



Xhariep SMME Development and Support Plan

ACKNOWLEDGEMENTS:

Acknowledgements:

This report draws on a very large variety of academic, statistical and business sources. However, the particular interest, input and encouragement from the following organizations is gratefully acknowledged:

- Mr. Dave Tate – Nelson Mandela metropolitan University
- Tlalane Teffo – Senior Researcher, seda
- Livhuwani Madzivhandila – Junior researcher, seda
- Jacky Smit- Administration Assistant, seda

Seda

Tel: +27 12 441 1000

Fax: +27 12 441 2064

Call Center: 0860 103 703

Website: www.seda.org.za

Design and layout: The House of Advertising (PTY) Ltd

The views expressed in this publication are not necessarily those of the publisher or its agents.

Date of publication: 2009

ISBN 978-0-620-43560-4

CONTENTS

EXECUTIVE SUMMARY	10
CHAPTERS	
1 INTRODUCTION	12
1.1 Context for the investigation into the small business sector in the Xhariep district	12
1.2 Economic contribution of SMMEs in South Africa	12
1.2.1 Contribution to the economy	13
1.2.2 Contribution towards employment	13
1.2.3 Contribution of SMMEs towards GDP	13
1.3 State of SMMEs in South Africa	13
1.4 Socio-economic profile of the Xhariep district	15
1.5 Summary	14
	16
2. RESEARCH METHODOLOGY	16
2.1 Definitions	16
2.2 Data collection	16
2.2.1 Sample population	16
2.2.2 Sample plan design and sample size	16
2.2.2.1 Sample selection procedure	18
2.2.2.2 Research instrument	18
2.2.2.3 Fieldwork	18
2.2.2.4 Participation	18
2.2.2.5 Validity of results	18
2.3 Validation of findings	19
2.4 Summary	19
3. DEMOGRAPHIC PROFILE OF XHARIEP SMMEs	20
3.1 Business profile of respondents	20
3.1.1 Sectorial profile of respondents	20
3.1.2 Form of business	21
3.1.3 Length of time in business	21
3.1.4 Number of employees	22
3.1.5 Monthly income	22
3.1.6 Family businesses	23
3.2 Biographical profile of small business owners	23
3.2.1 Gender profile	23
3.2.2 Age group profile	24
3.2.3 Language preference profile	24
3.2.4 Educational profile	25
3.2.5 Working experience	25
3.3 Background to business start-up	26
3.3.1 Reasons for leaving previous occupation	26
3.3.2 Reasons for starting a business	27
3.4 Summary	28
4. SKILLS LEVELS OF SMMEs IN XHARIEP	29
4.1 Skills necessary for starting a business	29
4.2 Skills necessary for small business growth	29
4.2.1 Self-development	30
4.2.2 Networking	30
4.2.3 Relationship marketing	30
4.2.4 Time management	31
4.2.5 Stress management	31

4.2.6	Presentation skills	31
4.2.7	Negotiation skills	31
4.2.8	General business management skills	32
4.2.9	Recordkeeping	32
4.2.10	Financial management	32
4.2.11	Computer skills	33
4.2.12	Management	33
4.2.13	Risk management	34
4.3	Existing skills levels of Xhariep small business owners	34
4.4	Perceptions of skills	39
4.5	Summary	41
5.	SMME SUPPORT SYSTEMS	42
5.1	Public and private small business support systems	42
5.1.1	Department of Trade and Industry	42
5.1.2	Khula Finance Limited	42
5.2.3	Business Partners Limited	43
5.2.4	Small Enterprise Development Agency (SEDA)	43
5.2.5	Local Business Service Centre (LBSC)	44
5.2.6	Commercial Banks	44
5.2.7	Other initiatives	45
5.2.8	Network support groups	45
5.2.9	Mentorship schemes	45
5.3	Critiques on support systems	45
5.4	Appraisal of government support	46
5.4.1	Tendering	48
5.5	Support organisations for Xhariep SMMEs	48
5.6	Summary	52
6.	AN APPRAISAL OF MANAGEMENT FUNCTIONS	53
6.1	Management functions	53
6.1.1	General management	53
6.1.2	Purchasing	53
6.1.3	Financial management	53
6.1.4	Human resources	54
6.1.5	Marketing	54
6.1.6	Operations management	55
6.1.7	Information management	55
6.1.8	Public relations	55
6.2	Results of the appraisal of management functions	56
6.2.1	Purchasing	56
6.2.1.1	Sources of stock	57
6.2.1.2	Reasons why buying from the same supplier	57
6.2.1.3	Credit granted by suppliers	58
6.2.1.4	Knowledge of stock to buy	58
6.2.1.5	Knowledge of the stock quantities to buy	59
6.2.1.6	Frequency of buying stock	59
6.2.1.7	Transport mode for stock	60
6.2.2	Marketing	60
6.2.2.1	Target market of Xhariep's small business owners	61
6.2.2.2	Reasons for customers' preference for small business	61
6.2.2.3	Ways to attract customers	62
6.2.2.4	Advertising	62
6.2.2.5	Stock display	62
6.2.2.6	Handling returns	63
6.2.2.7	Specials and discounts	64
6.2.3	Managing financial issues	65

6.2.3.1	Funding sources	66
6.2.3.2	Use of earnings	67
6.2.3.3	Savings	67
6.2.3.4	Stock problems	68
6.2.3.5	Record keeping methods	68
6.2.4	General management	69
6.2.4.1	Types of decisions delegate	69
6.2.4.2	Daily planning	70
6.2.4.3	Frequency of stocktaking	70
6.2.4.4	Cash handling	70
6.2.4.5	Cash safekeeping	70
6.2.4.6	Language spoken to customers	71
6.2.5	Human resources	71
6.2.5.1	Staff requirements	71
6.2.5.2	Staff training	73
6.2.5.3	Motivation of staff	73
6.2.6	Information management	74
6.2.6.1	Stock knowledge	75
6.2.6.2	Customer advice	75
6.2.6.3	Future plans	75
6.2.6.4	Keeping up with trends	76
6.2.6.5	Printed media	77
6.2.7	Operations management	78
6.2.7.1	Product type and production time	78
6.3	Summary	78
7.	TRAINING OF SMMEs	79
7.1	Entrepreneurial training	79
a)	Outcomes-based education	80
b)	Adult-based education and training (ABET)	80
c)	National skills Development Strategy	80
d)	Mentorship	80
e)	Learning by exposure approach	80
f)	Educational approach	80
g)	Experimental learning approach	81
h)	Experiential learning approach	81
7.2	Results of training needs of Xhariep small business owners	81
7.2.1	Results of the training experiences	81
7.2.2	Training needs and expectations	84
7.3	Summary	88
8.	SMME NEEDS ANALYSIS FOR XHARIEP	89
8.1	Demographical profile	89
8.2	Skills development needs	89
8.2.1	Self-development skills	90
8.2.2	Networking skills	90
8.2.3	Relationship marketing skills	90
8.2.4	Time management skills	91
8.2.5	Stress management skills	91
8.2.6	Presentation skills	91
8.2.7	Negotiation skills	91
8.2.8	General business management skills	91
8.2.9	Record-keeping skills	91
8.2.10	Financial management skills	92
8.2.11	Computer skills	92
8.2.12	Management skills	92
8.2.13	Risk management	92

8.3	Training workshop suggestions for upgrading skills levels	94
8.4	Management assistance needed	95
8.5	Support organisations available	97
8.6	Training requirements	97
8.7	General practical advice to business owners	98
8.8	Summary	98
9.	ACTION PLANS FOR ENTERPRISE AND SECTOR DEVELOPMENT	99
9.1	Sector development	99
9.2	SMME implementation model	99
9.3	Actions plans identified for 2009-10	101
9.3.1	Non-financial support	101
9.3.2	Financial support	101
9.3.3	Training workshops	101
9.3.4	Summary of the action plans	103
9.4	Recommendations for short-term interventions	103
9.5	Recommendations for medium-term interventions 2011-2015	104
9.6	Summary	104
		105
10.	CONCLUDING COMMENTS	105
		106
	LIST OF REFERENCES 163	106
	ANNEXURE A DATABASE OF XHARIEP SMALL BUSINESSES	111
	LIST OF TABLES	
Table 2.1	Distribution of sample elements in local municipalities	17
Table 2.2	Towns from which respondents relocated	17
Table 3.1	Sectorial profile	20
Table 3.2	Length of time in business	21
Table 3.3	Number of employees in business	22
Table 3.4	Monthly incomes of small business owners	22
Table 3.5	Age group profile	24
Table 3.6	Language preference	24
Table 3.7	Working experience	25
Table 3.8	Reasons for leaving previous occupation	26
Table 3.9	Reason for starting a small business	27
Table 3.10	Reason for starting this type of small business	28
Table 4.1	Skills small business owners possess	34
Table 4.2	Skills small business owners would like to acquire	36
Table 4.3	Skills respondents regard important to acquire	37
Table 4.4	Most important three skills	38
Table 4.5	How to attract new customers	39
Table 4.6	Perceptions of the necessity/difficulty level of business skills	40
Table 5.1	Perceptions about government support	47
Table 5.2	Suggestions for government support	47
Table 5.3	Free State SMME support institutions	49
Table 6.1	How to develop extraordinary customer services	55
Table 6.2	Purchasing issues	56
Table 6.3	Knowledge of which stock to buy	58
Table 6.4	Knowledge of stock quantity needed	59
Table 6.5	Frequency of purchases	59
Table 6.6	Marketing issues	60
Table 6.7	Reasons why customers preferred the small business	61
Table 6.8	Ways to attract customers	62
Table 6.9	How stock is displayed	63
Table 6.10	Handling returns	63

Table 6.11	Conditions for giving specials/discount	65
Table 6.12	Financial issues	65
Table 6.13	Funding source	66
Table 6.14	Uses of earnings	67
Table 6.15	Amount of monthly savings	67
Table 6.16	General management issues	69
Table 6.17	Types of decisions and when staff can make decisions	69
Table 6.18	Staff issues	71
Table 6.19	Staff requirements	72
Table 6.20	Staff motivation	73
Table 6.21	Information management issues	74
Table 6.22	Sources of stock knowledge	75
Table 6.23	Newspapers and magazines read	77
Table 6.24	Operation management issues	78
Table 6.25	Products manufactured and time taken to make products	78
Table 7.1	Workshop institution/topic attended	82
Table 7.2	Information sources about training	83
Table 7.3	Skills obtained through training	84
Table 7.4	Training needs	85
Table 7.5	Expectations of workshop	87
Table 7.6	Maximum number of people in training workshop	88
Table 8.1	Focus areas of SMMEs skills training	94
Table 8.2	Actions needed for executing management functions effectively	96
Table 9.1	Action plans	103
Table A.1	Database for Fauresmith	111
Table A.2	Database for Springfontein	111
Table A.3	Database for Koffiefontein	111
Table A.4	Database for Edenburg	112
Table A.5	Database for Gariep Dam	113
Table A.6	Database for Jagersfontein	113
Table A.7	Database for Reddersburg	114
Table A.8	Database for Trompsburg	114
Table A.9	Database for Bethulie	115
Table A.10	Database for Philippolis	115
Table A.11	Database for Zastron	115
Table A.12	Database for Smithfield	116
Table A.13	Database for Rouxville	116

LIST OF FIGURES

Figure 3.1	Gender profile	23
Figure 6.1	Reasons why buying from the same supplier	57
Figure 6.2	Transport mode used to get stock to shop	60
Figure 6.3	Target market	61
Figure 6.4	Advertising medium used	62
Figure 6.5	Frequency of specials/discount	64
Figure 6.6	Stock problems	68
Figure 6.7	Methods of record keeping	68
Figure 6.8	Place where money is kept	70
Figure 6.9	Future plans of small business owners in Xhariep	75
Figure 6.10	Timeframe of future plans	76
Figure 6.11	Media source used to keep up with business trends	76
Figure 6.12	Other sources used to keep up with business trends	77
Figure 7.1	Workshop prices per day	86
Figure 7.2	Preferred duration of workshop	86
Figure 9.1	SMME Implementation Model	100



Mr Charles Anthony Wyeth
Executive Manager

FOREWORD BY THE COO

The Small Enterprise Development Agency (seda) Research Unit has been conducting research in partnership with various district municipalities, with the intention to assist seda and district municipalities in identifying the size and the scope of SMMEs operating within these districts. One of the districts seda has assisted is the Xhariep district, situated in the Free State Province. Apart from the Xhariep study, seda has also conducted and published several district studies, including UMgungundlovu, Amatole, Overburg, Eden and Ehlanzeni.

Having completed a study of the SMMEs in the Xhariep district, the study will serve as a basis for a plan of action to assist in establishing and growing SMMEs in the Xhariep district. This study seeks to provide information on the needs, opportunities as well as challenges facing small enterprises in the Xhariep district. It gives a better platform upon which support can be provided, including the design of needs-based services tailored made for this district economy. That would make seda's service to SMMEs relevant as they are demand-driven and responsive to actual needs on the ground.

It is widely accepted that small and medium-sized enterprises play a central role in developing countries socially and economically, in terms of job creation, poverty alleviation and economic growth. South Africa has, since 1994, been facing challenges of re-integration into global markets as a global economy. In response to these challenges, the government has since initiated policies that focus on the promotion and development of small businesses to address the challenges of job creation, poverty alleviation and economic growth.

It is of interest to seda to note that in South Africa, the SMME sector has absorbed nearly 57% of the people previously employed in the private sector, and contributed 42% of the country's GDP. It's a well-known fact that the SMME sector has developed the largest group of employers, and generated the most jobs in recent years. Small and medium-sized businesses are key players in product distribution and retailing for larger organizations in South Africa.

In addition, it is worthy to note that this research study has clearly identified trends and challenges facing the SMMEs within this area. The constraints facing small enterprises in the Xhariep district are not different from other districts in general. These include lack of finance, business skills, cost of labour and managerial skills. In responding to these issues, seda would seek as much as is practically possible, to provide needs-based solutions to the SMMEs of this district municipality. This will be done in partnership with relevant stakeholders including the district municipality.

As mentioned above, the support for small and micro business is a shared responsibility between government, both on national and local level and NGOs. The RDP, GEAR and ASGI-SA programs were implemented in 2006 and hoped to promote growth and continued success of the SMME sector. The following support organizations are available for all the SMMEs, DTI, Khula Finance Limited, SEDA and commercial banks.

Seda is looking forward to the challenge of implementing the outcomes of this study and contributing in the medium to long term to the viability and sustainability of the small enterprise in the Xhariep district municipality.

C A Wyeth
Chief Operations Officer

EXECUTIVE SUMMARY

INTRODUCTION

SEDA commissioned a study of the SMMEs in the Xhariep District which would serve as a basis for a plan of action to assist in establishing and growing SMMEs in the Xhariep district. It is acknowledged that SMMEs contribute considerably to a country's economic growth. An overview of the economy of the Xhariep district revealed that its contribution to the provincial economy is low. Agriculture is the major contributor to its economy, followed by government and the services sectors. The SMME sector provides an opportunity to address high levels of unemployment and poverty in the district.

MAIN AIM OF THE STUDY

The project aims to establish a baseline of SMME information that may inform and foster a collaborative approach to SMME development programmes of the municipalities and SMME support organizations. Such an approach should go some way to strengthen existing small enterprises and minimize the high failure rate that is common among SMMEs. A strong SMME sector could furthermore address the high unemployment rate and draw previously disadvantaged people to productive enterprise.

METHODOLOGY

A literature review was conducted to place the Xhariep SMME sector in context. A questionnaire survey among 86 respondents was conducted during August and September 2008 to gain an understanding of the extent and nature of the small-scale business sector in Xhariep and to identify the areas of weaknesses that may require intervention. The outcomes of these efforts were used to analyse the SMME needs and to make recommendations for a plan of intervention to promote SMME growth and development in the district.

BIOGRAPHICAL PROFILE OF XHARIEP SMMEs

The study found that the highest concentration of small businesses in Xhariep is in the food and beverage, travel and leisure and retail sectors. Within these sectors, most SMMEs operated spaza shops, hairdressing or bed and breakfast establishments. More males than females run small businesses. Most of the respondents were in the 30–45 age group and more than half have matric. They commonly operate without dedicated business

premises and/or trading licenses, but many indicate that they are registered. Reasons for starting the small businesses are either to generate an income or because they have a passion for a particular activity. They speak mostly Afrikaans with English and Sotho as the other languages.

SKILLS LEVELS OF SMMEs

Presenting a tender, writing a business plan and using computers were indicated as the skills that the SMMEs do not possess and would most like to acquire. Financial management was a skill that some small-scale entrepreneurs possess, but nevertheless wished to improve. The three skills they regarded as the most important skills in business were financial management, using computers and bookkeeping skills. Tendering was not high on the priority list of skills to be acquired, as they do not know how to tender or could not use it in their line of business.

SUPPORT TO SMMEs

More than half of the respondents regard government's support for SMMEs as insufficient, and consider that government should consult more with small business owners and should take more 'concrete action' to support them. Many recommendations were forthcoming from the respondents, with the majority being a request for funding assistance, skills training and information sessions close to their place of residence or business about available support. A list of small business support organizations in the Free State was compiled from a desk study.

PERCEPTIONS AND IMPORTANCE OF BUSINESS SKILLS

The respondents regard having a people-friendly personality and offering good service as the keys to keeping regular customers happy. Advertising and word of mouth was regarded as the best ways to attract new customers. They regard talking to other people about their business as important, but having a matric qualification was not seen as contributing to business success. They find time management, negotiation, record keeping, planning and organizing easy and are not concerned about handling cash, dealing with employees or handling risks in their business.

MANAGEMENT FUNCTIONS

Most stock is bought weekly or monthly and collected by the owners from the suppliers. Customer's preferences determine which stock to buy and how much to buy. Stock is bought from the cheapest supplier. Bed and Breakfast establishments cater for tourist while the other small businesses cater mainly for the local market, or rather the local community, which are the regular customers to which they give discounts. They do not really display stock in a special way to attract customers. Damaged stock and theft were amongst the problems they experience. Stock counting takes place to see if it matches their daily sales or else this is done on a weekly basis. Their premises are visible to customers. Signboards were favoured as an advertising medium. More than half do not accept returns of goods. Most respondents use their saving to start their businesses and with the income they earn pay business expenses and try to save monthly to expand. Some have a budget and keep sales records, but not much other recordkeeping is taking place. Few have staff, and if hiring staff, these have to meet requirements such as being honest, reliable and hardworking or having business skills specific to the industry. Tasks and responsibilities are delegated if the owner is absent or if minor decision are required. Staff gets trained for a specific job. Most of the respondents motivate staff with a bonus or simply by complimenting staff. Less than half of the respondents plan daily. They do, however, have plans for expanding or growing the business within the next year. They keep up with business trends by reading newspapers or magazines or watching television. Only some of those that are computer illiterate use the Internet or e-mails. Money is either banked or put in a safe. Few of the respondents manufacture the products that they sell.

TRAINING

Most respondents are able to leave their businesses to attend training. Most workshops previously attended were presented by SEDA on business management, which assisted them in growing or managing their business. Business management and marketing training was favoured by respondents. They indicate that training should be related to the specific type of business and be practically applicable. Workshops should cost between R100 – R200 per day, last no longer than five days, with between 10 – 20 people per workshop. Their expectations are to obtain information and knowledge and to become empowered.

SMME IMPLEMENTATION PLAN

The report discusses detailed actions that are required to implement a SMME capacity building strategy, with a focus on the facilitation of skills acquisition and contains recommendations for a realistic short- to medium-term implementation plan, linked to timeframes and budget requirements.

CONCLUDING COMMENTS

The information contained in the report could assist the Xhariep District Municipality and the local municipalities in the district to develop realistic SMME development plans, which should include strategies to ensure that the municipality's line departments includes SMME development and participation as core principles. A collaborative approach towards SMME development by the municipality and SMME support organizations is essential, as it will allow the strategic partners to set joint targets and to avoid duplication of efforts.

SMME DATABASE

A database of the respondents taking part in the study was compiled by town and economic sectors.

CHAPTER 1 - INTRODUCTION

The Small Enterprise Development Agency (SEDA) commissioned an investigation into the small business sector in the Xhariep district of the Free State Province

1.1 CONTEXT FOR THE INVESTIGATION INTO THE SMALL BUSINESS SECTOR IN THE XHARIEP DISTRICT

Quoting from the original proposal, "This project aims to assist local government at District Council level, in the first stage, to revise and improve their Integrated Development Plans (IDPs) in relation to the planning and delivery of SMME development programmes. It is envisaged that an improved IDP framework will aid the capacity of local government to undertake small business development programmes by creating an informed planning base from which to develop the required programmes.

It will also aid Provincial and National small business development agents in targeting programme funding and limiting duplication at the local level.

Thus, the information generated in this study would assist in the following areas:

- Identifying specific SMME development support programmes/projects that can be implemented in that district
- Providing a comprehensive database of current SMME programmes and active development agents within each local municipality
- Developing a knowledge bank on SMME best practices projects and programmes
- Providing an increased level of information to assist in better co-ordination and integration of small business support programmes
- Aiding future planning and spreading of SMME programmes
- Creating synergies between SMME programmes
- Limiting duplication and wastage of resources
- Aiding in the development of effective monitoring and evaluation systems and capacity

The project aims to

- Improve the quality of Integrated Development Plans (IDP's) at District Council level in relation to SMME development programmes

- Increase the quality and accessibility of information on currently active projects and programmes directed at the support and development of the small, medium and micro enterprise (SMME) sector at local government level
- Foster collaboration and partnerships between SEDA, the District Council and other key stakeholders in providing specific and relevant support towards the development of SMMEs

This survey may serve a wider context in so far as it will in the long run assist to

- Minimise the high failure rate of small business start-ups and increase their viability
- Strengthen the viability of existing SMME enterprises through productivity improvement
- Increase the effective participation of the previously disadvantaged in the local economy
- Bolster the employability of the currently unemployed persons thus reducing poverty

The survey is therefore part of a co-ordinated intervention to unlock economic growth in excess of 6% in South Africa by 2014".

This introductory chapter will review the role of SMMEs in the South African economy and the socio-economic profile of the Xhariep district, which will serve as the context for the investigation into the SMME sector in the Xhariep district.

1.2 ECONOMIC CONTRIBUTION OF SMMEs IN SOUTH AFRICA

It is evident that although South Africa has shown positive economic growth since 1994, unemployment has not been adequately addressed. SMMEs can therefore have a positive effect on the South African economy, placing specific emphasis on the relief of high levels of unemployment currently facing the country. In many parts of the world it has been proven that the SME sector stimulates economic growth, redistributes wealth within the country and helps eradicate unemployment. (Ntsika 2002:33). Economic growth and employment creation can be viewed as twin horns confronting not only South Africa, but the rest of the world (Audretsch 2003:3). It is estimated that failure rates amongst SMMEs in South Africa range between 70-80 percent, and, as a result, millions of rands are lost by businesses

ventures that fail to recognise avoidable mistakes and problems (Van Eeden, Venter & Viviers 2003:13).

1.2.1 Contribution to the economy

The developmental outcomes identified by national, provincial and local government over the next ten years all depend on economic growth within South Africa. (Government Report 2004:1). Small and medium-sized businesses have been assigned an increasing role in promoting the growth and economic development of South Africa in recent years (Robertson 2003:461). Small and medium-sized businesses are very much dependent on the state of the market, with changes in economic conditions forcing them to adapt and change in order to survive (Barrow 1993:143).

In order for the South African economy to thrive in the new global economy, the government will have to address the serious problems associated with the current lack of international competitiveness, unemployment, economic concentration, income inequality and low economic growth (King 2004:10).

Today, small and medium-sized businesses account for nearly half of the economy's national output and close to 60% of the country's workforce are employed by the SME sector, the informal sectors or are employed in domestic service. Although entrepreneurship is a fast growing reality that is seen to be the main element for the future of business, the responsibility cannot rest solely on small businesses to drive a viable economy (Christianson 2005:107). Yet this reality is not reflected in current government policies concerning small and medium businesses, resulting in this sector not receiving the appropriate attention or support justified by its imperative role in the economy. The SMME sector is vitally important to the future growth of the South African economy and cannot be neglected by government or SMME members alike.

1.2.2 Contribution towards employment

Statistics indicate that early in the new millennium the SMME sector in South Africa has absorbed nearly 57% of the people previously employed in the private sector and contributed 42% of the country's gross domestic product (Ntsika 2002:21). According to the Department of Labour (2001:2), it is a well-known fact that the SMME sectors have developed the largest group of employers and generated the most jobs in recent years. Small and medium-

sized businesses are key players in product distribution and retailing for larger organisations in South Africa.

Official statistics leave South Africa's current unemployment level at 25.5% with an unofficial rate quoted closer to 40% (Reserve Bank of South Africa 2007). Small and medium-sized businesses play a major role in job creation, with the rate of job creation in smaller organisations being much higher than that of larger corporations. Furthermore, small and medium-sized businesses have been identified as being responsible for 55% of the innovations and 95% of all radical innovations in the country to date (Dobbs and Hamilton 2007:297).

Policy makers in South Africa continuously try to identify and support those productive and innovative small businesses that will generate employment and promote economic growth within the country (Dobbs & Hamilton 2007: 296). The underlying reason for their development is their significant role in providing possibilities for employment, innovations, money, variety, self-fulfilment and independence as has already indicated in 1998 (Holmund and Kock, 1998:46). The development content of small and medium-sized businesses is based on the high unemployment and significant inequalities previously experienced in South Africa (Christianson, 2005:10). It is believed that the SMME sector can contribute to employment creation and the reduction of inequalities and that, in contrast to government and large corporations shedding jobs, small and medium-sized businesses promote job creation and redistribution of wealth.

1.2.3 Contribution of SMMEs towards GDP

Currently, small businesses in South Africa contribute only one third of the country's overall GDP, which is significantly lower than that of developed economies, where small businesses contribute some two thirds of GDPs (Naidoo, 2007:14). Globally, countries choose economic systems anchored by highly productive small businesses (Hill, Nancarrow & Wright, and 2002:361).

1.3 STATE OF SMMEs IN SOUTH AFRICA

The role of small and medium-sized businesses in the South African economy and their inherent contribution to the country's economic development is recognised by the National Strategy for the Development and Promotion of Small Businesses in South Africa (Soontiens, 2002:712). This strategy helped outline

three important reasons for the continued development of South Africa's thriving SMME sector:

- The development of small and medium-sized businesses is important for the social and economic development of the country, since they increase competitiveness and mobilise idle funds to productive aims;
- SMME development contributes to a more equal distribution of economic powers; and
- The stimulation of SMMEs can reduce the level of unemployment.

It is estimated that small and medium-sized businesses in South Africa number about 800 000. Based on this data, about 95% of the total business sector (formal and informal) can be considered small and medium-sized businesses, which contribute approximately 46% to the South African economic activity (Nieman & Pretorius, 2004:112).

According to Gorman (2001:63), the most relevant factors preventing SMME growth include finance; structural demands; intensity of competition; cost of labour; labour legislation; managerial skills and managerial style. Addressing these factors could contribute towards SMME growth. SMMEs and Corporate Social Responsibility (2005:2) indicate that the SMME sector is particularly important in supporting economic growth and the future livelihood in the South African economy, because they:

- use more labour-intensive production processes than large corporations, thus boosting employment and leading to more equitable income distribution;
- provide employment opportunities through simple, value-adding processing activities;
- nurture entrepreneurship; and
- Support the building up of systemic productive capacities and the creation of flexible economic systems through linkages between small and large corporations.

1.4 SOCIO-ECONOMIC PROFILE OF THE XHARIEP DISTRICT

The Xhariep district is located in the south of the Free State province and extends from close to Kimberley in the west to the Lesotho border in the east and the Gariep River in the south. The district is rural in nature and 17 towns and smaller settlements

developed initially as service centres for the farming communities and still play that role, although administrative functions and the government sector contributed to more recent growth. The Xhariep district is one of two districts that contribute the least to the provincial GGP.

The following information was extracted mainly from an Urban Econ 2008 report and a workshop of the growth potential and economic development of municipalities in June 2006. Additional information was sourced from the Municipal Demarcation Board and Xhariep District Municipality websites.

The Xhariep district municipality is one of five district municipalities in the Free State Province. The Xhariep district area consists of three local municipalities. The towns within these municipalities are:

- Kopanong Local Municipality: Trompsburg (the seat of the Xhariep District Municipality), Gariep Dam, Springfontein, Bethulie, Philippolis, Jagersfontein, Fauresmith, Edenburg and Reddersburg;
- Letsemeng Local Municipality: Koffiefontein, Jacobsdal, Luckhoff, Petrusburg and Oppermansgronde;
- Mohokare Local Municipality: Zastron, Smithfield and Rouxville.

The statistics indicate that the Xhariep district has a population of 143 535 people that are distributed as follows in the local municipalities:

- Kopanong (58 147)
- Letsemeng (52 283)
- Mohokare (33 154)

The population is mainly rural. In general there is a population decline in Xhariep. The exception is Letsemeng, where population increase is due to revival of mining activities that attracts work seekers.

Using information on the Municipal Demarcation Board (MDB) website (Municipal Profiles), it is apparent that, while a significant proportion of the Xhariep's population still lacked access to acceptable levels of services in 2003, the majority had access to basic services, such as electricity, water and refuse removal (e.g. in 2003, 76 percent of households used electricity as a source

of power). About 20 percent of the dwellings in the district are informal (such as shacks).

The MDB website indicates that the income distribution in Xhariep is very skewed, with approximately 40 percent of households in 2003 surviving on less than R800 per month (the value of a single social grant, such as an old age pension, at that time) and over 60 percent surviving on a household income of less than R1 600 per month.

Education levels are low, with 18 percent of adults over the age of 20 years having no formal education. A further 21 percent have some primary education, while 6.5 percent had completed the first seven years of formal primary education. Only 9.65 percent of those over 20 years of age had completed matric (Grade 12) and a further 3.5 percent had attained some post-matric qualifications.

Of the official workforce, 35 percent of potential workers were unemployed. Information contained on the Xhariep District Municipality's website indicates that unemployment has increased considerably between 1996 and 2001 and current economic realities could further exacerbate this problem. Most of the employees are semi-skilled or unskilled: 55 percent of the workforce is engaged in 'elementary' occupations. This correlates with the low educational levels, as it was indicated earlier that at least 45 percent of the population have no more than primary levels of education. The predominance of low-level jobs in turn explains the low household income levels.

The district's GGP has not increased much since 1996 and the closure of several mines has had an impact in some parts of the district. The GGP per capita of the Xhariep residents is among the lowest in the province. According to the website of the Xhariep District Municipality, "The economy of the District generally lacks diversification, which places the area under tremendous economic pressure and risk, compounded by widespread poverty and unemployment".

The Xhariep economy is predominantly agricultural and the service sector. The agricultural sector dominates particularly in Kopanong, with specialisation in meat production and wool. Agriculture is also the dominant economic activity in Mohokare (livestock, particularly cattle and sheep) and Letsemeng (a more diversified mix of livestock, wheat, maize and vegetables, while wine is produced in Jacobsdal). In the district context, mining and manufacturing are important in Letsemeng, while construction is a significant contributor to the Mohokare economy. Most of the district towns were established as service centres to the

surrounding rural areas and the urban economies are to this day based on the service sector. The government sector contributes to the GGPs of all three municipal areas, but is particularly significant in Kopanong, which is also the seat of the district municipality.

Forty percent of the Xhariep workforce is employed in the primary sector, more particularly in agriculture. In contrast, only two percent of Xhariep's workers are engaged in manufacturing.

The total GGP of Xhariep is approximately R1.9 million with an average annual economic growth of three (3) percent. The leading economic sectors in Xhariep are:

- Mining (15.1%);
- Agriculture (14.9%);
- Government services (14.3%);
- Transport (13.5%);
- Retail, mainly services and food (11.4%).

The economy is thus dominated by primary production and the service sector, with an insignificant manufacturing sector.

The tourism sector is captured in the service sector. Half of the tourists are from the Free State. Tourism attractions include:

- Visits to the Gariep Dam;
- Old town architecture;
- Old mines;
- Historic war sites;
- Hiking trails;
- Bushman paintings;
- Bird watching;
- Visits to nature reserves and
- Hunting.

There are other events that attract tourists, such as annual festivals at Bethulie and the Gariep Dam, a rubberduck competition and an international gliding competition.

1.5 SUMMARY

This chapter provides a brief background to SMMEs in South Africa and the contribution of these small businesses to the South African economy in terms of GDP, employment and economic growth. A brief overview of the Xhariep socio-economic profile highlights the low education levels, the elementary nature of much of the employment opportunities and the low household incomes.

CHAPTER 2 - RESEARCH METHODOLOGY

A study of the enabling environments which support the SMMEs was conducted as it was deemed imperative to encourage growth in the SMMEs. The main objective of this study was to conduct a SMME needs analysis and SMME profile for the Xhariep Municipality. This was done through implementing a quantitative survey. Quantitative information was collected through a survey of small-scale businesses in all three local municipalities of the Xhariep Municipal district. The discussion in this chapter provides a basis for the scientific foundation of the study completed and to illustrate the validity and reliability of the data. The first part of this chapter will define SMMEs, followed by a description of the research methodology used in the study.

2.1 DEFINITIONS

The definitions of a micro, very small, small and medium business, are given below. The definitions of micro businesses and small businesses as set out in the White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (1995:9) are used:

- Micro businesses are informal, have less than five employees, and very little assets;
- Small businesses are owner-managed, having more than five but less than twenty employees and less than R2 million in assets, except in the agricultural sector and their business practices are more complex than micro businesses (Small Business Amended Act 2003: 6) or they have outgrown direct supervision by the entrepreneur (Department of Trade and Industry 2003: 14); and
- Small businesses are owner-managed, have more than five but less than fifty employees and less than R1 million in assets.
- Medium businesses have more than fifty but less than 200 employees and more than R1 million in assets

2.2 DATA COLLECTION

2.2.1 Sample population

The scope of the survey was across the Xhariep Municipal district. The survey was conducted amongst the formal and informal businesses in the area. The majority of the areas are located in relatively low-income areas such as the townships, with a few in the formal business district.

