

APPRAISING THE STATE OF SMMEs IN SOUTH AFRICA

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ABSTRACT

Autonomous free market systems cannot succeed and flourish if most individuals within a country remain stranded in abject poverty...tackling poverty and deprivation must then be the priority of a democratic government – as in the case of South Africa.

The small, medium and micro enterprises (SMME) segment in South Africa, (and in many other emerging and established economies) is a critical part of the general economy. Since 1995, the South African government has recognised this sector as a means of realizing its goals of enhancing job creation prospects, diminishing poverty, and establishing a more equitable distribution of wealth. South Africa is typified as the country with the most unequal distribution of wealth in the world. According to Statistics South Africa (2019), turnover in terms of size of the business showed that SMMEs were accountable for producing R2,3 trillion (or 22%) of the R10,5 trillion turnover in South Africa.

Further, it was stated that medium sized businesses accounted for the smallest percentage (10%) while large businesses accounted for the largest percentage - over two-thirds (68%) of total turnover. This gives credibility to the belief that the SMME sector can contribute more overwhelmingly towards developing the country in terms of contributing toward reducing poverty, inequality and boosting job creation opportunities. Thus, creating an environment in which goals as envisioned by the National Development Plan (NDP, 2030)/Millennium Development Goals are achieved.

The NDP envisioned that by 2030 SMMEs will contribute 60-80% to GDP intensification and generate 90% of the 11-million new jobs in South Africa. But, despite these ambitions, South Africa continues to have one of the highest unemployment rates in the world, with a 2022 Q4 unemployment rate of 32.7%. This is an official definition of unemployment, with a wider definition of unemployment putting the figure at beyond 40% of the total population. The current economic trend in South Africa indicates a dire situation unfolding, some arguing the situation worsening since the dawn of democracy – and characterised in the main by - jobless minimal growth.

More than 28 years since the dawn of a new democracy in South Africa and the SMME sector has not as projected made a meaningful contribution toward reducing poverty, inequality, and unemployment – and the goals as set forth in the National Development Plan will not be achieved by far. In fact, there is rising testimony as indicated by the high level of unemployment which gives rise to other social ills - the extent to which SMMEs have been utilized to increase employment and reduce, poverty and inequality in South Africa has been to say the very least, disappointing (DPRU, 2018).

If the SMME sector is able to contribute and make a meaningful contribution toward changing the socio-economic conditions of the country and the role of government is to create an enabling environment for SMME's to reach their potential - the objective of this study was to

analyse the success to date (if any) of government's national strategy and its institutions tasked with creating an enabling environment for the SMME sector to grow has had to date. This is premised on the fact, if the SMME sector grows satisfactorily in terms of turnover and labour growth it would be better positioned to attract more persons into employment in the country and in this method contribute toward tackling the social ills confronting South Africa.

The study employed a survey research design methodology in which mixed methods were used. Empirical data was collected from 1000 respondents located in the Western Cape Province of South Africa and conveniently available to answer the research questions. The study only focused on established SMMEs That were in existence for 7 years or more.

The findings of the research established that the governments support structures put in place to assist SMME growth has to date still not been as effective as anticipated and is in fact not on track to achieving the goals envisioned in the NDP (2030).

Key Words: Government Support, Smmes, South Africa, Business Goals, Entrepreneurship, National Development Plan.

INTRODUCTION

Traditionally, in African and other less industrialised countries, small, medium and micro enterprises SMMEs (particularly micro enterprises which constitute most of the businesses classified as SMMEs) have received growing attention because of their potential labour-absorptive capability (Peters & Naicker 2013).

SMMEs are the largest class of businesses in South Africa (SA). It was estimated that there were between 2.4 million and 3.5 million, with the leading number at the informal and micro level of business activity (SEFA, 2019). A 2018 study by the Small Business Institute (SBI) showed that the number of micro firms in SA increased from 169 986 in 2011 to 176 333 in 2016, whereas the number of small firms increased from 63 864 to 68 494 and medium firms from 15 257 to 17 397. Although the SBI study states that SMMEs in SA are expanding in number, though not rapidly enough to meet the NDP goals, which envisioned the sector would provide up to 80% of GDP growth and generate 90% of a projected 11 million new jobs by 2030. The progression of slow expansion is worsened by the fact that according to the Global Entrepreneurship Monitor (GEM), SA has one of the highest business start-up failure ratios in the world.

