

The perceived effectiveness of the role of government
in SME development

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A research proposal submitted to the Gordon Institute
of Business Science, University of Pretoria, in partial
fulfilment of the requirements for the degree of Master
of Business Administration.

7 November 2016

Abstract

Since the beginning of South Africa's democracy in 1994, SMEs have been identified as the untapped base to achieve economic growth through market competitiveness on the one hand, and employment generation and income redistribution as a result of this growth on the other (Berry, von Blottnitz, Cassim, Kesper, Rajaratnam & van Seventer, 2002).

However, unlocking the potential base of SME's is no small feat. In 2015, the SME Growth Index, conducted by business environment specialists SBP, found that "contrary to global trends where small and medium enterprises (SMEs) constitute the largest employer in either developed or developing economies, smaller firms in South Africa were showing stagnation in both turnover and employment growth" (SME Growth Index, 2015:1). In addition to the SME Growth Index report, the Global Entrepreneurship Monitor (GEM) 2015/16 report on South Africa points out that entrepreneurial intent has dropped by almost 30% in comparison to 2013 (Herrington & Kew, 2015).

The purpose of this study was to understand the role of government in SME development. In exploring this role, the study sought to understand which government institutions are specifically tasked with SME development and whether these institutions are perceived to be effective.

The finding highlighted areas of concern that government institutions tasked with SME development should be mindful of. These included the mismatch between government initiatives and SME needs, lack of marketing on government institutions tasked with SME development. The study has therefore made recommendations towards addressing these concerns.

Keywords

Effectiveness, Development, Government, Institutions, SME.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Tshediso Serei

Date: 7 November 2016

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Chapter 1: Definition of problem and purpose

1.1. Introduction

Small and Medium Enterprises (SMEs) have often been identified as the base for private sector-led growth (Hallberg, 2000) and accelerating the achievement of wider economic and socio-economic objectives, including poverty alleviation and employment creation (Chimucheka, 2013; Cook & Nixson, 2000; Masutha & Rogerson, 2014). Governments around the world - in both developed and developing economies – in efforts to promote and support SME's potential, have created programmes and formed institutions to assist the development of Small and Medium Enterprises(See Saleh & Ndubisi, 2006 for Malaysia; Tambunan, 2008 for Indonesia; Smallbone, 2001 for Estonia and Abor & Quartey, 2010 for Ghana and South Africa). However, despite the success of SME development strategies and institutions in some countries such as Estonia (Smallbone & Venesaar, 2003), the global impact of SME development programmes and institutions on enterprise performance has been less than satisfactory (Abor & Quartey, 2010; Chimucheka, 2013; Hallberg, 2000).

This research looks at the role of government institutions in SME development and whether these institutions are perceived to be effective or not in SME development.

This chapter begins with an overview of why SME development should be prioritized as an economy driver for the South African government. The discussion then looks at some of the challenges relating to SME development, then a brief overview of the South African context is provided. The chapter concludes by presenting the scope and contents of this research paper.

1.2. Background to the problem

Why government should care about SME development

Since the beginning of South Africa's democracy in 1994, SMEs have been identified as the untapped base to achieve economic growth through market competitiveness on the one hand, and employment generation and income redistribution as a result of this growth on the other (Berry, von Blottnitz, Cassim, Kesper, Rajaratnam & van Seventer, 2002). However, unlocking the potential base of SME's is no small feat. In 2015, the SME Growth Index, conducted by business environment specialists SBP, found that "contrary to global trends where small and medium enterprises (SMEs) constitute the

largest employer in either developed or developing economies, smaller firms in South Africa were showing stagnation in both turnover and employment growth” (SME Growth Index, 2015:1). In addition to the SME Growth Index report, the Global Entrepreneurship Monitor (GEM) 2015/16 report on South Africa points out that entrepreneurial intent has dropped by almost 30% in comparison to 2013 (Herrington & Kew, 2015). These revelations are disconcerting, considering that these measurements play a vital role in uplifting South Africa’s economic growth. Turnover has a strong bearing on the wealth created in the economy, while employment serves as a much needed income generator to the 26.6% unemployed population of the country and goes a long way in equalising the income inequality gap of 63.38 as indicated by the country’s Gini Coefficient (Statistics South Africa, 2016).

Challenges with SME development

Despite the success of SME development strategies and institutions in some countries such as Estonia (Smallbone & Venesaar, 2003), the global impact of SME development programmes and institutions on enterprise performance has been less than satisfactory (Abor & Quartey, 2010; Chimucheka, 2013; Hallberg, 2000). There are a multitude of reasons attributed to this issue. This research looks at some of the chief issues among those reasons, being a lack of clarity on the role that government should play in SME development, why it is important for government to play that role and how the effectiveness of the role that government plays is measured and perceived.

Research also points to barriers to SME development (Abor & Quartey, 2010; Gill & Biger, 2012; Olawale & Garwe, 2010). Among others, these barriers include lack of access to finance, management skills, market opportunities and infrastructure (Chimucheka, 2013; Olawale & Garwe, 2010).

The South Africa context

Chimucheka maintains that “post-apartheid South Africa faces socio-economic problems that need urgent attention, similar to those in other developing countries. The challenges include a very high unemployment rate, skills shortages, high illiteracy rate, an ever escalating crime rate and rural poverty.” (Chimucheka, 2013:783). He further proposes that SMEs need to be empowered in order to be able to help solve some of these challenges faced by South Africa (Chimucheka, 2013).

While South Africa is not unique within emerging economies, it has some characteristics that differentiate it (Timm, 2011). Timm (2011:14) points out that on the one hand, South Africa displays an “environment which appears to be more conducive to opening and running a business” compared to India and Brazil for example. On the other hand, South Africa displays low levels of entrepreneurial activity. Timm’s observations are echoed by the Global Entrepreneurship Monitor (GEM) 2015/16 report on South Africa which points out that entrepreneurial intent has dropped by almost 30% in comparison to 2013 (Herrington & Kew, 2015). The report also points out that “entrepreneurial intentions in South Africa are significantly lower than for the African region as a whole – the regional average is 3.6 times higher than for South Africa – while the average for the efficiency driven economies in the GEM survey is more than double South Africa’s score” (Herrington & Kew, 2015:4). Given this context, it becomes important to understand what role the South Africa government should play in SME development.

1.3. Problem Statement

According to Chimucheka (2013), the South African government acknowledges the importance of a strong and vibrant SME sector. Chimucheka argues that this is demonstrated through the South African government’s “commitment to the promotion and the support for SMMEs that aim at increasing the number of new enterprises and creating an enabling environment to ensure their survival and growth. The government hopes to achieve such goals through the National Small Business Act of 1996.” (Chimucheka, 2013:783).

In 2014, the South African government established the Department of Small Business Development (DSBD) and charged it with the mandate to:

“lead an integrated approach to the promotion and development of Small Businesses and Co-operatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation” (Department of Small Business Development, 2015).

The above mandate, together with Chimucheka’s assertion, suggests that indeed the South African government does play a role in SME development. However, research suggests that not much progress is being made to this effect (Abor & Quartey, 2010; Olawale & Garwe, 2010; Timm, 2011), which seems to suggest that the South African government appears not to be effective in SME development. Given this suggestion,

there appears to be limited evidence of research within the area of looking into the effectiveness of government institutions that are tasked with SME development.

1.4. Research Objectives

The main purpose of this study is to explore whether government institutions tasked with the role of SME development are perceived to be effective. The objectives of this study are to:

- Investigate what the role of the South African government is in SME development.
- Investigate what the explicit mandates are for government institutions that are tasked with the role of SME development.
- Explore how government institutions tasked with the role of SME development define and measure SME development.
- Explore how the intended beneficiaries of SME development define and measure SME development.
- Explore if government institutions tasked with the role of SME development are perceived to be effective.

1.5. Scope of the research

The scope of this study was limited to SME owners and government institutions which are tasked with the role of SME development through legislation.

1.6. Motivation for the study

This study is concerned with:

- Understanding the role of South African government institutions tasked with SME development. Key focus areas were on identifying who these institutions are and what SME services do they provide.
- Testing the perceptions on the effectiveness of these government institutions which are tasked with SME development.

SME development is considered one of the key vehicles to address South Africa's persistent socio-economic issues such as unemployment, income inequality and economic transformation (Chimucheka, 2013; Olawale & Garwe, 2010). To this effect, the South African government has indicated its intent and commitment to SME development through the National Small Business Act 102 of 1996 (Chimucheka,

2013). This would imply that South African SMEs would enjoy privileges such as an SME friendly business environment that allows them to easily operate. Research however, points out that South African SMEs are still faced with many challenges which make the business environment unfriendly (Abor & Quartey, 2010; Chimucheka, 2013).

Since the dawn of democracy, South Africa has seen many government institutions and initiatives aimed at addressing SME development. In 2014, the South African government introduced a separate ministry, the Department of Small Business Development (DSBD) and charged it with the mandate of SME development. This suggests that the South African government may have learnt that previous institutions which were tasked with SME development were not achieving the goal or producing the desired outcomes.

Literature agrees that government does and needs to play a role in SME development (Chimucheka, 2013; Cook & Nixson, 2000; Masutha & Rogerson, 2014). However, what is not clear from literature is how to define and measure government's effectiveness with regards to this role. This is especially relevant within the South African context given that there is now a new ministry dedicated to SME development.

1.7. Contents of the document

Chapter 1 presents background of the research problem, sets out objectives and motivation for the study. **Chapter 2** presents critical literature review on SME development. **Chapter 3** presents the research questions for this study. **Chapter 4** describes the research design and methodology that the study followed. **Chapter 5** presents the findings as per data collected from the respondents. **Chapter 6** presents a discussion of the findings in line with literature. **Chapter 7** concludes by summarising the results of the study and providing theoretical and practical contributions as well as limitations and suggestions for future research.

1.8. Conclusion

This chapter introduced the research topic by way of highlighting the importance of SMEs within the economy. In spite of this importance, SMEs continue to face barriers to development as evidenced in literature. The chapter then provided the background to the research problem, followed by the problem statement and research objectives. The chapter also provided the scope of the research as well as motivation for the study.

Chapter 2: Theory and Literature Review

2.1. Introduction

This chapter reviews literature on the role of government in SME development. First a definition of SME is presented from literature as well as from the South African National Small Business Act 102 of 1996 as amended in 2003, to provide context for theory. Then perceptions are discussed, followed by the role of government in SME development and then the theory of effectiveness is also discussed. The chapter concludes by drawing from the literature review to raise research questions and to solidify the reason for this study.

2.2. Defining Small and Medium Enterprises

Before unpacking what development of SMEs is or should be, it is important to understand what defines SMEs.

Hallberg describes SMEs as “a very heterogeneous group. They include a wide variety of firms... usually operate in the formal sector of the economy, employ mainly wage-earning workers, and participate more fully in organized markets” (Hallberg, 2000:1). She makes a distinction between SMEs and micro-enterprises, wherein the main difference is that micro-enterprises are seen as informal in nature. Most literature and countries describe SMEs in terms of a combination of annual turnover, employee count and/or assets (Abor & Quartey, 2010; Olawale & Garwe, 2010; Saleh & Ndubisi, 2006; Timm, 2011).

In South Africa, SMEs are defined through the National Small Business Act 102 of 1996 as amended in 2003 as:

“a separate and distinct business entity, including cooperative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy mentioned in column I of the Schedule and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule” (Republic of South Africa, 2004).

An important aspect to this definition for this research is the Act’s classification of SME sizes as summarised in Table 1 below.

Table 1: Schedule of size standards for the classification of SME in South Africa

Type of firm	Number of Employees	Turnover	Balance sheet
Medium	<200	<R50m	<R18m
Small	<50	<R25m	<R4.5m
Very Small	<20	<R500 000	<R500 000
Micro	<5	<R150 000	<R100 000

Source: Adapted from the *National Small Business Act* (Act 102 of 1996 as amended in 2003).

Table 1 gives us a simplified framework to begin to interrogate efforts towards SME development. This framework implies that, in line with Hallberg's (2000) proposal towards a market-oriented private sector SME development strategy, the South African government should create an enabling business environment to facilitate the increase in the number and growth of SMEs. These SMEs would in turn generate employment for more people and increase national GDP through turnover/assets and obviously reduce pressure on the state's pocket.

2.3. Understanding perceptions

In the theory of self-perception, Daryl J. Bem (1972) proposes that individuals have relatively little access to their own internal states. He states that "individuals come to "know" their own attitudes, emotions, and other internal states partially by inferring them from observations of their own overt behaviour and/or the circumstances in which this behaviour occurs. Thus, to the extent that internal cues are weak, ambiguous, or unpredictable, the individual is functionally in the same position as an outside observer, an observer who must necessarily rely upon those same external cues to infer the individual's inner states" (Bem, 1972:2).

The latter part of Bem's proposition implying that in the absence of internal cue strength, individuals describe themselves as a result of interactions with others who label the individual's internal state based on external cues when they occur. This implies that if government institutions tasked with SME development do not have strong internal cues about their own attitudes, they will likely describe themselves according to the outside observers i.e. if outside observers deem these institutions to

have a negative attitude towards SMEs, then these institutions will adopt this view of themselves. Equally, intended beneficiaries of SME development will describe themselves according to outside observers if their own internal cues are weak. This theory therefore presents a platform to assess and understand where perceptions regarding government institutions tasked with SME development come from – do they come from internal or external cues. The next step would be to understand how these cues are formed and then devise mechanisms to influence them, however, this falls outside the scope of this research.

2.4. Institutional Theory

The theory of perceptions discussed above necessitates a review of government institutions tasked with the role of SME development within the context of institutional theory. Bruton, Ahlstrom and Li (2010) describe institutional theory as being “concerned with regulatory, social, and cultural influences that promote survival and legitimacy of an organization rather than focusing solely on efficiency-seeking behaviour” (Bruton, Ahlstrom & Li, 2010:422). This theory will therefore provide a lens through which perceptions on government institutions’ effectiveness are reviewed i.e. does legitimacy seeking play a role in their perceived effectiveness?

As an example, Bruton et al’s definition suggests that instead of actually focusing on and developing SMEs, government institutions tasked with this mandate may rather focus on being socially, culturally and or legally accepted. Tost (2011) suggests that “organizational legitimacy seems to provide organizations with a ‘reservoir of support’ that enhances the likelihood of organizational survival and helps perpetuate the organization’s influence by increasing stakeholders’ loyalty and readiness to accept organizational actions, decisions, and policies (Tost, 2011:686). This is relevant in the South African context where government and party politics are often inseparable.

de Dios (2011) proposes that “the result [of legitimacy seeking preoccupation] is institutional instability with its concomitant consequences: social fractiousness and corruption”(de Dios, 2011:111). Institutional theory will therefore guide this research in placing some of the perceptions on government effectiveness in SME development.

2.5. The role of government in SME development

According to Hallberg (2000), the role of government in SME development is mainly “to provide an enabling business environment that opens access to markets and reduces policy-induced biases against small firms” (Hallberg, 2000:ix). Smallbone and Welter

(2001) propose that government's role in SME development is to act as an "enabling and/or constraining force within the environment in which businesses develop in the economy" (Smallbone & Welter, 2001:64). Chimucheka (2013) describes the role of government in SME development as the "promotion and the support for SMMEs that aim at increasing the number of new enterprises and creating an enabling environment to ensure their survival and growth."(Chimucheka, 2013:783).

These descriptions of the role of government in SME development bring to the fore three main issues for consideration being, *enabling business environment*, *access to markets* and *biased policies*.

Enabling business environment

Hallberg's point of departure is that the "economic rationale for SME intervention suggests that an SME development strategy is in reality just "private sector development strategy""(Hallberg, 2000:8). This means that government should take a "market orientated" view of SMEs as active players in the private sector and not view SMEs as small players or potential entrants into the private sector. Therefore, the environment created or enabled by government for SME development, should be a private sector environment that allows SMEs to flourish.

Ward, Duray, Leong and Sum (1995) propose that "the business environment consists of the myriad forces which are beyond the control of management in the short run, and thus suggest threats and opportunities to the firm" (Ward, Durray, Leong, & Sum, 1995:4). This means in this context, the business environment created or enabled by government can assist SME capitalize on opportunities while avoiding the threats.

According Hallberg (2000), an enabling business environment is characterized by "well-developed physical infrastructure – transportation, warehousing and port facilities, communications networks – expands markets and facilitates transactions throughout the productive sector. Social infrastructure investments in education and health care build the capabilities of the productive sector workforce." (Hallberg, 2000:9).

Smit, Cronje and Brevis (2007) in Olawale and Garwe (2010) define a business environment as "all those factors or variables both inside and outside the organization that may influence the continued and successful existence of the organization." (Olawale & Garwe, 2010:731). In their study on *Obstacles to the growth of new SMEs in South Africa*, Olawale and Garwe (2010) propose that the business environment can be divided into internal and external environment where government has greater

influence on the external environment. The external environment includes factors such as infrastructure, markets and economic variables.

Access to markets

Hallberg's definition of the role of government in SME development suggests that one of the key issues in SME development is access to markets (Hallberg, 2000). This suggests that the more access SMEs have to markets, the more their likelihood to develop and to grow. The issue of access to markets or lack thereof to SMEs is extensively covered in literature (Abor & Quartey, 2010; Chimucheka, 2013; Kongolo, 2010; Malefane, 2013; Masutha & Rogerson, 2014; SEDA, 2013; Timm, 2011).

In their 2013 report titled *Research study to identify the needs, opportunities and challenges of the SMEs in the plastic and chemicals sector*, SEDA found that SMEs "need access to markets to succeed" (SEDA, 2013:123). The report also makes suggestions that government could increase their SME support through ring-fenced government procurement.

Timm (2011) agrees with SEDA that the South African government could ring-fence certain types of procurement for SMEs. To put such an initiative into perspective, Chimucheka (2013) explains the inaccessibility of markets to SME through Porter's five forces. He concludes that SMEs "usually find it difficult to fight competition with well-established larger businesses. Larger businesses cut prices as a calculated strategy to remove other businesses from the industry" (Chimucheka, 2013:788). In this context, government could support SMEs by ring-fencing certain types of procurement for them. However, Timm (2011) points out that in South Africa, such initiatives have largely failed due two main challenges. One is that targets set for these initiatives are not backed up by legislation and therefore not easily enforceable. He uses an example where the City of Cape Town had put a target of spending 40% of their procurement with SMEs and the Gauteng government had a target of 60% and these never materialized. Secondly, the National Treasury has raised a flag of such initiatives being unconstitutional (Timm, 2011).

Another method of improving access to market for SMEs is incubation as per Masutha and Rogerson (2014). In their study on the role of incubators in SMEs, they found that SMEs that were part of an incubation program reported "enhanced access to markets as [a benefit] of joining an incubator" (Masutha & Rogerson, 2014:152). However, Timm (2011) raises concerns regarding SME incubation in South Africa. Some of the concerns he raises are that:

- Most incubators are funded by the government.
- A small number of businesses are incubated, but incubatees are less likely to fail than those have not passed through incubation.
- Lack of seed fund and skills and support from tertiary institutions to help incubate businesses.
- The adoption of incubators is constrained by the high skills needed by staff to run incubators (Timm, 2011:59).

Given Timm's argument, it appears that even though incubation does facilitate access to market for SME, only a few SMEs will enjoy this benefit.

Abor and Quartey (2010) point out that SMEs market should be international, however, SMEs face tougher competition, especially within international markets, and continue to struggle because of "their limited international marketing experience, poor quality control and product standardisation, and little access to international partners." (Abor & Quartey, 2010:224).

Biased policies

Biased policies often take the form of compliance to legislation or policy relating to matters such as tax, company registration and other business requirements. Hanefah, Ariff and Kasipillai (2002) argue that the burden of compliance costs is heavier on SMEs compared to large enterprises. In their study on compliance costs of SMEs in Malaysia, they found that "the average tax paid by the SMEs is one-eleventh of the taxes paid by a typical listed firm. Yet the compliance cost of a listed firm is only three times that of the compliance costs of a typical SME. This suggests that the compliance cost is four times more regressive for an average SME." (Hanefah & Ariff, 2002:96).

Smallbone and Welter (2001) argue that government plays a key role in SME development in that "the policy stance taken by the state, since the state is one of the key influences on the external environment in which businesses develop in any economy, [acts] as an enabling and/or a constraining force" (Smallbone, David; Welter, 2001:64). Some of the constraining policies to SME development relate to taxes (Olawale & Garwe, 2010). Olawale and Garwe point out that "the cost of regulation may impact on the growth of new SMEs [as they are] expected to obtain registration license and pay taxes" (Olawale & Garwe, 2010:732).

Smallbone and Welter (2001) concur with the burden of compliance costs as policy induced biases towards SMEs. They argue that these compliance costs "fall

disproportionately on SMEs because of their more limited internal resources compared with larger firms” (Smallbone, David; Welter, 2001:65). They point out that this is true where SMEs are required to comply with legislation that tends to change regularly or is complex. It thus requires for SMEs in some instances to employ the services of specialists such as tax consultants to assist with complex legislation requirements. Legislation in this instance is bias against SMEs.

To ease the burden of compliance costs, Hallberg (2000) suggests that “the fact that a regulation raises the cost of doing business doesn't necessarily mean that the regulation should be softened or eliminated...in some cases, adding flexibility in the implementation of regulations can be an important way to ease the burden on small enterprises” (Hallberg, 2000:10).

2.5.1. The role of South African government in SME development

In 2014, the South African government established the Department of Small Business Development (DSBD) and charged it the following mandate:

“The mandate of the department is to lead an integrated approach to the promotion and development of Small Businesses and Co-operatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation” (Department of Small Business Development, 2015)

This mandate therefore alludes to the role that the South African government should take in SME development. From this mandate we unpack five aspects that the DSBD is tasked with. Legislation imposes on the DSBD to be a leader in:

- Facilitating an integrated approach to SME development
- Enabling SME development by focussing on economic and legislative drivers
- Stimulating entrepreneurship
- Contributing to radical economic transformation

Given this stance by the South African government to set up a full ministry dedicated to small business development, two main drivers necessitate this research:

1. Lack of evidence of research that relates to government effectiveness in SME development.
2. The particular stance taken by the South African government to set up a ministry dedicated to small business development.

This research will seek to unpack how the DBSD mandate translates into the role to be played by the South African government in SME development.

2.6. Understanding effectiveness

McLeod and Atwell (1992) in Murphy (2013) define institutional effectiveness as “the condition of achieving the set goals by an institution and being able to verify the attainment of these goals with specific data that show the degree or quality of their attainment” (Murphy, 2013:322). This definition raises three important aspects in relation to institutional effectiveness. Firstly, that there must be set goals, secondly, that there must be measures to identify the attainment of the set goals and thirdly, the attainment of the goals must be verifiable in terms of degree or quality. This definition is significant in terms of the research question: are government institutions tasked with the role of SME development perceived to be effective? It will be important to establish whether these institutions have set SME development goals, whether these goals are measured consistently across the institutions and if the results can be verifiable.

To add to McLeod and Atwell, Hallberg (2000) proposes that government SME development interventions should be monitored and evaluated on *institutional performance*, *market development* and *economic impact* (Hallberg, 2000). Institutional performance looks at coverage in terms of number of SMEs reached through an intervention, cost effectiveness of the intervention and financial sustainability of the intervention i.e. can the intervention be delivered without dependence on subsidies. She summarises that “institutional performance evaluation provides program managers and other stakeholders with continuous feedback on whether or not the program is reaching its intended clientele, what types of activities are more or less successful, and how the program can be better designed and managed. It also provides a basis for accountability in the use of public resources” (Hallberg, 2000:20).

Market development is about “measuring the effects of intervention on the development of markets for financial and non-financial services” (Hallberg, 2000:21). Indicators of market development would include:

- number, distribution, and quality of service providers
- types and quality of instruments available in the market
- the structure and degree of competition in the market
- risks and transactions costs
- the price of services and subsidy incidence; and

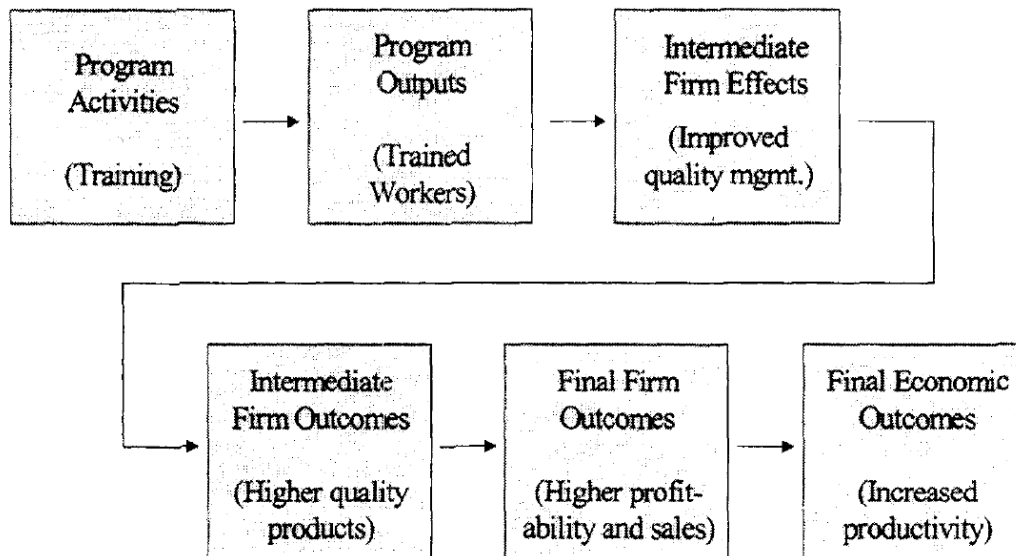
- awareness and willingness-to-pay for services on the part of SMEs (Hallberg, 2000:20).

She proposes the following indicators for measuring economic impact:

- the magnitude and durability of the effect of the service on SME performance (sales, exports, productivity, etc.); and
- the developmental impact of the intervention at a sectoral or economy-wide level (Hallberg, 2000:21).

In addition to the above indicators to measure performance on SME development interventions, she proposes a framework illustrated in Figure 1 below that can be used to evaluate intervention impact. As an example, if government's goal is to increase employment through SMEs, the percentage increase in employment or the drop in unemployment figures could be the Final Economic Outcome. The Program Activity could be the job subsidy scheme created by government to entice SMEs to employ more people. The Program Outputs could be the number of people employed by SMEs as a result of the government scheme. The Intermediate Firm Effects could be access to necessary skills by SMEs. The Intermediate Firm Outcomes could be increased levels of professionalism within SMEs and/or improved product/service quality. Final Firm Outcomes could be higher profitability and sales. This framework therefore provides a lens that one could use to evaluate the perceived effectiveness of government role on SME development.

Figure 1: Logical Framework for Impact Evaluation



Source: Hallberg (2000)

Alfred (2011), in his work on the future of institutional effectiveness within community colleges, argues that “effectiveness is a complex, multifaceted construct with a myriad of meanings and interpretations” (Alfred, 2011:104). To unpack its meaning, he uses two realms that serve as the basis for measuring effectiveness (Alfred, 2011). The first realm is the objective realm, which refers to “events in the realm of experience that are independent of individual thought and readily perceptible to all observers” (Alfred, 2011:108). Effectiveness indicators within this realm include rate of growth, efficiency, outcomes and client satisfaction. The second realm is the subjective realm, which refers to stakeholder perceptions of the outcomes generated by institutions e.g. how stakeholders interpret the results produced by SME development institutions against these institutions’ objective realms. These two realms provide insight when evaluating the perceived effectiveness of government institutions that are tasked with the role of SME development. This research will therefore analyse if the perceptions provided on the effectiveness of government institutions are based on any or both the objective and subjective realms.

Taking from the above characterizations of effectiveness, one then expects that government institutions mandated with SME development would:

- have set specific SME development goals.
- have specific key performance indicators towards SME development set goals.

- regularly publish their progress on attainment of SME development goals.
- have easy mechanisms in place to verify the attainment of SME development goals.

