



# LIMPOPO

PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

## DEPARTMENT OF ECONOMIC DEVELOPMENT, ENVIRONMENT & TOURISM



Report on the state of Small, Micro and Medium Enterprises in Limpopo Province.

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***The heartland of southern Africa – development is about people!***

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## **List of acronyms**

|       |  |
|-------|--|
| LEDA  | Limpopo Economic Development Agency                            |
| SEFA  | Small Enterprise Finance Agency                                |
| IDC   | Industrial Development Corporation                             |
| NYDA  | National Youth Development Agency                              |
| SEDA  | Small Enterprise Development Agency                            |
| NEF   | National Empowerment Fund                                      |
| LEDET | Department of Economic Development, Environment<br>and Tourism |
| UIF   | Unemployment Insurance Fund                                    |

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## **Chapter 1**

### **Executive Summary**

#### **Aim**

The aim of the study was to determine the current state of Small, medium and micro enterprises in the Limpopo Province.

Through enterprise development people can earn a living and rise out of poverty. In turn over time they create jobs as well as empower other individuals and communities in which they live.

According to the Department of Trade and Industry (DTI, cited in Verwey 2011:4) small businesses represent 98% of the total number of firms and employ 55% of the country's labour force, contributing approximately 24% of the total wage bill. Small firms account for 35% of GDP overall (SEAF 2009; cited in Verwey, 2011:4).

The majority of the SMMEs are over-concentrated in activities and areas of the economy that exhibit low growth potential. The study revealed that the majority of SMMEs in Limpopo Province are in retailing which is already saturated.

According to Timm (2012:19) figures on the number of small businesses in South Africa remain sketchy with no official repository for data on the number of small enterprises. Noting this constraint, FinScope's 2010 South Africa Small Business Survey reveals that there are close to six million small businesses in the country and nearly 5.6 million small business owners. These enterprises according to Timm (2012:19) are extremely small: 67% employ no more than the owner themselves. In total, 300 000 businesses, or 6% of all entrepreneurs, employ five or more people. A further 1.5 million or 27% employ between one and four people. And just 17% of small business owners run registered businesses.

According to Timm (2012:19) the percentage of workers employed by small business in Malaysia and Chile is on the rise. In Chile the proportion of persons working in SMEs rose from 54.5% of employees in the February-April 2010 quarter to 56.4% in February-April 2011. Also, while employment in general increased by 6.8% from

February-April 2010 to the same quarter in 2011, the increase was higher for small businesses, at 9.5%. In the last decade, the contribution of SMEs to Malaysia's total employment has been increasing – from the sector employing 56.4% of the workforce in 2003 to 59.5% in 2010. Much of this increase was between 2007 and 2010 when SME employment growth outperformed the overall growth in employment.

Small firms also create the highest number of jobs in Chile. A 2011 study by the Research Division of Chile's Ministry (cited in Timmy; 2012:19) revealed that of the 262 430 new salaried jobs created in the February-April 2011 quarter compared to the same period in 2010, 90% were generated by micro, small and medium enterprises companies with 200 employees or fewer.

According to Timm (2012:19) in South Africa, between 1985 and 2005, 90% of all new jobs were created by small, micro and medium firms. According to Neil Ranking from Wits University (cited in Timm; 2012:19) 73% of employed people work for firms with fewer than 50 employees.

South Africa's Seda incubators are behind incubators in Malaysia and Chile when it comes to the number of jobs created per incubate (the enterprise assisted by the incubator). The number of jobs created per incubator is greatest in Malaysian incubators (3.5 jobs on average per incubate) – similar to jobs per incubate in the US and Korea – compared to less than a single job created by each incubate in Seda's incubators. Each incubate from Chile incubators also turns over almost 10 times more revenue on average than an incubate based in a Seda incubator. It is clear that the kind of business created by Seda incubators are micro endeavours with little scalability, compared to Malaysia and Chile's promotion of high growth, high-impact entrepreneurs (Timm; 2012:23).

According to Timm (2012:24) in South Africa Seda's incubators have grown from 23 in 2007 to 31 in 2011. These incubators represent various sectors from steel in Mpumalanga, and ICT in Gauteng, to seven furniture manufacturing incubators and sugar-cane incubator in Kwazulu-Natal.

## **Findings and recommendations**

Below are findings of the study:

- The majority of SMME's are in retailing business;
- Most businesses created between one (1) and five (5) jobs;
- The study revealed that very few businesses registered with Unemployment Insurance Fund (UIF);
- The majority of people employed are females as compared to males;
- The majority of SMME's make a turnover between R50 000.00 and R100 000.00;
- Very few businesses are aware of agencies that provide financial and non-financial support;
- Institutions continuously operating in fragmented manner, duplicating efforts and wasting scarce resources;
- Only ninety four (94) out of four hundred and thirty (430) respondents are aware of Dti incentives; and
- Only eighteen (18) out of four hundred and thirty (430) indicated they were incubated.

## **Recommendations**

- Intensify road shows on the services offered by agencies granting financial and non-financial services;
- To enhance market access, it is critical to diversify thereby shifting the balance away from concentration in activities that have low growth potential into activities with higher potential.
- In order to create markets for SMMEs the Limpopo Provincial Government must set aside certain types of procurement.
- Foster co-ordination among agencies granting financial and non-financial services;
- Conduct regular research to assess the performance of SMME's

## **Chapter 2**

### **2.1. Introduction**

Small, medium and macro enterprises (SMME's) are increasingly seen as playing an important role in the economies of many countries. Governments throughout the world focus on the development of SMME's sector to promote economic growth, employment and poverty reduction. In South Africa, SMMEs contribute 56% of private sector employment and 36% of the gross domestic product (Ntsika, 2002).

### **2.2. Research Objectives**

The following research objectives have been identified, namely

- To determine the level of support to SMME's by government;
- To determine the economic contribution by SMME's; and
- To investigate whether SMME's are aware of the mandate and role of the state agencies.

### **2.3. Importance/benefits of the study**

The research will help Department in crafting an informed SMME's strategy which includes turnaround solutions to improve the performance of SMME's in the Province.