2.2.2 Sample plan design and sample size

The sample design applied for the survey was a stratified multi-stage sample design. As there is no existing database of the population available, it could not be determined beforehand what the size of the sample in each of the municipal wards would be. An attempt was made to interview as many businesses as possible in the area. The final sample was 86 respondents in the Xhariep Municipal district. It was unfortunate that a further 15 questionnaires that were purported to have been completed among SMMEs in Mohokare could not be obtained from the Free State-based fieldworker. The response to a follow-up visit to Zastron was disappointing, as even those small business owners that were approached declined to participate in the survey. As a result, the SMME sector in Mohokare is probably slightly under-represented, although the extent of informal activities and small businesses in the area is not known. Similarly, the local municipal officials indicated that, while the small business sector was well-represented in Koffiefontein, there was little activity in the other towns in Letsemeng. This persuaded the fieldworkers to confine their efforts to that one town, which may account for the relative under-representation of the small scale business sector in Letsemeng compared to its proportion of the district population (a quarter of SMMEs compared to over one third of the district population). Kopanong, on the other hand, yielded a disproportionately high sample (over fifty percent) when compared to its proportion of the district population (forty percent).

It would have been preferable if the sample had been a probability proportionate to population, as this has the following advantages:

- The sample distribution of respondents could match the distribution of the total population;
- The sample units could have the same probability of selection;
- Control over the sample size would have been easier.

The sample distribution according to the responses in the municipal wards can be seen in Table 2.1. There were 86 respondents.

LOCAL MUNICIPALITY	TOWN	NUMBER OF RESPONDENTS	%
Kopanong	Trompsburg	8	9
	Gariep Dam	4	5
	Springfontein	1	1
	Bethulie	4	5
	Philippolis	4	5
	Jagersfontein	8	9
	Fauresmith	3	3
	Edenberg	10	12
	Reddersburg	7	8
Letsemeng	Koffiefontein	21	24
Mohokare	Zastron	2	2
	Smithfield	7	8.5
	Rouxville	7	8.5

Table 2.1: Distribution of sample elements in local municipalities

Fifty nine percent of the respondents have lived in the area all their lives. The geographical spread where they have previously lived before relocating to one of the three main areas can be seen in Table 2.2 below.

Three respondents did not disclose from which town they relocated. More than half (17) of those that relocated came

from other towns or districts in the Free State, particularly from Bloemfontein, but also within the Xhariep district. Four (4) relocated from neighbouring Lesotho, while the remainder (15 respondents) came from other provinces. Most of these respondents (22) have been at their current address for five years or more, with 13 respondents residing have resided in the current area for four years or less.

SA PROVINCE	TOWN	NUMBER OF RESPONDENTS	TOTAL
Eastern Cape	East Lonon	1	3
	Port Elizabeth	1	
	Sterkspruit	1	
Free State	Bloemfontein	8	17
	Petrusburg	2	
	Springfontein	2	
	Philippolis	1	
	Vredeburg	1	
	Welkom	1	
	Zastron	1	
Northern Cape	Kimberley	2	2
Gauteng	Johannesburg	2	2
KwaZulu Natal	Durban	1	2
	Pietermaritzburg	1	
Western Cape	George	1	2
	Uniondale	1	
Northwest Province	Taung	1	1
COUNTRIES			
Lesotho		4	4

Table 2.2: Towns from which respondents relocated

2.2.2.1 Sample selection procedure

The fieldworkers were each allocated a local municipal area in which to conduct interviews. Snowball sampling was used to elicit the names of other small businesses within the local municipal area. Interviews were conducted during business hours depending on the availability of the respondents. Fieldworkers either conducted the interview (particularly when the literacy levels were low) or left the questionnaires with the respondent to be completed. A specific time was given for the return of the completed self-administered questionnaires.

Fieldworkers reported some problems with the completion of the questionnaires:

- Respondents did not want to divulge their personal details;
- Respondents did not always answer the questions in totality;
- If the respondent considered their response to a question not applicable or a negative, some did not indicate any response, leading to uncertainty during the analysis whether the question was simply omitted;
- Some non-English speaking respondents struggled to cope with the questionnaire. Although Sotho-speaking assistants were recruited to assist with the fieldwork, problems among the self-assessed questionnaires were noticed only after the fieldwork, during the analysis phase.

The reason for obtaining personal details from the respondents was to compile a database of small businesses, as well as for control purposes to return to the business if questions were not answered.

2.2.2.2 Research instrument

A structured questionnaire with dichotomous and qualitative questions and some multiple choice questions was used for the collection of data. The questionnaire was divided into several sections supplying information on:

- Demographic profile of respondents
- Perceptions of the skills necessary for establishment and management of a small business;
- Management functions executed;

- Perceptions of government support to help small businesses;
- Business skills levels of respondents,
- Training needs, and
- Personal details regarding the business.

2.2.2.3 Fieldwork

The face-to-face fieldwork was conducted from July to September 2008 by a number of well-trained fieldworkers from the Nelson Mandela Metropolitan University. Fieldworkers were recruited, selected and trained in:

- How to make initial contact with respondents and securing the interview;
- Asking survey questions;
- Recording responses;
- Terminating the interview.

Local Sotho-speaking fieldworkers were recruited to overcome the language discrepancy. The intention was that the local fieldworkers would allow interviews to be conducted in local languages and to provide better control and less expense to do follow-up work, if required. A thorough editing process resulted in some questionnaires being rejected as fieldworkers could not elicit the required information due to low literacy levels of respondents.

2.2.2.4 Participation

Generally the participants were positive about the survey and willing to participate. The single exception was Zastron.

2.2.2.5 Validity of results

This study gives a useful estimate of how respondents feel, but not precise values, as any sample survey is subjected to error. The most common errors are:

- Interviewer errors where the true intentions of the respondent is not given or is misunderstood by the interviewer;
- Sampling errors when the sample selected was not perfectly representative of the population;
- Reporting errors when interviewees misunderstand questions or were reluctant to answer them.

Sampling errors were mostly eliminated as details of the types of businesses indicated that they were small businesses and the contact addresses of the respondents were given. Reporting errors were eliminated, by disregarding incomplete questionnaires from the analysis. The questionnaires were sorted by town/area and it was generally possible to see if responses obtained by a particular fieldworker were repeated (cheated). For the purpose of this sample, those very few questionnaires that appeared to be problematic were merely simply discarded.

2.3 VALIDATION OF FINDINGS

The reliability of the survey findings was verified by comparing it with secondary sources. The questionnaire contained questions based on a qualitative study done by Perks (2001 - 2002) on micro and small businesses in the Nelson Mandela Metropolitan area. The outcome of this study could be applied to any other micro and small businesses in any region of South Africa, as they have similar needs and skills levels.

2.4 SUMMARY

This chapter describes the research process by indicating how the sample was compiled and divided in the different local municipalities in Xhariep. It further described the research instrument, data collection procedure by using fieldworkers and how validity and reliability was ensured. An indication was given how the findings were validated.

CHAPTER 3 - DEMOGRAPHICAL PROFILE OF XHARIEP SMMEs

The GEM 2003 report indicated that lack of education and training is South African entrepreneurs' most frequently mentioned weakness; financial support is the second, and cultural and social norms is the third most frequently mentioned weaknesses (Orford, Wood, Fischer, Herrington & Segal 2003:17). These issues require attention to ensure the full development of the SMME sector. This chapter presents the findings of the demographical profile of small businesses and their owners in the Xhariep District Municipality. The total population of the sample is 86 unless otherwise indicated.

3.1 BUSINESS PROFILE OF RESPONDENTS

3.1.1 Sectorial profile of respondents

The sort of business and specific occupation occupied within these sectors are shown in Table 3.1.

SECTOR	OCCUPATION	NUMBER OF RESPONDENTS	TOTAL	% OF SAMPLE	TOTAL %
Transport	Transport of products	1	2	1	2
	Truck rental	1		1	
Food and Beverage	Township bar	4	23	5	28
	Liquor store	2		2.5	
	Spaza shop	6		7	
	Restaurant	4		5	
	Catering	2		2.5	
	Fruit and vegetables	1		1	
	Tuck shop	4		5	
Manufacturing	Sewing	5	18	6	9
	Beadwork	1		1	
	Furniture	1		1	
	Crafter (pottery)	1		1	
Construction	Clearing and maintenance	1	12	1	14.5
	Carpenter	2		2.5	
	Contractor	9		11	
Travel and Leisure	Bed and breakfast	13	14	15	16
	Motel	1		1	
Communication	Cell phone kiosk	2	2	2.6	2.5
Retail	Hairdresser	8	16	9.5	17.5
	Video hire	1		1	
	Shoe repairer	1		1	
	Craft sales	2		2	
	Clothing boutique	2		2	
	Second hand clothing	1		1	
	Stationary shop	1		1	
Other	Driving school	1	9	1	10.5
	Car wash	2		2.5	
	Security	1		1	
	Welding	3		4	
	Funeral service	1		1	
	Mechanic	1		1	

Table 3.1: Sectorial profile

No businesses were captured in the agriculture, fishing or the healthcare sectors. The absence of small-scale farmers in the sample is the result of the survey being confined to the towns, even though agriculture/farming was indicated as one of the primary sectors.

From Table 3.1 can be seen that the majority of the small businesses were in the Food and Beverage sector, with a more or less even spread between Travel and Leisure, Retail and Construction. The most favoured occupation is a bed and breakfast owner, followed by a building contractor or hairdresser. Most of these businesses are operated from the home premises, requiring less start-up capital. For hairdressing it is not necessary to have a high education level as it is a skill that may be learnt informally. As clients can bring their own products and just pay for the labour, it is an easy business to start without any capital layout needed. Most of the Bed & Breakfast establishments also have a restaurant operating on the same premises to earn additional money. This also makes it easier for their overnight visitors, especially if they are out of town and without transport. Owning a township bar, restaurant or tuck shop also seems to be popular choices. Tuck shops operate where they target a specific market, such as being located close to schools, thus targeting the school children. The older female respondents favoured sewing, especially if they do not have any formal qualifications. The businesses classified under 'other' are all service-orientated businesses.

Thirty-seven (43%) of the small business owners have a trading license for their businesses. Fifty-two respondents (60%) of the small business owners in Xhariep area had a formal business premises set apart from their personal residence. It must be noted that the 13 Bed & Breakfast establishments and motel owners regards their business premises as separate from their living premises, even though they live on the premises, albeit separate from and not sharing facilities with their guests.

3.1.2 Form of business

None of the small businesses have chosen the company as a form of business. They have chosen the following forms:

- Sole trader (78%);
- Partnership (5%), and
- Close corporation (17%).

The majority of small businesses in the Xhariep sample are sole traders, with close corporations as a second choice.

3.1.3 Length of time in business

Table 3.2 shows the length of time the small businesses have been operating their businesses.

PERIOD OF BUSINESS	NUMBER OF RESPONDENTS	%
0 - 6 months	6	7
6 - 12 months	8	9
1 - 2 years	22	26
2 - 5 years	24	28
More than 5 years	26	30

Table 3.2: Length of time in business

As can be seen in Table 3.2, 58 percent of businesses have been in operation for more than two years. This means they are well-established businesses and could have built up a big enough customer bases to be self-sufficient. Only 9 percent has been in operation for less than one year, of which 7 percent are in operation for less than six months.

3.1.4 Number of employees

Table 3.3 shows to what extent the small businesses provide

NUMBER OF EMPLOYEES	NUMBER OF RESPONDENTS	%
None	278	31
1	15	17
2	14	16
3	10	12
4	4	5
5 and above	11	13
Contract	3	3
Not indicated	1	3
TOTAL	86	100

Table 3.3: Number of employees in business

Businesses such as hairdressing, shoe repairs, tuck shops, fruit and vegetable sellers or sewing are operated by the owner and mostly did not have other employees. All building contractors and Bed & Breakfast establishments had three employees or more. Two building contractors and a restaurant only employed contract workers. Those businesses that were close corporations all had employees, whereas the sole traders seldom had employees.

employment. As can be seen in Table 3.3, small businesses do employ staff, mostly one or two employees. A full 69 percent of small businesses in Xhariep employed at least one employee, which is considerably higher than the 40 percent recorded in other parts of the Free State (Free State Province, 2007). Nearly one third, however, did not have any employees.

3.1.5 Monthly income

Table 3.4 shows the income small business owners earned monthly from their small businesses in Xhariep.

MONTHLY INCOME	NUMBER OF RESPONDENTS	%
< R1000	25	29
R1000 - R1999	13	15
R2000 - R4999	10	11.5
R5000 - R7999	10	11.5
R8000 - R9999	4	5
> R10 000	19	22
Not indicated	5	6

Table 3.4: Monthly income of small business owners

Almost thirty percent of the small businesses - sewing, tuck shops, hair salons and shoe repairers - earn less than R2 000 per month and almost one half (44 percent) earn less than R2 000 per month. At the other end of the scale, most of the Bed & Breakfast establishments, building contractors and the security business earn more than R10 000 per month. This depends on whether they are employing staff or not. A significant proportion of small businesses earn less than R1000 per month and these are the ones that have no employees.

3.1.6 Family businesses

Twenty seven percent (23 respondents) of the small business owners grew up in a family business environment, with the majority (17 respondents) being employed in the family business prior to starting their own business. These types of family businesses were:

- tavern (6 respondents);
- spaza (3 respondents);
- construction (3 respondents), and
- shoe repairs (1 respondent).

A hair salon, tyre shop, taxi, farm, restaurant, earthmoving, fruit and vegetables, welding and sewing family business were all indicated by one respondent each.

Twenty-six of the respondents also started their own family businesses. Fourteen of these respondents involve only one family member, while eight respondents involve two family members, three respondents involves three family members and one respondent involved four family members.

3.2 BIOGRAPHICAL PROFILE OF SMALL BUSINESS OWNERS

3.2.1 Gender profile

Figure 3.1 shows the gender profile spread for the sample. Figure 3.1 confirms that the tendency for more males to start small businesses than females. This result is almost identical to an SMME baseline study that was conducted in 2006/07 in other parts of the Free State (58 percent male-owned SMMEs) (Free State Province, 2007). Females were the most active in the hairdressing, sewing, craft sales, and spaza shop categories, while township bars, construction and those selling cell phone accessories were dominated by males.

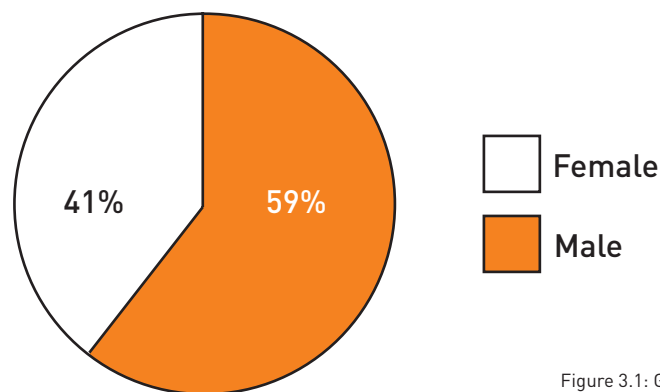


Figure 3.1: Gender Profile

3.2.2 Age group profile

To determine the age group of respondents, specific age categories were developed. Table 3.5 shows the age profile of the small businesses in the Xhariep area within these age categories.

The table illustrates the dominance of those between the ages of 30 and 50 which accounts for 58 percent of the small business owners. The highest age concentration is found in the 40 - 44 age groups, followed by the 35 - 39 age groups. The third highest

concentration was found in the 30 - 34 years of age. These three age groups (30 - 45) comprise nearly half of the sample (48%). Few small business owners were younger than 30, with only 2 respondents in the 15 to 19 years category. This indicates that respondents are either still at school or are trying to find paid employment. By 25 years of age respondents either realized that they are not likely to find employment or life demands have prompted them to generate an income as their families depend on them.

AGE GROUP	NUMBER OF RESPONDENTS	%
15 - 19	2	2
20 - 24	2	3
25 - 29	5	6
30 - 34	12	14
35 - 39	13	15
40 - 44	16	19
45 - 49	9	10
50 - 54	5	6
55 - 59	6	7
60 - 64	8	9
65 - 69	1	1
70 - 74	3	3

Table 3.5: Age group profile

Only a few small business owners are older than 65 years of age. These are probably retired and continue with their business to augment their incomes (pension grant).

3.2.3 Language preference profile

The language that small business owners prefer to converse in are indicated in Table 3.6.

LANGUAGE	NUMBER OF RESPONDENTS	%
Sesotho	42	49
Afrikaans	93	45
English	36	42
Xhosa	4	5
Total	121	100

Table 3.6: Language preference

Small business owners prefer to speak in Sesotho, Afrikaans or English when doing business, depending on the language spoken by their customers. As can be seen in Table 3.6, quite a number of respondents spoke at least two languages (total 121 versus 86 respondents).

3.2.4 Educational profile

More than half (60 percent) of the small business owners have matriculated. One of the respondents was a qualified medical doctor operating a Bed & Breakfast. Some of the small business owners with a matric certificate furthered their studies and obtained a Diploma or a degree in:

- Radiography;
- Tourism;
- Domestic Science;
- Internal auditing, and
- Bachelor of Arts.

A few respondents without a matric have N3 certificates in computer studies, construction, or have completed a course in carpentry. Three of the respondents had no formal qualifications.

This proportion of well-educated SMME owners is higher than that found in a study among SMMEs in other parts of the Free State, which indicated that approximately one half of small-scale entrepreneurs have at least a Grade 12 qualification (Free State Province, 2007).

3.2.5 Working experience

Table 3.7 shows the wide variety of different occupations small business owners previously occupied prior to starting their own businesses.

WORK EXPERIENCE	NUMBER OF RESPONDENTS	%
None	20	23
Mining	7	8
Retail shop	6	7
Furniture shop	5	6
Farming	4	5
Cashier	3	3
Department of Tourism	2	2
ESKOM	2	2
Still working	2	2
Police	2	2
Construction	2	2
Library	2	2
Minicipality	2	2
Post Office	1	1
NDA	1	1
Department of Health	1	1
Tyre shop	1	1
Bakery	1	1
Transnet	1	1

Table 3.7: Working experience

WORK EXPERIENCE	NUMBER OF RESPONDENTS	%
SAAF	1	1
Medical aid	1	1
Spoornet	1	1
Call centre	1	1
Teaching	1	1
Butchery	1	1
Investment company	1	1
Restaurant	1	1
Garage	1	1
Hair salon	1	1
Tourist guide	1	1
Boiler maker/security	1	1
Hospital	1	1
Security	1	1
Not indicated	6	7

Table 3.7: Working experience (continued)

Twenty three percent of the small business owners had no previous working experience. The other small business owners all had various previous occupations. These were mostly not related to the type of small businesses they have started. Most experience was gained in the retail sector. The six respondents that did not indicate their previous working experience probably have previously been unemployed.

3.3 BACKGROUND TO BUSINESS START-UP

3.3.1 Reasons for leaving previous occupation

Table 3.8 shows the reasons why small business owners left their previous occupation.

REASONS	NUMBER OF RESPONDENTS	%
Did not leave	24	28
Personal achievement		
To start business	25	17
Wanted to grow	2	2
Forced circumstances		
Retrenched	12	14
Not enough income	8	9
Retired	6	7

Table 3.8: Reasons for leaving previous occupation

REASONS	NUMBER OF RESPONDENTS	%
Contract completed	5	6
Business sold/closed	4	5
Health problems	2	2
Relocation/Spous transfer	2	2
Own choice		
Resigned	1	1
Got married	1	1
Could not cope with job	1	1
Not disclosed	3	3

More than a quarter of the small business owners (28%) did not leave their employment but merely started a small business for additional income and rely on family or employees to run the business. Some respondents had circumstance which forced them to look for "something to do" by either being retrenched or their contract was completed. Some did not give a reason; merely indicating they left their employment, as they wanted to start a business. Various other reasons were given, some by choice such as resignation or got married and others referring to starting the business for personal achievement. Retrenchment and personal achievement were the most responses.

Table 3.8: Reasons for leaving previous occupation (Continued)

3.3.2 Reason for starting a business

Table 3.9 shows the reasons why small business owners in Xhariep started a business.

The reasons given can be linked to their personal circumstances, the market conditions or the gains of having a business. The most popular reason for starting a business in Xhariep was to generate an income, with some indicating they looked for an opportunity or having a passion for the job. Those indicating passion were in the construction, hair, sewing, welding and woodwork, tourism or stationary businesses. Various other reasons were given, with unemployment also mentioned.

REASONS	NUMBER OF RESPONDENTS	%
Favourable personal background		
Am passionate	14	16
Am unemployed	8	9
Have skills	5	6
Have entrepreneurial background	2	2.5
Love working with people	1	1
Favourable market conditions		
Spot an opportunity	9	11
There is a need for the business	4	5
No competition	3	3
Bought and existing business	1	1
Took over family business	1	1
Favourable gains from having own business		
Income generation	36	42
Employment generation	2	2.5

Table 3.9: Reasons for starting a small business

Table 3.10 shows the reason why they have started this particular small business. When comparing Table 3.9 with Table 3.10, there are differences, but essentially they are the same reasons. Table 3.10 actually gives a clearer picture why the small businesses were started. As can be seen in Table 3.10, their passion for the industry is what drives them to start a business. This was also one of the main reasons given in Table 3.9. Opportunities and not having competition also drive the small business owners in Xhariep to start that particular small business. Thirteen percent of the respondents could not think of a reason why they have started the particular business.

It is interesting that besides having a passion for the job, some respondents indicated that they actually had the skills to start the business and this prompted them to start the type of business. This shows that there is a tendency for small business owners in Xhariep to remain in 'familiar territory' and to open a business in a field in which they have the technical skills or know-how from previous working experience in a similar field

REASONS	NUMBER OF RESPONDENTS	%
No reason	11	13
Market consitions		
No / little competition	14	16
Opportunities in SA	12	14
Need for business	7	8
Demand for fruit and vegetables	7	8
Bought business that was closing	1	1
Personal background		
Entrepreneurial background	2	2
Have skills	9	12
Have passion	20	23
Inherit from mother	1	1
Business requirements		
Stock do not expire - alcohol	1	1
No start up capital needed	1	1

Table 3.10: Reasons for starting this type of small business

Various other reasons were given which could be classified as related to their personal background, marketing conditions or the requirements for starting the business that was favourable. A tavern small business owner, which probably grew up in a spaza family business and had noticed the problems associated with perishable stock, indicated his preference for stock that does not expire. Only one respondent started a small business, as it does not require start up capital. This shows that access to funds can be a determining factor in starting a small business.

3.4 SUMMARY

This chapter presents the findings of the demographical profile of small businesses and their owners in the Xhariep Municipal District. The gender, age, education and language preference were tabulated and discussed. The sectorial division of the sample was also indicated. The chapter concluded with the background of the small business owners prior to starting up their small businesses and the reasons why they have started the businesses.

CHAPTER 4 - SKILLS LEVELS OF SMMEs IN XHARIEP

Skills are knowledge that is demonstrated by action - an ability to perform in a certain way (Wickham, 1998:41). There are skills necessary for starting a business such as technical skills, but there are also skills necessary for growing small businesses. This chapter outlines the skills necessary for starting and growing a business, followed by an indication of the skills levels of the small businesses in the Xhariep Municipal district.

4.1 SKILLS NECESSARY FOR STARTING A BUSINESS

Van Aardt and Van Aardt (1997:9) and Vosloo (1994:38) identified the following skills that can assist would-be entrepreneurs when starting a small business:

- good organisers;
- good problem-solving abilities;
- good communication skills;
- the ability to handle stress effectively;
- good leadership qualities;
- high degree of independent decision-making; and
- negotiation skills.

Smart Force, the e-learning company (2002:1) and Van Dyk, Nel, Loedolff and Haasbroek (2001:452) specify the following skills as necessary for managing a business:

- General business management - for example, planning, budgeting, handling security and safety;
- Record-keeping - for example, stock and inventory control and bookkeeping;
- Financial management - for example, handling of credit, debt and repayments;
- Interpersonal relations - for example, handling employees; and
- Customer relations - for example, selling, and dealing with customers.

Epstein and Rogers (2002:183) describe the following ten competencies of a skilled manager:

- manages rewards by providing positive and constructive feedback, recognising achievement and rewarding good performance;
- communicates effectively by soliciting ideas and feedback, presenting a clear vision of the future and seeks to inform, educate and inspire;

- manages teams effectively by composing teams wisely and helping them to function smoothly and optimally;
- manages the environment by creating and maintaining an attractive, functional work space and encouraging healthy relationships;
- matches skills by identifying people's skills and assigning tasks appropriately;
- identifies people who thrive on challenges, and seeks to push them beyond their current limits;
- identifies skill levels and provides ongoing training to enhance a wide variety of skills;
- identifies conflicts and resolves them before they escalate;
- allocates resources in ways that people perceive as both generous and fair; and
- demonstrates high motivation by demonstrating energy, commitment and enthusiasm in their work.

4.2 SKILLS NECESSARY FOR SMALL BUSINESS GROWTH

The skills and capacity of the small business entrepreneur will impact the likelihood of growth. Although many small businesses would not be able to grow as they have a limited market for their products, the skills level of the small business owner(s) can more so determine the ability of the business to grow. Hatten (1997:349) identifies certain attributes that distinguish professionally managed small businesses.

- Be automated - computers can efficiently track items like inventory, expenses and customers; use technology wisely.
- Be competitive - being small no longer means you will have less competition; you have to produce quality.
- Be resourceful - there is no shortage of services available to tap for assistance and any tools you may lack.
- Be planned - sophisticated marketing information like demographic mapping is no longer affordable by only the largest businesses.
- Be experienced - more "corporate refugees" are starting small businesses with incredible links, talent, and management experience.

A longitudinal study done by Perks (2005) identified 13 skills as necessary for growth of micro businesses into small businesses:

- self-development;
- networking;

- relationship marketing;
- time-management;
- stress management;
- presentation;
- negotiation;
- general business management;
- record-keeping;
- financial management;
- computer;
- management; and
- risk management.

As the Xhariep businesses have already been established, the results of this study could contribute towards how these skills can be developed to result in growing the existing small businesses. These skills are briefly discussed according to the study done by Perks (2005).

4.2.1 Self-development

People's abilities to market themselves are dependent on positive self-images and attitudes. If they are enthusiastic, view problems as challenges and work hard, other people will notice their input. The personality traits of the small business entrepreneur will to a large extent determine how self-development would be viewed. Part of self-development is also self-knowledge.

People who wish to consider entrepreneurship as a career option should know themselves. Entrepreneurs should know their strengths and weaknesses. In doing so, they can develop realistic and achievable goals, develop latent qualities, building on existing ones and eliminate those qualities that might harm business careers. Self-development skills can be acquired through attending short courses, experimental learning, post matric education and previous working experience. If the small business entrepreneur becomes dedicated to self-development, both the business and the owner can benefit.

4.2.2 Networking

Networking can be defined as to purposefully strive to make formal and informal contacts and form relationships. Most entrepreneurs have a wide range of friends, acquaintances and business associates which can be regarded as informal network relationships that entrepreneurs can use to obtain resources and opportunities for their small business. These networks can provide entrepreneurs with information about their environment,

and enable them to build reputation and credibility for themselves and their business. An added benefit of these personal networks is that the small business entrepreneur can trust them more than strangers.

Formal networking relationships can be built by belonging to a businessmen network where business owners meet to exchange ideas and experiences. The settings for such meetings may be trade associations or any other situation that brings businesspeople into contact with one another. Business-to-business relationships can also be developed through trading with other owners and managers of enterprises, customers and vendors, and other constituents in the operating environment. They become more important to the business as it moves beyond the initial founding stage. The relationships can therefore vary between being formal or informal, and the entrepreneur could benefit from these relationships in different ways. The key issue with networking is to focus on establishing priority leads so to improve the performance of the business.

4.2.3 Relationship marketing

The aim of relationship marketing is to build long-term relationships that could be mutually beneficial to the business with customers and suppliers. Small businesses can use relationship marketing to look big and well organised. Even small businesses on a tight budget can creatively use databases to help individualise its services, as it can be a simple or sophisticated process. The main requirement to implement relationship marketing is by having the right computer equipment. A mailing list of prospective and current customers must be created. The computer can then evaluate and manage the information as needed. On special occasions such as birthdays, Easter, Christmas and New Year a special note can be given to customers. A small gift, advertising your small business, is also appropriate on these special occasions.

While no marketing method is sure to work, the chances are relatively good that database marketing can work well for the small business. If a relationship has been established with customers where they can get additional benefits, it could prevent them from switching to other products or to a competitor. Retaining existing customers has proven to be less time-consuming and costly than finding new customers.

4.2.4 Time management

Time is the small business's most limited resource and as the staff complement is low the extent of managing time effectively is limited. Appointing a manager who can supplement the small business entrepreneur's knowledge and bring in new ideas can be of great assistance, or use can be made of management consultants or other business and professional services. The small business must manage its time efficiently and effectively. To be able to do so the small business entrepreneur should keep a schedule of appointments in a diary. The first step is to see which duties can be delegated to employees. The remaining duties should be ranked in terms of importance grouping together those that require the same actions to save time. The small business entrepreneur must also estimate a time-span for the execution of the duties. If a problem could be solved electronically, do so, as having it in writing is more formal and legally binding, as orally.

4.2.5 Stress management

Small businesses are plagued with uncertainty because most entrepreneurs work on their own, using all available personal financial means to start the business, which is highly stressful. Sources of stress can be both work related and personal. Management problems occur when the small business entrepreneur is not having enough employees to do the work, or there is poor co-ordination, inadequate information and insufficient use of skills in the small business. Having the responsibility for employees can contribute towards management problems. Working conditions such as unreliable machines and tools use, excessive noise levels and lack of privacy can contribute towards work-related stress. A poor management style, especially when facing with a crises and being inconsistent can cause stress. Financial work related stressors could include unpaid bills and bill collectors, which create great tension and poor work performance. The greater the stress, the greater is the likelihood that the small business entrepreneur will choose a risky alternative, or having the tendency to make a premature choice. With increasing stress, there is a decrease in productive thoughts and an increase in distracting thoughts. Consequently, poor judgement often occurs which leads to only considering immediate survival goals whilst sacrificing longer-range considerations. Stress management is important because stress can further lead to health impairment, burnout and performance decline. The small business entrepreneur should reduce or

eliminate stress through stress management techniques such as a balanced diet, reading motivational books; meditation, listen to music, glass of red wine in the evening; and physical exercise. Delegation is one of the ways that the small business entrepreneur can use to manage time better and reduce stress.

4.2.6 Presentation skills

A part of small business entrepreneur's time is devoted to presentation of plans or ideas. Presentation skills can require computer skills as a typed version of a document with neat drawings and illustrations looks presentable and professional. Professional quality presentations help communicate information more effectively. Desktop publishing allows the user to create professional looking documents on a personal computer, thereby producing work that could previously only be done by graphic artists. To be effective, the small business entrepreneur must have a presentation strategy. The most important part of a presentation is the introduction and conclusion. The introduction should gain the interest of the audience and convey to listeners what is to be covered. The effectiveness of a presentation depends on the soundness of the message, the small business entrepreneur's skill in delivery and the quality of the visual aids. The length of the presentation should not be too long as most audiences cannot absorb too many thoughts at a single sitting. Practising the presentation can improve the success rate of the outcome. The small business entrepreneur must adapt the presentation according to the customer's needs and be prepared to handle possible objections.

4.2.7 Negotiation skills

The small business entrepreneur is involved in negotiations of varying intensity daily, varying from scheduling meetings, looking for suppliers and negotiating contracts or tenders. Experienced negotiators fare better than inexperienced ones. Most negotiations are repeat performances over a long period of time as we tend to deal with the same people, whether bankers, suppliers, customers, directors or managers. The small business entrepreneur must always strive to reach a common understanding with these people. Reaching common ground can sometimes be difficult if dealing with a different national or corporate culture. Some interests may be completely different, but by determining the reasons behind each, a common solution can often be found.

An important aspect in negotiation is that the parties must plan what they want to achieve before starting the negotiation process. The small business entrepreneur should be flexible during negotiations. In event of conflict the small business entrepreneur should reach solutions that really work for both parties.

4.2.8 General business management skills

General business management skills include planning, budgeting and security. The importance of planning should not be underestimated as it forces small business entrepreneurs to look ahead, thereby reducing uncertainty. Goal-setting is the starting point of the planning process. Planning is important as it:

- provides direction for the small business;
- reduces the impact of change;
- minimises waste; and
- sets the standards to facilitate control.

The day-to-day running of a business requires short-term planning. Short-term goals tend to be quite specific, focusing on monthly, weekly and day-to-day time frames. Small businesses cannot grow profitably without funds in the bank. Therefore small businesses should have a cash budget to anticipate those occasions when having idle funds or having generated unexpected excess funds. Excess cash can be invested in the short-term to generate more funds for the small business, which can assist the business to grow. These funds can for example be invested in a 32 days notice account, which has a higher interest rate than an ordinary savings account.

The growing business also needs more protection, and therefore the security needs increase. The small business entrepreneur should have a well-planned insurance policy to cover losses caused by fire or theft.

4.2.9 Recordkeeping

Recordkeeping is important as it provides the small business entrepreneur with the information necessary to run the small business successfully. An effective record-keeping system makes it possible for the small business entrepreneur to evaluate the success of the business on a weekly or monthly basis. A filing system should be devised that will ensure easy access to documents when required. Stock records should also be kept to

enable the small business entrepreneur assess to stock levels and the value of current stock. To ensure accuracy, all incoming and outgoing stock should be accurately recorded, as well as stock kept in the storeroom. Record accuracy is crucial to business success as it allows the small business to focus on those items that are needed, rather than settling for being sure that "some of everything" is in inventory. Small businesses can use inventory control techniques such as visual control, determining the economic order quantity, re-order point and quantity and the ABC classification. Just-in-time (JIT) is the method favoured by most small business which intends to minimise inventory-holding by cutting the costs of moving and storing goods as goods arrive as close as possible to the time when needed. Small businesses should keep internal accounting records of accounts receivable, accounts payable, inventory records, payroll records, cash records, fixed asset records and other accounting records such as the insurance register. Computer software packages can be used to generate the required accounting records, or the business could make use of an outside accounting service.

