

ENTREPRENEURIAL SUPPORT FOR RURAL SMALL, MEDIUM AND MICRO
ENTERPRISES (SMMES) IN SOUTH AFRICA

Authors:

Ladzani, M. Watson

University of South Africa, Florida Campus

Private Bag X6, Florida, 1710, Republic of South Africa

Tel: +27 11 471 3438; Fax: +27 11 471 3960;

Email: wladzani@tsa.ac.za

Website: www.unisa.ac.za

Netswera, F. Godfrey

Council for Scientific and Industrial Research (CSIR)

ABSTRACT

A research project on small, medium and micro enterprises (SMMEs) support was initiated that recognised the alarming failure rate among SMMEs, especially in the rural areas. The aim of this project was to raise awareness of support for activities by rural SMMEs. Cognisance was given to the fact that some SMMEs had succeeded under the prevailing conditions. The first phase of this project sought to solicit the stories and experiences behind such successful entrepreneurs in the rural areas. The second phase, presented by this article, embraced a survey of 600 SMMEs from all six Limpopo provincial municipal districts. The purpose of the survey was, amongst others, to determine the profile of rural small businesses, assess required and availed support systems, and make recommendations for SMMEs stakeholder support. A response rate of 89% was attained. The findings revealed the following major trends: the general profile reflects 84% of sampled SMMEs to be owner-managed; 70% have 1 to 3 staff members and the majority of the businesses (71%) have been in existence for at least six years. The support available to the SMMEs sector is perceived to be generally weak with the exception of staff development training seen to be accessible by nearly 60% of the respondents. Nearly 80% of the respondents perceive finance to be inaccessible. The study recommended, inter alia, the strengthening of business chambers among rural businesses and the targeting of support systems mainly to the micro and very small businesses, which are in the majority in rural communities.

INTRODUCTION

Levitsky (1996:1) indicated that virtually all countries, at whatever stage of economic development, recognise the importance of small, medium and micro enterprises (SMMEs) and the need to support their development. SMMEs contribute more than 90% of employment opportunities in many countries, are responsible for revenue creation and poverty alleviation, and are a source for creativity and innovation (UNCTAD, 2003:3). The SMMEs sector, when adequately supported, could see many developing countries realise their dreams of improving their economies.

The main challenges facing many developing economies are unemployment and poverty. A Norwegian survey in March 2002 reported South Africa's unemployment rate to have risen from 6,7% in 1960 to 10,6% in 1983, to 33,7% in 1995, and to 45% in 2001 (Mahadea, 2003:3). Although SMMEs in South Africa account for 97% of all businesses, they contribute 25% of the gross domestic product (GDP), absorb 38% of the labour force and are responsible for 75% of new jobs (Netswera, 2001:32). Our country is characterised by high rural-urban influxes by young people and professional practitioners seeking survival and livelihood in cities (Kroon, 1998:36). The objectives of government and non-governmental organisations, including the World Bank, have been to reverse rural-urban migration and sustain rural development (I-Net Bridge, 2002). Rural entrepreneurs are trying hard to succeed against the odds. Many of these rural areas are characterised by population sparsity, remoteness, poor infrastructure, little or no access to vibrant markets, and many similar negative factors that impede rural economic development.

PROBLEM STATEMENT

Some of the most significant problems currently facing South Africa are unemployment (45%) and rural poverty (71%), which have direct effects on other social ills such as crime and AIDS (Aliber, 2002:2). In tackling some of these problems, some rural dwellers start their own small business enterprises in an attempt to earn a living. A number of these SMMEs, however, end up failing (SBDC, 1996; Jackson & Alberts, 1998; AMC, 2004). Reasons that lead to failure include, amongst others, limited resources, inexperience in running and managing own enterprises, poor cash management and weak marketing efforts (Badenhorst, Cronje, du Toit, Gerber, Krüger, Marais, Strydom, van der Walt & Reenen, 1997:90; Barrie, 2003; Bizhelp24, 2004; AMC, 2004). It is argued that a lack of appropriate support is the main reason for the high failure rate of SMMEs in South Africa (Levy, 1996:11; Netswera, 2001:31).

The following are some important questions worth asking about SMMEs support in the rural areas:

- Are there support services for small businesses in the rural areas?
- Do rural entrepreneurs require support in running their businesses?
- Are small businesses aware of available support services?
- Do rural entrepreneurs make use of these SMMEs support services?
- What do small businesses think of their SMMEs support services?