### **2.4. Limitation**

Some respondents refused to participate in the survey. Some were indicating that the owners of the businesses are not available and some indicated that the head offices are not within the Province. They were also reluctant to provide information pertaining to turnovers and salaries to employees.

### **2.5. Methodology**

A questionnaire was designed and developed as primary data collection tool. The questionnaire was self-administered to allow respondents to complete it. However respondents who needed assistance in completing the questionnaire were assisted.



The development of the questionnaire was subjected to a rigorous process by allowing inputs to ensure that the questionnaire adhered to the acceptable research standards and ethics, anonymity of respondents was also ensured to increase response rate and the questions were comprehensive enough to answer the key research questions.

## 2.6. Sampling

| Districts           | Sample |
|---------------------|--------|
| Capricorn           | 75     |
| Mopani District     | 83     |
| Sekhukhune District | 78     |
| Vhembe District     | 89     |
| Waterberg District  | 105    |

The population drawn for the study has been defined as all SMMEs registered with the Department of Economic Development, Environment and Tourism. The total SMME's as per LEDET register in 2014 was 15 577. Data was collected randomly from all five districts in Limpopo Province. The total sample from all five districts was 430. The research instrument that the Research Directorate used to collect the data was the questionnaire.

## **Chapter 3 Literature Review**

### **3.1. Introduction**

This chapter reviews what is already known pertaining small, medium and micro enterprises. Some of the lessons learned from other countries are also highlighted.

Raizcorp (cited in Verwey, DBSA:2011:4) in an article entitled Enterprise Development Made Easy, defines enterprise development as investing time, knowledge and capital to help Small and Medium Enterprises establish, expand or improve business including empowering modest income-generating informal activities to grow and contribute to the local economy.

According to Verwey (2011:4) through enterprise development people can earn a living and rise out of poverty. In turn over time they create jobs as well as empower other individuals and the communities in which they live. Market development, commercial business services and social enterprise are part and parcel of Enterprise Development. Moreover it encompasses finance, entrepreneurship development, investment and growth in Small Medium and Macro Enterprise (SMMEs), including initiatives that range from enabling the start-up of small businesses to providing business skills development through training, mentoring and coaching.

According to the Department of Trade and Industry (DTI, cited in Verwey 2011:4) small businesses represent 98% of the total number of firms and employ 55% of the country's labour force, contributing approximately 24% of the total wage-bill. Small firms account for 35% of GDP overall (SEAF 2009; cited in Verwey, 2011:4).

### **3.2. Comparative Statistics on small business, Chile, Malaysia and South Africa**

According to Timm (2012:18) small, micro and medium enterprises make up 99% of all businesses in Chile and Malaysia. In Chile the sector accounts for 20% of gross domestic product (GDP) and 60% of jobs, while in Malaysia SMEs contribute 31% of the GDP, 65% of employment and 19% of exports.

In Chile in 2009 there was a total of 741 430 small, medium and micro enterprises. About 80% of these are micro enterprises. In the five years up to 2009, the number of small, medium and micro enterprises there has grown by about 5%. Going on various estimates there are today between 550 000 and 900 000 SMEs in Malaysia. By far the majority of these are micro enterprises, and over four fifths are located in the service sector. Most SMEs are involved in labour-intensive activities and even though they make up over half the population of Malaysia, only about a quarter of small enterprises are run by Malays (and most of these firms have low turnovers). Most SMEs in Malaysia are run by Chinese and Indian Malaysians (Timm, 2012:18)

|                             | Chile (2009) | Malaysia (2005) | South Africa (2007) |
|-----------------------------|--------------|-----------------|---------------------|
| Total small businesses      | 741 430      | 548 267         | 2.43 million        |
| GDP contribution            | 20%          | 31%             | 27% to 34%          |
| Percentage of the workforce | 60%          | 59.5%           | 55%                 |

*Note:* \*2010 data: SME Corporation annual report (2010:22; cited in Timm 2012:18)

*Sources:* Department of Trade and Industry's Annual Review of Small Business 2005-2008, Malaysia's 2005 Census of Establishment and Enterprises and Interview with Manuel Ariztia, Ministry of Economy (cited in Timm 2012:18)

According to Timm (2012:19) figures on the number of small businesses in South Africa remain sketchy with no official repository for data on the number of small enterprises. Noting this constraint, FinScope's 2010 South Africa Small Business Survey reveals that there are close to six million small businesses in the country and nearly 5.6 million small business owners. These enterprises according to Timm (2012:19) are extremely small: 67% employ no more than the owner themselves. In total, 300 000 businesses, or 6% of all entrepreneurs, employ five or more people. A further 1.5 million or 27% employ between one and four people. And just 17% of small business owners run registered businesses.

According to Timm (2012:19) statistics in the Department of Trade and industry's Annual Reviews of Small Business 2006-2008, South Africa had 2.43 million small enterprises in 2007. Of these 595 000 were in the formal sector and 1.39 million were in the informal sector. A further 59 000 people above 65 years old were running a business (and a further 431 000 were involved in subsistence farming). Small and micro enterprises contribute between 27% and 34% of South Africa's GDP.

### **3.3. Employment**

According to Timm (2012:19) the percentage of workers employed by small business in Malaysia and Chile is on the rise. In Chile the proportion of persons working in SMEs rose from 54.5% of employees in the February-April 2010 quarter to 56.4% in February-April 2011. Also, while employment in general increased by 6.8% from February-April 2010 to the same quarter in 2011, the increase was higher for small businesses, at 9.5%. In the last decade, the contribution of SMEs to Malaysia's total employment has been increasing – from the sector employing 56.4% of the workforce in 2003 to 59.5% in 2010. Much of this increase was between 2007 and 2010 when SME employment growth outperformed the overall growth in employment.

Small firms also create the highest number of jobs in Chile. A 2011 study by the Research Division of Chile's Ministry (cited in Timmy; 2012:19) revealed that of the 262 430 new salaried jobs created in the February-April 2011 quarter compared to the same period in 2010, 90% were generated by micro, small and medium enterprises companies with 200 employees or fewer.