2.7. Conclusion

This chapter reviewed literature on SME development by first providing a definition of SME from literature and from the South African National Small Business Act to provide context for theory. The chapter also discussed the role of government in SME development. Then the chapter went on to discuss perception, institutional and effectiveness theories.

Chapter 3: Research questions

3.1 Introduction

The literature review presented the rationale for governments to be involved in developing SMEs. Some of the challenges to SME development were reviewed in relation to the role of government. The South African government recently set up a ministry dedicated to small business development. It is within this context that this research sought to understand what the role of the South African government in SME development is or should be, and whether government institutions tasked with SME development are perceived to be effective or not.

3.2 Research questions

The following questions seek to understand the role of the South African government in developing SMEs and whether government institutions tasked with this mandate are perceived to be effective.

3.2.1 Research question 1

What is the role of the South African government in SME development?

3.2.1.1 Research question 1 sub-question

What are the explicit mandates of government institutions tasked with SME development?

3.2.2 Research question 2

How do these institutions define and measure SME development?

3.2.3 Research question 3

Are government institutions tasked with SME development perceived to be effective?

3.2.3.1 Research question 3 sub-question

How do the intended beneficiaries of SME development define and measure SME development?

Chapter 4: Proposed Research Methodology and Design

4.1. Introduction

This chapter defines the research method used in this study. It also details the population of the study, the unit of analysis, the sampling method and size, the measuring instrument and data gathering process. The chapter closes by detailing the analysis approach followed by this study as well as pointing out limitations for this study.

4.2. Choice of Methodology

This study was exploratory in nature i.e. it aimed to explore the perceived effectiveness of government institutions towards SME development. Saunders and Lewis (2012) define exploratory research as that which “aims to seek new insights, ask new questions and to assess topics in a new light” (Saunders & Lewis, 2012:110). Seeing that there is limited research around the topic of this research, new questions asked included how government institutions define SME development, whether they have goals towards SME development and whether these goals are measured? Equally, intended beneficiaries of SME development were asked to define SME development as well as provide insights into how they measure SME development.

This exploration followed a qualitative approach. Creswell (2007) asserts that qualitative research is conducted in order to “understand the contexts and settings in which participants in a study address a problem or issue” (Creswell, 2007:40). Creswell therefore indicates that government institutions tasked with SME development may define and measure SME development differently from each other, depending on the context within which they operate. At the same time, the intended SME development beneficiaries may define and measure SME development differently depending on their needs.

4.3. Population

Saunders and Lewis (2012) define the population as the complete set of research participants available to the researcher. The population for this study included government institutions tasked with the role of SME development. These government institutions were identified as:

- Department of Small Business Development (DSDB)
- Small Enterprise Development Agency (SEDA)

- Small Enterprise Financial Agency (SEFA)

In addition to the government institutions listed above, the population also consisted of SMEs. These SMEs were important as they are the intended beneficiaries of SME development. Their inclusion in the study presented a balanced view on the research questions.

4.4. Unit of analysis

Saunders and Lewis (2012) describe the unit of analysis as that major entity that is being analysed in a study, meaning the 'what' or 'who' that is being studied. The unit of analysis for this study was each participant representing government institutions mentioned above, which are tasked with SME development, as well as owners of SMEs as identified above.

4.5. Sampling method and size

Saunders and Lewis (2012) describe a sample as a subgroup of the whole population. Because the number of SMEs in South Africa is not readily known, there was no sampling frame for this study. As a result, non-probability sampling was considered most appropriate for this study. This study specifically used purposive sampling within non-probability sampling. Saunders and Lewis (2012) define purposive sampling as “a type of non-probability sampling in which the researcher’s judgement is used to select the sample members based on a range of reasons and premises” (Saunders & Lewis, 2012:138). The researcher therefore used his judgement to actively choose those government institutions and SMEs that were best suitable to meet the objectives of this research. This sample included:

- A senior representative from the Department of Small Business Development (DSDB)
- A senior representative from Small Enterprise Development Agency (SEDA)
- A senior representative from Small Enterprise Financial Agency (SEFA)
- Owners of SMEs

Within the government institutions listed above, the researcher interviewed executive managers who head divisions/departments responsible for enterprise development. The researcher also interviewed the business owners of the SMEs.

In terms of determining the sample size, Guest, Bunce and Johnson (2006) propose that 12 interviews are sufficient to reach saturation for in-depth interviews (Guest,

Bunce & Johnson, 2006). As such a total of 12 SME owners were interviewed, together with three government representatives from the government institutions that are formally mandated with SME development through legislation.

4.6. Measurement instrument

Semi-structured interviews were conducted to collect data. According to Saunders and Lewis (2012), researchers using semi-structured interviews typically have a list of topics to be covered and questions to be asked. The researcher had a list of questions and these were asked in terms of relevance to the respondent, also, where necessary, additional questions were asked.

4.7. Data gathering process

According to Creswell, Hanson, Plano Clark & Morales (2007), semi-structured interviews are best suited for in-depth studies. Because this research is exploratory in nature, semi-structured interviews were deemed most appropriate as the data collection tool. Semi-structured interviews allow for the researcher to have a set of questions and topics to be covered, and allows for the researcher to omit certain questions or ask additional questions (Saunders & Lewis, 2012). This data collection tool also allows the researcher the opportunity to probe and to seek clarity where necessary.

All government respondents were interviewed face-to-face. Of the 12 SME respondents, 10 were interviewed face-to-face and two were telephonic. For one of the telephonic interviews, the researcher used double recording, wherein he requested the respondent to record the interview on her side as well and share the recording with the researcher.

The researcher informed all the participants about relevant ethical issues pertaining this research. The researcher explained the purpose of the study and informed the participants of their voluntary participation as well as confidentiality matters. The researcher requested permission to record the interviews so as not to misrepresent any information shared during the interview. This also allowed the researcher to have a flowing conversation with the participants and allowed for a less intimidating interview environment. The researcher posed questions in a relaxed tone that did not suggest his own biases and or judgement, instead the researcher allowed the participants to lead the conversations. All interviews were transcribed using the services of a professional transcriber.

4.8. Analysis approach

According to Pope, Ziebland and Mays (2000), “qualitative research uses analytical categories to describe and explain social phenomena. These categories may be derived inductively—that is, obtained gradually from the data—or used deductively, either at the beginning or part way through the analysis as a way of approaching the data” (Pope et al., 2000:114). Because this research is exploratory, the inductive approach was followed. Data collected was analysed using the ATLAS.ti qualitative research analysis software. This tool provided for easier coding and grouping of data.

The researcher followed these steps to analyse the data:

Step 1: Data cleaning

The first step before organising the data involved reading through the transcripts. This process allowed the researcher to ensure that recordings were properly transcribed and corrected any mistranslations.

Step 2: Loading transcripts onto ATLAS.ti

Once the transcripts were cleaned out, they were loaded onto ATLAS.ti project and grouped into SME and Government respondents to allow for easier analysis and comparison between the two groups interviewed.

Step 3: Data coding

This process involved organising data into smaller units that begin to translate the data into information. The researcher was thus led by the data in terms of assigning codes.

Step 4: Creation of code families

In this step, the researcher reviewed the list of codes and merged those that were similar. The researcher then began analysing the units of data in order to formulate categories of data. Units of data were grouped in line with their relationships and these formed the code families.

Step 5: Thematic analysis

The code families provided a basis for identifying recurring themes within the data. These themes were then analysed within the context of the research objectives in line with the literature review presented in the paper.

4.9. Limitations

The following limitations are noted for this research:

- Results may not be dependable. Saunders and Lewis (2012) argue that qualitative, exploratory research is by its nature preliminary and therefore needs to be followed up with more detailed research (quantitative analysis - descriptive and causal) to provide more dependable results (Saunders & Lewis, 2012).
- Researcher bias. This is as a result of exploratory research being subjective and reflects the perspectives of the researcher (Saunders & Lewis, 2012).

4.10. Conclusion

This chapter introduced and defined the methodology followed by this study. It also detailed the population of the study, the unit of analysis, the sampling method and size, the measuring instrument and data gathering process. The chapter closed by detailing the analysis approach followed by this study as well as pointing out limitations for this study.

Chapter 5: Results

5.1 Introduction

The purpose of this chapter is to present the sample as well as the results of this research. The results are presented as emerging themes in line with the research questions pointed out in chapter 3 above.

5.2 Respondents Profile

12 SME owners were interviewed. Five of the respondents were female and seven were male. 11 respondents had their offices in Gauteng and one had their offices in North West.

Table 2: Respondents Profile

Respondent	Gender	Industry/Government Institution
SME Respondent 1	Female	ICT
SME Respondent 2	Female	ICT
SME Respondent 3	Female	Marketing
SME Respondent 4	Female	Marketing
SME Respondent 5	Male	Business Consulting
SME Respondent 6	Female	Construction
SME Respondent 7	Male	Fast Food
SME Respondent 8	Male	Construction
SME Respondent 9	Male	Marketing
SME Respondent 10	Male	Fast Food
SME Respondent 11	Male	Healthcare
SME Respondent 12	Male	ICT
Government Respondent 1	Female	SEDA
Government Respondent 2	Male	DSBD
Government Respondent 3	Male	SEFA

Source: Author's own

5.3 Themes from the findings

The findings were grouped according to the three research questions and their sub-questions. The respondents' data was categorised into themes. Table 3 below summarises the themes per research questions. These are then presented in detail.

Table 3: Summary of recurring themes per research question

Research Question	Recurring Themes
1. What is the role of the South African government in SME development?	<ol style="list-style-type: none"> 1. Economic transformation and growth 2. Impact of South African history 3. Socio-economic conditions

<p>What are the explicit mandates of government institutions tasked with SME development?</p>	<ol style="list-style-type: none"> 1. Legislative mandate
<p>2. How do these institutions define and measure SME development?</p>	<ol style="list-style-type: none"> 1. Strategic plans 2. More aligned reporting 3. Job creation
<p>3. Are government institutions tasked with SME development perceived to be effective?</p>	<ol style="list-style-type: none"> 1. Lack of marketing 2. Unclear, lengthy processes 3. Incompetence within government institutions 4. Red tape
<p>How do the intended beneficiaries of SME development define and measure SME development?</p>	<ol style="list-style-type: none"> 1. SMEs have specific needs 2. Access to markets 3. The need for internal skills within SMEs 4. Lack of clarity on the role of government institutions 5. Certain government legislation does not empower SMEs 6. Government institutions are not responsive to SME needs 7. Perception of corrupt practices within government institutions

Source: Author's own

5.3.1 Themes from research question 1: What is the role of the South African government in SME development?

5.3.1.1 Economic transformation and growth

One of the recurring themes in terms of the role of government in SME development was economic transformation and growth. The South African government recognizes that it needs to create jobs, it needs to address the inequalities and SMEs present a platform to achieve these.

In the DSBD's Strategic Plan for 2016/17 – 2020/21, Minister Lindiwe Zulu wrote:

“Small, micro and medium enterprises (SMMEs) have the potential to be the main driver of economic growth, poverty eradication and job creation. The overarching thrust of [DSBD] policy documents is to drive an agenda of radical socio-economic transformation which would manifest in a better life for all citizens in an inclusive society and thriving economy. An agenda which starts a journey towards 11 million new jobs by 2030. Our support will seek to address competitiveness and the sustainability of small business and cooperatives, training and development, access to finance, business skills development, commercialization, market access, and advancing localization.”

The DSBD’s Strategic Plan for 2016/17 – 2020/21 also makes mention that:

“Since its establishment, the department has been operating in a severely constrained environment due to funding constraints.”

Each of the strategic oriented outcomes goals has challenges which have been identified. Some of the challenges are outlined in risk management as presented in Figures 2 and 3 below.

Figure 2: DSBD Risk Management (a)

Risk description	Mitigating measures
Due to the department being newly established, the lack of processes, people and systems might result in an inability for the department to comply with financial management, performance management and legislative prescripts.	Periodically coordinate, review, and modify legislation and regulations related to small businesses and Co-operatives in order to build a conducive small business environment Ensure the effective implementation of the red tape reduction programme
Ineffective communication on the work of the department resulting in the intended beneficiaries not being reached. This will have a negative effect on the development and growth of SMME and Co-operatives.	Enhance channels of internal communication on the work of the department to be more accessible to all internal stakeholders through the effective implementation of: Communications strategy Partnership and Stakeholder strategy Stakeholder engagement activities

Source: DSBD’s Strategic Plan for 2016/17 – 2020/21

Figure 3: DSBD Risk Management (b)

Risk description	Mitigating measures
Lack of legislative alignment for small businesses which could result in a non-conducive legislative environment	<p>Periodically coordinate, review, and modify legislation and regulations related to small businesses and Co-operatives in order to build a conducive small business environment</p> <p>Ensure the effective implementation of the red tape reduction programme</p>
<p>The design of the intervention programmes could be non-congruent with the needs and dynamics of intended recipients resulting in non-growing SMMEs and Co-operatives</p> <p>Possible duplication of efforts with other government programmes resulting in a non-efficient/effective approach to small business development</p>	<p>Research study on legislative and regulatory protocols impeding SMMEs will be conducted</p> <p>Strengthen stakeholder relations through consultation and stakeholder engagements</p>

Source: DSBD’s Strategic Plan for 2016/17 – 2020/21

The Minister’s sentiments were shared by Government Respondent 1 when he said:

“government decided that this area is very much critical to really assist in developing small business as a way of contributing in the economy, and contributing in improving the GDP, at the same time also, assisting in bringing about, to deal with issues of high level of unemployment, to address high level of unemployment, and also to address the aspect of the high levels of inequalities of society, and also to address the issue of the economic transformation”

5.3.1.2 Impact of South African history

The impact of the South African history also featured as a recurring theme in terms of the South African government’s role in SME development.

In the DSBD’s Strategic Plan for 2016/17 – 2020/21, Minister Zulu wrote:

“The Second Phase of our Transition demands that we redouble our resolve to accelerate our onslaught against economic exclusion, landlessness, poverty

and homelessness. Indeed, it is unacceptable that, twenty-two years since our freedom, the triple challenge of poverty, unemployment and inequality still largely bears the face of a black, rural woman's face and that almost 66% of the unemployed are young people. It must worry all of us and propel us into a collective radical action which will transform our economy and responds to the needs of the masses of our people.”

She further added that:

“We see the SMMEs sector and cooperatives as an economic empowerment vehicle for historically disadvantaged people”

According to Government Respondent 2, SME development is a responsibility of government:

“Alright, well I begin by saying the area of small business development is an area of the government, or the responsibility of government, to assist in the development of small business, it is a mandate that really is derived from a Small Business Act, which was promulgated by government, in a far back as 2006, the Act that was passed by government.”

He further added that government carries this responsibility partly as a result of the apartheid legacy and the need to address socio-economic issues:

“when a new democratic government was established, after the apartheid government, which was in 2004, and government decided that this area is very much critical to really assist in developing small business as a way of contributing in the economy, and contributing in improving the GDP. At the same time also, assisting in bringing about, to deal with issues of high level of unemployment, to address high level of unemployment, and also to address the aspect of the high levels of inequalities of society, and also to address the issue of the economic transformation, which is an imperative of this new democratic government to bring about equities or within the economic realm of South Africa, enabling those who were marginalised during the apartheid to be brought into the mainstream of the economy.”

SME Respondent 3 added by saying that SME development is dependent on government because of the South African history, by alluding to the fact that capital is still in the hands of white owned companies:

“In South Africa SME development is depending on government, it is purely dependent on government. The owners of capital and finance are still white companies. SME development is black, when I think of SME development it is not only black but I limit it to black, and that depends on government funding and yet it makes such a huge difference because there are so many people out there, locally we call them hustlers, who are feeding families off this.”

5.3.1.3 Socio-economic conditions

Another recurring theme in relation to the role of the South African government in SME development was the need to address socio-economic conditions such as job creation, economic transformation and economic growth.

Government Respondent 2 explained this by saying:

“government decided that this area is very much critical to really assist in developing small business as a way of contributing in the economy, and contributing in improving the GDP, at the same time also, assisting in bringing about, to deal with issues of high level of unemployment, to address high level of unemployment, and also to address the aspect of the high levels of inequalities of society and also to address the issue of the economic transformation, which is an imperative of this new democratic government to bring about equities or within the economic realm of South Africa, enabling those who were marginalised during the apartheid to be brought into the mainstream of the economy”

Government Respondent 3 also added that:

“The main issue, the question you have to ask yourself, is why government is doing SME development, what is the main reason? I think your answer will lie when you answer that question, why do people do small business development? I mean that should be the question. The one angle from our view is that small businesses or government needs to create jobs, people need to be employed and productive. The biggest way of people being employed is through small business, and small business development, that is the view, would lead to job creation. Once they are established, and once they start growing, so our view is the bigger objective is not the creation of small businesses for the sake of small businesses. The prime objective is job creation, and we believe that by the growing and creation of these small

businesses, we are setting up and funding, that automatically leads to job creation.”

All three government respondents made mention of the NDP’s requirement of job creation.

Government Respondent 1 said they needed to align to the NDP’s objective of job creation:

“So it is to align ourselves to that and then I think 3 years ago when the National Development Plan came out because one of the priorities of the NDP was job creation. Previously our delivery model was that 20% of our resources and everything would be invested in the small and medium businesses and then 80% of our time resources would be invested in the new start up businesses, but the research that was conducted by our strategy division showed that sectors that have a potential to create jobs is the small and medium businesses so we are increasingly getting involved in the small and medium businesses because of their potential to create jobs which were aligned.”

Government Respondent 2 added that:

“It has then also said that, if you look at the new economic plans, the NDP, the New Development Plan, the NDP has implicated the department and small business area to bring about 90% of employment out of the targeted employment of 11 million to be implemented by this area of work, are you with me now?”

Government Respondent 3 also added that:

“The question is a impossibility to determine that, numbers is not an exact science, the first question you would ask, where does the 11 million come from, the issue is we need to contribute as much as possible to that, we again are not an island, we don’t operate in this space alone, and I think it would be sort of unfair to have a standalone target for SEFA to achieve that.”

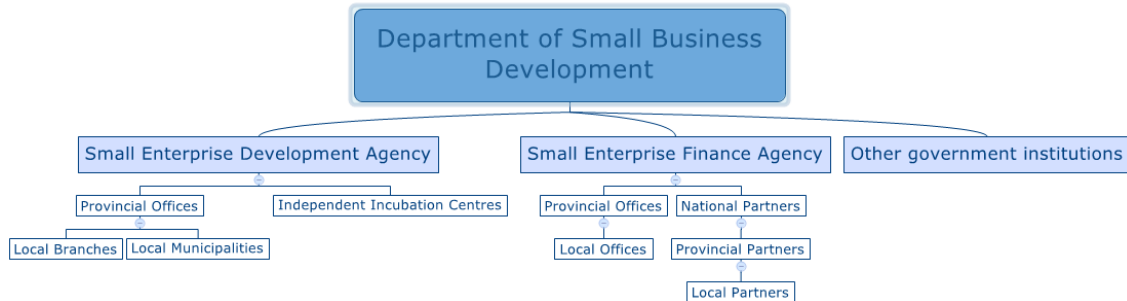
5.3.2 Themes from Research question 1 sub-question: What are the explicit mandates of government institutions tasked with SME development?

5.3.2.1 Legislative mandate

In terms of the explicit mandate, government respondents pointed to legislation as the basis of their mandates. They also explained how legislation guides the formal

structure within which they carry out their respective mandates, this structure is presented in Figure 4 below.

Figure 4: Structure of government institutions tasked with SME development



Source: Authors adaptation from data gathered

Government Respondent 1 explained her institution’s mandate as follows:

“SEDA was established through an Act of Small Business, national business enabling Act. In fact it was amended in 2004, but the Act was in existence even before that... Government wanted to establish one agency that would be responsible for small business support, subsequent to the merger of Ntsika and the MAC programme.”

According to SEDA’s website, its explicit mandate is:

“to implement government’s small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government.”

Government Respondent 2 added that:

“This mandate, was a mandate that, it used to be the responsibility of the Department of Trade and Industry. With the proclamation by the president on the establishment of this department, the Department of Small Business, which took place in 2015, that mandate then shifted from the Department of Trade and Industry, and it became the mandate for the Department of Small Business Development. So that mandate is a mandate that is expressed in the proclamation itself, of the president in establishing the department, and it is a mandate that also finds its expression in the Small Business Act.”

According to SEDA's website (Small Enterprise Development Agency, 2016), their explicit mandate of the DSBD is:

“to lead an integrated approach to the promotion and development of small businesses and co-operatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation”

Government Respondent 3 added that:

“it is quite clear from what I have alluded to you, is that our mandate then is in the main to provide financial support to small businesses in South Africa.”

According to SEFA's website (Small Enterprise Finance Agency, 2016), its explicit mandate is:

“to foster the establishment, survival and growth of SMMEs and thereby contribute towards poverty alleviation and job creation.”

5.3.3 Themes from research question 2: How do government institutions tasked with SME development define and measure SME development?

5.3.3.1 Strategic plans

When responding to the question of measurements, government respondents made reference to their strategic plans that detail key performance indicators and their measures. They also linked these plans to the NDP.

Government Respondent 1 explained that their measurements are embedded in their strategic plan by saying:

“I would not say we have a 2030 plan but obviously we have a 3 year strategic plan. Like currently the 3 year strategic plan that we have is up to 2019 but every year we review our business plan or we submit what we call an annual performance plan to the department of small business development because the president needs it for the state of the nation address every year. So it is to align ourselves to that and then I think 3 years ago when the National Development Plan came out because one of the priorities of the NDP was job creation.”

The SEDA Annual Performance Plan 2017/2018 – 2019/2020 revealed that SEDA has three strategic outcome oriented goals being:

1. Improve the sustainability of small enterprises and cooperatives
2. Increase SEDA delivery network to reach underserved areas
3. Maximise support offered to SEDA clients through stakeholder contribution

These strategic outcome oriented goals are derived from DSBD's strategic outcome oriented goals. The SEDA Annual Performance Plan 2017/2018 – 2019/2020 includes measures and frequency. A sample of these together with their strategic objectives are presented in Table 4 below.

Table 4: Sample of SEDA Strategic Oriented Goals with targets, measures and timelines

Strategic Outcome Oriented Goal	Strategic Objective	Performance Indicator/Measure	Audited Actual Performance			Projected	Medium-Term Targets		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Improve the sustainability of small enterprises and cooperatives	Increase number of diagnostic assessment conducted on small enterprises	Number of diagnostic assessment conducted on clients businesses	10 619	10 697	10 679	10 830	10 290	9 776	9 287
	Increase numbers of clients participating in the Supplier Development Programme	Number of clients supported through Supplier Development Programme	Not applicable	0	83	150	225	300	325
Increase SEDA delivery network to reach underserved areas	Increase co-location points with identified partners	Number of co-location points	17	17	23	26	29	32	35
	Develop framework for SEDA branch location and resourcing	Developed framework for branch location and resourcing	Not applicable	Not applicable	Not applicable	Framework developed and approved	Implementation of framework	Implementation of framework	Implementation of framework

Source: Author's adaptation from SEDA Annual Performance Plan 2017/18 – 2019/20

Government Respondent 2 added that:

“The department has developed what we call a 5 year strategic plan, and in this strategic plan, what the department has done, is to articulate its vision, as to how its area has attended to, are you with me now? So in that plan, what the department does is this, it has set up a very clear vision, we want to grow the contribution of the SME, from the current 36% GDP to 40% over the next 10 years so that 40% of the GDP comes from small business. It has then also said that, if you look at the new economic plans, the NDP, the New Development Plan, the NDP has implicated the department and small business area to bring about 90% of employment out of the targeted employment of 11 million to be implemented by this area of work, are you with me now?”

The DSBD’s Strategic Plan 2016/17 – 2020/21 also presents Strategic Outcomes Oriented Goals. There are three main goals being:


1. An effective and efficient administration.
2. An enabling environment for competitive small businesses and co-operatives.
3. Sustainable small businesses and co-operatives in townships and rural areas.

Figure 5 below is a sample of DSBD’s strategic goals, targets and measures.

Figure 5: Sample of DSBD

QUARTERLY TARGETS: Programme 3

Performance Indicator	Baseline 2015/16	Annual Target 2016/17	Quarterly Targets			
			1 st	2 nd	3 rd	4 th
32. Small and medium enterprises supported through financial and non-financial support	480 small and medium enterprises supported through the BBSDP	600 small and medium enterprises supported through the BBSDP	100 small and medium enterprises supported through the BBSDP	160 small and medium enterprises supported through the BBSDP	200 small and medium enterprises supported through the BBSDP	140 small and medium enterprises supported through the BBSDP
33. Incubators supported through the Enterprise Incubation Programme	None	7 incubators supported through the Enterprise Incubation Programme	Conceptual document and guidelines approved by Exco and EA	2 incubators supported through the Enterprise Incubation Programme	3 incubators supported through the Enterprise Incubation Programme	3 incubators supported through the Enterprise Incubation Programme
34. Partnership agreements entered into to support SMMEs and Co-operatives	3 partnership agreements entered into to support SMMEs and co-operatives	10 partnership agreements entered into to support SMMEs and Co-operatives	1 partnership formalised	3 partnerships formalised	3 partnerships formalised	3 partnerships formalized



small business development
Department: Small Business Development
REPUBLIC OF SOUTH AFRICA

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Source: Department of Small Business Development Strategic Plan 2016/17 – 2020/21 presentation.

SEFA also have a Corporate Plan 2016/17 –2020/21 which is also aligned to the DSBD strategic plan. A sample of SEFA’s Corporate Plan is presented in Table 5 below.

Table 5: Sample of SEFA Strategic Oriented Goals aligned with DSBD

DSBD Strategic outcome-oriented goals	SEFA Strategic Objective	SEFA Programmes
An effective and efficient administration	<ul style="list-style-type: none"> • Build a financially sustainable and viable sefa. • Improve Financial Ratios. • Build efficient and effective process and systems. • Adopt best practice governance. • Build a high performance organisation. 	<ul style="list-style-type: none"> • Build an efficient and effective sefa that is performance driven and sustainable. • Governance, Risk and Compliance.
An enabling environment for competitive small businesses and cooperatives	<ul style="list-style-type: none"> • Expand access to credit and finance to informal and micro-enterprise sector. • To consolidate the Direct Lending investment activities and strive toward improved portfolio quality; and to redirect its investment activities proactively in support of government policy initiatives. • Facilitate a programme of Wholesale Lending through strategic partnerships. • Increase the utilisation of guarantee indemnity scheme. 	<ul style="list-style-type: none"> • Access to finance for SMMEs and Co-operatives. <ul style="list-style-type: none"> ○ Informal Sector and Micro-Enterprises Finance ○ Direct Lending ○ Wholesale SME Lending ○ Co-operative Enterprise Lending ○ Khula Credit Guarantee • Marketing, communication and stakeholder relations.

Source: Author's adaptation from SEFA Corporate Plan 2016/17 –2020/21

5.3.3.2 More aligned reporting

Government respondents indicated that they were increasingly required to align their reporting to the strategic goals and outcomes. They pointed out that just presenting the number of jobs created for example was no longer sufficient, they needed to report on the impact of their initiatives.

Government Respondent 2 explained that measuring and reporting on reach alone is no longer acceptable, they need to report on economic impact, he explained:

“You see parliament now at the moment, they are giving us nightmares, they are saying we should not report throughput, are you with me now?”

They want us to report impact, are you with me now, not only we must report throughput and output, we must also report impact, are you with me now so that meaning that you can’t go them and say we have funded 15 enterprises to a tune of about 16 million, are you with me now, for example, and these enterprises therefore, they are located geographically in the particular space. They want us to say now, what is the impact of the 15 million that you have given to these enterprises, are they been sustainable, and secondly, how many jobs have they created, how are they contributing to the GDP growth so meaning that we need to have now variables that looks into that, now we have got a division here dealing with that work, which is going to do those monitoring of all these programmes, and provide us with the impact report.”

