However, commercial bank SMME exposure only accounted for 5% of total bank exposure.

In the area of infrastructure, small enterprises are highly sensitive to the availability, quality and cost of facilities. This applies both to the physical infrastructure and the associated services that enable or enhance economic activity. These items also resonate within the findings of this research study in Chapter 5.

Over the past eight years, the infrastructure has improved in many parts of South Africa's Metropolitan areas, cities, towns and rural villages. However, backlogs remain and in many areas initiatives have stagnated or conditions have actually deteriorated. This is an area where local, provincial and national government all have key roles to play and where political grandstanding which further impedes existing delays, will have direct and highly visible consequences. The extension of the infrastructure rollout with particular emphasis on township and rural areas' (DTI, Medium Term Strategic Framework, 2010-2013:30), could easily include a focus on roads, telecommunications, electricity, street lighting, business premises and public premises.



The State of the Nation address (2012, 2013 and 2014), highlighted the intention for the largest infrastructure led expenditure by any SA Government, with a view to boosting job opportunities. Acting on this stated intention is however something quite different, as the last few years have illustrated how global economic developments and their impact on the SA economy have had a knock-on effect on the pace of acting on these statements. Inclusive of the obstacles to implementing this objective, is the level of coordination with both Provincial and Local Government spheres; without which much of these noble intentions will either be delayed or never see the light of day. The extension of services and utilities and improvement of affordability with particular emphasis on township and rural areas, including public transport, freight, postal, waste removal, security, health and social services and libraries are all areas for viable action in a reasonably short space of time.

This general trend, while slow to implement, has also found some level of traction in the City of Cape Town's Informal Settlements Report (2005:14), which is the major metro area within the Province of the Western Cape. Many of the civil society formations within these affected areas do not see the required urgency for such a serious economic and social stability priority, which has commensurately led to numerous protest actions and the accompanying escalation of conflict and the direct costs of repairing damaged infrastructure.

In this regard, the co-funding of local industrial parks or "hives" as well as small enterprise focused facilities in industrial development zones and other spatial development zones (SDZ's), special investment zones (SIZ's), and projects, with associated mentorship and training support, linked to sector development strategies, offer practical options to support the small business sector (DTI, Medium Term Strategic Framework, 2010 - 2013). The development of research, monitoring and evaluation to assess cost of inadequate infrastructure for small enterprises and assess progress, as well as premises financing in previously disadvantaged areas, with potential pilots via an industrial park support program in townships also serve as immediate interventions which can produce meaningful results.

The next section of this chapter, addresses the critical importance of entrepreneurship within specifically a South African context, with its renewed emphasis on the small and micro enterprise areas. Now that the International, and to some extent the regional context has been broadly reviewed, the South African reality within this broader context can be addressed in a systematic manner.

2.6 THE IMPORTANCE OF ENTREPRENEURSHIP IN SOUTH AFRICA AND THE ROLE OF THE MICRO ENTERPRISE SEGMENT IN THE CURRENT AND FUTURE ECONOMY: AN INTRODUCTION

Within a South African context, this section emphasizes the small and micro enterprise sub sectors of the broader South African SMME sector, within the policy reviews that have been undertaken, and the adoption of the need for more focused strategies which would hopefully result in far more effective results. While a considerable amount is known about the broad factors that affect the success of small and medium sized businesses (SME's), this knowledge continues to be imperfect and a large number of questions remain unanswered regarding the small business sector in developing countries (Alasadi and Abdelrahim, 2007:2). South Africa finds itself firmly within this category.

Clarifying these unknown areas is crucial when the need for job creation, especially within South Africa, is so critical. Moss (2007:225) indicates that if countries, particularly those in Africa, are to emerge from poverty and unemployment, and create a more prosperous future, they will need more SMMEs and bigger businesses. This general recommendation trend, promoting a greater focus on and support of entrepreneurial endeavours and the budding entrepreneurs who must give it expression is increasing (GEM 2012, African Entrepreneurship: Sub Saharan African Regional Report, 10). However, if this is to be achieved, entrepreneurs need an environment that is more conducive to starting up, operating and expanding their businesses (Mahandea and Pillay, 2008:431). The finding of this particular research study over many years, being that of the absolutely crucial and foundational role of education, specifically but not exclusively basic and secondary education; especially as it relates to creating a culture of entrepreneurship via focused entrepreneurial education, is critical (Isaacs, Visser, Friedrich and Brijlal, 2007:613) (GEM 2013:56).

The significant failure rates of start-up enterprises ranging from 70% to 80% (The Cape Times, Business Times, 6 March 2014:11), are a huge factor in denting this aspiration of a vibrant SMME sector. In South Africa an unacceptable and disappointingly high number of small businesses fail during their early years of operation (Nieman et al., 2009) (GEM 2013:46). This further emphasises the need for effective implementation of the multiple support measures for the SMME sector in South Africa. Muma (2002) argues that SMMEs contribute to self-sustained growth and the development of nations; but the intention to deliver does not automatically equate with the capacity to deliver. This adage is also clearly visible as it relates to attempts at restructuring development agencies and their associated mandates, as they relate to the SMME sector and the unique demands of each sub component therein.

2.7 THE INTEGRATED SMALL ENTERPRISE DEVELOPMENT STRATEGY



The adoption by the South African Government of the Integrated Small Enterprise Development Strategy represented the way forward for small enterprise development in South Africa until 2014. It was the result of a thorough process of review of implementation of the 1995 White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa, extensive consultation, and research. However, it is more appropriate to regard it principally as a strategy, rather than a detailed implementation plan. Out of this comprehensive review process a clear vision statement, a strategic approach and objectives, and a guide for the proposed re-configuration of the country's SMME Strategy emerged. During the course of the extensive literature searches and reviews, the South Africa Global Entrepreneurship Monitor (GEM) annual studies (2001 - 2013) were valuable, both as a broad benchmark to this research, but also as a larger sounding board for any newer issues that were raised by the research participants.

As such, this researcher made extensive use of the annual reports for that very reason. The multi country dimension of the GEM studies, and the useful insights they provided to the peculiarities that accompany them, are of great value. The GEM Reports and its multi-national study orientation, involving some 45-60 countries, is considered to be one of the most prestigious, comprehensive and authoritative studies on entrepreneurship in the World. Its history reflects that it was started in 1999 by academics at the London Business School (LBS) and Babson College in the USA (UCT Centre for Innovation Website, 13 June 2011) (GEM 2012, African Entrepreneurship: Sub Saharan African Regional Report,10).

The reasoning behind this quite comprehensive and annual study according to the GEM organization, is to provide comparisons of different countries in respect of their entrepreneurial activity, identify factors which encourage entrepreneurship, determine causality links between the rates of entrepreneurship in a country and its effects (or not) on national economic growth, and identify policies that would encourage entrepreneurial activity (GEM: 2012) (GEM: 2013). It would, for all of the above reasons, be both reasonable and useful, that the annual GEM report (s) for South Africa would provide a reasonably balanced and broad context with which to achieve an adequate benchmark for South Africa, on a multi-nationally standardized entrepreneurship scale.

This does not however mean that variances in especially historical context, or the unique set of developmental challenges inherited from both the legacy of the systematic Apartheid policy over 50 years and the colonially based societal and structural imbalances, are simply ignored. To the contrary, any meaningful attempt at understanding the present state of affairs, whatever ones views of them may be, is factually rooted in the not so distant past, as the 2012 GEM Annual Report alludes to in its title; being “Twenty Years of Democracy” (GEM:2012).

Both contextual and legacy weaknesses as well as strengths should be factored into any attempt at achieving the desired effectiveness and efficiencies within the broader promotion of both a pervasive culture of entrepreneurship, as well as active entrepreneurial activity across the full spectrum of its potential expression. The increased global emphasis on entrepreneurship broadly, mainly as a function of the major global challenges impacting multiple regions, has merely served to increase the emphasis on the potential role and contribution of entrepreneurship to overall economic development and the resulting benefits to social fabric of societies (GEM 2012, African Entrepreneurship: Sub Saharan African Regional Report,10).

In this regard annual GEM reports have consistently shown a strong correlation between GDP per capita and entrepreneurial activities in the GEM Reports of 2010, 2011, 2012 and 2013 (GEM 2013:22). A cautionary note however is appropriate here, and is also affirmed by the findings of this research study, that the aspect of job creation (relative to the specific sub sector of the SMME environment and the specific niche therein) may be over optimistic in its assessments. Job retention and social net contribution seem to represent additional areas of value to investigate further. Given the relatively high level of necessity driven entrepreneurship and the high levels of unemployment in SA (GEM 2013:28) this may have a potential basis for some merit for caution regarding over expectations in this regard.

In addition, whilst the priority of job creation to address the increasing demands of the rapidly escalating numbers of new job entrants enters the broader market; the equally important matter of addressing those who have lost their employment as well as those have been unemployed across multiple years remains pervasive. These critical factors add a significantly different dimension and by extension therefore level of complexity and challenge, to the job creation challenges being faced currently.

Entrepreneurial activity, whilst critical as a driver of economic development and growth as well as social stability and cohesion, does not equal a magical wand. The continuing global crisis and its consequent fallout, has also had the additional consequence of altering the tone of both the political establishment, as well as an over-dependence on the SMME sectors potential contribution to the serious economic challenges posed by it (GEM 2013:30). This in and of itself is not a healthy state of affairs; and certainly not from a sector of the economy which is not receiving the kind of structural and tailor made spread of supportive measures that enable it to be far more stable and resilient than it currently is. Add to this already existing level of fragility, the continuing undermining of State led initiatives to empower the majority of the disenfranchised peoples of SA via “fronting”, fake BEE certificates, falsified SA Identity documentation accessing SA citizen benefits; and you have added unbearable stresses to an already fragile situation.

If one factors in the excessively high failure rates that accompany SMME start up enterprises in South Africa broadly, many of which appear to have a commonality of about 70 %, and compares this same statistic to another emerging economy such as Brazil at 24 % of all new SMME start up enterprises, then the extreme nature of the challenges facing the SA economy and its participants becomes very clear (GEM 2013: 46).

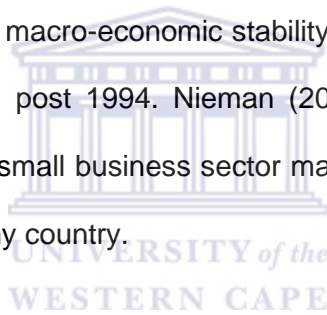
What has consistently recurred throughout recent GEM studies (GEM 2013:56) , and which features at the top of the list of the respondents inputs of this specific research study (Chapter 5), is that of the critical importance of

- (i) a quality basic and secondary education as minimum (GEM 2012, African Entrepreneurship: Sub Saharan African Regional Report);
- (ii) the availability of reasonable infrastructure support; and
- (iii) basic and effective policing.

2.8 THE ADOPTED INTEGRATED SMALL BUSINESS STRATEGY'S VISION AND OBJECTIVES

2.8.1 The vision

This strategy had a noble vision of South Africa as an entrepreneurial nation that rewards and recognizes those who see a business opportunity and pursue it, a South Africa with a vibrant and competitive small business sector with enterprises that grow in both size and success. It also recognizes albeit indirectly, an often salient point; being that of the absolute need for the micro economic stability of South Africa, to come into its own right and to play its required part; parallel with the macro-economic stability which has characterized the new Democratic South African State, post 1994. Nieman (2003:28) echoes this sentiment by indicating that a well-functioning small business sector makes a strategic contribution to the economic and social growth of any country.



This specific research, whilst not explicitly concerned with the social impact of the respondents respective enterprises, nevertheless came across significant indicators of the role, impact and contribution of the retail micro enterprise formation and continuity of each participating respondent, as it relates to what would generally be considered as their broader social impact. This related, but not necessarily direct economic focus, has significant ramifications across especially communities within informal settlement areas, as it relates to poverty levels and the related indicators that feed into that determination. It is an area raised by this exploratory study which is well worth further investigation. Specific target groups, who were once excluded from full participation in the economy will, especially HDI's, at least theoretically, now have access to support and development services, as well as be fully integrated into the core of the South African economy.

This would include access to local, national, African and other international markets as an integral and more comprehensive attempt at SMME Policy alignment for success. Practically, it also translates into the fact that only specific sub sectors of the broader SMME sector, especially the Small and Medium sub groups, and even within those entities, only specific types of sectors, will have some measure of potential success in larger and more remote markets. This is an additional challenge to the SMME sector in SA, in that the nature of the enterprise and its make-up has a direct bearing on its ability to remain viable, generate new jobs as well as exhibit reasonable growth prospects.

It would be remiss to exclude the vociferous opposition to the nature of this broader macro-economic stability followed by successive ANC governments since 1994, which is closely related to the significant under-funding of the developmental re-dress of the majority of the black population/HDI's; all in the name of compliance with the World Bank and IMF guidelines. The opposition to this macro-economic stability process has chiefly, but not exclusively come from the ranks of the Cosatu Affiliates and leftist organizations.

They have always significantly argued that this approach to a macro-economic stability regime followed by the National Treasury under the Mandela, Mbeki and now Zuma Presidency's has had the direct result of significantly under-funding the massive developmental challenges faced by the South African landscape and especially its majority population. It was done, according to the opponents, at the expense of ensuring that the re-dress of the widespread apartheid structural legacy, which remains felt throughout all aspects of the economy and society, is aggressively dismantled. There remains on-going debates and often heated stand-offs on this issue of the level of the budget deficits and inflation targeting as two key examples over the last 20 years, since 1994.

It is perhaps both ironic and also vindicating, that the political left has by and large been correct to push for more acceptable debt levels and budget deficits to ensure a better life for all; as evidence by the rapid escalation of service delivery type protests. The social impacts is confirmed for all to see, by what is now referred to as the global financial crisis (GEM 2012, African Entrepreneurship: Sub Saharan African Regional Report, 6) and the subsequent associated meltdown in the developed world; much of which followed the prime policy dictates of both the IMF and World Bank directives, and which actively advances the same policy directives to the developing world.

The arrival, impact and continuing lurching from crisis to crisis in Greece, Italy, Spain and Portugal; being played out regularly in financial indicators, and its knock-on effects to the rest of the European Union, especially the Mediterranean basin, is slowly defying all attempts at any pretense that it does not exist or is merely a phase. Joining the Greeks over time is the rest of the PIGS (Portugal, Italy, Greece and Spain), with Ireland already effectively bankrupt. Italy and Spain are next in line by virtue of the level of debt exposure to especially French, Spanish and German banks who are the holders of this debt.

Spain is not far behind with recent government issued bonds indicating market sentiment that confirms the reluctance to invest in them, and Portuguese financial institutions risk the same contagion as they run out of both time and ways to defer the required settlement payments. The result of these developments is that Spanish Banks especially have taken on the government issued debt; further tying the Spanish Government to the coming storm waiting for the Spanish and Portuguese banks that are next in line should Italy join Greece in a similar situation. Strong showings at the polls by the leftists in France advocating a reversal of the austerity drive by Germany, who incidentally also happens to be the largest financiers and have the highest exposure level to the entire EU debt contagion.

These indicators point to further instability as the current French President, Hollande, continues to seek a growth push as opposed to his predecessors austerity buy-in with the Germans. This instability and decline in demand will affect all countries who export to these markets, including South Africa, with severe economic growth and job retention and creation limitation implications, as well as complimentary trade related blockages, given that the EU is South Africa's largest export market. This would have a direct effect on economic growth prospects, jobs and the potential to increase employment numbers in SA (DTI: 2008/2009).

2.8.2 The Objectives

The key objectives of the re-aligned strategy were to;

- 
- increase the contribution of small business to the growth of the South African economy;
 - create an enabling environment for small enterprises, with a level playing field between big business and small business, reducing the disparities between urban and rural enterprises, and would ideally be conducive to entrepreneurship;
 - create sustainable long-term jobs in the small business sector;
 - ensure equitable access and participation in terms of race, gender, disability, age, geographical location and sector (the role of HDI's, BEE and SAWEN are critical here);
and
 - increase the competitiveness of the small enterprises sector and its enabling environment so that it is better able to take advantage of opportunities emerging in national, African and International markets (the role of the CSIR, FET's, IDC, CGIC, SABS, SARB, SETA's, SPF, TIDP's, NRF, NPI in supporting this objective, amongst others is strategic).

2.8.3 Summary of the Strategic Approach

The principle of integration is central to the strategy in terms of three key areas, namely

- integration with relevant socio-economic policy areas;
- integrated programs of interventions with linkages between processes, with a particular sector focus; and
- institutional integration.

2.8.3.1 The Role of the South African Government

The South African government has a key role to play in providing an enabling environment that establishes a platform for all enterprises, through regulation, government services and infrastructure. It also has a supplemental role in addressing market failures, in particular where they impact on government's special development goals.

The "Polokwane" transition in respect of political power in South Africa; brought these areas of "emphasis" under much greater scrutiny, as the broader Alliance Partners of the African National Congress seek to ensure adequate focus on the historically disadvantaged and to ensure their priority within these huge implementation roll-outs.

In addition the review of the original National Small Business Strategy was as a direct result of the unfulfilled key role of job creation by the SMME Sector in South Africa (Nieman, 2003:165). The outcome of the Mangaung Conference (December 2012), of the African National Congress (ANC) enhanced this policy direction, both in respect of more specific policy statements as well as broader implementation indicators.

Government would therefore also play a role in facilitation and promotion focused on targeted beneficiaries, namely micro-enterprises, informal enterprises, start-ups, black, women, youth-owned enterprises, growth-oriented enterprises, enterprises in distress and enterprises in priority sectors.

Integration with all relevant socio-economic policy is critical to the broad-based impact of the strategy (DTI: 2008/2009). The Microeconomic Reform Strategy and the Interdepartmental Committee on Small Business will be key tools to enable this integration, but integration will also be effected through the correctly identified programmes to produce the desired results.

The aforementioned points clearly reinforce the recognition of the urgent need for the SMME sector to make its required contribution toward micro economic stability and growth, a point emphasized and reiterated by the former Minister of Finance and recently retired Minister of National Planning in the Presidency, Trevor Manuel, before the G 20 Summit in London (SABC 3 News, 03-05 April 2009).



2.8.3.2 The Strategy

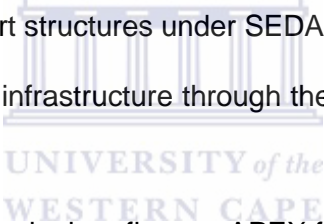
The Integrated Small Business Strategy is broadly based on three pillars, namely:

- promoting entrepreneurship; through campaigns, leadership and awards;
- creating an enabling environment through regulation, access to finance, infrastructure and premises, market access facilitation and business support; and
- enhancing competitiveness and capacity at the enterprise level, through skills, quality, productivity and competitiveness support, technology transfer, incubation and commercialization

In addition, the strategy is further underpinned by improved information and knowledge management, including research, communication and the pre-requisite monitoring and evaluation. A key strategic shift since the White Paper more than two decades ago is the integration of a wider group of institutions into the realm of small business development and a more cooperative approach to government's role in relation to its partners in the private and NGO sectors. The role and contribution of the Private Sector has also increasingly come under the spotlight.

2.8.3.3 Institutional Reforms

Institutional reforms were also set out in the strategy, including

- 
- the consolidation of support structures under SEDA;
 - the localization of support infrastructure through the extension of local access points;
and
 - the establishment of the rural micro-finance APEX fund.

2.8.3.4 The Implementation

In order to effectively implement this strategy, more effective use of current resources has been required, along with provision of additional resources through partnerships across a wide range of government, parastatal, private sector, NGO and international role players. Self-sustainability and cost recovery is encouraged wherever possible. Key milestones for the recent decade have been identified and progress measured against these milestones as an integral part of the programs roll-out plan.

More detailed planning were developed over time by the various agencies responsible for implementation with principle leadership from the DTI, as the process unfolds and the specific obstacles to this new approach become evident over time (DTI:2007/2008) (DTI:2008/2009).

2.9 The History of Small Business Policy in South Africa from 1994

After the political transformation of 1994, the new SA government adopted the White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa (1995). This White Paper created an enabling environment for the accelerated growth of small enterprises following a history characterized by the dominance of large, capital-intensive firms and the continued neglect of small enterprises. Around the period 1999 - 2001 serious disjoints between policy and deliverable outcomes were becoming evident at national, provincial and local government level. It was clear that although the policy itself was excellent; the actual implementation was seriously flawed on numerous levels, resulting in a mixed bag of results (Nieman, 2003:175). The often fluid political dynamics of opposition politics within such outcomes result in an even more disjointed and often contradictory approach to SMME development.

The Western Cape Province is a particular case in point, where political differences find expression in both outright and bureaucratic resistance to national policy positions, or sophisticated attempts to effectively undo them. This is not to say that all national positions are the most effective one's, or that politically opposed positions are based on more effective ways of doing things; the reality is that the political dimension seems to translate into direct policy meddling and the resultant relative success or not of any SMME initiatives.

Added to this unhelpful dynamic, is the political priority of specific sectors of the SMME sector and their constituencies; all of which further polarizes and already fractured sector. The Integrated Small Enterprise Development Strategy presents a more coherent and detailed un-packing of the way forward for small enterprise development in South Africa until 2014. It was the result of a reasonably thorough process of review (DTI, 2003), consultation, broad research, refinement and benefits from the notion of hindsight and a clearer database of knowledge around the roles of differing role-players and levels of government contributions. In this regard then, it would provide a far clearer picture of what has worked and what has not, as well as broad indicators of why this is the case.

The strategy also took into account in a far more comprehensive way than before, the rapidly changing economic context within which all of the dynamic factors operate. One could however argue that the accommodation of the principle of a changing economic context is significantly different from an adaptation that is responsive enough via its information and control mechanisms, to the speed with which global economic changes take place. Current events in the last four years prove this disjoint rather directly. The strategy process has been built upon the successes of government in macro-economic development and applies the experiences and lessons since the implementation, relating to small enterprise promotion since 1996, while responding to the concerns raised by stakeholders within Government, the private sector, organized labor and broader civil society.

In particular it would seem that the revised strategy attempted to address government's special development goals to improve representation in terms of race, equity in terms of gender and geographical locational spread (HDI's and the urban/rural divide) (DTI: 2008/2009) (DTI, Medium Term Strategic Framework:2010 - 2013).

The key limitation remains the genuine and direct voice of the broader SMME sector, as well as the sub sectors and the respective niches therein. In the same manner that this specific research is primarily about what retail micro enterprises themselves think; it ought to be the same case with all other actively engaged entrepreneurs across the broader SMME sector and its numerous niches.

The principle of integration is central to the strategy in terms of three key areas, namely

- integration with relevant socio-economic policy areas;
- integrated programs of interventions; and
- institutional integration.

The revised strategy document should be viewed as a guideline for the unfolding of South Africa's small enterprise support that provides direction and consistency; whilst enabling adaptive and appropriate responses across all spheres of government. As such it should encourage all stakeholders in this field to cooperate and deliver complementary support to make the national small enterprise support process as rich and tailor-made as practically as possible.

The current unfolding political context and the recent and quite significant changes in the political party landscape, especially at National Parliamentary level, represent a potentially further level of obstacles for a shared vision of the small enterprise sector; especially when entire spheres of government pull in opposite directions (DTI, 2008/2009:10). The key imperative remains, that the document is a strategy rather than a detailed implementation plan. Implementation plans arising from each role-player will become more visible over time, through the various entities responsible for implementation, as they proceed to roll-out their respective priority areas (DTI: 2008/2009).

The necessity for organized formations within each sub-sector and niche, to speak for themselves, is absolutely critical and a fundamental limitation of the entire initiative.

The rest of this section, sets out

- The South African government's vision and objectives;
- The policy problem analysis that informed the strategy development (including the economic, policy and institutional context); and then
- Outlines the strategic approach in terms of programmatic, policy and institutional integration; as well as
- The high-level implementation imperatives in terms of resource requirements and key milestones to be addressed.