The Limpopo province has been chosen as the study area for this research. The rationale behind selecting this province is that it has the highest rural population (89%) and an unemployment rate of 46% (Stats SA, 2000).

MAIN AIM AND OBJECTIVES OF THE RESEARCH

The main aim of the study is to raise awareness of what SMMEs do in the rural areas of South Africa, and to solicit support to strengthen SMMEs activities.

Objectives of the research are as follows:

- To profile rural small businesses
- To assess the requirement for and availability of small business support
- To make recommendations to SMMEs stakeholders to support rural small businesses

GENERAL PERSPECTIVES ON RURAL SMME SUPPORT

Rural areas are an increasingly important component of the national economy and are characterised by the importance of very small-scale enterprises, with over 90% of all rural firms defined as micro-businesses (COPIU, 2000). These small businesses are an integral part of the rural economy, and ensuring their continuing success is essential to developing and sustaining thriving rural communities (Warren-Smith & Dakin, 2002:1).

Many people choose entrepreneurship as a career for a variety of reasons. Scarborough and Zimmerer (2003:4) refer to the Dun and Bradstreet 19th Annual Small Business Survey conducted in 2000 that revealed some of the reasons that entrepreneurs go into business. Entrepreneurs who joined family business were the highest (41%); 36% wanted more control over their future; 27% were tired of working for someone else; 25% wanted to fulfil their lifelong goal; and only 5% had been downsized or laid off. Of the 25,5 million businesses in the United States, 90% are family-owned and -managed. The small business forms the biggest chunk of this sector (98,5%). Although some entrepreneurs start their enterprises when they are under 25 years of age, and others when they are over 44 years of age, the majority of entrepreneurs start their enterprises when they are between the ages of 25 and 34 (33%), and 35 and 44 (32%). The Small Business Administration (SBA) indicated that 20% of the businesses in the United States (US) are in retail, 40% in service, and 12% in construction industries. Those that are in wholesale are 8%, finance 8% and manufacturing 6%, i.e. all less than 10% (Scarborough & Zimmerer, 2003:12, 18, 20-22).

There are, however, constraints that hinder rural SMMEs from growing and developing in many countries. One of the many factors that has been identified as constraining rural business development is access to business support and advice (DETR, 2000; Hodge, 1999; Keeble, Tyler, Broome & Lewis, 1992). Lack of awareness (Rae, Ratcheva & Vyakarnam, 2000; Curran, 2000) of the value of business support amongst entrepreneurs, or problems arising from the accessibility of providers, with many located in urban areas (DTZ Pineda Consulting, 1999), may be attributed to lower SMMEs support in rural areas.

SMMEs support encompasses a wide range of support including business advice and information; training; financial assistance (Bridge, O'Neill & Cromie, 1998); and business networks and mentoring schemes (COPIU, 2000). Business advice and information incorporates generic business start-up advice and support, business planning advice, development support, and consultancy and advice on business plans and business promotion (Bennett, Robson & Bratton, 2001; Lowe & Talbot, 2000b; NRETS, 1996; Smallbone, Baldock & Burgess, 2000). Training ranges from generic skills training to business planning courses and management training (NRETS, 1996; Revolution, 2000), whereas financial assistance can consist of advice on raising finance, provision of grants and funding, financial planning and management (Curran, 2000; Revolution, 2000; Smallbone et al., 2000).

Training provides the opportunity for owner-managers to develop their management skills. However DTZ PIEDA Consulting (1999) reported that only just over a third of rural businesses use external training. Errington, Harrison-Mayfield and Bennett (1994) state that with training facilities predominantly located in urban areas, many rural businesses are significantly disadvantaged in terms of access, and many have little opportunity or funds to utilise formal training (Shropshire Partnership, 1999). Barclays bank (1998) reported that while 73% of small business owners believe training to be important to their business success, less than a third undergo training prior to starting their business, and only 30% have used training over the last three years.