According to Timm (2012:19) in South Africa, between 1985 and 2005, 90% of all new jobs were created by small, micro and medium firms. According to Neil Ranking from Wits University (cited in Timm; 2012:19) 73% of employed people work for firms with fewer than 50 employees.

### **3.4. Policies overview**

Key proposals outlined in the National Development Plan (2030:142) to support small business development are as follows:

#### **3.4.1. Public and private procurement**

- Leverage the Local Procurement Accord to promote stronger buyer-supplier relations and deeper localization.
- Implement commitments to 30-day payments to smaller suppliers.
- Make government procurement opportunities more accessible to small businesses, streamline tender processes, improve transparency and get rid of corruption.

#### **3.4.2. Regulatory environment**

- Simplify the regulatory environment. The first step would be to appoint an expert panel to prepare a comprehensive regulatory review for small – and medium – sized companies to assess whether special conditions are required. This include regulations in relation to business registration, tax, labour and local government. Regulatory Impact Assessment will be done on new regulations.

#### **3.4.3. Access to debt and equity finance**

- Examine a role for the state in easing access to finance by start-ups and emerging businesses. The government and the private sector should collaborate in creating financial instruments for small, medium and micro enterprises. A risk sharing agreement should be created as start-up are particularly in need of financial support and are least able to access it.
- Explore the role of venture capital.
- Urgently consider measures to reform the mandates and operations of development finance institutions in line with initiatives already being undertaken, and upgrade the skills of those providing business advice and services.
- Build research capacity to address the paucity (scarcity) of data currently available on small businesses and scale up public communication on available opportunities.

#### **3.4.4. Small-business support services**

- Consolidate and strengthen these. Action has already been taken to create a unified small-business service delivery agency. Public-private partnership can

be considered, where the private sector is incentivised to provide small businesses with support, with increased payment contingent on success.

- Support and grow franchise associations and get involved in commercialising models of this nature. Franchising has been globally successful in reducing risk and failure rate.

#### **3.4.5. Address the skills gaps**

- Provide training for school leavers and unemployed youth with focus on skills development. The public sector should establish programmes run by well-trained ex-entrepreneurs who have first-hand experience of the sector; the government should incentivise the private sector through tax breaks to set up mentoring programmes; establishing small enterprises should be offered wage subsidies to take on apprentices and to offer youth placements.
- Provide skills development for students currently in school with a focus on grooming an entrepreneurial attitude. This should include reviewing the curriculum with a view to encouraging entrepreneurial thinking and creating the skills necessary for start-ups. The review should consider focusing education into technical and academic streams after grade 8, and establishing vocational and technical training for students in grade 9 and 11.
- Promote skills development for new sectors with a focus on high-technology skills advancement. This will include improving the Further Education and Training (FET) colleges to ensure that they are producing better-quality students with the skills identified as lacking in the small enterprise sectors. Colleges should introduce entrepreneurship programmes.

According to the LEGDP (2009-2014) there are a number of critical challenges that influence the priorities and focus of Enterprise Development in the Province. These challenges are presented below as needs that should be addressed:

- The need for better information on the SMME sector – The formulation of targeted SMME interventions is hampered by lack of relevant and up-to-date data on the dynamics of the SMME sector.
- The need for integration and transformation – As a legacy of South Africa's history of exclusive development, Limpopo's economy continues to display high degrees of segmentation and duality. The largely white-owned formal

economy, while smaller in number, generates more wealth and employment than the black – owned informal economy, which has many participants, but is considerably smaller in value terms. Thus, SMME development in the Province should be pursued as a pivotal strategy for the transformation of the economy.

- The need to improve access to SMME development services – There is a wide range of national, provincial and agencies providing financial and non-financial support to SMMEs in the Province. But many SMMEs in the Province are either unaware of these services or unable to access them.
- The need for better provincial and local business environment – Government across the Province – provincial, district and local – are required to consider ways in which they can improve the conditions in which SMMEs operate. This involves regularly assessing the effect local policies, laws and regulations have on the SMME sector and ensuring that these do not unduly inhibit the competitiveness of the business environment.
- The need for a more entrepreneurial society – The key to a diverse and competitive SMME sector in Limpopo Province is the creation of a more entrepreneurial culture in which business owners and managers respond to new and emerging opportunities with innovation and creativity. Among the many legacies of apartheid, is the systemic quashing of entrepreneurial talent and initiative, resulting in an SMME sector that operates in crowded markets and with low levels of innovation and creativity.
- The need to improve the institutional framework for SMME development – The current institutional framework for SMME development in Limpopo is hampered by fragmentation and lack of coordination. National and provincial SMME agencies appear to work in competition with one another. There is also a high degree of duplication. At the same time, district and local municipalities incorporate SMME development proposals in their local economic and integrated development plans with very little consideration of how this links with broader provincial and national support programmes.
- The need for better business representation and public-private dialogue – Many SMMEs in the Province are not part of any formal organization and are poorly represented in formal public-private dialogue processes. Indeed, there

does not appear to be a formal structure process for regular dialogue between the SMME sector and the Limpopo Provincial Government.

- The need for better facilities and infrastructure – So called “apartheid planning” has left its mark across the Province. While significant changes have occurred since 1994 and greater attention has been given to improving the spatial plans of many settlements and urban centres found in the Province, there are many SMMEs operating in locations that are far from markets and which operate from inadequate facilities. This includes SMMEs operating from houses, in the informal markets and in historical disadvantaged communities.

According to Timm (2012:20) both Malaysia and Chile are targeting innovations as a key cornerstone of economic growth. Much of South Africa’s small business policies are based on promoting black small enterprises, as black people were previously excluded from the economy under apartheid.

The Chilean Government in 2010 embarked upon a competitiveness and innovation drive, which includes improved support for small businesses by boosting existing measures (such as the state small business fund Fondo Corfo, and improving training) and introducing additional measures such as ensuring that the state pays small firms within 30 days on receipt of invoice (Timm; 2012:20).