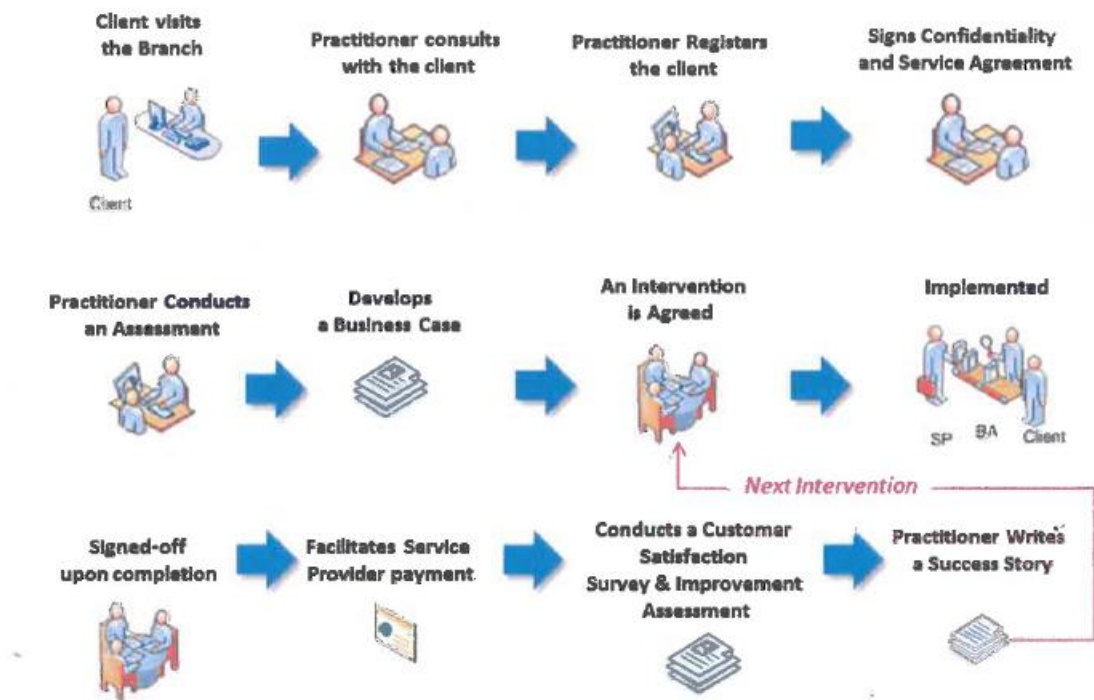
Government Respondent 1 added that:

“SEDA measures in the impact and sustainability of our businesses, we measure it in certain indicators one of them as I have indicated is increase in turnover. For instance, we call those our strategic indicators and those are the things that we report when we submit our quarterly report, you know to the department and our political principals.”

Both the SEDA Annual Performance Plan 2017/2018 – 2019/2020 and the SEDA 2015/16 Annual Report bear evidence of more aligned reporting.

SEDA has also developed a Client Journey Model as presented in Figure 6 below. As part of this model, SEDA does an impact assessment six months after an intervention and documents a success story where necessary.

Figure 6: SEDA Client Journey Model



Source: SEDA Annual Performance Plan 2017/18 – 2019/20

5.3.3.3 Job creation

Government respondents mentioned job creation as one of the measurements they use, as they are implicated in the NDP to provide 90% of the 11 million jobs by 2030.

Government Respondent 1 said:

“Previously our delivery model was that 20% of our resources and everything would be invested in the small and medium businesses and then 80% of our time resources would be invested in the new start up businesses, but the research that was conducted by our strategy division showed that sectors that have a potential to create jobs is the small and medium businesses so we are increasingly getting involved in the small and medium businesses because of their potential to create jobs which were aligned.”

Government Respondent 2 added that:

“It has then also said that, if you look at the new economic plans, the NDP, the New Development Plan, the NDP has implicated the department and small business area to bring about 90% of employment out of the targeted employment of 11 million to be implemented by this area of work, are you with

me now? This area of work, so meaning therefore that, that is our mandate here we need to create about seven hundred and something thousand jobs, now it only means not only just us in the department, with the entire spheres of government, who are playing this role, needs to bring this seven hundred and something thousand jobs that are coming in over by 2030, we should be having 11 million jobs and 90% of those should be coming from small businesses, so it is a mammoth task, and that is a task for us, are you with me now?"

Government Respondent 3 added that:

"The prime objective is job creation, and we believe that by the growing and creation of these small businesses, we are setting up and funding, that automatically leads to job creation. If you look at the National Development Plan, and what the vision for the 2030 for the country is regarding the creation of 11 million jobs, we believe a huge chunk between 90% of those jobs would be created by small businesses and SEFA in partnership with the banking sector and other DFIs, needs to play that role."

In their Corporate Plan 2016/17 – 2020/21, SEFA projects job creation as follows:

Table 6: Projected jobs to be created through SEFA interventions

Project Name	2016/17	2017/18	2018/19	2019/20	2020/21	Total - Strat Plan
Informal and micro enterprise credit	69 300	76 230	83 853	92 238	101 462	423 083
Direct lending programme	817	1 028	1 501	1 763	2 149	7 258
Wholesale sme lending programme	1 080	1 190	1 300	1 430	1 573	6 573
Co-operative lending programme	760	840	928	1 016	1 118	4 662
Khula credit guarantee programme	1 905	7 140	11 190	20 235	20 712	61 182
Total jobs created by 2021						502 758

5.3.4 Themes from research question 3: Are government institutions tasked with SME development perceived to be effective?

5.3.4.1 Lack of marketing

When asked about how effective were government institutions on SME development, a recurring theme was lack of marketing from government side. Most SME respondents were not aware of government initiatives.

SME Respondent 3 recounted her experience, saying:

“one thing I know is that their biggest problem is that they would get the wrong hits because they do not talk properly about this is what we offer assistance in, this is what you need and everything.”

She further added that because of lack of marketing, SMEs are left confused as to where to go for which services:

“for the longest time there was a myriad of all of them and you just never knew where to go and then you would go to this one SEDA, Small Enterprise Development, no, no go to that one, and you go, no go to that one or no you are actually operating in Mpumalanga, you are trying to do something in Mpumalanga, go to Mpumalanga economic growth agency... So... and this information is not readily available on who offers what....”

She also added that she had seen initiatives that seemed to be working, however, lack of proper marketing was detracting these initiatives:

“So how well they work, because I am not that type of the SME that...I am not sure how well they work but I have seen them. I have come into contact with them but perhaps looking at the SME field, one can't help but think that they are not necessarily working that well... I'm just not sure how well it is communicated so that people know how to access it.”

SME Respondent 4 added that:

“I can tell you this much that I think there are things that they can do better, in terms of engaging people, in terms of being accessible, in terms of communicating with the people that are trying to seek out for help”

SME Respondent 8 added that he was not able to find government initiatives that support his construction SME:

“What I deliver is still necessary, those people who have a million ideas, they have to start an office, that is painted, that is refurbished and everything, but because mine is not a skill that government needs, it becomes a problem to make room for you, and even if there are parts that fund such things, the marketing of that, then it is poor, because we are unable to get to them.”

He further added that he did not see any marketing on government initiatives on SME development:

“Now if there are things the government has those type of funding, then I do not know about them and not because I am sitting under a rock, but because I know about do not drink alcohol which is coming from the government, they are advertising it, I can hear it everywhere I am, but the way to say to me, this is the structure, this is the way where you can come and get money, we have this type of security or we can provide security for you, I don't hear about them.

I stay in Centurion, I work in Gauteng, where I believe it should be on the billboards and everything because most of us which are here, most people are working for themselves and we should be able to see these things but don't drink and drive, I see it everywhere, unless it is not funded by the government but yes...”

SME Respondent 8 continued to add that sometimes this lack of marketing from government result in SME losing out on business:

“What I can say is, if they are doing work, then the government needs to look into, either the communication, my biggest challenge is the communication. You end up losing a project and then after losing a project, then you talk about it amongst your peers and they say but you should have went to here and here and you realise that oh, as a start up, I am dependent on advertisement on the paper, on the website but all these other things that can help me, I don't have access to them, maybe because I live in a rock, I don't know. For what they are doing, it is only communication, what I am certain of, they are so many things that they are saying they are funding, but the people who are tasked to do that, I don't think that they are giving it their all.”

He also offered potential penetration points in terms of marketing:

“For example, you are here in Pretoria, you know that House 22, 80% of the people who are sitting there are not working, they are self-employed, but you

don't have advertisements about these things in areas like that. You want to advertise on places where we hardly go, even at the entrance of Cofi, there is a sign next to Cofi, it doesn't mean when we go to a club we don't see anything outside, like areas where to advertise these things is very important.

You can't take advertisements to areas where, when I go there, I am looking for a sign to go somewhere, it is a direction, I am just saying it in passing but if you put it right in the centre of Sunnyside, you know that 50% are going to see this."

SME Respondent 9 added that:

"I know there are other institutions like your SEDA, but does a normal person in the township, who runs a spaza shop know about the SEDA programmes? No! There could be more communication, go back to the township and actually educate those small businesses about what the department like SEDA, what they do. In terms of getting down to the spaza shop, the answer would be no!"

5.3.4.2 Unclear, lengthy processes

SME respondents shared their frustrations in government processes. Most complained that processes were very long and it was not clear what the timelines and milestones were.

SME Respondent 1 expressed her frustration and lack of confidence in the process:

"Yes I got the acknowledgement that it was received and they are working on it but I felt like every now and then I must be the one to say how long, how far will I get the response and you know with government, I don't know if I all the way badmouth everything about government."

SME Respondent 4 added that:

"However, things I was missing was to your point, specifying how long you should expect feedback, getting feedback in terms of whether your application is successful or not"

SME Respondent 7 added that:

"You will be going from one person to the other one, and all of them are not decision makers, all of them are waiting for someone to reply, so you are not actually getting what you are supposed to be getting."

He also added that what government institutions say and what they do are different:

“The head office, the perception that they gave me was that because my name is not on their database, I must attend the briefing session, the briefing session will then detect what type of assistance I need, once I receive that type of assistance, or I allude the type of assistance that I need, then I will be able to come back to them, they will refer me to a particular person, who will assist me with the type of assistance because I will be in the database, that is the perception that they give me.”

SME Respondent 8 added that the processes are not easy to follow:

“There was a company that I was partnering with, when we started doing work before I focused solely on refurbishment. Like, all of us, we started by just attending all the briefings, if they want to print we go, if they want to do t-shirts we go, so there was a point where we were doing printing, actually we were doing photocopying, like paper, and we said we want to do printing of materials, we wanted a machine but they said they can fund a machine of up to a million, from a million, and you need 3 years financial statements, so it is a process, you end up feeling that you know what, I can’t but we tried once, it was not an easy process to follow.”

SME Respondent 9 added his frustrations:

“and actually how long it takes for the DTI to actually give you these machines, it takes longer, it is very frustrating.”

5.3.4.3 Incompetence with government institutions

One of the recurring themes relating to government institutions’ effectiveness in SME development was the perceived incompetence within government institutions. Some SME respondents felt that those assisting them within these institutions were not competent.

SME Respondent 1 expressed this concern by saying:

“I feel that government is full of people who are employed but they are not assisting us. I have that thing that government is a person, obviously it is not a system or whatever. So whoever I get at a certain department, it is government for me. So if I get a certain receptionist and is not willing to help me or says don't worry, they will assist you, that is government for me, that is the feedback I get from them. So every time I struggle to get through, when I get through,

please hold, they take me to this one, and the last person I will end up will say, no give it time, we will get back to you, just like that, so I just gave up a bit.”

SME Respondent 8 added by saying:

“how does somebody who has never had a business before allowed to provide guidance and advise to somebody who is in that space, it doesn’t make sense so for me, we are wasting loads of money that could be used more effectively so I think they are inefficient and ineffective and this money could be better used somewhere else.”

SME Respondent 7 also added that:

“I went to Free State National Youth Development Agency. I stopped going there because number 1, the first thing that happened there, is that those people who are there, in the Free State, in that office, are clueless of what they are doing.”

SME Respondent 9 also added that:

“It was a nightmare because another problem with these institutions is that you get someone, who is not clued up about business, who is there to actually try to help you to make your business easy but they understand nothing about business. You give them financials; they can’t even read the financial statement, so now it becomes problematic for you to actually get help. So they have got unskilled people on the ground level, and they probably have auditors at the top level.”

According to SEDA’s Annual Performance Plan 2017/18-2019/20, SEDA uses the Client Journey Model where before any intervention, “a SEDA Business Advisor assesses the needs of the client and based on the assessment results the client, together with the SEDA Business Advisor, drafts a development plan with specific development interventions.”

5.3.4.4 Red tape

Another recurring theme was red tape. SMEs raised frustrations with many hoops that they had to jump in order to get to the desired results.

SME Respondent 1 expressed her frustrations by saying:

“and for us to get to the person, who can assist us, all those people, they will block you until you give up.”

SME Respondent 3 added that:

“So that you avoid the red tape and we have already got the structure that is already addressing that and people already know it, there is a clear affinity to because it has been there since the dawn democracy”

SME Respondent 6 added that:

“Government side, I think it is to reduce the onerousness of the legal requirements”

SME Respondent 9 also added that:

“The DTI had this initiative where they say it was an 80/20 thing, where you actually pay 20% and DTI covers the rest of the 80%, it was a grant which was good, but the problem was the red tape”

5.3.5 Themes from Research question 3 sub-question: How do the intended beneficiaries of SME development define and measure SME development?

5.3.5.1 SMEs have specific needs

When asked to define SME development, SME respondents not only voiced what they deem to be SME development, but also indicated that SMEs are not all the same, they have specific needs which need relevant government interventions.

SME Respondent 1 defined SME development in terms of her marketing needs:

“As I have said about the marketing part of things, I think in terms of development, that is what we need. We need to get the company out there to people because it looks like a busy place here but yes it is busy but one guy on the other side said he didn't know there is a shop here but he is in the vicinity everyday. In terms of development, if we look into that, there is potential to grow.”

SME Respondent 10 defined SME development in terms of an enabling environment for entrepreneurs:

“For me SME development is about enabling entrepreneurs to grow the businesses, it is about creating an environment where entrepreneurs are not going to lack. Where they are [unclear] as they are trying to grow their businesses. So that’s SME development in my understanding.”

SME Respondent 4 highlighted the importance of an audit as a starting point for SME development, then putting interventions in place that address issues highlighted by the audit:

“Development for me, if someone approaches me and says I want to develop your business, I would, I don’t want to say expect but I don’t have a less direct word but I would expect the person to do an audit, and identify the state at which the business is at, very key, number one. Secondly, review our way of work, that being the way which we engage with customers, our processes and so forth, that is the one fold, the second fold is the financial wellbeing of the company, a solid audit on that. Thereafter, make recommendation in terms of the things that we are doing well, and that we need to continue doing, the things that we need to stop doing because there is no good things coming out of it.

The third one would be the things that we are not doing, that we need to start looking at doing, that for me would be a solid picture in terms of someone coming into develop us.”

SME Respondent 5 explained SME development in terms of seemingly simple things such as registering a company:

“To me it means the ability to support a new business, helping them to become a formal registered entity, and formal we are not talking have a formal address but at least become registered, at least with the CIPC, have a registered company number, and help them find clients. You know I do not appreciate helping entrepreneurs who haven’t made the effort to look for their first round of clients. For me, SME development or Small Business Development starts when a beneficiary has already proved their concept, again using some of the methodologies I write about in the book, which is, do your first leg of customer development, speak to 3, 5 actually more so that you can get the first 3 to 5 customers who pay you and be able to produce some form of invoice, even if it is just a receipt, as long as there is an exchange of money for goods or service, right... just the idea of helping somebody develop their own corporate identity,

business cards, website, having a profile, helping them to present themselves more effectively with their clients. In itself, that is business development.”

SME Respondent 6 defined SME development within the context of competition:

“As an SME yourself, you need to understand who your competition is and you need to obviously understand who your target clients are and make sure that you have got the resources, the skills as well, to deliver on what the client wants. The industry that we are in, the competition is quite rife and you want to make sure you differentiate yourself. So you want to make sure you can deliver on the job and deliver well, and be better than your competition. Government side, I think it is to reduce the onerousness of the legal requirements, you know, small businesses, there are a lot of things that they need us to do, like the registration of employees, paying of VAT, for a small business, it is quite hectic. It is something my husband can't do on his own, which is quite good that I can do it for him, and if it wasn't for me, we would have to hire somebody, which is also cutting on our revenue.”

SME Respondent 7 added the need for human development i.e. investment in developing the SME owner in terms of understanding the basics of running a business:

“For me SMME development, I will speak about what I need, it is more on human development and financial development, it is more on me understanding the deeper things of what I think I wanted to do. For example, if I want to sell fat cakes, I just see people buying fat cakes everywhere but I don't understand how can I break down everything that is going to go to fat cakes, and end up making money out of that. For me it is about me being developed in terms of those things, understanding how to make a credible business plan for financial institutions if I need financing. Understanding what is it that is required when you are asked to go and do your market research, understanding what is it that is required when you go to the very same people that you do market research on, what do you need to do for those people to be able to listen to you while you are able to do your market research. So all those things are human development, I need to be developed in that particular space, so that I understand what I need to achieve at the end of the day, before I can even start speaking about financial assistance, because financials go across everything, but I cannot speak about anything else, except finances.”

In addition to SME respondents, Government Respondent 1 added that:

“I think development does not necessarily mean moving from being small, moving from very small to small, or from small to medium because there are sectors where you do not necessarily have to have a lot of people that work for you to grow but you can define your growth in terms of the increasing turnover that you make, the increasing profit that you make, for instance most IT businesses remain very small.”

5.3.5.2 Access to markets

Lack of access to markets was a recurring theme in terms of how SMEs define and measure SME development. SME respondents described the importance of having access to markets so as to grow their businesses, they also pointed out some initiatives that government could look into.

For SME Respondent 11, access to market meant government partnering with private medical practitioners and offloading some of the patients to them, he explained:

“So if we can have good public and private partnership with the government in terms of the government moving some of their patients to us, that would help a lot you know, in order to grow our business and to attract more clients and also for service delivery to those patients who can wait long waiting periods in the clinics, so if some of those patients can come and see us it would definitely help.”

SME Respondent 2 explained her idea of access to market in terms of opportunities arising as a result of diversity and networks:

“That is a tough one [silence], I think okay opportunities obviously 1. So in a case where you actually have an actual, like there is a business identified because that is not an easy thing necessarily, you would think it is easy but not necessarily easy. I do not know how to explain that, the example in the case that I was talking to you right now there is already existing suppliers, large suppliers in a case where there are whites so they want diversity, so there is those that I think obvious in terms of opportunity they would say here is an opportunity but then there is other opportunities where companies are new and they are also finding their feet, there are also opportunities unless a person is starting the company and realises the need, no one is going to say here is an opportunity, you have to find it, you have to speak to people.”

SME Respondent 2 also expressed access to market in terms of available opportunities:

“Yes you have go to out and find out what people are up to and then in terms of, yes I think that is that because from my point of view, the way that I am trying to work is whatever opportunity I get into it is going to pay something”

SME Respondent 6 added to the networking, but also pointed out the importance of building credibility and the power of referrals in order to win more business:

“So our business really relies a lot on word of mouth and we maintain good relationships, we get a lot of repeat business. We run 2 types of advertising, we run a handyman website, where we will pick up the small jobs and that’s where a lot of people kind of test out your capabilities, your reliability, the kind of stuff and we find that a lot of the people will spend R20 000, R30 000, R50 000, they are quite happy to spend that before they spend the hundreds of thousands, so they kind of test us out there or they have seen our website.”

SME Respondent 6 further added that legislative compliance can deny SMEs the opportunity to access markets. She explained how VAT registration can affect SMEs ability to access markets by saying:

“you know this whole VAT thing, there is a bit of a catch 22 to it. Companies do not want to do business with SMEs that are not VAT registered, the minute you get VAT registered, it cuts a lot into your thing and you end up sometimes not getting the business you would ordinarily get, because now you are charging over and above the VAT component, people are like you are too expensive, that is not what you used to charge, and we are like but this is a VAT component.”

SME Respondent 6 proposed that big business could assist SMEs with access to markets:

“I think on the corporate side, what big business can do, to help boost SMEs, I think it is to give more business to the SMEs and not to the more established kind of business but I think it is a kind of a catch 22 for them, the reason why they go for the bigger guys, the bigger guys have established themselves, and there is a whole CV behind them and references and what have you... so they are more reliable or they have assurances that this person can do the job. But I think it is a bit of a balance to be struck, they need to give a bit more business...it is very difficult to break into that market... but once you are in, you

are good but it is very difficult for a small enterprise to get into the big construction projects with the big guys because they are dealing with the particular set of construction companies, the bigger guys.”

SME Respondent 8 explained how access to funding can prohibit SMEs from accessing markets:

“One is able to do certain work because of affordability of the project, how big the project is, like how much do I have because in most cases, I need to have money to kick-start the project, and then I get paid after completion, it becomes difficult when it comes there. If you find companies that are saying to you, we can’t pay you a deposit before you start, because you want that work, you have to pop out your own money, and then you start the work and you find that the project needs more money than what you currently have, so for funding.”

5.3.5.3 The need for internal skills within SMEs

The need for internal skills was another recurring theme among SME respondents. Most of them alluded to the fact that government could assist them with some of the necessary internal skills.

SME Respondent 1 articulated her need to be equipped with the necessary skills by saying:

“For me personally, I have just a bed, it needs to be worked on, with assistance, and internally, when I look, there is one person, who can do that, there is other guys, they just wait, they are not adding value that much, okay they are adding value on the other side but not in bringing the company out there.”

She further added that:

“I think when we erected this business, we just did it so random like we had money, let us open a shop, the internet shop, you can just get stationery, blah, blah, we did just that. We didn’t really study this type of business, that deals with people coming in and out, we only know that one when we are dealing with the website. Okay we are sitting here at the back, we do stuff but that one, getting it out there, we just started, it is just that for now, the time is unfortunate, the money that we are losing, to put it out there, now we have to work extra hard.”

SME Respondent 7 explained his need for skills by saying:

“Of course the first thing is that one is starting to do the business plan and the way I do my business plan, is not the same way financial institutions want the business plan to be done, the market research, the marketing strategies, and the marketing itself, the financing. So all those things, they need government intervention, government agencies, financial agencies to assist, so that is the line that we are taking”

He further elaborated that:

“Now in terms of finances, it is also the issue of me being developed, with financial skills, how much money do I need, if I thought I want a trailer of R50000, I might not see that this trailer needs petrol, this trailer needs a car that will take it from this place, I might not be able to see it because my mind only sees that I need a trailer.”

SME Respondent 8 explained how government could assist with skills. Using bookkeeping skills as an example he said:

“Now, if there was a way to say guys, for SMEs, in this area, we will have a seminar now and then to say how to do bookkeeping, then if you follow this book, when you go to an accountant, the work you have done for your accountant becomes easier, the accountants that we have in your disposal, yes you have to pay them, you cannot expect not to pay, it will be fine if you don't pay but I am saying, I will not mind to say you have people who can assist you...like, someone coming to you, asking for R12 000, from a person who cannot even afford to have their own offices, it is a lot, so it becomes difficult, but if we had to say guys, these are the people, submit your things here, it will take time because you are too many, submit your things here in this manner, so that when we come to do your books, it becomes easier and fast because if we give an accountant your books and they say I need receipts, it can take 2 months, to do just one person's books, but if you have a bookkeeping method, to say this is how you bookkeep, this is how you buy and this is how you quote, this is how you keep records, and after you do that, everything you submit, you submit it in this format. I am sure, as a person who loves their company, I will take effort in terms of going through that. If we had a way of saying, someone who helps us with our skills that we are short of, especially the finance skills, and bookkeeping.”

He further added that:

“If the government can be involved, in terms of saying, for small companies, for you to get experience, we know that at least 2, 3 experience is necessary, when you apply for other jobs in private sector and all that. Big companies when they have a project, at least these small companies legally register them on your system like that, but you find that they are registering only one company which takes care of five different aspects in the construction environment. Now those five aspects, for example if I am doing painting, they are going to appoint one sub-contractor, and I am going to be appointed under that nobody, do you understand?”

SME Respondent 8 said:

“Like I said, some of the things that they need, you don’t have the skill to provide and all those things, but, with it was a process, they wait for you to bring those things, they don’t say to you, how can we help you to fund you, they say we have the money, come and apply, you do the run around, as a starting person hey, it is so tough, you are still learning their language and all those things, so yes.”

SME Respondent 4 added that:

“Secondly, the basics of running a business, the skills required for you to run a business and I am not talking about a particular skill, let us say for example, I am in the marketing, it is obviously very important for me to be equipped with the skill on my part but just there are necessities of helping a business owner understand the plain field if I should call it that, for lack of a better word, if that takes to run a business, to stay competitive, and remain relevant, and profitable.”

SME Respondent 2 added that skills relating to cash flow management were necessary:

“For small business cash flow is like you do not ever want to find yourself in a situation where you lose an opportunity because you did not have cash flow.”

SME Respondent 4 also had issues with cash flow:

“I want to be very honest with you and I don't think I am going to even answer your question directly because it is still a reality, in my space, so for me to say

to you this is how I would deal with the cash flow, taking into account the skills required would be a false image of the way things are.”

5.3.5.4 Lack of clarity on the role of government institutions

SME Respondents expressed confusion regarding the role of government in SME development. This was evident when SME owners were not certain which government institutions offered which services to SMEs.

Not knowing which institution does what

SME Respondent 1 expressed her confusion by saying:

“I have sent at the NYDA, that is the one, I was still in the process of sending to your SEDAs and what not, IDC, I don't know if they are private things or government departments but I was advised of such, I did NYDA, I think they are a bit slow for me.”

SME Respondent 4 added by saying:

“I am thinking of the IDC and there is the National Development Fund, I am not sure if it is a government thing but we have tried and I think with the other channels”

A lot of institutions that add to the confusion

SME Respondent 10 added that there are many government institutions being created but he is not certain of their impact on SME development:

“But I think we have seen a lot of departments and institutions being created but I often ask myself whether they are actually reaching the man on the ground and making sure that their services reach the entrepreneurs and they are visible, present and assist entrepreneurs as and when required.”

He further added that he did not perceive any value from these institutions:

“There are some of the institutions that are being created, like having created the department of small business, for me hasn't had much of an impact because I do not know what they have for me, I cannot say that the Department of Small Business Development has made any difference in my life as an entrepreneur.”

SME Respondent 3 expressed her confusion by adding that:

“for the longest time there was a myriad of all of them and you just never knew where to go and then you would go to this one SEDA, Small Enterprise Development, no, no go to that one, and you go, no go to that one or no you are actually operating in Mpumalanga, you are trying to do something in Mpumalanga, go to Mpumalanga economic growth agency”

She further added that she thinks the mandate of the Department of Small Business Development was speaking to the man on the street:

“But uhm...I do not know anyone who can say that the ministry of small business... and this is like I attend a lot of business small convention and things like that and yes you would find the minister coming to speak and address, but, I think their mandate is more policies. I do not think their mandate is very operational, it is speaks to the man on the street and this is what you need to do, I actually do not.”

Further to this, there are many institutions and it is not clear who does what:

“you have got Black Business Council, Business Unity SA, you have got the ministry for small business, you have got the DTI, you have got the small enterprise development agency which has got provincial offices and regional offices, and all of these around SME development”

SME Respondent 6 added that she did not see the necessity for a separate department:

“So perhaps the ministry in government is not necessary, why was it important, why could it not be a sub division of the DTI, why could it not be that there is a DG in the DTI who is responsible for small business for SME development, why could it not be so?”

SME Respondent 9 also added that he did not see the need to a separate ministry:

“I wonder why did they actually make it a department, you know, they should have kept it within the DTI, make it a department but a fully-fledged department, and then by then, the department can be able to use the resources of the DTI already. By actually putting it as a small department, now they have administration problems, it takes them longer to generate an order, small things like that. They are actually hampering on the progress of small businesses, I don't know, that's my take, it is the same thing that the DTI did, they outsourced

the Department of Economic whatever, I think they should have kept it like that, they should have kept it within the DTI, and just make it a bigger department, like your company registration, they should have made it like that, they should have made it a bigger subsidiary of the department.”