The NDP sets out several goals to dose the social ills facing SA, including the eradication of poverty, unemployment and reducing inequality (DPRU, 2018). According to Hoffman and Peters (2021), SA, like so many countries across the world, has looked to small, micro and medium enterprises (SMMEs) as the hope of an ailing economy characterized by low growth estimates and excessive unemployment. At the same time as it is true the world over, SMMEs are best situated to provide job opportunities and to contribute significantly to the Gross Domestic Product (GDP), it has been more than 28 years since the dawn of a new democracy in SA and the SMME sector is yet to make a meaningful contribution towards tackling the social ills plaguing the country as set out in the NDP (2011, 2030). Further, there is a need to expand the participation of previously disadvantaged enterprises in the mainstream economy to make the economic growth more inclusive. The inclusive growth still eludes SA and is one of the main reasons for the instability in the country.

Peters (2009) contends if the government's plan to use the SMME sector was to have any noteworthy success, attention should have been placed on developing proficient entrepreneurs,

specifically amongst those classified as previously disadvantaged. However, 28 years into a new democracy, SA continues to be distinguished by extreme wealth inequality and the masses still encountering poverty levels experienced pre-1994. This study asserts, the failure to overcome SA's long legacy of racial oppression and extremely high levels of inequality, unemployment and poverty have been the most serious indictment of the "new" democratically elected government.

The purpose of various policy documents and later the NDP was to remove or at the very least reduce the social ills facing the country and move it onto a growth trajectory. The newly democratically elected SA Government as early as the mid-nineties established institutions and programmes intended to improve the access of the SMME sector to critical resources such as finance, market opportunities, technology, training and development. The success of these initiatives termed supply side measures lay in government's ability to create awareness of its programmes and initiatives implemented by its so-called apex organisations (Peters, 2009).

Rationale for this Research

Since the early 1980s Small, Medium and Micro Enterprises (SMMEs) have been regarded as the driving forces of both developing and developed economies around the world. SMMEs are potentially of great socio-economic significance in employment creation, closing the income inequality disparity and alleviating poverty (Peters & Naicker, 2013). In responding to the challenges set out by government and documented in a White Paper (1995) the Centre for Small Business Promotion (CSBP) of the Department of Trade and Industry (DTI) and the National Small Business Council (NSBC), as well as other developmental agencies, were established to drive the National Small Business agenda. It was expected from these DTI programmes and other programmes directed by its apex institutions such as Small Enterprise Finance Agency (SEFA) and Small Enterprise Development Agency (SEDA) to build the technical and financial capacity of Small-, Medium- and Micro-sized enterprises (Peters & Naicker, 2013). The resolution on the part of the SA government was to encourage an ethos of entrepreneurship particularly amongst African Blacks, the success of which could be measured by enhanced competitiveness in terms of turnover growth and employment formation (Peters, 2009).

This study focused on the effect government initiatives to support the SMME sector has had 28 years into a new democracy and provided a perspective on the success (if any) government initiatives has made to date in achieving its objectives of creating an enabling environment for SMMEs to grow and in turn create the conditions necessary to support the envisaged change that was set forth in the NDP and other policy documents. The study employed a survey research design methodology. Empirical data was collected from 1000 randomly selected respondents in the Western Cape province of SA to answer the research questions.

LITERATURE REVIEW

Numerous SMME development initiatives were considered after the installation of the democratically elected SA government in April 1994. The government saw infantile and undeveloped SMMEs as a window of opportunity to address the challenges of job creation, economic growth, and inequality in SA. The starting point for the process of small business development was to create an enabling environment (Peters & Naicker, 2013).