According to Timm (2012:20) in Malaysia, the 10<sup>th</sup> Malaysia Plan (2011-2015) aims to jump-start the nation’s push towards a high-income economy and by 2015, while the government wants to make Malaysia one of the top 10 nations in the world for doing business. To achieve this, the government is set to start a comprehensive review of business regulations, starting with rules that impact the national key economic areas. This means scrapping outdated rules. The country’s SME Masterplan (2011-2020) and SME Integrated Plan of Action (2011) which details the planned programmes for 2011, aim to create globally competitive SMEs by setting up an enabling system to accelerate the growth of SMEs. In the Ninth Malaysia Plan period, SME development amounted to RM26 billion (R69bn) or almost 12% of the



development expenditure focusing on enhancing access to financing, building capacity and capability, and strengthening enabling infrastructure.

### **3.5. Incubation**

Incubators in South Africa are largely funded by the government – either at a national or provincial level. There are also a few privately-funded incubators. The Minister of Trade and Industry Rob Davies believes that incubation programmes are some of the most successful of the measures that the department uses to back small businesses. The department wants to, with the support of the Small Enterprise Development Agency (Seda), roll out 250 incubators by 2015. The government is keen to use incubators to help develop more small businesses – particularly black-owned enterprises – that can supply large businesses with the products and services they require (Timm; 2012:21).

According to Timm (2012:21) incubators are expensive and the government will have to rely on partnering with the private sector to roll out more incubators. The government is also faced with serious questions of how to both help incubatees find market access and source funding. To this end the government wants to rely on new incentives and the enterprise development element in the existing Black Economic Empowerment (BEE) legislation to compel more large companies to roll out incubators to develop small firms. The government also wants to revise BEE codes so that these incentivise more large companies to get involved in enterprise development measures, some of which involve running an incubator to develop new suppliers. Penalties for those that do not do enough to support small firms are also on the cards.

Another challenge is that many of Seda's incubators are not sufficiently focused on creating high-growth innovative businesses; but rather end up backing generally low-skilled businesses that operate in over-traded sectors such as construction and furniture. Incubators should be used more strategically to develop high-risk sectors which without government support would not take off – such as aerospace and biotechnology. As well as helping businesses to serve local demand, incubators must also assist businesses to produce goods that have an international demand –

either for the rest of Africa or the rest of the World, if the economy is to grow (Timm; 2012:22).

### **3.5.1. Incubators in Malaysia and Chile**

According to Timm (2012:22) the government of Chile and Malaysia both view business incubators as important tools to drive innovation and create more sustainable economies for their respective countries. Although many incubators are funded by the government in Chile, these are often set up by universities. In this way a partnership exists between the state, businesses and universities. Less of a partnership exists however in Malaysia, where the state plays a much more active role and in many instances both sets up and funds incubators.

Chile has between 25 and 30 incubators (the second largest incubator market in South America after Brazil), which are supported mainly by the government and by universities. Most of the country's incubators are focused on high-growth and innovative businesses, in line with the government's mandate to boost the number of innovative and high-impact firms in the country. The primary focus of incubators is on high value services such as consulting and networking (Timm; 2012:22).

### **3.5.2. Evaluating Incubators Performance**

South Africa's Seda incubators are behind incubators in Malaysia and Chile when it comes to the number of jobs created per incubate (the enterprise assisted by the incubator). The number of jobs created per incubator is greatest in Malaysian incubators (3.5 jobs on average per incubate) – similar to jobs per incubate in the US and Korea – compared to less than a single job created by each incubate in Seda's incubators. Each incubate from Chile incubators also turns over almost 10 times more revenue on average than an incubate based in a Seda incubator. It is clear that the kind of business created by Seda incubators are micro endeavours with little scalability, compared to Malaysia and Chile's promotion of high growth, high-impact entrepreneurs (Timm; 2012:23).

According to Timm (2012:24) in South Africa Seda's incubators have grown from 23 in 2007 to 31 in 2011. These incubators represent various sectors from steel in Mpumalanga, and ICT in Gauteng, to seven furniture manufacturing incubators and sugar-cane incubator in Kwazulu-Natal.

| Table 3.2: Performance of incubators in Chile, Malaysia and South Africa   |                        |              |                 |
|--|------------------------|--------------|-----------------|
|  | SA's Seda<br>(2010/11) | Chile (2011) | Malaysia (2010) |
| Incubators   | 31                     | 13           | 106             |
| Incubatees<br>(including virtual)  | 958                    | 600          | 2 650 (tenants) |
| Incubatees per<br>incubator  | 31                     | 46           | 25              |
| Average turnover   | R215 000               | R2.2m        | Unavailable     |
| Jobs   | 893                    | 1500         | 9250            |
| Jobs per enterprise  | 0.9                    | 2.5          | 3.5             |
| Sources: Chile: ChileIncuba presentation by Alvaro Bustos Torreblanca, Chile Incuba meeting 29 August 2011; South Africa: Seda Technology Programme 2010/11 Annual Report; Malaysia: Global Practice in Incubation Policy Development and Implementation, Infdev, 2010; cited in Timm (2012:24), a report for the Department of Trade and Industry (the dti) and TIPS , June 2012. |                        |              |                 |

During the 2010/11 financial year Seda's incubators supported 958 businesses – 756 existing firms and 202 new small enterprises (about 58% of these were in the agricultural sector). Seda's incubators also helped incubatees increase their collective turnover from R129 million in 2008/9 to R206 million, mainly due to support from its construction incubator. In all, 893 jobs were created by incubatees. This however translates to less than one new job created by each incubate that Seda assisted in 2010/11. The number of jobs that incubators in South Africa create is therefore quite small, with one of Seda's most successful incubators, Furntech, only creating about three jobs per business while in the incubator. Other Seda incubators similarly create few jobs (Timm; 2012:24).