Levitsky (1996:19) indicated that the reservoir of knowledge and experience in technology, management and marketing skills that could be of help to SMMEs is to be found in various elements of the business community and beyond. Private consultants in the country are one major group that can provide such support. Most private consultants, however, target larger enterprises or public bodies as their potential clients and provide less help to small business because of the high consultancy costs that SMMEs cannot afford. Levitsky further states that the independent group of local private consultants in most developing countries is relatively undeveloped, in many cases somewhat unreliable, and their services are not always of the quality standard to inspire confidence in potential clients. In some cases, the local consultant groups develop as branches or affiliates of international consulting organisations and the local operations are strengthened by more qualified and experienced expatriates. Professional staff from government offices, banks, large enterprises, universities, technical colleges, management and small enterprise development agencies usually all try their hand as consultants (full-time or part-time) in an effort to enhance their income, status and independence.

SMMEs SUPPORT IN SOUTH AFRICA

Regarding constraints upon small business development, the South African government, in redressing the legacy of the past, initiated a wide-ranging consultation and research process. This process culminated in the production, in October 1994, of the Discussion Paper on *Strategies for the Development of an Integrated Policy and Support Programme for Small, Medium and Micro Enterprises in South Africa*. This document gave birth, in March 1995, to the White Paper on the *National Strategy for the Development and Promotion of Small Business in South Africa*. In 1996, the *National Small Business Enabling Act* was passed in parliament. Many other Acts that support the development and promotion of small businesses were also passed in parliament. Examples of such Acts are the *Skills Development Act 97 of 1998*, the *Preferential Procurement*

Policy Framework Act 5 of 2000 and the Mineral and Petroleum Resources Development Act 28 of 2002. These pieces of legislation, amongst other things, support SMMEs in addressing the low skills levels, lack of markets, procurement, and unfavourable legal environment in the mining sector.

The White Paper (1995:12) acknowledges that small business, compared to big business worldwide, faces a wide range of constraints and problems, even in effectively functioning market economies. These constraints relate mainly to the legal and regulatory environment, access to markets, finance and affordable rental for business premises, the acquisition of skills and managerial expertise, access to appropriate technology, quality of the business infrastructure in poverty-stricken areas and, in some cases, the tax burden. South Africa's historical past, however, has exacerbated the situation, particularly for entrepreneurs in rural areas, and for women.

In addressing these constraints, the government created an enabling environment by putting the right policies in place whereby small businesses could thrive. The government acknowledged that the real engine of sustainable and equitable growth is in the private sector. The SMME support structures that started after 1994 were mainly the provincial SMMEs desks, the Ntsika Promotion Agency, and Khula Enterprise Finance Limited. The purpose of the provincial SMMEs desks were to provide SMMEs support in all the provinces. The Ntsika Enterprise Promotion Agency provides a wide range of non-financial services to local service delivery groups on a 'wholesale' basis, i.e. the delivery of resources to local providers that work directly with SMMEs. These services are offered by accredited local service providers and include institution-building of these organisations, training programmes for entrepreneurs, mentoring of individual firms, marketing, procurement advice, and technology assistance (Carana Report, 1999:25). Khula Enterprise Finance Limited provides 'wholesale' finance to the non-governmental organisations (NGOs) that offer micro loans to starter entrepreneurs. This is done through the development of Retail Financial Intermediaries (RFIs) that are financially sound, with the commitment and the capacity to serve the SMME sector, with special emphasis on its previously disadvantaged population (Carana Report, 1999:42; Ladzani, 2001:235).

The current government initiatives do not imply that there were no SMMEs support structures in place during the minority rule government. There were a number of programmes and small business-support policies during that time. Semi-government institutions such as the Development Bank of Southern Africa (DBSA), the Small Business Development Corporation (SBDC), and the Industrial Development Corporation (IDC) developed as financiers and SMMEs-support agencies. Many of these institutions that developed over the years were, unfortunately, mostly racially and gender-biased. Regional development corporations, whose focus was largely to develop black entrepreneurs, made a limited impact. Little co-operation was extended directly to the black business sector from central government level. An example is the public tendering system that favoured established and larger businesses (largely white businesses). It was very difficult for newly established businesses to enter the public tendering system. University-based small business units, and the private and non-governmental organisation (NGO) sectors were also involved in small business development but were not effective in their overall impact, were often in competition with each other, and were frequently uncoordinated. It is against this background that the call for co-ordination, co-operation and a

clear national strategy framework increased over the past few years. Lack of legitimacy made it impossible for the previous government to fulfil such a role (White Paper, 1995:13-14).