Since the elections of April 1994, the issues of BEE and a more equal income distribution have been high on the agenda of the new government of SA (Rogerson & Rogerson 1995). However, the need to take the SA economy onto ‘a higher road’, where productivity, international competitiveness and inclusive growth is enhanced, investment is stimulated and entrepreneurship flourishes, is recognised as a condition to address these issues successfully (RSA, 1994, 1995). SMMEs are seen as vehicles to:

- Address the problem of extreme unemployment levels in SA, because of their high labour-absorptive capacity;
- Stimulate domestic competition by initiating market niches in which SMMEs grow until they identify a new niche as a response to demand changes, and to be internationally competitive because of their flexibility;
- Redress the inequalities inherited from the apartheid period - in terms of patterns of economic ownership and restricted career opportunities for Black employees;
- Contribute to Black Economic Empowerment (BEE), in that the majority of Small, Medium & Micro Enterprises (SMMEs) are reported to be initiated, owned, or controlled by those members of society who were discriminated against in SA’s past; and,
- Play a crucial role in peoples’ efforts to meet basic needs in the absence of social support systems during restructuring processes – which refers in the main to SA’s micro-enterprise segment, especially survivalist activities characterised by low entry barriers for inexperienced job seekers.

Pretorius and Van Vuuren (2002) claim that economic incentives do not favour SMMEs, and believe the central focus of government programmes, as propagated through DTI and its apex organisations include finance, growth, expansion and competitiveness assistance programmes, are more pertinent to existing businesses than to start-ups. In a survey directed by the *Global Entrepreneurship Monitor* (GEM) in 2004, less than one-in-ten respondents evaluated as effective the government’s overall endeavour to stimulate the SMME sector. The findings of the (Gem, 2004) survey advocated that this impasse in the main was caused because of poor communication on the part of government support agencies. Peters (2009) asserts that the aim on the part of government was to nurture a culture of entrepreneurship amongst African Blacks in particular the success of which can be gauged by enhanced competitiveness in terms of turnover growth and employment formation.

Support of SMMEs in the survivalist, micro and small business sector typically targets the need for basic business skills training for emergent entrepreneurs and the need for better access to capital. In SA, these two issues in specific have formed the foundation in the government’s strategy for SMME promotion and development (Colbert, 1999). This is based on the premise that past market failures, including restrictions on Black business ownership and access to finance must be addressed to establish an enabling environment for SMME advancement (Ebersohn, 1997). (Tendler & Amorim, 1996) indicate that most backing to SMMEs world-wide is supply driven, that is, support takes the form of offering one or more on-going services to emergent business, often including access to credit, business management training or technical assistance. Supply-side support is generic in nature and is employed throughout sectors in an effort to service a maximum number of client enterprises.

Amongst other acknowledged deficiencies of this supply-sided methodology to the provision of business skills, is that business training is not grounded in the challenging environment of the marketplace where business training must in the end be put in practice. Consequently, the problems and market distortions that gave rise to the need for SMME training initiatives in the first place are not being addressed in the setting of the marketplace, but as a training component that, once learned, is implicitly assumed transferrable to the marketplace (Tendler & Amorim 1996). There is substantial contrary evidence to indicate that business learning is quickest, most efficient, and relevant when it is directly related to the marketplace (Kuroda & Kasajima 1987). In general, the features of the SMME support framework envisioned by the DTI (1995) compare most directly to the capacity of the government to successfully interact with the SMME sector. The provision of services to SMMEs thus comes off as secondary to developing the capacity of government to understand and have an impact upon the activities of the SMME sector (Peters & Naicker 2013). Lately, the SA government had decided to adopt an approach of industrialisation through localisation to reconstruct the production economy, create jobs, and transform the ownership arrangements of the SA economy (SEDA 2020).

SMME Challenges in SA

Though the SMME sector in SA has received much attention from the government, they still confront challenges. Nieman and Nieuwenhuizen (2009) identified some challenges that are faced by SMMEs in SA. The challenges include absence of training and education, limited access to financial resources, inaccessibility to markets, absence of support structures, inaccessibility to suitable technology and lack of access to other resources like human resources (this study acknowledges that issues such as entrepreneurial mindset & resilience, crime, poor infrastructure, “load shedding” etc also presents challenges to SMMEs in SA).

The challenges are discussed in the sections that follow:

Access to Relevant & Proper Training and Education

In SA, one of the most noteworthy hindrances to entrepreneurial activity is lack of education (Nieman & Nieuwenhuizen, 2009). (Nieman & Nieuwenhuizen 2009) also noted that education is positively related to entrepreneurial activity and lack of management skills by SMME owners and managers can be ascribed to lack of education and training. Education and training help build management competencies which are essential for the success of the enterprise. Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw and Oosthuizen (2008), classifies managerial capabilities as sets of knowledge, skills, behaviours and attitudes that can contribute to personal success. (Herrington & Wood, 2003) point out that in SA, it is lack of appropriate education and training that has weakened management capacity in SMMEs. Deficiencies in education and training is one of the reasons why there is a very high failure rate of SMMEs (especially the newly established) and low level of entrepreneurial creation. Management aptitudes are very crucial for the survival and for the growth of a business venture.