2.9.1 Vision 2014

The Integrated Small Enterprise Development Strategy aims to contribute to the overall vision for South Africa by 2014 of a country with an economy that can sustainably meet the needs of all our economic citizens. In particular, this strategy has a vision of South Africa as an entrepreneurial nation that rewards and recognizes those who see a business opportunity and pursue it, a South Africa with a vibrant and competitive small enterprise sector with enterprises that grow in both size and success. Those who were once excluded from full participation on the economy will have access to support and development services and be fully integrated into the mainstream of the South African economy, with access to local, national, African and international markets (DTI, 2007/2008:20). While lofty in its overall goal and potentially idealistic, a current assessment of where the key SMME issues are, would shed light on the achievement of the original intentions.

2.9.2 The Objectives

The objectives, had a particular emphasis in this strategy in respect of addressing the needs of micro enterprises, small enterprises in high-growth sectors, small enterprises owned and managed by HDI's, namely black people, Women and those with disabilities.

This greater emphasis represented a higher level of specific focus on the sub-sectors within the broader SMME sector, populated heavily by the previously disadvantaged sectors of South African society, and as such represents a significant shift in attention and priority. Equally important would be the reasonable level of achievement toward such crucial and long overdue economic and socio-political objectives. In addition to these desired objectives, this strategy aims to improve the collaboration and communication between government, delivery partners and the small enterprise community in the process of implementing the strategy. This refocused integrated small business strategy is also a significant reason why this researcher was keen on contributing to the micro enterprise subsector, with its almost exclusive participation of the black majority and especially women.

2.10 THE SOUTH AFRICAN SMALL, MEDIUM AND MICRO ENTERPRISE (SMME) LIMITATION FACTORS

This section provides a high-level analysis of the key factors in the economic, policy and institutional context that impact on small enterprise development in South Africa and the effectiveness of the interventions that have been attempted to date. Specific emphasis is placed on the important issue of the definitional contexts of the various enterprises that make up the SMME sector in SA.

2.10.1 Categorization and Definitional Challenges

Over the past decade, inconsistent definitions of small business have been utilized, making it difficult to analyze trends over time. This difficulty to have a standard definition for the SMME sector is further exacerbated by the fact that different stakeholders utilize different interpretations of the basic concepts within the sector. As an example, small businesses are often referred to in various SMME Publications, as being generic of the entire SMME Sector; whereas other publications and stakeholders make very specific distinctions about Small, Medium and Micro businesses within the broader SMME Sector.

Yet even more complexity is added by additional stakeholders making reference to, and including the informal sector as well, within the broader SMME Sector. This scenario is further complicated by additional references now being made regarding additional categories of entities within the SMME Sector, such as Very Small Businesses, Survivalist Businesses, Stable and Emerging Businesses. Each of these although useful, adds to the complexity of being able to allow all SMME Stakeholders to speak “off the same page and same concepts” as it were. Add to this complex mix, the BEE policy and process limitations and one has additional complexities which create even further delays. The varying interpretations of “success”, as well as which specific factors impact on this “success” and the myriad of SMME classifications; all add to the inability to be focused regarding the required interventions and resourcing them appropriately (Simpson et al.,2004). While the original National Small Business Act set out size definitions in terms of turnover and employment, data gathering on the sector in terms of these definitions has been wholly inadequate, and these definitions have also been inadequate in describing the wide range of types of enterprises operating in South Africa. These inadequacies also have gaps in respect of delivery to sub sectors not clearly defined or identified.

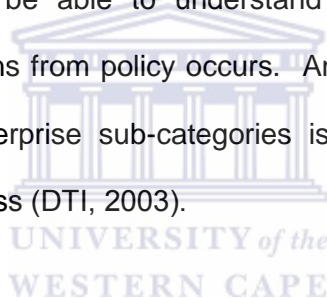
The table that follows provides some examples of categorizations that can be applied to small enterprises:

TABLE 2.1

CATEGORY	KEY CHARACTERISTICS
SIZE (based on National Small Business Act definitions)	
Micro enterprises	Cover self-employed with no employees up to an enterprise with ten workers, in both the informal and formal sectors
Very small enterprises	Used in the National Small Business Act (1996) to refer to enterprises with less than ten paid employees (except for the mining, electricity, manufacturing and construction sectors, where the limit is 20 employees). These enterprises operate in the formal economy and have access to modern technology.
Small enterprises	Employ from 11 to 50 paid workers. Business practices tend to be more complex. Most often the enterprise has outgrown direct supervision by the entrepreneur, and has developed a secondary coordinating mechanism distinguishing it from a micro enterprise. There are fewer black people who own and manage small enterprises, compared with those in micro enterprises.
Medium-sized enterprises	Between 50 and 100 employees, except for the mining, electricity, manufacturing and construction sectors, where the maximum is 200 employees. Although still owner-manager controlled, the ownership and management structure is more complex. Often, decentralization of power to an additional management layer, division of labour, and functional differentiation, are characteristics that help distinguish between small and medium-sized enterprises. Black ownership in this size class is considerably less than in the others.
LEVEL OF ENTERPRISE SOPHISTICATION	
Informal and survivalist	Do not usually qualify for VAT registration; have informal accounting and operation procedures and no market strategy. Typically, compliance with labour legislation is weak. Vast majority owned and managed by black women and men. 'Survivalist' is used when referring to enterprises that generate income that is less than the minimum income standard or the poverty line. Economic activity is directed at providing minimal means to keep the unemployed and their families alive. There are no paid employees and asset value is negligible.
Emerging or stable	May still be informal to some degree, but likely to have a trading name, fixed place of business, regular income.
Growth-oriented and globally competitive	Driven primarily by desire to address a business opportunity and expand operations, conscious efforts to improve competitiveness and capture additional market share
STAGE OF ENTERPRISE LIFE CYCLE	
Start-up and new enterprises	Enterprises less than 3.5 years old, which are still in the process of establishing systems, practices, core clients etc, and are more vulnerable to failure
Mature or established enterprises	Enterprises that have been in existence for more than 3.5 years, that have overcome many of the problems initially encountered and have moved into a period of greater understanding and, to some degree, predictability
Enterprises in distress and/or decline	Enterprises reaching the end of their lifecycle or experiencing a crisis of performance or financial management/cash flow

CATEGORY	KEY CHARACTERISTICS
OWNERSHIP	
Family-owned	Family-owned enterprises tend to be more risk averse and less growth oriented, skills tend to be passed on informally
Black-owned	100% or Majority black owned enterprises
Women-owned	100% or Majority Women owned enterprises, including HDI target groups
Cooperatively owned	A specific legal ownership residing amongst members of the cooperative
SECTOR	
High-growth sector	Enterprises presented with growth opportunities if they can innovate and meet competitiveness requirements in often highly globalized sectors
Low growth/static sector	Enterprises struggling to maintain market share and employment in the absence of new opportunities
Declining sector	Enterprises confronted with massive domestic and international competition, eroding market opportunities and cash flow crises

The establishment of appropriate definitions therefore remains a key challenge that continuously needs to be addressed and monitored, in order to equip government and the SMME Sector stakeholders to be able to understand and intervene within the small enterprise sector where deviations from policy occurs. An ongoing process for refining the official definitions for small enterprise sub-categories is an integral part of the revised strategy's programs rollout process (DTI, 2003).



It should be noted that the term “small enterprise” is used as a generic term throughout the research to describe all the sub-categories set out in the table above; unless specific reference is made to micro, informal, survivalist, medium, small or very small enterprise. The greater focus by the Integrated Small Business Strategy on specific niche areas should contribute toward clarity on the definitional challenges. Unfortunately it still remains to be seen whether a meaningful and positive impact is being made in relation to clear recent policy priorities announced by a Jacob Zuma led African National Congress (ANC) and Government in the period between 2009 and 2012, and repeated in the 2014 State of the Nation Address.

These ANC policy priorities are not simply mere listings of concern, as they appear to have been under a Thabo Mbeki led ANC, there are potentially promising indicators that they now clearly represent a demand for immediate action and the restructuring of the South African State and its governmental machinery, to deliver more meaningfully. Recent policy emphasis on the transformational aspects which have taken somewhat of a back seat in policy implementation priority, now appear to have been re-prioritized. The key question however remains; does the operational capacity and the political will exist to see it through, and how long it will take to commence it? In this respect it is no longer “business as usual” but rather “business unusual”. It is clear from simply these developments that the intent has become more than just a slogan. When one factors’ in the ongoing impact of the Global financial crisis and this reality being felt within and across the South African economy; then poverty alleviation, job retention and job creation as well as the enhancement of national economic growth as a critical part of post-apartheid reconstruction, is a non-negotiable.

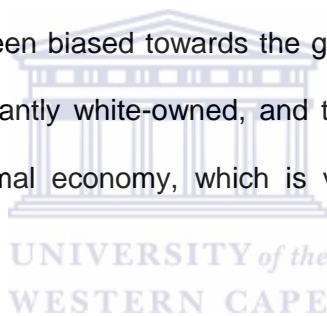
The “Arab Spring” revolts and the subsequent political and social upheaval, across Tunisia, Libya, Egypt and Libya; point to indicators of the far lower levels of tolerance for continued lack of opportunity and joblessness; especially amongst young adults and the perpetually unemployed. The urgency, priority and absolute necessity for the revised SMME Strategy to make a meaningful contribution to the three aforementioned areas becomes paramount to all else, via its key twin contributions to absorb the massive levels of unemployed, as well as its value-add contribution to the South African GDP as a whole.

The rapid spread of geo-political risk across Africa, are especially speeded up in locations with excessively high unemployment, low levels of employment options and absorption, as well as almost non-existent state services to the local populations.

2.10.3 The limitation factors

The slow pace of the implementation of the revised strategy, as well as the accompanying failure to achieve the required co-ordination, the necessary resourcing, the required focus, and economies of scale; all become glaringly and obviously lacking. Christian et al. (2004:765-784) makes a more comprehensive reference to some key findings, previously alluded to in this chapter, covering key findings of his own such as, the weak state of official data for undertaking impact evaluation.

He lists the fact that the SMME economy exhibits only a weak contribution as regards employment creation because most SMMEs do not grow, the fact that existing government SMME programs largely have been biased towards the groups of small and medium-sized enterprises, which are predominantly white-owned, and to a large extent, have bypassed micro-enterprises and the informal economy, which is virtually exclusively black-owned, predispose a recipe for disaster.



These findings support the focusing of this specific research on the micro-enterprise sector and the need to enable, equip and resource it more effectively; so that it can make its full contribution to the achievement of governments policy priorities around job creation and national economic growth, where possible. The need for a higher level of co-ordination, within the context of the ongoing Global financial crisis and its major impact now increasingly manifesting in massive job losses across multiple sectors, and increased unemployment and rapidly declining national economic growth; demands a far more holistic, coordinated and urgent effort than has been the case to date.

The recent unveiling of the National Informal Business Upliftment Strategy (The Sunday Times, Business Times, 27 July 2014:12), represents a potential turning point in providing more focused and effective outcomes for this valuable sub sector of the broader SMME sector. The value of this newest initiative is that it remains one of the critical factors to continue the stimulation of the South African economy (Maas et al., 2007). The above orientations speak largely to the issues that bedeviled the policy rollout, and the need for a greater level of focus on the priority of implementation.

The elephant in the room as it were, is the dynamics at local government level; within which each of the newly targeted groups have to functionally survive in the midst of often hostile authorities. No amount of policy correctness or appropriate strategy focus can change the economic reality of the need for a viable and sustainable market for any enterprise, the appropriate product mix for that market, and the pre-requisite mind-set and appropriate skill-set required from the entrepreneur, to successfully operate successfully in that market. These factors have becoming visible repeatedly over the duration of the many years of this research study, in which the absolute necessity to address these elements are crucial to ensure any opportunity to be a viable contributor in the economic and social sphere in SA.

The next chapter addresses the research methodology opted for, in taking the specific focus of this research forward in an appropriate and fit-for-purpose manner.

2.11 CONCLUSION

This chapter addressed the international context and relevant benchmark for the SMME sector in South Africa, via the identification of the global economic trends that have a major influence on the SMME sector in South Africa via the integration of the SA economy to the global economic system.

The introduction of the regional political and economic dynamics, reveal an increasing linkage to the fortunes of the SA economy, and thereby a knock-on effect to the growth or decline of the entrepreneurial environment. A key economic indicator such as the role of GDP contribution in providing a supportive environment to support SMME sector growth is also highlighted. This indicator is added to by clarifying the role of inequality, regulatory issues as well as failure rates for the SMME sector within a context of industry sector-spread disparities.

Finally a more specific focus is brought to bear on the policy framework, institutional context and newest initiatives to improve the focus, spread and delivery outcomes of programs; especially as they relate to the sub sector which has the most numbers of entities operating, namely the informal sector.



CHAPTER 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The research methodology used in this study is both the foundation of, as well as what guides the planning, organizing, analysis and interpretation of the data received. The methodology guides the data gathered, identified the appropriate approaches to be used, so that any potential meaning that's hidden below the surface of the data acquired becomes visible for consideration. It also allows for the possibility to draw a conclusion or a series of conclusions that provides for the expansion of knowledge.

3.2 STEPS IN THE RESEARCH PROCESS

The review of the literature dealing with the research process indicates a variety of options to follow, depending on the nature of the research being undertaken. This researcher, based specifically on the nature of the research being undertaken and the inherent challenges produced by that context, has opted for the area of phenomenology. The motivation for this option is that it relates primarily to the development of knowledge and its knock-on effects, in the actual manner in which this research was performed. Given that the specific topic of this research, would also include securing as much information about the make-up and complexity of the specific context of the research; both in respect of the individual entrepreneur and their respective locational circumstances; this particular approach is critically important.

The primary motivation for adopting this research philosophy was based on the researcher's priority to discover as much relevance in the context of the research "about the details and reality of the situation" (Saunders et al., 2000:86) faced by each specific entrepreneur; and therefore lent itself to a greater extent as a distinct advantage to the topic being researched. Given that the specific research topic was not about testing a hypothesis, but alternatively to gather data first and then to develop from the collected data, potential hypothesis; the phenomenological tradition was deemed more appropriate, and thus a better fit. This data first approach, as a commencing point, is critically important for this research.

Given the low level of existing literature for this very specific focus of this research study, being the Micro enterprise sub sector within the Small, Medium and Micro Enterprise (SMME) sector in South Africa, and by implication the equally low level of reliance that can therefore be placed upon the literature currently available; an exploratory research option is the most consistent with this approach. This is also consistent with the attempt to identify both what is happening, as well as to seek new insights and to ask questions, that assesses the specific phenomenon in a new light. This was done by collecting internal and external secondary data, whether by in-depth interviews or limited focus group options. In this regard, a search of the existing pertinent literature and the conducting of focus group interviews were consistent. Flexibility and adaptability are major additional benefits secured by the adoption by the researcher of this approach (Saunders et al, 2000:89).

Elements of Exploratory, Descriptive and Explanatory research, such as personal interviews and a structured questionnaire were employed to both secure and to test the validity of the final respondent groups' individual feedback. In this regard it is important to mention a few very important additional benefits of this multi method approach, that also accrued to the research process embarked on, being

- a) that it allowed the opportunity to portray an accurate profile of persons, events or situations, in a more detailed manner and supported the notion of more accurately reflecting the respondents reality;
- b) allowed for a clearer picture of the phenomenon being researched; and
- c) assisted in establishing whether or not a causal relationship between variables do indeed exist (Saunders et al, 2000:91).

Equally important to this multi-method usage was that it assisted the researcher to focus on the credibility of the eventual findings via the reliability and validity of the eventual research design (Saunders et al., 2000:100).



3.2.1 Identifying the research problem

This step involved identifying a specific problem or opportunity within the study focus area. The problem in this particular case arose from the low level of information about retail micro enterprises within the Micro enterprise sub sector specifically; especially as they pertained to their survival rates post start-up phases of the businesses.

Factors that have inhibited this sectors growth, include the high failure rate of SMME Sector enterprises rated at 71.50 % in year one (The Cape Times, Business Report, 6 March 2014:11), coupled with a lack of accurate and reliable data of the failure phenomenon, as well as the lack of up to date information on the various sub sectors of the broader SMME Sector; especially Micro enterprises.

These factors all served to further increase the complexity and limitations of delivering effective and appropriate resource and support programs, to enable much higher survival and growth rates of enterprises within the broader SMME Sector. Of course this negative state of affairs for the broader SMME sector, bodes ill for the lower level components thereof, being the Small and Micro enterprises, whose own sub-components inclusive of survivalist entities, makes the situation far more precarious. This research was located specifically within the Micro Enterprise subsector of the broader SMME Sector, and attempted to contribute to a better understanding of the factors that allow for the success of these specific types of enterprises; thereby enabling a more effective delivery of appropriate, contextually effective and more focused support.

Honig (1999) in his own study on what determines success indicates that among many developing countries, the growth of Micro - Enterprises provides an indicator of the most visibly vibrant and growing economic activity, and although considerable effort and resources are being directed toward SMME promotion; the Micro - Enterprise sector has not in practice received much of it, given the limited empirical research on the Micro- Enterprise sector. This absence of reasonably significant empirical research in the Micro - Enterprise sector, versus the Small and Medium sectors, was an additional motivation for this researcher to pursue this specific research topic.

In addition to the Micro - Enterprise focus; the retailing area of the Micro - Enterprise sub sector was the more specific enterprise level emphasis of this research; commonly known as spazas. This aspect required an understanding of the factors that play a role in the success of these specific enterprises.

The first three steps of the research process (listed as points 3.2.1, 3.2.2 and 3.2.3) guided the research, and were important in the overall process. The value of their focus allowed the outcomes of the research to have a higher probability of applicability and usefulness.

3.2.2 Defining the research problem or opportunity

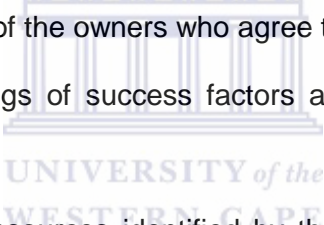
The clear identification of the problem or opportunity, allowed this researcher to effectively enter the context of the research. The process of reviewing the available literature over a decent period of time, coupled with extensive interactions with these spaza owners, was extremely helpful in defining the research focus. This afore-mentioned process was the most taxing of all the steps within the overall research process, and involved extremely high levels of broader functional knowledge and insight, to arrive at the eventual focus. For this reason it was a vitally important aspect of the overall process. Further exploration was involved in crafting a more precise definition of the nature of the research focus, as well as having a well-informed understanding of the environment. Some of the important questions that arose in this process were the need for the information. The more specific the information was, the better it was in enabling a more precise identification of the research focus in question.

Equally important was whether the information being sought, already pre-existed. This factor spoke to the veracity over time of the search conducted on secondary sources. If, as was the case in this research, the absence of reasonably sufficient secondary data is the current reality, then the need for the primary data identification and gathering becomes an absolute necessity. The additional question that any research asks by default, is the notion of whether the research question being posed, is in fact obtainable or potentially available. If this was not possible, then it would be clear that further pursuit of this research problem was not viable. The focus of this research process was the collecting of qualitative data in the form of open-ended responses from the final respondents group, in which they defined the factors that they believed, had allowed them to succeed, and not what the conventional view may be. This less restrictive approach was entirely consistent with the inductive approach.

3.2.3 Establishing the research objectives and formulating the hypothesis

As far as possible the research objectives were established to be as unambiguous and specific as possible; whilst equally importantly, being able to allow the researcher to make quality decisions. Given that the primary source of the research was the retail micro enterprise owner themselves, and that one of the primary motivations for structuring the research topic in the current manner, was that very little research involved determining what the owner/manager themselves regard as “success” (Simpson et al., 2004).

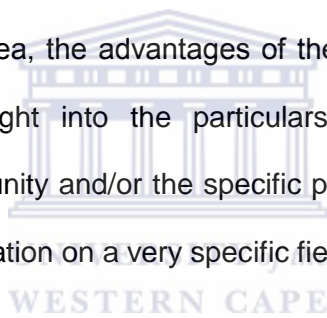
It was therefore entirely consistent that the following objectives be aligned with this focus, namely;

- 
- a) to analyze the responses of the owners who agree to participate;
 - b) to list the research findings of success factors as provided by each participating owner; and
 - c) to determine the list of resources identified by the successful owners as being of greatest importance to their continued success.

The research questions focus was thus as specific as possible and related to what the researcher needed to know. It also assisted in the development of potential hypothesis that essentially served as alternative outcomes or answers, to the research question being posed, and supported the clarification of the scope and boundaries of the research focus as clearly as possible.

3.2.4 Determining the Research Design

The research design is the outline or plan followed to realize the research objectives and provided the answers to any potential hypothesis. It specified the methods and procedures for collecting and analyzing the required information. A range of factors, including the cost of the research, the quality of the research information feedback provided by the respondents, and the time constraints both affecting the research design and the respondents themselves; given that the respondents are all owners, all influenced what was practical and what is not, within this aspect of the overall process. The researcher adopted an exploratory type of research design, which is a particular type of descriptive study. The purpose of exploratory research is to focus on gaining insight into a situation, phenomenon, community or person. In this research study's focus area, the advantages of the exploratory research were most apt in respect of gaining insight into the particulars of the situation, phenomenon encountered, the specific community and/or the specific person. The need for such a study arose from a lack of basic information on a very specific field of interest.



Through exploration, researchers develop concepts more clearly, establish priorities, develop operational definitions and improve the final research design (Cooper and Schindler, 2005:132). Each of these advantages listed by Cooper et al. was present in this research process. The designs most influential in this research were,

- Exploratory research, where the collection of internal and external secondary data via means such as in-depth interviews or potential focus groups is relevant.
- Descriptive research, where the data can be collected by means of personal interviews, random walk-through intercepts in the locality, and potentially telephone interviewing.

It is important to note, that this specific research topic was not about testing a hypothesis, but rather to gather the raw data first (in this case the unedited views of the entrepreneurs), and then to develop from the collected data, a potential hypothesis. Because of this approach, the Phenomenological tradition is more appropriate, and is therefore a better fit.

Consistent within this Phenomenological tradition, an Inductive Approach is appropriate. This is consistent with this specific research topic, which attempted to identify what the specific entrepreneurs themselves regard as success factors; as opposed to the testing of an existing or newly formulated hypothesis by the researcher. In this regard, very little research has been done (as opposed to the body of literature available in South Africa on Small and Medium sized businesses), in which the owners or managers of Micro enterprises have been directly asked what they regard as success, inclusive of success factors in their respective enterprises (Simpson et al., 2004).

Consistent with the nature of this research topic; as well as the notion that often business and management research is a mixture of the positivist and phenomenological traditions, the following characteristics are entirely consistent with the approach adopted, namely:

- a) the concern for the specific context within which the study entrepreneurs operate;
- b) a small study sample;
- c) the use of more qualitative data; and
- d) a variety of methods to collect the data.

Equally important is the fact that all of the above critical features were more appropriately supported by an inductive approach, thereby reinforcing the choice thereof. This specific research approach equally importantly allowed the researcher an opportunity to discount the approaches that would not be effective in fulfilling the specific nature of the research topic.

In addition it also assisted the researcher to clearly identify the constraints within the research and to manage them as effectively as was possible. In this respect the remaining respondents, still participating in the research study towards the end of the process also received the administration of a structured questionnaire, via the application of personal interviews by the researcher. This combination of approaches, in addition to being consistent with the Inductive Approach, also offered the researcher the following significant advantages, namely:

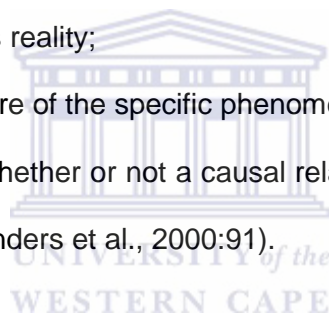
- a) it provided a better understanding of the specific entrepreneurs attachment and interpretation of specific issues within their own particular contexts;
- b) it lent itself to a closer understanding of the specific research context;
- c) the collection of qualitative data;
- d) a more flexible structure to permit changes of the research emphasis as the research progressed;
- e) an acknowledgement by the researcher that he was part of the research process; and a
- f) a lesser concern with the priority and need to generalize the research outcomes (Saunders et al., 2000:91).

As little reliance can be placed on the relatively low level of existing literature on Micro retail enterprises for this very specific type of study; an exploratory research option will be used. This is also consistent with attempting to find out both what has happened, as well as to seek new insights and to ask questions that assesses phenomena in a new light. In this regard, a search of the existing pertinent literature and conducting a focus group interview is consistent.