METHODOLOGIES AND SAMPLE REALISATION

A stratified sampling method was used for the research. The strata were the six municipal districts of the Limpopo province. From these municipal districts, a sample of 600 respondents was selected and a total of 100 questionnaires administered in each stratum. Participating SMMEs in each stratum were purposefully selected. The selection criterion was aimed at selecting only businesses that were deemed established, that had experiences and exposure worth learning from, and that had been in existence for at least three years.

In total, 534 questionnaires were successfully administered from the 600 questionnaires intended, giving a response rate of 89%. Because the total SMMEs population in the Limpopo province is unknown, an infinite population size was used to calculate the margin of error ($ME = \sqrt{P*Q/n*SD}$)ⁱ. Taking refusals and spoiled questionnaires into account, a maximum margin of error of 1.36 (p=0.5) at a standard deviation of 1.96% was realised. The realised sample size reflected the following percentile responses from each stratum, i.e. Capricon 13% (70); Mopani 18,8% (100); Waterberg 12,4% (66); Vhembe 18,8% (100); Sekhukhune 18% (96); and Botlabela 19% (102).

RESEARCH FINDINGS

The Profile of Sampled SMMEs

The age profile of the SMMEs operators or managers interviewed ranged from less than 25 years (3%), 26-30 years (10%), 31-35 years (15%), 36-40 years (16%), 41-45 years (15%), to 46 years and above (41%). The gender composition was 79% males and 21% females, and the academic qualifications were standard 5 (16,9%), standards 6-8 (29%), matriculation certificates (25,4%), post-matriculation certificates (10,2%), diplomas (11,1%), degrees (3,4%) and postgraduate degrees (3%). The racial composition was 1% whites, 2% Indians and 97% blacks. The ethnic composition of the black-owned SMMEs included Pedi (46%), Tsonga (30%) and Venda (18%), which are the main ethnic groups in the Limpopo province [N=531].

The findings of this research indicate that 84% of the surveyed SMMEs are owner-managed, 8% are run by appointed managers, and the rest by family members. Ownership of these businesses is primarily sole proprietorship (70%), followed by family businesses (16%), partnerships (13%) and close corporations (1%). More than half of the interviewed businesses are in the retail sector (51%), followed by manufacturing (12%), agriculture (9%), entertainment (3%), transport (3%), arts and crafts (1,5%) and property (0,2%) [N=410].

Registered (and therefore tax-paying) SMMEs amounted to 71% and the rest were unregistered businesses. The existence ages of these SMMEs were 3 years (12,3%), 4-5 years (16,9%), 6-10 years (30,5%), 11-20 years (27,3%) and over 21 years (13,1%) [N=528]. The staff compositions at the start were as follows: less than 5 staff members (84,4%), 6-10 (8,9%), and 11-50 (4,4%). Current staff membership, however, stands at 1-3 staff (70,4%), 4-6 (22,1%) and 7-9 (7,5%)

[N=443]. Whereas 4,4% started with employees between 11 and 50, there were, however, no SMMEs with these numbers during interviews.

Motives for starting businesses ranged from, among others, unemployment (30,8%), a need to support communities (22,7%), and a dire need to eradicate poverty (28,6%), to interest in owning a business (17,9%). Although unemployment seems to be the main incentive for starting a business, 53,5% of sampled SMMEs started their businesses while employed and 46,5% while unemployment [N=525]. Of all the businesses that responded, 84% did not receive funding for start-up purposes, 9% received loans and 4% were funded by family members and relatives [N=522]. Of the SMMEs that received funding, 48% received this from the Land Bank followed by development corporations (11%), the Independent Development Corporation (IDC) (5%), and commercial banks (3%). At start, 49,9% of the businesses had business plans – currently only 51,4% have business plans [N=515]. Of those businesses that have business plans, 92% were compiled by owner-managers and only 8% made use of consultants. Only 68,7% of the owner-managers have knowledge of how to compile a budget. Of the businesses that compile budgets, 84,8% do so monthly, 7,7% quarterly, 2,5% twice-yearly and 5% yearly [386].