In a SA context, one of the greatest constraints to economic expansion can be ascribed to its lack of entrepreneurs. The ratio of entrepreneurs to workers in South Africa is roughly 1 to

52, while the ratio in most developed countries is approximately 1 to 10 (Friedrich & Visser, 2005; Acs, Arenius, Hay & Minniti, 2004; Gouws, 2002). Furthermore, Shay and Wood (2004) present distressing findings with their research, which confirms that young South Africans believe significantly less in themselves as business starters, when compared with similar developing countries such as Mexico, Argentina, India, Brazil, and Malaysia.

Economic progress in industrialised as well as developing countries remains a fundamental issue and, as such, specific interest is placed on the role of entrepreneurship to attain and maintain open and modern economies (Wennekers & Thurik, 1999; Garavan & O’Cinneide, 1994). References to the low prevalence of entrepreneurship in South Africa may also raise the question of whether this low prevalence is not as a consequence of our education system. Lewis (2002) contends the inverse, when he reports that “70% of high school students are interested in starting their own business, but 85% reported they were taught very little or nothing about how a business works”. With South Africa’s unemployment rate conservatively estimated at 32%, these figures are bloated when we realise that only 25% of the matriculants annually gain entry into tertiary institutions (Kassiem, 2003), with another 10% finding employment in the formal sector. This outline indeed paints a bleak picture, nonetheless entrepreneurship development and training is not a new happening. As far back as 1994 a co-ordinated entrepreneurship strategy (through the 2005 Revised National Curriculum for Grades R – 9) was developed and implemented. However, this strategy for Grade 10 was only implemented in 2006, Grade 11 in 2007, and Grade 12 planned for 2008, respectively.

Issues related to financial resources

All businesses require finances to start operating and fund development. According to (Fatoki & Garwe, 2010) paucity of financial resources is the second most reported contributor to failure of SMMEs after education and training in SA. FinMark (2006) found that only 2% of new SMMEs in SA are able to gain access to finances. Foxcroft, Wood, Kew, Herrington and Segal, (2002), shows that 75% of applications for bank loans by SMMEs are often rejected in SA. This could be attributed to the fact SMMEs often lack security required by financial institutions. Poor presentation of business plans was also quoted as another reason for failure to access bank finances by SMMEs in SA.

Access to Markets

To endure and to achieve some level of success, SMME owner managers need to understand the subtleties of competition in their industry and cultivate skills and competencies that will give them a competitive lead. The extent of competition and potential competition affects the market potential and growth opportunities of SMMEs although the intensity of competition among firms varies widely across industries (David, 2009). Failure of some SMMEs to gain access to markets, can be attributed to industry competition, which is determined by what was explained by Michael Porter as the five competitive forces (Du Toit, Erasmus, & Strydom 2009). According to Porter, the type of competitiveness in a given industry can be considered as an amalgam of the five forces (David, 2007).

Constraints Imposed by the Policy Environment

Businesses particularly in the formal sector, need to conform with copious laws and regulations (red tape). Also, dealing with government procedures and processes, in addition to the explicit costs, can also be time consuming particularly for SMMEs. While these costs may be imposed on small and large businesses alike, the time required, and financial costs can often levy a higher burden on the small businesses as opposed to comparatively larger ones. It may be contended that having to comply with regulations and laws may even discourage individuals and small businesses from expanding beyond the informal sector.

In a survey conducted by the World Bank Enterprise Survey (2007) which amongst others explores measures suggestive of constraints faced by small, medium, and large firms in SA in their transactions with government officials and departments found that the proportion of senior management time spent dealing with requirements of government regulation was highest for medium sized firms. Tax rates were also identified as being a major constraint by medium firms substantially more than for small and large firms. Business licenses and permits were most frequently identified as a major constraint by small firms.