Flexibility and adaptability are major additional benefits for the adoption by the researcher of this approach (Saunders et al., 2000:89), and had proved its worth throughout the research process when difficult situations had to be navigated.

Elements of Exploratory and Descriptive research, such as personal interviews and a structured questionnaire were employed to secure and test the validity of the respondent's individual feedback. In this regard it is important to mention a few very important additional benefits of this specific approach, being:

- a) that it allowed the opportunity to portray an accurate profile of persons, events or situations, in a more detailed manner and supports the notion of more accurately reflecting the respondents reality;
- b) allowed for a clearer picture of the specific phenomenon being researched; and
- c) assisted in establishing whether or not a causal relationship between variables did in fact potentially exist (Saunders et al., 2000:91).



Descriptive analysis provided a very useful initial examination of the data, even if the ultimate concern of the researcher was inferential in nature. Equally important to this multi-method usage is that it assisted the researcher to focus on the credibility of the eventual findings via the reliability and validity of the research design (Saunders et al., 2000:100).

3.2.5 Identifying the information types and sources

This aspect addressed the specifying methods of data collection. Data should be valid, reliable and easy to obtain within a realistic timeframe, affordable and as relevant as possible to the specific research problem being addressed.

Secondary data in respect of the research topic was already available in the form of existing information, albeit in a much broader context; namely the broader SMME sector. In respect of primary data, the need to collect it was premised on the notion that where secondary data was insufficient for whatever reason, as was the case within this research focus.

The relatively limited availability of secondary data (versus the levels available for Small and Medium enterprises) affirmed this notion. In the process of collecting primary data, the researcher opted for a research approach, be it qualitative or quantitative, as well as an equally appropriate primary data collection method.

Quantitative research data usually involves collecting primary data from large numbers of individuals with the intention of using the results to project these outcomes to a much wider population where the aim would be to generalize about the specific population.


Qualitative research by its very nature, presents certain unique challenges when it comes to the element of quantifying it. This has led those who prefer qualitative research to indicate that it is difficult to quantify, precisely because it isn't pure numbers, and often requires the researcher ostensibly to make value judgments. Additionally, this notion of difficulty equally suggests that it is difficult to draw any collective general conclusions. Of course, this presupposes that only quantitative research is exclusively objective, which is not the case.

Poggenpoel and Myburgh (2006:304) define qualitative research as a "deep holistic exploration and description of an identified phenomenon" and argue that the rationale of qualitative research is to provoke realization and not to examine theory. The above definition intertwines with that of Handwerker (2006) who defines qualitative research by highlighting the need for the researcher to understand and explain the events of a specific set of people.

Putting the above definition into perspective, the researcher conducted the research within a qualitative approach, as hypothesis testing was not the essence, but rather a comprehensive understanding of the problem which was investigated. The fundamental difference between quantitative and qualitative research methods is primarily based on the sampling methodology and not the type of data generated (Tustin et al., 2005:89-91).

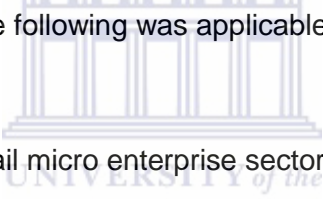
3.2.6 Developing a sampling plan

Whilst the sampling aspect is an integral part of the research design, it nonetheless remained a separate step in the overall research process. A sample is by definition a sub-set of the broader population. There are generally five steps in respect of the sampling process: they are

- 
- Defining the population or the universe of the research study.
 - This essentially is the group from which the sample will eventually be drawn;
 - The research focus is on the existing business owners of economically active retail micro enterprises in Site C Khayelitsha, who have been operating for at least five years without a break in the time period;
 - As such this puts the population in the 28.50% of businesses in the broader SMME sector, who have survived the start-up phase of entrepreneurs (The Cape Times, Business Report, 6 July 2014:11);
 - This makes them a unique and high value population group within the broader SMME sector; and
 - The direct input of these enterprise owners is thus critical to the validity, accuracy and reliability of the eventual research findings.

- Specify the sample frame
 - This aspect concerned the specifics of where the sample would come from;
 - The sample would be selected at random;
 - Be conditional on whether they were willing to participate in the research process to the end; and
 - They must have been in business for a minimum of 5 continuous years at the time of selection.

- Specify the sample unit

- 
- In this case, the following was applicable;
 - The retail micro enterprise sector will be the focus;
 - Only six (6) micro retail entrepreneurs finished the various phases of the questionnaire process to the end; and
 - They will all be selected only from Site C Khayelitsha.

- Selecting the sampling method

- The researcher should indicate whether a probability or non-probability approach will be applied, as well as the way in which the sample units will be selected;
- In this case, the probability approach indicated that each retail micro enterprise was encountered on the basis of chance;
- This means that there is a known chance that each retail micro business within Site C can be selected; and

- The non-probability approach indicated that each retail micro enterprise was identified by means other than pure chance, and that each retail micro enterprise was engaged on the basis that it was located within the geographic location of Site C Khayelitsha, which is the case study area.

- Determining the sampling size
 - The researcher in this aspect specified the number of sample elements to be included in the final sample;
 - In this case, the number of the final respondents was limited to the six (6) qualifying retail micro entrepreneurs based on only those who completed the questionnaire process, within the number of retail micro enterprises that existed within the case study site, Site C Khayelitsha;
 - Who have been in business continuously for at least five years at the time of the research study; and
 - Who were willing to participate in the research study to its conclusion.

- Determining the sampling plan
 - This aspect of the process specified the operational procedure for the selection;
 - In this case, a street by street visit in Site C Khayelitsha was performed on numerous occasions;
 - Individual enterprises were approached and requested to participate;
 - Those willing to participate were interviewed as they were identified;
 - The basic features of their enterprises, such as location, size of the venue, electrification status and product/service offerings was recorded;

- Individual enterprise owners were encouraged to provide the required information requested in the questionnaire, to the researcher;
- Where illiteracy existed, or any assistance to complete the questionnaire was requested, the researcher assisted to collate the respondent's answers;
- Personal and direct interviews were utilized; and
- Where appropriate, smaller focus group interviews were used.

3.2.7 Designing the research instrument

- A questionnaire was designed to collect information from the sample population.

- The questionnaire addressed
 - auto-biographical;
 - motivational;
 - educational;
 - entrepreneurial; and
 - business experiences.
- These questions could be structured and/or un-structured;
- The types of responses could be categorized as closed or open-ended;
- Closed-ended responses could be categorized into dichotomous, multiple-choice and scaled responses (Tustin et al., 2005:98);
- This was to allow each respondent the appropriate freedom to provide their own personal views on the more open-ended questions, as opposed to being led into a specific direction by leading questions regarding possible answers; (i.e.) the specific respondents personal views were of paramount importance;

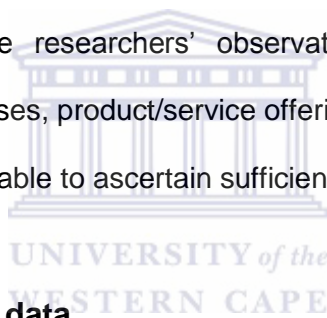
- Useful guides in designing the questionnaire included;
 - Specifying as far as possible the information required;
 - Specifying the type of interviewing method;
 - Determining the content of individual questions;
 - Deciding on the question structure;
 - Determining the question wording;
 - Arranging the questions in an order that supports the data being sought;
 - Identifying the layout of the questionnaire form; and
 - Reproducing the questionnaire.

Questionnaires are useful tools within the Qualitative research method. Qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern such behavior. The qualitative method investigates the why and how of decision making, not just what, where and when (Silverman, 2011).

Semi-structured interviews have been the main technique for data collection due to their flexibility in accommodating all data collection sources, in particular SME beneficiaries. The researcher believes that this technique (semi-structured interviews) suited the SME beneficiaries best, due to their level of education. Secondly, by using semi-structured interviews, the respondents were allowed the freedom to respond easily and in a relaxed atmosphere. Furthermore, the semi-structured interviews have secured a high response rate and simultaneously avoided confusion (Babbie and Mouton, 2003). The complete questionnaire is provided on page 202 as Appendix A.

3.2.8 Pilot testing of the questionnaire

It was useful to pre-test the questionnaire to ensure that any unforeseen issues were identified timeously, prior to the final roll-out. One traditional and specialized form of qualitative research is called cognitive testing or pilot testing which is used in the development of quantitative survey items. Survey items are piloted on study participants to test the reliability and validity of the items. In this research study, a detailed questionnaire was compiled, developed over a few versions and the final version was utilized as the instrument to collect the data identified. A questionnaire is defined as a formalized instrument for gathering information directly from a respondent concerning auto-biographical, experiential, demographic or attitudinal information. In the majority of cases, personal interviews were the norm. The researchers' observations regarding the retail micro enterprises details such as premises, product/service offerings and service levels were used, where the questionnaire was not able to ascertain sufficient or accurate data.



3.2.9 Collecting and editing data

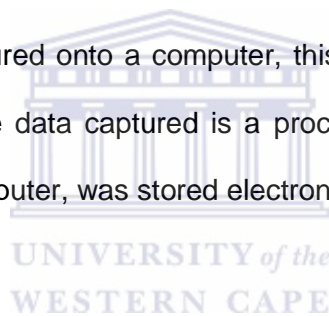
Fieldwork is what data collection is often referred to as, and involved all the activities and functions related to conducting interviews, such as selection, training and supervision of the people who collected data, where applicable. The specific nature of the fieldwork varied relative to the particular mode of data collection. Examples of modes of data collection include telephonic, walk-through interviews and focus groups to name a few. Each of these was utilized during the research process as and when the situation required it. The process of fieldwork, also involved control. This involved determining whether interviews actually took place and equally important, verifying the information collected. This included following up incorrect as well as responses which were not clear. This aspect of the research process is referred to as editing component.

3.2.10 Coding the data

Responses to the completed questionnaires were coded. This process involved, where applicable, allocating numerical values to the responses and thus transforming them into computer - readable formats to enable capturing thereof in a format that support computer use. In this case, the responses of each participant, was recorded verbatim onto their respective questionnaire forms and captured onto computer into electronic versions of the questionnaire.

3.2.11 Data capturing, cleaning and storing

When the coded data was captured onto a computer, this is referred to as data capturing. Any corrections or editing of the data captured is a process referred to as data cleaning. Finally the data captured on computer, was stored electronically.



3.2.12 Data analysis

The fundamental purpose of data analysis was to provide interpretation of the results captured, and to draw conclusions from all the data collected. According to Tustin et al. (2005:103-106) the focus of any analysis can only take on one of three basic forms.

They are as follows

- Descriptive analysis. The aim here is to provide a summary of the sample in terms of the variables of interest.

- Estimation. The aim of this particular focus is to use the information available from the sample to estimate the situation that is likely to exist in the population as a whole.
- Hypothesis testing. The aim here is to test specific proportions of the variables of interest and use the evidence provided by the sample to draw conclusions about these proportions for the population as a whole

From sample results, the researcher generalizes or makes claims about the population (Creswell, 2003:152). It is also clear from the above, why the descriptive form of data analysis was most appropriate for use in this type of research study.

3.2.13 Presenting the research findings

A written report communicated the results of the research. Considerations to be noted for such a document, included, who the audience for the report was, who the client was, what the topic of the research was, any time or space/length considerations, as these would all have a bearing on the final report/document.

3.2.14 Follow-up

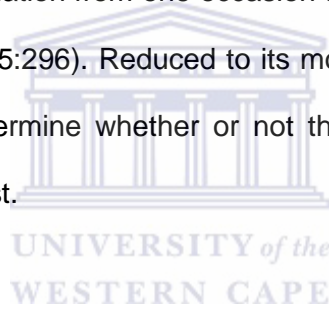
Tustin et al. (2005:107-108) indicates that it is essential to establish if the findings of the research presented to a client or end-user, are actually accepted and used. Research that is relevant, timely, efficient and accurate, will contribute to the overall research area. In this regard, this research study makes this valuable contribution.

3.3 VALIDITY AND RELIABILITY

Validity and reliability are the two concepts within research methodology which speak most to the trustworthiness of the research being undertaken.

3.3.1 Validity

The term “validity” is applied to measuring instruments that show the extent to which differences in scores on the measurement reflect true differences between individuals, groups or situations in the characteristic they seek to measure, or reflect true differences in the same individual, group or situation from one occasion to another, rather than constant or random errors (Tustin et al., 2005:296). Reduced to its most basic meaning, the concept of validity essentially wants to determine whether or not the measuring instrument, actually tested what it was intended to test.



3.3.2 Reliability

Reliability refers to the extent to which the scores obtained may be generalized to different measuring occasions, measurement/test forms and measurement/test administrators (Welman & Kruger, 2001:139). This essentially defines reliability as the extent to which results are consistent over time, and an accurate representation of the total population being studied. It is thus reasonable to expect that reliability is mainly concerned with the accuracy, consistency and predictability of the outcomes of research. The research findings of this study are reliable for retail micro enterprise owners in Site C Khayelitsha. The selected sample group is however not representative in respect of demographics, economic sectors or education levels of South African SMME's broadly; due to the final group of participating respondents only totaling six (6) of the original interested group being fifty seven (57).

This should be clearly noted by all who attempt any broader application of this study's findings. The choice of the selected case study, Site C Khayelitsha, and the final remaining sample of six (6) remaining research respondents, was based on them being the only respondents who completed the full interview process and had been in business consistently for at least five years.

A more in-depth study with broader research parameters and a much larger group of retail micro enterprise's, would allow for a higher level of extrapolation to other retail micro enterprises within similar contexts. In the conventional view, qualitative methods produce information only on the particular cases studied, and any more general conclusions are only propositions (informed assertions).

Quantitative methods can then be used to seek empirical support for such research hypotheses (Franklin, 2012). The final respondent group, who completed the questionnaire process, was willing to participate and share their views on their respective successes, and equally importantly, they were glad to be heard for their views as successful entrepreneurs.

The researcher acknowledges that the five year continuous business cycle requirement may be considered onerous by many, however, the feedback garnered from these entrepreneurs have a far higher reliability and validity (within the context of such a limited number of respondents in the study); and precisely because it comes from entrepreneurs who fall in the broader (but very limited) category, of those entrepreneurs who have survived the full enterprise start-up phase in the broader SMME sector in South Africa.

This feature makes them part of only 28.50% of those who survive a start-up attempt across the board in year one (The Cape Times, Business Report, 6 July 2014:11). They are therefore both in a select and highly valuable group of entrepreneurs, and even more so, because they are in an even higher value niche, who have survived a five year business cycle.

One of the major benefits of this thesis, is that it established first hand, what retail micro entrepreneurs themselves regard as success factors in their on-going daily endeavors to be successful.

3.3.3 Sample Size

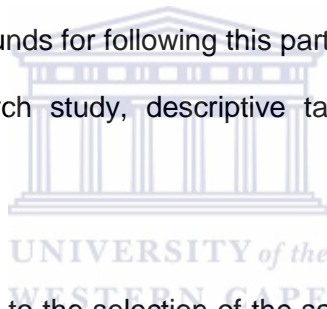
Although this study is not representative of all retail micro enterprises, it does provide a valuable frame of reference to compare future studies on success factors in the retail micro enterprise sub-sector against. The population of retail micro enterprises in South Africa is significant and this study could be replicated in other locations similar to the Site C Khayelitsha context. The element of the sample size was opted for given the parameters of the thesis, those who completed the questionnaire process and also given the very broad and detailed nature of the data being solicited.

Given the use of a case study with its fulfillment of the level of detail required by the research studies objectives, the eventual number of six respondents who completed the interview process, was deemed both compliant and sufficient for these purposes. If the research objectives of this study were far broader, then a larger sample would have been required. Babbie and Mouton (2003) stipulate that one of the common phenomena of case study design is the investigation of a variety of variables. Welman, Kruger, and Mitchell (2005) postulate that in the case study research method the units of analysis are limited to allow for a more intensive investigation. They contend that this will enable the researcher to understand the uniqueness of a particular case in its total complexity. This was most applicable in this study. The researcher looked at multiple factors influencing the success or failure of SMME's.

According to Yin (2004) the use of multiple case study designs increase the analytical benefit and it results in obtaining more substantial information. In this design, the researcher attempted to identify important patterns and themes in the available data, and linked these to broader issues of vital importance to the sub sector and broader SMME sector. Furthermore, case studies explore the details and meaning of experiences, which suited this research study well (Yin, 2004); given that the remaining participants at the end only numbered six.

3.4 CONCLUSION

This chapter investigated the research methodology process that guided the researcher during the investigation. Essential elements of the research design were discussed with an emphasis on the substantive grounds for following this particular research design. Due to the qualitative nature of the research study, descriptive tables are used to easily explain statistical results.



Special attention was been given to the selection of the sample due to the complexity of the subject under investigation. Much attention was given to the protocol the researcher should adhere to, as well as other fundamental ethical considerations such as confidentiality. The approaches to the data analyses were discussed, as well as the technique applied in the research study.

Based on the aforementioned information, various conclusions were arrived at and multiple recommendations proposed, on what constitutes the “success” factors for the select case study in Site C Khayelitsha, with the final remaining research respondents, consisting of six (6) retail micro enterprises out of the originally interested fifty seven (57), who completed the questionnaire process. This is done with a view to increasing significantly the effective information and support available to potential start-ups in this type of locality and sub sector.

The next chapter will address the basic analysis of all the responses as provided by the retail micro entrepreneurs themselves. The reader should be reminded that the extrapolation value of the factors that may be identified, are limited, because of the fact that only six (6) respondents of the total commencing group of fifty seven (57), completed the full questionnaire process in this study. As such, all findings identified need to be interpreted and measured against this factor and contextualized as such.



CHAPTER 4

ANALYSIS OF THE RESPONDENTS FEEDBACK ON THE CASE STUDY OF SITE C KHAYELITSHA

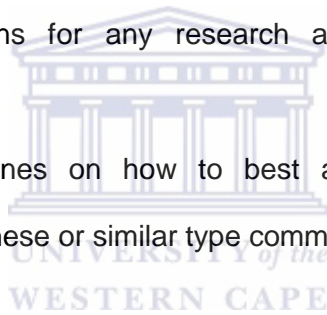
4.1 INTRODUCTION

This chapter is focused on a greater level of attention on the analysis of the very detailed responses provided so willingly by the final six (6) respondents, who remained until the end of the research engagement and completed the full questionnaire process to its conclusion. The very detailed listing of each respondent's feedback can be found under Appendix A. Lengthy and detailed interviews over a quite substantial period of time were conducted, especially as it related to updating information or expanding on the information previously provided. These engagements, whether done in person or via ICT or telephonic capabilities, were held with each of the participants who decided to remain in the process during its revision and to its conclusion; in spite of tremendous constraints. During the overall process, via which the questionnaires were administered, reviewed and followed up over a substantial period of time, inclusive of long delays; very detailed clarification of each respondent's feedback, motivations and understanding of the issues raised with them was secured. These were all received and recorded verbatim to ensure that each of their very specific and respective views, insights and opinions are reflected accurately.

This approach allowed for far greater and comprehensive responses and the listing of a more detailed and accurate context for each response within the context of the research. Equally important in this detailed process, was establishing a clearer visibility of the specific motivations of each of the final research participants. This has enriched both the specific context and a more holistic understanding of the elements of the respondent's feedback.

The direct feedback from these uniquely successful micro entrepreneurs should provide

- (i) information that may identify and indicate the need for specifically tailor-made support services; both financial and non-financial in nature, to enterprises of this size and specific sub-sector;
- (ii) information that may identify more effective delivery channels and associated technologies;
- (iii) the identification of a potential need for very specific intervention vehicles and methodologies to deliver these aforementioned tailor made services;
- (iv) the need for more targeted entrepreneurial education support initiatives for these specific types of enterprises and their owners;
- (v) clarity of the implications for any research as it relates to local economic development; and
- (vi) potentially useful guidelines on how to best approach the expansion of the entrepreneurial base, in these or similar type communities.



The information received could be of use to allow prospective retail micro entrepreneurs to be fully aware of the requirements they will need to address; before embarking on a venture of this specific nature. It should also allow the possibility to potentially develop inputs that guide niche sectors like these, to develop greater sustainability for these types of enterprises, than they currently are doing.

It should also provide valuable information to allow government support programs to be more attuned to the very specific context in which these retail micro enterprises exist and operate. Following in the rest of this chapter is the feedback of the remaining six (6) final respondents to the administered questionnaire and who completed the intensive process over the extended time period from the case study area, being Site C Khayelitsha.

In Chapter One of this mini thesis, Section 1.6, the primary and secondary objectives point to the fact that

- (i) critical success factors to succeed as a retail micro enterprise are potentially identifiable;
- (ii) the contribution of successful retail enterprise owners can assist in identifying these potential success factors; and that
- (iii) more effective business skills, appropriate support measures as well as resource support, can be designed and deployed, to enable a higher probability of success for a retail micro enterprise.

Consistent with the potential aforementioned advantages, the researcher will also

- a) collate the relevance of the six (6) critical factors listed below,
- b) identify how they relate to each specific enterprise's success responses, and
- c) the appearance (or not) of the six critical factors will be identified in the final respondents who qualify and who also complete the entire interview process, being those
 - i. who have been in existence for a reasonable period of time (define in this research study as being at least 5 years); and are
 - ii. willing to participate in the research process until its conclusion.

4.2 THE SIX CRITICAL FACTORS IDENTIFIED

These factors were standardized from the open ended feedback received from respondents during the pre-questionnaire implementation phase, and included the process, via the development of the final questionnaire.

The broad areas are as follows:

1. The Education and Training level of the Entrepreneur
2. The Entrepreneurial Capacity of the Entrepreneur
3. Access to Financial Resources
4. Access to Entrepreneurial Training Resources
5. The specific Business Retail Mix of each Entrepreneur
6. The Uniqueness of the specific business within its locality



The next section of the chapter, under section 4.4, contains a detailed analysis of the identified trends within the respondent's feedback. These include any indicators of significance that may point to deeper seated issues. In addition there is a comparative review of these identified responses in the research, which is analyzed within the context of contemporary literature and publications on similar research areas within the SMME sector.

4.3 DATA DISCUSSION AND ANALYSIS OF THE FINAL SIX RESPONDENTS FEEDBACK

This section of the chapter deals with the detailed analysis of the feedback of the respondents' who completed the questionnaire process, i.e. six (6) respondents, and is reflected in complete detail in section 4.3. The analysis consists of identifying any patterns in the detailed responses per question, from the final respondents, on any specific aspect in the survey questionnaire. These patterns will be identified, as well as any unique responses that may accompany them. All responses will be assessed, listed and then analyzed in comparison with the thesis research focus, which are the respondent's views of what their respective success factors are. For easier reference and verification, the original questions are repeated and listed, and the broad analysis of each question follows immediately thereafter, to the question, respective responses and the research analysis component.

These questions focus on the auto-biographical and educational information of each respondent

Questions 1 – 9

1. Respondent Number (The Full Name and Surname is withheld for confidentiality reasons)
2. Your Gender
3. Your Age
4. (i) Your Marital Status (including Customary Law) and (ii) Your number of dependents
5. In which of the Provinces of South Africa was the school you last attended?
6. The highest education level that you completed
8. What is the name of the last school you attended?
9. Please list the Subjects taken at your last school?

4.3.1 Analysis of Table 1, the respondents' auto-biographical information (questions 1- 6)

Bearing in mind the final remaining respondent pool's size, being only the final six that completed the questionnaire process; and the appropriate weight that should be assigned to the analysis that follows; the gender distribution is split evenly between 50 percent male and 50 percent female in the total remaining and participating sample of six (6) respondents. The minimum age of any final respondent is 34 years of age, and the maximum age is 58 years of age.