According to researchers Wolfgang Thomas and Sandheep Ramluckan (cited in Timm; 2012:24) Seda incubators' performance between 2007/8 and 2009/10 reveals mixed results. The two found that while the incubators appeared successful in the number of businesses they helped set up and the jobs these enterprises created, incubatees' overall income had decreased over these three years and the number of small firms still in business were declining – with an average survival rate of 76% after one year and just 57% after two years. However, these researchers ascribed the change to the recession rather than to the performance of the incubators themselves. Interestingly they found that high-tech incubators usually have a higher success rate, *inter alia* owing to the relatively better training of incubatees.

According to Timm (2012:25) a snapshot of Chile's incubators is provided by ChileIncuba, the country's incubator association, which represent 13 incubator organisations (which account for 70% of the incubation projects supported by the government). In 2011 these 13 incubators were incubating 600 businesses. This is an average of 46 businesses per incubator, with 66% of incubatees undergoing virtual incubation. In 2011, 234 enterprises graduated from the 13 incubators (an average of 18 per incubator). Incubatees each record average annual sales of 132 million Chilean pesos (R2.2m)- ranging between 24 million pesos (R400 000) and 450 million pesos (R7.5m). Between 2004 and 2007 incubators helped launch 700 new companies, of which 390 or 56%, were operating during this time.

Timm (2012:25) also indicated that a snapshot of one of the 13 members – the incubatec incubator where about 25 businesses graduated between 2006 and 2011 – reveals some interesting statistics. In all 80% of incubatec graduates are still operating. About 20% of graduates are classified as very successful – achieving double-digit growth in sales and having either expanded their business outside of their respective region or begun exporting. These firms employ on average six people each. About 10 or 12 companies have received grant funding from Corfon (this is 100% of the companies that incubatec has presented to Corfo for funding). At Incubatec, about 20% to 30% of entrepreneurs the incubator supports are from the university (Universidad La Frontera, Temuco). Most are business owners or former employees. The average age of incubatees is between 35 and 45 years old.

Some successful graduates of Chilean incubators include:

- A company which is working with the Australian government to do genome research on the HIV virus;
- A firm that exports tulips to Colombia, the US and Peru;
- A satellite control company which currently monitors about 500 trucks and has begun franchising the idea across South America; and
- A high volume electrostatic sprayer that is being tested as a crop sprayer product in California.

According to Timm (2012:26) one reason these incubators help produce quality businesses is that the application process is fairly strict – only 9% of the 2 575 applications incubators received for incubation in 2010, were approved. Added to this most of the incubatees are in their 30s, have completed higher education and are skilled at using computers and IT equipment.

### **3.6. Access to markets**

For SMMEs to survive there is a need to strengthen access to public sector procurement opportunities. According to the study conducted by dti (2011:73) there is a large body of international evidence which supports the use of ‘set-asides’ for certain categories of small enterprise in public procurement. Countries like United State of America, Japan, Canada and South Korea are set-asides some products in order to create markets for their SMMEs.

According to the study conducted by dti (2011:73) the most advanced and successful initiatives in the use of set-asides in public procurement relate to the experience of the US federal government. The USA has a long history of set-aside programmes, which can be traced as far back as the 1930s, which are used to support market access for small business. The most important developments occurred, however, in the 1960s and 1970s and in particular with the Small Business Act which, in 1969, established the 8(a) program which provided for the awarding of federal contracts to companies owned by economically disadvantaged individuals’. Set-asides were widely deployed to assist in particular the growth of minority business enterprises and subsequently for women-owned enterprises.

## Chapter 4 Report results

### 4.1. Introduction

Chapter four focuses on analysis of the survey data collected using questionnaire. The questions were aligned to the research objectives outlined in Chapter 2

### 4.2. Results

There are many different definitions of business growth and ways of measuring this growth. Business growth is typically defined and measured, using absolute or relative changes in sales, assets, employment, productivity, profits and profits margins. Sales data are usually readily available and business owners themselves attach high importance to sales as an indicator of business performance. In addition, sales growth is also easier to measure compared with some other indices and is much more likely to be recorded. Sales are a good indicator of size and growth. Sales may also be considered a precise indicator of how a firm is competing relative to their market (Barringer et al., 2005).

|  | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg |     |
|--|-----------|--------|------------|--------|-----------|-----|
| Retailing  | 27        | 50     | 46         | 37     | 46        | 206 |
| Manufacturing  | 10        | 5      | 7          | 7      | 7         | 36  |
| Wholesale  | 1         | 2      | 1          | 1      | 1         | 6   |
| Hotels/Lodges/Guest houses                             | 0         | 5      | 6          | 4      | 6         | 21  |
| Other, Filling Stations, Hair Saloons, Pharmacies, etc | 37        | 21     | 18         | 40     | 45        | 161 |
| Total sampled per district                             | 75        | 83     | 78         | 89     | 105       | 430 |

Table 4.1 above indicates that most of the respondents are in retailing followed by those indicated other businesses like filling stations, hair salons and pharmacies.

| Question: Are you the owner of the business |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Responses                                   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 52        | 42     | 39         | 59     | 60        | 252   |
| No  | 23        | 41     | 39         | 30     | 45        | 178   |
| Number of respondents                       | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.2 revealed that two hundred and fifty two (252) respondents were owners of the business while 178 were employees. Non-owners in most of the businesses visited refused to participate in the survey indicating that they do not have authority to fill in the questionnaire.

|                         | Capricorn | Mopani | Sekhukhune | Waterberg | Vhembe | Total per nature of business |
|-------------------------|-----------|--------|------------|-----------|--------|------------------------------|
| Sole proprietor         | 37        | 37     | 30         | 54        | 34     | 192                          |
| Close corporation (CC)  | 24        | 21     | 31         | 29        | 29     | 134                          |
| Partnership             | 2         | 3      | 7          | 10        | 4      | 26                           |
| Private companies (Pty) | 12        | 22     | 10         | 12        | 22     | 78                           |
| Public companies (Ltd)  | 0         | 0      | 0          | 0         | 0      | 0                            |
| Total                   | 75        | 83     | 78         | 89        | 105    | 430                          |

Table 4.3 revealed that most of the businesses that participated in the survey were registered as sole proprietors followed by those that registered as close corporations.