5.3.5.5 Certain government legislation does not empower SMEs

SME Respondent 10 suggested that B-BBEE legislation as a tool used by government to stimulate SME development, is not yielding is only adding to SME frustrations. His comments were:

“I have not approached any private institution, to be honest it would be quite difficult as a retailer to approach larger private institutions in the sense that as retailers, we belong to a group of companies, I think in that sense I think there were to be any form of assistance, it would have to be driven the franchise group. But also the whole thing around private institutions I think they do it more from a BEE perspective than doing it as an occasional need to assist. I think businesses that would want to empower small business like us, would have to first identify synergies in terms of what we do and what they do, so that they can be in a position to say based on what you need to achieve we can assist you this way because we think that you are going to add value to us in this particular way. So, it is quite difficult because in the retail industry you have got few large corporates that are playing in that space, and they would not assist franchise retailers like myself because 1 it is either you are in competition with them or B you don't belong to them, so it is quite difficult for them to lend a hand.”

SME Respondent 3 echoed the sentiments of failures of the B-BBEE legislation, labelling the exercise a tick-box exercise:

“In terms of corporate support, it is more on a tick box and it is more of I am forced to do this so I would support this SME development.”

Adding to the matter of legislation, SME Respondent 6 added that:

“The fact that they require corporates to... you know this whole VAT thing, there is a bit of a catch 22 to it. Companies do not want to do business with SMEs that are not VAT registered, the minute you get VAT registered, it cuts a lot into your thing and you end up sometimes not getting the business you would ordinarily get, because now you are charging over and above the VAT

component, people are like you are too expensive, that is not what you used to charge, and we are like but this is a VAT component.”

SME Respondent 11 added that government needed to create an environment that enables SMEs to flourish, he commented:

“I would not say that government is doing enough, if you look at the township where I am serving, whether or not government should be attracting other healthcare professionals who are necessarily not in the public sector is a different question altogether, but we do not have a pharmacist in the township, so that is the problem there, if we had a pharmacist in the township people would probably still have to buy their medication but they would save money on transport costs, those are other role players as well. Other role players also would be people like your optometrists in the township, dentists in the township and other physiotherapists and so on, because those really are difficult to get, so if you want to refer patients to those you have to refer them either to the hospital, in the public sector or you have to refer them in the private sector. I think government could at least do something to attract those skills into the township even if they were not necessarily government employees but perhaps if there were incentives to try and get those guys to come into the township that would help”

He also added that government could look at partnerships with SMEs:

“I mean government could look at people like us, we are probably subsidising already our patients even though we are in private, but the amount that they pay is way below market value, so this is somehow kind of subsidising them in one way or the other, because if you were to compare the private patients that are on medical aid, when they come and consult me for the same medical condition, they would pay maybe twice what the cash paying patient is going to pay. So, it makes sense that government could consider whatever we are doing as a viable kind of, I do not know what to call it, a business or partnership with us, it could work.”

5.3.5.6 Government is not responsive to SME needs

SME Respondents voiced their frustrations that government was not responsive to their needs. In many instances SMEs were not receiving any feedback, often when feedback was provided, it was too late.

SME Respondent 1 expressed her frustrations by saying:

“I did NYDA, I think they are a bit slow for me. I kept calling and they said they are busy... Yes, I don't know, hence I am saying I can't even tell even I was unsuccessful, they just thought, this one is just not making sense, they put it aside, I don't know how they check.”

She further added that:

“Another thing is, if you are desperate like where we are now, still is a challenge because we have to go through the processes, the process is approved after 6 months, we can't go for 6 months, if we need it now then government is not going to come in handy unless we know somebody, we talk to somebody inside, of which that is corruption.”

SME Respondent 10 voiced his frustrations:

“They have asked for information over information and we have given them and they haven't made a final decision on whether they are going to fund us or not, but we do need that type of assistance...it is about 6 months now.”

He further elaborated that timeous feedback is critical for SMEs:

“I mean if I have invested in the business in South African which I still am, and it takes 6 months for you to respond to my application and I mean 6 month in a small business is like 10 years, it is a long, long time. It is a long time to go without working capital and to get government assistance of which you can't.”

SME Respondent 3 expressed her frustration on getting paid by government:

“I mean, one of our biggest accounts is Mpumalanga Provincial Government, they were paying on average in 3, 6, 9, 12, 15, 150 days. You would have to literally drive there to go and collect the money, to go and move the invoice from this desk to that desk, so cash flow....”

5.3.5.7 Perception of corrupt practices

Some of the SME respondents made comments of perceived corruption within government institutions:

SME Respondent 1 said:

“if we need it now then government is not going to come in handy unless we know somebody, we talk to somebody inside, of which that is corruption.”

SME Respondent 3 added that:

“We struggled until NEF issued the marketing and communications tender which we won, and when we were on the inside we knew exactly how to crook the system, not to crook but to work around the system in order for us to get the finance and we actually got finance and we actually got finance from NEF.”

Chapter 6: Discussion of Results

6.1 Introduction

This chapter discusses the findings of the study in relation to the literature review presented in Chapter 2. This discussion looks at similarities and contradictions in terms of what the literature review presented.

6.2 Research question 1: What is the role of the South African government in SME development?

6.2.1 Economic transformation and growth

Smallbone and Welter (2001) propose that government's role in SME development is to act as an enabling and/or constraining force within the environment in which businesses develop in the economy (Smallbone & Welter, 2001:64). This study has revealed that the South African government, through the DSBD plans to become an enabling force within the SME business environment. Evidence of this is found in Figure 3 above where one of the mitigating measures from the DSBD is to conduct "research study on legislative and regulatory protocols impeding SMMEs" in order to create an enabling environment. This mitigating measure is supported by Minister Zulu when she said in the DSBD Strategic Plan for 2016/17 – 2020/21, "the overarching thrust of [DSBD] policy documents is to drive an agenda of radical socio-economic transformation which would manifest in a better life for all citizens in an inclusive society and thriving economy."

While the DSBD's plans make sense, it appears that it will take time before some of them are implemented. As an example, the mitigating measure mentioned above is about research, which typically takes time and there is no evidence that this research has been commissioned as yet or when it will be commissioned. In the meantime, SMEs are still faced with a tough environment within which they operate. Amongst other things, this environment is characterised by tax laws that prohibit SMEs from growing, this is evidenced by SME Respondent 9 when he said "in terms of, again, their threshold on their income tax, I think currently it is R200 000 for income, I think they should up it up a bit, to about R2 million, to allow small business to be able to take that cash that they are supposed to give it to SARS and plough it into the business, for them to be able to buy the machinery." This therefore implies that the DSBD as a government institution tasked with SME development is not yet effective.

6.2.2 Impact of South African history

There remains a perpetual perception that transformation and opportunities in South Africa remain at the hands of white capitalists and as such, prosperity will remain with white capitalists while black people continue in poverty. This was evidenced in section 5.3.1.2 with comments from both Minister Zulu that South Africa is experiencing high inequality and unemployment because “twenty-two years since our freedom, the triple challenge of poverty, unemployment and inequality still largely bears the face of black, rural woman’s face and that almost 66% of the unemployed are young people”. and Respondent 3 alluding to white capitalism. The 2015/16 GEM Report suggests that “South Africa’s main social problems remain its extremely high income inequality and employment challenge” (Herrington & Kew, 2015:4). This view is expanded on by the OECD Economic Survey’s Report (2015) which states that “A key factor behind the high income inequality is the low employment rate; especially of black South Africans”. This study has revealed that the apartheid legacy that resulted in the uneven distribution of wealth as well as segregated structures in the allocation of opportunities and employment continue to prohibit growth in South Africa, with black South African’s suffering the most. SME Respondent 3 also suggested that indeed SME development was black as a result of the South Africa history when she said “the owners of capital and finance are still white companies. SME development is black, when I think of SME development it is not only black but I limit it to black and that depends on government funding.”

6.2.3 Socio-economic conditions

SMEs are believed to be one of the important vehicles to accelerate the achievement of wider economic and socio-economic objectives, including poverty alleviation and employment creation (Cook & Nixson, 2000; Masutha & Rogerson, 2014). This stance was confirmed within the South African context that indeed the South Africa government is looking at SMEs playing a key role in addressing socio-economic issues and accelerating economic transformation. Evidence of this is found in Government Respondent 2’s comments that “government decided that this area is very much critical to really assist in developing small business as a way of contributing in the economy, and contributing in improving the GDP, at the same time also, assisting in bringing about, to deal with issues of high level of unemployment, to address high level of unemployment, and also to address the aspect of the high levels of inequalities of society and also to address the issue of the economic transformation.”

According to Statistics South Africa, unemployment figures stood at 26.7% in the second quarter of 2016 (Statistics South Africa, 2016). According to Government Respondent 2, “the New Development Plan, the NDP has implicated the department and small business area to bring about 90% of employment out of the targeted employment of 11 million to be implemented by this area of work, are you with me now? This area of work, so meaning therefore that, that is our mandate here we need to create about seven hundred and something thousand jobs, now it only means not only just us in the department, with the entire spheres of government, who are playing this role, needs to bring this seven hundred and something thousand jobs that are coming in over by 2030.”

Given this mammoth of a task, SEFA has acknowledged that they contribute just above 60 000 jobs annually through SME development. According to Government Respondent 3, other roles players also contribute to this figure. There appears to be no evidence of any of the three institutions articulating their actual contribution to unemployment reduction i.e. by what percentage will they decrease the current unemployment of 26.7%. This then suggests that as the mother body for SME development, the DSBD has not set clear goals and targets for job creation other than what is provided for in the NDP. The implication of this as per McLeod and Atwell (1992) in Murphy (2013) and Hallberg (2000) is that the DSBD may find it difficult to measure its contribution to job creation in the absence of set goals. This then translates to the DSBD being perceived as not effective in SME development because there is no evidence of measurable goals in place.

6.3 Research question 1 sub-question: What are the explicit mandates of government institutions tasked with SME development?

6.3.1 Legislative Mandate

This study has established that government institutions that are specifically mandated with SME development are the Department of Small Business Development, which carries its mandate through two agencies being Small Enterprise Development Agency and Small Enterprise Finance Agency, as well as through partnerships with other stakeholders such as other government departments. These institutions are brought to life through the National Small Business Act. SEDA provides non-financial support while SEFA provides financial support. The DSBD’s explicit mandate is to lead:

- Facilitation of an integrated approach to SME development
- Enabling SME development by focussing on economic and legislative drivers

- Stimulating entrepreneurship
- Contributing to radical economic transformation

SEFA's explicit mandate is tabled as "to foster the establishment, survival and growth of SMMEs and thereby contribute towards poverty alleviation and job creation." While SEDA's explicit mandate is "to implement government's small business strategy; design and implement a standard and common national delivery network for small enterprise development; and integrate government-funded small enterprise support agencies across all tiers of government."

This study has also revealed the formal structure through which the South African government carries out the mandate of SME development. The DSBD operates within the three spheres of government being national, provincial and local. At national level, DSBD is the authority of SME development and has transversal agreements with other government departments. At provincial level the DSBD collaborates with Provincial Economic Development Agencies and at local level collaborates with municipalities on Integrated Development Plans.

6.4 Research question 2: How do these institutions define and measure SME development?

6.4.1 Strategic plans

Hallberg (2000) proposes that SME development interventions should be monitored and evaluated on *institutional performance*, *market development* and *economic impact* (Hallberg, 2000). In the absence of any plan with specific goals and measurements, the task of monitoring and evaluating SME development interventions becomes impossible. This study shows that government institutions tasked with SME development have strategic plans in place in which specific goals are set and measured. DSBD leads by example with their Strategic Plan for 2016/17 – 2020/21 wherein outcomes-oriented strategic goals are set, together with their measurements. However, it is worth noting that in some places, the DSBD Strategic Plan for 2016/17 – 2020/21 does not have clear targets, for example, the plan does not explicitly point out what are the annual targets for achieving the 90% of the 11 million jobs as per the NDP.

The SEDA Annual Performance Plan 2017/2018 – 2019/2020 is another example of a strategic plan. It is worth noting how this plan integrates with the DSBD's overall plan. In this plan, SEDA has therefore positioned themselves within the mother body and have crafted their contribution. What is concerning about SEDA's plan is that it does

not include any strategic goals and targets for job creation. This leaves the burden on SEFA in terms of the formal government structure of institutions that carry the mandate of SME development. SEFA also has a Corporate Plan 2016/17 – 2020/21. This plan is also aligned to that of the DSBD. SEFA's plan appears to be the only one with specific targets towards job creation as evidenced in Table 6 above. It therefore appears that while these three institutions have strategic plans which are aligned, there is still a gap in some places for more concrete targets to be set, for example, job creation targets. This then implies that SEFA appears to be effective as far as job creation is concerned while the DSBD and SEDA appear to be lacking.

6.4.2 More aligned reporting

This study has shown that government institutions tasked with SME development are striving for more aligned reporting. We see this manifest itself in the DBSD's five year strategic plan, which is aligned to the NDP. However, as mentioned by Government Respondent 2, DSBD is still formulating the team that would attend to the impact reporting that is required by parliament.

We also see evidence that SEDA seems to be following the example of Hallberg's Logical Framework for Impact Evaluation through their Client Journey Model as depicted in Figure 6 above. The one area of concern with this model is that a receptionist, as a first point of contact, is tasked with determining the client's needs. This is a concern given the frustrations shared by SME respondents on the perceived incompetence within government institutions tasked with SME development, as put by SME Respondent 7: "So when I arrived at the regional office, the receptionist, the first person that you meet there, could not understand, they have got this thing of, maybe it is different socio-economic factors that are affecting them, for them to treat people like that."

SEFA also exhibits alignment with DSBD within their Corporate Plan 2016/17 – 2020/21.

6.4.3 Job creation

All three government institutions, DBSD, SEDA and SEFA recognize and acknowledge the challenge placed on them by the NDP of creating 9 900 000 jobs by 2030. DBSD's Strategic Plan for 2016/17 – 2020/21 alludes to reducing unemployment to 15% over the next 10 years. SEFA projects to create about 500 000 jobs (see Table 6 above) by 2021 through its various initiatives. This equates to about 5% of the 9 900 000 jobs within a period of five years, leaving nine years to achieve the remainder 95% at a rate of creating just above one million jobs annually. SEDA does not appear to have and job

creation targets, leaving the challenge to SEFA alone. This indicates that current plans fall short to achieve this NDP goal. The Department of Small Business Development would need to look at other innovative ways to fast-track the achievement of this goal.

6.5 Research question 3: Are government institutions tasked with SME development perceived to be effective?

6.5.1 Lack of marketing

Bem (1972) suggests that external cues play an important role in perceptions. This study has revealed that some of the external cues being received and therefore interpreted by SMEs is that government institutions tasked with SME development lack in marketing. SME Respondent 3 explained that one of the “biggest problem is that [government institutions tasked with SME development] would get the wrong hits because they do not talk properly about this is what we offer assistance in, this is what you need and everything.” Most SMEs said that these government institutions could do more to communicate and market their services. Some of the SMEs did not know if there were any funding initiatives for their industries. SME Respondent 8 suggested that these institutions need to learn where their target market is and advertise their services there. As a result of this lack of marketing, SMEs did not find government institutions effective in SME development because SMEs did not know who these institutions are, where they are and what services they offer.

6.5.2 Unclear, lengthy processes

One of the main frustrations shared by SMEs was the unclear, lengthy processes that they had to go through to get assistance from government institutions. SME Respondent 4 expressed frustration with lack of visibility on processes and said “However, things I was missing was to your point, specifying how long you should expect feedback, getting feedback in terms of whether your application is successful or not.”

SEDA’s Client Journey Model is a great start in terms of clarifying the processes. The next step could be to supplement this with estimated times of how long each process could take. But this would also need to be supplemented with ongoing communication i.e. if a step in the process is going to take longer than expected or not. Another frustration for SMEs was being tossed from one person to the next and ending up with no solution. Such experiences have led SMEs to believe that government institutions were failing with the task of SME development.

6.5.3 Incompetence within government institutions

This study has revealed that SMEs are concerned with the perceived incompetence within government institutions tasked with SME development. SME Respondent 9 explained his frustrations in dealing with incompetent personnel within government institutions and said “It was a nightmare because another problem with these institutions, is that you get someone, who is not clued up about business, who is there to actually try to help you to make your business easy but they understand nothing about business. You give them financials, they can’t even read the financial statement, so now it becomes problematic for you to actually get help. So they have got unskilled people on the ground level, and they probably have auditors at the top level.”

It is worth noting that this perceived incompetence reduces the levels of confidence that SMEs have on government institutions. With the levels of confidence gone, SMEs are highly likely to argue that government institutions are not effective in their mandate of SME development.

6.5.4 Red tape

This study has also revealed that SMEs still struggle with red tape. In the Strategic Plan for 2016/17 – 2020/21, the DSBD acknowledges its awareness that SMEs still struggle with excessive red tape and that the department’s programmes are designed to address this. As mentioned by Smallbone and Welter (2001), the manner in which government deals with red tape will make them an enabler or a constraint.

6.6 Research sub-question: How do the intended beneficiaries of SME development define and measure SME development?

6.6.1 SMEs have specific needs

Hallberg (2000) described SMEs as a very heterogeneous group. This description came out strongly when SMEs were defining what they deem to be SME development. All SME respondents alluded to the fact that they were not homogenous and that their needs were specific. SME Respondent 10 defined SME development as being about “enabling entrepreneurs to grow the businesses, it is about creating an environment where entrepreneurs are not going to lack.” SME Respondent 5 defined SME development in as “the ability to support a new business, helping them to become a formal registered entity, and formal we are not talking have a formal address but at least become registered, at least with the CIPC, have a registered company number, and help them find clients.”

SME respondents also expressed frustration on being treated the same. This was expressed by SME Respondent 7 when he said “the perception that these people have is that whatever these people are always bringing to them, they think all of us are going to do the same.” It would therefore be beneficial for DSBD, SEDA, SEFA and its partners to induct their personnel, especially the front desk, on how to treat each client (SME) uniquely, even though they exhibit similarities with the previous ones that were assisted.

6.6.2 Access to markets

Access to markets is one of the critical factors in SME development (Abor & Quartey, 2010; Chimucheka, 2013; Kongolo, 2010; Malefane, 2013; Masutha & Rogerson, 2014). This study has shown that lack of access to markets is still a major challenge to SME and in some instances a threat to their survival.

SME respondents also made suggestions on some initiatives that government could engage in to facilitate access to markets, one such example came from SME Respondent 11 when he suggested that “So if we can have good public and private partnership with the government in terms of the government moving some of their patients to us, that would help a lot you know, in order to grow our business and to attract more clients and also for service delivery to those patients who can wait long waiting periods in the clinics, so if some of those patients can come and see us it would definitely help.”

While Chimucheka (2013) warned that big business could be a threat to SME, SME Respondent 6 suggested an opportunity for big business to empower SMEs, she said “I think on the corporate side, what big business can do, to help boost SMEs, I think it is to give more business to the SMEs and not to the more established kind of business.”

DSBD has acknowledged the challenge of access to markets for SMEs and has sought to design initiatives to address this challenge. One such initiative is the drive to ring-fence 30% of public procurement for SMEs.

6.6.3 The need for internal skills within SMEs

This study has revealed that SMEs still face the challenge of lacking internal skills such as marketing, bookkeeping and management to run the business. SMEs have also highlighted that some government requirements need the skills, however, SMEs cannot afford the skills. As a result SMEs are non-compliant or are squeezed out of their profits when outsourcing these skills. This was evidenced in SME Respondent 8's comments when he said “like I said, some of the things that they need, you don't have

the skill to provide and all those things, but, with it was a process, they wait for you to bring those things, they don't say to you, how can we help you to fund you, they say we have the money, come and apply, you do the run around, as a starting person hey, it is so tough.”

SME respondents highlighted the need for government institutions tasked with SME development to assist with internal skills, be it through training or through subsidising where these skills are outsourced. The DSBD's plan as per Minister Zulu is to seek to address such business skills through training and development.

6.6.4 Lack of clarity on the role of government institutions

This study has revealed that SMEs were not always certain what the role of government institutions was in SME development. This was evidenced by SME Respondent 1 who was not certain if SEDA and the IDC were government institutions. She expressed this confusion by saying “I have sent at the NYDA, that is the one, I was still in the process of sending to your SEDAs and what not, IDC, I don't know if they are private things or government departments but I was advised of such.” SME Respondent 4 also expressed confusion, saying “I am thinking of the IDC and there is the National Development Fund, I am not sure if it is a government thing but we have tried and I think with the other channels.”

SME respondents also felt that there were a lot of institutions involved with SME development, which added to the confusion. SME Respondent 3 pointed this out when saying “for the longest time there was a myriad of all of them and you just never knew where to go and then you would go to this one SEDA, Small Enterprise Development, no, no go to that one, and you go, no go to that one or no you are actually operating in Mpumalanga, you are trying to do something in Mpumalanga, go to Mpumalanga economic growth agency.”

Given these confusions, it would be beneficial if the DSBD put together an infographic depicting which government institutions carry a direct mandate of SME development, which services do they offer and which are the partners to these government institutions as well as their services. The purpose of such an infographic should be to easily and quickly alert the SME on whom to approach for which type of assistance.

6.6.5 Certain government legislation does not empower SMEs

This study has revealed that SMEs regard certain government legislation as not empowering to them. Some examples included Tax and B-BBEE legislation. SMEs felt that Tax laws were not empowering to them, that they had to spend money on

consultants to ensure they were compliant with Tax. Also, that they had to pay taxes. SME Respondent 9 suggested a tax relief for SMEs and said, “in terms of, again, their threshold on their income tax, I think currently it is R200 000 for income, I think they should up it up a bit, to about R2 million, to allow small business to be able to take that cash that they are supposed to give it to SARS and plough it into the business, for them to be able to buy the machinery.” This speaks to Hanefah, Ariff and Kasipillai (2002) argument that the burden of compliance costs is heavier on SMEs compared to large enterprises.

B-BBEE legislation was perceived as a box-ticking exercise that did not empower SMEs. SME Respondent 3 expressed by saying “In terms of corporate support, it is more on a tick box and it is more of I am forced to do this so I would support this SME development.”

6.6.6 Government institutions are not responsive to SME needs

This study has revealed that SMEs perceived government institutions as not responsive to their needs. Frustrations ranged from unclear and lengthy processes, to waiting long periods for receiving due payments. SME Respondent 3 expressed her frustrations that in some cases she had to personally go and move invoices from one office to the other, so that she could get paid.

Going back to Bruton et al. (2010), one has to consider the question of why are government institutions tasked with SME development not considered to be responsive. It may be that because the DBSD is fairly new, its focus could be on being legally accepted as a competent ministry. This may hold water considering that this ministry has inherited a mandate that was previously carried by the DTI.

6.6.7 Perceptions of corrupt practices within government institutions

This study has also revealed that SMEs perceived corrupt practices within government institutions. SME Respondent 1 expressed this perception by saying “if we need it now then government is not going to come in handy unless we know somebody, we talk to somebody inside, of which that is corruption.” SME Respondent 3 also confirmed that in her experiences, working with various institutions where, if one is on the outside, it is difficult to get anything done, however, once one is on the inside, it becomes easier.

6.7 Conclusion

This chapter discussed the findings of the study. The findings were grouped into themes and discussed within the posed research questions.

Chapter 7: Conclusion

7.1 Introduction

This chapter presents a summary of the key findings from the previous chapter. The chapter also tables recommendations for future research as well as discuss limitations of the study.

This study has revealed that the role of government in SME development is mainly to create an enabling environment where SMEs flourish and contribute meaningfully to the economy (Hallberg, 2000). This study has also revealed that the role of the South African government in SME development is the “promotion and the support for SMMEs that aim at increasing the number of new enterprises and creating an enabling environment to ensure their survival and growth.”(Chimucheka, 2013:783).

This role of government is motivated by SMEs potential to achieve economic growth through market competitiveness on the one hand, and employment generation and income redistribution as a result of this growth on the other (Berry, von Blottnitz, Cassim, Kesper, Rajaratnam & van Seventer, 2002). Given this context, it is therefore important that government institutions tasked with SME development pay attention to the following key findings:

7.1.1 SME development is a huge task

McLeod and Atwell (1992) in Murphy (2013) suggest that for government institutions tasked with SME development to be effective in this task, they would need to have specific set of goals. These goals would need to be measurable and verifiable. The task of developing SMEs in South Africa is a challenging one when one considers that as a start, there currently exists no authority in terms of owning the SME landscape. The DSBBD does not have authoritative statistics on the size, spread and ownership of SMEs. This is evidenced by Government Respondent 3 when he said “I think it is from that angle where we will coordinate the available data, the data is all over the show and I don't think there is one single authority within the space, you have universities, you have other government departments, and some other people with bits and pieces and drabs of information. I don't think we can say there is an authority but the way we envisage to move ahead as SEFA and SEDA, those would become your prime authorities within the small business space.”

Within this context, it becomes difficult for example, to plan for the 9 900 000 jobs that need to come from SMEs if we do not know how many SMEs do we currently have, where they are and what is their capacity to grow so as to create these jobs.

What is encouraging is that the DSBD as the ultimate ministry responsible for SME development, is marching on with the challenge. The Strategic Plan for 2016/17 – 2020/21 has plans to collaborate with research institutions in an effort to enable DSBD to have a full understanding of the SME landscape.

7.1.2 Mismatch between government initiatives and SME needs

SMEs repeatedly pointed out their frustrations on government institutions lack of feedback, lack of clarity and incompetence. This has led some SMEs to give up on government processes while losing confidence in government institutions.

7.1.3 Marketing and communication

SMEs have voiced their frustrations that they did not know which government institutions were tasked with SME development and what services were offered by these institutions.

7.2 Contribution of the Study

This study has contributed in:

- Providing a common understanding of what the role of government is in SME development and which government institutions are tasked with SME development. This study revealed that the Department of Small Business Development carries the mandate of SME development as per the National Small Business Act. The Department of Small Business Development then carries out its mandate through the Small Enterprise Development Agency and Small Enterprise Finance Agency. The Department of Small Business Development, together with Small Enterprise Development Agency and Small Enterprise Finance Agency, work with other national departments, provincial departments and local municipalities to realise their SME development mandate.
- Providing a common understanding that SMEs who need financial assistance need to go to the Small Enterprise Finance Agency and those who seek non-financial assistance need to go Small Enterprise Development Agency. The Department of Small Business Development's role is to lobby for policy that enables a conducive business environment to SMEs.

7.3 Recommendations

This study recommends that research into the landscape of SMEs be fast-tracked so as to give the DSBD authoritative information from which to plan and execute on SME development.

This study also recommends that government institutions conduct regular communication sessions with SMEs with the aim of opening dialogue in understanding the SME needs, and then matching these with government SME development initiatives. Another recommendation is for government institutions tasked with SME development to embark on aggressive awareness campaigns on who they are, what services do they offer to SMEs and where do SMEs find them. This will assist the specific institutions with managing the queues better i.e. SMEs that need financial assistance will know not to go to SEDA and create an unnecessary queue, they will know to go to SEFA.

Some of the respondents voiced their frustrations on lack of internal skills and the costs of outsourcing. This study also that the Department of Small Business Development explores ways to create/facilitates an ecosystem where it uses the very same SMEs for SME development i.e. facilitate an ecosystem where SMEs are able to easily find each other and use each other's services such as legislative compliance services.

7.4 Limitations of the research

This research was exploratory and purposive sampling was used where the researcher requested SME owners that he knew to participate in the study and also asked for referrals. To this end, the researcher may have chosen respondents that may have been biased towards certain views. The sample did not include any white owned SMEs. Another limitation is that within government institutions, only those respondents who were directly involved with SME development were included, other functions within these government institutions were neglected, these may have provided different views as institutions function as a unit.

7.5 Suggestions for future research

Some respondents referred to SME development is being black, thus suggesting that there are no white owned SMEs that seek government assistance. This study recommends further research into the composition of SMEs that seek assistance from government institutions in terms of ownership by race. Then analyse how many of these are white owned and of the white owned SMEs that seek government assistance, how many of them as a percentage get the desired assistance, then compare this with black owned SMEs in the same category. The outcome of this should be to determine if white owned SMEs receive more assistance than black owned SMEs and what are the contributing factors to this effect.