The age distribution from the youngest respondent to the oldest respondent is 24 years. There is a high correlation of the age profile of the participating entrepreneurs in this research, being 34 - 58 years of age band, with Driver et al. (2001:42), in which he notes that the highest numbers of entrepreneurs are found in the 35 to 54 year old age category. Whilst this correlation is high, in a much later GEM Annual Report, Herrington et al. (2010:24) indicates that the true peak for age based entrepreneurship is in the 25 - 34 age group category and declines as age increases (Herrington et al.,2010). Even more interestingly, two recent GEM studies (2012 and 2013) suggests that the study findings of a decade ago (GEM 2001) are more accurate; in that the age group band of 34 - 58 years of age, are the location for the highest age location band for entrepreneurs. The average age for the entire final respondent group is 46 years old; thus putting it firmly in this identified and reaffirmed band.

For the males the average age is 45.6 years old and for the females, the average age is 39.3 years old. The average age differential between the genders is 6.3 years. The youngest persons' in the final respondent case study sample is equally represented in both gender groups. The youngest male is 34 years old and he is also the youngest person overall in the total final respondent group.

The youngest female being 35 years old, is the second youngest person overall in the final respondent group. Thus both genders occupy the youngest rungs of the age ladder within their respective final respondent gender groups.

This specific age feature assists the research to be inclusive of any generational views or perspectives, which would otherwise have been missed had a respondent in each gender not been at the bottom rung of the age profile of each group. All of the respondents are married, whether by civil or customary law; whilst one of the six is formerly married and is now a widow. The minimum number of dependents is three (3) persons and the maximum number of dependents is six (6) persons. The average number of dependents is 4.5 persons per final case study respondent. This feature of the research study has significant potential implications for the social dimensions of retail micro enterprises in the informal sector, especially as they relate to key social wellbeing indicators and social safety net elements within the broader socio-economic dynamics at play within a SA context.



4.3.2 Part A: Analysis of education levels in Table 1 – 3 (Question's 7 - 9)

In terms of the original home provincial location of the final participating respondents' education, the following is applicable;

- (i) 66.66% were educated in the Eastern Cape;
- (ii) 33.33% were educated in the Western Cape;
- (iii) the lowest Grade completed by the overall final case study respondent group, was Grade 4 (Standard 2);
- (iv) the highest Grade completed by the overall final case study respondent group, was Grade 12 (Matric);

- (v) of the total number of respondents, only 16.66% completed the primary school process; and
- (vi) of the total number of respondents, 83.33% left their last school grade during the high school phase.

Of specific note in this research area, is the fact that both of the respondents who occupy the youngest rungs of the age ladder in both genders, were educated in the Western Cape Province.

This note of interest is further amplified by the fact that

- (i) they both also occupy the highest educational levels completed within their gender class; being
 - a) Grade 12 for the males and
 - b) Grade 11 for the females.
- (ii) it is also of further interest, given the additional fact that both have the smallest families relative to the total number of direct dependents; defined as dependents who are the biological children of that specific marriage.
 - a) It is significant that 66.66% of the respondents have dependents that are not their direct (biological) children, but are children of their relatives on both the paternal and maternal sides of the family.

This feature in the research study potentially suggests that the Western Cape's relatively high educational levels across both primary and secondary education may have an impact in the relationship between the more educated respondents and resultant smaller families.

This linkage area is also worth further investigation as it relates to the educational completion rates per gender versus the size of the families they eventually have; something which is often cited in population health (especially women's health) and its relationship which shows that the more educated the women of a country are, the relatively smaller families they tend to have.

Three children in both of the youngest respondent's cases are their direct biological children. In the case of the female respondent, she took in the children of her deceased sister and is raising them as her own; leaving her with six (6) dependents.

Of the two respondents who finished their schooling in the Western Cape, the two schools listed are Joe Slovo Comprehensive High and Masiyile High School. All the other schools listed were in the Eastern Cape. In respect of the educational sphere, both of the youngest respondents per gender had exposure to commercial subjects at their respective High Schools. This feature indicates once again the potential role of the Western Cape's Educational system and the levels achieved within the case study group, as well as the impact of the mere introduction of commercial subjects into the formerly Bantu Education schools post 1994.

This small addition, also impacts significantly within the entrepreneurial perceptions of the final case study respondent group of their own entrepreneurial ability, as noted in the GEM 2003 Report (Orford et al., 2004). Herrington, in the 2010 GEM Annual Report affirmed this factors critical role in respect of the recognition of opportunities amongst others (2010:18). In the older respondents of both genders, both groups had no exposure whatsoever to commercial or economic subjects. In the case of the youngest male respondent, he was exposed to Business Economics and Mathematics. In the case of the youngest female respondent, she was exposed to Economics and Mathematics.

All the other respondents, 66.66% of them had no exposure to any commercial subjects as they were simply not offered at the schools they attended under the Bantu Education structure. The availability of specific types of subjects offered at high schools in particular is very important here, and its significant and continuing negative impact on the level of “the entrepreneurial background and knowledge of entrepreneurs referred to in Nieman (2003: 29) and Herrington et al. (2010:19) (2012) (2013).

Equally important is the fact that all of the respondents had access to Mathematics as a subject, irrespective of the level of schooling completed. The critical role and value of providing mathematics at all levels is thus both identified as a necessary component, but is also reinforced in the overall process of developing a broader pool of entrepreneurs. The converse of access to mathematics is also equally applicable, as the research results reflect the consequence of any lack of meaningful access or exposure to essential components in an entrepreneurs’ development. In this particular case it is access to mathematics as a subject during the schooling years, and its subsequent negative and continuing legacy impact on an entrepreneur, as is also mentioned by Herrington et al. (2010:25) (2012) (2013).

The youngest female respondent noted that after Grade 8, the teachers at her school unilaterally placed her in a subject class with no commercial subjects. This educational area within the context of how learners end up in certain subject streams is a critical one and should not be left to mere chance. It should be addressed in a defined and purposeful manner, in which there is structured subject and career based advice prior to the class allocation process at high schools. Career education and promotion is a critical element in allowing learners, especially in impoverished areas, to enable them to be as informed as possible and to make quality decisions around subject choices in the Further Education and Training (FET) streams being developed within the current education system in South Africa.

The female respondent had no subject assessment of any kind, and her placement was completely arbitrary and subject to whether the specific subject classes were simply full or not at that given moment in time. The randomness of how a learner ends up in a specific subject class or not, has a major bearing on the quality of that learners education, the learners eventual retention at school or not, and the eventual success and failure rates per grade as well as when they reach the matric level. The impact of this conveyor belt of chance is evident in the continued annual matric results across the country and its ongoing knock-on (and massively costly) effect within the tertiary sector and the creation of the “unemployable” graduate syndrome. This ongoing feature clearly reveals the continued structural presence and legacy of apartheid education, and is continuing to regurgitate its architect’s racial eugenic views of white superiority and black inferiority, and it continues to severely disadvantage black learners, under a democratic dispensation twenty (20) years later and bedevil the transition to a more equal access to a basic quality education.

In addition the overall entrepreneurial pool, so vital to the absorption of the unemployed (especially younger black people who make up the bulk of the unemployed masses in South Africa today) and a much needed contribution to SA’s economic growth rate, is severely and negatively affected by this on-going and constantly reinforced state of affairs. The importance of being able to develop and support a significant entrepreneurial pool is provided by Moss (2007:225) when he states that if countries, particularly those in Africa, are to emerge from poverty and unemployment, and create a more prosperous future they will need more SMMEs and bigger businesses. However, this possibility is conditional for it to be achieved, because entrepreneurs need an environment that is far more conducive than is currently the reality, to starting up, operating and expanding their businesses (Mahandea and Pillay, 2008:431); whilst equally not forgetting the importance of fostering a foundational entrepreneurial culture via the educational system (Isaacs, Visser, Friedrich and Brijlal, 2007:1). This youngest female respondent demonstrated the most awareness of business concepts, business acumen and overall drive to sustain and grow her enterprise.

4.3.3 Residential location and time based there

Questions: The focus is on the where the respondents reside in Site C Khayelitsha, and how long they have been living at this address.

10. What is your Current Address in Site C-Khayelitsha?

11. How long have you been living at this address?

4.3.3.1 Analysis of Table 4

All the respondents as per the research design reside in Site C Khayelitsha. The average duration of their stay in Site C is 18.83 years. The respondent with the longest stay is 26 years. The respondents' with the shortest stay is 15 years. There are two persons who have stayed in Site C for 15 years. In addition, both of the youngest respondents have lived for close to the shortest period of residence in Site C for the entire respondent group

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4.3.4 Motivations for re-locating to Site C

Question: Focus on the reason(s) for moving to Site C Khayelitsha

12. Why did you move to Site C Khayelitsha?

4.3.4.1 Analysis of Table 5

In respect of the reasons for locating within Site C, all respondents were unanimous that the area at the time of their specific move to Site C, offered the only "available space" to live at the time; especially from long established areas such as Langa, Gugulethu and Nyanga East.

4.3.5 Enterprise focus (questions 13 – 16)

Questions: Focus on the business itself

13. When did you start the business?

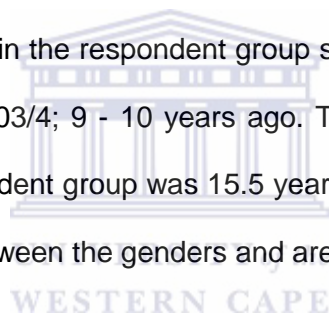
14. Is there a specific reason or reasons for starting this business

15. Is there any specific person or persons who inspired you to start a business

16. Is there a specific event or events that inspired you to start a business

4.3.5.1 Analysis of Table 6

The oldest established business in the respondent group started in 1995; 15 years ago. The youngest business started in 2003/4; 9 - 10 years ago. The average establishment age of the businesses within the respondent group was 15.5 years old. The reasons for starting the respective businesses varied between the genders and are also listed by gender.



For the male respondents,

- (i) one male entrepreneurs' son started the original business;
- (ii) for another identified opportunities for himself during his time of formal employment and developed them during his employment;
 - a. The importance of having had a job to acquire experience, and its impact on being able to develop insights to identifying opportunities was critically important and is echoed in Herrington et al. (2010:25);
 - b. Yet another identified his retrenchment as the primary motivator;
- (iii) push factors, or necessity driven motivations for entrepreneurship, also feature strongly in Herrington's view (2010:15).

For the female respondents,

- (i) one female entrepreneur indicated an alcoholic spouse as her primary motivator, pointing to her direct need for an income for the household, thus a need driven venture;
- (ii) another listed her unemployed spouse as her primary motivator;
 - a) both these female responses finds resonance with Herrington et al. (2008:13) and (2010:23), which relate to the notion of need driven ventures versus opportunity motivated ventures;
 - b) whilst the (Herrington et al., 2010:23) document further adds a strong correlation to low National GDP rates as an overall context on a macro level;
- (iii) the third respondent indicated her primary motivation as being the role model of her aunt as an entrepreneur;
- (iv) of significant note in all these responses from women, is the fact that the responses indicating opportunity identification and entrepreneur role modeling, came from the two youngest respondents;
- (v) the importance of childhood family environments, education levels and work experience as key commonalities to the background of entrepreneurs (Nieman, 2003:29) is also verified by the Herrington et al. (2010:18) report.

The critical life-long value and (continuing) role of social capital or networks cannot be under-stated here. Many of the structural exclusions for black South Africans can be traced right from where you were born, where you lived, where you attended primary and high school, not to mention the equally important matters of your parents' level of education and employment options. Apartheids structural legacy, across economic, educational and social lines, continues unabated on a daily basis, reproducing itself long after the legislative tools have been removed to a large extent from the statute books.

This factor cannot be ignored given its significant impact on all transformation and equity initiatives aimed at re-dressing the past and the present manifestations thereof via the ever-increasing inequality gap between those who have, and those who do not.

These responses are also coming from respondents with the two highest educational completion levels. This speaks to the individual respondents' level of education exposure, and educational completion, coupled with the necessary knowledge. Cumulatively this provides a basis to enable the extrapolation of opportunity identification and role modeling of an existing entrepreneur. Conversely, the absence of the aforementioned means the would-be entrepreneur is unable to identify opportunities because of the inter-relationship between the level of education, educational completion and business-related knowledge.

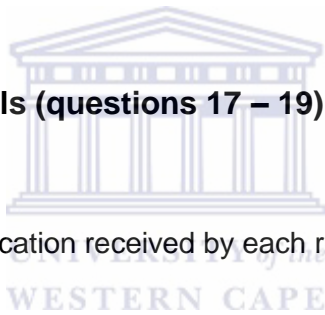
Additionally, these factors also speak to the notion of potential “success (and failure) rates” of these business ventures, and are core to the research focus of this study. These responses; from only a very limited final sample group of six respondents; are coming from the only respondents in the study who have had any exposure to commercial subjects.

They also completed their schooling levels in the Western Cape. The Western Cape educational dynamics in respect of the continuing overall quality of education in the Western Cape versus other provinces in South Africa, reflect a direct bearing on the entrepreneurs in the study and speak to Herrington et al. (2008:26-32). Both respondents listed their work experiences and the role-modeling of an existing entrepreneur, in their respective lives, as being critical in their inspiration to begin the road to entrepreneurship. This further amplifies Herrington et al. (2010:18), noting the instrumental role that being exposed to (and having access to) social networks of entrepreneurs, plays in individuals eventually deciding whether or not to become an entrepreneur or not. The absence or denial of this access to social capital manifests itself across all of society to both detrimental and devastating effect.

The other respondents by and large were driven by pure survival and the need for a source of income; as their primary motivators. This is consistent with what Nieman et al's push and pull factors model (2003:31-32) covers, and Herrington et al's (2008:17) notion of need and opportunity driven differences, and the related factors that impact these differences.

Unemployment and the lack of any other alternatives due to the low level of education received under an Apartheid Educational System (and its ongoing legacy impact), a poor skills base, poverty, and poor access to resources, are also noted by Cichello (2005) and referenced by Herrington et al. (2008:17). These factors have left the self-employment possibility open to them under the current economic conditions; as the only legal economic activity, and propelling them into entrepreneurship on a need driven basis.

4.3.6 Part B: Education levels (questions 17 – 19)



Questions: Its focus is on the education received by each respondent and their views related to it.

17. Do you think the kind of education you received, influenced you to start a business or to discourage you from thinking about starting your business?

18. Why do you say that?

19. What should be done to improve that situation?

4.3.6.1 Analysis of Table 7

Without exception, all of the final research respondents, across the educational completion line, credit some aspects of their education to helping them think about starting their own businesses at some or other point in time.

This indicative relationship between Educational levels and Provincial Entrepreneurial Rates is affirmed in Herrington et al. (2008:26), where Gauteng, The Western Cape and Kwa-Zulu Natal feature as the highest rated provinces, and the Eastern Cape and Mpumalanga are rated as the lowest. Within this research study, the presence of a Province from the highest rated provinces and the lowest rated provinces in the Herrington study provides a useful comparison of the impact of where the respondents received their education. This particular case study affirms that those respondents', who received their education in the Western Cape, demonstrated a higher awareness and comprehension of entrepreneurial perceptions and capacities, than those from the Eastern Cape. Equally important, in the deficiencies of the educational system these respondents have had to endure, is the direct effect of the absence of business and personal management skills as a significant factor affecting the ongoing success of an entrepreneur (Cichello, 2005:17).

However, the groups' views diverge when the question of the type of education they were exposed to, came into play. Both respondents who listed their respective work experiences and entrepreneur role modeling in their lives, as being key to their eventual journey into entrepreneurship; also list the exposure to the commercial subjects as being critical in helping them to have some understanding about the world of business, and is affirmed by Herrington et al. (2010:24) (2012).

This affirms for both the male and the female respondent differing positive implications of this exposure and worth further investigation beyond this study.

For the female respondent, it affirms what Maas et al. (2006:55) notes as a significant factor in encouraging woman entrepreneurs to enter entrepreneurship because of the "me too" notion.

For the male respondent, it affirms the critical role that exposure to broader business and entrepreneurial skills play in influencing start-up businesses.

- (i) The other 66.66% of respondents reflected a clear understanding, and high correlation, between better education equaling better income prospects;
- (ii) In respect of improving the existing situation for current learners, the responses from the final entrepreneur case study group was as follows; all learners must finish school up to and including matric;
- (iii) It speaks to the notion of efforts to develop higher retention rates for learners from Grade 1 to Grade 12;
- (iv) All (100%) of the respondents' noted this unanimously;
- (v) A third (33%) noted that there should be a higher exposure to both business, and entrepreneurial knowledge, especially with a practical application for all learners; and
- (vi) The respondents themselves have identified the dismal education they received, and concur with views expressed by Herrington et al. (2010:31) (2012), in the view that education (and training) is a significant factor constraining entrepreneurship, especially amongst Black South Africans.

4.3.7 Business assistance (if any) and the sources thereof (questions 20 -26)

Questions: Focus on the level, type and nature of the assistance any of the respondents may have received from various sources

20. Did you receive any assistance/support to start the business

21. Name the persons/ organizations who assisted you, if any

22. Did your family assist you

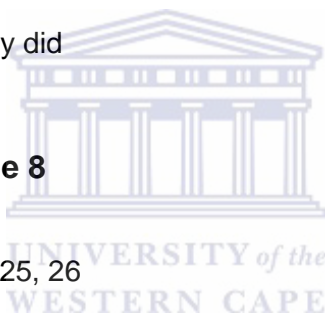
23. How, if they did,

24. Did anyone else assist you

25. Can you name them?

26. How did they assist you, if they did

4.3.7.1 Analysis of Table 8



20. 21. 22, 23, 24, 25, 26

1. No	No	No
2. No	No	No
3. No	No	No
4. No	No	No
6. Yes	Aunty	Aunty. With support, advice and money. No

Only one respondent answered in the affirmative (yes), indicating they received any kind of support, thus representing 16.66% of the case-study respondents. The other respondents answered no, indicating they received no support, representing 83.33% of the case study respondents.

Therefore, the bulk of the respondents did not receive any kind of support for their venture. The only positive response came from a female respondent and was the youngest female respondent in the case study. She received active support in respect of advice, and finance. The source was from another entrepreneur who is her aunt and role-model.

4.3.8 Entrepreneurial motivations for starting a business

4.3.8.1

27. What kind of business did you start?

All respondents started micro retail enterprises or spazas

4.3.8.2

28. Why did you start this type of business?



It was the easiest business to start and had the least amount of hurdles

4.3.8.3

29. How long has the business been in operation from start up until 2013?

1	14 years
2	09 years
3	18 years
4	18 years
5	16 years
6	18 years

4.3.8.3.1 Analysis of Table 9

The youngest enterprise is 9 years old and the oldest enterprise is 18 years old. Half (50%) of the enterprises are 18 years old. It indicates that this specific 50% represent very seasoned and experienced business operators of this specific type of enterprise within this socio-economic context. The average age of the enterprise sample group is 15.3 years.

4.3.9 Entrepreneurs start – up experiences (question 30)

4.3.9.1 Business Experience: Year One

Question

30. How would you describe the first year of the business

1	Very Difficult, no customers, high crime levels, no knowledge of how to run a spaza
2	Very Difficult, bad location, no customers, no confidence in the business, no “right” stock selection
3	Very Difficult, no customers, no knowledge of how to run a spaza
4	Very Difficult, no customers, no knowledge of how to run a spaza
5	Very Difficult, no customers, high crime levels, no knowledge of how to run a spaza
6	Very difficult, small customer numbers, little stock selection

4.3.9.1.1 Analysis of Table 10

The unanimous verdict on year one of a retail micro enterprise start-up is that it is very difficult. The entrepreneurs' reasons for this difficulty are as follows;

- (i) no customers, 100% of respondents;
- (ii) no confidence in the business (noted by youngest male respondent, highest educational completion);
- (iii) no knowledge of how to run a business, 66.66% of respondents;
- (iv) high crime levels, 33.33% of respondents; and
- (v) little or no right stock selection was mentioned by 33.33% of respondents.

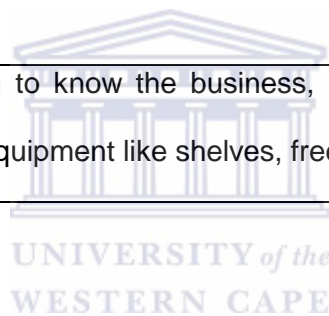
- The respondent group includes the two highest educational level completions for both genders.
- The two youngest entrepreneurs include the same respondents who started their businesses from opportunity identification and the role-modeling of an existing entrepreneur as opposed to need driven enterprise formation.
- Bad location (noted by youngest male respondent and the highest educational completion in the research case study group) represented 16.66% of respondent's views.

4.3.9.2 Business Experience: Year Two

Question

31. How would you describe the second year of the business

1	A Bit Better, people in area getting to know the business, crime levels down, bit more stock
2	Better, people in area getting to know the business owners, more stock variety and quantity and much better prices
3	A Bit Better, people in area getting to know the business, clients want more stock variety
4	Better, more people in area getting to know the business, more stock and variety
5	Much Better, many people in area getting to know the business, want more stock variety and better prices
6	Better, more people getting to know the business, more stock variety and quantity and much better prices, added equipment like shelves, freezers, fridge



4.3.9.2.1 Analysis of Table 11

The unanimous verdict on year two of a retail micro enterprise start up is “better”.

“Better” can be broken down into;

- (i) a bit better, 33.33% of respondents;
- (ii) better, 50% of respondents; and
- (iii) much better equaling 16.66% of respondents.

The entrepreneurs' reasons for business being "better" are as follows;

- (i) people getting to know the business, 100% of respondents;
- (ii) lower crime levels , 16.66% of respondents;
- (iii) more stock, 100% of respondents;
- (iv) more stock variety, 66.66% of respondents;
- (v) better stock quantity and better prices, 50% of respondents; and
- (vi) the introduction of equipment such as freezers, fridges and shelves equaled 16.66% of respondents.

4.3.9.3 Business Experience: Year Three

Question

32. How would you describe the third year of the business

1	Much better, customer wants big stock selection, better prices and fridge goods
2	Much better, more customers, regular clients offered credit if requested, more stock, including perishables, need more detailed credit guidelines now
3	Much better, different types of customers become clearer to me, good customers bring more customers
4	Much better, good / bad customers become clear, who gets credit and who not also clearer based on their payment behavior
5	Much better, credit limits must be introduced for each type of credit customer
6	Much better, increased customers and turnover, regular clients offered credit if requested, more stock and volumes, need more detailed guidelines on credit terms, 7 days, 14 days, 30 days

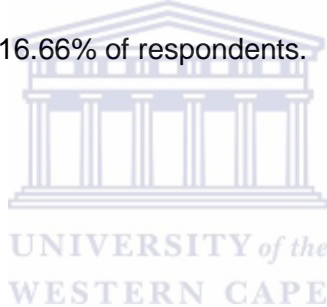
4.3.9.3.1 Analysis of Table 12

The unanimous verdict on year three of a retail micro enterprise start up is “much better”. Much Better is listed by 100% of the respondents. The entrepreneurs’ reasons for the business being “much better” are as follows;

- (i) customers wanting a bigger stock selection, 16.66% of respondents;
- (ii) more customers, 16.66% of respondents;
- (iii) different types of customers, 16.66% of respondents;
- (iv) good / bad customers become clearer, 16.66% of respondents;
- (v) different credit limits for each type of customer, 16.66% of respondents; and
- (vi) increased customers, 16.66% of respondents.

Additionally;

- (a) a greater stock variety, was mentioned by 50% of respondents;
- (b) better stock quantity, by 50% of respondents;
- (c) better prices, by 16.66% of respondents;
- (d) refrigerated goods, by 16.66% of respondents; and the
- (e) introduction of some level of more detailed and specific credit policy, applicable to different groups of customer’s buyer behavior, by 66.66% of respondents.



4.3.9.4 Business Experiences beyond year three

Question

33. How would you describe the years after the 3rd year of the business

1	Increasing customers, more stock, better prices, offering credit to good customers
2	Having enough stock at a competitive price, being able to offer better per month cycle credit terms, better stock variety
3	Increasing numbers of customers
4	Increasing numbers of customers
5	Increasing numbers of customers
6	Carrying the right stock for your customers, especially the basic things/commodities (bread), increase the stock variety
7	Having enough stock at a competitive price, being able to offer better per month cycle credit terms, better stock variety

4.3.9.4.1 Analysis of Table 13

The responses revealed the following;

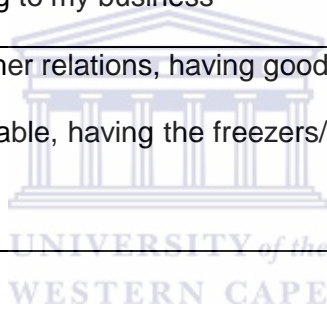
- (i) increasing customers, 66.66% of respondents;
- (ii) more stock, 16.66% of respondents;
- (iii) better stock variety, 50% of respondents;
- (iv) better prices, 50% of respondents; and
- (v) offering good credit terms to good customers, 50% of respondents.