|  | Capricorn | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
|--|-----------|-----------|------------|-----------|------------|------------|
| 1 But<br>Less<br>Than 3<br>Years<br>Ago  | 27        | 25        | 30         | 29        | 48         | 159        |
| 3 But<br>Less<br>Than 5<br>Years<br>Ago  | 10        | 13        | 10         | 12        | 12         | 57         |
| 5 But<br>Less<br>Than 10<br>Years<br>Ago | 26        | 23        | 14         | 17        | 16         | 96         |
| 10 Or<br>More<br>Years<br>Ago            | 11        | 22        | 19         | 31        | 26         | 109        |
| Don't<br>Know                            | 1         | 0         | 5          | 0         | 3          | 9          |
| <b>Total</b>                             | <b>75</b> | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.4 above indicates that hundred and fifty nine (159) business are in operations for a time period of one (1) but less than three (3) years. Fifty seven (57) businesses are in operation for a period of three (3) but less than five years while ninety six (96) are in operation for period of five (5) but less than ten (10) years.



Hundred and nine (109) indicated that they are in operation for more than ten years. However, only nine respondents indicated that they do not know for how long they have been in operation.

| Table 4.5: Business opportunities                                 |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Question: Are there opportunities to grow or extend your business |           |        |            |        |           |       |
| Responses   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 62        | 69     | 69         | 77     | 89        | 366   |
| No  | 13        | 14     | 9          | 12     | 16        | 64    |
| Number of respondents   | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.5 above indicates that three hundred and sixty six (366) agreed that there are opportunities to grow and expand their businesses while sixty four indicated that they do not believe there are any opportunities to expand their businesses.

| Table 4.6: Rental for premises                     |           |        |            |        |           |       |
|--|-----------|--------|------------|--------|-----------|-------|
| Question: Do you pay for use of business premises? |           |        |            |        |           |       |
| Responses  | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes  | 65        | 62     | 66         | 65     | 75        | 333   |
| No   | 9         | 18     | 12         | 21     | 17        | 77    |
| Not applicable                                     | 1         | 3      | 0          | 3      | 13        | 20    |
| Number of respondents                              | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.6 above indicates that most of the respondents in all districts are paying for the building facilities they are operating. Three hundred and thirty three (333) indicated that they pay rental while only ninety seven (97) indicated that they do not pay rental.

| Table 4.7                 | Rental rates per month |           |            |           |            |            |
|---------------------------|------------------------|-----------|------------|-----------|------------|------------|
|                           | Capricorn              | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
| Less than R1 500.00       | 33                     | 13        | 27         | 24        | 25         | 122        |
| B/t R1 500.00 & R2 000.00 | 0                      | 8         | 6          | 4         | 5          | 23         |
| B/t R2 000.00 & R2 500.00 | 6                      | 6         | 2          | 3         | 6          | 23         |
| B/t R2 500.00 & R3 000.00 | 2                      | 5         | 1          | 5         | 8          | 21         |
| B/t R3 000.00 & R5 000.00 | 8                      | 15        | 6          | 8         | 9          | 46         |
| R5 000.00 and above       | 16                     | 15        | 24         | 21        | 22         | 98         |
| Do not pay rental         | 10                     | 21        | 12         | 24        | 30         | 97         |
| <b>Total</b>              | <b>75</b>              | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.7 revealed that hundred and twenty two (122) respondents indicated that their rental bill is less than R1 500.00 per month. Hundred and thirteen (113) indicated their monthly rental bill is between R1 500.00 and R5 000.00. Ninety eight (98) respondents indicated that they are paying more than R5 000.00 per month, while ninety seven (97) indicated that they are not paying any rent as they are operating from their own premises.

| Table 4.8                              | Water and electricity rates per month |           |            |           |            |            |
|--|---------------------------------------|-----------|------------|-----------|------------|------------|
|  | Capricorn                             | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
| Less than R2 000.00                    | 30                                    | 36        | 32         | 31        | 37         | 166        |
| B/t R2 000.00 & R3 000.00              | 7                                     | 22        | 13         | 7         | 23         | 72         |
| B/t R3 000.00 & R4 000.00              | 6                                     | 9         | 5          | 4         | 7          | 31         |
| B/t R4 000.00 & R5 000.00              | 1                                     | 2         | 2          | 5         | 2          | 12         |
| R5 000.00 and above                    | 5                                     | 9         | 3          | 13        | 14         | 44         |
| Water & electricity included in rental | 26                                    | 5         | 23         | 29        | 22         | 105        |
| <b>Total</b>                           | <b>75</b>                             | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.8 above shows that hundred and sixty six (166) respondents are spending less than R2 000.00 on water and electricity per month while hundred and fifteen (115) are spending between R2 000.00 and R5 000.00 per month. Hundred and five (105) indicated that their monthly bill for water and electricity is included in their monthly rental bill.

|                  | Capricorn | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
|------------------|-----------|-----------|------------|-----------|------------|------------|
| 1-5 Persons      | 56        | 59        | 55         | 65        | 79         | 314        |
| 6-10<br>Persons  | 9         | 11        | 10         | 11        | 9          | 50         |
| 11-15<br>Persons | 2         | 7         | 4          | 6         | 2          | 21         |
| 16-20<br>Persons | 2         | 0         | 3          | 3         | 2          | 10         |
| 21 and<br>more   | 6         | 6         | 6          | 4         | 13         | 35         |
| <b>Total</b>     | <b>75</b> | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.9 above indicates that three hundred and fourteen (314) businesses are currently created between (1) and five (5) jobs. On the other hand, eighty one (81) indicated that they are currently employed between six (6) and twenty (20) employees while 35 businesses indicated that they are currently employed more than twenty one (21) employees.