7.6 Conclusion

This research sought to understand the role of government in SME development and whether government institutions tasked with this role are perceived to be effective.

The study revealed the specific government institutions that are tasked with SME development. The study also revealed these institutions' explicit mandates with give effect to their services that the offer to SME. Although government institutions have implemented various initiatives towards SME development, most SMEs were not aware of these and did not know how to access them.

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Appendix A: Ethical Clearance Approval

Dear Tshediso Serei

Protocol Number: **Temp2016-00966**

Title: **How do profiles of institutions tasked with small business development influence these institutions' ability to deliver on their mandate?**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker

Appendix B: Consent Form Template

I am conducting research on SME development, and am trying to find out more about the perceived effectiveness of government institutions towards this task. Our interview is expected to last for about 40 minutes, and will help us understand the effectiveness of government institutions on SME development. **Your participation is voluntary and you can withdraw at any time without penalty.** Of course, all data will be kept confidential. Your name and identity will not be published and will be kept confidential. I also would like your permission to record this interview so that I do not misrepresent the information you share with me. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher: Tshediso Serei
Email: mpendolo@yahoo.com
Phone: 0848 120 805

Supervisor: Mr Jabu Maphalala
Email: jabumaphalala88@gmail.com
Phone: 071 679 2770

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix C: Interview guide for government institutions tasked with SME development

1. Could you please explain what your mandate means, where does it come from and how do you execute on it?
2. How does your institution define SME development?
3. How does your institution measure SME development?
4. Would you say your institution is effective in SME development, why?
5. Would you say your institution is well resourced to execute on the mandate?
6. What kind of assistance are SME typically requesting from your institution?
7. What is the process for them to get assistance? How long does it take?
8. Do you ever turn SMEs away without assisting them? What happens to them?

Appendix D: Interview guide for SME development intended beneficiaries

1. What type of assistance would you need to grow your business to the next level?
2. Where would you go to find this assistance?
3. How do you define SME development?
4. How do you measure SME development?
5. Are you aware of any government institutions that are tasked with SME development? Which one/s?
6. Have you ever requested business assistance from any government institution? What was the outcome? What was the process like?
7. Would you request assistance from a government institution? If no, why not?
8. Would you say government institutions are effective in SME development, why/why not?

Appendix E: Code List

Codes-quotations list

Code-Filter: All

HU: The perceived effectiveness of the role of government institutions in SME development
File: [C:\Users\m...\The perceived effectiveness of the role of government institutions in SME development.hpr7]
Edited by: Super
Date/Time: 2016-10-30 17:39:34

Code: Access to market {7-0}

P 4: SME Respondent 11.doc - 4:4 [So if we can have good public ..] (58:58) (Super)

Codes: [Access to market - Family: SME challenges]

No memos

So if we can have good public and private partnership with the government in terms of the government moving some of their patients to us, that would help a lot you know, in order to grow our business and to attract more clients and also for service delivery to those patients who can wait long waiting periods in the clinics, so if some of those patients can come and see us it would definitely help.

P 5: SME Respondent 2.doc - 5:5 [That is a tough one [silence],...] (82:82) (Super)

Codes: [Access to market - Family: SME challenges]

No memos

That is a tough one [silence], I think okay opportunities obviously 1. So in a case where you actually have an actual, like there is a business identified because that is not an easy thing necessarily, you would think it is easy but not necessarily easy. I do not know how to explain that, the example in the case that I was talking to you right now there is already existing suppliers, large suppliers in a case where there are whites so they want diversity, so there is those that I think obvious in terms of opportunity they would say here is an opportunity but then there is other opportunities where companies are new and they are also finding their feet, there are also opportunities unless a person is starting the company and realises the need, no one is going to say here is an opportunity, you have to find it, you have to speak to people.

P 5: SME Respondent 2.doc - 5:6 [Yes you have go to out and fin..] (86:86) (Super)

Codes: [Access to market - Family: SME challenges]

No memos

Yes you have go to out and find out what people are up to and then in terms of, yes I think that is that because from my point of view, the way that I am trying to work is whatever opportunity I get into it is going to pay something

P 9: SME Respondent 6.doc - 9:16 [So our business really relies ..] (59:59) (Super)

Codes: [Access to market - Family: SME challenges]

No memos

So our business really relies a lot on word of mouth and we maintain good relationships, we get a lot of repeat business. We run 2 types of advertising, we

run a handyman website, where we will pick up the small jobs and that's where a lot of people kind of test out your capabilities, your reliability, the kind of stuff and we find that a lot of the people will spend R20 000, R30 000, R50 000, they are quite happy to spend that before they spend the hundreds of thousands, so they kind of test us out there or they have seen our website.

P 9: SME Respondent 6.doc - 9:20 [So I think they need to look a..] (70:70) (Super)

Codes: [Access to market - Family: SME challenges] [Business environment to be created by government - Family: Proposed SME development solutions]
No memos

So I think they need to look at that and see how they can manage that. The fact that they require corporates to... you know this whole VAT thing, there is a bit of a catch 22 to it. Companies do not want to do business with SMEs that are not VAT registered, the minute you get VAT registered, it cuts a lot into your thing and you end up sometimes not getting the business you would ordinarily get, because now you are charging over and above the VAT component, people are like you are too expensive, that is not what you used to charge, and we are like but this is a VAT component.

P 9: SME Respondent 6.doc - 9:21 [I think on the corporate side,..] (72:72) (Super)

Codes: [Access to market - Family: SME challenges]
No memos

I think on the corporate side, what big business can do, to help boost SMEs, I think it is to give more business to the SMEs and not to the more established kind of business but I think it is a kind of a catch 22 for them, the reason why they go for the bigger guys, the bigger guys have established themselves, and there is a whole CV behind them and references and what have you... so they are more reliable or they have assurances that this person can do the job. But I think it is a bit of a balance to be struck, they need to give a bit more business...it is very difficult to break into that market... but once you are in, you are good but it is very difficult for a small enterprise to get into the big construction projects with the big guys because they are dealing with the particular set of construction companies, the bigger guys.

P11: SME Respondent 8.doc - 11:2 [One is able to do certain work..] (41:41) (Super)

Codes: [Access to market - Family: SME challenges]
No memos

One is able to do certain work because of affordability of the project, how big the project is, like how much do I have because in most cases, I need to have money to kick-start the project, and then I get paid after completion, it becomes difficult when it comes there. If you find companies that are saying to you, we can't pay you a deposit before you start, because you want that work, you have to pop out your own money, and then you start the work and you find that the project needs more money than what you currently have, so for funding.

Code: Attitude towards entrepreneurship {1-0}

P 6: SME Respondent 3.doc - 6:24 [Still a child is taught from s..] (90:90) (Super)

Codes: [Attitude towards entrepreneurship - Family: SME challenges]

No memos

Still a child is taught from school that go and do routine subjects so that you can go and be employed by big cooperates, if you are in finance big banks, if you are in the engineering, if you are this go there, however, the government needs to, whether the government of the businesses needs to promote SME's development from tertiary or school level that these are the fields that you can go into. Even I felt a bit odd when I started doing the MBA and I was sitting there and I am thinking, SASSA, Telkom, when case studies are mentioned, who works for Vodacom here, who works for MTN here and I am thinking clearly I am not big cooperate model or I am not coming from some big cooperate so clearly my insights are not going to be relevant, that is just how still...

Code: Avoidance of dealing with government {2-0}

P 9: SME Respondent 6.doc - 9:5 [we do not have any kind of dea..] (45:45) (Super)

Codes: [Avoidance of dealing with government - Family: Negative experiences with government institutions]

No memos

we do not have any kind of dealing with the government, we have not really applied for any funding or anything like that.

P 9: SME Respondent 6.doc - 9:10 [We are not going to go to the ..] (53:53) (Super)

Codes: [Avoidance of dealing with government - Family: Negative experiences with government institutions]

No memos

We are not going to go to the public sector, that's not an option

Code: B-BBEE legislation a tick-box exercise {2-0}

P 3: SME Respondent 10.doc - 3:14 [I have not approached any priv..] (102:102) (Super)

Codes: [B-BBEE legislation a tick-box exercise - Family: Negative experiences with private sector]

No memos

I have not approached any private institution, to be honest it would be quite difficult as a retailer to approach larger private institutions in the sense that as retailers, we belong to a group of companies, I think in that sense I think there were to be any form of assistance, it would have to be driven the franchise group. But also the whole thing around private institutions I think they do it more from a BEE perspective than doing it as an occasional need to assist. I think businesses that would want to empower small business like us, would have to first identify synergies in terms of what we do and what they do, so that they can be in a position to say based on what you need to achieve we can assist you this way because we think that you are going to add value to us in this particular way. So, it is quite difficult because in the retail industry you have got few large corporates that are playing in that space, and they would not assist franchise retailers like myself because 1 it is either you are in competition with them or B you don't belong to them, so it is quite difficult for them to lend a hand.

P 6: SME Respondent 3.doc - 6:13 [In terms of corporate support,..] (72:72) (Super)

Codes: [B-BBEE legislation a tick-box exercise - Family: Negative experiences with private sector]

No memos

In terms of corporate support, it is more on a tick box and it is more of I am forced to do this so I would support this SME development.

Code: Balance between profit and welfare {1-0}

P 4: SME Respondent 11.doc - 4:10 [With me you know, when I look ..] (75:75) (Super)

Codes: [Balance between profit and welfare - Family: SME challenges]

No memos

With me you know, when I look at it as a doctor, I think that you need probably, if you are in the private sector, it has to be a bit of both, it has to be a service in a that it should not be entirely a business because then costs will go high, it will sky rocket and the poor people cannot afford, that is why when I started with you in the interview I said that I keep my consultations fees very, very low, because of the communities that I serve so as a result part of what I am doing at the same time while I am considering the business for me but actually is also service delivery as well for me because I consult people at below market fees, very, very low fees, so it is below market fees, so that is part of me rendering a service right there.

Code: Banks not helpful {2-0}

P11: SME Respondent 8.doc - 11:6 [Also when you have an order, f..] (47:47) (Super)

Codes: [Banks not helpful - Families (2): Negative experiences with private sector, SME challenges]

No memos

Also when you have an order, from the department or from wherever in a company that says okay, we are giving you work, a simple amount of R150 000, that is the cost of the work, our banks are not willing to help us with that money, even if you have an order. The last time I had a project where I needed R250 000 that I didn't have, and I went to FNB, they said to me we fund purchase orders but from R5 million, and I looked at that person and I am like you know what, for me to be able to get work for R5 million, I don't think I will be needing you because I would have made enough money to be able to carry work for R5 million, I would have enough money to do 20% of that work and start claiming

P12: SME Respondent 9.doc - 12:6 [Most of the time, what we have..] (57:57) (Super)

Codes: [Banks not helpful - Families (2): Negative experiences with private sector, SME challenges]

No memos

Most of the time, what we have to do, is just to keep on getting jobs, save a bit of money and try to approach the bank, and the problem with the bank is that you need to have collateral. Now that is where the problem comes in, you need a collateral, we don't have the collateral

Code: Business environment to be created by government {3-0}

P 4: SME Respondent 11.doc - 4:11 [Definitely. I mean government ..] (83:83) (Super)

Codes: [Business environment to be created by government - Family: Proposed SME development solutions]

No memos

Definitely. I mean government could look at people like us, we are probably subsidising already our patients even though we are in private, but the amount that they pay is way below market value, so this is somehow kind of subsidising them in one way or the other, because if you were to compare the private patients that are on medical aid, when they come and consult me for the same medical condition, they would pay maybe twice what the cash paying patient is going to pay. So, it makes sense that government could consider whatever we are doing as a viable kind of, I do not know what to call it, a business or partnership with us, it could work.

P 4: SME Respondent 11.doc - 4:13 [Not really. I would not say th..] (107:107) (Super)

Codes: [Business environment to be created by government - Family: Proposed SME development solutions]

No memos

Not really. I would not say that government is doing enough, if you look at the township where I am serving, whether or not government should be attracting other healthcare professionals who are necessarily not in the public sector is a different question altogether, but we do not have a pharmacist in the township, so that is the problem there, if we had a pharmacist in the township people would probably still have to buy their medication but they would save money on transport costs, those are other role players as well. Other role players also would be people like your optometrists in the township, dentists in the township and other physiotherapists and so on, because those really are difficult to get, so if you want to refer patients to those you have to refer them either to the hospital, in the public sector or you have to refer them in the private sector. I think government could at least do something to attract those skills into the township even if they were not necessarily government employees but perhaps if there were incentives to try and get those guys to come into the township that would help.

P 9: SME Respondent 6.doc - 9:20 [So I think they need to look a..] (70:70) (Super)

Codes: [Access to market - Family: SME challenges] [Business environment to be created by government - Family: Proposed SME development solutions]

No memos

So I think they need to look at that and see how they can manage that. The fact that they require corporates to... you know this whole VAT thing, there is a bit of a catch 22 to it. Companies do not want to do business with SMEs that are not VAT registered, the minute you get VAT registered, it cuts a lot into your thing and you end up sometimes not getting the business you would ordinarily get, because now you are charging over and above the VAT component, people are like you are too expensive, that is not what you used to charge, and we are like but this is a VAT component.

Code: Characteristic of business environment {1-0}

P 4: SME Respondent 11.doc - 4:1 [So with us with the township p..] (46:46) (Super)

Codes: [Characteristic of business environment - Family: Government role in SME development]

No memos

So with us with the township practices, we tend to keep our consultation fees very, very low. So, mainly our practice is centred around high volumes, so you get to see a lot of patients in order to maintain the practice and of course to make some profit as well, in order to live. So for us in the township that is normal, sometimes it can even be more than that, I think the most patients I have seen in one day was 82 or something like that.

Code: Characteristics of SME profile {1-0}

P 1: Government Respondent 1.doc - 1:9 [Secondly, because of many reas..] (106:106) (Super)

Codes: [Characteristics of SME profile - Family: Government role in SME development]

No memos

Secondly, because of many reasons one of them is the high unemployment rate, the second one is high literacy rate and to a certain extent and then what is it again, low literacy rate, I think that is what I wanted to say. You find a lot of people start their own businesses not necessarily because they are entrepreneurs and therefore they are opportunity driven but you start businesses out of necessity. You are necessity driven, they have to do something, they have to put food on the table that is why we have a big informal sector as well of people just trying to make ends meet, just so they are able to educate their children and to put food on the table.

Code: Compliance is expensive {2-0}

P11: SME Respondent 8.doc - 11:10 [Like they will say they need a..] (53:53) (Super)

Codes: [Compliance is expensive - Families (2): Negative experiences with government institutions, SME challenges]

[SME lack of internal skills - Family: SME challenges]

No memos

Like they will say they need a 3 year financial statement. Now, the people who are doing finances for us, it is expensive, now it will be difficult for you to have financial statements every year, you know that I made only R15 000 or R20 000 in the past 6 months, so that person needs R10 000.

P12: SME Respondent 9.doc - 12:22 [I mean SARS, actually SARS is ..] (103:103) (Super)

Codes: [Compliance is expensive - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I mean SARS, actually SARS is the one institutions that make it difficult for small businesses to progress. Now SARS, I know that it is easier with Efiling, now they expect a small business person to pay an accountant for you to be able to submit your financials, now it cost money, for you to get an account, and they didn't cap the costs that the accountant can charge a small business. Now you have an accountant who can charge about R15 000 for them to be able to compile your financials, as a small business, you are already struggling with

your cash flow, you are already struggling with paying your employees, you don't have the R15 000 to actually pay an accountant. It also says to you that you need an accounting officer in-house, how are you going to pay an accounting officer, those are the things that SARS needs to start working on. In terms of, again, their threshold on their income tax, I think currently it is R200 000 for income, I think they should up it up a bit, to about R2 million, to allow small business to be able to take that cash that they are supposed to give it to SARS and plough it into the business, for them to be able to buy the machinery. I think SARS as an example, it should start there, and if they can just fill the gaps in terms of, as I said, try to be more of a venture capitalist, where they can actually assist you from project to project.

Code: Competition {2-0}

P11: SME Respondent 8.doc - 11:3 [But because we don't have peop..] (43:43) (Super)

Codes: [Competition - Family: SME challenges]

No memos

But because we don't have people who are willing to help us with experience, it is a problem, even if you are making less than a million, to them you are a threat, but they are not willing to play the part.

P11: SME Respondent 8.doc - 11:20 [But if I could say, I have a p..] (83:83) (Super)

Codes: [Competition - Family: SME challenges]

No memos

But if I could say, I have a project...with... I am going give an example, let's say Murray & Roberts, that name on its own is selling me, because, remember, we don't trust each other, we don't trust that the person can do the work, until they do something somewhere, so I need to do something somewhere that is recorded.

Code: Confusion on role of government institutions tasked with SME development {14-0}

P 2: SME Respondent 1.doc - 2:4 [I have sent at the NYDA, that ..] (33:33) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I have sent at the NYDA, that is the one, I was still in the process of sending to your SEDAs and what not, IDC

P 2: SME Respondent 1.doc - 2:5 [I have sent at the NYDA, that ..] (33:33) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I have sent at the NYDA, that is the one, I was still in the process of sending to your SEDAs and what not, IDC, I don't know if they are private things or government departments but I was advised of such, I did NYDA, I think they are a bit slow for me.

P 3: SME Respondent 10.doc - 3:12 [But I think we have seen a lot..] (98:98) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges] [Government institutions not accessible - Family: Negative experiences with government institutions]

No memos

But I think we have seen a lot of departments and institutions being created but I often ask myself whether they are actually reaching the man on the ground and making sure that their services reach the entrepreneurs and they are visible, present and assist entrepreneurs as and when required.

P 3: SME Respondent 10.doc - 3:13 [There are some of the institut..] (98:98) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges] [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

There are some of the institutions that are being created, like having created the department of small business, for me hasn't had much of an impact because I do not know what they have for me, I cannot say that the Department of Small Business Development has made any difference in my life as an entrepreneur.

P 6: SME Respondent 3.doc - 6:9 [for the longest time there was..] (64:64) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges] [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

for the longest time there was a myriad of all of them and you just never knew where to go and then you would go to this one SEDA, Small Enterprise Development, no, no go to that one, and you go, no go to that one or no you are actually operating in Mpumalanga, you are trying to do something in Mpumalanga, go to Mpumalanga economic growth agency

P 6: SME Respondent 3.doc - 6:11 [But uhm...I do not know anyone w..] (68:68) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

But uhm...I do not know anyone who can say that the ministry of small business... and this is like I attend a lot of business small convention and things like that and yes you would find the minister coming to speak and address, but, I think their mandate is more policies. I do not think their mandate is very operational, it is speaks to the man on the street and this is what you need to do, I actually do not.

P 6: SME Respondent 3.doc - 6:25 [you have got Black Business C..] (102:103) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

you have got Black

Business Council, Business Unity SA, you have got the ministry for small business, you have got the DTI, you have got the small enterprise development agency which has got provincial offices and regional offices, and all of these around SME development.

P 6: SME Respondent 3.doc - 6:28 [So perhaps the ministry in gov..] (103:103) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

So perhaps the ministry in government is not necessary, why was it important, why could it not be a sub division of the DTI, why could it not be that there is a DG in the DTI who is responsible for small business for SME development, why could it not be so?

P 7: SME Respondent 4.doc - 7:8 [I am thinking of the IDC and t..] (65:65) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I am thinking of the IDC and there is the National Development Fund, I am not sure if it is a government thing but we have tried and I think with the other channels

P10: SME Respondent 7.doc - 10:30 [One of the things that this la..] (122:122) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

One of the things that this lady said when I attended there and I wanted to ask and I thought I am going to be political now and it is not that space, is that don't come here and tell us that you are going to hire certain people, and expect us we just jump. But that is the main thing, we want to hire people, we want to end up having people that we employ, so that must be the driving factor, that must be the driving thing for these people.

P11: SME Respondent 8.doc - 11:13 [Yes, you know what, I don't wa..] (65:65) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

Yes, you know what, I don't want to say there are no funding out there, because when you go around, someone is saying funding here, funding there but you look at what type of structure do I have, I have a business where I get work to refurbish and paint offices and I have got a zero balance in my account, or I have got R20 000 in my account, I have to go up and down from work, my people have to travel, that money is for petrol and food, to flow the project, but the money to start the project, I don't have.

P12: SME Respondent 9.doc - 12:16 [I have tried when it was still..] (91:91) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I have tried when it was still Umsobomvu, now I don't know what is it called.

P12: SME Respondent 9.doc - 12:21 [I don't think government is ac..] (103:103) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I don't think government is actually... they don't talk the talk, actually they talk but they don't walk the walk. It was good that they established the small business department, it is fairly new, so we still need to give them a bit of time to actually, for them to actually start understanding actually what are the difficulties for small businesses.

P12: SME Respondent 9.doc - 12:24 [I think they should, that is w..] (115:115) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges]

No memos

I think they should, that is what I am saying, it is a fairly new department, and sometimes I wonder why did they actually make it a department, you know, they should have kept it within the DTI, make it a department but a fully fledged department, and then by then, the department can be able to use the resources of the DTI already. By actually putting it as a small department, now they have administration problems, it takes them longer to generate an order, small things like that. They are actually hampering on the progress of small businesses, I don't know, that's my take, it is the same thing that the DTI did, they outsourced the Department of Economic whatever, I think they should have kept it like that, they should have kept it within the DTI, and just make it a bigger department, like your company registration, they should have made it like that, they should have made it a bigger subsidiary of the department.

Code: Defenition of SME development {8-0}

P 2: SME Respondent 1.doc - 2:25 [As I have said about the marke..] (129:129) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

As I have said about the marketing part of things, I think in terms of development, that is what we need. We need to get the company out there to people because it looks like a busy place here but yes it is busy but one guy on the other side said he didn't know there is a shop here but he is in the vicinity everyday. In terms of development, if we look into that, there is potential to grow.

P 3: SME Respondent 10.doc - 3:11 [For me SME development is abou..] (98:98) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

For me SME development is about enabling entrepreneurs to grow the businesses, it is about creating an environment where entrepreneurs are not going to lack. Where they are [unclear] as they are trying to grow their businesses. So that's SME development in my understanding.

P 7: SME Respondent 4.doc - 7:21 [Development for me, if someone..] (99:101) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

Development for me, if someone approaches me and says I want to develop your business, I would, I don't want to say expect but I don't have a less direct word but I would expect the person to do an audit, and identify the state at which the business is at, very key, number one. Secondly, review our way of work, that being the way which we engage with customers, our processes and so forth, that is the one fold, the second fold is the financial well being of the company, a solid audit on that. Thereafter, make recommendation in terms of the things that we are doing well, and that we need to continue doing, the things that we need to stop doing because there is no good things coming out of it.

The third one would be the things that we are not doing, that we need to start looking at doing, that for me would be a solid picture in terms of someone coming into develop us. Obviously, like I articulate in the fact that making sure that the people that are running the business have the necessary skills because from my experience, that is another point that is killing small businesses, not having the skill and not being aware that you don't actually have the skills so for me that would be the main key points.

P 8: SME Respondent 5.doc - 8:7 [To me it means the ability to ..] (81:81) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

To me it means the ability to support a new business, helping them to become a formal registered entity, and formal we are not talking have a formal address but at least become registered, at least with the CIPC, have a registered company number, and help them find clients. You know I do not appreciate helping entrepreneurs who haven't made the effort to look for their first round of clients. For me, SME development or Small Business Development starts when a beneficiary has already proved their concept, again using some of the methodologies I write about in the book, which is, do your first leg of customer development, speak to 3, 5 actually more so that you can get the first 3 to 5 customers who pay you and be able to produce some form of invoice, even if it is just a receipt, as long as there is an exchange of money for goods or service, right.

P 8: SME Respondent 5.doc - 8:10 [just the idea of helping someb..] (89:89) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

just the idea of helping somebody develop their own corporate identity, business cards, website, having a profile, helping them to present themselves more effectively with their clients. In itself, that is business development

P 9: SME Respondent 6.doc - 9:18 [As an SME yourself, you need t..] (68:68) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

As an SME yourself, you need to understand who your competition is and you need to obviously understand who your target clients are and make sure that you have got the resources, the skills as well, to deliver on what the client wants. The industry that we are in, the competition is quite rife and you want to make sure you differentiate yourself. So you want to make sure you can deliver on the job and deliver well, and be better than your competition. Government side, I think it is to reduce the onerousness of the legal requirements, you know, small businesses, there are a lot of things that they need us to do, like the registration of employees, paying of VAT, for a small business, it is quite hectic. It is something my husband can't do on his own, which is quite good that I can do it for him, and if it wasn't for me, we would have to hire somebody, which is also cutting on our revenue.

P10: SME Respondent 7.doc - 10:17 [For me SMME development, I wil..] (92:92) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

For me SMME development, I will speak about what I need, it is more on human development and financial development, it is more on me understanding the deeper things of what I think I wanted to do. For example, if I want to sell fat cakes, I just see people buying fat cakes everywhere but I don't understand how can I break down everything that is going to go to fat cakes, and end up making money out of that. For me it is about me being developed in terms of those things, understanding how to make a credible business plan for financial institutions if I need financing. Understanding what is it that is required when you are asked to go and do your market research, understanding what is it that is required when you go to the very same people that you do market research on, what do you need to do for those people to be able to listen to you while you are able to do your market research. So all those things are human development, I need to be developed in that particular space, so that I understand what I need to achieve at the end of the day, before I can even start speaking about financial assistance, because financials go across everything, but I cannot speak about anything else, except finances.

P 1: Government Respondent 1.doc - 1:4 [I think development does not n..] (80:80) (Super)

Codes: [Defenition of SME development - Family: Effective SME development]

No memos

I think development does not necessarily mean moving from being small, moving from very small to small, or from small to medium because there are sectors where you do not necessarily have to have a lot of people that work for you to grow but you can define your growth in terms of the increasing turnover that you make, the increasing profit that you make, for instance most IT businesses remain very small.

Code: Direction for growth {1-0}

P 4: SME Respondent 11.doc - 4:2 [I think for me the next level ..] (58:58) (Super)

Codes: [Direction for growth - Family: Assistance required by SMEs]

No memos

I think for me the next level of growth would be perhaps to be able to open a couple of other surgeries, employ a couple of doctors to come and assist me

Code: Employment creation not seen as growth {1-0}

P 9: SME Respondent 6.doc - 9:24 [On the side, internally on our..] (80:80) (Super)

Codes: [Employment creation not seen as growth - Family: Effective SME development]

No memos

On the side, internally on our guys, I am not sure if the number of people we have, that are working for us is the indicator of we are growing or not because people are desperate for work, so in construction, the blue-collar worker doesn't really have much of the choices where they want to work, they are just grateful to have a job so we don't look at that as a measure of we are growing or we are doing better because we have got more people.

Code: Entrepreneurial spirit {3-0}

P 8: SME Respondent 5.doc - 8:8 [I would love to push for the i..] (85:85) (Super)

Codes: [Entrepreneurial spirit - Family: Proposed SME development solutions]

No memos

I would love to push for the idea of SME development starting at that point, prove that you have a product and service then we will help you to grow your service, we will help you to scale your business, that is what SME development is about, for me, it is about helping to build capacity inside the company, whether it is a new business or a growing business especially growing businesses.

P10: SME Respondent 7.doc - 10:7 [And then I went to SEDA, in th..] (58:58) (Super)

Codes: [Entrepreneurial spirit - Family: Proposed SME development solutions]

No memos

And then I went to SEDA, in the Free State, by that time, I think it was me, who was not aware of what I actually wanted, before they changed their system, they tried to help me with business cards and everything and they gave me a person who was doing those things and I messed up because I was not ready...