4.3.10 Respondents views on their own specific success factors

Question

34. What factors in your mind, made you succeed in your business

1	Enough stock
2	Being well known and trusted by my customers, the majority of the good/regular customers are loyal to my business, my prices are competitive, good stock variety with the necessary equipment to keep the stock
3	Good prices on my products
4	Having Enough customers
5	Increasing customers coming to my business
6	People friendly, good customer relations, having good prices and the volumes being good and having stock available, having the freezers/ fridges to be able to have the kind of stock my customers need



4.3.10.1 Analysis of Table 14

The responses revealed the following views;

- a) sufficient stock levels;
- b) sufficient stock variety;
- c) having the stock available;
- d) having the kind of stock the customers want;
- e) having loyal and enough customers;
- f) being known and trusted by your customers; and
- g) good customer relations / being people friendly.

The last point (item g) , makes reference to good human relations as being one of the key entrepreneurial success factors (Nieman, 2003:16), and having increasing customer numbers, listening to your customers and perseverance, being one of the key entrepreneurial success factors in business (Nieman, 2003:17). The last two responses are good prices / competitive prices and having the right shop equipment including shelves hints at the City of Cape Towns' 2005 Informal Sector Study; whilst freezers and fridges were to make it possible to supply these types of goods.

4.3.11 Respondents views on their own specific obstacle factors

Questions

35. Which areas did you struggle with in your business, and 36? Why?

35. Problem Areas

36. Why

1	More Policing, Enough stock to satisfy clients;	Theft of stock and must buy in cash only
2	Good Stock Levels, Required Equipment;	Cash purchases a huge problem to cash, low/working capital
3	Enough Stock and Fridges to store it	Cash purchases a huge problem to cash, low/working capital
4	Access to equipment; pricey items (i.e. fridges, gas containers, paraffin pumps)	Cash purchases a huge problem to cash, low/working capital
5	Stock variety and prices, pricing barriers on minimum quantities; must buy in cash, own premises/residence limitations, need space to expand	Cash purchases a huge problem to cash, low working capital, and how to obtain permission to expand
6	Stock items and quantities	Cash purchases a huge problem to cash, low/working capital

4.3.11.1 Analysis of Table 15

The responses provided included

- (i) more policing is required to protect the entrepreneurs' stock purchases, came from 16.66% of respondents;
- (ii) having enough stock available to the customers is restricted by cash-only purchases of stock from major wholesalers;
- (iii) this has a direct effect on the levels of stock that can be carried by these enterprises and is the view of 83.33% of respondents;
- (iv) having fridges to store the required goods is necessary. However, the cash-only stock purchases drain the ability of the enterprise to use part of their cash-flow to purchase this important equipment;
- (v) the cash-only purchase leaves no working capital for equipment purchases and is the view of 50% of the respondents; and the
- (vi) current enterprises location has major space and infrastructural restrictions, and is the view of 16.66% of the respondents.

4.3.12 Respondents views on their solutions to their obstacles

Question

17. How can they be addressed to assist entrepreneurs like you?

1	Stock level support (retail credit)
2	Stock and store equipment financing
3	Stock level support and provision of fridges
4	Equipment financing, fridges, gas containers, paraffin pumps
5	Stock and equipment financing (e.g.: Airtime), and Regulations to assist / support expansion
6	Stock levels and equipment financing

4.3.12.1 Analysis of Table 16



The views provided reveal that

- (i) stock level support is the view of 83.33% of the respondents;
- (ii) store equipment financing, is the view of 83.33% of the respondents; and
- (iii) regulations to assist business expansion of premises, is the view of 16.66% of respondents.

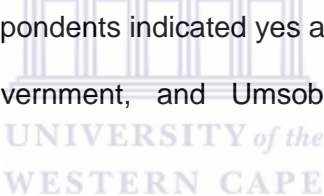
4.3.13 Respondents awareness of government support for SMME's

Question

18. Are you aware of any Government Support for your business? and (38) list them?

1	No
2	Yes; RED Door, Provincial Government
3	No
4	No
5	No
6	Yes, Umsobomvo Youth Fund, National Government

4.3.13.1 Analysis of Table 17

- 
- (i) A third (33.33%) of the respondents indicated yes and was made up of the RED Door Project - Provincial Government, and Umsobomvo Youth Fund – National Government.
- (ii) The other two thirds (66.66%) of the respondents indicated they were not aware of any Government support for their businesses (GEM 2012 and 2013).

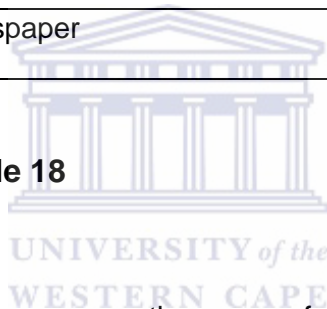
4.3.14 How did respondents find out about government services

Question

39. How did you find out about these services?

1	N/A
2	Networked with some other entrepreneurs, Another entrepreneur told him
3	N/A
4	N/A
5	N/A
6	Yes, Advert on TV and Newspaper

4.3.14.1 Analysis of Table 18



Networking with another entrepreneur was the source for the 16.66% of the respondents who found out about Government support for their business. An additional 16.66%, who found out about Government support for their businesses, indicated the source as an advertisement on television and in the newspaper (the youngest female respondent).

4.3.15 The interaction with the government SMME services

Questions

40. Have you applied to any of them for assistance?

41. What was the result of your application for each level of government?

42. How did you experience the level of Government Services?

1	N/A
2	Went to find out what it was about, discovered based on owner percentage contribution per service requested
3	N/A
4	N/A
5	N/A
6	Went to find out about it and found out only for people between 18-34 years old

4.3.15.1 Analysis of Table 19

Of the responses, 16.66% went to visit the nearest site facility, RED Door Project, and the other 16.66% went to the Western Cape Provincial Office of the National Project (Umsobomvo Project).



The RED Door project stands for the Real Economic Development initiative of the Provincial Government of the Western Cape. It is still in existence and now has 30 sites in operation. The first RED Door offices were opened in Cape Town's Khayelitsha and Mitchell's Plain areas in November 2004. The RED Door is a one-stop shop for new and existing businesses looking for help and advice. Delegates to the World Economic Forum's Africa Economic Summit paid a visit to Khayelitsha's RED Door in June 2005.

The Umsobomvo Project is a National Youth Fund originally located within Treasury that is now administered by the National Youth Development Agency. It targets youth as a beneficiary group, but the cut off age for applications is 34 years of age.

4.3.16 Respondents views on improving awareness of the services and the nature of assistance to SMME's (Table 20)

Questions

43. What do you think can be done to improve awareness of these services?

44. What kind of assistance would help you be more successful?

45. Why do you think this specific assistance will help you?

43

44

45

1	Community Newspapers	Better prices	Can sell more stock and my customers will be loyal
2	Mail direct / direct cellphone communication	Better prices & discounts, deliveries	more and better variety of stock to sell
3	Direct call	Better prices & discounts	more and better variety of stock to sell
4	Direct call	Better prices & discounts	more and better variety of stock to sell
5	Community Newspaper	Better prices & discounts, deliveries	more and better variety of stock to sell
6	Direct Call , TV 1, 2,3,Etv	Better prices & discounts, deliveries	more and better variety of stock to sell

4.3.17 Respondents views on what else government can do to assist entrepreneurs like themselves

Question

37. What else can Government do to assist enterprises like you to be successful?

4.3.17.1 Analysis of Table 21

The respondent's feedback included

- (i) assistance with formalizing the business;
- (ii) supporting the financing of basic shop infrastructure;
- (iii) supporting the financing of good stock levels;
- (iv) supporting the financing of the necessary equipment;
- (v) supporting the business with financing support;
- (vi) supporting the business to comply with regulations;
- (vii) assisting with the setting up effective networks to support the micro entrepreneurs in each retail specific sector:
- (viii) engaging in regular interactions to support them with their concerns and issues that they raise; and
- (ix) a view was also expressed that Government should use these businesses as points to distribute government services information, including related beneficiary services such as
 - a) the child support grant, the
 - b) welfare support grant,
 - c) the disability support grant, and
 - d) any other information as these businesses are based where the people actually live.

4.4 Conclusion

This chapter has listed the specific analysis of the detailed responses of each final research respondent regarding the detailed questionnaire administered, and presented to them in a descriptive manner. Any identified trends have been listed as well as the potential respective linkages to the response patterns of each of the respondents. Where these trends have found resonance within contemporary SMME literature up to the period 2014, these have been noted, listed and clarified.

However, as mentioned previously, the limited number making up the final research respondents remaining in the entire process, should be taken into account with regards to any attempt at broader extrapolation of the findings or subsequent interpretation thereof. This should however not detract from the fact that the final remaining respondents fall into one of the most valuable niches of entrepreneurial respondents; being the 2.10% of all entrepreneurs who remain in business after 42 months in SA. In this regard, whilst the quantity of the respondents did dwindle as people exercised their right to remain in the process or discontinue their participation; the very high quality of both the depth and motivational aspects of the remaining final respondent's feedback should be given the appropriate and significant value it represents.

In Chapter 5, the broader and more detailed inter-relationships and the listing of the conclusions, as they relate to the trends and linkages identified, are further addressed via the extensive use of contemporary SMME studies up to an including 2014; with a special emphasis on seminal works such as the Global Enterprise Monitors annual publications in South Africa.

This particular analysis is careful

- (i) to contextualize its specific analysis within the framework of the limited final respondent sample size; but also
- (ii) lists the significance of the identified trends within the parameters of the study design itself; and
- (iii) the unique nature and quality of the respondents as it relates to the contemporary literature currently.



CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

An appropriate introduction to the focus area of conclusions and recommendations would be to contextualize both the success and failure rates of the SMME sector broadly. The rates of success over a 12 month period are listed as 28.50% for business start up's (The Cape Times, Business Times, 6 March 2014:11). Conversely, the failure rate's over a 12 month period for a new business start-up is 71.50%. These two statistics are quite extreme by any measure, but also reflect the very real obstacles that entrepreneurs generally face when they make the decision to attempt to start a business. The excessively high rates of start-up failures for entrepreneurs, also previously affirmed by (Nieman et al., 2009) across the SMME sector, affirms the extremity of the challenges faced by the SMME sector in SA.

Within this context of extreme challenges being faced, a key question would be related to what the factors are that contribute to the eventual success of those entrepreneurs who survive, especially during the first year of the start-up phase of the enterprise and which allows them to remain in business? This would be especially valuable in the micro enterprise sub-sector, and given this researchers focus on the niche retail micro enterprise sector, it would be even more applicable within that specific sub-sector and socio-economic context. Additionally, the on-going racialization of poverty, and conveyor belts of apartheid benefit still massively favoring the white population, the findings of this study would assume an even greater importance toward some measure of meaningful re-dress and reminding us of the fragility of the social fabric within these community's .

The results of any research study which assists in identifying and determining specific success factors, would allow the broader stakeholders of the SMME sector to be in a better position to craft far more focused mechanisms and channels, in respect of both policy and multiple agency delivery programs. These kinds of research findings, therefore have both implications for savings in overall costs and speed to roll-out, but equally so, by having a more meaningful impact on the growth of the SMME sector, and especially the micro sub-sector. The SMME sector is often cited as the proverbial “silver bullet” for governments to significantly address issues of high unemployment via job creation, as well as making a meaningful contribution toward poverty alleviation. This position has been bolstered by the ongoing global financial crises which manifest it overtly in 2008 and continues to have an ongoing negative effect across economies globally (GEM 2013). The creation and retention of much needed jobs is an inherent part of the case for this proposition around the SMME sectors potential role in job creation as well as retention. Equally important considerations around economic growth and development have also been focused on in this discourse, around the potential role of the SMME sector, especially in South Africa, with its excessively high and ever-increasing unemployment rates, accompanied simultaneously by significant job losses in the last few years, as a result of the knock-on effects of the ongoing global financial crisis (GEM 2013).

The continued mention of the SMME sector by the SA government, and its commitment via multiple policy priorities incorporating the SMME sector and agencies to address it, would advocate that it is a policy priority. Additional policy introductions and revisions of BEE codes also add significantly to the momentum of support for the broader SMME sector. What has become clear over especially the last 15 years is that whilst improvements have been achieved for the overall SMME sector, it has often been the case of far too little, too slow and way too late. This seems to characterize many interventions, especially the positive ones.

The position could be taken in which one could argue how this is possible with such a plethora of interventions both on a policy and agency level. The results unfortunately, in this case, convey a quite different story. Massive start up and failure rates in year one of these entrepreneurial ventures, as high as 80% in some cases, and recently noted as conservatively at 71.50% (The Cape Times, Business Times, 6 March 2014:11), point to serious levels of dysfunctionality in the current SMME system. Rogerson (2006:66) highlighted the same factor, against a backdrop of acknowledged disappointments concerning the impact of national government SMME support. An important institutional change was made a decade ago (December 2004), with the establishment of the national Small Enterprise Development Agency (SEDA) with the stated aim of driving the future development and upgrading of South Africa's SMME economy.

However, many observers agree that SEDA, tasked with providing non-financial support services to small businesses; such as information, training and advice, added to the dysfunctionality of the overall SMME sector. If one adds to this consequence, at the historical (and ongoing) reality of systemic and structural disadvantage of black entrepreneurs; then the current estimates of the failure rates take on disastrous proportions, especially amongst black entrepreneurs in rural areas, black women, black youth and black persons with disabilities. Thus for the SMME sector as a whole to fulfill the ideal put forward by policy makers, the element of job creation, whilst maintaining current employment levels; would be critical to fulfilling this objective.

The first question that this assertion would raise, would be whether the entire SMME sector (Small, Medium and Micro Enterprises) each creates new jobs as well as retains jobs at a level that is considered reasonable. This proposition is loaded with assumptions. What is however clear, is that each of the components that make up the SMME sector, do not create or retain the same level of jobs.

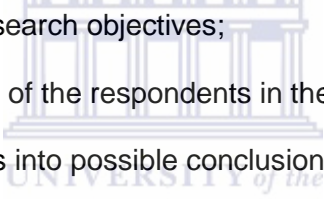
Certain of the components, tend to be more favorably orientated toward these job objectives, such as the Medium sized business component, and to a lesser extent the Small business component; whilst the Micro business component tends to generally be on the other end of the job creation and job retention continuum. The consequence of this current reality is that each component generally has to be approached differently and with different objectives in mind; whilst also being sensitive to the make-up of each sub component of the SMME sector as well. This does not mean that job creation or job retention as objectives are non-starters; what it does mean is that for any SMME to even be considered, it has to first and foremost survive year one; and then ideally reach the 42 month mark of remaining in existence, to even begin to address the critical notions of job creation and job retention, where applicable. Such is the nature of the real challenge to the SMME sector as a whole.

Lastly, as one contextualizes the sub-sectors of the broader SMME sector, i.e. the Small, Medium and Micro business sectors: their differentiating features and the respective implications are important; especially the latter, being ironically where most black entrepreneurs find themselves. The micro sub sector over time has received the least direct and focused support of all the components in the SMME sector. This feature assumes greater negative impact, when added to the fact that the overwhelming majority of all businesses which make up the SMME sector are in fact located in the micro subsector. Very recent initiatives around the National Informal Business Upliftment Strategy (The Cape Times, Business Times, 27 July 2014:12) point to a more focused and defined attempt to intervene positively in the largest component of the SMME sector in SA. The historical plethora of absent and contextually inappropriate financial and non-financial support measures, have turned an already nightmare situation, into one with even more disastrous proportions, for those who find themselves in the micro business sub-sector. This new strategy attempts to prioritize co-ordination as the seminal chord across all interventions which are focused on infrastructure as well as skills development (The Cape Times, Business Times, 27 July 2014:12).

This researchers' extensive and lengthy engagement with and operation in, the SA and select international SMME sectors, over the past 21 years, and especially the small and micro business sub sectors, prompted the focus on this very specific and highly focused research contribution. The lack of any significant volumes, let alone accurate and contemporary statistics, on the micro business sector, further exacerbates an already precarious economic and social situation in which the entrepreneurs within this sector find themselves.

The results of this focused research are listed in detail in the previous chapter, chapter 4.

In this final chapter, chapter 5, the researcher

- 
- (i) reviews the original research objectives;
 - (ii) links them to the views of the respondents in the study;
 - (iii) culminates these views into possible conclusions; as well as
 - (iv) potential recommendations, being very mindful that the final case study group consisted of only six remaining research respondents who completed the entire process required by this research.

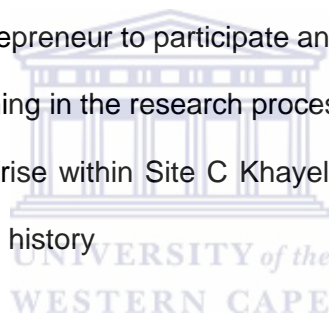
5.2 EVALUATING RESEARCH OBJECTIVES

In this aspect, the primary and secondary objectives of the research study are reviewed against the findings of the focused research. In this respect, the specific objective will be listed and the specific finding against that objective will be elaborated on further. Inclusive in the elaboration will be an indication on whether the specific objective was met or not. The sequence of the process will be to deal with the primary objective category first, and then address the secondary objective category subsequently.

Both the primary and secondary objectives categories are listed in Chapter 1 under sections 1.5.1 and 1.5.2. The selection of the owners and the criterion to utilize for them was particularly difficult, given the need to strike a balance at the onset of the research process, between what would reasonably constitute a successful retail micro enterprise and what would not. The extremely high failure rates for SMME start-up's also contributed to the dilemma. Eventually, and based on a very conservative orientation, candidate selection criterion was set at retail micro enterprises in Site C Khayelitsha who had been in uninterrupted business for a minimum of 5 years.

Equally important as a criterion was

- the willingness of the entrepreneur to participate and share their experiences,
- each entrepreneur remaining in the research process and providing their inputs, and
- the location of the enterprise within Site C Khayelitsha for the full duration of the 5 year uninterrupted trading history



5.2.1 Primary objective

The primary objective of this study is to determine from successful retail micro entrepreneurs, what they personally regard as the range of success factors, in their respective businesses. This would include analyzing the responses of the owners who agree to participate by

- listing the research findings of success factors as provided by each participating owner, and
- determining the list of resources as identified by the participating owners and their view of its significance in contributing to their success to date.

The success factors as identified under section 5.2.1(i) by the respondents, all have at their very core, the access to multiple kinds as well as differing levels of finance. The success factors listed by the respondents as being critical to their continued success were,

- (i) having sufficient stock levels;
- (ii) sufficient variety of stock;
- (iii) ensuring stock availability;
- (iv) having the kind of stock the customers actually want;
- (v) ensuring customer loyalty; and
- (vi) having enough customers.

Each of the very specific outcomes are only obtainable if the entrepreneurs' either has the business credit terms to acquire them, or has the appropriate level of working capital and associated cash-flow to accommodate the targeting of these outcomes. Whilst none of the access to finance issues is the same; given that they are for differentiated business elements of such a retail micro enterprise. All of these possibilities are predicated on a fundamental element of access to financing; the lifeblood of any enterprise. What is also clear is that these respondent entrepreneurs; mostly through trial and error; have identified for themselves, what makes their businesses succeed; and some have additionally made the causal link to their respective business barriers, which preclude them from accessing appropriate levels and types of financing.

In section 5.2.1(ii), the list of resources includes the critical aspect of the entrepreneur having been exposed to a business environment, in one way or another, and the critical necessity of a close proximity role-model, essential to utilize as a framework for one's own business (and personal) development.

Whilst not universally present in the eventual respondent case study group, it is noteworthy that the most business-aware respondents either

- (i) had exposure to formal employment (albeit for a short while); and/or
- (ii) had a close proximity or level of interaction with a role model.

Much of what is referred to as business acumen is acquired from this type of focused exposure. This exposure includes learning about

- (i) the pitfalls of their business;
- (ii) the better business options possible in various situations;
- (iii) what pitfalls to avoid in the business; and
- (iv) the role of actual support and dialogue.



Access to someone to speak to, or to observe first-hand what is done effectively and to see it implemented first-hand is of similar value. This is where the other elements of

- (i) how to communicate with people and/or customers;
- (ii) managing oneself;
- (iii) managing the business;
- (iv) prioritizing, time management;
- (v) focus; and
- (vi) managing limited resources also enters the skills set required to be successful in this type of enterprise.

This level of practical and hands-on learning has no equal in a theoretical or classroom setting, no matter how well the content is constructed and disseminated to the participants.

In an investigation concerning the business success factors' of SMMEs in the Gauteng Province, it became evident that the lack of both technical as well as management skills, impact in a highly negative fashion, on overall business development (Rogerson, 2008:71). A critical sub-component of this management and technical skills package for successful entrepreneurs, is the exposure to either a theoretical knowledge base (ideally available via a commercial cluster of subjects) and a practical exposure thereto (ideally accessed via a work or job placement opportunity in a functioning place of business) (The Cape Times, Business Report, 31 October 2014:16). The positive (or negative) relationship between a measure of access to either or both of these elements and broader business acumen is clearly demonstrated in the research findings of this study. Education as a key factor in success is broadly credited; but in different ways, by different generations and for different reasons; within the research respondent group. What has become clear is that the younger respondents (up to the age of 38 years old), had a significantly different exposure to a both a level and type of education, than the older generation of entrepreneurs (older than 40 years old). Following this primary objective being met by the research respondent's extensive inputs of their own identified success factors, the following secondary objectives were realized.

5.2.2 Secondary objectives

These are listed as

- identifying the various elements that make up the success factors and their respective contribution in the overall success of the business, and
- what interventions, if any, could make these success factors more effective, in increasing the success rate of SMME's broadly, and retail micro-enterprises in particular.

In section 5.2.2.(i), additional elements such as

- (i) developing a personal and trust relationship with your customers;
- (ii) ensuring good customer relations; and as an owner
- (iii) being people friendly, became visible.

Good human relations are cited as being one of the key entrepreneurial success factors (Nieman, 2003:16). Ensuring the increase in your customer numbers, listening to your customers and having perseverance is also critical; the latter also being cited by Nieman as being one of the key entrepreneurial success factors (2003:17). The importance of competitive prices, as well as having access to and procuring the correct shop equipment, including shelves, freezers and fridges, was repeatedly cited as vitally important by all the respondents (City of Cape Town, 2005:40-41).

In section 5.2.2.(ii), greater effectiveness of these success factors is the prime focus. In this respect, the case study respondents were both very vocal and provided highly detailed measures that to their minds would enhance their ability to be successful. These were listed verbatim, in much the same way as the verbatim listing of the other responses. The overriding theme was appropriate context and need specific financing and support measures that speak to specifically micro retail enterprises and within their operating environments.

Whether it was for stock acquisition, appropriate stock quantities or an effective variety of stock, or being able to store the customer demanded perishables, each of these had to be tailor made to their specific context as retail micro enterprises. Perhaps surprisingly, none of the respondents mentioned a requirement of non-payment for these support measures from government and contradicts the notion of a handout mentality. The cost was intended to be within the context and pricing of the services being provided.

The final remaining respondents were loath to make broad comments on the larger SMME community, but rather focused on their own micro retail sub-sector, as one they both knew and had extensive experience in running a successful enterprise. In that regard, their inputs would then be translated into more focused government support measures within their specific socio-economic and operating context. These more appropriately crafted support measures could contribute in a more effective support delivery process, as well as have a significant multiplier effect on success rates for SMME's broadly.