4.2.10 Financial management

The small business has to use specific financial instruments (investment vehicles) to generate growth and income. The ways in which a small business entrepreneur can generate growth and income is through:

- Extension of credit;
- Longer payment terms from suppliers;
- Utilising the right financing option;
- Have a just-in-time stock keeping system;
- Monitoring the cash flow situation on a daily basis.

How the business deals with default payments and how it evaluates its customers can influence the cash flow of the business, and the need for excess working capital. The small business entrepreneur should investigate the creditworthiness of debtors. If money is due, and not paid it must be followed up immediately as the older a debt the more difficult it is to recover the money.

Trade credit is another source of short-term funds widely used by small firms. The amount of trade credit available to the small business depends on the type of business and the supplier's confidence in it. The small business usually has to pay its

suppliers prior to receiving cash from its customers, which can create serious cash flow problems. Commercial banks can also assist the small business entrepreneur with financial options such as short-term loans, instalment sales agreements and leases. Short-term loans are normally for one year or less and generally require mostly security. Family, friends and partners are mostly used for the initial financing as the small business entrepreneur usually lacks security to offer as collateral for start-up. The other financial sources are not just used for initial financing, but also for day-to-day operating requirements and business expansion.

To manage the small business effectively and efficiently requires a good set of financial records, which are also used to prepare tax returns and to inform the bank and investors of the business's financial status. The main financial statements are the income statement, balance sheet and the cash-flow statement. These financial statements should be analysed to measure the firm's past performance and to forecast its profitability. The small business entrepreneur can use ratio analysis to analyse the financial statements to evaluate the performance of the small business, to make investment decisions, or to determine future financial needs. It could serve as an early warning to detect future problems, and to take corrective action in event of discovering problems. The small business could use accountants to assist them in financial planning and the drawing up of financial statements. Small business entrepreneurs should however have some basic financial management knowledge and not just rely entirely on outside advice.

4.2.11 Computer skills

Most small businesses use computers to a limited extent due to a lack of computer skills. The software applications likely to be needed by a small business include word processing, spreadsheet analysis, account processing, file management, and electronic mail/messaging. Using these programmes can result in better time management. If the business has access to a computer and modem it can use the Internet, which is a very useful business tool. Using a computer can save the small business money on advertising costs and reach a huge audience. If a business considers exporting, the Internet is a cheaper alternative than opening a shop in the foreign country. Using the Internet could also be regarded as the entrepreneur's way of managing risks when investigating global opportunities. E-mail

is an attractive support option for the small business as it costs less than telephone support and does not necessarily require 24-hour attention. Before the small business considers launching any ongoing e-mail initiative, it must be sure to have appropriate technology in place. The small business entrepreneur can acquire computer skills by attending computer courses, or rely on the computer skills of employees.

4.2.12 Management

The small business entrepreneur as a manager must be both efficient and effective in executing his daily tasks. Managing a small business requires setting goals; buying; pricing; selling; record-keeping; obtaining, training, supervising and motivating staff. These tasks can be categorised as planning, organising, leading and control. They are important in the everyday running of a business because they are continuous and interrelated. Planning (both long-term and short term) should be the first primary management task conducted by small business entrepreneurs. Many small businesses do not engage in long-term planning, because they are too busy with the day-to-day activities. For any business, especially the small business, to survive in the competitive market, long-term planning (strategic planning) is essential. If the small business engages in long-term planning, they will have a focus for the small business and improve their productivity, as they will have benchmarks in place to measure their performance. Long-term planning could also give the small business more credibility with bankers, suppliers, and other outsiders, especially when they request a business plan.

Organising in the small business evolves mostly naturally, with much planning. It is important for the small business to have an appropriate structure in place when considering growth. These structural relationships must be examined from time to time to make the necessary adjustments. Division of labour could be part of these adjustments and have many advantages for the small business.

Not all small business entrepreneurs are born leaders. Without proper leadership the small business will not survive. Small business entrepreneurs as leaders should utilise their power to influence their employee's behaviour. Committed subordinates are enthusiastic about meeting their leader's expectations and strive to do so.

Despite good planning the small business must monitor operations to discover deviations from plans and to ensure that the small business is functioning as intended. Corrective action is required when performance deviates significantly from the standards. The cause of the deviation must be established to prevent a repeat thereof.

4.2.13 Risk management

As the small business owner is mostly inexperienced, the entrepreneur can only tackle one or two opportunities and problems at a time. Unfortunately problem-solving options, which may be appropriate for one entrepreneurial business may be completely inappropriate for another. Small business entrepreneurs must make a bewildering number of decisions, and they must make the decisions that are right for them. The process of making the right decisions is called risk management.

The small business entrepreneur must identify whether it is a pure risk or a speculative risk. Examples of pure risk are a fire or the death of a core employee and of speculative risk, too high or too low inventory levels, or inadequate capacity. Small

business owners should continuously evaluate their position, not just when problems appear. They should avoid opportunities that are too risky, prevent risks if losses can occur and shift the risk to someone outside the business, if possible.

To enable growth the small business entrepreneur does not necessarily have to have all thirteen skills, but a combination of some of these skills. If the small business entrepreneur uses these skills as a starting point, growth will take place quicker and with more ease.

4.3 EXISTING SKILLS LEVELS OF XHARIEP SMALL BUSINESS OWNERS

The above-mentioned skills were explored in the questionnaire in terms of whether small business owners in Xhariep possess the skills, would like to acquire it and which three of these skills they regarded as the most important. Table 4.1 outlines the skills levels of Xhariep small business owners.

Table 4.1 outlines the skills which skills Xhariep small business owners possess or do not possess.

SKILLS	NUMBER OF RESPONDENTS THAT POSSESS SKILL	%	NUMBER OF RESPONDENTS NOT POSSESSING SKILL	%
Presenting tenders	29	34	57	66
Product development	32	37	54	63
Writing a business plan	37	43	49	57
Specific technical skills	42	49	44	51
Using computers	43	50	43	50
Formal education - matric	49	57	37	43
Networking	52	60	34	40
Financial managment	53	62	33	38
Stress management	53	62	33	38
Presenting goods / services	56	65	30	35
Recordkeeping	57	66	29	34
Teambuilding	59	69	27	31
Bookkeeping	60	70	26	30
Budgeting	60	70	26	30
Making deals and negotiating	61	71	25	29
Stock control	62	72	24	28

Table 4.1: Skills small business owners possess

SKILLS	NUMBER OF RESPONDENTS THAT POSSESS SKILL	%	NUMBER OF RESPONDENTS NOT POSSESSING SKILL	%
Delegation of tasks	64	74	22	26
Time management	66	77	20	23
Organising your business	67	78	19	22
Problem-solving	70	81	16	19
Planning ahead	70	81	16	19
Oral / verbal communication	72	84	14	16
Getting on with customers	72	84	14	16
Pricing goods and services	73	85	13	15
Written communication	73	85	13	15
Making decisions	75	87	11	13

Table 4.1: Skills small business owners possess (continued)

It is promising that 87 percent consider that they have decision making skills as the small business owner must make all the time decisions in the business. The other skills that most of the small business owners in Xhariep possess are written and oral communication skills, pricing their goods and services and getting on with their customers. Planning ahead and problem-solving skills are also prevalent amongst small business owners in Xhariep. Eighty four percent of small business owners indicate they have customer relation skills versus 71 percent that can negotiate and make deals. It seems their customer relation skills are better than when dealing with suppliers or funders or tenders. Nearly half of the small business owners also struggle with computers and technical skills.

The skill most lacking is tendering, with 66%, followed by product development (63%). The importance of these skills cannot be underestimated as the growth of most small businesses depends on either product development or tenders. More than half of the small business owners cannot draw up a business plan. This skill can assist them if applying for funding for expansion and can hinder their growth if not acquiring it. They can rely on outsiders (business consultants) to assist them or draw up the plan for them.

Half of the small business owners are not computer literate. This impacts the image of their businesses and furthermore can restrict their growth. Using computers in their businesses can

assist in record keeping, inventory control, money management, presenting tenders and designing their advertising pamphlets. Most small business owners have budgeting, bookkeeping or recordkeeping skills, but regard themselves as having less financial management skills. This is interesting as these skills are normally linked e.g. if you do not keep records, you cannot apply a budget or have a bookkeeping system, and can therefore not analyse your finances. This could also result in stock problems and even in running at a loss. As their profit comes from stock sold, this could create serious problems for the small business owner as they could lose stock due to theft, have stock that can become obsolete or expired, or invest too much money in stock. On the contrary they could have too little stock, which might cause customers to switch to another business. This could have also contributed to their money management problems.

Time management was also lacking by almost one quarter (23 percent) of the small business owners in the Xhariep district. This is in line with other studies that found that the owner is often the only person working in the business so time management can become problematic and then created stress. It is interesting to note that they lack more stress management skills (38%) than time management skills. Formal education was indicated here as 57% but in the biographical data was indicated as 60%. Some respondents have a technical matric (N3) and do not regard this as formal education.

The above indicates that there is room for improvement for all these skills. Lack of being able to apply these skills can hinder the growth of their businesses. Table 4.2 below illustrates which

of the above mentioned skills are desired to be acquired by small business owners in Xhariep.

SKILLS	NUMBER OF RESPONDENTS THAT POSSESS SKILL	%
Financial management	50	58
Using computers	47	55
Presenting tenders	39	45
Bookkeeping	34	40
Writing a business plan	34	40
Budgeting	31	36
Recordkeeping	28	33
Product development	26	30
Specific technical skills	26	30
Formal education - matric	26	30
Stock control	22	26
Networking	20	23
Stress management	18	21
Making deals and negotiating	17	20
Teambuilding	15	17
Presenting goods / services	14	16
Pricing goods and services	13	15
Organising your business	12	14
Oral / Verbal communication	12	14
Delegation of tasks	10	12
Getting on with customers	10	12
Planning ahead	10	12
Written communication	8	9
Problem solving	8	9
Time management	7	8
Making decisions	7	8

Table 4.2: Skills small business owners would like to acquire

From Table 4.2 it could appear that small business owners in Xhariep do not regard most of these skills as very necessary to possess, except for financial management, computers, bookkeeping and presenting tenders. To put this more in context,

Table 4.3 shows a combination of Table 4.1 and Table 4.2 in terms of the skills small business owners would like to acquire and those skills they do not possess.

SKILLS	% NOT POSSESSING SKILL (A)	% WISHING TO ACQUIRE SKILL (B)	% WANTING TO IMPROVE SKILL NOT POSSESSING (A/B)
Financial management	38	58	152
Bookkeeping	30	40	131
Budgeting	30	36	119
Using computers	50	55	109
Pricing goods and services	15	15	100
Recordkeeping	34	33	97
Stock control	28	26	92
Oral / verbal communication	16	14	86
Getting on with customers	16	12	71
Writing a business plan	57	40	70
Formal education - matric	43	30	70
Making deals and negotiating	29	20	68
Presenting tenders	66	45	68
Making decisions	13	8	64
Planning ahead	19	12	63
Organising your business	22	14	63
Written communication	15	9	62
Networking	40	23	59
Specific technical skills	51	30	59
Teambuilding	31	17	56
Stress management	38	21	55
Problem-solving	19	9	50
Product development	63	30	48
Presenting goods and services	35	16	47
Delegation of tasks	26	12	45
Time management	23	8	35

Table 4.3: Skills respondents regard important to acquire

Some of the percentages are more than 100% as although they possess a skill, they indicate they would still like to improve on that particular skill. The above table gives a clearer picture of how keen small business owners that do not possess the skills are, to acquire the skill or improve on it. A vast majority of 90 percent and above indicate they would like to acquire:

- Financial management skills;
- Bookkeeping skills;
- Budgeting skills;
- Being able to use computers;
- Being able to price their goods and services
- Recordkeeping skills, and
- Stock control skills.

It is interesting to note that in spite of the fact that oral/verbal communication skills were the skill that most small business owners possess, they still would like to improve it. Time management is not regarded as that important, so it seems that they do not realize that time management impacts on stress management.

More than half of those that do not know how to manage their stress would like to acquire the skill.

Respondents were requested to indicate which three skills were the most important for business success (Table 4.4).

Responses varied considerably for this section. Table 4.4 shows the same results as those top four skills that small business owners would like to acquire, but financial management is regarded as the most important (the only score above 50%). None of the other skills show that small business owners regarded it as the most important skill. No scores have been obtained for time management. Although 77% have time management skills, only 8% of the 23% would like to acquire time management skills, but none regards it as one of three most important skills. There seems to be a link that if one possesses the skill, it is not the most important skill, as decision making was also one of the top listed skills possessed, but nobody regards it as one of the top three skills.

SKILLS	NUMBER OF RESPONDENTS	%
Financial management	45	52
Using computers	32	37
Bookkeeping	26	30
Budgeting	26	30
Writing a business plan	17	20
Presenting tenders	15	17
Formal education - matric	11	13
Stock control	11	13
Recordkeeping	9	10
Pricing goods and services	8	9
Oral / verbal communication	8	9
Product development	5	6
Written communication	4	5
Presenting goods and services	3	3
Planning ahead	3	3
Getting on with customers	2	2
Specific technical skills	2	2

Table 4.4: Most important three skills

SKILLS	NUMBER OF RESPONDENTS	%
Networking	2	2
Organising your business	2	2
Stress management	2	2
Delegation of tasks	1	1
Making deals and negotiating	1	1
Teambuilding	1	1
Making decisions	1	1
Problem solving	1	1
Time management	0	0

Table 4.4: Most important three skills (continued)

4.4 PERCEPTION OF SKILLS

Sixty-four responses were obtained from the 62 small business owners. Table 4.5 shows the ways in which small business owners in Xhariep area attract new customers.

HOW TO ATTRACT NEW CUSTOMERS	NUMBER OF RESPONDENTS	%
Print media		
Advertise	26	29
Posters	4	4
Flyers	1	1
Through people		
Word of mouth	24	26
Talking to people	12	13
Business offering		
Offering good service	7	8
Discount / specials	2	2
Good quality goods	1	1
Good prices	1	1
Display	1	1
New products	1	1
Other ways		
Visibility from road	5	5
New Government tenders	1	1
No new customers	4	4
No response	1	1
TOTAL	91	100

Table 4.5 How to attract new customers

A wide variety of responses were obtained which led to a dilution of responses and therefore small percentages per response. The highest response rate was people orientated, with word of mouth (26%) and talking to people (13%). Small business owners talk to potential new customers and tell them about their businesses in the normal course of the day and their personality attracts new customers to their small businesses. They also used printed media such as advertising in free papers to attract new customers. Small business owners in Xhariep municipal area also regard offering a good service and visibility of their business

as ways to attract new customers. Three tuck shop owners and the road maintenance business indicated they only have regular customers. A variety of other ways to attract new customers include: posters, discounts or specials, good quality goods, flyers, competitive prices offered, new government tenders, displays in windows or on tables and new products offered.

Table 4.6 shows small business owners' perceptions of how difficult or necessary some skills are.

HOW TO ATTRACT NEW CUSTOMERS	YES	%	NO	%
Education is necessary to start a business	33	38	53	62
You need to share experiences with other people in business	73	85	13	15
You need to talk to other people in business	67	78	19	22
You manage your time easily ¹	68	78	11	13
You have to engage in a tendering process	14	16	72	84
You have to negotiate easily with customers, suppliers or officials ²	64	74	15	17
You plan and organise with ease ³	63	73	15	17
You find recordkeeping problematic ⁴	1	1	62	72
You worry about cash handling ⁵	5	6	75	87
You have experience using computers in your business ⁶	30	35	47	55
You find managing people tricky ⁷	8	10	52	60
You handle risks in the business with ease ⁸	66	77	5	6

Table 4.6: Perceptions of the necessity / difficulty level of business skills

- Key:
- 1 Seven respondents indicate sometimes
 - 2 Two respondents indicate sometimes; five respondents have never been in that situation
 - 3 Six respondents indicate sometimes; two respondents do not plan
 - 4 Thirteen respondents do not keep records; ten respondents have somebody doing their books
 - 5 Five respondents indicate sometimes; one respondent's wife looks after the cash
 - 6 Four respondents indicate they do not need to use it; five respondents indicate they do not use it in business, only at home
 - 7 Twenty six respondents do not have employees
 - 8 Six respondents indicate sometimes; two is uncertain; seven had no risks so far so have not been in a position to tell

The majority of small business owners in the Xhariep area recognize that one needs to talk to other people in business, as they can give one valuable advice and contacts. In Table 4.1 it was indicated that they do not have a problem with talking to people. Fifty percent of the small business owners in Xhariep had the opportunity to obtain their matric. The reason why some small business owners do not regard education as necessary to start a business could be link to the fact that 44 percent of small business owners do not have an academic matric, or that some did not complete matric with commercial subjects, and still could start their business. They also indicate they manage their time with ease, as previously indicated (77 percent possess this skill). The majority of small business owners in the Xhariep area did not engage in a tendering process, which confirm previous findings that they would like to acquire it as a skill and that there should be more tendering opportunities created by government. This finding confirms the finding in Table 4.1 that small business owners have the negotiation skills (71%) as now they confirm that they can engage in negotiation fairly easily if presented with an opportunity (74%). Although 77 percent and 81 percent respectively indicated that they have planning and organizing as a skill, 73 percent indicate they can do it easily. This could indicate that some small business owners in Xhariep struggle with long-term planning skills. It must be noted that 15 percent of small business owners do not keep records and 12 percent use a bookkeeper. Those that find record keeping easy mostly indicate that they merely write their transactions down in a book, so does not really engage in proper record keeping, and thus do not really have the record keeping skills in spite of thinking so. Few of the small business owners are worried about cash handling, but 38% indicated in Table 4.1 they do not have the managing money skill of which 58% would like to acquire it. It seems they do not stress about their money affairs, although they acknowledge they lack it as a skill. Computer skills were indicated as a desired skill that small business owners would like to acquire and once again their lack of computer experience is indicated. Nearly two thirds of the small business owners do not have a problem to manage people indicating their good people skills, although 30% of the small business owners could not comment as they did not have staff. Nearly three quarters of the small business owners can handle risks, which link up with 81% that have problem solving skills.

4.5 SUMMARY

This chapter explored the necessity of having certain business skills. An indication was given of which skills are important for start-up and for growth. Furthermore a skills analysis survey was done on 86 small businesses in the Xhariep Municipal district. The findings were tabulated in terms of whether they possess the skills, would like to acquire the skill and which three skills were regarded as the most important for business success. The difficulty level and necessity of some skills were also explored.

CHAPTER 5 - SMME SUPPORT SYSTEMS

The previous government's emphasis was placed on larger corporations. This emphasis has dramatically changed, however, as over the last few decades the small business sector has grown exponentially and now represents a considerable portion of the economy. Naidoo (2007) notes that current small businesses in South Africa contribute only one third of the countries overall GDP, which is significantly lower than that of developed economies, which contribute some two thirds of their countries' GDP. Policy makers in South Africa are constantly trying to identify and support those productive and innovative small businesses that will generate employment and promote economic growth within the country (Dobbs & Hamilton 2007:296). The government has therefore developed a National Strategy for the Development and promotion of small businesses in South Africa (Soontiens 2002:712). The Department of Trade and Industry was given the primary responsibility to formulate, coordinate and monitor the national policies related to small and micro businesses. The support for small and micro businesses is a shared responsibility between government, both on national and local level and nongovernmental organizations (Department of Trade and Industry 2003). The RDP, GEAR and ASGI-SA programmes were implemented in 2006 and hoped to promote growth and continued success of the SME sector (South African Companies in the 21st Century 2006:11).

In this chapter the different support organizations will be discussed, followed by the results of the small business owners in Xhariep Municipal district's perceptions of the support available.

5.1 PUBLIC AND PRIVATE SMALL BUSINESS SUPPORT SYSTEMS

5.1.1 Department of Trade and Industry

The DTI have put the emphasis on the quality of information collected and disseminated about the SMME sector (Public-Sector incentives to support SME 2001:170). Further to that they have made it their goal to develop a number of developmental incentives to improve SMME competitiveness. Government has also given them the primary responsibility to formulate, coordinate and monitor the national policies related to SMMEs (Department of Trade and Industry 2003:67). The Department of Trade and Industry initiated a development program in 2001 to help improve SMME repayment profiles and reduce credit

exposure to help them improve their liquidity and risk exposure (Public-sector incentives to support SME 2001:170).

The Department of trade and Industry have established the Black Business Supplier Development Programme that assists black owned businesses to improve their systems, quality, skills and marketability. The Small and Medium Enterprise Development Programme is also one of the DTI's development programs (Doing Business in South Africa 2007:91).

According to Blumendal (2007:490) CEO of SETA, there is insufficient money in the National Skills Development levy fund to support all SMMEs needing staff training and development assistance. They contributed the problem due to a lack of assertiveness by the Department of Trade and Industry to spread funds evenly throughout the various national industries.

5.1.2 Khula Finance Limited

The government funding is mainly through Khula Finance Limited. The South Africa Micro Finance Apex fund is wholesale funding established in April 2006 and under the authority of the DTI. Prior to its establishment the wholesale concept was incubated at Khula enterprise Finance limited. Khula Finance Limited was already established in 1996 and operated via the Retail Finance Intermediaries (RFIs) such as Business Finance Promotion Agency and Real People. Khula targeted those that the banks do not cater for in the R1 000 to R200 000 sector without surety. The loans have a higher interest rate than banks and the payment periods are shorter. Khula has:

- The Khula Equity fund – risk capital for SMEs
- The Thuso Mentorship programme – help in preparing business plans and mentoring
- The Khula Credit Guarantee fund – helping businesses with no recourse to basic fund and lack of collateral (www.khula.org.za).

Further it has the:

- Khula Credit indemnity Scheme to share the finance risk with banks enabling SMEs to access funding from a participating bank or other financial institution;
- Khula land Reform Empowerment facility funded by the DLA

and EU to facilitate land transfer and economic participation by black people in economically viable land based agricultural enterprises and eco-tourism;

- Khula Mentorship Programme to act as a risk mitigator and facilitator of access to finance for SMEs offering both pre-loan and post loan mentorship services;
- The non-bank: RFIs which are independent organizations or companies accredited by Khula to lend money directly to SMEs;
- Khula Joint Ventures e.g.:
 - Business partners-Khula Start up Fund to enable entrepreneurs to establish new enterprises as well as early phase business expansion;
 - Anglo-Khula Mining Fund with Anglo American and Khula Enterprise Finance providing seed capital to assist junior mining projects at pre-feasibility and pre commissioning stages;
 - Khula-Shoprite Checkers Joint Venture granting OK Foods franchise concession to successful SME applicants consisting of training, mentoring and outfitting the business;
 - Enablis-Khula Loan Fund is a partnership between Enablis Entrepreneurial Network Khula Enterprise Finance Limited and FNB Enterprise Solutions and provides 90% guarantees for loans to ICT businesses (www.khula.org.za).

The Khula Technology Transfer fund facilitates access to local and international technology in Gauteng, North West Province and the Free State. A similar fund exists in the Eastern and Western Cape, Mpumalanga, Limpopo and Kwa Zulu Natal (South Africa Business Guidebook, 2002/2003).

5.2.3 Business Partners Limited

Business Partners Limited was formed in 1998 from the Small Business Development Corporation (SBDC) to focus on small and medium enterprises with funding needs from R150 000 to R15 million (South Africa Business Guidebook, 2002/2003). They provide finances for start-ups, expansions, take-overs, management buyouts, management buy-ins and leveraged buyouts. They are known for their personalized service, industry knowledge, expertise and networks, fair and equitable rates and

access to further finance (Nieman, Hough & Nieuwenhuysen 2003:173). They are one of the more successful SMME support organizations.

5.2.4 Small Enterprise Development Agency (SEDA)

SEDA was established with 80 percent focus on the small and micro business sector and with the objectives to (Chuene 2005:61):

- Eliminate the institutional duplication in the small business sector;
- Optimise resource utilization;
- Improve geographical outreach through an integrated service delivery network;
- Respond to need, capacities and opportunities of the small business sector.

It was established in terms of the national Small Business Act. It merged Ntsika Enterprise Promotion agency, NAMAC trust and Community Public-Private Partnerships (CPPP) into a single small enterprise agency. The work is carried out in line with the DTI and the Integrated Small Enterprise Development Strategy (www.dti.org.za). SEDA has many branches country wide (www.seda.org.za), including, in this instance, in the Xhariep district.

The main service delivery point are SEDA branches where entrepreneurs receive information, advice and referrals, tender information, business skills training, export training, trade information, company audits and assessments, technical support, business coaching and mentoring, market access and business linkages and co-operative enterprise development. Enterprise information centres were established to give information, advice and counselling, referrals, tender advice and information and basic business planning. (www.seda.org.za).

On the SEDA website enterprise information centres are listed as follows:

- Banesa Enterprises Free State;
- Botshabelo Creations Community Development;
- Eskom SBD;
- EWET;
- Free State Advice Centre;
- Free State Provincial SMME Desk;

- Goldfields Business Support Centre;
- Lejweleputswa District Municipality;
- Lotang Implementation strategists;
- Manguang Community Development Centre;
- Manguang University Community partnership programme;
- Mangaung Small Business Development Centre;
- MKZ Business Development Services cc;
- MUCPP;
- North Eastern Cape Resource Information and Advice Centre;
- Procurement Marketing Consultancy;
- Rouxville Legal and Community Advice Centre;
- Technology Station.

Longenecker, Petty and Moore (2006:373) advise SMMEs to use business consultants for business advice. Aronoff and Ward (1996:26) has mentioned that SMMEs are often reluctant to use outsiders for advice as they think outsiders do not fully understand their business, they do not want to share information with outsiders, unwarranted cost, and are unsure about the professional relationship with business advisors. Although SEDA has received R200 million from the Department of Trade and Industry and provincial and local governments, the growth of small businesses is still lacking (Le Roux 2007:8).

5.2.5 Local Business Service Centre (LBSC)

It is a partnership between government, local communities and the private sector. At national level it is focusing on job creation, wealth creation and transformation and empowerment. Its core services are information, training, counselling and advisory services and networking and linkage. At local level it focuses on increasing access of locals to SMME support services and opportunities for participation in local development and increasing the flow of resources (money and expertise) into the local community.

5.2.6 Commercial Banks

There are over 30 registered banks in SA through which entrepreneurs can acquire start-up or expansion funding, as well as through the government and public and private enterprises, each with its own requirements to qualify for the funding with a business plan as the standard requirement for all these

institutions.

Standard Bank offers:

- A package on planning and financing an SME;
- Booklet on SMEs entitled "A business of your own";
- SME Business Plan and loan application]
- SME Call line;
- Public Liability and Personal Accident Insurance for SMEs
- SME Autobank card;
- Business deposits via the ATM;
- Owner Loan Protection plan (Nieman, Hough and Nieuwenhuizen 2003:173).

Disadvantage: Not user friendly for average person without business background.

First National Bank offers:

- SME Investments programme providing for early stage venture capital from R250 000 to R1 million (in partnership with the Small business Project);
- FNB's small business support focusing on finance mainly to franchisees and smaller amounts to non franchisees;
- Export Finance Scheme providing working capital charged at prime overdraft rates;
- Business plan guideline, business/technical assistance; specialized trade services.

FNB has the Momentum UYF progress fund with loan amounts of R100 000 to R5 million for minority equity participation and R100 000 to R20 million for BEE deals.

NedEnterprise offers:

- One-stop full service relationship banking
- Financial loans from R50 000 to R1,5 million with entrepreneur contributing at least 25% consisting of either income generating assets and/or cash. There is flexibility when assessing applications.

Disadvantage: No finance is given to agriculture, transportation or construction businesses.

ABSA offers:

- Business Banking Toolbox which consist of a complete business guide with 14 brochures;
- Tailor made products for businesses.

5.2.7 Other initiatives

Technology for Women in Business (TWIB) is an initiative aimed at women in the market sectors such as: information and communication technology, textile, clothing and crafts, agriculture, food and agro-processing; construction and infrastructure; tourism; mining and energy. This program is under the auspices of the CSIR that act as an agent for the DTI and assist women in all their needs to start the business, whether independently or in a partnership (www.thedti.gov.za).

The Tourism Enterprise Programme, was funded by Business Trust, and implemented by ECI/Africa, to attract and cater for the expected growth in domestic and international tourism (South Africa Business Guidebook, 2002/2003).

5.2.8 Network support groups

Network support groups comprise:

- SAWEN was rolled out in 2002 that facilitates and monitors economic advancement of women entrepreneurs;
- Business Women Association which provides networking opportunities and mentoring free of charge for its member.
- Chambers of Commerce provides networking opportunities.

The Competitiveness Fund, Sector Partnership Fund, National Empowerment Fund all contributed to assist SMMEs to improve their competitiveness (Doing Business in South Africa, 2007:91). SMMEs must register patents, trademarks, copyrights and trade secrets with the World Trade Organisation to ensure Intellectual property protection as non-registration can lead to restricting growth potential (African Education Knowledge Warehouse, 2007).

5.2.9 Mentorship schemes

In South Africa the following mentorship schemes exist: Sizanani Advisory Services, Khula-Thuso mentorship programme, Business Enterprise SA and Business Skills SA. Many consultants offer their individual services.

In summary, the SMME support institutions include SEDA, SMME service providers, business consultants and mentors and financial institutions.

5.3 CRITIQUES ON SUPPORT SYSTEMS

The Department of Trade and Industry established institutions that provide many financial products for SMMEs. These include Khula Enterprise Finance; Industrial Development Corporation, South African Micro Finance Apex Fund and National Empowerment Fund. Further to that the Department of Trade have used specialized institutions such as the South African Bureau of Standards and South African Quality Institute to provide support services on quality management systems, ISO 9000 certification, and training on quality courses. Other programmes include incentive schemes such as the Black Supplier Development Programme to increase access to business development services, Export Council and Trade and Investment Development Programme that mainly focus on assisting black SMMEs. Together with this there are rural programmes, which include the LED fund stemming from the Integrated Sustainable Rural Development Strategy.

In 2002, Lindiwe Hendricks, the then deputy minister of Trade and industry acknowledged that there were few successes with all these initiatives. The Tender Advice Programme was one of the exceptions, as it has assisted SMMEs to get R400 million worth of tenders in four years. Business Partners, too, operated successfully. Macleod and Terblanche (2004) and Mallane (2004) remarked that in many situations programs to build institutional support are not well marketed by government, and consequently are only used by those who actively seek them out. They further indicated that the quality of programs in South Africa is too simplistic for the needs of small and micro businesses. Another issue is the little coordination between the efforts of the government, the private sector and nongovernmental organizations.

Government's record of poor service delivery due to administrative inefficiencies, corruption, poor communication and lack of expertise has hampered the implementation of funding provision for SMMEs (Van Eeden, Venter & Venter 2003:2). The high failure rate of SMMEs has prompted various private sectors and non-governmental organisations to intervened and assist SMMEs

with venture capital, entrepreneurial training and mentorship programs (Van Eeden, Venter & Venter 2003:4).

Another issue of concern that hinder the success of the structures are the cost of legislation in terms of employees such as the Skills Act, UIF, taxes such as VAT and business tax has made compliance a costly affair. Together with this is the time needed to adequately complete the relevant legislation (Government Report (2004:12). Specific company laws Acts, Basic Conditions of Employment Act, Procurement and taxations laws and the Labour Relations Act, all lead to heavier costs associated with implementing regulations and implementing and complying with all these acts involve timeous processes and is costly (SA Chamber of Business 1999:16). Changes to the Usury Act as recommended by the Department of Trade and Industry helped to provide extended finance to small and medium-sized businesses.

Chandra, Moorty, Szczygiel and Thompson (2001:12) recommend that government should provide additional marketing and niche marketing assistance through workshops, conferences and seminars. Formal education and training systems to understand on how to implement and use e-commerce, is necessary (Chapman, Moore, Szczygiel and Thompson 2000:354).

5.4 APPRAISAL OF GOVERNMENT SUPPPORT

The Xhariep small businesses were questioned on whether they have received government support and what their perceptions are on government supporting SMMEs. Only nine respondents indicated that they had any government or other agency support. One of these respondents received support from both SEDA and the Umsobomvu Fund. The others received these support from:

- Office of the Premier (2 respondents);
- National Empowerment Fund (1 respondent);
- Department of Public Works (1 respondent);
- Free State Development Corporation (2 respondent);
- Department of Arts and Culture (1 respondent), and
- EDC (1 respondent).

Seven respondents did not indicate when this support was received, but the other two indicated in 2007 and 2008. Seven of the respondents receive financial assistance in terms of loans, one received support to tender, one received marketing support

and a loan, and one received both financial support and technical support (catering).

Eight respondents did not indicate where they received support, but the other respondent indicated receiving support "in Bloemfontein".

All nine respondents regard the support as very useful. One respondent would have like to also receive mentorship together with the loan and one respondent struggled to understand the workshop in English, which at times caused communication breakdowns.

Table 5.1 outlines the perceptions of Xhariep Municipal area small business owners' perceptions of government support institutions.

PERCEPTIONS	NUMBER OF RESPONDENTS	%
Government support sufficiently	34	40
Government support insufficiently	42	60
TOTAL		100
Government should consult SMMEs more	73	85
Government consult SMMEs enough	13	15
TOTAL		100

Table 5.1: Perceptions about Government support

There is a perception that government does not support SMMEs sufficiently and should consult SMMEs more. Sixty-five suggestions were given on what small business owners in the Xhariep municipal area think government can do to support SMMEs. Some respondents indicated more than one suggestion.

Table 5.2 lists the suggestions from these small business owners. Five percent of small business owners did not have any suggestions. The biggest response was for assistance with funding (26%), skills training (11%) and information sessions in the townships (11%). Due to the wide range of suggestions, low scores were received for most of the other suggestions.

Other significant suggestions were mentoring, to assist not only PDIs, to create more opportunities and tenders for small business owners, and more government involvement with small businesses. There is a feeling that government only talks about issues and do not go into action and deliver their promises. Interest rates and tax rates for small businesses should be addressed. Opportunities for young entrepreneurs should be created. Government planning must also be specific to small businesses, not just business in general.