In terms of regulatory labour costs, compulsory worker insurance, maintenance of minimum working standards and instituted minimum wages may all impose costs on firms. This may deter them from formalising or expanding in terms of turnover growth. Fernandez et al. (2017) consider labour costs and regulation as barriers to formality in sub-Saharan Africa and Latin America. (Fernandez et al., 2017) also estimate “other labour market rigidities” index which considers the following factors: barrier to hiring additional workers, rigidity of hours, difficulty of firing redundant employees, legally mandated notice period, mandatory severance pay and the labour force participation rate.

METHODOLOGY

This study utilised a convenient sampling approach. Convenient sampling is a type of sampling approach where the first available primary data source will be used for the research without additional requirements (Decarlo, 2018). This method allows the researcher to collect data from a population of individuals who are conveniently available to partake in the research study. (Decarlo, 2018) explains that with a convenient sampling approach, the researcher chooses the participants because they have the desired characteristics. These participants are also within reach of the researcher. The main survey instrument used was a questionnaire, which comprised two major sections. Section One comprised of items on demographic data of the responding firms, including gender, age, citizenship, education, number of employees, period of operation since start-up, form of business ownership. Section Two of the instrument was constructed to collect information which would facilitate detection of the principal factors that contributed to SMME growth in terms of turnover and employment growth.

In the Western Cape, the study focused on businesses involved in agri-processing, business services, education and training, fishing, financial services, real estate, ICT, light manufacturing, oil and gas, retail services, transport, farming, timber, tourism, waste beneficiation, construction and clean energy. The population of the study consisted of owner/ managers of small and medium size businesses, as classified in the Government White Paper (2005), One of the main criteria for inclusion in this research was that businesses had to be in existence for more than 7 years and not classified as ‘survivalist’.

According to StatsSa (2019), turnover in terms of size of the business exhibited that SMMEs were responsible for generating R2,3 trillion (or 22%) of the R10,5 trillion in South Africa. Medium sized businesses contributed the smallest portion (10%) while large businesses accounted for the biggest chunk, just over two-thirds (68%) of total turnover.

In total, 1000 businesses were interviewed across districts of the Western Cape province and excluded townships but included business parks and central business districts (CBD).

The areas covered by the final questionnaire on the demographics and opinion of SMME owners/managers on the effectiveness of government SMME support initiatives are summarised below:

- The age, gender and level of qualification of the respondents;
- The period during which the business is incepted;
- The form of business owned by the entrepreneur;
- The usage of government support agencies;
- Opinions of the smme owners/managers on the government support services;
- The effectiveness of the government initiatives rated by the smme owners/managers; and

The aim of this research was to establish whether the SA government in its efforts to support the SMME sector has made a positive impact on SMME’s sector in the Western Cape province of SA by making a meaningful contribution towards employee and turnover growth.

The Pearson’s Chi-square (χ^2) test was used to evaluate whether there exists a relationship between government support initiatives and the growth in the Western Cape SMME sector. Using job creation and revenue increases as measures of growth in the SMME sector, the evaluation is divided into the following hypotheses:

- H1a:** Government support initiatives has not made a positive contribution to SMME growth in terms of employment creation in the past two years;
- H1b:** Government support initiatives has made a positive contribution towards SMME growth in terms of employment creation in the past two years;
- H2a:** There is no relationship between government support initiatives and SMME growth in terms of year-on-year revenue increases since business inception; and
- H2b:** There is a relationship between government support initiatives and SMME growth in terms of year-on-year revenue increases since business inception.

The items in the questionnaire were assigned Likert scale scores. The data was then processed and analyzed using SPSS for Windows.

Analysis of Survey Respondents

Table 1 RESPONDENTS AGE					
Q1. Age of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	From 17 to 29	34	3,4	3,4	3,4
	From 30 to 39	181	18,1	18,3	21,7
	From 40 to 49	451	45,1	45,6	67,3
	From 50 to 59	301	30,1	30,4	97,7

	60 and over	23	2,3	2,3	100,0
	Total	990	99,0	100,0	
Missing	System	10	1,0		
Total			1000	100,0	

The age and gender dispersals of the respondents in the survey is presented in Table 1 and Table 2 respectively. From Table 1, the majority of respondents (451) were between the ages of 40-49 years and 30.1% (301) of the respondents were between the ages of 50-59. A very small percentage of respondents were between the ages of 17-29 (3.4%).