The six (6) critical factors identified via the questionnaire development process are

1. The Education and Training level of the Entrepreneur
2. The Entrepreneurial Capacity of the Entrepreneur
3. Access to Financial Resources
4. Access to Entrepreneurial Training Resources
5. The specific Business Retail Mix of each Entrepreneur
6. The Uniqueness of the specific business within its locality

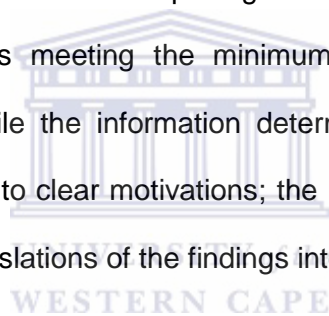
From the above it is clear that

- (i) numbers one (1) through four (4) all featured significantly in the research findings;
- (ii) number five (5) was present to varying degrees and personal contexts; and
- (iii) number six (6) had no significant variance within the context of the study, given that all the respondents were operating in the retail micro enterprise sector.

5.3 RESEARCH RESPONSES AND TRENDS

5.3.1 Auto biographical and basic educational information (Table 1 - 3)

The specific profiles of each of the final case study research respondents reveal their gender composition, the age-distribution, their respective marital status and the number of dependents they support within a broader social context. The gender distribution is 50 percent male and 50 percent female within the qualifying final research respondent total of 6 case study respondents. A cautionary note however should be prioritized in this context; in respect of translating these feedback indicators within a broader domain; given the very limited size of only six (6) respondents completing the full questionnaire and associated interview processes, as well as meeting the minimum qualifying criterion set for this exploratory research study. While the information determination is quite in-depth, highly detailed, as well as being linked to clear motivations; the respondent number should inform readers of the limits to which translations of the findings into other contexts should be made.



The minimum age is 34 years and the maximum age is 58 years, and the age distribution from the youngest respondent to the oldest respondent is 24 years. There is a high correlation of the age profile of the participating entrepreneurs in the research (being 34 – 58 years), which corresponds favorably with another research study, noting that the highest number of entrepreneurs is found in the 35 to 54 age category (Driver et al., 2001:42). Subsequent and more recent data affirm this favorable corresponding linkage within the age category aspect (GEM 2013). The generational composition in respect of the age factor, also affirmed the significant, but initial contribution that the move away from apartheid Bantustan education is beginning to have on the younger generations (GEM 2012 and 2013). Whilst it may be regarded by many as not enough given the depth of the challenges, it remains nonetheless an improvement on the status quo.

This is illustrated by the fact that only the younger respondent's in the final research group had the opportunity to access and be exposed to commercially orientated subjects during their educational lives, which their older counterparts had no access to. Whilst the percentage is not quite large, this phenomenon would seem to indicate rather strongly that there is beginning to be an impact upon the entrepreneurial perceptions of the case study group of their own entrepreneurial ability (Orford et al., 2004) by having had this educational exposure. The 2010 GEM Annual Report specifically affirmed this specific factors critical role in respect of its crucial contribution in the recognition of opportunities amongst others (Herrington et al., 2010:18); and was subsequently made reference to in GEM 2012 and 2013.

Equally true is the converse; that of the final respondent group, 66.66% of them had no exposure to any commercial subjects at all in the schooling they had access to; given that these subjects were simply not offered at the schools they were allowed to attend. The availability of specific types of subjects offered at high schools in particular is very important in this context, as well as its negative impact on the level of "the entrepreneurial background of entrepreneurs" (Nieman, 2003:29) (Herrington et al., 2010:19) (GEM 2012 and 2013).

Of particular note is the fact that all of the respondents had received Mathematics as a school subject, irrespective of the grade level completed. The critical role and value within education, of providing mathematics at all levels is thus reinforced as a major contributor in developing a broader pool of entrepreneurs; and of course the converse is equally applicable, as the research results reflect the consequences of this lack of exposure, in this case mathematics and its subsequent negative impact on an entrepreneur (Herrington et al., 2010:25). Whilst the first signs of the younger generation receiving some dividend from a move to a more democratic and accessible dispensation within education; it is clearly in its formative and early years, and fraught with structural and resource dysfunctionality.

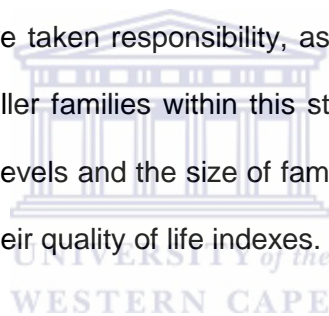
Nonetheless the initial seeds are there pointing to significant positive possibilities as the momentum of implementing a basic quality educational access model. Toohey (2009:13) also argues that experience within a business context takes many guises (for example, industry experience, start-up experience, etc.) as well as breadth of experience also being shown to be an equally important factor driving the performance of firms; with the higher number of jobs created being positively related to a new firms level performance (Lumpkin and Marvel 2007) and thus the overall quality of the specific entrepreneur.

Wanigasekara and Surangi (2011:1) elaborates further that most of the researchers have found a strong link between business experience, education and business success. Equally important is the positive association identified by Thapa (2007) between education and small business success. Isaacs et al. (2007:613) also affirm the broader notion of the importance of education, and in his case especially entrepreneurial education, as being critical for the development of a strong culture of entrepreneurship to take root. Whilst the move toward a more equitable educational system serves as little consolation to the impoverished majority who continue to be deprived daily of a decent, democratized and equal quality education, it does however seem to point to the fact that some sort of beginning has been made.

The social net provided by each of these entrepreneurs is considerable, especially when one considers that it is not an insignificant percentage of their respective dependents which are not their own children. The value of the social net being provided by these viable enterprises, would suggest a much larger social dividend from their economic activity, which would be very useful and informative as a further research area. This aspect also has significant implications for the way in which delivery impact as well as economic drivers and limiters are conceptualized as well as assembled for delivery and impact.

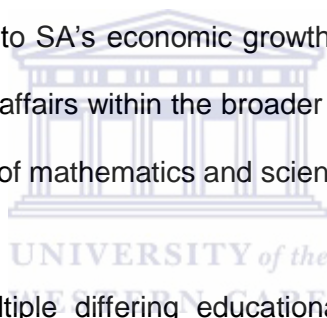
The basic educational profile of each of the research respondents, also indicate within which Provincial education system they had received their education. The feedback indicates that two thirds were educated within the Eastern Cape educational system, and the balance of one third, were educated under the Western Cape educational system. The Western Cape education respondents in both genders and youngest age groups had the highest educational completion levels of the total respondent sample within this research study.

Within a social context, it is also noteworthy that the respondents with the highest educational completion levels also have the smallest families relative to the total number of direct dependents. Respondents were asked to indicate the number of their dependents. Interestingly, the respondents listed children; including those whom are not their biological offspring and for whom they have taken responsibility, as their dependents. The feature of high educational levels and smaller families within this study would suggest a measure of correlation between educational levels and the size of families, a key indicator in developing and developed economies and their quality of life indexes.



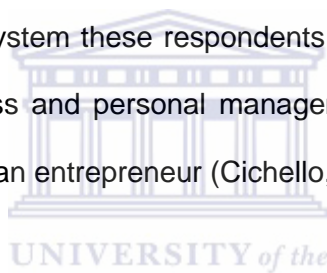
Equally important is the significant randomness of how many, of especially the high school learners in this research study, ended up in a specific subject stream/ cluster or class or not. The impact that this “randomness” has on the quality of the specific learners current and further education experience cannot be underestimated. Additional impact areas include the specific learners’ eventual retention at school or not, the eventual success and failure rates per grade, as well as when they eventually reach the matric level. What is clear is that the implications are vast and across multiple critical areas within the educational system and subsequently the entire socio-economic context. This absence of structured career guidance and trained professional exponents thereof is a significant area that requires urgent and comprehensive redress. The alternative will be the continuing lament each year by the Education Ministries of the absence of any significant black student representation, from marginalized communities, within the top result achievers in the matric results nationally.

The impact this conveyor belt of “chance” is evident and thus continually evident in the annual matric results across the country, where the same historically white schools regularly feature within the top achievers within the annual matric education results. The aforementioned feature which is ongoing, clearly reveals the continued structural presence and legacy of apartheid education, with its continued resourcing of formerly well-funded white schools (to the detriment of all black schools), and the continuing regurgitation of its original racist architect’s racial views of white superiority and engineered black inferiority, as it continues to severely disadvantage black learners, under a democratic government 20 years post a democratic dispensation. On an economic level the overall entrepreneurial pool, so vital to the absorption of the unemployed (especially younger black people who make up the bulk of the unemployed masses in South Africa today), and this specific entrepreneurial pools much needed contribution to SA’s economic growth rates, is severely and negatively affected by the on-going state of affairs within the broader educational system, especially as it comes to the low level uptakes of mathematics and science (Business Day, 2010:18).



All the respondents across multiple differing educational completion lines, credit some aspects of their education in helping them think about starting their own businesses. This indicative relationship between educational levels and provincial entrepreneurial rates is affirmed in Herrington et al. (2008:26), where Gauteng, The Western Cape and Kwa-Zulu Natal feature as the highest rated provinces, and the Eastern Cape and Mpumalanga are rated as the lowest. Over the years, the GEM Reports have shown a consistent link between education and entrepreneurial activity. Herrington et al. (2011:45) observe that individuals’ who have completed matric (as well as completed tertiary level education) are significantly more likely than those who did not complete matric to start and run a small business. Thus it is reasonable to affirm the existence of a correlation between the success levels of an entrepreneur and the level of his/her education, as was also identified within this study and noted by the cited references.

Within this research case study, the presence of a Province from the highest rated provinces and the lowest rated provinces in the Herrington study (2008) provides a useful comparison of the impact of where the respondents received their education. This particular case study affirms that those respondents, who received their education in the Western Cape, had a higher awareness and comprehension of entrepreneurial perceptions and capacities, than those from the Eastern Cape. Mindful of the sensitivities within the educational sector to the implications of this indicator, as well as how specific segments of the broader political spectrum utilizes these kinds of indicators; it is important that the information be appropriately contextualized both historically and by resource composition. Readers should however be reminded once again, of the limited size of the respondent pool in this research study and the interpretive value of the trends identified therein. Equally important, in the deficiencies of the educational system these respondents have had to endure, is the direct effect of the absence of business and personal management skills as a significant factor affecting the ongoing success of an entrepreneur (Cichello, 2005:17).



However, the groups' views diverge when the question of the type of education they were exposed to, came into play. Both respondents who listed their respective work experiences and entrepreneur role modeling in their lives, as being a critical key to their eventual journey into entrepreneurship; also list the exposure to the commercial subjects as being important in assisting them to have some understanding about the world of business (Herrington et al., 2010:24). The Herrington view, listed above, affirms the differing positive implications for both the male and the female respondents to this valuable type of exposure.

For the female respondents, it affirms the "me too" notion as a significant factor in encouraging woman entrepreneurs to enter entrepreneurship (Maas et al., 2006:55). For the male respondents, it additionally affirms the critical role that exposure to broader business and entrepreneurial skills play in influencing start-up businesses.

The other 66.66% of respondents reflected a clear understanding and high correlation, between better higher education levels equaling better income prospects. In respect of improving the existing situation for current learners, the responses from the entrepreneur case study group was that all learners must finish school up to and including matric. This speaks to the notion of efforts to develop higher retention rates for learners from Grade 1 to Grade 12, with 100% of the respondents noting this, 33.33% noted that there should be a higher exposure to both business and entrepreneurial knowledge (especially with a practical application) for all learners. The respondents themselves have identified the limitations in the education they received, and this concurs with views expressed by Herrington et al. (2010:31), in the view that education (and training) is a significant factor constraining entrepreneurship, especially amongst black South Africans.

5.3.2 Residential location and the amount of time spent based there (Table 4)



The research design specified that only entrepreneurs within the Site C Khayelitsha area would be eligible for participation in the research study. The average duration of their residence in the aforementioned area was 17.83 years for the research group.

5.3.2.1 Motivations for relocating to Site C Khayelitsha (Table 5)

All the research respondents were unanimous that the area at the time of their specific move to Site C, offered the only “available space” to live at the time, especially versus much older community locations such as Langa, Gugulethu and Nyanga East.

5.4 Enterprise focused responses (Table 6 - 7)

Using 2009 as the first draft interview collation, the oldest established business in the respondent group started 14 years ago (1995). The youngest businesses started in 2003/4 (5 - 6) years ago. The significance of the business age profile lies in the fact that they have survived the first three years of the start-up phase, which is by far the most difficult time for an enterprise. This translates into the average establishment age of the businesses within the research respondent group as being 11.5 years old. The motivations for starting these businesses varied between research respondents, and also had variations between the genders. For male respondents, they included the business being started by his son, another respondent identifying opportunities for himself during his time of formal employment, and further developed them during his formal employment.

The importance of having had a job to acquire experience, and its impact on being able to develop insights to identifying opportunities cannot be stressed too much (Herrington et al., 2010:25) (The Cape Times, Business Report, 31 October 2014:16). For another respondent, the primary motivator was his retrenchment. Push factors, or necessity driven motivations such as these for entrepreneurship, also feature strongly in Herrington's view (2010:15).

For the female respondents, they included an alcoholic spouse as her primary motivator, pointing to her direct need for an income for the household, thus a need driven venture. Another respondent listed her unemployed spouse as her singular motivation for entrepreneurial activity. Both these female responses find resonance with need driven enterprise formation (Herrington et al., 2008:13) (2010:23).

The resonance is in need driven ventures versus opportunity motivated ventures, whilst the (Herrington et al., 2010:23) document adds a strong correlation to low National GDP rates and need driven venture formation, something which the GEM 2008, 2010, 2012 and 2013 reports also consistently attest to.

The final respondent indicated her primary motivation as being the role model of her aunt as an entrepreneur during her formative years; thus moving towards an opportunity identification driven motivation. Of significant note in these responses is the fact that the responses indicating opportunity identification and entrepreneur role modeling, originated from the two youngest respondents per gender. The value of childhood family environments, education levels and work experience as key commonalities to the background of entrepreneurs, especially successful one's (Nieman, 2003:29) (Herrington et al., 2010:18).

Adding to this significance of the presence of these factors is the fact that these responses originate from the respondents with the two highest educational completion levels. In addition, these unique responses are coming from the only respondents who have had any exposure to commercial subjects during their formal schooling, as well as also completing their schooling levels in the Western Cape. The Western Cape educational dynamics in respect of the continuing overall quality of education in the Western Cape versus other provinces in South Africa reflect a direct bearing on the entrepreneurs in the study (Herrington et al., 2008:26-32). Both respondents listed their work experiences and the role-modeling of an existing entrepreneur in their respective lives as being critical in their inspiration to begin the road to entrepreneurship.

This indicates the instrumental role that being exposed to social networks of entrepreneurs' plays in individuals deciding whether or not to become an entrepreneur (Herrington et al., 2010:18).

This phenomenon speaks to the specific individual respondents' level of educational exposure, educational completion as well as coupled with the necessary knowledge. Cumulatively this provides a basis to enable the extrapolation of opportunity identification and role modeling of an existing entrepreneur; conversely, the absence of the aforementioned means the would-be entrepreneur is unable to identify opportunities because of the inter-relationship between the level of education, educational completion and business-related exposure and knowledge.

In Chapter 1, in relation to the notions around what constitute or enable success, Nieman et al. (2009) cites a number of components to his mind that fundamentally affect any individual's entrepreneurial orientation. He lists culture, family, role models, education, work experience and personal orientation, as key to eventual success.

This trait-only view however, is increasingly being challenged by amongst others; Tipu and Awais (2010). Equally important in the armory of success for any would be entrepreneur, is the presence and level of their managerial skills. Their critical importance is premised on the value that the components of managerial skills such as planning, knowledge of competitors, a mainly market orientation, client service, the priority of high quality work, financial insight and management, the knowledge of skills with regard to the business and the use of experts are all critical to eventual success (Nieman, 2003:14-20). When one reviews the entrepreneurial orientation and the managerial skills level as well as their respective components, it becomes clear that the absence of any of these key components and/or their respective sub-components, doom any aspirant entrepreneur to guaranteed failure.

Additionally, these factors speak directly to the heart of the notions of potential success (and by default therefore) the failure rates of these business ventures, and are core to the research focus of this study and its findings.

The other respondents by and large were driven by pure survival and the need for a source of income; as their primary motivators. This is consistent with what the push and pull factor model covers (Nieman, 2003:31-32) and the notion of need and opportunity driven differences (Herrington et al., 2008:17), as well as the related factors that impact these differences. These factors include unemployment and the lack of any other meaningful alternatives, due to the low level of education received under an apartheid educational system (and its continuing ever visible legacy impact), a poor skills base, poverty and poor access to resources (Cichello, 2005) (Herrington et al., 2008:17). The aforementioned factors have left the self-employment possibility open to these respondents under the current economic conditions, as the only legal economic activity and propelling them into entrepreneurship on an entirely “need driven” basis, as opposed to the more ideal and sustainable situation of opportunity driven entrepreneurship.

5.5 Business assistance sources identified by the respondents (Table 8)

Only one person answered yes, indicating they received any kind of support which represents 16.66% of the respondents. The single positive response came from a female respondent, and was also the youngest female respondent in the study. She received active support in respect of advice (non-financial) and finance from another entrepreneur, who was her aunt and role-model.

The other respondents answered no, indicating they received no support, representing 83.33% of the respondents.

5.6 Entrepreneurial motivations for starting a business

All the respondents in the study started micro retail enterprises or spazas' as they are more commonly known. These respondents reasons for starting this specific type of enterprise, is based on the fact that it represented the business with the least amount of hurdles to start up and is affirmed by the most recent GEM Annual Report (2013:49).

5.7 Length of business existence (Table 9)

The youngest enterprise is 6 years old. This factor identifies all the respondents as being established businesses, well beyond the new firm stage of 3.5 years (GEM 2011, 12). The oldest enterprise is 15 years. Half (50%) of the enterprises are 15 years old. This indicates that this specific 50% represents reasonably seasoned retail micro enterprise operators. The average age of the enterprises as a sample group is, 11.5 years.

5.8 Entrepreneurs start up experiences per year of start-up (Table 10 - 13)

5.8.1 Year One: Business experience (Table 10)

The verdict by all respondents on the year one experience of a retail micro enterprise start up is defined as "very difficult". The entrepreneurs' reasons for this extreme difficulty had 100% of the final respondent group citing no customers as the primary obstacle. This factor is a reminder that all economically based enterprises or job creation initiatives, irrespective of their type, size or sector, are subject to the fundamental requirement and necessity, of access to a viable and sustainable market. This factor cannot be over-emphasized in regard to its significance.

The lack of confidence in the business (noted by the youngest male respondent and respondent with the highest educational completion), and having no knowledge of how to actually run a business following closely, was the view of 66.66% of the respondents.

Crime levels (cited by 33.33% of the respondents) is consistent with a City of Cape Town Report (2005:69), although more recent indicators suggest a significant increase in the level of reported crime specifically targeting spazas (The Cape Times, 18 July 2014:3). The absence of too little or no right stock selection (66.66% of the respondents), were also elements noted. Interestingly, this latter respondent group includes the two highest educational level completions for both genders. Their very specific responses of little or no appropriate stock selection being available suggests a level of understanding in respect of the finer details in customer needs and matching it to the appropriate stock to be held by the business. The two youngest entrepreneurs include the same respondents who started their businesses from opportunity identification and not a need driven venture, as well as the critical feature of the role-modeling of an existing entrepreneur. Included in the 16.66% category of obstacles in the first business year was a bad location (noted by the youngest male respondent and also the respondent with the highest educational completion). Once again a higher level of knowledge around issues related to the ideal location for the business came to the fore.

5.8.2 Year Two: Business experience (Table 11)

The verdict by all the respondents on the experience of year two as a retail micro enterprise start up is "better". The "better" response can be broken down among the respondents into, a bit better, 33.33%, better, 50%, and much better, 16.66%. The entrepreneurs' reasoning for this state of the business being "better" was as follows, and includes the percentage of respondents who reflected this sentiment).

The percentage response allocation to each feedback factor is as follows:

- (i) the local community getting to know the owner and the business equals 100% of the respondents noting it as a foundational success factor;
- (ii) lower crime levels equals 16.66% of the respondents;
- (iii) more stock needed, equals 100% of the respondents;
- (iv) a greater stock variety equals the view of 66.66% of the respondents;
- (v) a better stock quantity as well as better prices, equals 50% of the respondents; and
- (vi) the introduction of equipment such as freezers, fridges and shelves, equals 16.66% of respondents;

The notion of “better” is clearly a reflection of each enterprise surviving the harshness of the first year of their trading existence. It also similarly reflects the gradual overall improvement of each enterprise in respect of their quantity and variety of their product offering, resulting in the ability of the enterprise to entertain the notion of more competitive pricing, which is critical to their ongoing survival. The ability to put in place the aforementioned factors, is clearly premised on the local community / market being accepting and having a level of confidence in the start-up business.

5.8.3 Year Three: Business experience (Table 12)

The verdict of all the respondents on year three of a retail micro enterprise start up is “much better”. “Much better” is listed by 100% of the respondents, with the entrepreneurs’ reasons for this state of the business being “much better” being provided first and foremost

- (i) by the need for the introduction of some level of more detailed and specific credit policy, applicable to different groups of customers buyer behavior, represented by 66.66% of the respondents;
- (ii) this view is closely followed by the need for a greater stock variety and better stock quality, by half (50%) of the respondents;
- (iii) the additional views expressed by the respondents were customers wanting a bigger stock selection, developing more customers and different types of customers, identifying bad customers more clearly, offering different credit limits for each specific type of customer, and better prices and refrigerated goods bring up the last two components making up 16.66 % of this percentage view; and
- (iv) the standout elements of this sections respondent feedback, is that stock quantity, stock variety and a level of credit provision are key to the ongoing success of the business in year two of the business.

5.8.4 Business experiences beyond year three (Table 13)

The final research respondents' feedback of the business key issues of the business experience beyond year three (3) of business existence, includes the following features inclusive of reflecting the percentage of the view held by these respondents:

- (i) increasing the customer base is the view held by 66% of the respondents;
- (ii) better stock variety, more competitive prices and being able to offer more appropriate credit terms to good customers of the business, were views held by 50% of the respondents; and
- (iii) being able to hold a greater level of stock was the view of 16.66% of the respondents.

The aforementioned views represent quite reasonably established and matured retail micro enterprises within the context of a Site C infrastructural socio-economic environment; and differ significantly in both type and importance in respect of the factors listed. The percentage of the views held by these respondents, versus the year one and year two business experiences also reflect these differences. This finding reflects the accumulated knowledge and understanding of hard business acumen of each entrepreneur, as they have worked over time at making a success of their business. It also affirms that whilst only six candidates remained within the research process to the end, they are exceptionally and uniquely high value quality candidates (GEM 2012:48). Furthermore, that fact that each of these final research respondents are beyond what is considered to be established businesses, being older than 42 months (GEM 2011, 2012 and 2013), further indicates the value of the detailed responses they have provided to each aspect of the comprehensive questionnaire format and its multiple contextual, business and motivational areas.

5.9 Respondents views on specific enterprise success factors (Table 14)

This sub-section, as well as section 5.10, is of critical importance within the overall research study, as it addresses a priority item raised previously throughout this research document; (i.e.) that micro enterprise owners are often not given a voice (Simpson, 2004) to indicate their own views on what constitutes success and failure in their respective enterprises and contextual environments. Each of the key success factors listed by the respondents themselves, represent a significant high impact opportunity to respond effectively, in addressing these items, in ways which are far more effective than has been the case with actions to date. The outcomes of asking entrepreneurs themselves, would have an immediate and positive impact on the survival rates of existing retail micro enterprises, and equally importantly, would assist with ensuring that the appropriately constructed and financed support service packages is provided to prospective retail micro enterprises.

The direct and immediate benefits to government delivery, would be highly visible and seen in a more effective and focused delivery of appropriate services, whilst simultaneously ensuring a greater survival rate for start-ups in this niche sub-sector. The success factors listed by the respondents as being critical to their continued success were:

- (i) having sufficient stock levels;
- (ii) sufficient variety of stock;
- (iii) ensuring stock availability;
- (iv) having the kind of stock the customers actually want;
- (v) ensuring customer loyalty; and
- (vi) having enough customers.