Assets of the businesses interviewed range from less than R50 000 (39,2%), R50 001 - R500 000 (41,9%), R500 001 - R1mil (9,1%), R1mil - R5mil (9,5%), to more than R5 million (0,5%) [N=528]. Monthly business turnover ranges from less than R10 000 (60,5%), R10 000 - R20 000 (18,4%), R20 001 - R30 000 (8,6%), R30 001 - R40 000 (2,3%), R40 001 - R50 000 (1,1%), R50 001 - R60 000 (0,6%), R60 001 - R70 000 (0,4%), R80 001 - R90 000 (0,4%), R90 001 - R100 000 (0,8%), to more than R100 000 (7%) [N=526].

Infrastructure includes availability of telephones (79%), electricity (84,6%), fax machines (4,7%), personal computers (4,7%), email (1,5%); Internet addresses (1,3%); printers (3,7%); running water (42,7%) and flushing toilets (12,7%) [N=452]. Businesses that serve the local markets are 83%, provincial markets 8,4%, both local and provincial markets 1,7%, international markets 0,4%, and both national and international markets (6,5%) [N=523].

Availability and Accessibility of SMMEs Support Systems

Business support received after start includes finance (72,7%), training (17,8%), tendering and procurement (6%), marketing information (3,2%) and business counselling (0,3%) [N=348]. Utilised support from consultants is mainly in financial management (12,6%), marketing management (14,7%), operations management (15,2%), administrative management (14%), purchasing management (14,4%), human resources management (13,8%), and public relations (14,8%).

SMMEs that have experienced financial problems in the past made up 62,4% [N=534]. Reasons for the SMMEs' bad financial state and experiences included, among others, default payments by debtors (31,6%) and theft of organisational resources and products (14,9%).

Owner-managers that have undergone training on general management are 13,1%, and on financial management 86,9% [N=518]. The type of training undergone by employees includes customer relations (4,8%) and merchandising (95,2%) [N=482], while on-the-job employee training is a preferred mode of training (58,8%) (N=475).

Product advertising is perceived to be a costly method of attracting customers by 75,9% of the interviewed businesses – only 13,5% disagreed [N=518]. Respondents were asked about the kinds of support that their SMMEs perceive to be available or accessible, and their impressions are indicated in Table 1.

Table 1 about here

Of the support reflected in Table 1, finance and training for skills development were ranked the two most important support system requirements by 75,9% and 73,1% of respondents respectively.

DISCUSSION OF FINDINGS

The South African government commends the SMMEs sector for contributing 25% to the national GDP, 38% to employment and for being responsible for 75% of new jobs (Katz, 1997). The SMMEs could contribute more to the national GDP and employment considering that SMMEs in countries less developed than South Africa contribute much higher proportions to GDP and employment (APEC, 1994; Katz, 1997; OECD, 1997; UNCTD, 2003). The government therefore started creating an enabling environment by putting the right policies and support institutions in place, among them Ntsika Enterprise Promotion Agency (NEPA) and Khula Enterprise Finance Limited, to enable SMMEs to thrive (White Paper, 1995:12). Khula's long-term job creation objectives were to provide broader access to finance for small businesses, as opposed to the micro-survivalist category (Carana Report, 1999:42). Although the Carana Report revealed that Khula's activities were disproportionately concentrated in the micro-survivalist sector through its Retail Financial Intermediaries, its findings are that this sub-sector in the rural areas received very little funding support.

Because access to finance is perceived to be critical to success, the private banking sector has received continued criticism for its inflexibility in helping the development of the SMMEs (Levy, 1996). Government-sponsored financial institutions such as the DBSA, although helpful, have also failed to support the entire SMMEs industry and its diverse needs (Macleod, 1995). It is important to note that 58,9% of respondents from this survey believed that the banking sector is still unwilling to provide financial support even though finance is the biggest problem facing more than 87% of the respondents. For lack of financial support, many SMMEs owners started their businesses without any external funding (84%) and only a few (9%) received loans. Only 3% of the 9% funding is from commercial banks. Findings from Netswera (2001:6) reveal availed support systems to be more effectively accessible if complemented by a publicity strategy. Lack of knowledge of the available support systems can possibly be a factor hindering accessibility in terms of, among others, language and proximity of support institutions, especially for the rural entrepreneurs where most institutions are remotely situated. The little or no support received thus far has been attributed to the lack of access to information about such support systems.

The findings revealed that only 3% receive marketing support, 6% tendering and procurement support, and 18% training support. Although many small business owners believe that training is important, few undertake training prior to starting their businesses. This is supported by Barclays (1998) who reported 73% of small business owners to believe that training is important to their business success, although less than a third undertake training prior to starting their business, while 30% had been trained over the last three years.