PERCEPTIONS	NUMBER OF RESPONDENTS	%
Funding	17	26
Skills training	7	11
Information sessions at townships	7	11
Mentoring	5	8
Not only help PDIs	4	6
More opportunities	4	6
More tenders	3	5
More involvement	3	5
Decrease interest rates	2	3
Decrease tax	2	3
More opportunities for young people	2	3
Government planning must focus on small businesses	2	3
Decrease in interest rates	1	2
Police protection	1	2
Too much red tape for help	1	2
Cheaper assets/equipment available	1	2
Not indicated	3	5
TOTAL	65	100

Table 5.2: Suggestions for Government support

5.4.1 Tendering

Of the 14 respondents engaged in the tendering process, 11 respondents had been successful. Nine of the 14 respondents found it an easy process while the other five respondents found it difficult. The reasons given by respondents why they have been unsuccessful with the tender were:

- Due to lots of competition (2 respondents);
- No having enough knowledge (1 respondent).

The reasons why they have been successful with the tender were:

- They are always available (1 respondent)
 - They have the skills (1 respondent)
- Nine respondents did not know why they were successful.

The small business owners who never tried to submit a tender give the following reasons:

- Do not know how to tender (22 respondents);
- Not interested (17 respondents);
- Not used in their line of business (15 respondents);
- Never thought about it (5 respondents);
- Business is too small (4 respondents);
- Only big businesses get tenders (4 respondents);
- Waiting for tax clearance (2 respondents);
- Do not have transport (1 respondent);
- Only a sub-contractor, not a contractor (1 respondent), and
- Not a PDI (1 respondents)

The majority of small business owners in Xhariep are either not interested in the tendering process, their business type does not lend itself to tendering, or they do not know how to go about tendering, whether to obtain information on tendering or how to prepare and submit the tender.

5.5 SUPPORT ORGANISATIONS FOR XHARIEP SMMEs

As large organisations have downsized, SMMEs have come to play an increasingly important role in SA's economy and development. Support for SMMEs is important, as between sixty and seventy percent of new employment is created by SMMEs.. To succeed in starting a SMME requires a strong network of stakeholders. A list

of the SMME support institutions that serves the Xhariep district was compiled from the desk study given earlier in the chapter. The results of the desk study were verified telephonically, as some of the organisations or schemes no longer exist. These organizations are listed in Table 5.3.

INSTITUTION	CONTACT DETAILS	PHYSICAL ADDRESS	SERVICES OFFERED
ABSA: Small Business	ShareCall : 0860040302 Tel : (051) 401 0500 Fax : (051) 401 0952	5A Milner Road, Waverley, Bloemfontein PO Box 323 Noordstad 9305	Funding
Banesa Enterprises	Ms Lola Seiboko Tel.: (051) 436 4872 Fax: (051) 436 4873 Email:	P O Box 13450 Bloemfontein	Tourism training
Bloemfontein Chamber of Commerce and Industry	Tel: (051) 447 3369 Fax: (051) 447 5064 bccid@intekom.co.za	1st Floor Tourism Centre 30 Park Road Bloemfontein	Business networking
Botshabelo Creations Community Development (BCCD)	Tel.: (051) 534 6187 Fax: 0865409466 bccd@lantic.net	15 Blue Street Industrial Area Botshabelo 9781	Business consultants Financial services Import and export
Botsitso Development Service Provider	Tel.: (051) 430 5666 Fax: (051) 430 5665 info@botsitsodev.co.za	107 Zastron Street Westdene Bloemfontein	Business Consultants
Business Partners Limited	Tel.: (051) 446 0536 Fax: (051) 446 4978	PO Box 25932 Bloemfontein	Finance from R150 000 to R15 million with project involvement
Business Skills for South Africa Foundation (BSSA)	Tel 012 349 1777 Fax. 012 349 1778 enquiry@bssa.co.za www.bssa.co.za		Training organisation that specialises in providing business skills training to SMME owners
Central University of Technology: Technology Station	Mr Ludrick Barnard, Manager Tel. 051 507 3253 Fax. 051 507 3589 lbarnard@cut.ac.za	BHP Biliton Building Central University of Technology, Bloemfontein Private Bag X20539 Bloemfontein 9300	The aim of the Technology Station is to assist SMMEs to become more competitive through Technological Assistance.
Construction Industry Development Board		Private Bag X6962 Bloemfontein 9300	Contractor Registration, Support Services, Enterprise and Business Development and Contractor Development
Cure Training Centre	Ms Thembekhile Ngema Tel. 051 448 7735 Cell 078 186 9489 Fax. 051 430 1754	P O Box 16060 Mangaung Bloemfontein 9307	Business consulting, skills development and training
Department of Trade & Industry	Tel: (051) 403 3604 Fax: (051) 403 3437	Private Bag X20801 Bloemfontein	Business advice
Education with Enterprise Trust (EWET)	Tel : (058) 623 0104/ 0123/ 0649 Fax : (058) 623 0107/0118 ewet@ewet.org.za	49c Stuart Street Harrismith	Business assistance services
Eskom SBD	V Rantspareng Tel : (051) 404 2492 Fax : (051) 404 2006	Eskom Centre 120 Henry Street Bloemfontein	Skills training SMME establishment Assist agro businesses with sales Franchising Strategic partnerships Acquisition of finance
Free State Advice Centre	Tel : (051) 447 9511 Fax : 086 6357811 Cell : 083 574 4601	48 Bastion Street Bloemfontein	Legal Advice

Table 5.3: Free State SMME support institutions

INSTITUTION	CONTACT DETAILS	PHYSICAL ADDRESS	SERVICES OFFERED
Free State Development Corporation	a) Bloemfontein Tel: (051) 448 3409 Fax: (051) 430 6687 b) Witsieshoek Tel: (058) 714 0060 Fax: (058) 714 0071 c) Welkom Tel: (057) 357 5329 Fax: (057) 357 5329 d) Trompsburg Tel: (051) 713 0342/3 Fax: (086) 690 8989 Email:	a) Motheo Office 3rd Floor Fedsure building Maitland Street Bloemfontein b) Thabo Mofutsanyana Office 357 Clubview Phuthaditjhaba PO Box 13901 Witsieshoek c) Lejweleputswa Office Ground Floor Elizabeth House Elizabeth Street Welkom d) Xhariep Office 398 Booysen Street Madikgetla Trompsburg	Start-up and expansion and bridging loans; Assist with basic business skills and monitor progress; Mentoring and coaching; Turn-around services, market access
Free State Provincial SMME	Regional Office / Desk Tel: (051) 404 9600 / 400 9620 Fax: (051) 447 6680 Cell: 072 359 7686 Call Centre: 086 110 2185	98 Zastron Street Bloemfontein	Business advice
Goldfields Business Support Centre		Suite 102, 1st Floor, Santam Building, Welkom, 9459	Business support
Khula Enterprise Finance	Tel.: (051) 430 0275/3203 Fax: (051) 430 0949 irenek@khulafs.org.za	7 Elizabeth Street LM Building, Ground Floor Bloemfontein	Business loans Business plans and Mentoring
Letsema Entrepreneurship Centre	Tel. 056 218 2313	P O Box 5195 Lengau Kroonstad	BRAIN affiliate
Lotang Implementation Strategist	Tel. 051 432 4894 lotang@telkomsa.net	P O Box 6828 Bloemfontein 9300	BRAIN affiliate
Makho Communications CC	Tel.: (051) 430 0994 Fax: (051) 430 8654 nozipho@makhocom.co.za	154a Maitland Street Bloemfontein	SMME Business development
Mangaung-University of the Free State Community Partnership Programme (MUCPP)	Contact person: Nellie Cell: 082 349 0608 Tel. 051 435 2902/3	Singonzo Street Rocklands Mangaung	Social and cultural upliftment, education, job-creation, sports development
MKZ Business Development Services cc	Zanele Sithole Tel. 058 713 5111 Cell 084 305 1813 Fax 058 713 4896 mkza@ohs.dorea.co.za	436a Tshiame, Harrismith Office 112, FDC Building, Phuthaditjhaba P O Box 5497 Phuthaditjhaba 9866	SMME business advisory services, mentorship and business financing

Table 5.3: Free State SMME support institutions (continued)

INSTITUTION	CONTACT DETAILS	PHYSICAL ADDRESS	SERVICES OFFERED
National Development Agency (NDA)	Dr A Bouwer Tel: (051) 430 2024 Fax: (051) 430 2024 freestateprovince@nda.org.za	2nd Floor Office 209 Zastron Street Sanlam Building Bloemfontein	Funding to Civil Society Organisations for poor communities
Procurement Marketing Consultancy	Tel: (057) 353 2065 Fax: (057) 353 2065	Phakisa House, Suite 101, 1st Floor Ryk Street Welkom 9460	Business Consultants Mentorship and Support Programme
Quick Leap Investment 120	Mr Motefi Moroke Tel. 082 744 5071	C/o Letsemeng Municipality Koffiefontein	
Remmogo Business Finance Bloemfontein	Tel. 051 448 6279 remmogobfn@intekom.co.za	P O Bof 412 Bloemfontein 9300	BRAIN affiliate
Retmil Financial Services	Ms Retha Nolley Tel. 051 448 8954 Fax. 051 447 1833	36 Kellner Street, Westdene, Bloemfontein, P O Box 100887, Brandhof, 9324	Retail Financial Intermediaries (RFI)
Rouxville Legal and Community Advice Centre	Tel. 051 448 7735 051 663 0148 Cell. 072 371 5738 (Mr David Seiso Shasha) Fax. 051 663 0357	447 Rex Street, Old Location, Cnr. Tlali & Phoshodi Roads, Rouxville 9959	
SEDA	a) Bloemfontein Tel : (051) 411 3820 b) Welkom Tel : (057) 396 4777 c) Mangaung Tel : (051) 447 3281 d) Kroonstad Tel : (056) 213 1809 e) Sasolburg Tel : (016) 974 2460 f) Bethlehem Tel : (058) 303 7162 g) Trompsburg Tel : (051) 713 0376/0363		Advice and referrals, technical support, tender information, business skills training, export training, trade information, company audits and assessments, technical support, business assessments, coaching and mentoring, market access and business linkages and co-operative enterprise development
Services Sector Education and Training Authority (SETA)	Tel. 051 430 8223 Fax. 051 430 8771	49 President Steyn Avenue Westdene Bloemfontein 9324	Skilling the services sector of the economy
Standard Bank	Tel : (051) 404 3911 Fax : (051) 404 3822	33 Maitland Street Bloemfontein	Funding
Tourism Enterprise Partners (TEP)	Sharecall: 0861 205 845 Tel/Fax: (051) 444 0070	Dept of Tourism, Environmental and Economic Affairs Bloemfontein	Promotes income-generating projects and job creation
Thusanang Training & Development Advice Centre	Sarah Bouwer Tel. 056 515 4301	P O Box 144 Bothaville 9660	BRAIN affiliate

Table 5.3: Free State SMME support institutions (continued)

INSTITUTION	CONTACT DETAILS	PHYSICAL ADDRESS	SERVICES OFFERED
Thusong Centres	a) Botshabelo Tel: (051) 532 6791 b) Qalabotjha Tel: (058) 821 1127/25 c) Onaleron Cell: 082 550 8512 d) Namahadi Tel: (058) 789 1147 e) Kopanong Tel: (051) 713 0493/0187 f) Mohokare Tel: (051) 673 1979 g) Phiritona Tel: (058) 1411	a) 1230 Section E Botshabelo b) 1279 Gamede Street, Qalabotjha, Villiers c) 188 Sediba Village, Thaba Nchu d) Charles Mopeli Stadium, Qwa- Qwa e) 398 Booyesen Street, Madikgetla, Trompsburg f) Cnr Vegkop & Pansergrrove Streets, Zastron g) 2264 Makoko, Hlahane Street, Phiritona, Heilbron	One-stop government offices and community facilities
Umsobomvu Youth Fund	Tel: 051 448 4820 / 051 411 9450 Fax: (051) 411 9485 info@uif.org.za	Shop 125 Sanlam Plaza Cnr Maitland & East Burger Bloemfontein	Entrepreneurship training Business vouchers for youths 18 – 35 years old
University of the Free State Unit for Small Business Development	Mr Jacques Nel Tel. 051 401 2764 Fax. 051 448 3066	P O Box 339 Bloemfontein 9300	Entrepreneurship Development by means of Training and Research

Table 5.3: Free State SMME support institutions (continued)

5.6 SUMMARY

In this chapter a desk study of the support organizations to SMMEs in South Africa was conducted. A section was also included on the comments made by different authors on the success rate of these support initiatives. This information was used to include some questions on government support in the questionnaire. The results of whether small businesses in Xhariep received support, what their perceptions of government support are and what they suggest government should do, is also given. Furthermore, the extent to which small businesses in Xhariep engaged in tendering was explored. From the information obtained in the desk study, a database for Xhariep support organizations was compiled and verified telephonically, as some of the support was province-specific or implemented for only a certain period of time.

CHAPTER 6 - AN APPRAISAL OF MANAGEMENT FUNCTIONS

Management is the process whereby human, financial, physical and information resources are employed in order to reach the goals of a firm (Cronje, Du Toit, Marais & Motlatla, 2004: 122) or is the tasks and activities performed by managers (Hellriegel, Jackson, Slocum, Staude, Amos, Klopper, Louw & Oosthuizen, 2005: 7). There are several functions that managers execute (Van Aardt, Van Aardt & Bezuidenhout, 2000: 150), namely

- General management;
- Human resources;
- Finance;
- Marketing;
- Purchasing;
- Operations;
- Administration or information; and
- Public relations.

In this chapter the different management functions that are used in a business will be discussed, followed by the results of how small business owners in Xhariep municipal districts manage their small businesses.

6.1 MANAGEMENT FUNCTIONS

In the next sections the literature study will investigate the eight management functions as mentioned above in more detail.

6.1.1 General management

The day-to-day running of a business requires short-term planning with a monthly, weekly and day-to-day time frame (Robbins & De Cenzo, 1998: 75). Planning provides direction; can reduce the impact of change; minimise waste; and set the standards to facilitate control (Robbins & De Cenzo, 1998: 71). An important part of a short-term operating plan is the budget. A budget expresses future plans in monetary terms, quarterly or monthly, usually prepared one year in advance (Longenecker, Moore & Petty, 2000: 389) and sets limits on the amount of resources that can be used, while establishes standards of performance against which future events can be compared (Smit & Cronjé, 1997: 134). The cash budget is important, as it is about money received and money paid out and anticipates occasions when a small business has idle funds or has generated unexpected excess funds (Longenecker, et al. 2000: 518). Excess cash can be invested in the short-term to generate more funds for the business, or

assist the small business to grow. As the business grows it will need more equipment and more inventories. Longenecker, et al. (2000: 521) indicates that growing small businesses tend to buy too much inventory. Stock piling can entice employees to theft, and requires more storage space, which increases the owner's risk and costs. The owner must take out insurance for more protection to accommodate the increased risks associated with growth (Van Aardt, et al. 2000: 243).

6.1.2 Purchasing

Bosch, Tait and Venter (2006: 365) regard finding the right suppliers that are able and willing to provide consistently, at the right quality, right service, and goods at competitive prices as important for any business. Moreso, the business should seek to develop a long-term relationship with the right suppliers. Inventory represents about 80% of a retailing firm's capital (Hatten, 1997: 431) and requires good inventory control, which in turn means good inventory policies. Stock records should be kept to enable the manager to assess stock levels and the value of current stock (Van Aardt, et al. 2000: 164). Record accuracy allows organisations to focus on those items that are needed, rather than settling for being sure that "some of everything" is in inventory (Heizer & Render, 1999: 443). Heizer and Render (1999: 443) recommend a well-organised stockroom with limited access while Krajewski and Ritzman (1999: 568) recommend assigning responsibility to specific employees for stock control. Hodgetts and Kuratko (2001: 554) recommend small businesses not to keep too much inventory on hand. Hatten (1997: 432) suggests using inventory techniques such as: re-order point and quantity; visual control; economic order quantity; ABC classification; Electronic data interchange; Just-in-time; or Materials Requirements Planning. It should also be considered how stock will be transported (Van Aardt & Van Aardt, 1997: 123). The Global Entrepreneurial Report found informal businesses rely on taxis or hired vehicles for transport (Von Broemsen, 2008: 2) and have products such as soft drinks and dairy and bakery products delivered to their shops (Ligthelm, 2002: 2).

6.1.3 Financial management

Small businesses mostly rely for initial funding on family, friends, partners, suppliers, commercial banks and government sponsored programmes as the entrepreneur usually lacks

security to offer as collateral for start-up (Driver, Wood, Segal & Herrington, 2001: 32). These sources of financing are mostly depleted during start-up, and the entrepreneur will have to find other sources of finance for expansion. McGregor (2002: 2) advises to increase the cash flow by improving the supplier's payment terms; asking for more bank facilities; and keeping stock to an absolute minimum. Major sources of debt financing are individual investors, business suppliers, asset-based lenders, commercial banks, government sponsored programmes, and community based financial institutions (Longenecker, et al, 2000: 239). Small businesses usually use trade credit as a source of short-term funds which is usually short-term - 30, 60 or 90 days with the amount available depending on the type of business and the supplier's confidence in the business (Longenecker, et al., 2000: 196). Commercial banks assist small businesses with financial options such as short-term loans, instalment sales agreements and leases (Nieman, Hough & Niewenhuizen, 2003: 151). The small business has to use specific financial instruments (investment vehicles) to generate growth and income. Extension of credit can generate growth and income, but it also influences the cash flow of the small business (Van Aardt, et al. 2000: 200). How the business deals with default payments and how it evaluates its customers not just influence the cash flow of the business, but also the need for excess working capital (Hatten, 1997: 468).

Small businesses need financial records to make managerial decisions on how much money is owed to the business; how much money the business owes, and how to identify financial problems before they become serious (Hatten, 1997: 471). Record-keeping is important as it provides the small business manager with the information that is necessary to run the business successfully (Van Aardt, et al. 2000: 252). A record-keeping system includes an accounting system for managerial control in the business (Longenecker, et al. 2000: 484). The ideal record-keeping system makes it possible for the small business manager to evaluate the success of the business on a weekly or monthly basis (Wright, 1995: 50).

6.1.4 Human resources

Hiring the right people and eliciting their enthusiastic performance are essential factors in any business as employees affect profitability. In most small firms, salespeople's attitudes

and their ability to serve customer needs directly affects sales revenue (Longenecker et al., 2000: 409). Maintenance of human resources requires creating a supportive working environment for employees. Lipkin and Parker (1999: 87) suggest keeping employees happy by:

- Giving each employee a clear, updated job description;
- Encouraging employees to take total responsibility and treat them as partners;
- Applying dignified, constructive criticism of the action not of the person if performance is below the standard;
- Setting up rewards for feedback and ideas;
- Encouraging staff to attend seminars and study further if necessary; and
- Socialising with staff away from the working environment.

Effective managers must implement effective delegation (Robbins & De Cenzo, 1998: 440) by clarifying the goals and allowing the employee the freedom to use own judgement as to how those goals are to be achieved within a range of discretion and to establish feedback channels to alert the manager when big mistakes are imminent. The nature of an employment relationship is strongly influenced by the employer; performance management; the use of personal development programmes through self-managed learning; training and management development programmes; and by ensuring that the reward system is developed and managed (Armstrong, 1999: 189).

6.1.5 Marketing

The activities of the marketing function include market information, market communication and supply of products and services (Van Aardt & Van Aardt, 1997: 119). An entrepreneur must know which type of product or service to offer, and what the characteristics of the market is as the customer is the most important individual in the business. Knight (2002: 1-2) suggests keeping a customer database and listening to what your customer is saying; accepting new ideas and respond appropriately. Four factors contribute to customer satisfaction: the most basic elements of the product or service; general support services, such as customer assistance; a recovery process of counteracting bad experiences; and extraordinary services that excel in meeting customers' preferences and make the product or service seem customised (Longenecker, et al.

2000: 267). Increasing the level of customer service can give the business a competitive advantage. Longenecker, et al. (2000: 268) cites Daly who suggests extraordinary customer services as can be seen in Table 6.1.

NUMBER	EXTRAORDINARY SERVICES
1	Giving names for individual; personalised attention
2	Customer care by knowing what the individual customers want
3	Keeping in touch by communicating with customers

Table 6.1: How to develop extraordinary customer service

Adapted from Longenecker, et al. (2000: 268)

Marketing communication entails activities used to inform one or more groups about a firm's products or service by having the right message, choosing the right medium to convey the message, and to measure the efficiency of whether the message had the required results. (Bosch, et al. 2006: 433). Spaza shop owners receive marketing support from suppliers mostly in terms of promotion material; name on signboard and shop equipment (Ligthelm, 2004: 2).

6.1.6 Operations management

The operations function is central to a business because it fulfils customers' requests to produce goods and service, which in turn, are its reason for existing. In a small business, the operations function create confusion as an individual's role may overlap as there are few staff and people have to do different jobs as the need arises (Slack, Chambers & Johnston, 2001: 6-7). The broad operational objectives can be simplified into:

- doing things right – error free goods and services;
- doing things fast – minimise speed between customer requesting and receiving;
- doing things on time – keep delivery promises; to be flexible – be able to vary or adapt according to customer demands; and
- doing things cheaply – low cost products to charge a reasonable price (Slack, et al. 2001: 44).

Operational strategic objectives should focus on the community and include: increasing employment, enhancing community well-being, producing sustainable products and ensuring a clean

environment (Slack, et al. 2001: 44).

6.1.7 Information management

This administrative function consists of those activities to collect, process, store and disseminate information that is essential for the achievement of the goals of the business (Van Aardt, et al. 2000:166). In a small business, information is needed in the day-to-day operation of the business and for management purposes. Spaza shop owners receive little information about their sector, indicating there is a huge need to provide information to further empower these (mostly) township-based entrepreneurs (Spaza News, 2008: 1).

Hirst (2008: 1) confirmed that business systems are as important as the products and services one sells. When a business has systems in place, it is easy to teach somebody what to do. Hirst (2008: 1) further said that if one wants to expand or sell one's business, it is critical to have business systems in place. Oliver (2005: 1) suggests having filing systems for: finance (bank statements, bills, mortgage or loan information, receipts for major purchases); correspondence (letters or faxes); and information sources (business cards, warranties and equipment manuals). Furthermore, any unwanted receipts, out-of-date price list and newspapers must be discarded.

6.1.8 Public relations

Public relations are accurate, consistent and timely communications that convey the right message to the right audience, which include the local media, neighbours, surrounding

community and competitors (Bolerjack, 2008: 2). Public relations in small businesses is about what one knows, offers, produces, compiles, interprets, provides, markets, analyses, understands or does better than anyone else (Bolerjack, 2008: 5). Lately community participation, by-lined articles, public speaking, media commentary, relationships with local area reporters and the development of good professional citizenship have been included (Bolerjack, 2008: 1). Score Association (2008: 1) warns small businesses against making public relations mistakes such as:

- Seeing it as a short-term fix instead of an investment and relationship with the media;
- Thinking it can replace good business practices such as good customers relations;
- Not doing one’s homework to produce fresh news that may interest the media.

In all types of businesses, all these functions are essential to efficiently manage the business, especially in a micro or small

business, as business functions are mostly executed by the entrepreneur. The scope of the functions will vary according to the size of the business; for example, the human resources function only comes into play when having employees. In the next section, the results of the management functions, as applied in the small businesses in Xhariep, are discussed.

6.2 RESULTS OF THE APPRAISAL OF MANAGEMENT FUNCTIONS

6.2.1 Purchasing

All the responses for this section were based on businesses that buy stock on a regular basis and that these stock could be stored. Table 6.2 summarized some purchasing issues of small business owners in Xhariep.

Four small business owners (4%) do not carry stock, being the driving school, clearing and road maintenance business, the business that distribute cold drinks and the truck rental business did not regard trucks as stock.

PURCHASING ISSUES	RESPONSE	0	% OF RESPONDENTS
Carry stock	Yes	82	96
	No	4	4
Buys from the same supplier	Yes	54	66
	No	28	34
Get credit from suppliers	Yes	13	16
	No	69	84

Table 6.2: Purchasing issues

6.2.1.1 Sources of stock

Small business owners in Xhariep buy their stock from:

- retailers (25%);
- wholesalers (68%);
- a wood supplier (1%); or
- a farmer (1%).

One small business owner (1%) did not disclose where the stock was obtained. As can be seen, most small business owners in Xhariep buy their stock from wholesalers and most of the remainder from retailers.

6.2.1.2 Reasons why buying from the same supplier

Nearly two thirds of the small business owners in Xhariep buy their stock from the same supplier. The reasons for this are illustrated in Figure 6.1.

It is clear that price plays the most important role when selecting a supplier. Reliability and proximity are among the other more important reasons for choosing a particular supplier. Other reasons why they buy from the same supplier are:

- Few suppliers for product (4%),
- Give discount (2%);
- Supplier delivers (1%);
- Work for the supplier (1%), and
- Knows the supplier personally (1%).

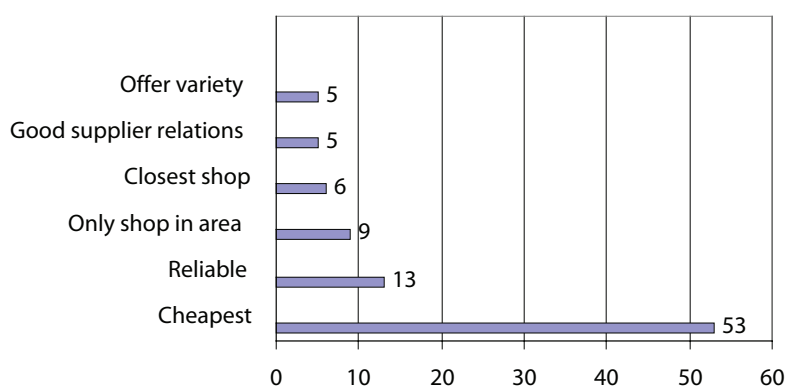


Figure 6.1: Reasons why buying from the same supplier

As can be seen, the majority of small business owners buy from the same supplier because they are the cheapest, most reliable, closest or only shop in the area.

6.2.1.3 Credit granted by suppliers

Only 16 percent of the small business owners in Xhariep receive credit from the suppliers with 7, 15 or 30 days as the credit period. One of the small business owners in construction received 90 days. Three small business owners did not specify their credit period.

6.2.1.4 Knowledge of stock to buy

Table 6.3 shows the various reasons why small business owners buy that particular stock.

Nearly half of the small business owners in Xhariep indicate that clients advise them what to buy by requesting a product; this is especially the case when running a tuck shop or spaza shop. Secondly, small business owners have acquired expertise

by being in business for long enough to learn by trial and error which stock to buy. One small business owner (not included in the above table) mentioned that there is no product choice, as the business is selling airtime of all three cell-phone providers. Builders and carpenters can make a decision what to buy only when the customers have chosen their material preferences. Clothing sellers indicate that fashion plays a role in their choice of stock. Suppliers or employees also give an indication to the small business owners of which stock to buy. Few responses (one each) indicate that they buy either the cheapest stock or the best quality. Three Bed & Breakfast establishments have done some research in determining what to offer. Some small business owners just buy stock without really knowing why they have chosen that particular stock.

KNOWLEDGE OF WHICH STOCK TO BUY	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Client requests	39	48
Have the expertise	16	20
Type of job dictates	6	7
Stock taking	5	6
Fashion dictates	4	5
Suppliers shows me	4	5
Have done research	3	4
Do not know	2	2
Employee decides	1	1
Buy cheapest	1	1
Buy the best quality	1	1
TOTAL	82	100

Table 6.3: Knowledge of which stock to buy

6.2.1.5 Knowledge of the stock quantities to buy

Table 6.4 shows on what criteria small business owners in Xhariep based their stock purchases.

QUANTITY OF STOCK BOUGHT	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Customer requests	41	50
Stock sold	14	17
Job determine	13	16
Money available	7	9
Just enough to keep going	5	6
Same amount monthly	1	1
Do not know	1	1
TOTAL	82	100

Table 6.4: Knowledge of stock quantity needed

Two thirds of the small business owners indicated that their customer demand or sales tells them how much stock to buy. The builders and carpenters indicated that the size of their job dictates the amount of stock to buy. Money availability seems to impact the amount of stock to be bought. The spaza shop owners indicate that they buy just enough stock to keep going. The airtime cell phone business buys the same amount of airtime every month.

6.2.1.6 Frequency of buying stock

Table 6.5 shows how frequently small business owners in Xhariep buy stock.

FREQUENCY OF PURCHASES	NUMBER OF RESPONDENTS	%
Daily	1	1
Twice a week	3	4
Weekly	27	33
Twice a month	3	4
Monthly	35	42
Every three months	1	1
Every four months	1	1
Every six months	1	1
When having money	2	2
When stock is depleted	9	11
TOTAL	83	100

Table 6.5: Frequency of purchases

Most of the respondents buy their stock monthly. Perishables are bought more frequently. One spaza shop owner buys bread daily while Bed & Breakfast establishments purchase fresh bread and milk almost daily. Tinned food was bought mainly three, four or six monthly by the spaza shops. Two small business owners only buy stock if they have money left from their income. Nine small business owners wait till their stock is depleted before replenishing it. This could create problems as they could lose customers due to out of stock situations.

6.2.1.7 Transport mode for stock

The transport modes used to get the stock to the shops are indicated in Figure 6.2.

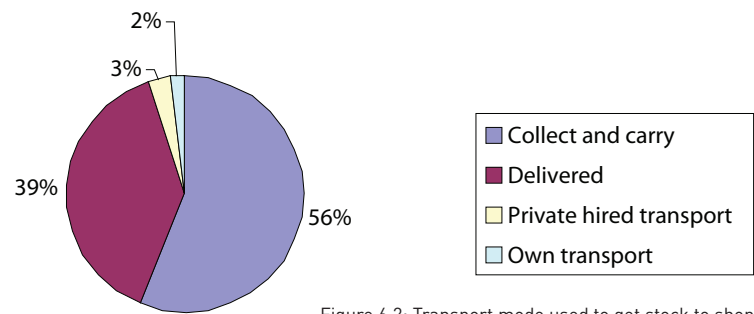


Figure 6.2: Transport mode used to get stock to shop

Xhariep small business owners used more than one mode of transport to get their stock to their shops (93 responses versus 86 respondents). Some suppliers delivered stock, but the majority of small business owners collected their stock. Those without transport mostly buy from retailers near their place of business so that they are able to carry the stock. Suppliers mostly deliver bread, milk and cool drinks.

6.2.2 Marketing

The information on public relations issues has been included in the marketing section as the two functions are intertwined. Business hours are very long, varying from 06:00 to 18:00 to 08:00

to 22:00 depending on the type of business. This information is available on request. Table 6.6 summarized some marketing issues of the small business owners in Xhariep.

MARKETING ISSUES	RESPONSE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Regular customers	Yes	59	69
	No	27	31
Specials/discount	Yes	45	52
	No	41	48
Display stock	Yes	36	42
	No	34	40
	Not applicable	16	18
Visibility of premises	Yes	72	84
	No	14	16

Table 6.6: Marketing issues

Sixteen small business owners - such as the Bed and Breakfast establishments - do not display their stock. The majority of small business owners have regular customers and their premises are visible to customers from the street. Just more than half of the small business owners give specials or discount to customers.

6.2.2.1 Target market of Xhariep's small business owners
Figure 6.3 shows the target market of Xhariep small business owners.

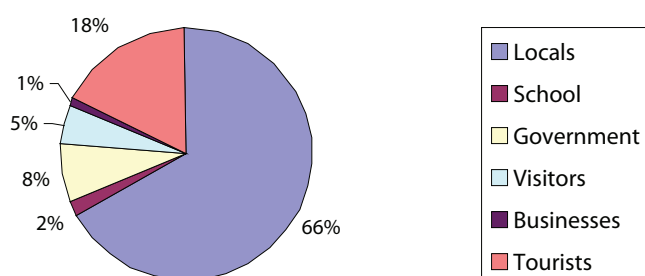


Figure 6.3: Target Market

The Bed & Breakfast establishments all indicated that they cater for tourists and some locals. Two female small business owners sew garments only for a school. The government serves as the main target market for the construction businesses.

Customers buy from the small business owners in Xhariep as they received good or friendly service. All the Bed and Breakfast owners regard their good service as the reason why customers favoured them. Other reasons include reasonable prices, conveniently close, or having no other shops in the area. Thirteen percent of the small business owners did not know why their customers preferred to buy from them.

6.2.2.2 Reasons for customers' preference for small business
Table 6.7 shows the many reasons why customers prefer to buy from the small businesses.

REASONS WHY CUSTOMERS FAVOURED BUSINESS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Gives a good service	46	51
Has people skills	6	7
Am affordable	2	2
Am conveniently close to customers	2	2
Has no competition	2	2
Owner is known to public	2	2
Word of mouth advertising	2	2
Gives a guarantee	1	1
There is little competition	1	1
Being flexible	1	1
Sell quality products	1	1
Do not know	12	13
TOTAL	91	100

Table 6.7: Reasons why customers preferred the small business

6.2.2.3 Ways to attract customers

How small business owners attract their customers to their small businesses is indicated in Table 6.8. One hundred and one

responses were received. Some small business owners use more than one way to attract their customers.

HOW TO ATTRACT CUSTOMERS	NUMBER OF RESPONDENTS	%	HOW TO ATTRACT CUSTOMERS	NUMBER OF RESPONDENTS	%
Sign board	34	32	Internet	2	2
Word of mouth	30	28	Walk-ins	1	1
Advertise	17	16	Municipal database	1	1
Flyer	9	8	Branding	1	1
Visibility	5	5	No competition	1	1
Poster	4	4	Do not know	1	1
			SMS	1	1

Table 6.8: Ways to attract customers

Most small business owners in Xhariep either use a signboard to attract customers or rely on word of mouth advertising. Few small business owners advertise, use flyers or regard their visibility as an asset in attracting customers to their shops. Although the airline cell phone business owner had no competition, he nevertheless regards it necessary to try and attract customers. A building contractor used the database at the municipality to

obtain information about potential customers to engage in cold canvassing.