P 1: Government Respondent 1.doc - 1:8 [Firstly, as South Africans, ou..] (104:104) (Super)

Codes: [Entrepreneurial spirit - Family: Proposed SME development solutions]

No memos

Firstly, as South Africans, our education system and our upbringing does not really prepare you to be an entrepreneur, meaning in our education system you are taught to go to school to prepare yourself for employment. We are not

scared of starting our own businesses, we got tired of hearing over and over again that entrepreneurship culture in South Africa is very low, we are really employment driven that is number 1

Code: Expensive funding {3-0}

P 5: SME Respondent 2.doc - 5:3 [In the private sector not so m..] (78:78) (Super)

Codes: [Expensive funding - Families (2): Negative experiences with private sector, SME challenges]

No memos

In the private sector not so much because it would mean banks and banks are costly. I do not know I still want to survive, I still want my business to survive, yes they say leverage is good for your business but at this point I think I want to be at that point where I am stable first before I can start with the bank.

P11: SME Respondent 8.doc - 11:7 [but if I have got work of R250..] (47:47) (Super)

Codes: [Expensive funding - Families (2): Negative experiences with private sector, SME challenges]

No memos

but if I have got work of R250 000 and then you say you can't help me, then it becomes a challenge for me, I have to go to individuals, and say can you help me with R250 000 and then they will charge you for 15%.

P12: SME Respondent 9.doc - 12:12 [I think what we find is, you k..] (85:85) (Super)

Codes: [Expensive funding - Families (2): Negative experiences with private sector, SME challenges]

No memos

I think what we find is, you know there are those venture capitalists, when you get a project for lets us say for argument sake R300 000 and your cost is R150 000, they would actually pay the suppliers directly. That one works better, the problem with that is that it kills your margins because most of the time, they would require about 10% of your total turnover, not of your profit. Already, once you go that route, you are already compromising on your profit, but that one at least you are guaranteed that you are going to deliver.

Code: Government attitude towards SMEs {2-0}

P 7: SME Respondent 4.doc - 7:6 [You literally feel like a begg..] (49:49) (Super)

Codes: [Government attitude towards SMEs - Family: Negative experiences with government institutions]

No memos

You literally feel like a beggar, if I could call it that, for lack of a better word

P10: SME Respondent 7.doc - 10:8 [But the perception that these ..] (60:60) (Super)

Codes: [Government attitude towards SMEs - Family: Negative experiences with government institutions]

No memos

But the perception that these people have is that whatever these people are always bringing to them, they think all of us are going to do the same. I did the market research by going through books, going through people who understand

what is expected, and everything that was required and the lady was not expecting me to do that.

Code: Government institutions not accessible {3-0}

P 3: SME Respondent 10.doc - 3:12 [But I think we have seen a lot..] (98:98) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges] [Government institutions not accessible - Family: Negative experiences with government institutions]

No memos

But I think we have seen a lot of departments and institutions being created but I often ask myself whether they are actually reaching the man on the ground and making sure that their services reach the entrepreneurs and they are visible, present and assist entrepreneurs as and when required.

P 7: SME Respondent 4.doc - 7:11 [I know people that are in busi..] (73:73) (Super)

Codes: [Government institutions not accessible - Family: Negative experiences with government institutions]

No memos

I know people that are in business and they pretty much tried these channels that I followed, obviously not limited to these ones but there has been no traction for them as well. I don't recall anyone confirming that through a particular channel, they have been able to acquire funding or training of some sort, to enable them to have the basics of running a business, in terms of the skill and the capital required.

P 1: Government Respondent 1.doc - 1:10 [I want to say that since our e..] (110:110) (Super)

Codes: [Government institutions not accessible - Family: Negative experiences with government institutions]

No memos

I want to say that since our establishments, SEDA per year, not less than 10 000 walk into our branches but not all of them end up being people that we work with because some of them will not have viable business ideas.

Code: Government institutions not leading by example {1-0}

P12: SME Respondent 9.doc - 12:23 [Now this department, the small..] (107:107) (Super)

Codes: [Government institutions not leading by example - Family: Negative experiences with government institutions]

No memos

Now this department, the small business, I am a small business, they gave me an order, I did the design, when I was about to print, that small department, cancelled my order and they didn't even want to compensate for the graphic design that I did, that was approved. Well, it is still a fairly new department, let us just give them a bit of time but that on its own, it showed me that they don't actually have the small business at heart because they should have said to me, you know what, we know that you have incurred the cost of the design, let us pay for the design, instead of them cancelling an order, I should have submitted my invoice for the job done, but they didn't, they said the order is cancelled.

Code: Government institutions not responsive {10-0}

P 2: SME Respondent 1.doc - 2:3 [I kept calling and they said t..] (33:33) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

I kept calling and they said they are busy

P 2: SME Respondent 1.doc - 2:6 [I did NYDA, I think they are a..] (33:33) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

I did NYDA, I think they are a bit slow for me.

P 2: SME Respondent 1.doc - 2:13 [Yes, I don't know, hence I am ..] (65:65) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
[Mismatch between government processes and SME needs - Family: Negative experiences with government institutions]
No memos

Yes, I don't know, hence I am saying I can't even tell even I was unsuccessful, they just thought, this one is just not making sense, they put it aside, I don't know how they check.

P 2: SME Respondent 1.doc - 2:20 [Another thing is, if you are d..] (109:109) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

Another thing is, if you are desperate like where we are now, still is a challenge because we have to go through the processes, the process is approved after 6 months, we cant go for 6 months, if we need it now then government is not going to come in handy unless we know somebody, we talk to somebody inside, of which that is corruption.

P 3: SME Respondent 10.doc - 3:5 [They have asked for informatio..] (54:54) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions] [Unclear and lengthy processes - Family: Negative experiences with government institutions]
No memos

They have asked for information over information and we have given them and they haven't made a final decision on whether they are going to fund us or not, but we do need that type of assistance.

P 3: SME Respondent 10.doc - 3:7 [It is about 6 months now.] (62:62) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

It is about 6 months now.

P 3: SME Respondent 10.doc - 3:16 [I mean if I have invested in t..] (106:106) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

I mean if I have invested in the business in South African which I still am, and it takes 6 months for you to respond to my application and I mean 6 month in a

small business is like 10 years, it is a long, long time. It is a long time to go without working capital and to get government assistance of which you can't

P 3: SME Respondent 10.doc - 3:18 [So they are not effective. I t..] (106:106) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

So they are not effective. I think they reason why is because of their inefficiency and their presence, their visibility to the entrepreneur, we have to go to them, we have to find them they do not go and find us and that for me is actually defeats the purpose of why they are there.

P 6: SME Respondent 3.doc - 6:6 [We tried Gauteng Enterprise Pr..] (60:60) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
No memos

We tried Gauteng Enterprise Propeller, GEP that is what they call it, they had this thing where you would go as soon as you got an order number from the government, they give you funds, they discount your invoice and once the government pays then, they were running that portal and we tried to apply via that portal, again it was not possible.

P 6: SME Respondent 3.doc - 6:7 [I mean, one of our biggest acc..] (60:60) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]
[Perceived government incompetence - Family: Negative experiences with government institutions]
No memos

I mean, one of our biggest accounts is Mpumalanga Provincial Government, they were paying on average in 3, 6, 9, 12, 15, 150 days. You would have to literally drive there to go and collect the money, to go and move the invoice from this desk to that desk, so cash flow....

Code: History of government institutions tasked with SME development {1-0}

P 1: Government Respondent 1.doc - 1:3 [Prior to SEDA establishment th..] (42:48) (Super)

Codes: [History of government institutions tasked with SME development - Family: Government institutions SME development mandate]
No memos

Prior to SEDA establishment there was what used to be called Ntsika Enterprises Promotion Agency.

I remember it.

You remember Ntsika. Ntsika was focusing mainly on 'ATAP' businesses, I think their main responsibility I would say was training and then Ntsika established what used to be called local business service centres. Some of the business centres were newly established some of them were NGO's they were assisting people that were trying to established work without any government support and then Ntsika was working through the local business service centres. In other words you would say Ntsika was the wholesale institution of

business development services and it was working through the local business centres and they were also supporting them financially. On the other hand there was what used to be called Manufacturing Advisory Centres and their main aim was focusing on small business that were manufacturing. Some companies were not necessarily start up, they were companies that were already manufacturing, the purpose was to assist them, improve them in their competitiveness whether for the domestic market and the export.

Then the government realised I think in 2004 that small business support by government agencies were somehow disjointed and there were also levels of success between SEDA and the Manufacturing Advisory Centre. The MAC programme as it used to be called was successful I think mainly because it was working with business which were already operational. It is more challenging to work with start up businesses as opposed to businesses that were already operational, but we also know that, the MAC was getting a very big chunk of their funding from the department of trade and industry like Ntsika. So it was Ntsika on one hand, it was MAC on the other hand with varying levels of support and totally different target market, and the feeling was that there is duplication. Government wanted to establish one agency that would be responsible for small business support, subsequent to the merger of Ntsika and the MAC programme. There is another support programme that was also residing within the DTI which was called the Community Partnership, it was responsible only for cooperatives, it was also merged into SEDA and then there used to be Godisa. Godisa used to fall under department of technology, so the section that used to have quality and standard for small business development was also merged into SEDA, it is now called SEDA technology programme, that is the programme that is responsible or mainly for rolling out mainly in the incubator.

Code: Impact of government initiatives {1-0}

P 2: SME Respondent 1.doc - 2:33 [She is a friend of my husband,..] (167:167) (Super)

Codes: [Impact of government initiatives - Family: Positive experiences with government institutions]
No memos

She is a friend of my husband, they work together, so I know, for her DVD recording, the DTI did something, even for the marketing, like if you notice, she is out there now, compared to before, like 2 years back, it is the funding that did all that, that has put her out there, I mean, it is working for her advantage. I think once you get it, then you are sure to get somewhere

Code: Innovation to SME development {3-0}

P12: SME Respondent 9.doc - 12:14 [The cash flow, currently it is..] (87:87) (Super)

Codes: [Innovation to SME development - Family: Proposed SME development solutions]
No memos

The cash flow, currently it is non-existent, but I think if government can take it from the venture capitalists. If they can start an organisation, that works like a venture capitalist, especially if it is their own project, if it is government, if they can make a way where they actually pay the supplier, so that you don't actually have to outlay the capital yourself, that would be easy.

P 1: Government Respondent 1.doc - 1:12 [But I think 5 years ago we int..] (110:110) (Super)

Codes: [Innovation to SME development - Family: Proposed SME development solutions]

No memos

But I think 5 years ago we introduced what we call a client journey model, the client journey does not mean that you will come today, we work with you and we assist you, we assist you with the business plan or whatever we want and we will forget about you. That is when we also use improvement assessment because the improvement assessment besides determining whether your business has improved it will also ascertain what additional assistance do you need, whether your business is doing well or your business is not doing well and then we will do a follow up intervention that is why we call it a client journey model because we do not work with you once and then we forget about you but we actually work with you over an intended period of time and that was informed by research conducted by SEDA.

P 1: Government Respondent 1.doc - 1:22 [Part of the problem in trying ..] (118:118) (Super)

Codes: [Innovation to SME development - Family: Proposed SME development solutions]

No memos

Part of the problem in trying to assist the informal businesses is that you cannot take the owners away from their businesses because if they are not there then they are not making money hence this approach of assisting them where they are.

Code: Lack of clarity on processes and timelines {8-0}

P 2: SME Respondent 1.doc - 2:7 [2 months now. Maybe my applica..] (37:37) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

No memos

2 months now. Maybe my application was not proper or incomplete in a way, and they just said this one didn't fill in this, they threw it out, just like they do with tenders and all that so I am not sure if that is the case because I did it alone. I just thought you know what, let me try something alone, and whenever I have struggles, I will start all over again with somebody who knows because I don't have people, I still need to create my networks.

P 2: SME Respondent 1.doc - 2:9 [Yes I got the acknowledgement ..] (49:49) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions] [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]

No memos

Yes I got the acknowledgement that it was received and they are working on it but I felt like every now and then I must be the one to say how long, how far will

I get the response and you know with government, I don't know if I all the way badmouth everything about government.

P 2: SME Respondent 1.doc - 2:35 [just to say I know government ..] (180:180) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions] [Lack of confidence in the processes - Family: Negative experiences with government institutions]

No memos

just to say I know government can come through, in terms of development, they do assist, it is just that in my case, I need to make sure I learn the ways that government do when working with us, small businesses, and master that, may be next time I will get it right hence I said that the best application, I did alone, I just thought, let me just do this, if I don't get anything, I will try again somewhere.

P 7: SME Respondent 4.doc - 7:4 [However, things I was missing ..] (45:45) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

No memos

However, things I was missing was to your point, specifying how long you should expect feedback, getting feedback in terms of whether your application is successful or not

P10: SME Respondent 7.doc - 10:5 [You will be going from one per..] (58:58) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

[Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

You will be going from one person to the other one, and all of them are not decision makers, all of them are waiting for someone to reply, so you are not actually getting what you are supposed to be getting.

P10: SME Respondent 7.doc - 10:14 [The head office, the perceptio..] (86:86) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

No memos

The head office, the perception that they gave me was that because my name is not on their database, I must attend the briefing session, the briefing session will then detect what type of assistance I need, once I receive that type of assistance, or I allude the type of assistance that I need, then I will be able to come back to them, they will refer me to a particular person, who will assist me with the type of assistance because I will be in the database, that is the perception that they give me.

P11: SME Respondent 8.doc - 11:21 [There was a company that I was..] (87:87) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

[Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]

No memos

There was a company that I was partnering with, when we started doing work before I focused solely on refurbishment. Like, all of us, we started by just attending all the briefings, if they want to print we go, if they want to do t-shirts we go, so there was a point where we were doing printing, actually we were doing photocopying, like paper, and we said we want to do printing of materials, we wanted a machine but they said they can fund a machine of up to a million,

from a million, and you need 3 years financial statements, so it is a process, you end up feeling that you know what, I can't but we tried once, it was not an easy process to follow.

P12: SME Respondent 9.doc - 12:5 [and actually how long it takes..] (57:57) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

No memos

and actually how long it takes for the DTI to actually give you these machines, it takes longer, it is very frustrating.

Code: Lack of collaboration among government institutions {3-0}

P 3: SME Respondent 10.doc - 3:19 [Number 2 they need to really r..] (114:114) (Super)

Codes: [Lack of collaboration among government institutions - Family: Negative experiences with government institutions]

No memos

Number 2 they need to really rationalize the size of these institutions. There's far too many of these institutions and each and every one of them is supposed to be doing something in terms of development, but I do not think they are talking to each other, I do not think they are liaising to each other I do not think they can say this is the combined method that we have achieved as institutions of government, everybody is just doing their thing and I think that is where the problem is in part and I also think that it is just a waste of tax payers money.

P 6: SME Respondent 3.doc - 6:26 [you have got Black Business C..] (102:103) (Super)

Codes: [Lack of collaboration among government institutions - Family: Negative experiences with government institutions]

No memos

you have got Black

Business Council, Business Unity SA, you have got the ministry for small business, you have got the DTI, you have got the small enterprise development agency which has got provincial offices and regional offices, and all of these around SME development. You have got your provincial whatever economic growth agency and yet the more they put these structures the more there is no synergy, no coordination in terms of how to have, towards one vision in promoting SME development.

P10: SME Respondent 7.doc - 10:3 [So all those things, they need..] (48:48) (Super)

Codes: [Lack of collaboration among government institutions - Family: Negative experiences with government institutions]

No memos

So all those things, they need government intervention, government agencies, financial agencies to assist, so that is the line that we are taking.

Code: Lack of confidence in the processes {2-0}

P 2: SME Respondent 1.doc - 2:11 [For machinery but I didn't do ..] (57:57) (Super)

Codes: [Lack of confidence in the processes - Family: Negative experiences with government institutions]
No memos

For machinery but I didn't do it myself, I used our accountant, he did the figures and what not, I only gotten the quotation from the suppliers, for those printing machines, and he did quite a lot.

P 2: SME Respondent 1.doc - 2:35 [just to say I know government ..] (180:180) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions] [Lack of confidence in the processes - Family: Negative experiences with government institutions]
No memos

just to say I know government can come through, in terms of development, they do assist, it is just that in my case, I need to make sure I learn the ways that government do when working with us, small businesses, and master that, may be next time I will get it right hence I said that the best application, I did alone, I just thought, let me just do this, if I don't get anything, I will try again somewhere.

Code: Lack of proper and timeous feedback (7-0)

P 2: SME Respondent 1.doc - 2:2 [but I didn't get the response ..] (33:33) (Super)

Codes: [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]
No memos

but I didn't get the response as yet

P 2: SME Respondent 1.doc - 2:9 [Yes I got the acknowledgement ..] (49:49) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions] [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]
No memos

Yes I got the acknowledgement that it was received and they are working on it but I felt like every now and then I must be the one to say how long, how far will I get the response and you know with government, I don't know if I all the way badmouth everything about government.

P 2: SME Respondent 1.doc - 2:14 [It was clear, I wouldn't lie, ..] (73:73) (Super)

Codes: [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]
No memos

It was clear, I wouldn't lie, it is just when I apply, I convinced myself that I understand and I think I have submitted all that is required or if it is not exactly what they require, something also similar, hence I said I did it alone, so I can't even tell if the problem is me or them but for what I can tell you is the response, the communication with the government guys.

P 3: SME Respondent 10.doc - 3:4 [like we tried with SEFA becaus..] (54:54) (Super)

Codes: [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]
No memos

like we tried with SEFA because we felt we needed working capital of about R200 000 but unfortunately that has not been forthcoming

P12: SME Respondent 9.doc - 12:9 [Did you eventually get the fun..] (67:69) (Super)

Codes: [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]

No memos

Did you eventually get the funding?

No, our file is laying somewhere there.

P12: SME Respondent 9.doc - 12:11 [Yes, 3 years later, they said ..] (77:77) (Super)

Codes: [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]

No memos

Yes, 3 years later, they said by now we know that the price has increased, can you re-submit and stuff and it was just a hassle and we decided, you know what, we are not going to entertain this because at the end of the day, at the same time, we have got a business to run so we would rather focus on the business.

P 3: SME Respondent 10.doc - 3:8 [They have not been engaging, w..] (70:70) (Super)

Codes: [Lack of proper and timeous feedback - Family: Negative experiences with government institutions]

No memos

They have not been engaging, we have to follow up.

Code: Lack of proper marketing for government initiatives {19-0}

P 6: SME Respondent 3.doc - 6:8 [Two months! It took two months..] (64:64) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

Two months! It took two months and because I have worked on Gauteng Enterprise Propeller and NEF accounts, one thing I know is that their biggest problem is that they would get the wrong hits because they do not talk properly about *this is what we offer assistance in, this is what you need and everything.*

P 6: SME Respondent 3.doc - 6:9 [for the longest time there was..] (64:64) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges] [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

for the longest time there was a myriad of all of them and you just never knew where to go and then you would go to this one SEDA, Small Enterprise Development, no, no go to that one, and you go, no go to that one or no you are actually operating in Mpumalanga, you are trying to do something in Mpumalanga, go to Mpumalanga economic growth agency

P 6: SME Respondent 3.doc - 6:10 [So... and this information is no..] (64:64) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

So... and this information is not readily available on who offers what....

P 6: SME Respondent 3.doc - 6:18 [I'm just not sure how well it ..] (80:80) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

I'm just not sure how well it is communicated so that people know how to access it.

P 6: SME Respondent 3.doc - 6:20 [So how well they work, because..] (82:82) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

So how well they work, because I am not that type of the SME that...I am not sure how well they work but I have seen them. I have come into contact with them but perhaps looking at the SME field, one can't help but think that they are not necessarily working that well,

P 7: SME Respondent 4.doc - 7:23 [I can tell you this much that ..] (119:119) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

I can tell you this much that I think there are things that they can do better, in terms of engaging people, in terms of being accessible, in terms of communicating with the people that are trying to seek out for help

P 9: SME Respondent 6.doc - 9:26 [Even though I haven't dealt wi..] (86:86) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

Even though I haven't dealt with them, because maybe it is that we are not keen on playing on that space, from what I read up on them, I am not seeing much that is done to grow small businesses in terms of these are the skills you need and what have you at no cost... small business have to spend the money themselves, on training your own people and and and...

P11: SME Respondent 8.doc - 11:12 [What I deliver is still necess..] (61:61) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

What I deliver is still necessary, those people who have a million ideas, they have to start an office, that is painted, that is refurbishes and everything, but because mine is not a skill that government needs, it becomes a problem to make room for you, and even if there are parts that fund such things, the marketing of that, then it is poor, because we are unable to get to them.

P11: SME Respondent 8.doc - 11:15 [Now if there are things the go..] (65:67) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

Now if there are things the government has those type of funding, then I do not know about them and not because I am sitting under a rock, but because I know about do not drink alcohol which is coming from the government, they are advertising it, I can hear it everywhere I am, but the way to say to me, this is the structure, this is the way where you can come and get money, we have this type of security or we can provide security for you, I don't hear about them.

I stay in Centurion, I work in Gauteng, where I believe it should be on the billboards and everything because most of us which are here, most people are working for themselves and we should be able to see these things but don't drink and drive, I see it everywhere, unless it is not funded by the government but yes...

P11: SME Respondent 8.doc - 11:23 [What I can say is, if they are..] (91:91) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

What I can say is, if they are doing work, then the government needs to look into, either the communication, my biggest challenge is the communication. You end up losing a project and then after losing a project, then you talk about it amongst your peers and they say but you should have went to here and here and you realise that oh, as a start up, I am dependent on advertisement on the paper, on the website but all these other things that can help me, I don't have access to them, maybe because I live in a rock, I don't know. For what they are doing, it is only communication, what I am certain of, they are so many things that they are saying they are funding, but the people who are tasked to do that, I don't think that they are giving it their all.

P11: SME Respondent 8.doc - 11:25 [For example, you are here in P..] (95:95) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

For example, you are here in Pretoria, you know that House 22, 80% of the people who are sitting there are not working, they are self employed, but you don't have advertisements about these things in areas like that. You want to advertise on places where we hardly go, even at the entrance of Cofi, there is a sign next to Cofi, it doesn't mean when we go to a club we don't see anything outside, like areas where to advertise these things is very important.

P11: SME Respondent 8.doc - 11:26 [You can't take advertisements ..] (99:99) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

You can't take advertisements to areas where, when I go there, I am looking for a sign to go somewhere, it is a direction, I am just saying it in passing but if you put it right in the centre of Sunnyside, you know that 50% are going to see this.

P12: SME Respondent 9.doc - 12:26 [I know there are other institu..] (119:119) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

I know there are other institutions like your SEDA, but does a normal person in the township, who runs a spaza shop know about the SEDA programmes? No! There could be more communication, go back to the township and actually educate those small businesses about what the department like SEDA, what they do. In terms of getting down to the spaza shop, the answer would be no.

P 1: Government Respondent 1.doc - 1:11 [So we work with a very mixed p..] (110:110) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

So we work with a very mixed portfolio of clients that is why out of the 10 or 11 000 people that walk into our branches is not everyone that we work with all the way.

P 1: Government Respondent 1.doc - 1:14 [Success stories get submitted ..] (110:110) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

Success stories get submitted by branches, it is not everyone that we have assisted but those wow stories and we invite most of them to our annual stakeholder forum when the board presents our annual report and we showcase some of our success stories.

P 2: SME Respondent 1.doc - 2:31 [Yes, I know people who have re..] (159:159) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

Yes, I know people who have received money, I know musicians, my world is so full of musicians, I am thinking of them, already.

P 5: SME Respondent 2.doc - 5:11 [Yes obviously people get levy,..] (114:114) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

Yes obviously people get levy, you are talking small business?

P 4: SME Respondent 11.doc - 4:7 [So far I have not directly gon..] (67:67) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

So far I have not directly gone to them for any assistance, the reason being that when you are in private you are totally detached from the system

P 5: SME Respondent 2.doc - 5:2 [I am sure there are others but..] (72:72) (Super)

Codes: [Lack of proper marketing for government initiatives - Family: Negative experiences with government institutions]

No memos

I am sure there are others but I have not taken the time or I have not made the time, but I have got a little bit more help and capacity in that sense and that is one of the things I am looking into.

Code: Lack of supervision {2-0}

P10: SME Respondent 7.doc - 10:12 [Yes, whatever that she spoke a..] (82:82) (Super)

Codes: [Lack of supervision - Family: Negative experiences with government institutions]

No memos

Yes, whatever that she spoke about, in fact when she was telling me about her brother, she was telling these other guys, who were also there, for different things, so that is exactly what I got from the lady. Government, I don't know whether it is government, they are aware of these things, their supervisors are aware of these things or whatever but they are hiring one person to do four things and she is an expert in one thing, and these three other ones are lacking, they are making us to doubt them.

P10: SME Respondent 7.doc - 10:16 [It is something that you see t..] (88:88) (Super)

Codes: [Lack of supervision - Family: Negative experiences with government institutions] [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

It is something that you see that it is either there is no supervisor here or the supervisor himself has lost faith, I don't know but something is not right there.

Code: Lack of trust in government institutions {1-0}

P10: SME Respondent 7.doc - 10:9 [She thought I am going to go b..] (62:62) (Super)

Codes: [Lack of trust in government institutions - Family: Negative experiences with government institutions]

No memos

She thought I am going to go back to her, and go back and forth. When I arrived, she said wow, this is nice, this is exactly what my brother wanted to do. So immediately from then, I started doubting whether I can work with this person going forward, in fact she said I did not expect you to do it at once. After going through my market research, she said this is exactly what my brother wanted to do, my brother is going through the same route, and he is watching TV programmes and everything and then I started doubting whether this person can be able to take my thing and go forward. So in a nutshell, the perception I have about government agencies, in as much as they help people that, I don't know who are they, in as much as they say they help people, I don't have trust on them, I don't have a way of saying these people can have business ethics, to be able to help people without any fear or favour.

Code: Legislation encourages informal business {1-0}

P 1: Government Respondent 1.doc - 1:20 [The tax requirements, labour, ..] (116:116) (Super)

Codes: [Legislation encourages informal business - Family: Negative experiences with government institutions]

No memos

The tax requirements, labour, compliance that are required, people are now opting to operate informal businesses, so the partnership with the economic cooperative agencies was first piloted within the Free State.

Code: Legislative origin {1-0}

P 1: Government Respondent 1.doc - 1:1 [Okay, SEDA was established thr..] (38:38) (Super)

Codes: [Legislative origin - Family: Government institutions SME development mandate]

No memos

Okay, SEDA was established through an Act of small business, national business enabling act. In fact it was amended in 2004, but the Act was in existence even before that, so maybe it is the things that you need to go and look into so that you compare the original Act with the Act that was amended in 2004 when SEDA was established.

Code: Looking at private sector for assistance {2-0}

P 2: SME Respondent 1.doc - 2:27 [Yes I could do that. Actually ..] (137:137) (Super)

Codes: [Looking at private sector for assistance - Family: Positive experiences with private sector]

No memos

Yes I could do that. Actually it was in my mind but you know, with me for now I was looking into approaching other business people like from the private sector

P 8: SME Respondent 5.doc - 8:3 [So we have gone to a few of ou..] (46:48) (Super)

Codes: [Looking at private sector for assistance - Family: Positive experiences with private sector]

No memos

So we have gone to a few of our existing clients to go and speak to the clients, and our approach has been we are a 100% black owned business, a qualifying ESD beneficiary, so the funds could be channelled that way or the funds could be channelled as a way of purchasing access to the online portal as well as the books on behalf of the existing Enterprises Supply Development Beneficiaries and the client would then buy copies or rather sponsor copies on behalf of those clients so we have tried that, primarily. We haven't even spoken to banks, we don't intend to get a loan for this project, again, it goes back to what we preach around building businesses without money, we are using the Lee methodology, we are using the customer development methodology by Steve Plank.

Funny enough or rather pretty relevant to at least the second component that we are using, we are selling per orders, of the copies of the book. I come from this meeting, I come from a meeting at a colleague down this road, it is a new client and I was meeting him for the first time today, we have been speaking over the last few weeks, and they host seminars for SMMEs across the country, they are hosting a Law Fraternity Indaba over 2 days just after the launch of the

book, we are launching during Global Entrepreneurship week and it is by coincidence and luck, the following Monday and Tuesday, they are hosting Indaba, and they normally pull in numbers in between 300 to 900 and we have been able to strike a deal with them, that yes we are booking space, as an exhibitor, and again as a speaker, I am able to use my speaking fee to market and to purchase space and we are looking at selling 500 copies.