Poor support can be attributed to the type of ownership and size of business. Most of the businesses interviewed are owner-managed (84%) and have a staff complement of 1-3 (70,40%). This scenario hinders most owner-managers from leaving their enterprises to seek training, advice, marketing, and tendering and procurement information. Most owner-managers are only free from their business duties outside of working hours, by which time SMMEs support service providers of training and financial institutions specifically, are closed. 90% of businesses in the United States are family-owned and -managed (Scarborough & Zimmerer, 2003:18). In this study, 16% of the interviewed businesses are family-owned and -managed. Family support in running successful enterprises has numerous spin-offs such as shared values, power and the enforcing of family ties. Providing family members with the necessary skills is therefore central to the success of a business venture.

The total assets of the interviewed SMMEs are mainly R1 million and below (90,1%) and the remainder (9,9%) are above R1 million. Only 0,4% have assets worth more than R5 million. Taking into consideration that the staff complement of all interviewed businesses falls below 10 employees [1 – 3 staff (70,4%), 4 – 6 staff (22,1%), 7 – 9 staff (0,5%)], all SMMEs interviewed are therefore categorised under micro- and very small businesses. This implies that most SMMEs in the rural areas are micro- and very small businesses. The inability of the micro- and very small businesses to develop into small businesses is a cause for concern considering that 70,9% of the respondents have been running their businesses for more than six years. Taking cognisance of the fact that the micro- and very small businesses do not pay tax, it also implies a loss of revenue to the government and non-accounting of their contribution to the national GDP.

CONCLUSIONS AND RECOMMENDATIONS

It can be concluded that in the midst of a third of the country's unemployment, the SMMEs industry is the main option for the survival of many rural communities. An SMME profile suggests competition in this industry to have gained huge momentum. It is becoming more difficult to vie for support resources and growth from the micro- to small business level. Since the majority of SMMEs are sole proprietors (70%), the attaining of support systems is weakened considering the tendering and subcontracting requirements for diversity in terms of ownership, gender, race and age groups, among others. It is important that SMMEs owners receive information and training on the importance of diversity of ownership – a task that can easily be fulfilled by the business chamber where available.

No affiliation to a business chamber amongst the SMMEs is an impediment to development and co-ordinated support lobbying. Also worrisome for this sample is that only 6,7% belong to a business chamber. It is important, especially for the development of the rural micro-enterprises that SMMEs jointly organise, lobby for support and implement joint projects, where necessary.

Although numerous SMMEs support institutions are in place, including the various support mechanisms and programmes, such information is relatively unknown to the emerging rural entrepreneurs. It is thus important for government and other support agencies such as Khula, Ntsika and the DBSA, among others, to move from an institutional set-up philosophy towards capacitation, support campaigns and reach-out programmes. Even more important, the evaluation and publicity of the inroads made thus far by the SMMEs support institutions would be motivational in giving an impression of the existing support possibilities and their successes.

Since the country's main problems of unemployment and poverty are essentially rural problems, and considering that the majority of the SMMEs in the rural areas are micro- and very small businesses, support systems should be designed and targeted at these sub-sectors. However, since some micro- and very small businesses are not registered, efforts should be aimed at formalising the sector and leveraging both training and financial support systems.

Despite the legislated SMMEs definitions, and scanty success factors, there seems to be a gap for continuous surveys and audits of the SMMEs industry. The lack of information in the sector impedes, among others, planning the industry's national support systems, and giving a continuous account of the contributions that the industry makes towards employment and GDP. Because of a lack of this information, it is often difficult to know the SMMEs' numbers, their successes and failures on an annual account, as well as the successes and failures of available support systems.

REFERENCES

Aliber, M. (2002). *Poverty irradiation and sustainable development*. Cape Town: Human Sciences Research Council Publisher.

Badenhorst, J.A., de Cronje, G.J., du Toit, G.S., Gerber, P.D., Kruger, L. P., Marais, A., de K, Strydom, J.W., Van der Walt, A, & Van Reenen, M.J. (1997). *Introduction to business management*. 4th edition. Johannesburg: International Thomson.