6.2.2.4 Advertising

Figure 6.4 shows which advertising medium small business owners in Xhariep use to advertise their business or goods and services.

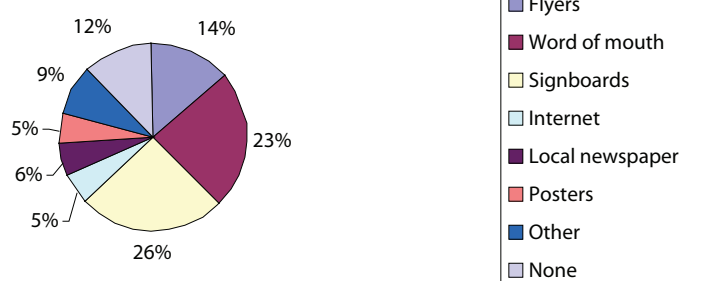


Figure 6.4: Advertising medium used

As indicated in 6.2.2.3 signboards and word of mouth were favoured as advertising media by small business owners in Xhariep. Other means of advertising indicated by the minority of small business owners are:

- Branding (3%);
- Displays (1%);
- Oral - loud yelling (1%);
- Business guide (2%), and
- Magazine and portfolio collection (2%).

The Bed & Breakfast establishments use branding with a signboard and one construction business regards sign writing on a truck as branding. Twelve percent of the small business owners do not use any advertising media.

6.2.2.5 Stock display

Bed & Breakfast establishments do not display stock and some of the small businesses in Xhariep do not have stock, or are service businesses that do not need to display the stock that is used to render their services. The results of how small business owners in Xhariep display their stock can be seen in Table 6.9.

Most of the small business owners use their counter and/or shelves to display their stock. Some arrange their stock so that customers have easy access to it. The small business owners indicated which equipment they use to display the stock, and did

not really indicate how they display their stock. Only a spaza shop owner indicates she separates the perishables from the non-perishables.

HOW STOCK IS DISPLAYED	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Counter and shelves	12	40
Cool drink on fridge	4	13
Street display	3	10
Hair display on stand	2	7
Easy access to stock	2	7
Exhibit craft	1	3
Separate perishables from non-perishables	1	3
Change all the time	1	3
Give choices to customers while doing hair	1	3
Displays thatch outside premises	1	3
Menu	1	3
Stand	1	3
TOTAL	30	100

Table 6.9: How stock is displayed

6.2.2.6 Handling returns

Table 6.10 shows how small business owners in Xhariep handle returns from customers.

HOW RETURNS ARE HANDLED	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
No returns	47	55
Exchange or money back	18	21
Refund	9	10
Give extra product free	4	5
Negotiate a win-win	4	5
Free redo of service	2	2
Repair	2	2
TOTAL	86	100

Table 6.10: Handling returns

More than half of the small business owners do not accept any returns. Nearly one quarter either exchange the product or refund the customers. Hairdressers or car wash businesses give a free redo of their service. The Bed & Breakfast establishments give customers an additional night for free. Few small business owners repair products as they do not have that type of business. Some small business owners talk to customers and then agree on a mutually acceptable action.

6.2.2.7 Specials and discounts

The results revealed that small business owners in Xhariep give promotions, discount and specials to customers. Promotions were given on:

- Products that is on promotion from the suppliers (7%); and
- If it is new products (2%).

Specials include:

- The meal of the day at restaurants (2%);
- Type of special not indicated (47%).

Discount was given when:

- The amount of purchase justifies it (2%);
- Products are near expiry date (2%);
- A customer that cannot afford the full price (2%);
- Paying cash (2%);
- Type of special not indicated (29%).

Five percent of the respondents did not distinguish between giving discount or specials to customers. Small business owners either indicated the frequency of giving specials or discount or the conditions attached to giving it. The results are therefore illustrated as a combination in Figure 6.5 and Table 6.11.

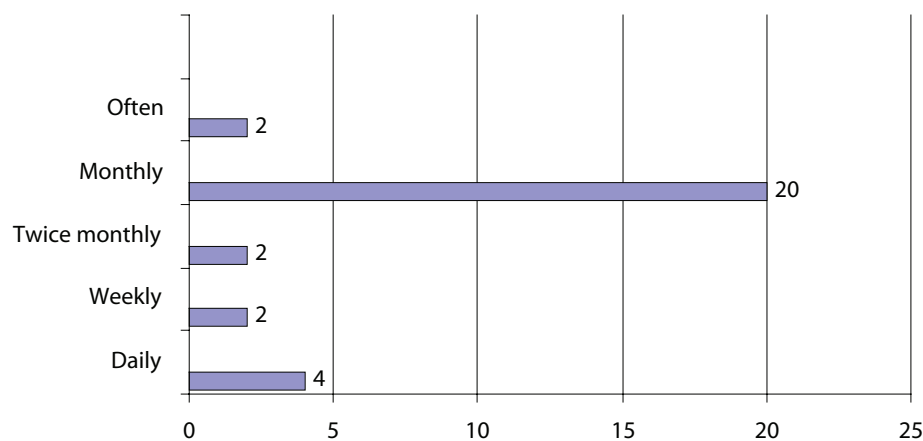


Figure 6.5: Frequency of specials / discount

The table illustrates that the small business owners in Xhariep most commonly offer monthly specials to their customers.

CONDITIONS FOR GIVING DISCOUNT	% RESPONDENTS
Regular customers	13
Group buy (tourists on bus)	7
With repetitive purchases	4
Bulk buying	4
Elderly customers	4
Poor people	4
When receiving a complaint	4
Client negotiate price	2
Timely credit payments	2
Size of job	2
Cash payments	2
CONDITIONS FOR GIVING DISCOUNT	% RESPONDENTS
Products on promotion at supplier	9
When needed	7
Christmas holidays	2

Table 6.11: Conditions for giving specials / discount

Table 6.11 shows that small business owners in Xhariep give discount mostly to regular customers or when big groups from tour buses buy craft or other products from the spaza shops. Specials are given to customers when small business owners receive specials from the suppliers or when products reach their sell-by dates (when needed), or when it is low season (Christmas at the Bed & Breakfast establishments). The security business

negotiates a price with its clients and then gives discounts if needed.

6.2.3 Managing financial issues

Table 6.12 summarized the approach of small business owners in Xhariep when dealing with financial issues in their small businesses.

FINANCIAL ISSUES	RESPONSE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Registered business	Yes	58	67
	No	28	33
Save monthly	Yes	47	55
	No	39	45
Stock losses*	Yes	42	49
	No	32	37
Have a loan	Yes	14	16
	No	72	84
Have a budget	Yes	56	65
	No	30	35
Keep sales records	Yes	69	80
	No	17	20

Table 6.12: Financial issues

* 12 businesses do not carry stock

More than two thirds of small businesses are registered with SARS and close to two thirds work according to a budget. The majority keeps sales records. More than half of the small business owners save a monthly amount and the minority took out a loan to start the business. Just less than half of the small businesses are losing money due to stock problems.

6.2.3.1 Funding sources

Table 6.13 indicates where Xhariep small business owners sourced funding to start their small businesses.

Three small business owners received funding from more than one source. This includes two small business owners who each received two loans; one from family and the bank; and the other from the Free State Development Corporation and the bank. Two thirds of the small business owners use their savings or retirement funds to start their small businesses. Nearly one quarter of the small business owners took out a loan to fund their small businesses, either from family, the bank or the Free State Development Corporation.

FUNDING SOURCE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Savings	58	65
Loan from bank	9	11
Loan from family	8	9
Loan from Free State Development Corporation	2	2
Loan (not specified)	1	1
Retirement fund	2	2
Government grant	3	3
Municipality	1	1
Department of Arts and Culture	1	1
Department of Environment and Tourism	1	1
Sold farm	1	1
Donations	2	2
Not indicated	1	1
TOTAL	89	100

Table 6.13: Funding source

Banks that give loans to small business owners in Xhariep are ABSA (5), Nedbank (1), Standard Bank (1), FNB (1), and not specified (1). Government sources of funding include the Municipality, government grants, Department of Arts and Culture and Department of Environment and Tourism. Two small

business owners started their small businesses with donations; one with R50 and one from somebody that eventually became a member of the small business. One small business owner sold the family farm and then bought a property to start a Bed & Breakfast establishment.

6.2.3.2 Use of earnings

The money earned by small business owners is used in many ways, as can be seen in Table 6.14.

then personal expenses. Some small business owners (mainly street vendors) only buy stock. Paying wages can be regarded as a business expense.

Small business owners use their earnings for various purposes. Most small business owners first pay their business expenses,

USES OF EARNINGS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Business expenses	57	61
Personal expenses	15	16
Stock	13	14
Reinvest in business	3	3
Wages	2	2
Bank it	1	1
Building a house	1	1
Did not disclose	1	1
TOTAL	93	100

Table 6.14: Uses of earnings

6.2.3.3 Savings

Table 6.15 shows how much small business owners in Xhariep save monthly.

USES OF EARNINGS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
R100 - R200	3	6
R200 - R499	5	10
R500 - R999	9	19
R1000 - R1999	9	19
R2000 - R4999	8	17
R5000 - R9999	6	13
R10 000 and above	2	4
10% of earnings	1	2
Varies monthly	1	2
Not indicated	3	6
TOTAL	47	100

Table 6.15: Amount of monthly savings

Table 6.15 shows that small business owners in Xhariep save money in spite of low earnings. More than one third of those small business owners that save money save more than R2 000 each month. The size of the business and earning possibilities and the prices attached to products and services determine the amount of savings. Those engaged in Bed & Breakfast establishments seemed to be able to save more than other businesses. Spaza shop owners either do not generate enough income to save or if they do, save only about R100 each month.

6.2.3.4 Stock problems

Figure 6.6 shows the reasons why small business owners in Xhariep loose money due to stock problems.

As can be seen, the biggest stock problems occur due to damaged stock. This could take place either while transporting the stock, or not having the require space to store stock correctly. Theft is the second most important stock problem, either by employees or customers.

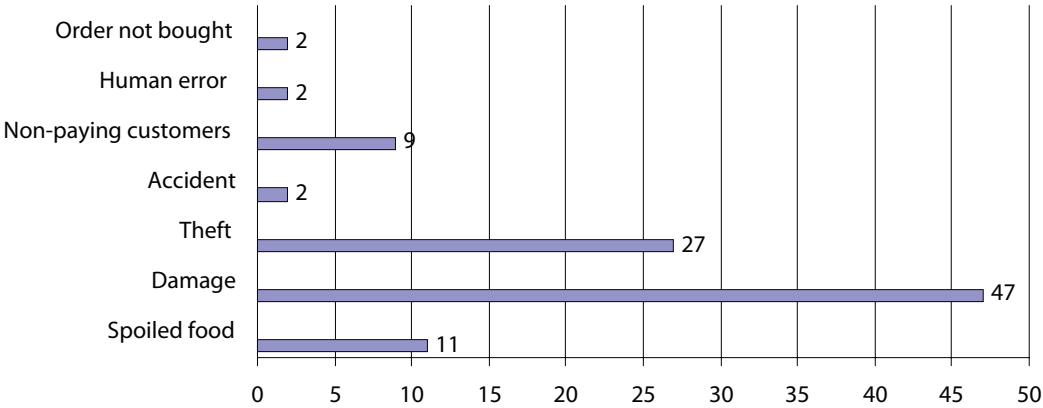


Figure 6.6: Stock problems

6.2.3.5 Record keeping methods

Figure 6.7 shows the methods small business owners in Xhariep used for record keeping.

Figure 6.7 illustrates that one third of small business owners seem to think proper record keeping is to write sales in a book. Simple methods, such as an invoice book or receipt book or

even just the till slips, are used for record keeping. Those that engage in bookkeeping mostly use the services of an accountant or a bookkeeper. This bookkeeper is normally the spouse of the business owner. Record keeping for some small business owners consists of keeping their source documents and filing it.

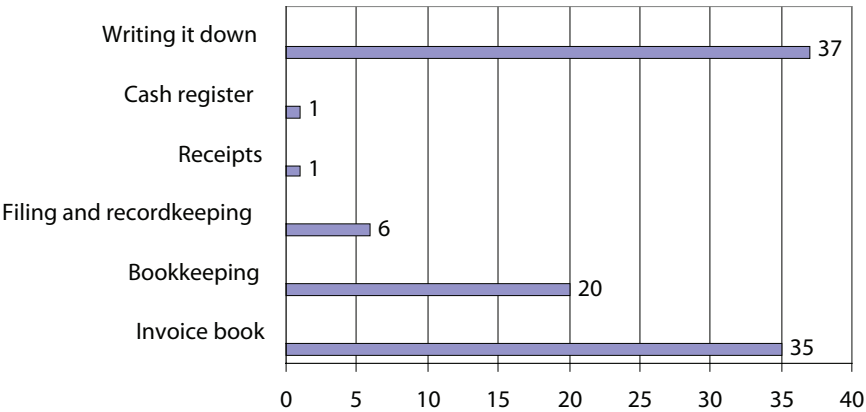


Figure 6.7: Methods of record keeping

6.2.4 General management

Table 6.16 summarises how small business owners in Xhariep deal with general management issues.

Less than half of the small business owners allow their staff to make decisions. It must be borne in mind that 30 percent of

the small business owners do not have staff. Most of the small business owners have a budget. They also regularly check if their stock matches the money received for the stock. Less than half of the small business owners display their stock in a particular way and engage in daily planning. Most of the small business owners are not worried about cash handling and nearly two thirds consider that they can cope easily with unexpected events.

USES OF EARNINGS	RESPONSE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Staff make decisions	Yes	36	42
	No	24	28
	No staff	26	30
Budget	Yes	59	69
	No	27	31
Stock matches money	Yes	57	66
	No	13	15
	No stock	16	19
Stock display	Yes	36	42
	No	34	40
	No stock	16	18
Daily planning	Yes	34	40
	No	52	60
Worried about cash handling	Yes	25	29
	No	61	71
Difficult to deal with the unforeseen	Yes	30	35
	No	56	65

Table 6.16: General management issues

6.2.4.1 Types of decisions delegated

The types of decisions small business owners allow their staff to make, or when they are prepared to delegate authority to their staff to make the decisions, are indicated in Table 6.17.

CONDITIONS FOR GIVING DISCOUNT	NUMBER OF RESPONDENTS	% RESPONDENTS
Small matters	12	29
Customer complaints	3	7
According to job description	2	5
Orders and payment	2	4
CONDITIONS FOR GIVING DISCOUNT	NUMBER OF RESPONDENTS	% RESPONDENTS
In owners' absence	6	15
When work is needed	7	17

Table 6.17: Types of decisions and when staff can make decisions

Most small business owners only delegate minor jobs to employees, such as debt collection or customer reception. Delegation takes place mostly if the owner is away from the workplace or when the owner cannot cope alone and needs assistance to get the work done. Other decisions indicated by small business owners relate to customer reception; debt collection; when to reduce the price of stock or discounts and type of design (one response each).

6.2.4.2 Daily planning

Small business owners in Xhariep mostly plan daily by having a daily to-do list (59%). Their planning also depends on the type of work to be done (18%). Three (9%) small business owners plan their daily routes to be travelled, while others have a house-, month, or week plan (1 respondent = 3% each). One construction business owner only plans when having a contract, while another small business owner take daily decisions on which stock to buy.

6.2.4.3 Frequency of stocktaking

Small business owners in Xhariep that engage in stocktaking indicate the frequency as:

- Daily (22%);
- Twice weekly (2%);
- Weekly (40%);
- Monthly (25%);
- Twice a month (3%);
- Quarterly (2%);
- End of contract (2%)

Most of the small business owners do weekly stocktaking. Four small business owners did not specify a certain time for stocktaking; they do it when they feel like it. It must be noted that small business owners use daily stocktaking for some products like milk and bread and monthly stocktaking for other groceries.

6.3.4.4 Cash handling

Worries about cash handling centre mostly on burglaries (76%), or on weekends when the shop is busy (16%). Worry about customers fighting, or theft by staff, was both indicated by one small business owner.

6.2.4.5 Cash safekeeping

Figure 6.8 shows where small business owners in Xhariep kept their money.

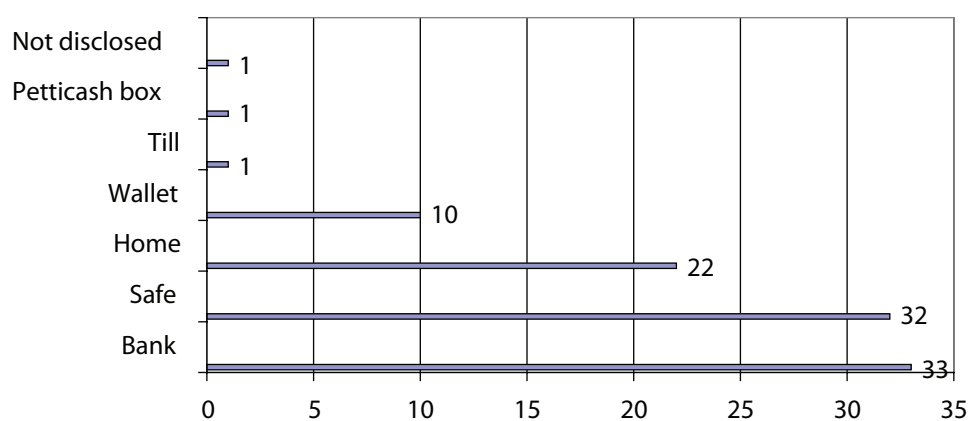


Figure 6.8: Place where money is kept

One third of the small business owners in Xhariep bank their money daily or put it in a safe at work. Some take money home, but the owners of the smaller businesses merely put it in their wallets.

6.2.4.6 Language spoken to customers

Small business owners in Xhariep converse with their customers mainly in Afrikaans (33%), Sotho (30%) and English (22%). Other languages used for communication are Xhosa (9%), with Zulu, Tswana and German used by two percent each. One Bed & Breakfast owner speaks Portuguese, Dutch, French and Spanish besides English and Afrikaans. Most small business owners in Xhariep speak English or Afrikaans and an indigenous African language (mostly Sotho).

6.2.5 Human resources

Table 6.17 shows how small business owners handle their staff. It must be noted that 26 of the surveyed small business owners do not have employees.

Most small business owners in Xhariep have certain requirements for employing staff, as some staff is employed to do a specific job. More than half of the small business owners train staff and delegate tasks to their staff. The majority of small business owners motivate their staff.

STAFF ISSUES	RESPONSE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Staff requirements	Yes	42	70
	No	18	30
Specific job	Yes	33	55
	No	27	45
Train staff	Yes	36	60
	No	24	40
Motivate staff	Yes	51	85
	No	9	15
Delegate tasks	Yes	36	60
	No	24	40

Table 6.18: Staff issues

6.2.5.1 Staff requirements

Small business owners in Xhariep have requirements when employing staff in terms of the job, personality traits, business skills and technical skills. Table 6.18 shows the results of the different requirements indicated by the small business owners. Six percent of the small business owners did not specify which requirements staff must meet.

The security company requires some security qualifications. The hotel only employs staff coming from a farming background.

The technical nature of the job determines to a large extent the requirements that staff must meet, especially in the construction and hair care small businesses. Furthermore, all the Bed & Breakfast establishments require staff to have knowledge and skills of the hospitality industry or on customer care. Other requirements mostly demanded are honesty, to be reliable and hardworking. The staff is mostly employed for specific jobs vary from painting, assembling, baking to loading, cashier, etc.

JOB REQUIREMENTS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Qualifications	1	2
Drivers license	1	2
English speaking	1	2
Farm staff	1	2
PERSONALITY TRAITS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Must be able to take initiative	1	2
Sober habits	2	5
Disciplined	2	5
Clean, respectful	2	5
Honest, reliable, hardworking	6	14
BUSINESS SKILLS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Customer care	3	7
Hospitality	6	14
TECHNICAL SKILLS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Not specified	1	2
Fashion flare	1	2
Woodwork	1	2
Cooking	1	2
Beading	1	2
Carpentry	1	2
Bricklaying	1	2
Corpse cleaning	1	2
Catering	1	2
Welding	1	2
Construction	3	7
Hair care	3	7

Table 6.19: Staff requirements

6.2.5.2 Staff training

Small business owners in Xhariep give their staff:

- Customer care and hospitality training (28%);
- Technical training (58%);
- Business training (12%); and
- Training to be motivated (2%).

Training depends on the type of business, in other words, whether technical training is needed or, in the case of Bed & Breakfast establishments, customer care and hospitality. Few small business owners do any business related training. Some small business owners provide motivational training.

6.2.5.3 Motivation of staff

How small business owners in Xhariep motivate staff is illustrated in Table 6.19.

MONITARY MOTIVATOR	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Bonus	13	25
Salary or food allowance	10	19
Tips	1	2
Percentage of profit	1	2
Incentives	4	8
NON-MONITARY MOTIVATOR	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Talking to staff	7	14
Compliments	6	12
Encourage a team spirit	3	6
Thanks	2	4
Not disclosed	4	8
TOTAL	51	100

Table 6.20: Staff motivation

Staff get motivated either through monetary or non-monetary means. Monetary motivation is mostly a bonus and non-monetary motivation mostly takes place through talking to staff or giving

them compliments. Four small business owners did not disclose how they motivate their staff. One staff member were motivated with a food allowance and by expressing gratitude.

6.2.6 Information management

Table 6.20 illustrates how small business owners in Xhariep engage in information management issues.

Most of the small business owners in Xhariep do not give advice to customers about their purchases. A great majority have future plans for their small businesses. Nearly two thirds like to keep

up with business trends, mostly by reading newspapers and/or magazines or talking to people in the same types of businesses. Nearly half of the small business owners can use computers and nearly two thirds of those using computers in their businesses use Internet and/or e-mails.

INFORMATION MANAGEMENT ISSUES	RESPONSE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Advise on purchases	Yes	27	31
	No	59	69
Future plans	Yes	81	94
	No	5	6
Keep up with business trends	Yes	55	64
	No	31	36
Read newspapers/magazines	Yes	65	76
	No	21	24
Talk to people in same business	Yes	60	70
	No	26	30
Computer experience	Yes	40	47
	No	46	53
Use internet/E-mails	Yes	25	63
	No	15	38

Table 6.21: Information management issues

6.2.6.1 Stock knowledge

Table 6.21 shows how small business owners in Xhariep know which stock their customers prefer. Some of the information sources are internal while some are external. It must be noted that some small business owners do not carry stock. The

customers of small business owners in Xhariep mostly inform them which stock to buy. One Bed & Breakfast business looks at trends. Other information sources are doing research, trusting instinct or looking at the sales figures.

EXTERNAL INFORMATION SOURCES	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Customers inform us	57	65
Do research	4	5
Fashion dictates it	2	2
Suppliers give advice	1	1
Trends	1	1
INTERNAL INFORMATION SOURCES	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Instinct	5	6
Sales	3	3
Suggestion box	1	1
TOTAL	74	84

Table 6.22: Sources of stock knowledge

6.2.6.2 Customer advice

Small business owners in Xhariep sometimes give advice to customers on which stock to buy. Advice is given when:

- There is a need to indicate the quality of products e.g. price linked to quality (5 respondents);
- Customers are uncertain about the suitability of the product, e.g. product size or type of hair style (14 respondents);
- There are specials or new products (3 respondents).

Five small business owners did not specify what type of advice they give to customers.

6.2.6.3 Future plans

Three (5%) small business owners in Xhariep did not have any future plans for their businesses. Two of the three indicated that they plan to sell or close their business and the third one did not give a reason. The future plans of the other small business owners in Xhariep can be seen in Figure 6.9, indicated as a percentage.

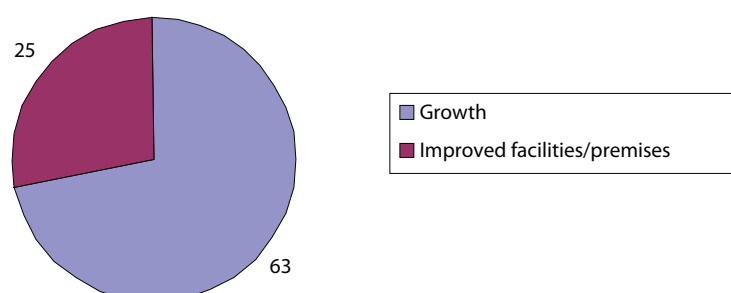


Figure 6.9: Future plans of small business owners in Xhariep

Not included in Figure 6.9 are increasing the market share, exporting, becoming a franchise or family business, having computerized systems, having permanent staff, or getting

own transport. Each of these were indicated by a single small business owner (7% in total). The timeframes for these future plans can be seen in Figure 6.10.

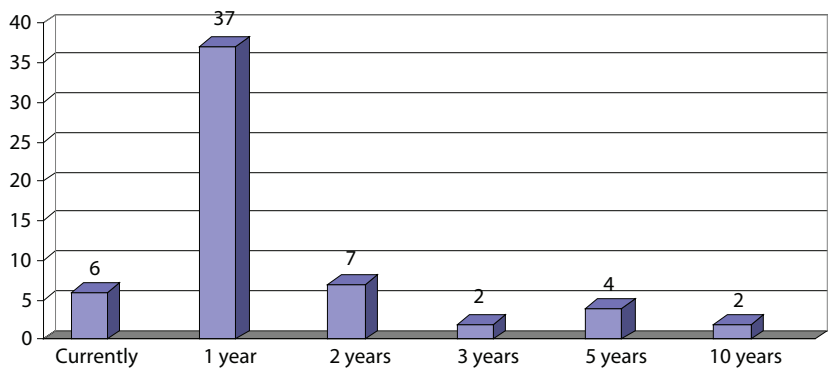


Figure 6.10: Timeframe of future plans

It appears that most of the small business owners have plans (whether realistic or not) to expand within the next year. This indicates their belief that they have sustainable businesses and either have funding or access to funding for the expansion. Twenty-six respondents (31%) of the small business owners with future plans could not link a timeframe to it, possibly due to financial constraints. This is confirmed by three (4%) of the small business owners who indicated that they first have to save and do not know when their plans will materialise, while five (6%) indicated they will expand when they have the money needed for the expansion plans.

6.2.6.4 Keeping up with trends

Small business owners in Xhariep keep up-to-date with business trends through the media, as can be seen in Figure 6.11 and other sources that are indicated in Figure 6.12. Three (5%) of the small business owners do not bother about keeping up with business trends.

To keep up-to-date with business trends most of the small business owners use television as a media source. Others media sources utilized are magazines, the radio, books and to a lesser extent newspapers, the Internet or exhibitions.

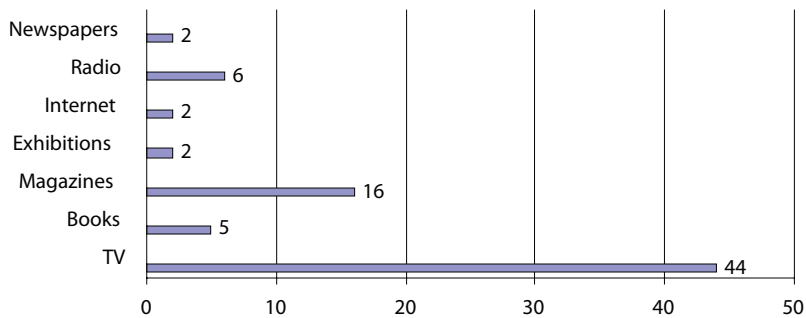


Figure 6.11: Media sources utilized to keep up with business trends

Other sources utilized to keep up with business trends were used to a lesser degree. Bed and Breakfast establishments

mostly indicated following trends from competitors, or by visiting different places.

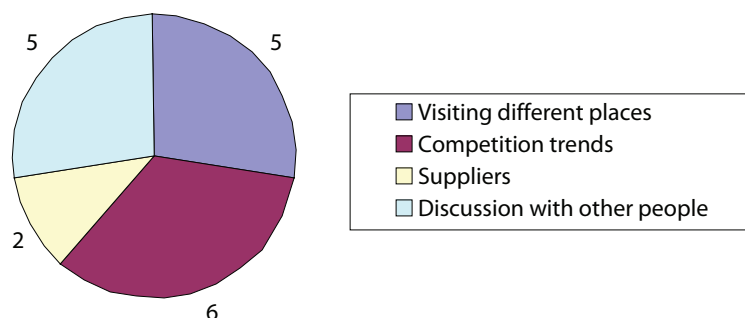


Figure 6.12: Other sources utilized to keep up with business trends

6.2.6.5 Printed media

Small business owners in Xhariep read a wide variety of business orientated newspapers and magazines as indicated in Table 6.22. It must be noted that some small business owners do not read at

all while others read more than one magazine or newspaper. Five small business owners that read newspapers and magazines did not specify which newspapers or magazines they read.

NEWSPAPERS	NUMBER OF RESPONDENTS	BUSINESS MAGAZINES	NUMBER OF RESPONDENTS
Daily Sun	22	Business	4
City Press	13	Financial Mail	1
Sunday Times	9	Succeed	2
Volksblad	3	Tourism	1
Express	1	Newsweek	1
Local paper	1	Entrepreneur	1
The Star	1	Arts and Craft	1
TOTAL	50	TOTAL	11

Table 6.23: Newspapers and magazines read

The other 15 small business owners read leisure magazines such as:

- Move (4 respondents);
- True Love (4 respondents);
- Bona (2 respondents);
- O Magazine (1 respondent);
- Drum (1 respondent);
- Top Billing (1 respondent);
- Multi Choice (1 respondent), and
- Vibes (1 respondent).

The frequency with which the respondents read these magazines and newspapers are:

- Daily (22 respondents);
- Weekly (25 respondents);
- Three times a week (1 respondents);
- Monthly (16 respondents).

Three small business owners indicate they seldom read and another three read newspapers and/or magazines once in a while. Some small business owners read newspapers daily and a magazine monthly.

6.2.7 Operations management

How small business owners in Xhariep deal with various operations management issues can be seen in Table 6.23.

OPERATION MANAGEMENT ISSUES	RESPONSES	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Manufacture product	Yes	11	13
	No	75	86
Employees help manufacture	Yes	7	64
	No	4	36
Use machinery to manufacture	Yes	10	91
	No	1	9

Table 6.24: Operation management issues

Table 6.23 shows that the majority of small business owners in Xhariep do not manufacture the products they sell. The eleven small business owners that manufacture products employ some people to help them. All the respondents use machinery to make their product, except for the beadwork business.

6.2.7.1 Product type and production time

Table 6.24 shows the products small business owners manufacture in Xhariep and how long it takes them to complete an item. The type of product determines the time needed to manufacture it.

PRODUCTS MANUFACTURED	MACHINERY USED	MANUFACTURING TIME	NUMBER OF RESPONDENTS
Bricks	Brick making machine	Day or two	1
Tables	Drills, chisels	Size determines	2
Sewing garments	Sewing machine	Couple of hours	3
Beadwork	None	15 minutes	1
Cupboards	Saw, compressor, jigsaw	Size determines	1
Food	Stove	1 hour or less	3

Table 6.25: Products manufactured and time taken to produce

As can be seen a simple business such as beading can produce an item in 15 minutes and a brick takes a day or two to be manufactured. Their machinery used is very product specific. None of the machinery is very expensive. All but two small business owners bought their machines. The brick making business hire their machine and the cupboard business got the machinery as part of the purchase price of the business. Seven small business owners use their savings to buy their machines, while two took a loan and one obtained the funding from the Department of Arts and Culture.

6.3 SUMMARY

In this chapter, the management activities of small businesses were explored. The focus was on how small business owners should manage their business to ensure growth and sustainability. The results of the management activities of the small business owners in Xhariep revealed that they do not engage in all the management activities necessary to grow their businesses. Some of the activities not taking place could actually put their businesses in danger of closure.

CHAPTER 7 - TRAINING OF SMMEs

The two most important factors contributing to South Africa's declining entrepreneurial activity ratio are a lack of financing facilities and a shortage of skills due to poor education and training (Van Tonder, 2004:7). Orford, Wood, Fisher, Herrington and Segal (2003:56) concur that education; training and experience are the key elements in successful venture creation. According to Erasmus and Van Dyk (2003:1), a large percentage of South Africa's population is unskilled and the numbers are too great for the formal education system to bear. This aspect highlights the importance of acquiring entrepreneurial skills and emphasizing the crucial role of training in acquiring these skills. Maundu (1997) is of the opinion that the most important factor in sustaining employment in the informal sector, is training in entrepreneurial skills. The Peterman Circle (2000:1) argues that the training of young entrepreneurs is a key element to South Africa's economic success, and can create their own wealth, business and jobs for others. In this chapter training for entrepreneurs in general are explored and the results of the experience and expectations of small business owners regarded training are outlined.

7.1 ENTREPRENEURIAL TRAINING

Rodrigues (2006:61) states that South Africa has not yet had enough black people going through the education system and getting the necessary experience. For entrepreneurship training and education to be effective, it must not only be through factual knowledge and limited skills acquired in the classroom, but also through other more practical interventions (The Foundation of Economic and Business Development, 2006:1). Garavan and O'Kinneide (1995:4) state that the following are some commonly cited objectives of entrepreneurship education and training programmes:

- To acquire knowledge relevant to entrepreneurship;
- To acquire skills in the use of techniques, analysis of solutions and synthesis of action plans;
- To identify and stimulate entrepreneurial drive, talent and skills;
- To develop empathy and support for all unique aspects of entrepreneurship;
- To devise attitudes towards change and to encourage new start-ups and other entrepreneurial ventures.

Teke (1997:24) emphasises the important role of training in

empowering the workforce to be creative and innovative in meaningful business activities. Manning (1996:10) also stresses that of all tasks, training and development of people is the most crucial - there is no other way to productivity, profitability or survival. Bartle (2003:1) further argues that micro enterprise training mainly focuses on developing skills necessary for generating growth and wealth. Beyond the set of skills which can be taught by others and learned by the entrepreneur, there are some important things one need to possess (values) - they cannot be taught but need the willingness to practice them.

According to De Cenzo and Robbins (1996:237), training is basically a learning experience, which seeks a relatively permanent change in an individual's skills, knowledge, attitudes or social behaviour. Hellriegel, Jackson, Slocum, Staude, Klopper, Louw & Oosthuizen (2001:251) refer to improving an employee's skills to the point where he or she can do the current job more effectively. Training interventions and methods are thus aimed at changing the current level of skills and knowledge regarding a job.