Table 2					
RESPONDENTS GENDER					
Q2. Gender of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	755	75,5	75,5	75,5
	Female	245	24,5	24,5	100,0
	Total	1000	100,0	100,0	

According to DPRU (2018) SMMEs have approximately three times more female owners than large businesses, although males own the majority of businesses in all cases. The racial profile indicates that while the majority of SMMEs (with the micro being the most in numbers) are owned by Africans, the majority larger firms are owned by Whites (DPRU 2018). Further according to the DPRU (2018), while large firm owners have on average more than a secondary school education, SMME owners, on average, have not completed secondary school.

Majority of respondents in this study were males (75.5%) whilst 24.5% of respondents were females. Of those interviewed 98.4% (984) were SA citizens (born or naturalised). Whilst we see a very small number coming from other African countries, the USA, Europe and the UK see Table 3.

Table 3					
RESPONDENTS NATIONALITY					
Q3. Citizenship					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SA Citizen	984	98,4	98,4	98,4
	Non- SA Citizen	16	1,6	1,6	100,0
	Total	1000	100,0	100,0	
Q3. Nationality					
		Frequency	Percent	Valid Percent	Cumulative Percent
	China/Asian	2	,2	,2	,6
	European Countries	4	,4	,4	1,0
	SA (all races)	984	98,4	98,4	99,4
	UK	2	,2	,2	99,6
	USA	1	,1	,1	99,7
	African countries	7	,7	,3	100,0

	Total	1000	100,0	100,0	
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Q4. Educational Level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary School	22	2,2	2,3	2,3
	Senior Secondary School	293	29,3	31,1	33,4
	Diploma (3 years or more)	342	34,2	36,3	69,7
	Graduate (Degree)	268	26,8	28,4	98,1
	Post-Graduate	18	1,8	1,9	100,0
	Total	943	94,3	100,0	
Missing	System	57	5,7		
Total		1000	100,0		

The study sort to establish the level of educational qualifications of respondents. All respondents were asked to indicate their educational background. Five categories of highest qualifications were used to describe the educational characteristics. These were junior secondary, senior secondary, diploma, graduate and post-graduate qualifications respectively. Table 4 presents the dispersal of the educational levels of the respondents. Approximately 29.3% (293) of the respondents had completed a senior certificate while 26.8% (268) of respondents were graduates. Only, 1.8% (18) of those interviewed had completed post-graduate qualification(s); 2.2% (22) completed junior secondary school

The period during which the business of the respondents is established is documented in Table 5. Most of the enterprises in the survey (49.5%) were started between 2002 and 2007. Around 23.7% (237) of the enterprises in the survey had started their business between 2008 and 2010. Only 17% (170) of the respondents indicated that they started their respective businesses prior to 2002.

Q5. The year in which the business was established					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	After 2010	98	9,8	9,8	9,8
	Between 2008 and 2010	237	23,7	23,7	33,5
	Between 2002 and 2007	495	49,5	49,5	83,0
	Before 2002	170	17,0	17,0	100,0
	Total	1000	100,0	100,0	

Table 6 records the forms of businesses owned by the respondents. The majority of the owner/managers (58.2%) in the survey indicated that their chosen form of legal entity at the conception of their respective business was Close Corporation (CC when the business was started) because of the limited liability aspect and ease of registration aspect. Approximately 11.9% (119) of the respondents had opted for a sole trader form of business ownership while 27.9% (279) of respondents opted for the private company form of ownership. One of the effects of the Companies Act of 2008 was the phasing out of close corporations. No new close corporations may be formed once that Act came into operation during 2010. Existing close corporations could elect to continue to exist until deregistered, dissolved or converted into a private company governed under the new Companies Act.

Q6 Please specify the form of ownership of the business at commencement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole Trader	119	11,9	12,0	12,0
	Partnership	12	1,2	1,2	13,2
	Close Corporation	582	58,2	58,7	71,9
	Private Company	279	27,9	28,1	100,0
	Total	992	99,2	100,0	
Missing	System	8	,8		
Total		1000	100,0		

Respondents were interviewed to ascertain the level of awareness of certain government initiatives put in place to assist the sector to grow and if they have at any stage in their respective business life cycle made use of the government initiatives that were made available to boost economic growth within the sector

Promotion of SMMES and Job Creation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very Poor	249	24,9	24,9	24,9
	Poor	703	70,3	70,3	95,2
	Neither Poor nor Well	45	4,5	4,5	99,7
	Well	3	,3	,3	100,0
	Total	1000	100,0	100,0	

Table 7a presents the survey results regarding the level of awareness of respondents of the various government support agencies/initiatives. When respondents were asked to rate their perceptions of the overall promotion of small enterprise initiatives in SA, the majority rated their perceived promotion by government as poor (70.3%) whilst 24.9% (249) rated governments efforts as very poor. Only 4.5% (45) rated the promotion of SMME initiatives as neither poor nor well and only 0.3% (3) respondents rated the overall promotion as well.