Barrie, D. (2003). *The Business Link - Failure Factors – Thirteen Common Causes of Business Failure*. [online]. ACTION International Business Development Coach. Helping You to be Great at Business. Available on the Internet at: <http://www.cbsc.org/alberta/tbl.cfm?fn=tip4> (11 October 2004).

Bennett, R.J., Robson, P.J.A. & Bratton, W.J.A. (2001). Government advice networks for SMMEs: An assessment of the influence of local context on Business Link use, impact and satisfaction. *Applied Economics*, 33:871-887.

Bridge, S., O'Neill, K. & Cromie, S. (1998). *Understanding enterprise, entrepreneurship in small business*. Basingstoke: Macmillan Business.

Cabinet Office Performance and Innovation Unit (COPIU). (2000). *Rural economies*. London: The Stationery Office.

Carana Corporation Final Report. (1999). *Mid-term Evaluation of the National Strategy for the Development and Promotion of Small Business in South Africa*. For the Department of Trade and Industry. Government of the Republic of South Africa.

Curran, J. (2000). What is small business policy in the UK for? Evaluation and assessing small business policies. *International Small Business Journal*, 18(3), 36-50.

Department for the Environment, Transport and the Regions [DETR]. (2000). *Our countryside: A fair deal for rural England*. London: The Stationery Office.

Department of Trade and Industry. (2000). *Small and medium-sized enterprise statistics for the United Kingdom*. 1999. London: Small Firms Statistics Unit.

DTZ Pidea Consulting. (1999). *Barriers to Enterprise in Rural Economies*. Reading: DTZ Pidea.

Errington, A., Harrison-Mayfield, L. & Bennett, R. (1994). *The awareness, preconceptions and use of vocational education, training and business services among the rural population: Final report summary*. Reading: National Rural Education and Training Strategy Group.

Hodge, I. (1999). Employment & the changing rural economy. In Bradley, P. (ed.) *Rural audit: A health check on rural Britain*. London: The Rural Media Company.

I-Net Bridge. (2002). *Upgrade skills, Mbeki says*. South African Press Association (SAPA).

Jackson, D. & Alberts, F. (1998, August 30). There's a franchise to suit every pocket. *Sunday Times, Business Times*, p.22.

Keeble, D., Tyler, P., Broome, G. & Lewis, J. (1992). *Business success in the countryside*. London: HMSO.

Kroon, J. (ed.) (1998). *Entrepreneurship: Start your own business*. Pretoria: Kagiso.

Ladzani, M.W. (2001, September). *Small business development in South Africa under majority rule*. Proceedings of the Small Enterprise Association of Australia and New Zealand (SEANZ) Conference, Wellington, New Zealand.

Levitsky, J. (1996). *Support Systems for SMEs in Developing Countries*. [Review of the paper commissioned by the Small and Medium Industries Branch]. United Nations Industrial Development Organisation, 2.

Levy, B. (1996). *South Africa: The business environment for industrial small and medium enterprise*. Washington DC: The World Bank's South African Department.

Lowe, P. & Talbot, H. (2000). *Providing advice and information in support of rural microbusinesses*. Newcastle upon Tyne: Centre for Rural Economy Publications.

Macleod, G. (1995). *Starting your own business in South Africa*. 8th edition. Cape Town: Oxford University Press.

Mahadea, D. (2003). *Coping with Jobless Growth in South Africa: Can SMME Entrepreneurship Make a Difference?* Proceedings of the 48th World Conference of the International Council for Small Business (ICSB), Belfast, Northern Ireland, 65.

National Rural Education and Training Strategy Group. (1996). *Business advice and training in rural areas: Access and coherence*. Kenilworth: NRETS.

Netswera, F.G. (2001). Perceptions of Johannesburg small business operators about their business support systems. *South African Journal of Business Management*, 32(4), 31 – 37.

Rae, D., Ratcheva, V. & Vyakarnam, S. (2000). *The questions most frequently asked by growth businesses: Barriers to growth*. Nottingham: Nottingham Business School.

Revolution. (2000). *Small business start-up award evaluation*. Shropshire: Revolution.

Scarborough, N.M. & Zimmerer, T.W. (2003). *Effective small business management: An entrepreneurial approach*. 7th edition. Upper Saddle Valley, N.J.: Prentice Hall.

Shropshire Partnership. (1999). *South Shropshire local action plan 1999 - 2002*. Ludlow: SSDC.