Curran and Stanworth (1989:2) highlight some deficiencies related to entrepreneurial education and training. Although many established programmes can identify participants who are highly successful and generated genuinely an entrepreneurial business, a hard-headed assessment might question the resource effectiveness of producing a few successes for the large throughput of participants usually involved. Most of these training programmes last only for a few days, and not for longer periods. The mental preparation of the entrepreneur is often ignored in these training programmes. Garavan and O'Kinneide (1995:1) postulates that the paradigm behind most entrepreneurship education and training programmes is of a technical nature, by giving a quick-fix programme in those areas and disciplines which the participants are not familiar with. However, what is needed is to develop a new learning style, which encourages participants to cope in new ways with the real world. Aspects to focus on are:

- learning by doing;
- encouraging participants to solve problems from a multi-disciplinary viewpoint;
- developing more independence from external sources and to think for themselves;
- providing greater opportunity for building networks and to

develop emotional responses when dealing with conflict situations and uncertainty.

Entrepreneurial-directed approaches to entrepreneurship training and education as developed by Bolton and Thompson (2001:280) include learning exercises (learn by doing) through:

- Role-play;
- Management simulation;
- Structured exercises;
- Focused learning feedback;
- Action learning;
- Interactive workshops;
- Experiential learning, and
- Experimental learning.

The major challenge of entrepreneurship education and training is therefore the appropriateness of curricula and training programmes for learning in the outside world. Bolton and Thompson (2001:280) concur that most entrepreneurs prefer learning by doing and do not respond to well to formal training programmes. Henry (2003:1) mentions that effective entrepreneurship training and education programmes are those, which allows for early awareness-raising, securing proper funding and ensuring wide access.

Van Dyk, Nel, Loedolff and Haasbroek (2001:15) argue that the government is ultimately responsible for developing policies and laws aimed at the promotion of economic growth and social development of all its citizens. Its role in education and training is reflected in these policies and laws, aimed at developing skills. The government as the major stakeholder in education and training has implemented the following training interventions:

a) Outcomes-based education

This approach focuses on mastering of knowledge and skills to achieve a certain outcome and not on the inputs of traditional curriculum-driven education and training. The emphasis is on the end result of the learning process. (Meyer, 2000:1; Nel, van Dyk, Haasbroek, Schultz, Sono & Werner, 2004:427).

b) Adult-based education and training (ABET)

Education of and learning by adults to fulfil their roles as

educators, workers, citizens and parents are the focus of this approach. Developers of learning and training programmes need to account for the following adult learning characteristics (Aitchison 1997:2; Erasmus & Van Dyk, 2003:128; Nel et al. 2004:451):

- prefers to own learning projects (self-directed approach);
- possesses a wide range of experiences which could facilitate the learning process;
- acts from internal motivation with a need to grow and develop to self-realisation and are problem- and task orientated during the learning process.

c) National skills Development Strategy

This strategy focuses on the introduction of new institutions, programmes and funding policies to increase investment in skills development. Aims to address huge disparities in educational, skill and wage levels in the working population and to utilise the workplace as an active learning environment. (Erasmus & van Dyk 2003:29; Paterson 2004:1).

d) Mentorship

Mentorship is a structured one-to-one relationship or partnership that focuses on the needs of the mentored participant or entrepreneur, requiring a supportive relationship sustained over a period of time, usually between a novice and expert. Mentors and entrepreneurs launch their relationship by participating together in a program orientation to increase their mentoring knowledge, hone their communication skills and establish the parameters of their mentoring relationship. Clark & Toto, 2006:1; Entrepreneur Nous, 2006:1).

e) Learning by exposure approach

This is individual learning, whereby the entrepreneur is assumed to gather knowledge and use it without any help, other than that offered by other entrepreneurs (Reid & Barrington 1997:115).

f) Educational approach

This approach is a long-term process that requires entrepreneurs to attend classes or by means of correspondence teaching to obtain formal recognised qualifications (Reid & Barrington, 1997:115).

g) Experimental learning approach

This approach is learning by means of exploring new initiatives and to experiment with new ideas, concepts and activities focussing on both the emotional and intellectual side of the learner (Erasmus & Van Dyk, 2003:110).

h) Experiential learning approach

Experience precedes learning and it involves entrepreneurs in their own learning and to increase their awareness of the dynamics present in all human interactions (Van Dyk et al., 2001:292).

The above-mentioned training interventions could therefore be used to upgrade the skills levels of micro and small business entrepreneurs. It should be noted that during these training interventions, various training methods or techniques could be used (e.g. lectures, case studies, role-playing, apprenticeship and computer-based training).

7.2 RESULTS OF TRAINING NEEDS OF XHARIEP SMALL BUSINESS OWNERS

Seventy-six percent of the respondents are able to attend workshops. Although 10% of the small businesses, without employees, such as hair salons, sewing businesses, and shoe repair businesses will just close their businesses to attend training workshops, the others will use the following people to manage their shops in their absence:

- Family, such as the brother, sister, mother, wife, grandmother, daughter, daughter in law; relative or husband (36%);
- Staff, manager or partner (47%), and
- Someone else (7%).

7.2.1 Results of the training experiences

The next section outlines which training workshop small business owners attended, and give information about their training experiences. Training received by small business owners were either indicated in terms of the institutions presenting the workshops or refer to the topics covered in the workshops as can be seen in Table 7.1. It must be noted that some small business owners attend more than one workshop (32 respondents attended training). Thirty-eight (44%) small business owners have never attended training workshops.

WORKSHOP - INSTITUTION	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
SEDA	10	12
Public works	2	2
IDC	1	1
BRAIN/Productivity institute	1	1
Business today	1	1
Dept of labour	1	1
APWP	1	1
Construction	1	1
National lottery	1	1
Teacher in hotel	1	1
Liquor board	1	1
Stand	1	3
TOTAL	30	100
WORKSHOP - TOPIC	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Business management	7	8
Tourism	4	5
Hospitality	3	3
Marketing plan	3	3
Business plan	3	3
Skills audit plan	1	1
Pricing	1	1
Bookkeeping	1	1
Customer service	1	1
Writing a proposal	1	1
Micro entrepreneurship	1	1
Computer	1	1

Table 7.1: Workshop institution / topic attended

Workshops presented by SEDA were the most frequently attended, and Business Management was the topic mostly covered in the workshops, followed by Tourism, Hospitality, Marketing and Writing a Business Plan. The frequency with which the participants attended these training programmes was:

- Once only (23 respondents);
- 2 times a year (6 respondents);
- 3 times a year (1 respondent);
- 4 times a year (1 respondent);
- monthly (1 respondent).

The majority of small business owners have only once attended a workshop. This could be due to lack of funding or time, or not being able to leave their small businesses.

Table 7.2 shows where small business owners heard about the training workshops.

One respondent did not indicate where information was obtained about the workshop. Most of the small business owners were informed by SEDA about the workshops or, alternatively, by the Municipality. The TIDA office informed a few small business owners about the workshops. Radio as a media source, friends and word of mouth were other information sources.

INFORMATION SOURCE - INSTITUTION	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
SEDA	7	22
Municipality	4	13
TIDA office	2	6
Dept of Labour	1	3
Dept of Arts and Culture	1	3
Dept of Social Development	1	3
INFORMATION SOURCE - MEDIA	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Radio	3	9
Advertisement in paper	5	16
INFORMATION SOURCE - PEOPLE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Friends	3	9
Word of mouth	3	9
Employer	1	3
Not indicated	1	3
Bookkeeping	1	1

Table 7.2: Information sources about training

Seventy two percent (23 respondents) indicated that the training has improved their businesses. The training assists the small business owners with the skills indicated in Table 7.3. Some

small business owners have attended more than one workshop so have obtained more than one skill.

INFORMATION SOURCE - INSTITUTION	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Growing the business	7	25
Managing the business	5	18
Pricing and finance	3	11
Marketing	3	11
Computer	2	7
Improve the technical side	1	4
Presenting a business plan	1	4
People skills	1	4
Positioning the business	1	4
Networking	1	4
Total	25	89

Table 7.3: Skills obtained through training

Two respondents (7%) indicated that they had obtained more business knowledge, but did not specify which type. One respondent (4%) did not indicate at all how the training was beneficial. Most of the small business owners drew benefit from the training as they learnt to grow or manage their businesses. Others drew benefit by learning how to market their business, to do pricing or handle their finances.

Those that indicated that they did not benefit from the training (9), gave the following reasons:

- Training was not related to the business (2);
- Did not have the money to implement advice (2);
- Language level was too high (1);
- It was not relevant to the specific type of business (2);
- Did not learn anything new as it was focused on start-ups (1);
- It was boring (1).

The above stressed the importance of pitching a training programme at the right level, with the correct programme to be industry specific and practically executable. It also indicates that trainers should be screened for content and presentation skills, so that they do not give boring presentations in the workshops.

7.2.2 Training needs and expectations

This section outlines the training needs and expectations of small business owners in Xhariep. The small business owners indicated they need both business and technical training, as shown in Table 7.4. One hundred and two responses were obtained from the 86 small business owners.

SPECIFIC SKILLS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Business management	33	32
Marketing	15	15
Financial management	11	11
Hospitality	8	8
Book keeping	6	6
Computers	2	2
Budgeting	2	2
Business administration	1	1
EXCEL	1	1
Entrepreneurial skills	1	1
Communication	1	1
Customer care	1	1
Retail	1	1
Tendering	1	1
TECHNICAL TRAINING	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Catering	1	1
Hair styling	1	1
Sewing	1	1
Construction	1	1
Technical	1	1
Farming and agriculture	1	1
Pottery	1	1
TOTAL	91	90

Table 7.4: Training needs

Nine respondents did not indicate their training needs, and one respondent indicated that his intellectual level was not conducive to training. One respondent regard herself as too old too go for training (in the seventies). Business management, Financial management and Marketing were indicated as the most needed training amongst small business owners in Xhariep. Other business training needs included hospitality, bookkeeping, budgeting and computer training. Small business owners also indicated a need for technical training such as hairstyling, construction and pottery. Most of these small business owners

do already have some of the skills, but to a limited degree, and would like to improve these skills, so as to be able to grow their small businesses. They would like to learn new ways of doing what they are already doing. Figure 7.1 shows what prices small business owners are prepared to pay per day for a workshop.

Most of the owner-managers with no employees are prepared to pay R100 or less per day for a workshop. As the income of the business increases, the rate they are prepared to pay per day for a workshop increases, peaking at R150 or even R200 per day.

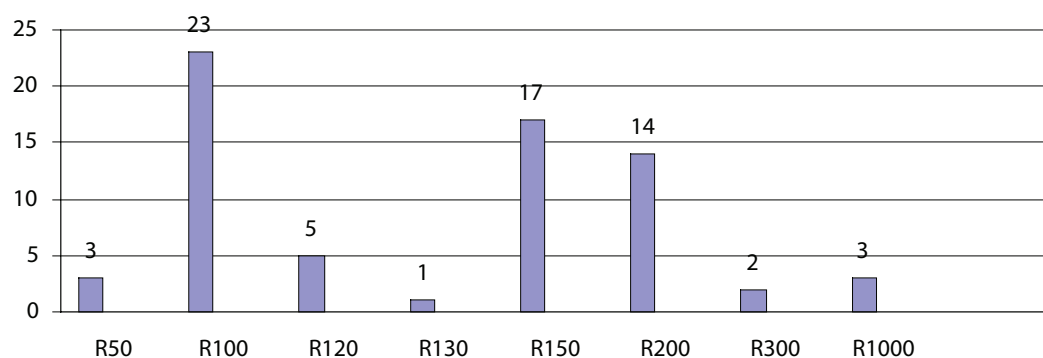


Figure 7.1: Workshop prices per day

The three respondents indicating R1000 per day were one tavern, a Bed & Breakfast and a hair salon. The owner of the hair salon had quite an extensive course in mind for that fee. The stationary shop owner and a hair salon owner were prepared to pay R300 per day for a workshop.

[6%] small business owners indicated two weeks for the preferred duration of a workshop while a Bed & Breakfast, Furniture making and Pottery business owner suggested one month. It is not clear what the Bed & Breakfast owners would like to learn in one month, but the other two business owners obviously would like to learn new methods of doing their trade.

Figure 7.2 shows what small business owners in Xhariep regard as the preferred duration for a workshop. Further to that, five

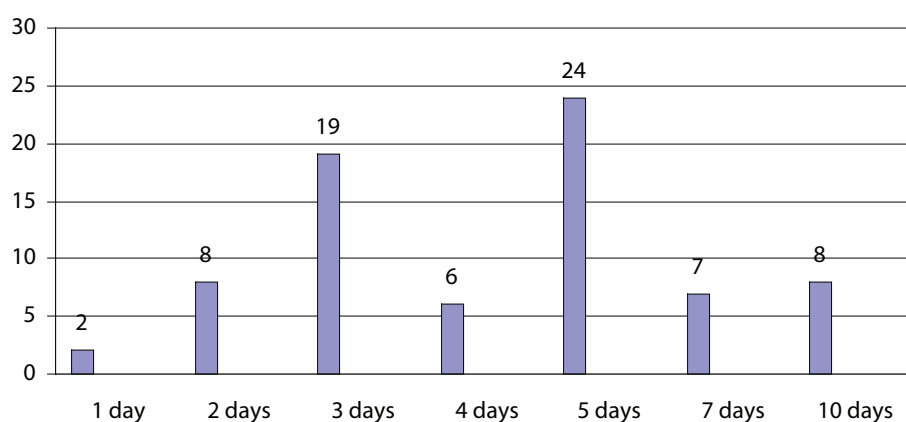


Figure 7.2: Preferred duration of workshop

Fourteen of the respondents did not indicate a preference regarding the duration of the workshops.

The small business owners indicated many expectations about training workshops, as can be seen in Table 7.5.

PRESENTATION EXPECTATIONS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Related to business type	7	5
Class interaction	3	3
Low language level	2	2
Straight to the point	1	1
GENERAL OUTCOME EXPECTATIONS	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
To obtain information	29	22
Knowledge, empowerment	29	22
Practical business ideas	27	20
Get a mentor after workshop	1	1
LEARNING OUTCOME EXPECTATION	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
Improved finances, budgeting	6	5
Learning how to manage the business	4	3
Marketing/Networking abilities	3	3
How to improve the business	2	2
To get technical knowledge	3	2
To become assertive	1	1
To be able to do market research	1	1
To improve sewing skills	1	1
Hospitality and guide information	1	1
TOTAL	121	92

Table 7.5: Expectations of workshop

Eleven respondents (8%) did not indicate their expectations. Some of the expectations were about the presentation of the workshop, such as being industry related, having an interactive workshop, straight to the point and on a language level they can relate to. Other general expectations were related to the outcome of the workshop, with most hoping to obtain knowledge, information, empowerment and practical business ideas. Some learning

outcome expectations included improved finances, budgeting, learning to manage the business, marketing or networking abilities and how to improve the business.

The maximum number of people that the respondents considered should be in a workshop is indicated in Table 7.6.

NUMBER OF PEOPLE	NUMBER OF RESPONDENTS	% NUMBER OF RESPONDENTS
≤ 5	2	2
6 – 10	17	20
11 – 15	17	19
16 – 20	28	33
21 – 25	8	9
26 – 30	3	3
TOTAL	75	87

Table 7.6: Maximum number of people in training workshop

Most small business owners in Xhariep preferred about 20 people in a workshop, followed by 10. None preferred a group larger than 30. Eleven small business owners (13%) did not indicate how many people should be in a workshop.

7.3 SUMMARY

In this chapter, the training needs of small business owners in Xhariep municipal district were investigated. It was also explored whether training was considered to be useful and how training workshops could be improved. The most preferred cost and number of trainees per workshop was also determined.

CHAPTER 8 - SMME NEEDS ANALYSIS FOR XHARIEP

This chapter aims to provide guidance to the Xhariep municipal district regarding how to encourage SMMEs start-ups and expansion of existing businesses in the region. A SMME needs analysis was done in Xhariep, covering all aspects such as their demographic profile, skills levels, how they manage their business, Free State SMME support organizations available, training workshops requirements, and other infrastructure requirements needed, to ensure the success of the SMMEs. The next sections will conclude the findings of the previous chapters and describe what actions should be taken to assist SMMEs in the Xhariep area to become small business owners and/or assist them in growing their businesses.

8.1 DEMOGRAPHICAL PROFILE

Small business owners in Xhariep are primarily in the food and beverage sector with the most popular businesses being spaza shops, tuck shops and township bars. Retail businesses such as hairdressing were also popular. The most underutilized sectors were the transport and communication sectors. These sectors could provide many employment opportunities in Xhariep. It should also be investigated if there is not a further need for security businesses and funeral undertakers. Nearly half the small businesses in Xhariep have been established in the last two years. This shows that people are viewing self-employment as a desirable alternative to unemployment. The establishment of close corporations should be encouraged as few small businesses have chosen this as a form of business. Close corporations are most conducive to growth than sole traders.

The small businesses created employment as at least 149 jobs were created by the respondents. Their combined income (calculated on average categories) generated was at least R300 000 monthly. This amounted to a R3.6 million income per annum. Family businesses could either prompt the younger generation to start their own businesses or could provide the younger generation with a business opportunity that was already well-established, and did not need to go through start-up pains. Female SMMEs should be encouraged, especially in the higher income generation categories. Youth entrepreneurship is still lacking and they should be assisted to start businesses in terms of funding and also with regard to technical and business skills.

Those small business owners that speak only one language should be encouraged to learn to speak another language, whether

English, Afrikaans or Sesotho, as those are the predominant languages in Xhariep. As small business owners in Xhariep do not regard matric qualification as particularly important for starting a business, they should be encouraged to attend business training and technical training to upgrade their skills levels. Working experience in a related field could assist small business owners to start their small businesses. They could even start a business whilst remaining in their current job, as many of the small business owners in Xhariep have done. This can at least relieve the unemployment levels in Xhariep. It is well known that passion is a driving force in the success rate of a business. The results of the survey have shown that this was the reason most frequently mentioned for starting the small businesses. More opportunities should be created to encourage small businesses. Having the necessary skills can also encourage potential small business entrepreneurs to start their small businesses.

8.2 SKILLS DEVELOPMENT

The needs analysis reveal that small business owners in Xhariep required skill training workshops for the following skills they do not possess:

- How to present tenders;
- Product development;
- Writing a business plan;
- Technical skills;
- Computer skills.

In addition to the above-mentioned skills, small business owners in Xhariep have expressed the desire to also acquire:

- Financial management skills; and
- Bookkeeping skills.

The small business owners in Xhariep acknowledged the need to acquire computer skills, how to present a tender and writing a business plan. Few small business owners in Xhariep have participated in the tendering process, as they do not know how to tender or are not interested in doing so. Although they do not have product development and technical skills, few expressed an interest to acquire these skills. This could be due to the low number of manufacturing firms that were surveyed, as these most often need technical skills and product development skills.

Furthermore, Table 4.3 shows that even if small business owners possess the skills investigated, they would also - in addition to the above-mentioned skills - like to improve the following skills which they possess to only a limited extent:

- Pricing goods and services;
- Record-keeping;
- Stock control; and
- Oral/verbal communication.

More small business owners need to advertise their small businesses as indicated by the survey results. They should be encouraged to talk to people in their field of business and other people to share experiences and to gain information that could assist them in growing their business. They should not fear to talk to people due to competition, as this could lead to forming a consortium for tendering processes.

The first area that needs attention is to encourage the small business owners to grow their businesses. They will need to upgrade the skills indicated in the next section to grow their small businesses. The acquisition of the following skills could also assist would-be entrepreneurs.

The next sections outline the actions needed by small business owners to grow their businesses.

8.2.1 Self-development skills

These micro and small business owners need to upgrade their current qualifications; just over one half have a matric qualification. Although education in South Africa is regarded as important, many would-be entrepreneurs and micro entrepreneurs are not in a financial position to acquire a matric qualification. These micro entrepreneurs should have access to Adult Basic Education and Training, which is affordable and focussed more specifically on entrepreneurial training. The Department of Training and the Sector Education Training Authorities (SETAs) should design programmes focussing on acquiring business skills on different levels. Local municipalities should further engage with the private sector to sponsor some of these courses for small businesses as part of their social responsibility, which could then make it affordable. Strict entrance requirements could be set for those who apply for these training programmes to ensure that only serious micro and small business entrepreneurs have

access to the subsidised training. Lifelong learning is necessary, as many micro entrepreneurs have either not been exposed to management principles, or their expertise is limited to one area only. Short courses could supplement the entrepreneur's knowledge or bring it up to date. Knowledge should be updated regularly in terms of changes in the market, legislation, culture, fashions and other issues applicable to the business.

8.2.2 Networking skills

Although small business owners in Xhariep are confident that they have networking skills, most micro and small business entrepreneurs do not know how to network or to communicate effectively. Some fear that sharing of information will lead to more competition. A workshop on how to network effectively could assist the micro entrepreneur in overcoming this fear and also enhance networking skills. This workshop can give information about organisations, discussion groups, professional bodies and institutes that can contribute to running the business more efficiently and effectively. It can teach the micro and small business entrepreneur that the first step is to identify what the person can do for the business or how the micro entrepreneur can assist the person. This will require good listening skills, which could be incorporated in this networking workshop. The workshop could also show them that much information can be obtained by just listening to conversations.

8.2.3 Relationship marketing skills

Although small business owners in Xhariep indicated they have customer relation skills, they should explore relationship marketing. Relationship marketing is important for business growth because it is more costly to obtain new customers than to retain existing ones. Employee empowerment is important as they can assist building long-term relationships with customers, thereby increasing the customer base. Effective advertising and marketing material could be used to clearly communicate the advantages of doing business with the particular concern, thereby further increasing the customer base. Micro and small business owners can use alternative advertising ploys such as giving discount to a customer if bringing in another customer. Relationship marketing for micro and small business entrepreneurs could also take the form of a loyalty card, that after 10 purchases of a certain amount (R100 perhaps) the customer qualifies for purchases of R50 or whatever is appropriate.

8.2.4 Time management skills

Small business owners in Xhariep indicated that they have time management skills. In spite of this, micro and small business entrepreneurs could learn to manage time more efficiently. A record could be kept for about a week of how time is spent, then analysed to see how much time is spent on various functions linked to a time-cost analysis. This could assist the entrepreneur to decide on the most effective use of discretionary time for a week, as well as to indicate whether time is being spent profitably. This could also indicate activities or duties that can either be eliminated, cut down or delegated. As the micro and small business entrepreneurs' education level is low, this should take place at a workshop specifically focussing on action training and role-play.

8.2.5 Stress management skills

Small businesses in Xhariep indicate a bigger need for stress management skills than time management skills. They do not realise that there is a link between the two skills. Effective time management can also reduce stress levels. Some micro and small businesses are owner-managed without employees, and something like illness could eventually lead to closure of the business. Being self-employed also adds stress to family life. It is suggested that the entrepreneurs should apply lifestyle management such as improving their diet, increasing exercise levels, learning new habits, cutting down on alcohol intake, and even improving their appearance, to reduce their stress levels. These actions have an added benefit in that it can result in increased self-esteem.

8.2.6 Presentation skills

The micro and small business entrepreneur usually has only one opportunity to prove the unique value of the products or services on offer, especially when dealing with tenders or outsourcing. The main aim with the presentation should be to establish a personal connection to promote a trusting environment or to establish credibility. Training in how to tender and how to do a presentation, if required, can increase presentation skills. Self-employment centres offer training on how to tender, but many micro and small business entrepreneurs are unaware of such training. Tender training workshops should therefore be more effectively advertised or publicised. A key issue in the workshop should be to show a micro entrepreneur how to convince the audience that they can benefit or profit from accepting their tender. Micro and small business entrepreneurs should be

shown how to convey thoughts and concepts in a persuasive and compelling manner, without being "pushy" or overpowering.

8.2.7 Negotiation skills

The results of using positive thinking in the negotiation process are extraordinary. Workshops on positive thinking, how to be assertive, how to handle conflict and how to negotiate, could assist those micro and small business entrepreneurs that need to sharpen their negotiation skills. Being assertive requires practice and could be linked to the need for conflict-handling skills. The starting point is that micro and small business entrepreneurs should visualise the results they want in their work- and personal life. Practising negotiation at home in their personal lives could increase their negotiation skills in business.

8.2.8 General business management skills

Some micro and small business entrepreneurs do not have any knowledge on how to plan their stock levels. As the educational level of more than half of the small business entrepreneurs was below matric level, few are equipped with sufficient knowledge on how to plan their stock levels. The starting point should be to expose them to higher education. To effectively manage stock the micro and small business entrepreneur should have good supplier relationships and have at least two suppliers per required item. Micro and small business entrepreneurs should plan when, how much and which type of stock to buy. Their stock should have a high turnover rate to decrease carrying costs of stock. Keeping inventory records will prevent pilferage, keep inventory holdings to a minimum and track buying trends.

Budgeting is important, especially if the business has debt, as it enables the micro and small business entrepreneur to determine what the turnover should be for the business to be profitable. Another important issue for micro and small business entrepreneurs is to separate personal debt from business debt. Training interventions on a one-to-one basis is necessary in how to plan stock levels and keep a simple inventory record and how to draw up a budget, as their educational level could limit them to cope under normal workshop conditions.

8.2.9 Record-keeping skills

All micro and small business entrepreneurs should monitor their performance as this indicates success or failure. This could only be achieved if the entrepreneur keeps an accurate record of the business's financial performance. The lack of education

of micro and very small entrepreneurs could be linked to the lack of record-keeping skills. Basic accounting skills on a low level should be taught in a very practical manner on a workshop basis. If a mentoring factor could be added, it would be more advantageous to the micro and small business entrepreneurs, as they will need personal assistance in designing a modest accounting system adequate to meet their current needs. A follow-up workshop should be given to the micro and small business entrepreneurs after having implemented the system for about three months. In the follow-up workshop they should be shown how to expand the system as the business grows. Once the business has grown enough to justify the costs of an outside accountant, this responsibility can be passed on.

8.2.10 Financial management skills

Effective financial management requires effective negotiations with suppliers, financial institutions and with the lessor if the business premises are rented. As micro and small business entrepreneurs mostly do not rent premises, but either operates at the side of the road or using a section of their homes for the business, they never separate their personal debt from their business debt. The growth of a successful micro and small business should not be measured by sales alone, but also by profitability, which requires financial management skills. Good financial management requires an efficient record-keeping system. Therefore, after successful implementation of an efficient record-keeping system, they could then focus on attending training courses in financial management. Financial management training will require a certain minimum education level, which will make the acquirement of this skill problematic. Bring in a partner with financial management skills can overcome this obstacle.

8.2.11 Computer skills

Computers can be an invaluable tool for the micro and small business entrepreneur, if having the financial capacity, as it is a time-saving device, is useful for record-keeping and for bookkeeping. The computer can also be used to make presentations look professional and neat when using overhead projector slides or Power Point. The micro and small business entrepreneur can also use the computer to communicate with customers via e-mails, thereby saving advertising fees. This way the customer can be constantly reminded about the business, and thereby long-term relationships can be built through relationship marketing. The type of business they have will dictate if this can

be done, as spaza shops would not need to do this. Having an e-mail address can make the business look bigger and compete better against bigger businesses. The computer can also assist the micro and small business entrepreneur in getting business advice via the Internet. As most micro entrepreneurs and some small business entrepreneurs do not have the financial capacity to buy a computer, they could use people offering typing services or Internet cafes to a certain extent. The ideal would be if they could go to a one-stop shop that could offer them all these services at a minimum fee. The fee structure could work on only paying when using the service, or an option could be given to pay a monthly fixed amount and then having access to these services.

8.2.12 Management skills

At the inception of the micro and small business there would not be a need for an organisational structure as only the micro entrepreneur would be working in the business. As soon as what is financially viable, the micro and small business entrepreneur should increase staff levels, as the entrepreneur should not work in the business, but rather work on managing and improving the business. Having staff in the business would require the need for an organisation structure. Only if there is a proper reporting structure in place will the business operate at full efficiency and deliver a quality service.

When drawing up contingency plans, micro and small business entrepreneurs should engage in scenario planning. This entails imagining that it has happened or what is likely to happen, then working out what one should have done or should do in such a disastrous situation - so as to conquer or reduce fears, or to reduce the severity of the effects of the catastrophe's occurrence. A mentor could assist the entrepreneurs in scenario planning. If the micro or small business entrepreneur obtains finance from sources such as Khula, they will allocate a mentor to assist them in the drawing up of a business plan, which will incorporate some scenario planning.

Micro and small business entrepreneurs should inspire their employees, as inspired employees can increase profitability, improve staff morale and therefore decrease staff turnover, or help the business becoming a market leader rather than a market follower.

8.2.13 Risk management

A mentor could also assist the micro and small business

entrepreneur to apply risk management, by carrying out a risk analysis through identifying environmental risks, workplace risks and market risks. It is crucial that if the micro and small business entrepreneur has employees, they should buy in, as their contribution in a crisis situation is of considerable value. To ensure growth, micro and small business entrepreneurs should know what is going on in the environment by being open to information and sensitive to events and the feelings of people. Reading daily newspapers and listening to the news could make them aware of what is happening in the environment.

As the job of an owner-manager involves dealing with decision-making on a daily basis, the micro and small business entrepreneur should be able to make decisions in a logical, optimising way by weighing the pros and cons in what is basically an uncertain or ambiguous situation. In the initial growth stages of the business, a mentor could assist, or the entrepreneur could attend a risk management workshop.

In conclusion, micro and small business entrepreneurs do not need all of the thirteen identified skills, but a combination of some of them. Lack of some of these skills can be overcome by using experts in the field, such as accountants and business consultants. Although it might appear that these skills could also apply to medium-or large businesses in assisting them to grow, the order of importance could vary considerably. It appears that many of these skills, however, needs to be in place for micro and small businesses to be able to grow into small or medium size business.

8.3 TRAINING WORKSHOP SUGGESTIONS FOR UPGRADING SKILLS LEVELS

Table 8.1 below outlines the focus areas of the skills training for the small business entrepreneurs in the Xhariep municipal

area. As can be seen, all the skills are covered, not only those suggested by small business owners in Xhariep, as they are not necessarily aware of how these skills can impact their small businesses positively.

NUMBER OF PEOPLE	NUMBER OF RESPONDENTS
Self-development	Matric education: ABET education through Department of Education or sponsored by private sector; Short courses on self management
Networking	Workshop on: <ul style="list-style-type: none"> • Listening skills • How to network effectively • Information of support organisations and professional bodies
Relationship marketing	Workshop on: <ul style="list-style-type: none"> • Effective advertising using the Unique Selling Proposition • Employee empowerment to increase customer base • How to start loyalty schemes for customers
Time management	Workshop on: <ul style="list-style-type: none"> • Time/cost analysis • Delegation of duties • How to prioritise tasks
Stress management	Workshop on: <ul style="list-style-type: none"> • Lifestyle management e.g. diet, exercise, know yourself • Time management
Presentation	Workshop on: <ul style="list-style-type: none"> • How to establish credibility • How to win a tender
Negotiation	Workshop on: <ul style="list-style-type: none"> • Visualisation • How to be assertive • Positive thinking • Conflict handling
General business management	Workshop on: <ul style="list-style-type: none"> • Stock planning • Keeping inventory records* • Budgeting
Record-keeping	Workshop on: <ul style="list-style-type: none"> • Creating a simple record keeping system* • Expanding a record keeping system*
Financial management	Workshop on: <ul style="list-style-type: none"> • Basic bookkeeping* • Monitoring financial performance • Cash flow management

Table 8.1: Focus areas of SMMEs skills training

NUMBER OF PEOPLE	NUMBER OF RESPONDENTS
Computer	Workshop on how to use computers for: <ul style="list-style-type: none"> • Recordkeeping • Bookkeeping • Presentations • Relationship marketing (e-mails) • Business advice (Internet) • Image (e-mails and creating documents)
Management	Workshop on: <ul style="list-style-type: none"> • Creating a organisational structure and reporting system* • Employee motivation
Risk management	Workshop on: <ul style="list-style-type: none"> • Scenario planning • Environmental-,workplace- and market risk management • How to utilise information sources • Decision making

Table 8.1: Focus areas of SMMEs skills training (continued)

8.4 MANAGEMENT ASSISTANCE NEEDED

Xhariep small business owners mostly buy from wholesalers and buy from the same suppliers if they are the cheapest. Some suppliers deliver to their businesses, but mostly they have to collect and carry the stock. Customers inform them which stock they like and they buy weekly or monthly depending on the amount of money available for stock. They know who their target markets are and try to keep regular customers by offering them specials or discount. They do not really know how to display stock, merely putting it on the shelves. Most of their premises are visible to the public, or else they use signboards to notify customers about their shops. They regard offering good services as key to keeping customers happy. Depending on the nature of the product or service, they will handle returns. They generally save money to start the small business, as they are mostly unaware of funding opportunities from the government or other agencies. Some have registered their businesses. Most of the small businesses in Xhariep save monthly for future growth or for an emergency. Stock losses take place mostly due to damaged stock. They do not really have stock control systems, but some will count the daily money and match it with the stock. Some have engaged in budgeting. Although they indicate that they keep sales records, no actual records are kept (writing transactions in a book is not regarded as record-keeping). They use the income generated from the business to pay business and personal expenses. They have staff requirements, such as honesty, customer care

experience and technical skills, if necessary, and appoint staff for specific jobs. Some engage in training staff in simple jobs, such as how to handle the till. They motivate staff through bonuses or allowances and by giving compliments. If they run a manufacturing business, they employ staff to help them to make the products. They use simple, not very expensive machinery to make their products. Their savings are sufficient to cover the purchase of the machinery. They give advice to customers only when asked or when they appear uncertain and keep up with business trends by watching TV, reading newspapers or magazines or by talking to people. They have future growth plans for the current and coming year time frame. Half of the small business owners do not use a computer in their businesses. Table 8.2 outlined the actions small businesses in Xhariep can take to improve the management of their businesses.