			In the past two years has your labour force:			Total
			Expanded	Contracted	Not Change	
How would you rate the Overall promotion of small enterprise initiatives in SA?	Very Poor	Count	172	17	56	245
		% of Total	17.50%	1.70%	5.70%	24.90%
	Poor	Count	485	45	161	691
		% of Total	49.30%	4.60%	16.40%	70.30%
	Neither Poor nor Well	Count	28	4	12	44
		% of Total	2.80%	0.40%	1.20%	4.50%
	Well	Count	3	0	0	3
		% of Total	0.30%	0.00%	0.00%	0.30%
	Total	Count	688	66	229	983
		% of Total	70.00%	6.70%	23.30%	100.00 %
Chi-Square Tests						
	Value	df	Asymp. Sig. (2-sided)			
Pearson Chi-Square	2.295a	6	0.891			
Likelihood Ratio	3.105	6	0.796			
Linear-by-Linear Association	0.046	1	0.83			
N of Valid Cases	983					
<i>Note: 4 cells (33.3%) have expected count less than 5. The minimum expected count is .20.</i>						

Observations

Table 7b represents the cross tabulation of the overall promotion of small business and the perceived change in the labour force over the last two years. The null hypothesis (H01) was stated as “There is no relationship between government support initiatives and SMME growth in terms of expanded labour pools”.

There is no association between perceptions of the overall promotion of small enterprises and the change in labour force table 8a. The p-value for the Chi-square test is 0.891 and as such there is no relationship between governments overall promotion and the changes in the labour force over the last two years (See table 7b). Therefore, we do not reject the null hypothesis (H01).

Promotion of SMME and turnover increases

Table 8a					
8A. HOW WOULD YOU RATE THE OVERALL PROMOTION OF SMALL ENTERPRISE INITIATIVES IN SA? * . THE DEVELOPMENT OF THE BUSINESS IN TERM OF TURNOVER INCREASED					
How would you rate the Overall promotion of small enterprise initiatives in SA?			The development of the business in term of turnover increased		Total
			Yes	No	
	Very Poor	Count	204	42	246
		% of Total	20.50%	4.20%	24.70%
	Poor	Count	571	130	701
		% of Total	57.40%	13.10%	70.50%
	Neither Poor nor Well	Count	38	6	44
		% of Total	3.80%	0.60%	4.40%
	Well	Count	3	0	3
		% of Total	0.30%	0.00%	0.30%
Total	Count	816	178	994	
	% of Total	82.10%	17.90%	100.00%	
Chi-Square Test					
	Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square	1.511a	3	0.68		
Likelihood Ratio	2.079	3	0.556		
Linear-by-Linear Association	0.021	1	0.885		
N of Valid Cases	994				
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is .54					

Observation

Promoting the SMME sector so as to create an enabling environment by reducing unemployment and creating a more equitable distribution of wealth is the overall aim of government. These assistance programmes had to ultimately lead to increased turnover and expanded labour pools.

The chi-square test result proved to be non-significant ($p > 0.05$) indicating that there is no relation between the communication of small enterprise incentives and increased year on year turnover. Hence, we do not reject the null hypotheses (H_{02}).

Impact of Government incentives and job creation

Table 9a below demonstrates a cross tabulation of the impact of the overall promotion of SMMEs in relation to the labour force expansion in the past two years.

Observation

The Chi-square test results are presented in Table 9a. The null hypothesis stated that there is no relationship between government support initiatives and SMME growth in terms of job creation. The Chi-square results are insignificant ($p > 0.05$), indicating an insignificant relation between government incentives and the increased labour force over the last two years.