Many of these same factors also find congruence with a City of Cape Town Report (2005:40-41) and feature in this research report quite prominently. In addition, developing a personal and trust relationship with your customers, ensuring good customer relations and as an owner, being people friendly makes reference to good human relations as being one of the key entrepreneurial success factors (Nieman, 2003:16). Ensuring the increase in your customer numbers, listening to your customers and having perseverance is one of the key entrepreneurial success factors according to Nieman (2003:17). The essentialness of good and competitive prices and having the correct shop equipment, including shelves, freezers and fridges was also frequently highlighted and noted universally amongst this final research respondent group. This also further illuminated for the researcher that this group of entrepreneurs were well versed in what the key areas of success (and failure) of enterprises of this nature and context.

5.10 Respondents views on specific enterprise obstacle factors (Table 15)

Obstacle factors to the continued existence of retail micro enterprises within these respondents socio-economic context include:

- (i) the need for greater levels of policing in their neighborhoods;
- (ii) to protect their stock purchases stored on-site;
- (iii) the daily challenge of ensuring that enough stock is available to the customers;
- (iv) whilst the requirement that cash-only purchases are required, restricts these enterprises cash-flow ability to ensure that enough stock is available. This factor locks them into a never-ending downward spiral.

Having fridges to store the required goods is further restricted by the low working capital levels, especially when all stock purchases are cash-only. This drain on the very limited cash-flow of the business further impedes the entrepreneur from being in a position to acquire the necessary equipment to be able to stock less perishable goods and thus positively impact an increase in the sales turnover figures of the business. The current enterprise locations have major space, spatial as well as infrastructural restrictions, with no specific information or prospect of success to ensure their appropriate retail space needs (City of Cape Town, 2005:40-41) within an appropriate and effective peri-urban developmental spatial planning model. The City's indication at the time, of its intention to focus on infrastructure related support for informal settlements would need to be monitored to see if the data finding of their own study and its recommendation, is in fact resourced by their budget priorities and acted on for implementation (City of Cape Town, 2009/2010:7).

It also confirms this study's research findings, that access to appropriate and contextually specific financial support is a major restraining factor in the successful development of SMMEs in South Africa (Nieman et al., 2009).

5.11 Respondents views on the solutions to their enterprise's obstacles (Table 16)

Support measures that included a comprehensive and "fit for purpose" mechanism, to enable the acquisition of the appropriate retail micro enterprise's stock level, store based equipment and infrastructure financing, as well as specific local government regulations that assist business expansion of the premises, are the essential elements of a positive outcomes initiative; and affirmed the deep understanding of these entrepreneurs.

5.12 Awareness of government support for Small Medium and Micro Enterprise Enterprises (SMMEs) (Table 17)

Perhaps the most telling indictment of the lack of effectiveness of the broader Governmental support initiatives to the SMME sector, is that the Micro Enterprise sector, as represented by these high quality and contextually successful entrepreneurs; only have 33% of them who know of any kind or type of "support services" available to the broader SMME sector. Of this aforementioned minority view of 33 %, half (50%) are aware of a provincial government office called the RED Door initiative, commenced under the previous ANC Western Cape Provincial Administration, and 50% are aware of a National Government funded entity, the Umsobomvo Youth Fund (for which the youngest of these successful entrepreneurs do not qualify by virtue of the maximum beneficiary age being 34 years old).

The overwhelming majority, of this category of high quality successful retail micro enterprises who have been in business for longer than five years, have no knowledge of any government support measures for them as businesses. This research finding of a high value pool of respondents, is consistent with the findings of the GEM 2003 report as well as the most recent reports of 2011, 2012 and 2013; which clearly and repeatedly indicates that these programmes are not well known to the broader audience, let alone the supposed target audience, and that accessing them is complex (Orford et al., 2003).

5.12.1 How did respondents find out about government services?

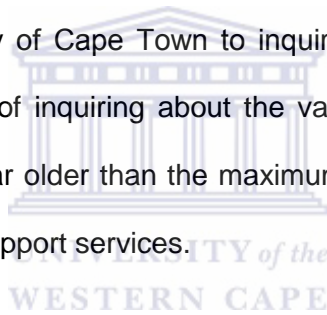
(Table 18)

Half of the minority respondents found out about the RED Door Project via networking with another entrepreneur (in this case it was the youngest male respondent, who actively pursued other businesspeople to find out as much as he could about opportunities). The other half (50%) found out about the Umsobomvo Youth Fund from an advertisement on television and a newspaper advert, and in this case it was the youngest female respondent. Within the infrastructural context and in the absence of the recent massive electrification rollout to black informal/township settlements like Khayelitsha, this access to even basic television services would not have been possible.

It would appear that the youngest entrepreneurs within the final case study respondent group, who also happen to have been the prime beneficiaries of a slightly better education system (via access to commercial subjects), are the only persons aware of any potential support from any level of Government.

5.12.2 The Interaction with the government SMME services (Table 19)

As indicated under section 5.12 only 33% of the case study respondents were aware of any government support measures or services. Of these respondents, the respondent who found out via a networking exercise with another entrepreneur, that the RED Door project of the Provincial Government existed, went to the nearest site facility. In this case it was Mitchells Plain, and inquired around the nature of these support services for the SMME sector. He was informed that it was an owner percentage contribution cost-based service provision, and he was not in financial position to participate based on the cost component he was required to cover, prior to accessing any of the services. The respondent who found out about the National Government support measure of the Umsobomvo Youth Fund also went to their closest regional office in the city of Cape Town to inquire about the nature of this fund's support services. In the course of inquiring about the various services being offered, she discovered that she was one year older than the maximum cut off age, being 34 years old, and therefore ineligible for any support services.

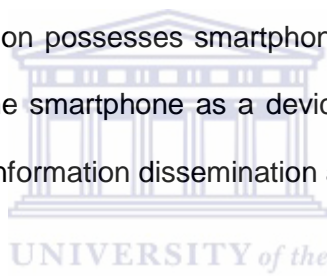


5.12.3 Respondents views on improving awareness of the services and the nature of assistance to SMME's (Table 20 – 21)

5.12.3.1 Awareness of services (Table 20)

In respect of the final respondents' views on how to improve awareness of government services to the broader SMME sector as well their own niche sub sector, these ranged from a greater and more frequent use of community newspapers, as well as television; notably SABC 1 as well as SABC 2, 3 and ETV stations. Interestingly, the options recommended are options considered as traditional print and television mediums, and have low or no cost barriers.

Lastly, direct calling was raised by 66.66% of the case study respondents as a more effective notification of available SMME support services; but of course the pre-requisite data availability of the potential respondents would have to be available, accurate and maintained. This lack of access raises the significant role that mobile telecommunications technology could play in regard to promoting a greater level of access versus the norms of traditional mediums. The significant dynamics of the South African market with its very high market penetration levels of 18 million internet users, of which the majority does so via mobile phones (The Cape Times, Business Report, 13 September 2012:16) bodes well for a possible effective alternative. South Africa rates as the third largest number of mobile subscribers in Africa and with more recent data indicating that there are 16 million smartphones in SA (The Cape Times, Business Report, 31 July 2014:18); would suggest that 33% of the total SA population possesses smartphones. From these statistics it would be reasonable to assume that the smartphone as a device and its technical protocols and innovations are the key area for information dissemination and liaison.



The smartphone phenomenon and its internet and multiple medium and social media third carrier services, offer by far the most practical and current lowest cost access to critical SMME information. Additionally, the level of smartphone penetration into the township context is estimated at 27% (The Cape Times, Business Report, 31 July 2014:26), thus offering significant opportunities to expand the access to information for especially communities in this socio-economic context. The current market reality is that South African marketing norms target desktop internet users, a significant incongruence with the clear market and technology realities. The low percentage use of community newspapers as well as community radio stations, who themselves suffer serious sustainability challenges, are also seriously under-utilized.

One could argue that this reflects the presence of a mindset within the key decision-making levels that embodies a discernible race, class and cultural bias. In respect of internet access, the fact that roughly 40% of these mobile internet capable users are already accessing mobile web and data services (The Cape Times, Business Report, 13 September 2012:2); makes an already ineffective generic marketing orientation far more ineffective and wasteful. From the data alone, and the massive legacy developmental challenges of South Africa, that mobile device's represent a frontier of significant information access and sharing to especially the small and micro enterprise sub-sectors.

5.12.3.2 Nature of services (Table 20)

In respect of the improvement of more effective and tailor made support services for these micro enterprises, prime of place is occupied by the need for more competitive prices of their stock purchases. Included in the more competitive stock prices is the need for support in the delivery of the stock from supplier to store, as well as the regularity of these deliveries so that no out-of-stock situation occurs or is drastically reduced; with the accompanying negative effect on the turnover of the business itself.

The key thread through the 'better prices' support benefit identified, lies in the ability of the specific entrepreneur to remain competitive. Being able to sell or being able to remain competitive is a critical tenet of each respondent's input. Competitive forces are exacerbated by the increasingly visible social tensions around illegal foreign entrants into these areas. The aspect of illegality and the inadequacy of the administrative enforcement has increased this factor and fanned unnecessary fictions. It is useful at this time to remind ourselves that these businesses are clearly, from the research results, acting as critical additional social nets for distressed members of these communities.

Whilst the business vocabulary and by default, the level of understanding of the respondents leaves much to be desired, they clearly indicate that they understand the need to both be and remain competitive. They also very clearly understand the consequences of the failure to achieve these desired business states for each of their businesses. It was also very clear to this researcher that the level of understanding of the relationship between the recommended support measures, such as better prices and discounts, was linked not only to being able to sell more and generate profits, but also to retaining existing hard-pressed customers, attract new customers, and offer a greater variety of products to their respective customer needs. Whilst the level of education these entrepreneurs had access to, is a function of a very real and ever present apartheid “past”, the actual activity of running their businesses has allowed them to generate insights into the functioning of a business, albeit under less than ideal circumstances and over a much longer time than would an effective small business focused course or a formal job within the retail sector have achieved.

This means the effect is not purely a business effect of remaining or not-remaining in business, it also translates into having something to eat and a roof over one’s head, or not. In this respect, this is both a social stability/social support as well as an economic issue, with substantial political repercussions. To reduce it to purely an entrepreneurial and/or economic one, is extremely short-sighted, expensive and very dangerous.

5.12.4 Respondents views on what else government can do to assist entrepreneurs like themselves (Table 21)

These responses were in addition to the structured, yet open-ended questions within the formal questionnaire used in this research. A copy of the questionnaire is attached as Appendix 1 (page 202).

The items listed by the respondents as additional ways in which government can provide meaningful and effective support to enterprises like themselves included assistance with the formalization in respect of regulatory requirements of their business, providing tailor-made financing options for basic shop infrastructure items. These included items such as basic store equipment such as fridges for perishable goods, providing tailor-made financing options for the acquisition of appropriate stock levels, both in quantity and variety relative to their customers' needs and government to lead the setting up of effective networks of similar micro retail entrepreneurs to ensure a good flow of relevant information of support services and opportunities. The recurring theme in all the respondents' feedback was being sensitive to the socio-economic context of both the business and the key challenges facing the entrepreneur attempting to run the business.

Regular interactions with government where entrepreneurs can raise issues or concerns with government directly, and for government to investigate the use of these businesses to distribute government information services on projects, news as well as GCIS communications. In addition, the provision of potential support services or information on the various grants, such as the child, welfare, disability grants and pension information or services could also be provided via these enterprises. The latter input was based significantly on the fact that these businesses are based where people live and they have a level of direct interaction and relation with their immediate communities.

5.13 SUMMARY OF CONCLUSIONS

In this aspect of Chapter 5, the six critical factors identified from the respondents and noted as being essential components of any potential success of a retail micro enterprise, were repeatedly cited by the respondents themselves as being foundational elements of their success to date during the pre-pilot phase of testing the research questionnaire.

This included the response follow up processes. Under the various sub-headings of this section, reference will be made to the occurrence and congruence of these six critical success factors in the original primary and secondary objectives and their respective references. They are as follows,

- (i) the education and training level of the entrepreneur;
- (ii) the entrepreneurial capacity of the entrepreneur;
- (iii) access to financial resources;
- (iv) access to entrepreneurial training resources;
- (v) the specific business retail mix of each entrepreneur; and
- (vi) the uniqueness of the specific business within its locality.

The research outcomes affirmed the following;

- numbers one (i) through four (iv) all featured significantly in the research findings,
- number five (v) was present to varying degrees and personal contexts, and
- number six (vi) had no real significance in the context of the study, given that all the respondents were in the retail micro enterprise sector.

5.13.1 Level of education

A level of education is vital for the success of a venture such as a retail micro enterprise. The greater the level of the education, the higher the potential level of success, is clearly correlated in the study findings. Access to a democratic dispensations education context, however fraught with its challenges, offers a significant advantage versus an entrepreneur who simply had access to a Bantustan education, which educated blacks for menial and labor intensive jobs (The Cape Times, 10 April 2014:16). Included in this key foundational area, is the access to the subject of Mathematics and its multiplier effect, both positively and negatively (The Cape Times, 22 July 2014:17).

5.13.2 Entrepreneurial role models

The presence of a role model in close proximity has a significant motivational and learning effect on an entrepreneurs' eventual level of success. Access to the formal workplace, regardless of sector, provides a learning experience which cannot be taught and also has a significant bearing on the eventual level of success of an entrepreneur. The element of "social capital" has a significant bearing here, in that having access to anyone who can reasonably act as an entrepreneurial role model is extremely difficult within impoverished communities. Where the likelihood does occur, as this research study also reflects, it is an isolated occurrence. The absence of meaningful social capital has severe implications for future entrepreneurial development in these impoverished spaces, and contributes toward an understanding the "locked-out" phenomenon of black business generally over the past 18 years. Only 13.33% of the research study had access to, and on an ongoing basis, to a genuine entrepreneur. Commensurately, that respondents' inputs, views and recommendations, as well as level of business acumen was significantly different from the vast majority of the other responses; as well as also being the youngest women in the case study group. Correspondingly, the rest of the respondents had no such access to an entrepreneur when they were trying to get started, and their level of business acumen and responses reflect that significantly in Chapters 4.

5.13.3 Entrepreneur personal skills set

The development of one's own personal skills, such as focus, dedication and motivation, as well as personal management also has a significant bearing on an entrepreneurs' eventual success. The absence or presence of genuine entrepreneurial role models, and the regular access to them, as well as access to workplace experience, has a direct bearing on motivational levels (or not) of would be entrepreneurs considering this option.

5.13.4 Greater focus on sub-sectors within the SMME sector

The need for more effective, tailor-made and comprehensive Government led interventions per component and sub-sector of the broader SMME Sector is urgently required. In addition, the socio-economic context should be factored in significantly to enhance appropriate interventions (GEM 2013:56).

5.13.5 More effective Small Medium and Micro Enterprise (SMME) support services awareness

The need for a greater and more regular awareness of government SMME support initiatives and support services is equally critical, and the use of appropriate media channels. Government led initiatives to organize retail micro enterprises into structured and effectively functioning bodies that can assist enterprises across multiple challenges they face daily, is crucial to maintaining a regular and supportive flow of relevant information to them. The value of this focused approach is that it allows for a stronger, more relevant and frequent flow of critical information, that provides enough contemporary impetus for a more supportive enabling environment for SMME's, as well as the space to utilize communication technologies in more reliable, consistent and niche-driven ways (GEM 2013:73).

5.13.6 Importance of access to additional and/or technical skills

Access to additional skills, especially technical or information technology, inclusive of smartphones, appears to have a potentially positive role in assisting these entrepreneurs to become and remain competitive, in respect of market awareness as well as access to broader business information. Cloud based services in this aspect is vital to bridging the divide and enabling access and levelling the playing field as much as is possible.

Significant increases in mobile telephony and broadband connectivity, characterized by the rapid rise of mobile smartphone usage from 17% in 2000, to 76% in 2010 as well as the prioritized use of mobile phones as the preferred communication technology of choice (GEM 2013:49).

5.14 RECOMMENDATIONS

5.14.1 The areas of assistance

5.14.1.1 Case study limitations

Given that the case study sample was drawn from essentially successful and reasonably well established businesses, which make up potentially only 20% of the total original start-ups in the broader SMME sector, and that the final remaining and willing participants numbered only six (6) respondents of the commencing group of fifty seven (57); it is important not to transpose this research study's findings to enterprises in this sector unilaterally and without due consideration of these factors. This should not however detract from the significance that these final six participating respondents are in a rare and high quality group of established businesses older than 3.5 years (GEM 2011:12). This high value of the final research respondent group is further enhanced by the fact that the current rate as a percentage representing established businesses in SA, is at 2.10% of all SMME's; which further highlights the rarity and quality of the final respondent research study group (GEM 2012:48), and should in some meaningful way offset the quantity factor of the research project.

5.14.1.2 The need for niche and comprehensive support packages

Government-led and tailor made support measures that address store-owner managed business skills development, store focused infra-structure needs, broader stock issues and regulatory matters are the priority for both overall policy implementation, but equally so, for the niche sub-sectors such as the micro business sector.

5.14.1.3 The increasing role of mobile telecommunications

The role and use of mobile telephony in respect of standard business operating functions, market development and expansion; is both a more cost effective and critical area requiring priority attention, in addressing informational and business survival and expansion issues. It also links with the notion of the Bottom of the Pyramid (BOP) espoused by Prahalad, of the need for more innovative ways to unlock the value inherent in the BOP (2002). During the interview process with the respondents, it became clear that all of them possessed a cellphone, and quite a few had smart-phones. Whilst not explicitly identified as a mobile telecommunications issue within the questionnaire, it became clear over time, that whilst the respondents did not all have access to the internet, they did all have access to a mobile phone device. The respondents access to information, especially government provided support measures and services, was thus restricted to traditional media (newspapers and television), whilst locking them out of the web based information platforms. This area holds significant promise especially within the context of governments own priority for the Information and Communications Technology (ICT) sector and ensuring greater access to the masses of the South African citizenry. This is an opportunity to provide access to our marginalized business-people within the informal settlements to participate and cross the currently massive digital divide and resulting exclusion. Cloud based services are key in this enabling multiplier for especially those within the spaza context.

Current smartphone penetration in SA, especially into the township locations, which is the specific focus of this particular research study, has been mooted at 27% (The Cape Times, Business Times, 31 July 2014:26). What this level of recorded penetration indicates, is that the promise of wider and more access to critical information, in this case business support information and has a positive contribution to a greater level of probable success, given this expansion of mobile telephony in respect of the smartphone. Equally important is the conjunctive notion of internet access, and the possibilities that this specific feature itself has as a multiplier for the rapid spread of business information and support options.

5.15 RELIABILITY AND VALIDITY OF THE STUDY

The research findings are reliable for the final group of respondents who make up the case study sample selected. In respect of validity, each respondent provided feedback on all the questions within the questionnaire throughout the process and up to the end, as well as additional comments which were noted and included by the researcher under the appropriate headings within the research study. Where comments were made outside of the specific questionnaire heading, the specific response was recorded under an appropriate heading, such as ICT. The questionnaire is an appropriate tool for use in this kind of study approach, where only the remaining respondent group participating is interacted with.

5.16 PROPOSALS FOR FURTHER RESEARCH

5.16.1 The core issue

This study covered a reasonable quantity of broad areas as well as an in-depth look at some of the most key issues facing retail micro entrepreneurs within (former or current) informal settlements in SA.

Education is the most foundational factor across all areas, especially when it comes to access to and support for Mathematics (The Cape Times, 29 July 2014:17). Given the increasing levels of social unrest as well as the excessively high associated levels of public violence, social instability, crime levels, property and infrastructure damage, any contribution that supports enabling a stronger social and economic cohesion, and the provision of basic services, is a positive one. Whilst the study clearly revealed that at the core of the problematic areas for entrepreneurs in this sub sector, lay access to various levels and types of appropriate financing, it is equally true that the appropriate and socio-economic contextual development of both potential and primarily existing retail micro entrepreneurs should go hand in hand, as well as be a multi-departmental endeavor. The notion that the maintenance of the societal fabric, the provision of basic services including safety, access to basic information and broad support in development of these communities, is a separate line item within government is both archaic and highly ineffective.

5.16.2 The importance of the business age of the enterprise

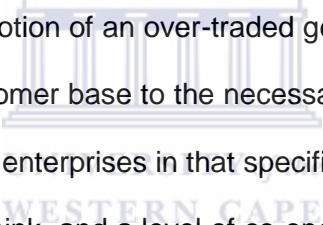
Equally important, is the specific year of existence that each specific type of enterprise finds itself, given that the research findings indicate that the nature of the challenges faced vary substantially between the different years of the existence of each enterprise.

5.16.3 Access to markets

Access to markets (The Cape Times, 7 March 2014:18) is the “elephant in the room” as it were, and without proper locational guidelines and context specific spatial inputs, a toxic localized situation is easily achieved, with multiple social instability implications across numerous social and economic indicators.

If market access is not clear (GEM 2013:46) and has a measure of regulation within a defined location, especially township locations, many more conflict situations will continue to develop. An unstable market has dire consequences to the survivability of the enterprise. These situations will spill over into the social dynamics of the given location, as well as force the South African Police Service (SAPS) into a more interventionist role, one which it is ill-equipped to address given the demise of the former “riot control units”. This situation is a recipe for ongoing and escalating further conflict, which will end up on the doorstep of the SAPS within the given locality, multiple budgetary cost lines of local, provincial and national government levels as well as line departments, if not addressed holistically and decisively.

5.16.4 Over-trading



Paramount in this aspect, is the notion of an over-traded geographic area and the ability; not the presence, of the existing customer base to the necessary levels of income to adequately service the number of retail micro enterprises in that specific area. Overtrading of geographic areas requires both a radical re-think, and a level of co-operation amongst, and between the different levels of government and the affected line departments. This would be akin to the FIFA World Cup 2010 co-ordination demonstration in which multiple departments across the different levels of government worked toward common goals and for common cause. Whether this is possible within the current framework of inter-governmental relations and the increasing toxicity of the political climate is remote. It may require a National Test Site Project with a rapid deployment, implementation and monitoring and evaluation capability to bring its own findings to the fore rapidly. This would be for both socio-economic and political stability reasons as well as human development possibilities. Additionally, the priority of access to markets is both a decisive factor in the global economic system as well as on a local level. If any producer or business, irrespective of its location, does not have access to markets, its very existence is under the very real threat of ceasing to exist.

This informs the equally important and related factor of not overtrading this market access, and protecting the basis for the existence of the business.

5.16.5 Expanding the case study sample size

Equally important, would be the importance of expanding a case study of the specific focus and nature of this particular research study, on a larger scale and within either the same geographic location or another of a similar make-up and history. This would assist in the far greater reliability in the extrapolation of the outcomes of this case study research and a further fine-tuning of applicable and effective interventions as quickly as possible. Whilst this Case Study focused in a detailed manner on the motivations, history, experiences and views of the remaining research respondents, it would have a higher level of interpretive value and application, if the sample was much larger and the focus was on fewer questionnaire areas. After the often fanfare type celebration of 20 years of democracy, it is simply no longer acceptable that we as a country are still finding our feet in a critical developmental space such as this, in which the most victimized citizenry of this country, continues to bear the brunt of the same skewed developmental and budgetary priorities, as characterized the recent racist Apartheid state. The importance of any government intervention for prospective entrepreneurs is significantly important, as a means of avoiding many of the pitfalls and outcomes which accompany such enormous failure rates as we have in the broader SMME sector in SA.

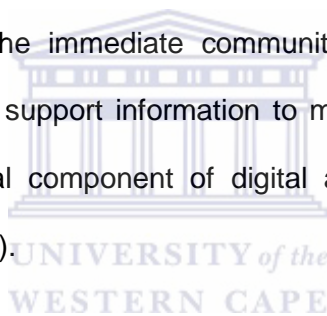
5.16.6 Precedent interventions

A discontinued pilot intervention in the Western Cape between the 1998-1999 periods saw the implementation of what was at the time, a revolutionary concept of partnering throughout the year one or two growth process of the selected businesses.