Smallbone, D., Baldock, R. & Burgess, S. (2000). *Targeted support for high growth start-ups: Some policy issues*. Nottingham: ISBA National Small Firms Policy and Research Conference.

Small Business Development Corporation. (1996, April 1). SMME failures worry financiers. *Sowetan*, p. 22.

Small Business Marketing 2004, Advanced Marketing Consultants. Retrieved October 11, 2004, from <http://www.marketingprinciples.com/startingsmallbusiness/default.asp?cat=115>

Small Business Portal – Business Failure 2004, Bizhelp24. Retrieved October 11, 2004, http://www.bizhelp24.com/small_business/business_failure_introduction_1.shtml

Small Business Research and Policy 1997b, Organisation for Economic Co-operation and Development (OECD). Retrieved August 10, 2004 from <http://strategis.ic.gc.ca/epic/internet/insbrp-pppe.nsf/en/rd00259e.html>

SME Profile: Mexico - Development Programmes and Strategies 2004, Asia-Pacific Economic Cooperation (APEC). Retrieved August 10, 2004 from <http://www.actetsme.org/mexi/mex98.htm>

South Africa. Commission of Inquiry into Certain Aspects of the Tax Structure of South Africa. *Fifth Interim Report*. Pretoria: Government Printer.

South Africa. Department of Trade and Industry (DTI). (1995). *White Paper on National Strategy for the Development and Promotion of Small Business in South Africa*. Government Gazette, March 28.

Statistics South Africa. (2000). *Statistics in brief*. Pretoria.

Training: The key to success? 1998, Barclays Bank. Retrieved November 6, 2001 from <http://www.businesspark.barclays.com/reviews/training.html>

United Nations Conference on Trade and Development (UNCTAD). (2003, February 24 - 28). *Improving the competitiveness of SMEs through enhancing productive capacity*. TD/B/COM.3/51/Add.1. Geneva.

Warren-Smith, I. & Dakin, P. (2002, October). *Rural Business Support - Hypothesis or Reality?* Proceedings of the Rural Entrepreneurship and Innovation Conference. University of Paisley, United Kingdom.

Table 1: Perception of the Different SMMEs Support Systems

Small business support requirements/systems	Agree N (%)	Disagree N (%)
Training for skills development		
On the job training is an effective form of training for my type of business	(374) 69.5	(71) 13.5
I would be able to manage my business better with some training	(435) 83.8	(39) 7.5
Hands-on training is readily available for staff development	(160) 31.3	(205) 40.2
Training for staff development is easily accessible	(115) 22.3	(299) 57.9
There are known organisations where training for my business is provided	(155) 29.6	(175) 33.5
Managerial training is easily accessible	(99) 19.1	(319) 61.7
Financial assistance		
Financial providers insist on greater control of the business activities	(232) 44.1	(154) 29.3
There are not many financial support options available to small businesses	(410) 77.9	(61) 11.6
Banking sector is unwilling to give loans to small businesses	(310) 58.9	(72) 13.7
Finance is the biggest problem facing small businesses	(456) 87.2	(39) 7.5
Private institutions such as building societies are prepared to assist small businesses financially	(109) 20.9	(184) 35.2
I would sacrifice my independence to obtain financial assistance	(210) 40.8	(248) 48.2
Government is not doing enough to help small businesses financially	(394) 75.7	(64) 12.1
Government support		
Government policies are favourable to small business development	(98) 18.9	(292) 56.3
Government sponsored organisations such as DBSA and Business Partners are prepared to assist small businesses	(139) 26.5	(126) 24
Partnerships and subcontracts		
Big businesses are always ready to share valuable information with SMMEs	(160) 30.6	(240) 45.9
Big business is prepared to start partnerships with SMMEs	(152) 29.1	(218) 41.7
Subcontracting of SMMEs by big business improves skills of SMMEs employees	(319) 60.9	(74) 14.1
Forming partnerships with big businesses improves business relations	(412) 78.2	(41) 7.8
Other forms of support		
Business counselling can be attained at low cost	(70) 13.5	(321) 61.5
Business advice is easily available	(114) 21.9	(301) 57.8
Product advertising is a costly method of attracting customers	(393) 75.9	(70) 13.5

Endnote

¹ ME=margin of error; P=population size; Q=1-p; n=sample size and SD=standard deviation