Table 9a						
9A. THE IMPACT OF THE GOVERNMENT INCENTIVE IN GENERAL. IN THE PAST TWO YEARS HAS YOUR LABOUR FORCE						
			In the past two years has your labour force:			Total
			Expanded	Contracted	Not Change	
Impact Government incentive in general	Very Poor	Count	221	23	67	311
		% of Total	22.50%	2.30%	6.80%	31.60%
	Poor	Count	375	33	127	535
		% of Total	38.10%	3.40%	12.90%	54.40%
	Neither Poor nor Well	Count	87	10	34	131
		% of Total	8.90%	1.00%	3.50%	13.30%
	Well	Count	5	0	1	6
		% of Total	0.50%	0.00%	0.10%	0.60%
Total		Count	688	66	229	983
		% of Total	70.00%	6.70%	23.30%	100.00%
Chi-Square Tests						
	Value	df	Asymp. Sig. (2-sided)			
Pearson Chi-Square	2.430a	6	0.876			
Likelihood Ratio	2.829	6	0.83			
Linear-by-Linear Association	0.677	1	0.411			
N of Valid Cases	983					
<i>Note: 3 cells (25.0%) have expected count less than 5. The minimum expected count is .40.</i>						

Table 10a					
10A. THE IMPACT OF THE GOVERNMENT INCENTIVES IN GENERAL. THE DEVELOPMENT OF THE BUSINESS IN TERM OF TURNOVER INCREASED					
Impact of Government incentive in general			The development of the business in term of turnover increased		Total
			Yes	No	
	Very Poor	Count	267	47	314
		% of Total	26.90%	4.70%	31.60%
	Poor	Count	435	105	540
		% of Total	43.80%	10.60%	54.30%
	Neither Poor nor Well	Count	109	25	134
		% of Total	11.00%	2.50%	13.50%
	Well	Count	5	1	6
		% of Total	0.50%	0.10%	0.60%
Total	Count	816	178	994	
	% of Total	82.10%	17.90%	100.00%	
Chi-Square Tests					
	Value	df	Asymp. Sig. (2-sided)		
Pearson Chi-Square	2.771a	3	0.428		
Likelihood Ratio	2.838	3	0.417		
Linear-by-Linear Association	1.558	1	0.212		
N of Valid Cases	994				
<i>Note: 2 cells (25.0%) have expected count less than 5. The minimum expected count is 1.07.</i>					

Observations

Table 10a represents a cross tabulation of the impact of the overall promotion of SMMEs in relation to the year-on-year revenue increases since business inception. The Chi-square test results demonstrated in the table are insignificant ($p > 0.05$), which indicates that the overall promotion of small enterprises did not have a positive effect on improving year-on-year turnover for SMMEs.

CONCLUSION

Encouraging the SMME sector to create an enabling environment by reducing unemployment and creating a more equitable distribution of wealth was the overall ambition of government support initiatives in SA (Peters & Naicker 2013). The National Development Plan

goals for SA for 2030, includes the elimination of income poverty, reducing inequality, and reducing unemployment to 6 percent (DPRU, 2018). As such, the support for the SMME sector had to ultimately lead to sustainable job creation and increased turnover for the SMME sector and in turn address much of the social ills confronting SA. However, 28 years into democracy and from the feedback of this survey, in line with prior studies of similar nature, the indication is that government support initiatives in this regard had been ineffective some may argue even a dismal failure. Based on the survey conducted in 2013 by Peters and Naicker (2013), the results of the Chi-square tests ruled out the significance of the relationship between the government support initiatives and the growth in the SMME sector. This research conducted seven years later in the Western Cape province indicates no change as a result of the government support initiatives.

Most of the respondents was of the view that the services provided by government support initiatives were in the category - very poor to poor – indicating that government support initiatives has had no or very little impact on the sector to grow in terms of turnover and labour growth – in fact from the interaction with the owner/managers of the SMMEs, the growth can be said to be organic in nature achieved by increasing output and enhancing sales internally with very little or none of the growth attributed towards government support.

This study supports the findings by Peters and Naicker (2013) that the quality of the entrepreneurs as identified above is a critical factor in SMME success and as such, If the government's strategy to use the SMME sector so as to create an enabling environment and correct imbalances created in the main by past restrictive policies is to have any significant success, focus must be placed on developing competent entrepreneurs, especially amongst those classified as previously disadvantaged persons. More focus should be placed on education and the training of budding entrepreneurs.

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