|                              | Capricorn | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
|------------------------------|-----------|-----------|------------|-----------|------------|------------|
| Less than<br>R500.00         | 11        | 3         | 8          | 12        | 8          | 42         |
| B/t R500.00 &<br>R1 000.00   | 9         | 20        | 25         | 16        | 30         | 100        |
| B/t R1 000.00<br>& R2 000.00 | 20        | 26        | 14         | 24        | 30         | 114        |
| B/t R2 000.00<br>& R3 000.00 | 20        | 18        | 12         | 16        | 20         | 86         |
| B/t R3 000.00<br>& R5 000.00 | 11        | 12        | 10         | 13        | 15         | 61         |
| R5 000.00<br>and above       | 4         | 4         | 9          | 8         | 2          | 27         |
| <b>Total</b>                 | <b>75</b> | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.10 above revealed that the majority (i.e. two hundred and fifty six) of businesses are paying their employees between R500.00 and R2 000.00. The table also revealed that hundred and forty seven (147) businesses are paying an average salary per month between R2 000.00 and R5 000.00 while only twenty seven (27) are paying an average salary per month which is more than R5 000.00.

| Question: Is your business registered for Unemployment Insurance Fund (UIF) |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Responses   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 28        | 32     | 29         | 45     | 49        | 183   |
| No  | 47        | 51     | 49         | 44     | 56        | 247   |
| Number of respondents   | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.11 above indicates that two hundred and forty seven (247) businesses are not registered for Unemployment Insurance Fund (UIF). Only hundred and eighty three (183) indicated that they have registered their employees with Unemployment Insurance Fund.

|              | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
|--------------|-----------|--------|------------|--------|-----------|-------|
| B/t 2&5      | 71        | 71     | 74         | 75     | 90        | 381   |
| B/t 6 & 10   | 2         | 7      | 2          | 11     | 6         | 28    |
| B/t 11& 15   | 0         | 2      | 2          | 2      | 3         | 9     |
| More than 15 | 2         | 3      | 0          | 1      | 6         | 12    |
| Total        | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.12 above revealed that three hundred and eighty one (381) businesses employ between two (2) and five (5) female employees. Only twelve (12) businesses indicate they employ more than fifteen female (15) employees.

|              | Capricorn | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
|--------------|-----------|-----------|------------|-----------|------------|------------|
| B/t 2&5      | 64        | 69        | 66         | 72        | 89         | 360        |
| B/t 6 & 10   | 5         | 9         | 7          | 10        | 8          | 39         |
| B/t 11& 15   | 1         | 1         | 5          | 3         | 2          | 12         |
| More than 15 | 5         | 4         | 0          | 4         | 6          | 19         |
| <b>Total</b> | <b>75</b> | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.13 above indicates that three hundred and sixty businesses (360) employ between two (2) and five (5) male employees. Fifty one (51) businesses revealed that they employ between six (6) and fifteen (15) male employees. Only nineteen (19) employ more than 15 male employees.

|                                 | Capricorn | Mopani    | Sekhukhune | Vhembe    | Waterberg  | Total      |
|---------------------------------|-----------|-----------|------------|-----------|------------|------------|
| B/t R50 000.00 & R100 000.00    | 48        | 52        | 52         | 49        | 70         | 271        |
| B/t R100 000.00 & R150 000.00   | 7         | 3         | 5          | 6         | 6          | 27         |
| B/t R150 000.00 & R300 000.00   | 3         | 5         | 4          | 8         | 7          | 27         |
| B/t R300 000.00 & R500 000.00   | 4         | 7         | 5          | 12        | 7          | 35         |
| B/t R500 000.00 & R1 000 000.00 | 5         | 8         | 8          | 7         | 5          | 33         |
| R1 000 000.00 and above         | 8         | 8         | 4          | 7         | 10         | 37         |
| <b>Total</b>                    | <b>75</b> | <b>83</b> | <b>78</b>  | <b>89</b> | <b>105</b> | <b>430</b> |

Table 4.14 indicates the annual turnover of the business for the past financial year (i.e. 2013/2014). Two hundred and seventy one (271) businesses indicate that they recorded between R50 000.00 and R100 000.00 as their turnover for the financial year 2013/14.

|                   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
|-------------------|-----------|--------|------------|--------|-----------|-------|
| LEDA              | 43        | 22     | 31         | 33     | 30        | 159   |
| SEFA              | 5         | 19     | 20         | 24     | 23        | 91    |
| IDC               | 9         | 17     | 16         | 10     | 16        | 68    |
| NYDA              | 19        | 23     | 18         | 28     | 20        | 108   |
| SEDA              | 20        | 19     | 24         | 30     | 30        | 123   |
| NEF               | 8         | 14     | 8          | 10     | 15        | 55    |
| NONE OF THE ABOVE | 19        | 48     | 27         | 31     | 52        | 177   |

Table 4.15 above reveal respondents that are knowledgeable about the existence of LEDA, SEFA, IDC, NYDA, SEDA and NEF. The table revealed that very few respondents know the agencies listed in the table above. Only hundred and fifty nine (159) respondents indicated that they know Limpopo Economic Development Agency. On the other hand only fifty five (55) indicated that they know National Empowerment Fund (NEF). Hundred and seventy seven (177) respondents indicate they do not know any of the listed agencies.

| Question: Are you aware of dti incentive schemes? |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Responses   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 16        | 14     | 17         | 24     | 23        | 94    |
| No  | 59        | 69     | 61         | 65     | 82        | 336   |
| Number of respondents                             | 75        | 83     | 78         | 89     | 105       | 430   |

In response to the question in table 4.16 three hundred and thirty six (336) indicated they are not aware of Dti incentive schemes. Only ninety four (94) agreed that they are aware of the Dti incentive schemes.

|  | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
|--|-----------|--------|------------|--------|-----------|-------|
| Competition by unlicensed businesses                   | 24        | 33     | 38         | 39     | 43        | 177   |
| Unavailability of working capital                      | 35        | 31     | 38         | 50     | 46        | 200   |
| Lack of efficient and effective manufacturing machines | 17        | 11     | 19         | 20     | 16        | 83    |
| Poor business management                               | 12        | 5      | 18         | 23     | 17        | 75    |
| Access to markets                                      | 16        | 12     | 18         | 20     | 15        | 81    |
| Competition by well established businesses             | 16        | 19     | 21         | 18     | 21        | 95    |
| Other  | 6         | 1      | 5          | 2      | 5         | 19    |
| None of the above                                      | 6         | 15     | 5          | 1      | 18        | 45    |