Many of whom were in diverse sectors. Research available today, that confirms the estimated failure rates of start-ups in the SMME Sector both then and now, indicate that the failure rate was anywhere between a minimum of 75% to a maximum of 80%. Correspondingly the success rate was at worst 20% and at best 25%. These results by any stretch of the imagination are staggering, given the current failure rates for the SMME sector at best 71% within the first 12 months (GEM Report, 2013:46). The unrecorded pilot over the two year period it was in operation; significantly reversed the aforementioned statistics to a failure rate of 20% and a success rate of 80%. This is important both as a contextual understanding of the environment SMMEs broadly operate in, but also in the recognition to the very specific and critical needs of a start-up enterprise, or year one SMME business, and its survival and differentiated growth needs. The essential elements of the initiative matched a detailed assessment of an existing business, a year one business in this case, to the appropriate professional services that specific business required to remain in business, and then the services it required to grow. The critical linkage between appropriate professional SMME specific support services, available for a full one or two year cycle, to the entrepreneur was significant. The access to an experienced business professional and a comprehensive service package on a regular basis, with hands-on support, both increased the rate of the entrepreneurs own business acumen development, but also enabled a weaning off of the service over the duration of the defined time period. A positive by-product, was that the nature of the support requests changed significantly from year one to year two, it moved from what could be considered elementary to more detailed and sector specific support requests; a clear indication of the growing maturity of the business owner and his/her business. Regrettably, the initiative was discontinued by a new political party administration, in spite of the significant and objective success rates. Almost 15 years later, the essential foundational elements of the business model of the aforementioned pilot project, is now increasingly becoming the representative norm and practice within the sector. In many cases it is within more comprehensive, better funded and successful SMME interventions and support programs.

5.16.7 The role of mobile telecommunications

The role of mobile telephony and its capabilities cannot be over-emphasized in the critical developmental support required to retain, and develop, especially retail micro enterprises (GEM 2013:28). The varied applications that are constantly being evolved have multiple opportunities to be developed for application within this marginalized context. Benefits could include cloud based and mobile applications which potentially and positively impact stock order placement, payment facilitation, non-cash management that reduces business risk, the introduction of a digital age ICT base of operation within the retail micro enterprise. In addition, access to multiple stock and product lines beyond current options, expanding the service and product offering of the outlet via acting as location to access multiple products and services as identified by the immediate community and market, and acting as a dispenser of critical government support information to multiple sectors of the community. Reliable connectivity is a critical component of digital access (GEM Report, 2013: 73) (Sunday Times, 29 June 2014:32).



5.16.8 The need for professional and organized business formations

The necessity to professionally organize the various retail micro enterprises and other SMMEs in these communities is vital both economically and for socio-political stability. There are of course many other benefits including a closer coordination with the safety and security formations and its positive correlation with crime prevention within communities. Additional benefits include the formations being an organized voice for these businesses to positively impact government policy formulation and support design in their own interest. Other benefits include the benefit of business networking, pooling of resources and securing economies of scale across purchasing lines as a sector in their own collective interest.

5.16.9 The stage of the business life-cycle

The particular stage of the business life-cycle of the retail micro enterprise, also presents an opportunity for further study, as well as identifying the very specific needs and challenges that arise for each specific stage of the business lifecycle. Matching the appropriate support measure per stage of the lifecycle of a specific enterprise, would go a long way to overcoming avoidable obstacles for enterprises and also leverage very limited resources in a far more effective manner.

5.16.10 The critical role of the context of the specific enterprise

Finally, the value of these research findings should allow SMME role-players to effectively contextualize their own support measures and programs, beyond simply the categories of Small, Medium and Micro Enterprises; but would enable sensitivity to the specific socio-economic context of the enterprises affected as well as the crime levels of the locality in question, given the rapidly escalating rates of crime, especially against spazas (The Cape Times, 18 June 2014:3). They could delve into the geographic context and sub-sectors within which the intended or existing enterprise is trading, as well as paying significant attention to the reality of the paramount importance of whether a sustainable market access is a possibility or wishful thinking in the specific locality being addressed. After all, if the entrepreneur cannot viably sell their product offering within the given market, the entire investment both from the entrepreneur and the taxpayer, in respect of time and money, would inevitably result in failure, an outcome South Africa cannot afford. A critical component of the context for any business is the level of infrastructure and services; or not; that it has access to and receives. Either of these factors is decisive in either contributing to the overall success or failure of both business formation and continued existence.

5.17 Conclusion

This chapter has listed in great detail the multiple trends identified within the final qualifying sample of research respondents, and contextualised them within contemporary SMME literature. The significance and application opportunities have also been clarified via comparative studies of current SMME literature. All of these trends identified within the study, have been addressed in great detail and referenced with reputable contemporary literature. The recommendations and the proposals for further research have also been addressed very specifically and listed.

The prominence of education levels and (skills) training (Simpson et al.:2004) (The Cape Times, 22 July 2014:17), management competencies and access to business specific finance (City of Cape Town, Informal Settlements Report: 2005) and relevant business information; further identifies the key elements that have predominated in the research findings of this specific study. The recommendations around ways to improve and expand more relevant and tailor-made services and information packages to this sub-sector, serves as a valuable contribution from successful entrepreneurs in a very difficult and limited infrastructure environment (City of Cape Town, Informal Settlements Report: 2005).

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APPENDIX A:

THE INTERVIEW COVER LETTER FOR THE PARTICIPANTS IN SITE C KHAYELITSHA

Dear Respondent

Thank you for agreeing to participate in this research project. The aim of the research is toward the fulfillment of a Masters' Degree in Business Management at the University of the Western Cape.

The subject is the identification of the success factors of micro enterprises in Site C Khayelitsha. The researcher is Hilton Naidoo, a post graduate student at the University of the Western Cape and can be confirmed at the University of the Western Cape via the Departmental telephone number being 021 – 959 2595.

The researcher provides the assurance that all interviews conducted will be treated with strict confidentiality, that all participants will remain anonymous and will be noted as a respondent number 1, 2 etc. Any participant has the right to withdraw from the research process at any time throughout the process without any consequence to themselves.

Researcher: H. Naidoo (University of the Western Cape - Masters Student)

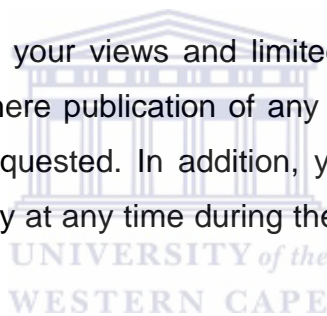
THE INTERVIEW SCHEDULE FOR THE PERIOD 2009 – 2014

RESPONDENT NUMBER	DATE	TIME	PLACE	TOPIC & LENGTH
1 – 6	15-16/01/2009	09h00-14h00	Khayelitsha, Site C	Questions 1–16& 17-29, 10 hours total, approximately 90 minutes each
1 – 6	25-26/05/2009	09h00-13h00	Khayelitsha, Site C	Questions 17-29, 8 hours total, approximately 70 minutes each
1 - 6	04-05/07/2009	09h00-12h00	Khayelitsha, Site C	Question 30-31, 6 hours total, approximately 60 minutes each
1 - 6	08-09/08/2009	09h00-14h00	Khayelitsha, Site C	Question 32-33, 10 hours total, approximately 90 minutes each
1 - 6	13-14/03/2010	09h00-14h00	Khayelitsha, Site C	Question 34-45, 10 hours total, approximately 90 minutes each
1 - 6	17-18/07/2010	09h00-14h00	Khayelitsha, Site C	Review of questions 30 – 33, 10 hours total, approximately 90 minutes each
1 - 6	15-16/01/2011	13h00-17h00	Khayelitsha, Site C	Review of questions 34 – 45, 10 hours total, approximately 90 minutes each
1 - 6	16-17/04/2011	09h00-14h00	Khayelitsha, Site C	Review of questions 1 - 29, 10 hours total, approximately 90 minutes each
1 - 6	15-16/10/2011	09h00-14h00	Khayelitsha, Site C	Review of questions 30 - 45, 10 hours total, approximately 90 minutes each
1 – 6	2009 -2014	When available	Telephonic	Intermittent telephone and ICT communications to the respondents were also made through the 2009-2014 period to amend/edit, update or confirm respondent feedback

DETAILED QUESTIONNAIRE FOR THE PARTICIPANTS IN SITE C – KHAYELITSHA

The questionnaire is being done in collaboration with the University of the Western Cape, and is being done for degree purposes: specifically towards a Masters of Commerce Degree. The factors that contribute to the success of micro retail entrepreneurs like you are the primary focus of the research. Your views on your personal experiences, challenges and achievements, as well as why you think this is the case, is the core of the motivation behind this research. The results will be provided to Government, sector stakeholders and other Policy role-players and will hopefully be used to contribute to more effective support measures for enterprises like you.

All your information, including your views and limited personal information, will be handled confidentially, and where publication of any of the results is possible, your express permission will be requested. In addition, you are reminded that you are able to withdraw from the study at any time during the study, regardless of how long you have participated in it.



ENTREPRENEUR QUESTIONNAIRE: QUESTIONS AND RESPONSES

Please provide the following details

1. Your Full Name
2. Your Surname
3. Your Gender
4. Your Age
5. Your Marital Status (including Customary Law) and (ii) the number of dependents
6. In which of the Provinces of South Africa was the school you last attended
7. The highest education level that you have completed


TABLE 1

1. 2. 3. 4. 5. (i) 5. (ii) 6. 7.

8. What is the name of the last school you attended?

TABLE 2

8.



9. What school subjects did you attend in your last grade attended at school?

TABLE 3

9.

10. What is your Current Address in Site C-Khayelitsha?

11. How long have you been living at this address?

TABLE 4

10.

11.

12. Why did you move to Site C - Khayelitsha?

TABLE 5

12.



13. When did you start the business?

14. Is there a specific reason or reason/s for starting this business?

15. Is there any specific person/s that inspired you to start a business?

16. Is there a specific event/s that inspired you to start a business?

TABLE 6

13.

14.

15.

16.

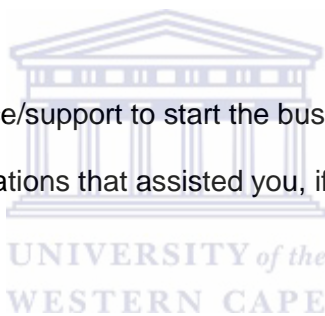
17. Do you think the kind of education you received influenced you to start a business, or discouraged you from starting your own business?

18. Why do you say that?

19. What should be done to improve that situation?

TABLE 7

17. 18. 19.



20. Did you receive any assistance/support to start the business?

21. Name the person(s) / organizations that assisted you, if any?

22. Did your family assist you?

23. How, if they did?

24. Did anyone else assist you?

25. Can you list them?

26. How did they assist you, if they did?

TABLE 8

20. 21. 22, 23, 24, 25, 26

27. What kind of business did you start?

28. Why did you start this type of business?

29. How long has the business been in operation from start up to 2009

TABLE 9

27, 28, 29



30. How would you describe the first year of the business?

TABLE 10

30.

1	
2	
3	
4	
5	
6	

31. How would you describe the second year of the business?

TABLE 11

31.

1	
2	
3	
4	
5	
6	

32. How would you describe the third year of the business?

TABLE 12

32.

1	
2	
3	
4	
5	
6	



33. How would you describe the years after the 3rd year of the business?

TABLE 13

33.

1	
2	
3	
4	
5	
6	

34. What factors in your mind made you succeed in your business?

TABLE 14

34.



1	
2	
3	
4	
5	
6	

35. Which areas did you struggle with in your business and, (36) why?

TABLE 15

35. Problem Areas

36. Why

1		
2		
3		
4		
5		
6		

36. How can they be addressed to assist entrepreneurs like you?

TABLE 16

36

1	
2	
3	
4	
5	
6	



37. Are you aware of any Government Support for your business? if so, please list them?

TABLE 17

37.

1	
2	
3	
4	
5	
6	

38. How did you find out about these services?

TABLE 18

38.

1	
2	
3	
4	
5	
6	

39. Have you applied to any of them for assistance

40. What was the result for each level of government

41. How did you experience the Government Services

TABLE 19

40 41 42

1			
2			
3			
4			
5			
6			



42. What do you think can be done to improve awareness of these Government services

43. What kind of assistance would help you be more successful

44. Why do you think this specific assistance will help you

TABLE 20

43,

44,

45,

1			
2			
3			
4			
5			
6			

45. What else can Government do to assist you to be successful

TABLE 21

1	
2	
3	
4	
5	
6	



THANK YOU FOR YOUR TIME AND INPUT. ALL THE INFORMATION PROVIDED TO THE RESEARCHER IS STRICTLY CONFIDENTIAL.

QUESTIONNAIRE RESPONSES:

ENTREPRENEUR QUESTIONNAIRE: QUESTIONS AND RESPONSES

Please provide the following details

PLEASE NOTE: For the purposes of confidentiality, the name and surnames of the respondents are not listed here, but are known to the Supervisor and Researcher associated with this research.

No information provided to the researcher will be made public or shared without your consent. Also note that you as the participating research respondent are free to withdraw from the research study at any point in time, without any prejudice to yourself.



1. Your Full Name
2. Your Surname
3. Your Gender
4. Your Age
5. (i) Your Marital Status (including Customary Law) and (ii) The number of dependents
6. In which of the Provinces of South Africa was the school you last attended located
7. The highest education level that you have completed

TABLE 4.1

1. 2. 3. 4. (i) 4. (ii) 5. 6.

Respondent 1	M	58	Y	4	EC	Grade 4
Respondent 2	M	*34	Y	3	WC	Grade 12
Respondent 3	F	44	Widow	6	EC	Grade 11
Respondent 4	F	39	Y	4	EC	Grade 9
Respondent 5	M	45	Y	4	EC	Grade 12
Respondent 6	F	*35	Y	6	WC	Grade 11

Note: EC = Eastern Cape, WC = Western Cape



8. What is the name of the last school you attended?

TABLE 4.2

8.

1. Mhlontlo Primary School
2. Joe Slovo Comprehensive High
3. Hebehebe High School
4. Lucingwehi High School
5. Arthur Febe High School
6. Masiyile High School

9. What school subjects did you attend in your last grade attended at school?

TABLE 4.3

9.

1. Not Applicable (The respondent only completed standard two)
2. Business Economics and Mathematics
3. Mathematics (Commercial Subjects were not offered)
4. Mathematics (Commercial Subjects were not offered)
5. Mathematics (Commercial Subjects were not offered)
6. Mathematics, Economics (Grade 8 only), the schools teachers directed her into a class with different subject groups which excluded business economics, economics and accountancy. She had no choice in the class deployment.

10. What is your Current Address in Site C-Khayelitsha?

11. How long have you been living at this address?

TABLE 4.4

10.

11.

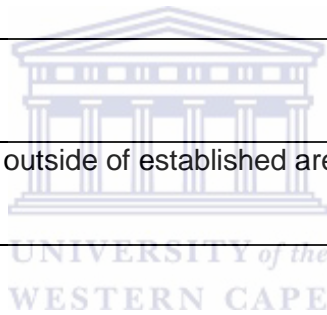
1. C 451 B, Tshemes Street,	23 years
2. A 354 B, Yeyeni Street,	15 years
3. A 385 A, Yengeni Street,	15 years
4. A 486 A, Zakheni Street,	18 years
5. B 316 A, Mokobo Street,	26 years
6. CT 220, Idada Street,	16 years

12. Why did you move to Site C – Khayelitsha?

TABLE 4.5

12.

1. it was the only available space outside of established areas such as Gugulethu, Nyanga, Langa to live
2. it was originally quiet/peaceful; only available space outside of an established area like Langa
3. it was the only available space
4. it was the only available space
5. it was the only available space
6. it was the only available space outside of established areas such as Nyanga East



13. When did you start the business?

14. Is there a specific reason or reason/s for starting this business?

15. Is there any specific person/s that inspired you to start a business?

16. Is there a specific event/s that inspired you to start a business?

TABLE 4.6

13.	14.	15.	16.
1. 1999	His son started the business	His son	Son starting/working by himself
2. 2003/4	Through employment and my business subjects I saw opportunities	Himself	His work experiences
3. 1995,	No money for food and her husband was unemployed	Her children	Having no money and an alcoholic husband
4. 1995,	Her husband was retrenched and there was no money for food	Her children	Having no money
5. 1997,	Her husband encouraged her to use her time at home	Her husband	Her husband's encouragement
6. 1995, ran a mini tuck shop at school in 1993	She copied her Aunt as an entrepreneur	Her Aunt	Helping aunty in her business

17. Do you think the kind of education you received influenced you to start a business, or discouraged you from starting your own business?

18. Why do you say that?

19. What should be done to improve that situation?

TABLE 4.7

17

18

19

1. Discouraged	If I had a better education it would assist me now	Ensure children finish school and exposed to business
2. Encouraged	Because of the commercial subjects I saw opportunities	Higher exposure to business/entrepreneurial subjects
3. Discouraged	Limited education so limited jobs	No comment
4. Discouraged	A better education would mean a better life	No comment
5. Discouraged	Limited education means limited salary	Better education means better salary
6. Encouraged	Exposure to entrepreneurship and practice thereof	Higher exposure to business /entrepreneurial subjects and practical projects

19. Did you receive any assistance/support to start the business?

20. Name the person(s) / organizations that assisted you, if any?

21. Did your family assist you?

22. How, if they did?

23. Did anyone else assist you?

24. Can you list them?

25. How did they assist you, if they did?

TABLE 4.8

19. 20. 21, 22, 23, 24, 25

1. No	No	No, -, No
2. No	No	No, -, No
3. No	No	No, -, No
4. No	No	No, -, No
5. No	No	No, -, No
6. Yes	Aunty	Yes, Aunty, with support, advice and money. No

26. What kind of business did you start?

All the businesses are retail micro enterprises: spazas



27. Why did you start this type of business?

The reply of all respondents was that it was the easiest business to start with and the least amount of hurdles in their minds.

28. How long has the business been in operation from start up to 2013?

TABLE 4.9

29.

1	14 years
2	09 years
3	18 years
4	18 years
5	16 years
6	18 Ears

30 How would you describe the first year of the business?

TABLE 4.10

30.

1	Very Difficult, no customers, high crime levels, no knowledge of how to run a spaza
2	Very Difficult, bad location, no customers, no confidence in the business, no "right" stock selection
3	Very Difficult, no customers, no knowledge of how to run a spaza
4	Very Difficult, no knowledge of how to run a spaza
5	Very Difficult, no customers, high crime levels, no knowledge of how to run a spaza
6	Very difficult, small customer numbers, little stock selection

31 How would you describe the second year of the business?

TABLE 4.11

31.

1	A bit better. People in area getting to know the business, crime levels down, I have bit more stock
2	Better. People in area getting to know the business owners, more stock variety and quantity and much better prices
3	A bit better. People in area getting to know the business, clients want more stock variety
4	Better. More people in area getting to know the business, more stock and variety
5	Much better. Many people in area getting to know the business, want more stock variety and better prices
6	Better. More stock variety and quantity and much better prices, added equipment like shelves, freezers, fridge



32 How would you describe the third year of the business?

TABLE 4.12

32.

1	<p>Much better</p> <p>Customer wants big stock selection, better prices and fridge goods</p>
2	<p>Much better</p> <p>More customers, regular clients offered credit if requested, more stock, including perishables, need more detailed credit guidelines now</p>
3	<p>Much better</p> <p>Different types of customers become clearer to me, good customers bring more customers</p>
4	<p>Much better</p> <p>Good / bad customers become clear, who gets credit and who not also clearer based on their payment behavior</p>
5	<p>Much better</p> <p>Credit limits must be introduced for each type of credit customer</p>
6	<p>Much better</p> <p>Increased customers and turnover, regular clients offered credit if requested, more stock and volumes, need more detailed guidelines on credit terms, 7 days, 14 days, 30 days</p>



33 How would you describe the years after the 3rd year of the business?

TABLE 4.13

33.

1	<p>Increasing customers</p> <p>More stock, better prices, offering credit to good customers</p>
2	<p>Having enough stock at a competitive price</p> <p>Being able to offer better per month cycle credit terms, better stock variety</p>
3	<p>Increasing numbers of customers</p>
4	<p>Increasing numbers of customers</p>
5	<p>Carrying the right stock for your customers,</p> <p>Especially the basic things/commodities (bread), increase the stock variety</p>
6	<p>Having enough stock at a competitive price,</p> <p>Being able to offer better per month cycle credit terms, better stock variety</p>

34 What factors in your mind made you succeed in your business?

TABLE 4.14

34.

1	Enough stock to sell when customers needed it
2	Known by customers, and The majority of good/regular customers are loyal, prices are competitive and stock variety
3	Having good prices
4	Having enough customers
5	Perseverance, and Listening to customers' needs, good prices, stock variety and increasing customer numbers
6	Being people friendly, and Good customer relations, prices and volumes are good and stock is available



35 Which areas did you struggle with in your business and, (36) why?

TABLE 4.15

	35. Problem Areas	36. Why
1	More policing, enough stock to satisfy clients	Must buy in cash only
2	Good stock levels, required equipment for the business	Cash purchases a huge problem to cash, low/working capital
3	Enough stock and fridges to store it	Cash purchases a huge problem to cash, low/working capital
4	Access to equipment and to very pricey items (such as fridges to store stock)	Cash purchases a huge problem to cash, low/working capital
5	Own premises/residence limitations, need space to expand, stock variety and prices, pricing barriers on minimum quantities; must buy in cash	How to obtain permission to expand premises, cash purchases a huge problem to cash, low/working capital
6	Stock items and quantities	Cash purchases a huge problem to cash, low/working capital

37 How can they be addressed to assist entrepreneurs like you?

TABLE 4.16

37.

1	Stock level support (retail credit options)
2	Stock and store equipment financing
3	Stock level support and provision of fridges
4	Equipment financing, fridges, gas containers, paraffin pumps
5	Stock and equipment financing (e.g.: Airtime), regulations to assist / support expansion of the business
6	Stock levels and equipment financing

38. Are you aware of any Government Support for your business? If so, please list them?



TABLE 4.17

38.

1	No
2	Yes; RED Door, Provincial Government
3	No
4	No
5	No
6	Yes, Umsobomvo Youth Fund, National Government

39. How did you find out about these services?

TABLE 4.18

39.

1	N/a
2	Networked with some other entrepreneurs, Another entrepreneur told him
3	N/a
4	N/a
5	N/a
6	Advert on TV and in a Newspaper

40. Have you applied to any of them for assistance

41. What was the result for each level of government

42. How did you experience the Government Services



TABLE 4.19

40 41 42

1	n/a
2	Went to find out what it was about, discovered it is based on owner percentage contribution per service
3	n/a
4	n/a
5	n/a
6	Went to find out about it and found out only for people between 18-34 years old

43. What do you think can be done to improve awareness of these Government services

44. What kind of assistance would help you be more successful

45. Why do you think this specific assistance will help you

TABLE 4.20

	43,	44,	45,
1	Mail direct / cellphone	Better prices & discounts, deliveries	more and better variety of stock to sell
2	Direct call	Better prices & discounts	more and better variety of stock to sell
3	Direct call	Better prices & discounts	more and better variety of stock to sell
4	Community Newspaper	Better prices & discounts, deliveries	more and better variety of stock to sell
5	Community Newspaper	Better prices & discounts, deliveries	more and better variety of stock to sell
6	Direct Call , SABC 1, 2,3 and E-TV	Better prices & discounts, deliveries	more and better variety of stock to sell

46. What else can Government do to assist you to be successful?

TABLE 4.21

46.

- i. Assistance with formalizing the business
- ii. Supporting the financing of basic shop Infrastructure,
- iii. Ensure good stock levels
- iv. Being able to have the necessary equipment.
- v. Supporting the business with financing support
- vi. Supporting the business with assistance to comply with the local / municipal regulations.
- vii. Assisting with setting up effective networks to support the micro entrepreneurs in each retail specific sector in Khayelitsha.
- viii. Having weekly interactions to support them with their concerns and the issues they raise.
- ix. Also to use these businesses as points to distribute government services information, such as child support, welfare support, pension information, disability support and other information needed by the community, because they are based where the people who need these services live.

APPENDIX B: Two Maps and a Picture of the socio economic make-up of Khayelitsha