Code: Measure of effective SME development {13-0}

P 2: SME Respondent 1.doc - 2:30 [I think the finances, obviousl..] (155:155) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

I think the finances, obviously there will be a change there, that will be a direction from the start, if this was successful or not

P 6: SME Respondent 3.doc - 6:22 [You would like to know, it wou..] (86:86) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

You would like to know, it would never be 100% accurate but a little bit more accurate than it is now, figures in terms of SME development and contribution to GDP, because I actually think it does. Two, you would like to know, you would like to see how more professional SME's have become in terms of compliance

P 7: SME Respondent 4.doc - 7:22 [So it is very easy, if you tel..] (113:115) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

So it is very easy, if you tell me that these are the things that you need to focus on, for these reasons, already there is a measure there, let me put in practical and simpler terms, financially, if we have been struggling with cash flow and revenue and everything else in between, and you identify that the processes that we have been following in terms of managing our finances, need improvement, the one measurement would be seeing positive outcomes, better numbers because of better management, and obviously there are other factors that we need to take into account, such as, is there business coming in because it could influence and affect the financial aspect of the company but holding everything constant, I would expect to see a change, a positive change, in the revenue of the business.

The second thing would be obviously every business, it is key to do customer surveys, it gives you an opportunity to learn what you are doing right, what you can do better, the things that, in terms of product and services that your clientele is looking into sourcing but you are not providing so I would also expect to see a positive shift, and you also receive the feedback that you have been getting in the past, versus the same thing would be the streamlining of processes, so if you told me that the certain logistical processes that we can do

better, to streamline, get things done quicker, I would obviously expect better turnaround times in terms of the way we produce things and deliver them.

P 8: SME Respondent 5.doc - 8:11 [I guess the measurement would ..] (89:89) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

I guess the measurement would be can we prove that they have received something they didn't have, which we can justify as something that is the measurable matrix towards business development.

P 8: SME Respondent 5.doc - 8:12 [Again, the biggest measure is ..] (93:93) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

Again, the biggest measure is did they have this, did they require it, if the answer is no, were we able to provide them and can we justify that need, which is something that we like to do.

P 9: SME Respondent 6.doc - 9:22 [It would be both turnover and ..] (76:76) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

It would be both turnover and the bottom line because it is all based on the projects we are taking on, and the more projects we take on, the more profitable those projects are, to me that indicates growth.

P 9: SME Respondent 6.doc - 9:23 [The second one is the repeat b..] (78:78) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

The second one is the repeat business that we get especially when we know that clients have indicated that, we kind of want to do this for now but later on we would want to do more in this area of the house or in this area of the business and they don't come back to us, it would indicate that we didn't impress them, but the more repeat business we get, it indicates that we are satisfying clients needs and they have a level of confidence in our work and they are willing to do more business with us, to give us have more money.

P10: SME Respondent 7.doc - 10:21 [The simplest thing for me to l..] (104:106) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

The simplest thing for me to look into is for me to think what I wanted, from the start. If I wanted to sell 10 pens, and I go to SEDA to help me develop a business plan, to sell pens, the measuring tool that I am going to use, will be, whether I get assistance in terms of somebody doing a business plan for me, or these people helping me to do a business plan, that would be number 1. Number 2 is that business plan, helping me to get the financing that I need for me to get these 10 pens that I want to sell. If I don't get either one of those things, then I will tell you that this thing is not working, or if I get just a taste,

people just doing things because they have got time, and have to earn a salary, at the end of the month because we have to sign that we are attending, I will be able to tell by these two things that I said I wanted initially.

Say I said I want a pen, but after speaking with you, after going through things, you have shown me that you don't need the pen actually, the market that you are telling us about does not need pens, they need rulers, and let us look into this one of the rulers. If I get out of that place with a particular knowledge, a different understanding, a different perception and a different view of life, in terms of business, then I will be saying I got what I wanted, even if I did not get the pen.

P10: SME Respondent 7.doc - 10:28 [If government was able to say,..] (122:122) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

If government was able to say, with the rate of unemployment, in the country, we are having a very serious problem, so it means our agencies are not doing something good because these agencies are supposed to be the ones developing people and others who are able to create for themselves and others employment.

P10: SME Respondent 7.doc - 10:29 [I will compare government inst..] (122:122) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

I will compare government institutions, I think PIC is a government institutions. PIC is an investment wing of government, of whatever pensions of government, theirs is the return of investment so they are going to have capable people who are going to make sure that they don't invest people's monies wrong, just like that, so government is focusing on skills and people to do those particular investment, these ones they can't see what they are losing out.

P10: SME Respondent 7.doc - 10:31 [Now SEDA is an agency which fa..] (122:122) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

Now SEDA is an agency which falls under small business department of government but if that small business department of government does not have, when I was still at primary school, we had these people, they call them inspectors, does not have inspectors, people who can just show up there, unannounced and look if whether these people are helping, that is what they are lacking, they just work because they are there and there are no measuring tools, like I made an example of PIC, if PIC is working the same way these people are working, it means people are going to lose their investments, when Jacob Zuma said Nhlanhla Nene is no longer a minister, Van Rooyen is going to be a new minister, the first thing that happened, PIC lost this money, now we were able to see that government lost money, where, because PIC has invested in these companies and PIC lost, but with these agencies, you can't see what you are losing, but unemployment rate can be the one that is used to measure. If there is an agency that is helping people to develop businesses then it means unemployment, when you go to Statistics South Africa, Stats SA must be able

to say unemployment has declined by 2% and this 2% comes from small businesses so there is no such a thing, these people are just going there to work.

P 1: Government Respondent 1.doc - 1:5 [SEDA measures in the impact an..] (80:80) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

SEDA measures in the impact and sustainability of our businesses, we measure it in certain indicators one of them as I have indicated is increase in turnover.

P 1: Government Respondent 1.doc - 1:7 [Let us say we assist you with ..] (84:84) (Super)

Codes: [Measure of effective SME development - Family: Effective SME development]

No memos

Let us say we assist you with the intervention, intervention can be a business plan, it can be training, it can be quality management skills, it can be factory layout and then 6 months after we have assisted you we then send a business advisor to conduct what is called an improvement assistance. An improvement assistance measures whether there has been any improvement in the business as the result of the intervention that we implemented 6 months before that and how we measure improvement is whether there is an increase turnover, whether the business has employed more people than it used to and to check if you have assisted a client with the business plan if that business plan was to access finance, was the plan able to access finance and what did the client do with that funding and whether the client was able to access market as well depending on the nature of the intervention.

Code: Mechanism to reach goals {1-0}

P 3: SME Respondent 10.doc - 3:2 [we already have started to do ..] (50:50) (Super)

Codes: [Mechanism to reach goals - Family: Effective SME development]

No memos

we already have started to do what is called product assortment, so we have moved away from just selling food, we now sell alcohol as well. So that is where it compliments the core product and by so doing we will hopefully be able to attract more people into the business and grow the business in terms of revenue, that is what we were doing

Code: Mismatch between government initiatives and SME needs {23-0}

P 4: SME Respondent 11.doc - 4:8 [but we have had encounters wit..] (67:67) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

but we have had encounters with them where they have been trying to either get us to leave our practices to go and work in the clinics for an example, on a contract basis for a couple of hours but the problems have been around remuneration.

P 4: SME Respondent 11.doc - 4:9 [No, no, government does not re..] (71:71) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

No, no, government does not really look at healthcare as a business, the government's perception of healthcare is that healthcare is the service that people are entitled to, so they do not approach it as they would other types of businesses, so with us they are looking at it as a service delivery issue more than a business.

P 4: SME Respondent 11.doc - 4:12 [Recently I had a gentleman who..] (87:87) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

Recently I had a gentleman who came to see me because they were trying to get patients that were collecting chronic medications to get them at pick up points from private facilities which is already happening, some patients are already collecting their medicine from the clinic, not from the clinic but they are getting them from the pharmacies, so they are looking at pharmacies and doctors and private and so on, but the deal breaker for us was the issue of remuneration, it was very, very low so there are programmes of which they are in place for private, public partnership.

P 5: SME Respondent 2.doc - 5:1 [I looked at the one, the oppor..] (60:64) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

I looked at the one, the opportunity at the IDC stands out about, black industrialist and they basically want to find somebody who is going to develop something. What they wanted, obviously you have to meet the criteria right, so they wanted somebody who would run a project, now I do not remember the stats but the qualifying criteria but the prime project that you have to meet, it was, was it 7 million, I think.

Okay.

Or more, or 30, no it was 30 million and that is how much they wanted and it had to, it could not include people. My business is people intensive and it had to be something physical like it includes a building. I think that people that would benefit the most is people that are ready, sort of on the verge of growing big, so if you are looking at the scale like the business life cycle, it is almost someone who has got a product that has been tested and viable and now just needs to scale up. I think that would be beneficial for business like that. For someone like me who sort of setting up saying this is that package I am offering, I mean there are challenges for it and then given that obviously it is not in the people's space to challenge. I could use the 30 million to hire quality resources [laughing], yes that is not the focus, I think they want to develop something that is struggling to develop.

P 5: SME Respondent 2.doc - 5:12 [So people have developed like ..] (124:124) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

So people have developed like apps, the actual technologies like technologies to flush toilets. So I sat in the workshop and I left at lunch time it was still continuing but I was hoping for more in a sense that, like I was hoping for more specific things. So I think the community of the people that they invited was small business owners and then obviously it ranges from like a person that literally develops something like this, like this is a small business, so there were people that travelled long distances to get to this point and they are looking for funding. The discussion was like very alive when they were speaking about funding but throughout, like most of the morning for me it just felt like it was just speeches and speeches, nothing practical in as much as I sat in that workshop for like most of the morning not as enlightened about the processes, what exactly, like the benefit of the workshop, I can get something for training people that I got like recently when I was talking to someone else, so I think that those things are like, I do not know why they are at the theoretical level. I saw the minister there talking but it was more about the minister being there and talking and why she is there, what is the outcome.

P 5: SME Respondent 2.doc - 5:13 [So for me it was not practical..] (132:132) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

So for me it was not practical enough, this is what you can do.

P 5: SME Respondent 2.doc - 5:15 [There is opportunity for peopl..] (142:142) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

There is opportunity for people to develop unique, like there is the most innovative top solutions where you would be like inventing something and then there is like the basic that is what I consider to be like basics. So it is being up to date but it is basics, so everyone knows that it is out there but practically bring it to place. I am not in the space of highly innovative and I think the type of person that deserves to win those types of competitions are the ones that are innovating something that are not such a huge problem so I think there is room to look at the scale and say okay who are we trying to target, are we going this phase, there are opportunities for people to make ways if I can put it to innovate and stuff, but there are opportunities to make ways in the practical staff as well.

P 5: SME Respondent 2.doc - 5:16 [Yes instead what they showcase..] (146:146) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

Yes instead what they showcased is, is the businesses that they were selling. People were selling their products and I am thinking it is the wrong forum because people that were there are business people that are trying to get their

business to grow, so you have got another service provider selling you the toilet, well it is completely fine but, it did not, for me it feel like those businesses were not necessarily, I never asked though, were not supported by SEDA or anyone of the organisation but.

P 6: SME Respondent 3.doc - 6:5 [One of the biggest things they..] (60:60) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

One of the biggest things they would say is that you are a service agency and you are selling your service and your people, but even though we would put the motivation that it is money to buy stuff that we need in promotions and marketing

P 6: SME Respondent 3.doc - 6:15 [It is also underdeveloped in a..] (74:74) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

It is also underdeveloped in a sense that the general consensus, or the general thought is that SME development is tenders and not necessarily entrepreneurship.

P 6: SME Respondent 3.doc - 6:16 [I find the workshops that I ha..] (76:76) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

I find the workshops that I have attended, seminars, conventions, conferences on unpacking entrepreneurship and moving it out of the tender space of SME development, I find them too academic, they miss a lot of people, and that is why people do not have the resilience to understand that as the entrepreneur have the resilience, have that staying power, fails a few times because that is just the normal route. When they are in SME development they are looking at the tender so I cannot fail I am getting this tender I am getting money for this and this is what I do. I just find that, yes it is underdeveloped and it is at a risk and it is not fully understood.

P 6: SME Respondent 3.doc - 6:30 [I just think the more governme..] (103:103) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

I just think the more government processes they put these things, the more we are just missing the facts, we are missing the story.

P 8: SME Respondent 5.doc - 8:4 [board, so instead of having or..] (67:67) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

board, so instead of having or providing or spending rather, a few thousand rand on a new entrepreneur, whose likelihood would be 80% failure in the next

year or maybe or in the first three, why don't you buy something that will cost you close to nothing to produce for revenue, new beneficiaries, that was our approach. So, either buy a licence from us, to sell the books, and to sell the online course, to every beneficiary that comes to your door, or you fund us and we pay you back the money. Neither of those two conversations happened or rather went on to the second phase, it is always us feeding information, they refer us to the next individual, we have to start from scratch, same thing, so they don't necessarily have a process or rather we haven't been likely to see the first step of the procurement process, if they were buying from us, as a typical service provider.

P 8: SME Respondent 5.doc - 8:6 [They would either let the bene..] (71:73) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

They would either let the beneficiary choose the service provider to work with, again based on price because they pay 20% of the fee, so everybody is price sensitive. Now, unfortunately, me and my colleagues, you can to some degree compare us to our peers in the industry but we are always a couple of years ahead in terms of the kind of work that we do, the methodologies, technology, and so I think charging or comparing us based on price, is not going to work. It is one of the reasons why we pulled out and stopped being a service provider, so going back to where we are now, we are the only service provider to provide with this particular service or product to them, presenting us with challenge number one.

Because we cannot have an unfair advantage when you work with Small Business Development agencies that are related to government, I need to be the same as everybody else, which goes against what we teach in business, do you understand what I mean, and so already that disqualifies us because we cannot apply even though we have got something that works, something that is cost effective, that will create a new context for South African SMEs so we do not qualify, hence we don't see the procurement application forms for us to become service providers, based on this particular product. And if we do become service providers, then we must somehow propose the same thing everybody is proposing, which is called madness and craziness when you are doing the same thing and expecting different results

P 8: SME Respondent 5.doc - 8:15 [Conferences, big billboards on..] (101:101) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

Conferences, big billboards on the freeway that we see for months, I think they are inefficient number 1, it is a waste of money, they don't deliver results, and they are ignorant, ignorant I mean, they do not have the right information nor the experience which is required to then provide the guidance, to both beneficiaries and service providers,

P 9: SME Respondent 6.doc - 9:7 [We probably would, but it woul..] (49:49) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions] [Unclear and lengthy processes - Family: Negative experiences with government institutions]
No memos

We probably would, but it would depend again because I found that their requirements are quite onerous, and the one schedule that I had looked that you to apply for funding, one of my friends was running a business, a fish and chips shop, she said they tell you what you will spend the money on.

P 9: SME Respondent 6.doc - 9:9 [I find it a bit tricky because..] (49:49) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions] [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]
No memos

I find it a bit tricky because we know what it is we want to improve on and they tell you this is what you need to spend the money on, like 50% of the money, like the chunk of it so it kind of makes it difficult and you've got to give a report. I do not have a problem with giving a report back on what we've done with the funding, but I have a problem with being dictated to on what you need to spend the funding on, because like we know what we need the funding for, so that puts me off, we never really pursued it.

P 9: SME Respondent 6.doc - 9:11 [Our margins currently are betw..] (53:53) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]
No memos

Our margins currently are between 10 and 15%, so, the minute you go into public sector, the margins get very, very tight.

P 9: SME Respondent 6.doc - 9:27 [The only time they give fundin..] (86:86) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]
No memos

The only time they give funding, is when you qualify according to their standards, and then they prescribe as to what to do. I am not seeing any other initiatives that are out there other than funding, like training, symposiums, those kinds of things. I think for me...like creating dialogue between the different industry players, they are not doing anything like that, at all and I find that they are using the same bad, I find that most of their projects, when you see them, I mean, these small, they are not small but these big construction places where they are building either homes or a small office for government, their workmanship is shocking.

P10: SME Respondent 7.doc - 10:22 [The briefing sessions of SEDA,..] (114:114) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]
No memos

The briefing sessions of SEDA, because I attended SEDA two times, that time when I was not aware what I wanted to do and this time, that time, SEDA was not working the same way, you just went there and said I want business cards, marketing material, I want these things, they would call their consultants,

whatever, people who are doing those things. If you apply, they will tell you this is how much we can spend on you, and your business. This time, I think they have realised that process was not working because they were wasting a lot of money on people who don't understand what they want.

P11: SME Respondent 8.doc - 11:5 [Look, there are so many fundin..] (47:47) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

Look, there are so many funding institutions in the country, honestly speaking, but unfortunately some of us do not qualify for those funding, and when I say qualify, is that like what you are doing is not a special thing. If I was developing an app to make a car drive itself, it was going to be something that someone will jump on top to fund but I am doing partitioning, I need to paint, so buying of paint and buying of partition boards, is not a priority to these institutions.

P11: SME Respondent 8.doc - 11:11 [secondly, the government funds..] (57:57) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

secondly, the government funds, but not to secure projects like this, like I said in the beginning, the government does fund, a whole lot of things, they will tell you they fund R1 million and above, we have funding for people with ideas, bring your idea, we will find you R1 million going up, I have no idea, I am a hard working man.

P 1: Government Respondent 1.doc - 1:17 [Previously our delivery model ..] (114:114) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions]

No memos

Previously our delivery model was that 20% of our resources and everything would be invested in the small and medium businesses and then 80% of our time resources would be invested in the new start up businesses, but the research that was conducted by our strategy division showed that sectors that have a potential to create jobs is the small and medium businesses so we are increasingly getting involved in the small and medium businesses because of their potential to create jobs which were aligned.

Code: Mismatch between government processes and SME needs {5-0}

P 2: SME Respondent 1.doc - 2:13 [Yes, I don't know, hence I am ..] (65:65) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]

[Mismatch between government processes and SME needs - Family: Negative experiences with government institutions]

No memos

Yes, I don't know, hence I am saying I can't even tell even I was unsuccessful, they just thought, this one is just not making sense, they put it aside, I don't know how they check.

P 9: SME Respondent 6.doc - 9:6 [because we know from some of o..] (45:45) (Super)

Codes: [Mismatch between government processes and SME needs - Family: Negative experiences with government institutions]
No memos

because we know from some of our colleagues in the industry told us they take forever for them to pay.

P10: SME Respondent 7.doc - 10:24 [With my experience, the one on..] (118:118) (Super)

Codes: [Mismatch between government processes and SME needs - Family: Negative experiences with government institutions] [SMEs have unique needs - Family: SME challenges]
No memos

With my experience, the one on one thing does not work at all, because people are tired, people are bored, they are expecting that we will always be the same and that is when we fail to get to the next level.

P11: SME Respondent 8.doc - 11:9 [Yes, we once tried to apply to..] (53:53) (Super)

Codes: [Mismatch between government processes and SME needs - Family: Negative experiences with government institutions]
No memos

Yes, we once tried to apply to government funding but unfortunately, maybe what kills us as well, is that you are getting a R120 000 work, where after 4 months you get R30 000 work, R20 000 work, you are never even formalising a company to be able to have all the documents needed for government to fund you. Like they will say they need a 3 year financial statement. Now, the people who are doing finances for us, it is expensive, now it will be difficult for you to have financial statements every year, you know that I made only R15 000 or R20 000 in the past 6 months, so that person needs R10 000

P12: SME Respondent 9.doc - 12:10 [Remember, at the end of the da..] (73:73) (Super)

Codes: [Mismatch between government processes and SME needs - Family: Negative experiences with government institutions]
No memos

Remember, at the end of the day, you are running a business and unfortunately you have to run that business. Remember you have your core business and it keeps you busy, so now you need to make time for you to go to DTI, to keep on checking on the progress and things like that. It took and I think this was done in 2009, somewhere there, it took more than 3 years, for us to start getting answers. By the time we got the answers, nothing was coming out, they didn't sign, they said the machines...they actually sent us to the drawing board.

Code: Negative perception of government effectiveness {7-0}

P 3: SME Respondent 10.doc - 3:15 [They are ineffective and the r..] (106:106) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions]
No memos

They are ineffective and the reason why they are in effective is because their services are not where the entrepreneur is. Their services are not accessible to the entrepreneur, their process take way too long.

P 4: SME Respondent 11.doc - 4:15 [In my case I would definitely ..] (123:123) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions]

No memos

In my case I would definitely say not effective, because like I said I do not think the government considers us as a business per say, so there has not been any aid that has been given towards general practitioners in the private practice, nothing at all, nothing is coming there, there is nothing to write home about there, there is nothing so there has not been any aid, none whatsoever.

P 8: SME Respondent 5.doc - 8:2 [I also have to mention that I ..] (53:53) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions] [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

I also have to mention that I have been through other agencies, SME development agencies, including the Small Development department, possibly the worst engagement I could have had but I expected it but I have been engaging with the department, and the affiliated agencies for many years, over 10 years in the space. We didn't have any luck with them, it took us months to get some response from them and when they did, the least we could get from them was some form of an endorsement letter and that was commitment to give us the letter, we are still waiting for the letter, which for us we would use to support our request for supporting funds with our clients and just marketing in general.

P 8: SME Respondent 5.doc - 8:13 [They are very ineffective, you..] (97:97) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions]

No memos

They are very ineffective, you know I don't think they deliver on the mandate which is to provide justifiable results on their mandate, they will be given hundreds of millions of rands and ask them to prove the impact that they have had on the SMEs or beneficiaries that they have funded, I also believe that the bulk of the money, is spent on them, salaries, infrastructure, telecom, events, how many parties do these guys?

P 9: SME Respondent 6.doc - 9:25 [But if I am going to base it o..] (84:84) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions]

No memos

But if I am going to base it on some of my colleagues that are running their own SMEs, I would probably tend towards no because there's no follow up programmes. Even if they give you funding, which is very prescriptive, there is no follow up, be it 6 months or a year later, we've done our bit, you did what we wanted, we are moving on. It is almost like they are just throwing money out and they are ticking boxes.

P10: SME Respondent 7.doc - 10:27 [They are totally not effective..] (122:122) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions]

No memos

They are totally not effective, something is lacking

P12: SME Respondent 9.doc - 12:25 [Well currently not, taking int..] (119:119) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions]

No memos

Well currently not, taking into account that the Department of Small Business Development is still a fairly new thing. I know there are other institutions like your SEDA, but does a normal person in the township, who runs a spaza shop know about the SEDA programmes? No!

Code: Networks help facilitate SME development {2-0}

P 9: SME Respondent 6.doc - 9:14 [It is more of the network issu..] (57:57) (Super)

Codes: [Networks help facilitate SME development - Family: Positive experiences with private sector]

No memos

It is more of the network issue, particularly because the construction industry is notorious for dropping people and having very crazy relationships

P 9: SME Respondent 6.doc - 9:15 [We also landed a nice opportun..] (57:57) (Super)

Codes: [Networks help facilitate SME development - Family: Positive experiences with private sector]

No memos

We also landed a nice opportunity through... the lthuba job we got through one of their... I do not know what to call her, I would say maybe she acted like a mediator. She subsequently left the country, she actually left about 2 weeks ago. She was their project manager, so to speak, for all their various stuff, but she also had other high-rolling clients, like in your private residential estates that go from anything from 3 million upwards, where they would buy homes and then renovate them. So, we got in, she called us and then I think she got us through a referral. We did a small job for her which was under R50 000. We fixed this and that in the house, she liked the work that we did and then she brought in more business for us. So I would say this year, we've done practically 50 to 60% of the work came through her and subsequently, after she had left, we still maintain the relationship with those clients and the referrals through those clients.

Code: Perceived government incompetence {14-0}

P 2: SME Respondent 1.doc - 2:10 [I have that thing that governm..] (53:53) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

I have that thing that government is a person, obviously it is not a system or whatever. So whoever I get at a certain department, it is government for me. So if I get a certain receptionist and is not willing to help me or says don't worry, they will assist you, that is government for me, that is the feedback I get from them. So every time I struggle to get through, when I get through, please hold, they take me to this one, and the last person I will end up will say, no give it time, we will get back to you, just like that, so I just gave up a bit.

P 2: SME Respondent 1.doc - 2:22 [I feel that government is full..] (113:113) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

I feel that government is full of people who are employed but they are not assisting us

P 3: SME Respondent 10.doc - 3:9 [I do not think they understand..] (74:74) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

I do not think they understand, [unclear], look, they have come there before to see our operations, to see our setup, but I do not think they have a full appreciation of the challenges that we face on daily basis.

P 3: SME Respondent 10.doc - 3:13 [There are some of the institut..] (98:98) (Super)

Codes: [Confusion on role of government institutions tasked with SME development - Families (2): Negative experiences with government institutions, SME challenges] [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

There are some of the institutions that are being created, like having created the department of small business, for me hasn't had much of an impact because I do not know what they have for me, I cannot say that the Department of Small Business Development has made any difference in my life as an entrepreneur.

P 6: SME Respondent 3.doc - 6:7 [I mean, one of our biggest acc..] (60:60) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions]

[Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

I mean, one of our biggest accounts is Mpumalanga Provincial Government, they were paying on average in 3, 6, 9, 12, 15, 150 days. You would have to literally drive there to go and collect the money, to go and move the invoice from this desk to that desk, so cash flow....

P 8: SME Respondent 5.doc - 8:14 [how does somebody who has neve..] (101:101) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

how does somebody who has never had a business before allowed to provide guidance and advise to somebody who is in that space, it doesn't make sense so for me, we are wasting loads of money that could be used more effectively so I think they are inefficient and ineffective and this money could be better used somewhere else.

P10: SME Respondent 7.doc - 10:4 [I went to Free State National ..] (58:58) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

I went to Free State National Youth Development Agency. I stopped going there because number 1, the first thing that happened there, is that those people who are there, in the Free State, in that office, are clueless of what they are doing.

P10: SME Respondent 7.doc - 10:10 [But in terms of understanding ..] (74:74) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

But in terms of understanding our frustrations and our pride, because these things go together with pride, she does not understand what she is doing. I will give you what happened. Number 1, when I arrived at the briefing sessions, I was late, in the briefing sessions because I did not know the place very well. I could hear that she is moving, she makes people to give out ideas, so that is exactly what she was hired for, so she was not supposed to be doing another thing, hers was to facilitate, and that is what she said she was hired to do. Now all these things, market researches and everything she said we must bring, we were not supposed to bring them to her, there must be somebody who is doing it because when I arrived there, I stayed there for an hour, waiting for her.

P10: SME Respondent 7.doc - 10:11 [When she came back, she came b..] (76:76) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

When she came back, she came back speaking to other people as if I don't exist, and that deals with my faith and pride, and everything, and the fact that I want this thing to be done in a dignitary manner. The third thing that I even thought of reporting, was that when I arrived there, she could not even take me to her office, she has an office, she was drinking tea there, she just paged through my thing, just there in the reception, with everyone there. I was giving out my ideas, answering her questions, in the reception.

P10: SME Respondent 7.doc - 10:13 [So when I arrived at the regio..] (86:86) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

So when I arrived at the regional office, the receptionist, the first person that you meet there, could not understand, they have got this thing of, maybe it is different socio-economic factors that are affecting them, for them to treat people like that.

P10: SME Respondent 7.doc - 10:16 [It is something that you see t..] (88:88) (Super)

Codes: [Lack of supervision - Family: Negative experiences with government institutions] [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

It is something that you see that it is either there is no supervisor here or the supervisor himself has lost faith, I don't know but something is not right there.

P10: SME Respondent 7.doc - 10:26 [I will compare government inst..] (122:122) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

I will compare government institutions, I think PIC is a government institutions. PIC is an investment wing of government, of whatever pensions of government, theirs is the return of investment so they are going to have capable people who are going to make sure that they don't invest people's monies wrong, just like that, so government is focusing on skills and people to do those particular investment, these ones they can't see what they are losing out.