Table 4.17 above revealed that hundred and seventy seven (177) businesses are blaming unlicensed businesses for their stagnant. Two hundred (200) are indicating the main challenge as the lack of working capital. Eighty three (83) are indicating lack of efficient and effective manufacturing machines as the main hindrance to grow. On the other hand, seventy five (75) indicated that poor business management is the cause of many businesses failure. Eighty one (81) indicates that lack of markets access is the contributing factor that also hinders growth. Ninety five (95) blames the well established businesses like Shoprite U save and Spar as the main businesses that force them out of business. However, forty five (45) indicates that they do not have any operational challenge as they are competing fairly with others.

| Table 4.18: Business closure   |           |        |            |        |           |       |
|--|-----------|--------|------------|--------|-----------|-------|
| Question: Do you think other businesses are closed/out of business due to any of the above challenges? |           |        |            |        |           |       |
| Responses  | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes  | 59        | 64     | 53         | 81     | 73        | 330   |
| No   | 16        | 19     | 25         | 8      | 32        | 100   |
| Number of respondents  | 75        | 83     | 78         | 89     | 105       | 430   |

The majority (330) respondents indicate that other businesses are closed due to the following challenges:

- Competition by unlicensed businesses;
- Unavailability of working capital;
- Lack of efficient and effective manufacturing machines;
- Poor business management;
- Access to markets; and
- Competition by well established businesses, e.g. Shoprite and Spar.

| Table: 4.19: Training   |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Question: Have you received any business/technical training from government institutions? |           |        |            |        |           |       |
| Responses   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 9         | 10     | 8          | 15     | 8         | 50    |
| No  | 66        | 73     | 70         | 74     | 97        | 380   |
| Number of respondents   | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.19 above indicates that fifty (50) businesses received business training from government institutions while three hundred and eighty (380) indicated they never attend any training coordinated or facilitated by government institutions.

| Table 4.20: Nature of training attended |          |        |           |       |          |       |
|---|----------|--------|-----------|-------|----------|-------|
|   | Capricor | Mopani | Sekhukhun | Vhemb | Waterber | Total |
| Business management                     | 7        | 7      | 7         | 13    | 6        | 40    |
| Costing and pricing                     | 0        | 2      | 1         | 4     | 2        | 9     |
| Financial management                    | 3        | 0      | 0         | 2     | 3        | 8     |
| Tendering procedures                    | 2        | 1      | 1         | 3     | 1        | 8     |
| Basic bookkeeping                       | 1        | 1      | 0         | 2     | 1        | 5     |
| Other                                   | 0        | 1      | 1         | 2     | 0        | 4     |

Table 4.20 revealed that forty (40) businesses were trained in business management, nine (9) in costing and pricing, eight (8) in financial management, eight (8) in tendering procedures, five (5) in basic bookkeeping and four indicated other forms of training courses.

| Table 4.21: Incubation              |           |        |            |        |           |       |
|-------------------------------------|-----------|--------|------------|--------|-----------|-------|
| Question: Where you ever incubated? |           |        |            |        |           |       |
| Responses                           | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes                                 | 3         | 2      | 2          | 9      | 2         | 18    |
| No                                  | 72        | 81     | 76         | 80     | 103       | 412   |
| Number of respondents               | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.21 revealed that only eighteen (18) businesses were incubated while four hundred and twelve (412) indicated that they never receive incubation support.

| Table 4.22: The usefulness of incubators      |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Question: Did you find the incubation useful? |           |        |            |        |           |       |
| Responses                                     | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 3         | 2      | 2          | 9      | 2         | 18    |
| No  | 0         | 0      | 0          | 0      | 0         | 0     |
| Number of respondents                         | 3         | 2      | 2          | 9      | 2         | 18    |

Table 4.22 shows that all eighteen businesses that received support in the form of incubation indicated that they found incubation very useful.

| Table 4.23: Market access   |           |        |            |        |           |       |
|---|-----------|--------|------------|--------|-----------|-------|
| Question: Have you ever receive any intervention for your business to gain access to markets? |           |        |            |        |           |       |
| Responses   | Capricorn | Mopani | Sekhukhune | Vhembe | Waterberg | Total |
| Yes   | 0         | 1      | 2          | 6      | 5         | 14    |
| No  | 75        | 82     | 76         | 83     | 100       | 416   |
| Number of respondents   | 75        | 83     | 78         | 89     | 105       | 430   |

Table 4.23 revealed that only fourteen (14) respondents received intervention for their businesses to gain access to markets while four hundred and sixteen (416) indicated that they have never receive any support pertaining to access to markets.

## **Chapter 5**

### **Findings and recommendations**

#### **3.7. Below are findings of the study**

- The majority of SMME's in retailing business;
- Most businesses created between one (1) and five (5) jobs;
- The study revealed that very few businesses registered with Unemployment Insurance Fund (UIF);
- The majority of people employed are females as compared to males;
- The majority of SMME's make a turnover between R50 000.00 and R100 000.00;
- Very few businesses indicated that they are aware of agencies that provide financial and non-financial support;
- Institutions continuously operating in fragmented manner, duplicating efforts and wasting scarce resources;
- Only ninety four (94) out of four hundred and thirty (430) respondents indicated that they are aware of Dti incentives;
- Only fifty (50) out of four hundred and thirty (430) received training from government institutions;
- SMMEs are not aware of opportunities and so are not innovative enough to capitalize on opportunities; and
- Only eighteen (18) out of four hundred and thirty (430) indicated they were incubated.

#### **3.8. Recommendations**

- Intensify road shows on the services offered by agencies granting financial and non-financial services;
- To enhance market access, it is critical to diversify thereby shifting the balance away from concentration in activities that have low growth potential into activities with higher potential.

- In order to create markets for SMMEs the Limpopo Provincial Government must set aside certain types of procurement.
- Foster co-ordination among agencies granting financial and non-financial services;
- Conduct regular research to assess the performance of SMME's

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