PURCHASING
<ul style="list-style-type: none"> • Encourage buying stock from wholesalers • Buy weekly or monthly to save on transport • Buy from the same suppliers and negotiate a credit period or special prices due to loyalty to increase cash flow • Buy from suppliers that deliver to premises • Network to organize that other similar businesses request products from the same supplier to justify delivery • Rely on customers to know which stock to buy • Determine quantities needed weekly or monthly for stock based on sales and customer requests
MARKETING MANAGEMENT
<ul style="list-style-type: none"> • Identify your target market and cater for that market • Build relationship marketing strategies with regular customers • Use specials or discount on a weekly or monthly basis to encourage regular customers or to get rid of old stock or to attract new customers to your business or to pay cash for purchases • Display stock in an eye catching attractive way, on a easy to reach level • Visibility of premises are an added advantage for cheap advertising, as signboards or posters can be to attract customers or to direct their to the business premises • Signboards are the most cost effectively way to advertise; an alternative is to use flyers which could be changes according to the need • Make sure to give a good service to customers by employing people skills • If operating a return policy, make sure that customers leave premises satisfied or state explicitly there is no return policy by putting a sign up to that effect.
FINANCIAL MANAGEMENT
<ul style="list-style-type: none"> • Save money prior to starting the small business to not rely on borrowed funds, or else obtain small loans from the family • Be aware of funding opportunities from the government or other agencies • Register your business, as this a requirement to obtain financial assistance from a bank • Once the business is established, start saving monthly to provide for emergencies or future growth • Limit stock losses, especially due to damage by making sure it is packed correctly • Employ better stock control systems to prevent stock losses • Draw up a monthly budget and stick to it • Keep sales records properly • Keep records of all expenses and incomes in the businesses on a monthly basis • Pay business expenses with earnings and determine a fixed amount as own remuneration
HUMAN RESOURCES
<ul style="list-style-type: none"> • Have staff requirements such as honesty, customer care experience when employing staff and technical skills if necessary • Appoint staff for specific job • Train staff for the specific job • Motivate staff through bonuses or allowances and by giving compliments and encouraging a team spirit in the business, as they are your biggest asset
INFORMATION MANAGEMENT
<ul style="list-style-type: none"> • Give advice to customers only when asked or when they appear uncertain • Keep up with business trends by watching TV, reading newspapers or magazines or by talking to people • Have future growth plans with a 3 to 5 year time frames • Work towards obtaining your growth plan • Get computer experience and use it to benefit your small business • Get access to Internet to obtain information and to know where to go for assistance, to obtain tenders or to keep in touch with your regular customers
OPERATIONS MANAGEMENT
<ul style="list-style-type: none"> • Employ staff to help you manufacture and to grow your small business • Obtain the necessary machinery to manufacture your products • If possible, save money to upgrade or buy more machines to expand your business, or investigate the possibility of a lease

Table 8.2: Actions needed for executing management functions effectively

8.5 SUPPORT ORGANISATIONS AVAILABLE

Few small business owners had government or other agency support in Xhariep. This is confirmed as they indicated that government does not support SMMEs sufficiently. They also indicated that government should consult SMMEs more. Those that did receive support mostly received financial support from the government. Funding is still the support most frequently required. Those receiving support are all positive about the support received. The database of the support institutions in the Free State should be made accessible to small business owners in Xhariep in a brochure format, placed on SEDA's website and be regularly updated.

8.6 TRAINING REQUIREMENTS

Small business owners in Xhariep should, if possible, get somebody to look after the small business to allow them to attend training workshops to upgrade their skills. Small business owners are most informed about SEDA workshops on offer. SEDA should nevertheless advertise these workshops more extensively on radio and in newspapers. They could also use posters on lamp poles in the townships or alongside main travel routes to make people more aware of the workshops. Topics covered in workshops should cover business management, tourism, hospitality services, business planning, marketing, bookkeeping and financial management. Even if small business owners attend this training only once a year they would be able to improve at least one aspect of their small businesses. The training programme should be industry specific, so as to be related to the type of business, and at a language level that small business owners can relate to. Advice should be practically executable. Workshop prices should be between R100 and R200 per day depending on the level of the workshop. The duration of the workshop should be between three to five days, but preferably not consecutive days as small business owners cannot be that long away from their businesses. Attendees should be required to give feedback on the implementation of the learning outcomes of the workshop after a certain period of time. They should also be supported financially or with other assistance in the execution of the learning outcomes in their small businesses. The number of people in the workshop should be relatively small, preferably 10 people, but not more than 20 people. This will ensure personal attention, better control over the problems experience with the workshop or in executing the learning outcome.

Furthermore, as micro and small business owners have time-, personnel- and financial constraints, the responsible organisation should ensure that trainers get appointed that meet the following training programme requirements:

- Training programmes should be broken up into smaller sessions targeting specific skills.
- The training program should have an outcomes-based orientation; creating a culture of life-long learning.
- Training interventions should be based on ABET principles.
- Training interventions should consider educational level of entrepreneurs, background, levels of working experience and nature of business venture.
- Training programmes should be adapted to especially suit their financial knowledge level and experience.
- Content of entrepreneurial training programmes should focus on the entrepreneur's environment, e.g. the township, without ignoring mental preparation.
- The content of training programmes should be a mixture of knowledge, skill competence and attitude domains of learning.
- There should be a shift from rote, passive learning to active and experiential learning.
- There is a need for a problem-solving, practical orientation, instead of textbook orientation.
- Training programmes that combine multi-functional skills would be preferable.
- Computer training should rather be on a one-to-one basis on site, as participants could then learn by doing.
- Community specific training programmes in small groups, not more than 20 people, sponsored by government, could be more beneficial than traditional teaching programmes.
- The cost of the training programme per day should be between R100 and R200 per day, depending on the number of hours and the nature of the small businesses.
- The training programme must allow sufficient time for self-managed and individual-based learning.
- Avoid stereotype ideas about training – lack of contextualization, cost and time lag before results can contribute to this stereotyping.
- Avoid too much focus on operational issues instead of focusing on the training needs of entrepreneurs.
- Encourage entrepreneurs to solve problems from multi-disciplinary viewpoints and how to build networks.

To ensure quality training greater involvement is needed from business associations and universities. Xhariep Municipality and SEDA can partner with tertiary institutions to improve course content and align with local industry needs. Information about training programmes should be widely published, e.g. in free newspapers and on roadside posters. Mentoring can also play a role, but may be too costly and is a longer process.

8.7 GENERAL PRACTICAL ADVICE TO BUSINESS OWNERS

The following practical advice on how to grow a business could be shared by organising morning coffee workshops (1 – 2 hours) at a small fee for micro and small business entrepreneurs:

- Engage in lifelong learning to upgrade knowledge and education;
- Attend short courses to supplement or update knowledge;
- Read newspapers and magazines to obtain knowledge or consult the Internet;
- Focus on strategic long-term plans which include an environmental-, workplace and market risk analysis and scenario planning and monitor your performance;
- Have stock management and planning systems in place, and good supplier relationships to build credibility;
- Have written action plans with targets and objectives (consider the illiterate);
- Design an organisational chart as the need arises (if they have more than 10 employees);
- Be flexible to the ideas of others and in leadership style, as situations change;
- Fit into the role of a manager and make logical decisions, weighing the pros and cons with a high level of judgement or intuition;
- Work on improving the business by employing the right person for the right job, empowerment of employees, and delegation of some duties to have more time to focus on long-term issues, and
- Have effective financial management control with effective record keeping or employing an accountant to ensure better time management.

8.8 SUMMARY

This chapter has firstly concluded the findings of the study and then outlined the actions Xhariep municipality must engage into to assist micro and small businesses to grow and to get established. The actions vary from a morning coffee workshop to full day workshops to upgrade the skills of the business owners. It further indicates how the training programmes should be designed, and the requirements the trainers must meet. The support these businesses can be given is also outlined.

CHAPTER 9 - ACTION PLANS FOR ENTERPRISE AND SECTOR DEVELOPMENT

This chapter outlines the proposed action plans for enterprise and sector development in the Xhariep District Municipality. It furthermore indicates the specific activities to be executed within these actions plans and the cost attached thereto.

9.1 SECTOR DEVELOPMENT

The organisation that assumes the responsibility for SMME development in Xhariep (whether SEDA, the Xhariep District Municipality or other agency, preferably jointly) must set targets and deadlines for the following goals:

- To grow the numbers of SMMEs and indicate how they can assist in improving their competitiveness and productivity;
- To set out the anticipated growth of SMMEs in each of the tourism, agriculture, retail and manufacturing sectors of the economy;
- To increase the contribution of those sectors that are underutilized and which has experienced growth, such as tourism and agriculture.
- To grow existing SMMEs and indicate how they will be assisted in acquiring growth skills;
- To relieve unemployment through assisting businesses to become self-sustainable and therefore improving the quantity and quality of jobs created by SMMEs;
- To create a one stop business and investor service centre in the area with access to:
 - Non-financial and financial support services;
 - BEE, exports, market and business linkages;
 - A warehouse for business premises where various SMMEs have cheap access to business accommodation, water, electricity and sanitation;
 - The directory of business support organizations;
 - A SMME help-line for distance support;
 - A satellite mobile "office" in rural areas;
 - Membership of sector organisations, such as a Hawkers Association;
 - Workshops to upgrade skills as outlined in report.
- Promote youth entrepreneurship in local schools and communities by offering entrepreneurship courses to scholars.
- Facilitate business development programmes for women;
- Facilitate life-skill (self development) programmes for the unemployed, youth, disabled and women;

- Encourage the participation of the previously disadvantaged communities and individuals in self-employment;
- Provide meaningful support to informal self-employment,
- Improve access to project and business advice, training and information;
- Establish institutional support for sector-specific support initiatives;
- Formulate informal trading and poverty alleviation policies;
- Improve the coordination of government poverty alleviation projects;
- Provide appropriate street-trading and hawkers' facilities;
- Strengthen dialogue between the Municipality and the informal sector;
- Improve communication between the Municipality and the formal business sectors;
- Facilitate the establishment of a representative Xhariep Business Chamber (XBC).

These targets can only be reached if the responsible organisation (and its partners) ensures there are funding and a workforce available to implement this plan. Failure to do so will discourage SMMEs to participate in research projects such as this, or to put it in their words: "They must stop talking and start doing". To further achieve these targets there should be an improvement in the coordination of local, provincial and national government programmes through effective inter-governmental relations.

The suggested agricultural, manufacturing and tourism development frameworks, programmes and projects – particularly those that affect the SMMEs – that are outlined in the IDPs of the District and three Local Municipalities, should be implemented according to the timeframes indicated in these plans. If there are delays in implementation, the reasons for such delays and plans to overcome the problems should be explained to the stakeholders during the IDP review processes. SEDA should ideally participate in the IDP processes as a partner in economic development and bring its expert knowledge about the small business sector to the LED stakeholders.

9.2 SMME IMPLEMENTATION MODEL

Figure 9.1 illustrates a SMME implementation model based on the foregoing discussion about the needs of SMMEs in the

Xhariep area. Computer skills should be last on the list to obtain, as many of the businesses would not be able to afford the cost of purchasing a computer. Those micro or very small businesses that use a computer normally have employed somebody with computer skills and therefore do not need to have the skill themselves.

As it will not be feasible to implement the model in totality within the next year due to financial-, staff- and time constraints, strategic thrusts have been identified linked to different time spans. In the next section the strategic thrust to be implemented within the next year, given the financial, staff and time constraints, are indicated.

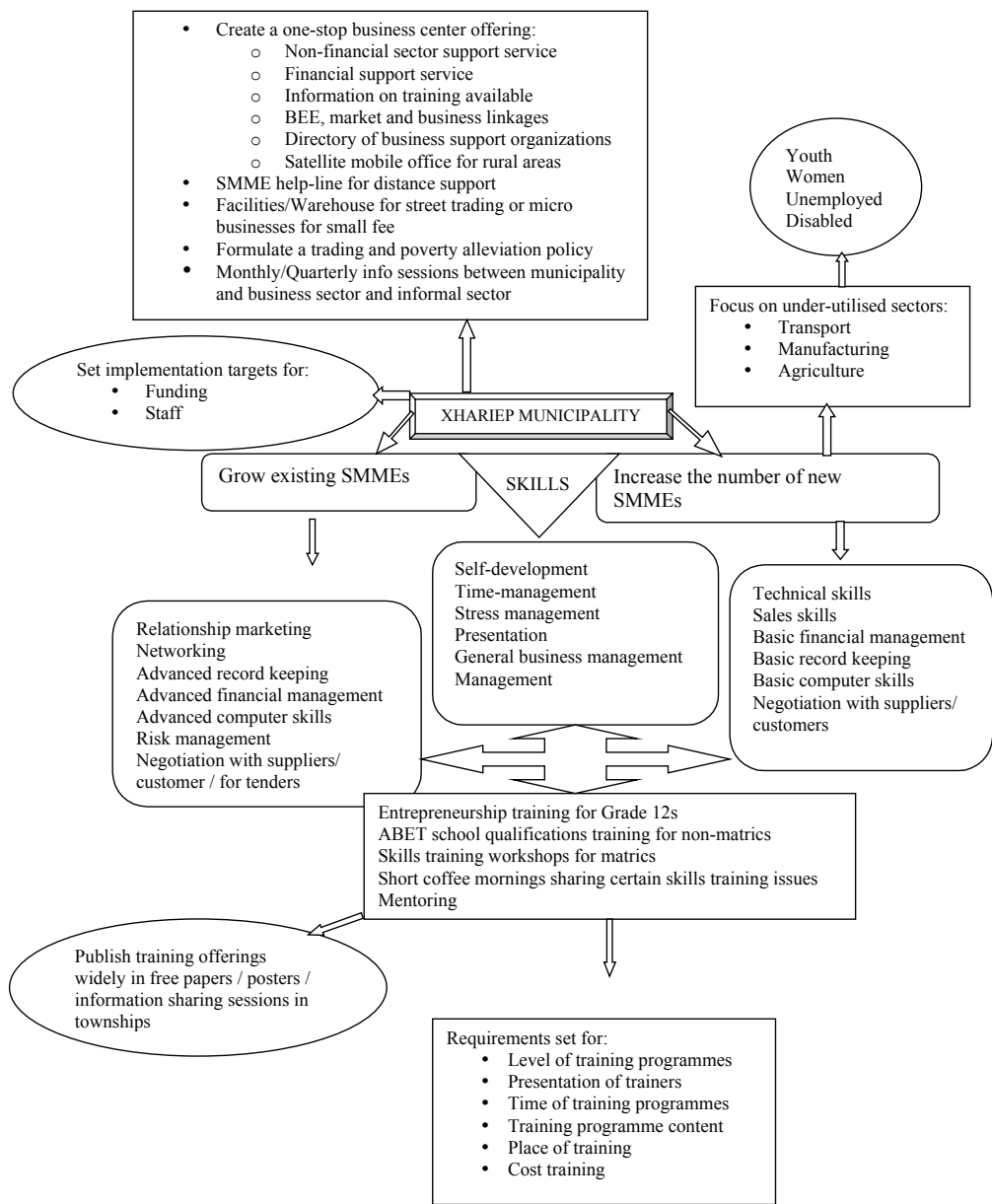


Figure 9.1: SMME implementation model

9.3 ACTIONS PLANS IDENTIFIED FOR 2009-10

In the short term, the Xhariep District Municipality should, in collaboration with the other strategic role players, draft or review its SMME development plan. The information contained in this report should serve as a baseline of information which will form the basis for the setting of objectives, targets, timeframes, budgets and monitoring and evaluation systems.

Three specific areas of intervention are proposed which may form part of the Xhariep SMME Development Plan or be included in the 2009-10 action plans of either the Xhariep District Municipality and/or the other strategic SMME partners. These include non-financial support, financial support and training workshops.

It is important that all the role players should work together to ensure that these are truly collaborative efforts, and so to avoid confusion about roles and areas of responsibilities and duplication of efforts.

9.3.1 Non-financial support

The implementing agency (e.g. the Xhariep District Municipality) should create a strategic alliance with SEDA and others to provide non-financial sector support service. This will require the implementing agency to identify possible strategic partners in the different areas that could provide non-financial support to the SMMEs. The time needed to obtain the names of the strategic partners should be set at two months.

The intended support can include information of tenders available, how to apply for a tender, how to make presentations for a tender, how to market their SMMEs, BEE, market and business linkages can be created.

Once these strategic partners have been identified, arrangements must be made as to when and where the community could access these services. These strategic partners should be committed to offering these services on a regular basis and be situated close to the SMMEs so that they have easy access, especially the township SMMEs. The fees charged should be as low as possible as most of the micro or small businesses cannot afford high fees. The fees could be structured incrementally: if they win a tender a higher fee is payable. The timeline to engage with the strategic

partners and enter into an agreement about fees charged, finding a suitable place to offer these services and how often it will be made available to the SMMEs, should be within one month.

These services should be advertised extensively through posters at municipal offices and libraries, at clinics and pension pay-out points, on lamp poles in the communities and alongside main roads. Pamphlets could also be hand delivered to the small businesses that are contained in the various databases. The dates agreed on must be advertise quarterly. A budget must be drawn up to accommodate this (R8 000 should cover the cost to advertise for one year, i.e. R2 000 per quarter). The design and printing of the posters and pamphlets can be done within one month.

In conclusion, with the help of one or two dedicated persons, this plan could be executed within three months. The ultimate aim should be to obtain sufficient funding for a mobile office, manned by these strategic partners, which may travel to the different areas in the Xhariep district on pre-determined dates.

9.3.2 Financial support

Financial support service can be arranged via a RFI in the area. If there is no RFI in the area, then the closest RFI should be contacted and arrangement be made to make their services available to the Xhariep SMMEs at the same venue where non-financial services are offered. It should ideally be at the same times and dates. This will ensure a one-stop shop SMME support facility. Alternatively all the banks in the area can be approached and arrangements made that an official is available at the same venue, times and dates as the non-financial support. An open day with information sessions about what funding is available should also be arranged. This could be arranged within two months. A person should be dedicated to organize this action.

9.3.3 Training workshops

Training workshops should be organized. The nature of the training workshops could either be formal (one- or two-day workshop) or short information sessions. The reason why short information sessions are necessary is that some small business owners cannot leave their businesses for more than a few hours at a time, as they do not employ staff or do not trust anyone to look after their businesses. Short information sessions will at

least expose them to some relevant information. These sessions can take the format of a guest speaker on a SMME topic to assist in interaction between the Municipality, business- and small-business sectors. Topics could include time management, stress management and how to network effectively. A small fee can be charged (e.g. R50) and tea/coffee and biscuits may be served. The sessions could be held from 08:30 to 10:00 or at the end of the working day, so as not to disrupt business unduly. At least half an hour should be set aside for networking opportunities. Training/information sessions should be sector specific. This should encourage networking opportunities for possible strategic alliances. These sessions could be advertised by dropping off pamphlets at the small businesses. This will cost the organizers an estimated R250 per session. The total budget available can determine the number of sessions per year. At these sessions feedback can be obtained from the audience on what other topics they would like to be addressed. The venues could change each time so to make it more accessible to all areas in Xhariep. The time needed to implement the first sessions could take three months. During the three months at least three guest speakers should be lined up. A dedicated person should be allocated to this task.

Formal training workshops should also be conducted on the four most important skills identified in this study, namely

- Basic money management
- Budgeting
- Basic record keeping
- Financial management

Basic record keeping was added - even though it did not feature that high as the most important skills - as budgeting and money management would be impossible without effective record keeping skills.

Information on training available can be done on pamphlets or posters that are created by SEDA staff in the Xhariep office, and put in spaza shops or other small businesses in the townships. These training sessions should be held in all areas in Xhariep. First of all suitable training providers should be identified, preferably those that are knowledgeable in the particular sector and familiar with SMMEs. The level of the programme should

match the educational level of the small business owners. The programmes should include as much practical advice and activities as possible, which may immediately be applied in the businesses. The cost of the training should not exceed R250 per day and not be longer than two (2) days. The venues should be easily accessible to the small business owners. The organization of the formal training programmes and identification of training providers would take about 6 months. This allows training providers to develop programmes that are practical and which will allow attendees can develop certain practical skills. A team should be responsible for the implementation of the formal training process.

9.3.4 Summary of the proposed action plans

Table 9.1 summarises the three proposed actions plans.

In conclusion, the success of executing these three plans will depend if on whether there is staff and a budget available to implement these plans. It was assumed that there will be a dedicated staff member or two, so no extra costs was included for

additional staff. The progress of the plans should be monitored on a monthly basis. A champion should be chosen that could monitor the implementation of these plans. At the conclusion of the programme, a system of evaluation should be developed to evaluate the impact of the intervention over a period of time, e.g. after 3, 6, 12 and 24 months.

ACTION PLANS	ACTIVITIES REQUIRED	TIME NEEDED TO IMPLEMENT	BUDGET IMPLICATIONS
Non financial support	<ul style="list-style-type: none"> - Identify community centres in the Xhariep areas - Create a strategic alliance with SEDA, community centres and other partners - Identify type of support functions to be offered - Identify the fees charged for the service - Identify the venues to be used to offer these services - Identify the dates when these services will be available - Enter into agreement with strategic partners - Design and advertising of services offered 	2 months* 2 months* 2 months* 2 months* 2 months* 2 months* 1 months 1 months	Price dependent on venue R2000 quarterly (R8000 p.a)
Financial support	<ul style="list-style-type: none"> - Identify RFIs in area - Identify contact people at the banks for SMME support - Enter into an agreement to have service available; follow the same process as with non financial support 	2 months* 2 months* 1 month	
Traning workshops	<ul style="list-style-type: none"> - Identify the topic to be covered for the informal workshops (coffee mornings) - Identify the guest speakers and approach them for availability for informal workshops - Determine the dates and venues when informal workshops will take place - Advertise the coffee mornings - Recruit and screen training providers for formal training - Determine the content and format of the workshops - Determine dates and venues of training - Determine price of training session - Advertise the training 	3 months* 3 months* 3 months* 3 months* 6 months* 6 months* 6 months* 6 months* 6 months*	Price will vary per quest speaker R250 each for pamphlets per session Training providers fees will differ Venue will determine price R250 each for pamphlets per session

Table 9.1: Action plans

*These imay run concurrently

9.4 RECOMMENDATIONS FOR SHORT-TERM INTERVENTIONS

The following is the suggested plan of action for 2009-10:

a) A directory of business support organizations has been included in this report and can be compiled into a brochure, copied and printed at the Xhariep office at a relative low cost and made available to those seeking information at the Xhariep office. Information should be regularly updated to keep it current.

b) A SMME help-line for distance support can be created in the office by giving information of the times when satellite offices for the community centre and RFI will be in the area. The other enquiries that cannot be handled by the officials can be transferred to SEDA. The help-line could merely be to give information where SMMEs can go to for advice until a dedicated person is employed and there is enough funding to establish a fully-fledged help-line.

c) The availability of one or more computers where SMMEs can access information at a small fee.

9.5 RECOMMENDATIONS FOR MEDIUM-TERM INTERVENTIONS 2011 – 2015

A medium-term strategy for 2011 – 2015 may prioritise the following strategic thrusts:

- a) Create facilities for street trading where traders have shelter and/or a warehouse for micro businesses where space can be rented for a small fee.
- b) Formulate a trading and poverty alleviation policy with a five-year plan.
- c) Mentoring for micro businesses that have received training can be arranged through Khula in Xhariep.
- d) Organise entrepreneurship training for Grade 12s to encourage youth entrepreneurship. Linkage with the Free State College and other tertiary and training institutions could assist in implementing this objective.
- e) Offer skills training workshops for matriculants to encourage youth entrepreneurship. This training could also be offered for the existing micro entrepreneurs that would like to improve their businesses.
- f) Implement skills training as outlined in Figure 8.1.
- g) Collaborate with local stakeholders to create opportunities for the unemployed, youth, women and disabled.

An SMME strategy that addresses both short- and medium-term interventions will identify the responsible role-players, such as the Xhariep District Municipality and/or SEDA, and their specific responsibilities in each of these actions.

9.6 SUMMARY

In this chapter action plans for 2009 and 2010 were proposed. Strategic thrusts for 2011-2015 were identified.

CHAPTER 10 -CONCLUDING COMMENTS

In concluding this report, it is necessary to assess whether it has achieved the objectives that are contained in the original proposal:

“This project aims to assist local government at District Council level, in the first stage, to revise and improve their Integrated Development Plans (IDPs) in relation to the planning and delivery of SMME development programmes. It is envisaged that an improved IDP framework will aid the capacity of local government to undertake small business development programmes by creating an informed planning base from which to develop the required programmes.

It will also aid Provincial and National small business development agents in targeting programme funding and limiting duplication at the local level.

The project aims to

- Improve the quality of Integrated Development Plans (IDP's) at District Council level in relation to SMME development programmes
- Increase the quality and accessibility of information on currently active projects and programmes directed at the support and development of the small, medium and micro enterprise (SMME) sector at local government level
- Foster collaboration and partnerships between SEDA, the District Council and other key stakeholders in providing specific and relevant support towards the development of SMMEs

The report provides a baseline study of SMMEs in the Xhariep district. Although the database does not include each and every SMME in the district, and excludes small-scale farmers, the analysis nevertheless provides a great deal of information on the nature of the businesses and their needs.

This baseline study will serve as both a quantitative and qualitative point of departure for the Xhariep District Municipality to formulate a realistic SMME development plan and address SMME-related issues in its Integrated Development Plan. An SMME Plan is an aspect of a broader Local Economic Development (LED) strategy for the district. LED is one of the cross-cutting issues in the IDP (together with other issues such as HIV/AIDS, poverty and gender equity) and is thus not confined to a single unit or department in the municipality. Thus, other municipal departments, such as Infrastructure or Community Services, should all embrace the basic principles of LED in their own action programmes. The Extended Public Works Programme, for example, should use

local contractors or transport companies. The construction and maintenance of other municipal infrastructure initiatives could likewise contribute to the establishment, development and growth of local SMMEs. Furthermore, both the Municipal Infrastructure Grant (MIG) and the Equitable Fund includes portions that are intended for the development of economic infrastructure and skills acquisition. This report will allow the municipalities not only to identify existing small businesses, but also the skills requirements that will allow these small businesses to be included in the formal economy. The quantitative information allows the District Municipality to set clear targets and to measure the impact of the interventions.

Whilst the proposals for intervention focus in the first instance on existing small enterprises, the report includes information on, or references to, additional information on the regional economy which may serve to identify potential sectors of SMME development.

- The district's economy is dominated by commercial agriculture. Although farming is a risky business, it nevertheless provides potential for small-scale farmers to enter the commercial farming sector.
- The district towns developed from the outset as service centres for the surrounding rural areas. Most of the SMMEs are active in the service sector, but their efficiency should be improved to allow them to function as fully-fledged businesses.
- Changes since 2000 in the way in which government is organised at local level and improvements in the provision of government services, such as schools and clinics, provide opportunities for small businesses to become providers of goods and services to municipalities, schools, hospitals, clinics and other government institutions. The SMMEs in Xhariep need to improve their technical and business skills in order to successfully compete for government tenders, such as in construction, catering, cleaning or maintenance services.

The proposed interventions could serve as a plan of action not only for the municipalities, but also for SMME support organisations, such as SEDA. What is important is that the various strategic partners should agree on a collaborative plan of action to address the needs of the SMME sector in the short and medium-term. Such a coordinated approach should strengthen the small-scale business sector in the Xhariep district, which will go some way to address unemployment and poverty and also to contribute to the growth and diversification of the district's economy.

LIST OF REFERENCES

- African Education Knowledge Warehouse. 2007. Intellectual Property. Available from: <http://www.schoolnetafrica.net/1136.0.html>. Accessed 22 October 2007.
- Aitchison, J.J.W. 1997. A review of adult basic education and training in South Africa. Available from: <http://www.adeanet.org/wgnfe/publications>. Accessed 10 May 2005.
- Armstrong, M. 1999. A handbook of Human Resource Management Practice. 7th edition. London: Kogan Page Limited.
- Aronoff, C.E. & Ward, J.L. 1996. Why so few business owners get and accept good advice. *Journal of the Small Business Forum*, 14(2), 26-37.
- Audretsch, D.B. 2003. SME's in the age of globalisation. 13th edition. Great Britain: Edward Elgar Publishing Limited.
- Barrow, C. 1993. The essence of small business. New York: Prentice Hall Inc.
- Bartle, P. 2003. Micro enterprise training. Available from: <http://www.scn.org/ip/cds/cmp/modules>. Accessed 29 January 2004.
- Blumendal, I., 2007. The national skills authority has sidelined SMME's. *Succeed Magazine*, September, pp. 49-51.
- Bolerjack, S. 2008. Public relations tips for your small business. Available from: <http://www.fiveo'clock.club/cm/articles/1997/10-97-bolerjackPR.html>. Accessed 29 May 2008.
- Bolton, B. & Thompson, J. 2001. *Entrepreneurs: Talent, temperament, technique*. Oxford: Butterworth & Heinemann.
- Bosch, J.K., Tait, M. & Venter, E. 2006. *Business Management: An entrepreneurial perspective*. Port Elizabeth: LECTERN.
- Chandra, V., Moorty, L., Nganou, J.P., Rajaratnam, B. & Schaefer, K., 2001. Constraints to growth and employment in South Africa: Evidence from the small, medium and micro enterprise firm survey. *The Journal of Small Business Management*, 2 (15), 12-15.
- Chapman, P., Moore, M.J., Szczygiel, M. & Thompson, D., 2000. Building internet capabilities. *Journal of Logistics Information Management*, 13(6), 353-360. Available from: Emerald database. Accessed 3 September 2007.
- Christianson, D. 2005. Small business in South Africa. *Enterprise magazine*, September, pp. 12-15.
- Chuene, D. 2005. Employment and small business. *Enterprise Magazine*, 6: 13-18.
- Clark, Y. & Toto, R. 2006. Mentoring students online. Available from: www.tlt.psu.edu/suggestions/mentor. Accessed 22 February 2006.
- Cronje, G.J. De J., Du Toit, G.S., Marais, A. De K. & Motlatla, M.D.C. 2004. *Introduction to Business management*. 6th ed. Cape Town: Oxford University Press.
- Curran, J. & Stanworth, J. 1989. Education and training for enterprise: Some problems of classification, evaluation, policy and research. *International Small Business Journal*, 7 (2).
- De Cenzo, D.A. & Robbins, S.P. 1996. *Human resource management*. New York: John Wiley and Sons, Inc.
- Department of Labour. 2001. Annual report. Pretoria: Department of Labour.
- Department of Trade and Industry. 2003. Annual report. Pretoria: DTI.
- Department of Trade and Industry, 2007. *Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises*, Pretoria, DTI.
- Dobbs, M. & Hamilton, R.T. 2007. Small business growth: recent evidence and new directions. *International journal of entrepreneurial behaviour and research*, 13(5), 296-322. Available from: Emerald Database. Accessed 25 August 2007.

Doing Business in South Africa. 2007.

Available from: http://www.gcus.gov.za/docs/publications/pocketguide/010_business.pdf. Accessed 27 August 2007.

Driver, A., Wood, E., Segal, N. & Herrington, M. 2001. Global Entrepreneurship Monitor: 2001 South African Executive Report. Graduate School of Business, Cape Town.

DTI. 2008. Available from: www.dti.org.za. Accessed 19 August 2008.

Entrepreneur Nous. 2006. Welcome to Entre Nous. Available from: www.mentoringyoungentrepreneurs.com. Accessed 22 February 2006.

Epstein, R. & Rogers, J. 2002. Get psyched. Fairlady Health, 775, 181.

Erasmus, B.J. & Van Dyk, P.S. 2003. Training management in South Africa. Cape Town: Oxford University Press.

Evenden, R. & Anderson, G. 1992. Management skills: Making the most of people. Cambridge: Addison-Wesley.

Free State Province 2007. SMME Baseline Study: Summary Report and Operational Guidelines, Bloemfontein: Department of the Premier.

Garavan, T.N. & O'Cinneide, B. 1995. Entrepreneurship education and training programmes: A review and evaluation. Available from: <http://www.entrepreneur.dk/entprnship.htm>. Accessed 29 January 2004.

Gorman, C.O. 2001. The sustainability of growth in small and medium size enterprises. International Journal of Entrepreneurial Behaviour and Research, 7(2), 60-75. Available from: Emerald database. Accessed 25 August 2007.

Hatten, T.S. (1997) Small business: Entrepreneurship and beyond. New Jersey: Prentice Hall.

Heizer, J. & Render, B. 1999. Principles of Operations Management. 3rd Edition. New Jersey: Prentice Hall.

Hellriegel, D., Jackson, S.E., Slocum, J., Staude, G., Klopper, H.B., Louw, L. & Oosthuizen, T. 2001. Management: South African edition. Cape Town: Oxford University Press.

Hellriegel, D., Jackson, S.E., Slocum, J., Staude, G., Amos, T., Klopper, H.B., Louw, L. & Oosthuizen, T. 2005. Management. 2nd ed. Cape Town: Oxford University Press.

Henry, C. 2003. Developing a coherent enterprise support policy: A new challenge for governments. Available from: <http://www.envplan.com/epc/abstracts>. Accessed 3 February 2004.

Hill, J., Nancarrow, C. & Wright, L.T. 2002. Lifecycles and crisis points in SME's: A case approach. Journal of Marketing Intelligence and Planning, 6(20), 361-367. Available from: Emerald Database. Accessed 13 August 2007.

Hirst, S. 2008. Business systems: How they save your sanity! Available from: http://www.flyingsolo.com.au/p_How-to-organise-your-paperwork.html. Accessed 3 June 2008.

Hodgetts, K.M. & Kuratko, D.F. 2001. Effective Small Business Management. Florida: Harcourt College Publishers.

Holmund, M. & Kock, S. 1998. Relationships and the internationalization of small and medium sized companies. International Small Business Journal, 16(64), 46-63. Available from: Emerald Database. Accessed 13 August 2007.

Khula. 2008. Available from www.khula.org.za. Accessed 20 August 2008.

King, T. 2004. An investigation into the managerial competencies required for small business success. Unpublished thesis submitted in partial fulfillment of BCom Hons Degree. University of Port Elizabeth, Port Elizabeth.

Knight, W. 2002. Use Your Database to Listen to Your Customers - and Do More Business. Available from <http://Wysiwyg://9http://www.bizland.co.za/articles/cr/listen.html>. Accessed 7 May 2002.

- Krajewski, L.J. & Ritzman, L.P. 1999. *Operations Management: Strategy and Analysis*. 5th edition. Massachusetts: Addison Wesley Publishing Company, Inc.
- Le Roux, E. 2007. SEDA debacle a body blow for small business. *Sunday Times*, 26 August, pp. 15.
- Ligthelm, A. 2002. Characteristics of spaza retailers: Evidence from a national survey. Available from: Emerald Database. Accessed 29 May 2008.
- Ligthelm, A. 2004. Size, structure and profile of the informal retail sector in South Africa. Available from: Emerald Database. Accessed 29 May 2008.
- Lipkin, M. & Parker, E. 1999. *You're The Boss!! How to Grow Rich by Working for Yourself*. Johannesburg: Touch The Sky Publishers.
- Longenecker, J.G., Moore, C.W. & Petty, J.W. 2000. *Small business management: An entrepreneurial emphasis*. 11th ed. Cincinnati: South Western College Publishing.
- MaCleod, G. & Terblanche, B. 2004. *Starting your own business in South Africa*. Pretoria: Pearson Education Publishers.
- Mallane, L. 2004. Are the state small business support institutions functioning? *Enterprise Magazine*, November, pp. 16-19.
- Manning, T. 1996. Managing minds - Something different. *Productivity South Africa*, 22 (4), 7-10.
- Maundu, J.N. 1997. Towards meeting local training requirements of Jua Kali artisans in Kenya: Some lessons of experience. Paper presented at FSU/ADEA Conference, 12-15 August 1997, Zimbabwe.
- Mcgregor, A. 2002. Why is Profit Irrelevant: Why You Need to Focus on Your Cash Flow, not Profits, Market Share or Other Distractions. Available from: <http://Wysiwyg://6http://www.bizland.co.za/articles/budget/profitrelevant.html> Accessed 7 May 2002.
- Mercedes Benz South Africa. 2008. Launch of Youth Entrepreneurship Programme. Available from: www.daimlerchrysler.co.za/Mercedes-BenzSA/portal/portalsintegra/Modules. Accessed 19 August 2008.
- Meyer, M. 2000. Outcomes-based education: Back to the basics or a new paradigm for training staff. Available from: <http://www.astd.co.za>. Accessed 17 May 2005.
- Municipal Demarcation Board <http://www.demarcation.org.za>
- Naidoo, S. 2007. Why small is big in the new economy. *Sunday Times*, 26 August.
- Nel, P.S., Van Dyk, P.S., Haasbroek, G.D., Schultz, H.B., Sono, T. & Werner, A. 2004. *Human resources management*. Cape Town: Oxford University Press.
- Nieman, G. & Pretorius, M. 2004. *Managing growth: A guide for entrepreneurs*. Cape Town: Juta and Co. Ltd.
- Nieman, G., Hough, J. & Nieuwenhuysen, C. 2003. *Entrepreneurship: A South African Perspective*. Pretoria: Van Schaik.
- Ntsika Enterprise Promotion Agency. 2000. *State of small business in South Africa*. Pretoria: Ntsika Enterprise Promotion Agency.
- Ntsika. 2002. *State of small business in South Africa*. Pretoria: Ntsika Enterprise Promotion Agency.
- Oliver, L. 2005. How to organise your paperwork. Available from: http://www.flyingsolo.com.au/p251914855_How-to-organise-your-paperwork.html. Accessed 3 June 2008.
- Orford, J., Wood, E., Fischer, C., Herrington, M. & Segal, N. 2003. *Global entrepreneurship monitor: South African executive report*. University of Cape Town: The Graduate School of Business.
- Perks, S. 2002. Skills necessary to grow micro enterprises into small business enterprises. Unpublished thesis submitted in partial fulfillment of PhD degree. Vista University, Port Elizabeth.

- Perks, S. 2005. Skills necessary to grow micro enterprises into small business enterprises. *South Africa Journal of Management Sciences*, 8(2), 171.
- Public-sector incentives to support SME. 2001.
Available from: http://www.treasury.gov.za/documents/sme/p171_205.pdf. Accessed 27 August 2007.
- Reid, M.A. & Barrington, H. 1997. Training management in South Africa. Training interventions: Managing employee development. London: IPD.
- Reserve Bank of South Africa. 2007. SA unemployment rate declines. Available from: <http://www.busrep.co.za/index.php?fArticleId=3454802>. Accessed 25 August 2007.
- Robertson, P.L. 2003. The role of training and skilled labour in the success of SME's in developing economies. *Journal of Education and Training*, 45(8/9), 461-473. Available from: Emerald Database. Accessed 13 August 2007.
- Robbins, S.P. & De Cenzo, D.A. 1998. Fundamentals of management: Essential concepts and applications. 2nd ed. New Jersey: Prentice Hall.
- Rodrigues, M. 2006. Haemorrhaging on a skills deficit. *Business in Africa*, February 2006, pp. 60-62.
- SA Chamber of Business. 1999. Developing the small business sector in South Africa. Johannesburg: South African Chamber of Business. Unpublished document.
- SA Government Information. 2008.
Available from: www.xhariep.co.za/publications/other/idf.pdf. Accessed 4 October 2008.
- Score Association. 2008. Public relations for your small business. Available from: http://www.score.org/in_pr_4.html. Accessed 29 May 2008.
- SEDA. 2008. Available from: www.seda.org.za. Accessed 18 August 2008.
- Slack, N. Chambers, S. & Johnston, R. 2001. Operations Management. 3rd Edition. London: Financial Times Prentice Hall.
- Small Business Amendment Act. 2003. Small Business Act no. 26. Available from: <http://www.info.gov.za/gazette/acts/2003/aza-04pdf>. Accessed 31 January 2007.
- Smart force: The E-learning company. 2002. Business Skills. Available from: <http://cbit.rec.on.ca/cbitlib/htmlplan/cbitweb/curricula/knowl.htm>. Accessed 24 June 2002.
- Smit, P.J. & Cronjé, G.J. De J. 1997. Management principles. 2nd ed. Kenwyn: Juta.
- SMEs and Corporate Social Responsibility. 2005. Available from: <http://www.iiied.org/SM/Cr/documents/CSRandSMEs.pdf>. Accessed 25 August 2007.
- Soontiens, W. 2002. Managing International Trade: An analysis of South African SME's and regional exports. *The Journal of Management Decision*, 40(7), 710-719. Available from: Emerald Database. Accessed 13 August 2007.
- South Africa, 2004. Growth for all.
Available from: <http://www.gpg.gov.za/docs/reports/2004/chap5.html>. Accessed 25 August 2007.
- South African Companies in the 21st Century. 2006. Available from: <http://www.wwf.org.za/Tempfolder/TIPRRReport2006.pdf>. Accessed 13 August 2007.
- South Africa Business Guidebook. 2002/2003. Pretoria: Department of Trade and Industry.
- Spaza News. 2003. Available from: <http://www.spazanews.co.za>. Accessed 29 May 2008.
- Teke, M. 1997. Empowering the South African worker. *People Dynamics*, 15 (10), 23-31.

- The Foundation of Economic and Business Development. 2006. Available from: <http://www.iconnect-online.org>. Accessed 21 February 2006.
- The Peterman Circle. 2000. Training of young entrepreneurs - The role of schools. Available: <http://www.peterman.co.za>. Accessed 3 February 2004.
- Urban Econ. 2008. Xhariep District Municipality report.
- Van Aardt, I. & Van Aardt, C. 1997. Entrepreneurship and new venture management. Cape Town: Oxford University Press.
- Van Aardt, I., Van Aardt, C. & Bezuidenhout, S. 2000. Entrepreneurship and new venture management. 2nd Ed. Cape Town: Oxford University Press
- Van Eeden, S.M., Venter, D. & Viviers, S. 2003. A comparative study of selected problems encountered by small businesses in NMM, Cape Town and Egoli Metropole. *Business Dynamics*, 12(3), 2-8.
- Van Eeden, S.M., Venter, D. & Venter, E. 2003. The use of selected sources of non-financial assistance by small businesses: A South African perspective. *The Journal of Small Business Management*, 4(1), 3-6.
- Van Der Wal, R. 2001. Critical management skills for new South African managers. *Management Today*, 17 (9), 37.
- Van Dyk, P.S., Nel, P.S., Loedolff, P. Van Z. & Haasbroek, G.D. 2001. Training management: A multidisciplinary approach to human resources development in Southern Africa. Cape Town: Oxford University Press.
- Van Tonder, J. 2004. Entrepreneurs kan baie werk skep. *Rapport Sake*, p.7. (29 February).
- Von Broembsen, M. 2005. Spaza owners seek business status. Available from: www.realbusiness.co.za/Article.aspx?articleID.... Accessed 29 October 2009.
- Vosloo, W.B. 1994. Entrepreneurship and economic growth. Pretoria: Human Science Research Council.
- Whetten, D.A. & Cameron, K.S. 1991, Developing management skills. New York: HarperCollins.
- White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa (1995), Government Gazette. Cape Town: Government Printers.
- Wickham, P.A. 1998, Strategic entrepreneurship: A decision-making approach to new venture creation and management. London: Pitman.
- Wright, C. 1995. Successful Small Business Management in South Africa: Choosing a Small Business, Starting a Business, Raising Capital, Avoiding Pitfalls, Running your Business. Wynberg: Struik.
- Xhariep District Municipality <http://www.xhariep.co.za>
- Youth Entrepreneurship Campaign 2010. 2008. Available from: www.youthentrepreneurshipcampaign2010.org.za. Accessed 20 August 2008.

ANNEXURE A - DATABASE OF XHARIEP SMALL BUSINESSES

A database of the micro and small businesses in the Xhariep municipality district that participated in this study is given below. It contains details regarding the business name, personal details and addresses. As not all small enterprises in the district were interviewed and some business owners did not want to divulge certain details, this cannot be regarded as a complete database. It may, however, serve to supplement the current SEDA database of SMMEs in the Xhariep district.

A.1 DATABASE FOR FAURESMTIH

Table 10.1 shows the contact information of the businesses interviewed in Fauresmith.

BUSINESS NAME	OWNER'S NAME	ADDRESS
FOOD AND BEVERAGE		
Peperiter Coffee Shop*	Uransala	66 Vortreck road
OTHER		
Louis Dichaba Securities CC	Likhakba Dichaba	52 Ipopeng location
CONSTRUCTION		
Zuma's Construction	Kotie Zuma	1343 Ipopeng

Table A1: Database for Fauresmith

A.2 DATABASE FOR SPRINGFONTEIN

Table 10.2 shows the contact information of the businesses interviewed in Springfontein.

BUSINESS NAME	OWNER'S NAME	ADDRESS
RETAIL		
Mamothi Salon	Mamaothi Matata	Zwelitsha
FOOD AND BEVERAGE		
Max Tavern	April Sonti	98 Relebohile, Lukhoff

Table A2: Database for Springfontein

A.3 DATABASE FOR KOFFIEFONTEIN

Table 10.3 shows the contact information of the businesses interviewed in Koffiefontein.

BUSINESS NAME	OWNER'S NAME	ADDRESS
CONSTRUCTION		
Phatsimang Construction	M Kolobe	8 1st Avenue, Diamanthoogte
Khanyisa Construction	M Mdlawana	1310 Chris Hani Park, Dithlake
Silvester's Construction	Silvester D Mokhoso	311 Mango street, Dithlake
More Construction	D Moses	1444 Mandela Square, Dithlake
Botomeng Thatchers	Moseki F Leshope	102 Mtsane, Dithlake
Inyameko Tradings	W Rens	640 Lefafa Street, Dithlake
RETAIL		
Tiny's Hair Salon	TJ Mohapi	24 3rd Avenue, Diamanthoogte
Mami Hair Salon	Lebogang Chwaedi	308 Mango Street, Dithlake

FOOD AND BEVERAGE		
Endonele's Catering	Kmanda Goba	814 Saba Street, Old Location
Feeling Good	Thabo Mosinki	Mvulane street, Dithlake
Le Kgutle Trading	Johannes Segumba	812 Ligaga Street, Dithlake
TRANSPORT		
Home Sweet Home	Martha Mokhosoa	311 Mango street, Dithlake
OTHER		
Deon Car Wash	Deon Ngoza	336 Matikela Street
Moghobai Driving School	LJ Moghobai	219 Lucas Street, Dithlake
Mokhosoa Clearing & Maintenance	Silvester D Mokhosoa	311 Mango street, Dithlake
Tswelopele Funeral Services	Potric Mqthobie	N1-2 Edward Road
Freddies Car Wash	Freddie Lekutle	111 Msane Street
MANUFACTURING		
Kgohodi's Bead works	E Toloane	5 2nd Avenue, Diamanthoogte
Sekungalo Woodcrafts	Bongani Nqona	149 Tshwaranang, Dithlake
Phela Ophedise	Elizabeth Molakeng	88 Ipeleng Street

Table A3: Database for Koffiefontein

A.4 DATABASE FOR EDENBURG

Table 10.4 shows the contact information of the businesses interviewed in Edenburg.

BUSINESS NAME	OWNER'S NAME	ADDRESS
MANUFACTURING		
Ntsokolo Carpentry and Welding	Joseph Ntsokolo Silo	1440 Mantse Street
Myakallo	Myakallo Mosumkutu	280 Medupe Street
FOOD AND BEVERAGE		
Sacrament General Dealer	Daniel Rasmeni	1190 A Pehlu Street, Harasebei
Stombo's Tuck Shop	Tshsetso Temeki	2023 Gost Park
COMMUNICATION		
Mutloanyane Trading Enterprise	Pulane Joyce Mutloanyana	1642 Myhothen Street
RETAIL		
Optimani Salon	Mis Monyane	1469 Veleko Street
Rasmani Phone Shop	Daniel Rasmeni	1190 A Pehlu Street, Harasebei
Tomi's Boutique	PG Kheihone	Corner Gilesep Street
Mighty Inn Hair Salon	Bonong Mqluma	1666 G Khoqdi Street, Horosobi
OTHER		
Security co	Lebakho Mohai	23 Smith Road

Table A4: Database for Edenburg

A.5 DATABASE FOR GARIEP DAM

Table 10.5 shows the contact information of the businesses interviewed in Gariep Dam.

BUSINESS NAME	OWNER'S NAME	ADDRESS
TOURISM AND LEISURE		
Delonga	HA Delonga	22 Arend Street, Floara park
FOOD AND BEVERAGES		
JJ's Tuck Shop	Winston Matee	5F Hydro Park
Karona Trading 6/6	Julius Plaatjies	588 Nozizwe Park
OTHER		
Lake Gariep Craft and Tourism Centre	Sharon Louw	19 Jan Groentjie Street

Table A5: Database for Gariep Dam

A.6 DATABASE FOR JAGERSFONTEIN

Table 10.6 shows the contact information of the businesses interviewed in Jagersfontein

BUSINESS NAME	OWNER'S NAME	ADDRESS
TOURISM AND LEISURE		
KwaMzinzo B&B	KwoNzimo Goba	21 Keyter Street
CONSTRUCTION		
Nomano Trading	Zithembile J Nomame	1092 Itummeleng
Mapasika Enterprises	Abram Goba	1481 Thambo Street,
FOOD AND BEVERAGE		
Rainbow	A Nwer	21 Mithier Street
MANUFACTURING		
Pamole Furniture Manufacturers	Patric Legetla	38 Control Street
No Name	Notalia Mokokolo	24 Childville, 2nd Avenue, Itumeleng
RETAIL		
Mathews Shoe Repair	Mathews Tola	604 Itumeleng
Forward Clothing	Ntsotuseng Lekone	28 Kolinoor Street

Table A6: Database for Jagersfontein

A.7 DATABASE FOR REDDERSBURG

Table 10.7 shows the contact information of the businesses interviewed in Reddersburg

BUSINESS NAME	OWNER'S NAME	ADDRESS
TRANSPORT		
M&V Zuk Contract	Dayisile Peter Nopoli	233 Xolo Street
OTHER		
Lindas Video	PJ Kotse	18 Bosofrog Street
RETAIL		
Bontle Hair Salon	Thakanyane Mohlomi	1180 Letshege Street
MANUFACTURING		
Bakwena Workshop	Matthews Khunong	831 Bontle Street
No Name	Rebecca Seheri	395 Tepupeng Street, Thulomtwona
FOOD AND BEVERAGE		
Kgotholong	Lizo Sokowula	482 Thuso Street, Motoporong
Bokubung	Lejoka Tlhaole	566 Mbeko Street, Matoporong

Table A7: Database for Reddersburg

A.8 DATABASE FOR TROMPSBURG

Table 10.8 shows the contact information of the businesses interviewed in Trompsburg

BUSINESS NAME	OWNER'S NAME	ADDRESS
FOOD AND BEVERAGE		
Hayley's Bottle Store	Hayley Hanse	86 Voortrekker Road
Mama Daisy	Palesa Kutoane	399 Booyesen Street
OTHER		
No Name	Caseell Mothibeli	919/20 Mandela Square Section
TOURISM AND LEISURE		
Phumelela Guest House	Fikile N Stuurman	23 Voortrekker Road
Slapamper	F van der Berg	28 David Street
Heavenly Guesthouse & Restaurant	HC Hattingh	8 Vos Street
Uhlosi Guesthouse	Thabo Pantana	43 Voortrekker Road
Midway Hotel	AH Geldenhuis	25 Jan Street

Table A8: Database for Trompsburg

A.9 DATABASE FOR BETHULIE

Table 10.9 shows the contact information of the businesses interviewed in Bethulie

BUSINESS NAME	OWNER'S NAME	ADDRESS
TOURISM AND LEISURE		
Iguana Overnight	A Botha	15 Kent Street
T&T Guest House	Shannon	22 Roux Street
FOOD AND BEVERAGE		
Dawilda's Pub and Grill	T Clark	3 Roux Street
RETAIL		
Bethulie Stationery and Art	L Jennings	20 Joubert Street

Table A9: Database for Bethulie

A.10 DATABASE FOR PHILIPPOLIS

Table 10.10 shows the contact information of the businesses interviewed in Philippolis

BUSINESS NAME	OWNER'S NAME	ADDRESS
TOURISM AND LEISURE		
Groenhuis Gastehuis	N Friis	Rowelsfontein
Philippolis Lodge	J Kritzinger	82 Voortrekker Street
FOOD AND BEVERAGE		
Dew Drop Liquors Store	IE Ferrao	41 Voortrekker Street
Philippolis Foodzone	S Mogapi	54 Voortrekker Street

Table A10: Database for Philippolis

A.11 DATABASE FOR ZASTRON

Table 10.11 shows the contact information of the businesses interviewed in Zastron

BUSINESS NAME	OWNER'S NAME	ADDRESS
FOOD AND BEVERAGE		
Motsolo spaza	A Matsolo	1833 Etumeleng
OTHER		
Metal Engineer	LA Petzer	20 Zastron

Table A11: Database for Zastron

A.12 DATABASE FOR SMITHFIELD

Table 10.12 shows the contact information of the businesses interviewed in Smithfield

BUSINESS NAME	OWNER'S NAME	ADDRESS
RETAIL		
Cellar Brations	M Modiegi	Cuztonus Street
Hlodi & Thoko Beauty Salon	M Tsoqmotse	Cnr Pres Hoffman and Brand Streets
TOURISM AND LEISURE		
Pula Victorian guest house	F Rebouillat	5 Douglas Street
FOOD AND BEVERAGE		
Welger's Café	JC Malherbe	41 Juana Plein
Smithfield Bottle Store	M Du Preez	Cnr Pres Hoffman and Brand Streets
Tswellang Women's Project	MR Gakuzu	861 Tlodi Village
MANUFACTURING		
Tsipo Kemolla Kgotelopele Pottol	V Mpondo	38 Zuono Square

Table A12: Database for Smithfield

A.13 DATABASE FOR ROUXVILLE

Table 10.13 shows the contact information of the businesses interviewed in Rouxville

BUSINESS NAME	OWNER'S NAME	ADDRESS
OTHER		
No name	P Malgas	682 Polor Park
RETAIL		
Roberno	Smith	Main Street
MANUFACTURING		
Litlatla	M Asegai	60 Mkwena Street
TOURISM AND LEISURE		
Rouxville Backpackers Lodge	C Milton	9 Louw Street
FOOD AND BEVERAGE		
Bophuting Cash store	SZ Kalaka	16 Leteke Street
Heldony Batho Catering and public phone	N Dube	#49 Hintson Street
Tauthukani	T Paizane	

Table A13: Database for Rouxville

PROVINCE	OFFICE NAME/LOCATION	NAME	ADDRESS	PHONE NUMBER
EASTERN CAPE	Provincial Office Bisho	Mr. Luzuko Dibi (Manager)	No. 25 Global Life Conference Centre Phalo Avenue Bisho, 5605	040 635 0555 (T) 040 635 0565 (F) 0846263699 (C)
	seda Amathole East London	Ms. Mhlali Simukonda (Manager)	No. 25 Saint Georges Street, Southern Wood East London, 5201	(043) 722 1950 (T) (043) 722 7582 (F) 0829282107 (C)
	seda Chris Hani Queenstown	Mr. Mzimkhulu Ndlelo (Manager)	Sasol Complex Cathcart Road Queenstown PO Box 57, Queenstown, 5320	(045) 838 6035 (T) (045) 838 5078 (F) 0845816948 (C)
	seda Nelson Mandela Metro Port Elizabeth	Mr. Wayne Oosthuizen (Manager)	14th Floor Starport Building, 140 Govan Mbeki Avenue Port Elizabeth, 6000	(041) 502 2400 (T) (041) 582 1344 (F) 0836377680 (C)
	seda OR Tambo Mthatha	Mr. Sihlalo Jayiya (Manager)	137 York Rd, MEEG Bank Bld 1st Floor, Mthatha, 5099 Postnet Suite 349, Private bag X5311 Mthatha, 5099	(047) 531 5075(T) (047) 532 3128 (F) 0824562815 (C) 0827378603 (C)
	Seda Uitenhage	Mr. Wayne Oosthuizen (Acting Manager)	2 Newton Street Uitenhage, 6230 PO Box 913, Uitenhage, 6230	041 992 6513 (T) 041 991 1036 (F) 0836377680 (C)
FREE STATE	Provincial Office Bloemfontein	Ms. Jackie Ntshingila (Manager)	Telkom Building Block B 1st Floor, Nelson Mandela Road Bloemfontein, 9300	051 411 3820 (T) 051 444 4267 (T) 051 444 4235 (F) 0828010008 (C)
	seda Lejweleputswa Welkom	Mr. Manyatsa Nkutha (Manager)	203 Corner Jan Hofmeyer 11th Street East Industrial, Machabeng industrial Park, WELKOM, 9460	(057) 396 4777 (T) (057) 396 4777 (T/F) 0832632990 (C)
	seda Mangaung Bloemfontein	Mr. Daniel Moloi (Manager)	Sanlam Plaza Shop 133, Charles Street, CBD Bloemfontein, 9300	(051) 447 3281 (T) (051) 430 3454 (F) 0826783565 (C)
	seda Fezile Dabi Kroonstad	Mr. Manyatsa Nkutha (Acting Manager)	37 Buitekant Street, Kroonstad	(056) 213 1809 (T/F) 0832632990 (C)
	seda Metsimaholo Sasolburg	Thabang Mpalami (Acting Manager)	Eric Louw Street, Boiketlong, Zamdela, Sasolburg, 1949	(016) 974 2460 (T/F) 0824304344
	seda Thabo Mofutsanyane Bethlehem	Mr. July Motsoeneng (Manager)	C/O Reichter & Malan Street 1421 Lomond Road, Bethlehem, 9700 PO. Box 54, Harrismith, 9880	(058) 303 7162 (T) (058) 303 7189 (F) 083 250 2119 (C)
	seda Xhariep Trompsburg	Mr. Themba Kunene (Manager)	Shops 2 & 5, 70 Voortekker Street Trompsburg, 9806	051 713 0376/0363(T/F) 0735235052 (C)
GAUTENG	seda Tshwane Pretoria	Ms. Abby Booth (Manager)	The dti Campus Blg G, 77 Meintjies Str., Sunnyside PO Box 56714, Arcadia, 0007	012 441 1100 (T) 012 441 2212 (F) 0828246129 (C)
KWAZULU NATAL	Provincial Office Durban	Mr. Lindani Dlomo (Manager)	381 Berea Road, Durban, 4001 PO.Box 47364, Greyville Durban 4023	(031) 277 9500 (T) (031) 277 9510 (F) 0824511970 (C)
	seda Amajuba Newcastle	Mr. Themba Simelane	33 Voortrekker Street, New Castle PO Box 1627, New Castle, 2940	(034) 312 9096 (T) (034) 315 2768 (F) 082 2995130 (C)
	seda uGu Port Shepstone	Mr. Sibusiso Manana (Manager)	Reef View House, 1451 Princess Elizabeth Drive, Port Shepstone, 4240 PO.Box 1574, Port Shepstone, 4240	(039) 682 6222 (T) (039) 682 1564 (F) 0828278007 (C)
	seda uMgungundlovu Pietermaritzburg	Mr. Bisson Girran (Manager)	10 Ebenezer Street, Pietermaritzburg, 3201 PO.Box 3492, Pietermaritzburg, 3200	(033) 345 3017 (T) (033) 345 3042 (F) 0832544770 (C)
	seda Sisonke Kokstad	Ms. Nomfundo Dlatu (Manager)	109 Main Street, Kokstad PO.Box 1357, Kokstad, 4700	(039) 727 1428 (T) (039) 727 5049 (F) 0832940780(C)
	seda eThekwini Durban	Mr. Protus Madlala (Manager)	127 Alice Street, Durban, 4000	(031) 309 5432 (T) (031) 309 5437 (F) 082 3216499 (C)
	seda uThukela LadySmith	Mr. Reginald Mpanza (Manager)	33a Dimiara Road, LadySmith PO. Box 2480, LadySmith, 3370	(036) 631 3325 (T) (036) 631 3553 (F) 0832782807 (C)
	seda uThungulu Richards Bay	Mr. Cedric Mnguni (Manager)	ZCDF Community Park Gate5, South Central Arterial Alton, Richards Bay PO.Box 1431, Richards Bay, 3900	(035) 797 3711 (T) (035) 7974346 (F) 0829205154 (C)

LIMPOPO	Provincial Office Polokwane	Mr. Koenie Slabbert (Provincial Manager)	2nd Floor Suite 6, Maneo Building, 73 Biccard Street, Polokwane Postnet Suite 32, Private Bag X9307, Polokwane, 0700	[015] 297 4422 (T) [015] 297 4022 (F) 0833786289 (C)
	seda Capricorn Polokwane	Mr. Andries Molala (Manager)	68 Hans van Rensburg street, 1st Floor - Pharmarama Building, Polokwane, 0699 Postnet Suite 32, Private Bag X9307, Polokwane, 0700	[015] 290-8720 (T) [015] 290-8736 (F) 0845626454 (C)
	seda Modimolle Waterberg	Mr. Reuben Rammbuda (Manager)	98 Nelson Mandela Drive, Desimale Bld, Modimolle	014 717 1568 (T) 014 717 3266 (F) 0835543283
	seda Mopani Tzaneen	Mr. Mandla Sibiya (Manager)	27 Peace Street, 1st Floor Prosperitas Building, Tzaneen, 0850 Postnet Suite 438, Private Bag X 4019, Tzaneen, 0850	[015] 307 1735 (T) [015] 307 2233 (F) 0834550047 (C)
	seda Vhembe Thohoyandou	Mr. Marcus Mukumela (Manager)	Old Mutual Bld, Old Group-scheme Offices, Mphephu Road, Thohoyandou PO Box 7342, Thohoyandou, 7950	[015] 962 1679/4284(T) 0866312234 (F) 0828518617 (C)
MPUMALANGA	Provincial Office Nelspruit	Ms. Ntokozo Majola (Manager)	Suite 102 Bi-water Building 16 Brander Street Nelspruit, 1200	[013] 755 6046/7 (T) [013] 755 6043 (F) 0824488825(C)
	seda Bushbuckridge Bushbuckridge	Mr. Sipho Silinda (Manager)	Stand no A367, Old FNB Bld, Main Road, Bushbuck ridge, 1280 PO Box 1012, Bushbuck ridge, 1280	013 799 1961(T) 013 799 1962 (F) 0829067689 (C)
	seda Ehlanzeni Nelspruit	Mr. Mashiba Kgole (Acting Manager)	Shop 20/21 Nelcity bld, Paul Kruger Street, Nelspruit PO Box 4672, Nelspruit, 1200	013 754 4380 (T) 013 754 4389 (F) 0724453868 (C)
	seda Gert Sibande Secunda	Ms. Lebogang Sikwebu (Manager)	South Wing Govan Mbheki Bld, Lurgi Square, Secunda PO Box 5390, Secunda, 2302	017 634 4339 (T) 017 631 4005 (F) 0823596425 (C)
	seda Nkangala Witbank	Mr. Edgar Mabena (Manager)	23 Botha Avenue, Hi-Tech House Cnr Botha Avenue & Rhodes Str. Witbank,1035 PO Box 1494, Nkang ala, Witbank, 1035	[013] 655 6970 (T) [013] 655 6986 (F) 0785571738 (C)
	seda Nkomazi Malelane	Mr. Mashiba Kgole (Acting Manager)	Lorenco Street, Rotunda Circle, Malelane, 1320 PO Box 203, Malelane, 1320	[013] 790 1183 (T) [013] 790 1798 (F) 0723764527 (C)
NORTHERN CAPE	Provincial Office Kimberley	Ms. Kedisaletse Williams (Manager)	13 Bishops Avenue, Sanlam Building Kimberly, 8301 PO Box 3014, Kimberley, 8300	[053] 839 5700 (T) [053] 839 5711 (F) 0729913631 (C)
	seda Frances Baard Kimberley	Mr. Kagiso Manjija (Manager)	6 Long Street, cnr Kraynauw Scholtz Kimberley, 8301 PO. Box 3014, Kimberley, 8300	053 807 8060 (T) 053 8078069 (F) 0825691494 (C)
	seda Kgalagadi Kuruman	Ms. Boipelo Kibowa (Manager)	68 Main Road, Kuruman PO Box 1635, Kuruman, 8416	053 714 3160 (T) 053 714 3172 (F) 0724187568 (C)
	seda Namakwa Springbok	Ms. Beverley Vries (Acting Manager)	Andia Building, 18 Voortrekker Road, Springbok PO Box 831, Springbok, 8240	[027] 718 1850 (T) [027] 718 2467 (F) 0782723726 (C)
	seda Pixley ka Seme De Aar	Mr. Xolile Jack (Manager)	Cnr. Main & Station Street, De Aar 7000 PO Box 74, De Aar, 7000	053 632 7590/60(T) 0536327562 (F) 0726990515 (C)
	seda Siyanda Upington	Mr. Chris Fortuin (Manager)	Cnr Scott & Hill Str., Old Sanlam Bld, 3rd Floor, River City Properties, Upington, 8800 PO Box 3256, Upington, 8801	[054] 332 2822 (T) [054] 332 2835 (F) 0829018539(C)
NORTHWEST	Provincial Office Mafikeng	Mr. Neville Maimane (Manager)	Suite 201 ABSA House, University Drive, Mmabatho, 2735 PO Box 2213, Mafikeng, 2745	[018] 384 0393/4/5(T) [018] 384 0397 (F) 0825009752 (C)
	seda Bojanala West Rustenburg	Ms. Mmone More (Manager)	25 Heystek Street, Rustenburg, 0300 PO Box 5890, Rustenburg, 0300	[014] 592 3696 (T) [014] 592 3421 (F) 0828849970 (C)
	seda Bophirima Vryburg	Mr. Paul Manoto (Manager)	83 Vry Street, Vryburg, 8600 PO Box 892, Vryburg, 8600	[053] 927-0591/2 (T) [053] 927-0591/2 (F) 0833625458 (C)
	seda Dr Modiri Molema Mafikeng	Ms. Morongwa Moseki (Manager)	Suite 018, Commissioner Place, Cnr Carrington & Victoria St Mafikeng, 2745 PO Box 2213, Mafikeng, 2745	[018] 381 3915/6/7(T) [018] 381 3914 (F) 0833917581 (C)
	seda Bojanala East Brits	Mr. Mike Nyenes (Manager)	No 1 Kerk Street, Brits, 0250 PO Box 911388, Rosslyn, 0200	[012] 252 0580/1 (T) [012] 252 0579 (F) 0829460424 (C)
	seda Southern District Klerksdorp	Mr. Jerry Mpepeka (Manager)	51 Leask Street, West End 2nd Floor, Klerksdorp, 2570 PO Box 110, Klerksdorp, 2570	[018] 462 1376 (T) [018] 462 0704 (T) [018] 462 1385 (F) 0824693317 (C)

WESTERN CAPE	Provincial Office Cape Town	Mr. John Peters (Provincial Manager)	1st Floor Akker Park Building, Neels Bothma Street, N1 City, Goodwood, 7460 PO Box 12784, N1 City Mall, Goodwood 7463	(021) 596 1300 (T) (021) 595 1253 (F) 0762202626 (C)
	seda Cape Town Bellville	Mr. Mel Butterworth (Manager)	Louwville Place, Vrede Street, 2nd Floor, Bellville 7350 PO Box 12784, N1 City Mall, Goodwood, 7463	(021) 949 2227 (T) (021) 949 2237 (F) 0834535982 (C)
	seda Eden George	Mr. Ryno Kleynhans (Manager)	Entrance A 1st Floor, Beacon Place, 124 Meade Street, George PO Box 967, George, 6530	(044) 874 4770 (T) (044) 874 4870 (F) 0827866532 (C)
	seda Cape Winelands	Ms. Heidi La Grange (Manager)	1st Floor, Eikestad Mall, Bird Street, Stellenbosch, 7600 PO Box 1268, Stellenbosch, 7599	(021) 883 9270 (T) 0834634576 (C)