P11: SME Respondent 8.doc - 11:24 [Right now, when I say to a per..] (95:95) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions] [SMEs have unique needs - Family: SME challenges]

No memos

Right now, when I say to a person, it is difficult to buy a R1 000 tender document, they will not understand and say, but you want everything for free. But, if you don't understand that, for me to go to a site, 110km from where I stay, and do a site inspection or a briefing, come back, buy a document of R1000, go and submit it, 120km away, and it is not a guarantee that we are going to get the job, it is a win-win situation, I can get a job, I might not get a job, already in that one project trying to get work I have spent R2 000. Next week I have to buy another document, for R100, in a month, and on top of that, I have to pay E-tolls, to go up and down, up and down, and find this work. I am paying money for my petrol, for my food, for the tender document, and for the E-tolls, for one project. So for the government, for the people on the other side, it is okay, you can have the qualification as a project manager or whatever, but at least the people who you are sending out to do this, must be people who really understand how these dynamics work.

P12: SME Respondent 9.doc - 12:18 [It was a nightmare because ano..] (95:95) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions]

No memos

It was a nightmare because another problem with these institutions, is that you get someone, who is not clued up about business, who is there to actually try to help you to make your business easy but they understand nothing about business. You give them financials, they can't even read the financial statement, so now it becomes problematic for you to actually get help. So they have got unskilled people on the ground level, and they probably have auditors at the top level.

Code: Perception of corruption {2-0}

P 2: SME Respondent 1.doc - 2:21 [if we need it now then governm..] (109:109) (Super)

Codes: [Perception of corruption - Family: Negative experiences with government institutions]

No memos

if we need it now then government is not going to come in handy unless we know somebody, we talk to somebody inside, of which that is corruption.

P 6: SME Respondent 3.doc - 6:4 [We struggled until NEF issued ..] (58:58) (Super)

Codes: [Perception of corruption - Family: Negative experiences with government institutions]

No memos

We struggled until NEF issued the marketing and communications tender which we won, and when we were on the inside we knew exactly how to crook the system, not to crook but to work around the system in order for us to get the finance and we actually got finance and we actually got finance from NEF.

Code: Planning, Monitoring and Evaluation {5-0}

P 1: Government Respondent 1.doc - 1:6 [For instance, we call those ou..] (84:84) (Super)

Codes: [Planning, Monitoring and Evaluation - Family: Positive experiences with government institutions]

No memos

For instance, we call those our strategic indicators and those are the things that we report when we submit our quarterly report, you know to the department and our political principals.

P 1: Government Respondent 1.doc - 1:15 [I would not say we have a 2030..] (114:114) (Super)

Codes: [Planning, Monitoring and Evaluation - Family: Positive experiences with government institutions]

No memos

I would not say we have a 2030 plan but obviously we have a 3 year strategic plan. Like currently the 3 year strategic plan that we have is up to 2019 but every year we review our business plan or we submit what we call an annual performance plan to the department of small business development because the president needs it for the state of the nation address every year.

P 1: Government Respondent 1.doc - 1:16 [So it is to align ourselves to..] (114:114) (Super)

Codes: [Planning, Monitoring and Evaluation - Family: Positive experiences with government institutions]

No memos

So it is to align ourselves to that and then I think 3 years ago when the National Development Plan came out because one of the priorities of the NDP was job creation.

P 1: Government Respondent 1.doc - 1:23 [I will have to check with our ..] (122:122) (Super)

Codes: [Planning, Monitoring and Evaluation - Family: Positive experiences with government institutions]

No memos

I will have to check with our strategy guys but our annual report is the public document except for the 2015/16 one because it is only going to be presented to parliament at the end of September. Until we do that it cannot be a public document but for the previous years it is a public document.

P 2: SME Respondent 1.doc - 2:32 [I know that they monitor you a..] (167:167) (Super)

Codes: [Planning, Monitoring and Evaluation - Family: Positive experiences with government institutions]

No memos

I know that they monitor you after they give you the money, so she is probably doing something.

Code: Positive government initiatives {7-0}

P 6: SME Respondent 3.doc - 6:21 [Lebogang Maile the MEC for loc..] (82:82) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

Lebogang Maile the MEC for local economic development for Gauteng started that thing called Qondisa ishishini lakho. It was everywhere on radio that get your businesses straight, register your business, do this, get your documents straight, and they were running road shows everywhere, in the township and everything. So when you go to the township and there is a tender on this JoziWorks, people who are going to do grass cutting on the street and everything, would you go there? They actually go and assist these young, youth in companies, setting up your cc, whether it is a private company, we always call it a cc, setting up a cc, but they are there and they are making progress.

P10: SME Respondent 7.doc - 10:23 [So the briefing session is a s..] (114:114) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

So the briefing session is a session that actually shows you that this what SEDA provides, and you share your type of ideas, like, if I want to go to food and beverage and another one will say salon, the other one will say I want to open a mortuary whatever. The first thing that they want and expect you to do is the market research. Do you understand what you want to do? So that is the basis of the briefing session, they explain those processes, they even explain what is market research, what is expected out of the market research, and they will give you papers of whatever things you can look into, if you want to go to construction, whatever. So, after that process of briefing session, that is when reality starts to kick in because you are no longer in a group, now you are dealing with one on one.

P 1: Government Respondent 1.doc - 1:18 [We also have incubation footpr..] (116:116) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

We also have incubation footprint through the SEDA technology programme because the incubation plays a certain role in playing the sustainability of businesses and facilitating innovation. So hence they have a thrive in expanding our incubation and footprint, the sectors which we are also focusing on is the key growth factors that are also contained in the national development plan and we are also increasing our focus on what is called underserved which is made in the townships and rural areas.

P 1: Government Respondent 1.doc - 1:21 [It was called basic entreprene..] (118:118) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

It was called basic entrepreneurship support development, BSD is meant purely for informal businesses. So after piloting it in 3 provinces and then last year we started rolling it out in all other provinces and so each province has a BSD site which is focusing mainly on, you can call it mentorship or coaching for informal

businesses. We use what is called entrepreneurship development practitioners who assist them with their businesses.

P 2: SME Respondent 1.doc - 2:12 [Yes, with that, it was clear, ..] (61:61) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

Yes, with that, it was clear, he is the one that did everything, he was just briefing me that I am sending, and then they take time. I think they said about 8 weeks, almost 2 months or something, before they can confirm that you are shortlisted or something like that. I was just patient with that because it is also not long since I sent that one.

P 3: SME Respondent 10.doc - 3:10 [We actually have approached SE..] (90:90) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

We actually have approached SEDA for marketing. SEDA has helped us with marketing. SEDA gave us a voucher of R30 000 to market, it was a voucher where we could, within R30 000 create more brand awareness and visibility. So, that meant having a billboard or posters to put in the street corners and creating that brand awareness of Chisa Nyama. They gave us a budget also for posters I think of over R3 000 for banners which we used direct people to where we are located. So, they have helped us in terms of marketing.

P 6: SME Respondent 3.doc - 6:17 [Yes, you know what I must comm..] (80:80) (Super)

Codes: [Positive government initiatives - Family: Positive experiences with government institutions]

No memos

Yes, you know what I must commend, lately there are a number of portals, that has improved. It has improved

Code: Positive perception of government effectiveness {1-0}

P 2: SME Respondent 1.doc - 2:34 [Yes, they are, I would say 90%..] (171:171) (Super)

Codes: [Positive perception of government effectiveness - Family: Positive experiences with government institutions]

No memos

Yes, they are, I would say 90% and 10%, there are hiccups there and there but in general they are

Code: Potential government collaboration with SMEs {2-0}

P 4: SME Respondent 11.doc - 4:14 [I think supporting services wo..] (115:115) (Super)

Codes: [Potential government collaboration with SMEs - Family: Proposed SME development solutions]

No memos

I think supporting services would be great for people like me you know, in a sense that you know if I could put in to other things like access to you know

easy communications with the government. If there is a way that I can access lab results, things like that for my patients who are in the government hospital or who are in the government system that would help because patients are using both systems at the same time, they are using the private and the public sector at the same time, so they go to the hospital and they come back and see us, but most often it is very difficult because I cannot see what the other side is doing, they cannot see what I am doing, so if there was a system that allowed them to be able to see on the other side, what I am doing and I am able to see what they are doing, that would generally help a lot for patient management I think.

P 6: SME Respondent 3.doc - 6:29 [So I just think it is work in ..] (103:103) (Super)

Codes: [Potential government collaboration with SMEs - Family: Proposed SME development solutions]

No memos

So I just think it is work in progress but I think that it should be less government controlled and it should be more on a PPP like Private partnerships, it should rather be round on that basis.

Code: Private sector perceived to respond quicker than government {8-0}

P 2: SME Respondent 1.doc - 2:29 [but with private, I can just G..] (137:137) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

but with private, I can just Google, whatever, can I just see the CEO and whatever

P 6: SME Respondent 3.doc - 6:2 [We tried NEF, IDC and we got a..] (58:58) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

We tried NEF, IDC and we got a overdraft from our bank against the order number

P 7: SME Respondent 4.doc - 7:3 [I think we have been able to g..] (41:41) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

I think we have been able to get off the ground, with assistance from the private sector and not so much of the public sector.

P 7: SME Respondent 4.doc - 7:19 [Like I said earlier, in our bu..] (95:95) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

Like I said earlier, in our business, we sort of tried the process in the public sector and we got frustrated and we left it and what we are today, the private sector has played such a key role.

P 7: SME Respondent 4.doc - 7:20 [I think private sector is doin..] (95:95) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

I think private sector is doing quite a lot in terms of understanding the needs of small and medium enterprises and they are really doing much better to try to enable the people, one by giving them business but it is amazing that they have also identified that it is not just about giving them business, what happens beyond that, that is the skill required to compete with the big giants in the market.

P 9: SME Respondent 6.doc - 9:4 [We get discounts if we buy in ..] (39:39) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

We get discounts if we buy in bulk or the fact that we order quite frequently with certain suppliers, like this one guy supplies all our kitchen cabinets and bathroom cupboards, and he offers us like 40%, 30% discount compared to other people, because generally he sells to retailers, so we buy directly from him.

P 9: SME Respondent 6.doc - 9:12 [Right now we are pursuing more..] (53:53) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

Right now we are pursuing more on the commercial side, we are busy signing, actually we are signing 2 maintenance contracts, one is the medium, small to medium kind of company based in Bryanston and then the other one is quite a big one, Ithuba. We have actually done some work for them. We did work to the tune of just under a million this year, about 2 months ago, and we are now doing more work for them, they are opening a branch in Rustenburg, but we are starting small, we are just doing quick renovations, but we are their designated service provider in terms of renovations, maintenance of offices. We also do work for their CEO's home at their residence.

P10: SME Respondent 7.doc - 10:25 [So, if you were to ask me toda..] (118:118) (Super)

Codes: [Private sector perceived to respond quicker than government - Family: Positive experiences with private sector]

No memos

So, if you were to ask me today that will you go back to SEDA or would you prefer to work the business plan alone? I will tell you that I will prefer to seek help from consultants, from people who are not government agencies to do a business plan and then I will take it to the financial institutions, not go back to SEDA, with the experience that I got.

Code: Red tape {5-0}

P 2: SME Respondent 1.doc - 2:23 [and for us to get to the perso..] (113:113) (Super)

Codes: [Red tape - Family: Negative experiences with government institutions]

No memos

and for us to get to the person, who can assist us, all those people, they will block you until you give up.

P 6: SME Respondent 3.doc - 6:27 [So that you avoid the red tape..] (103:103) (Super)

Codes: [Red tape - Family: Negative experiences with government institutions]

No memos

So that you avoid the red tape and we have already got the structure that is already addressing that and people already know it, there is a clear affinity to because it has been there since the dawn democracy

P 9: SME Respondent 6.doc - 9:19 [Government side, I think it is..] (68:68) (Super)

Codes: [Red tape - Family: Negative experiences with government institutions]

No memos

Government side, I think it is to reduce the onerousness of the legal requirements

P12: SME Respondent 9.doc - 12:4 [The DTI had this initiative wh..] (57:57) (Super)

Codes: [Red tape - Family: Negative experiences with government institutions]

No memos

The DTI had this initiative where they say it was an 80/20 thing, where you actually pay 20% and DTI covers the rest of the 80%, it was a grant which was good, but the problem was the red tape

P12: SME Respondent 9.doc - 12:19 [For you to be able to see thos..] (95:95) (Super)

Codes: [Red tape - Family: Negative experiences with government institutions]

No memos

For you to be able to see those auditors, for you to go through the financials, you have to go through the ground floor people, and they are going to make it tough for you.

Code: Requirement for proper business plan {3-0}

P 2: SME Respondent 1.doc - 2:18 [I think when we erected this b..] (105:105) (Super)

Codes: [Requirement for proper business plan - Family: SME challenges]

No memos

I think when we erected this business, we just did it so random like we had money, let us open a shop, the internet shop, you can just get stationery, blah, blah, we did just that. We didn't really study this type of business, that deals with people coming in and out, we only know that one when we are dealing with the website. Okay we are sitting here at the back, we do stuff but that one, getting it out there, we just started, it is just that for now, the time is unfortunate, the money that we are losing, to put it out there, now we have to work extra hard.

P10: SME Respondent 7.doc - 10:2 [Of course the first thing is t..] (48:48) (Super)

Codes: [Requirement for proper business plan - Family: SME challenges]

No memos

Of course the first thing is that one is starting to do the business plan and the way I do my business plan, is not the same way financial institutions want the business plan to be done, the market research, the marketing strategies, and the marketing itself, the financing. So all those things, they need government intervention, government agencies, financial agencies to assist, so that is the line that we are taking.

P10: SME Respondent 7.doc - 10:18 [Now in terms of finances, it i..] (94:94) (Super)

Codes: [Requirement for proper business plan - Family: SME challenges] [SME lack of internal skills - Family: SME challenges]

No memos

Now in terms of finances, it is also the issue of me being developed, with financial skills, how much money do I need, if I thought I want a trailer of R50000, I might not see that this trailer needs petrol, this trailer needs a car that will take it from this place, I might not be able to see it because my mind only sees that I need a trailer.

Code: Role of government {6-0}

P 6: SME Respondent 3.doc - 6:12 [In South Africa SME developmen..] (72:72) (Super)

Codes: [Role of government - Family: Government role in SME development]

No memos

In South Africa SME development is depending on government, it is purely dependent on government.

P11: SME Respondent 8.doc - 11:17 [Now, if there was a way to say..] (71:71) (Super)

Codes: [Role of government - Family: Government role in SME development] [Type of assistance required - Family: Assistance required by SMEs]

No memos

Now, if there was a way to say guys, for SMEs, in this area, we will have a seminar now and then to say how to do bookkeeping, then if you follow this book, when you go to an accountant, the work you have done for your accountant becomes easier, the accountants that we have in your disposal, yes you have to pay them, you cannot expect not to pay, it will be fine if you don't pay but I am saying, I will not mind to say you have people who can assist you...like, someone coming to you, asking for R12 000, from a person who cannot even afford to have their own offices, it is a lot, so it becomes difficult, but if we had to say guys, these are the people, submit your things here, it will take time because you are too many, submit your things here in this manner, so that when we come to do your books, it becomes easier and fast because if we give an accountant your books and they say I need receipts, it can take 2 months, to do just one person's books, but if you have a bookkeeping method, to say this is how you bookkeep, this is how you buy and this is how you quote, this is how you keep records, and after you do that, everything you submit, you submit it in this format. I am sure, as a person who loves their company, I will take effort in terms of going through that. If we had a way of saying, someone

who helps us with our skills that we are short of, especially the finance skills, and bookkeeping.

P11: SME Respondent 8.doc - 11:19 [If the government can be invol..] (79:79) (Super)

Codes: [Role of government - Family: Government role in SME development]

No memos

If the government can be involved, in terms of saying, for small companies, for you to get experience, we know that at least 2, 3 experience is necessary, when you apply for other jobs in private sector and all that. Big companies when they have a project, at least these small companies legally register them on your system like that, but you find that they are registering only one company which takes care of five different aspects in the construction environment. Now those five aspects, for example if I am doing painting, they are going to appoint one sub-contractor, and I am going to be appointed under that nobody, do you understand?

P11: SME Respondent 8.doc - 11:22 [Like I said, some of the thing..] (87:87) (Super)

Codes: [Role of government - Family: Government role in SME development]

No memos

Like I said, some of the things that they need, you don't have the skill to provide and all those things, but, with it was a process, they wait for you to bring those things, they don't say to you, how can we help you to fund you, they say we have the money, come and apply, you do the run around, as a starting person hey, it is so tough, you are still learning their language and all those things, so yes.

P12: SME Respondent 9.doc - 12:15 [Another thing if they can be a..] (87:87) (Super)

Codes: [Role of government - Family: Government role in SME development]

No memos

Another thing if they can be able to say, okay, fine, you get this project, and then they can give you a 50% deposit, because currently the government doesn't give deposit so if they can give a 50% deposit, that will actually help us.

P12: SME Respondent 9.doc - 12:27 [Funding. If small businesses c..] (123:123) (Super)

Codes: [Role of government - Family: Government role in SME development]

No memos

Funding. If small businesses can access funding, like I said, I understand that they cannot give 50% deposit, on the small business thing, to all the companies, but I think they can do that once they start grading these companies, once you start reaching a certain grade, then they should be able to give 50%, I think that would be fair.

Code: SME challenges {9-0}

P 5: SME Respondent 2.doc - 5:7 [For small business cash flow i..] (86:86) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

For small business cash flow is like you do not ever want to find yourself in a situation where you lose an opportunity because you did not have cash flow.

P 5: SME Respondent 2.doc - 5:8 [Cash flow management.] (90:90) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

Cash flow management.

P 5: SME Respondent 2.doc - 5:9 [It is obviously resource const..] (94:94) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

It is obviously resource constrains as in time, availability you know if you are in a service business then you are the constraints. So it is resources and the quality of the resources.

P 7: SME Respondent 4.doc - 7:12 [I think one of the challenges ..] (77:77) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

I think one of the challenges small businesses have is cash flow

P 7: SME Respondent 4.doc - 7:14 [Secondly, the basics of runnin..] (77:77) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

Secondly, the basics of running a business, the skills required for you to run a business and I am not talking about a particular skill, let us say for example, I am in the marketing, it is obviously very important for me to be equipped with the skill on my part but just there are necessities of helping a business owner understand the plain field if I should call it that, for lack of a better word, if that takes to run a business, to stay competitive, and remain relevant, and profitable.

P 7: SME Respondent 4.doc - 7:16 [It is a continuous struggle be..] (85:85) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

It is a continuous struggle because on the one hand, we cannot afford to have an accountant full time, on the other hand, we need to make sure that we stay afloat, and we can meet our financial obligations, month to month so we have been doing it very adhocly and we are very much aware that it shouldn't have to be that way but unfortunately financially that is where we have been getting assistance and very specific requirements such as balancing the books and making sure that we do like, I started E-Filing and so forth but not going deep into having someone that will do a proper and clean audit and someone that can give us a picture, over the past 6 months or quarterly, this is how you have performed.

P 9: SME Respondent 6.doc - 9:1 [Even though it was voluntary r..] (33:33) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

Even though it was voluntary registration because we are finding that a lot of the businesses, that we wanted to do business with, the commercial clients, wanted VAT registered vendors

P11: SME Respondent 8.doc - 11:18 [Not kill them but, I can't hav..] (79:79) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

Not kill them but, I can't have a project, let us say for example in Centurion, it is a big project, owned by Company A, which is a Grade 6 or 9 company, it is big, and in can't have them not wanting to having me as a registered sub-contractor, they just want to say guys, you have got work, come and work but they know I have got a company, but now I am going in there like a broker, I am bringing my skills and my guys to work but when I leave there, it doesn't say we are developing you, the money they are paying me, at the end of the project, I am left with zero but I have worked the whole 6 months, I have managed to pay rent, I have managed to buy food, but after the project, I have nothing to show.

P12: SME Respondent 9.doc - 12:7 [the government give you grants..] (57:57) (Super)

Codes: [SME challenges - Family: SME challenges]

No memos

the government give you grants but there is red tape.

Code: SME credibility is key {2-0}

P 9: SME Respondent 6.doc - 9:13 [People are very particular of ..] (57:57) (Super)

Codes: [SME credibility is key - Family: SME challenges]

No memos

People are very particular of who they are going to do business with, if they hear that their friend or work colleague have got a contractor that did a good job for them then we get the kind of business.

P 9: SME Respondent 6.doc - 9:17 [So when it comes to like your ..] (63:63) (Super)

Codes: [SME credibility is key - Family: SME challenges]

No memos

So when it comes to like your grievances and client complaints, we handle those very well because what we do, we learned over the years that you never close a site without going through the snag list with the client before you invoice them. So we make sure, particularly on the corporate side. I think we do the same on both sides, and it can be my husband or myself that goes through the final product with the client, that okay, the before was this and we take pictures beforehand, and this is the final product, and we go through nit-picking everything.

Code: SME goals {2-0}

P 3: SME Respondent 10.doc - 3:1 [For higher revenue] (50:50) (Super)

Codes: [SME goals - Family: Effective SME development]

No memos

For higher revenue

P10: SME Respondent 7.doc - 10:1 [Yes, the mistake that we have ..] (44:44) (Super)

Codes: [SME goals - Family: Effective SME development]

No memos

Yes, the mistake that we have always been doing, was looking for tenders of government. In actual fact, I am venturing into entrepreneurship. I want to start doing something beyond government tenders, something that can always sell even if the government is not giving any tender, any particular tender.

Code: SME lack of internal skills {11-0}

P 2: SME Respondent 1.doc - 2:26 [For me personally, I have just..] (133:133) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

For me personally, I have just a bed, it needs to be worked on, with assistance, and internally, when I look, there is one person, who can do that, there is other guys, they just wait, they are not adding value that much, okay they are adding value on the other side but not in bringing the company out there.

P 7: SME Respondent 4.doc - 7:10 [sometimes when you start up, y..] (65:65) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

sometimes when you start up, you don't literally have the resources to do the amount of research that is required for you to provide the answers that you have been asked to provide, I don't know if that makes sense to you.

P 7: SME Respondent 4.doc - 7:15 [I want to be very honest with ..] (85:85) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

I want to be very honest with you and I don't think I am going to even answer your question directly because it is still a reality, in my space, so for me to say to you this is how I would deal with the cash flow, taking into account the skills required would be a false image of the way things are.

P 7: SME Respondent 4.doc - 7:18 [I mean I have personally met a..] (89:89) (Super)

Codes: [SME lack of internal skills - Family: SME challenges] [Threat to SME survival - Family: SME challenges]

No memos

I mean I have personally met a few people that had the capital to start a business but cash flow, not understanding how to balance the books, not having a clear picture of the actual money less your expenses, it has killed the business and then you found people closing doors, being indebted just for the lack of attention to this particular area.

P11: SME Respondent 8.doc - 11:10 [Like they will say they need a..] (53:53) (Super)

Codes: [Compliance is expensive - Families (2): Negative experiences with government institutions, SME challenges]
[SME lack of internal skills - Family: SME challenges]

No memos

Like they will say they need a 3 year financial statement. Now, the people who are doing finances for us, it is expensive, now it will be difficult for you to have financial statements every year, you know that I made only R15 000 or R20 000 in the past 6 months, so that person needs R10 000.

P11: SME Respondent 8.doc - 11:16 [Look, if there was a possibili..] (71:71) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

Look, if there was a possibility, to say we have a group of accountants, who are willing to assist small companies in terms of how to bookkeep for example, like I need to know, which receipt is important and which receipt is not important. I don't want to be surprised when I go to..., I don't do accounting, I haven't done accounting. I am in the built industry, and that doesn't take away anything from me, and I can't afford to have an accountant at the moment but I am saying, if I am a growing company, I will need an accountant to take care of these invoices. Right now I do the invoices, I do the buying, I do the paying and the next thing, I have got a drill in my hand, I am working, because I can't afford those other skills.

P12: SME Respondent 9.doc - 12:3 [You actually spend more money ..] (49:49) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

You actually spend more money to actually try to deliver the project and yet you are actually killing the cash flow of the company, so those are the two things that actually harm our business.

P 5: SME Respondent 2.doc - 5:10 [So I noticed like today, my re..] (94:94) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

So I noticed like today, my resent hire as I was coming to this meeting, I can see that there's like issues, phones are down. I see the mails coming in and I am rushing to this meeting and I am thinking I'm driving I cannot respond to this SMS I think I am going to call just now and then I was like let me park, so as soon as I park I get a message, some person that I hired is basically handling the issue, it is not his place but when he stepped up and they were like we are doing XYZ it is those types of things and so it helps to have more of the quality people.

P 6: SME Respondent 3.doc - 6:19 [I do not know because we start..] (82:82) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

I do not know because we started as a fairly sophisticated business so one of the things we had at the beginning was an accountant, auditors.

P10: SME Respondent 7.doc - 10:18 [Now in terms of finances, it i..] (94:94) (Super)

Codes: [Requirement for proper business plan - Family: SME challenges] [SME lack of internal skills - Family: SME challenges]

No memos

Now in terms of finances, it is also the issue of me being developed, with financial skills, how much money do I need, if I thought I want a trailer of R50000, I might not see that this trailer needs petrol, this trailer needs a car that will take it from this place, I might not be able to see it because my mind only sees that I need a trailer.

P10: SME Respondent 7.doc - 10:19 [So all those things are human ..] (92:92) (Super)

Codes: [SME lack of internal skills - Family: SME challenges]

No memos

So all those things are human development, I need to be developed in that particular space, so that I understand what I need to achieve at the end of the day, before I can even start speaking about financial assistance, because financials go across everything, but I cannot speak about anything else, except finances.

Code: SMEs have unique needs (6-0)

P 8: SME Respondent 5.doc - 8:9 [I say that because businesses ..] (89:89) (Super)

Codes: [SMEs have unique needs - Family: SME challenges]

No memos

I say that because businesses have different challenges, different requirements

P10: SME Respondent 7.doc - 10:15 [Maybe one of the reasons is th..] (88:88) (Super)

Codes: [SMEs have unique needs - Family: SME challenges]

No memos

Maybe one of the reasons is that there are people who come there without the understanding of what they want there, so they are treating us all the same because they think we do not know what we are doing, so that is exactly what she did, I enter there, I am looking for this, go there, and when I arrived there, it is a briefing session and I am already late and I asked is there any other briefing schedule that I can attend, she said you must just go there, write your name here, I wrote my name.

P10: SME Respondent 7.doc - 10:20 [Number two, I expected somebody..] (96:96) (Super)

Codes: [SMEs have unique needs - Family: SME challenges]

No memos

Number two, I expected somebody who will sit down with me, who will be able to explain things, break them and tell me this is what is needed, go and do it, I go and do it, and make an appointment with this person, sit down with this person and say this is what I did, here is your mistake, without you telling me, who else wants to do this because for me those people are competitors, sometimes there are people who are already existing, I am not existing, I want to exist so don't tap into the space that I have not even started.

P10: SME Respondent 7.doc - 10:24 [With my experience, the one on..] (118:118) (Super)

Codes: [Mismatch between government processes and SME needs - Family: Negative experiences with government institutions] [SMEs have unique needs - Family: SME challenges]

No memos

With my experience, the one on one thing does not work at all, because people are tired, people are bored, they are expecting that we will always be the same and that is when we fail to get to the next level.

P11: SME Respondent 8.doc - 11:24 [Right now, when I say to a per..] (95:95) (Super)

Codes: [Perceived government incompetence - Family: Negative experiences with government institutions] [SMEs have unique needs - Family: SME challenges]

No memos

Right now, when I say to a person, it is difficult to buy a R1 000 tender document, they will not understand and say, but you want everything for free. But, if you don't understand that, for me to go to a site, 110km from where I stay, and do a site inspection or a briefing, come back, buy a document of R1000, go and submit it, 120km away, and it is not a guarantee that we are going to get the job, it is a win-win situation, I can get a job, I might not get a job, already in that one project trying to get work I have spent R2 000. Next week I have to buy another document, for R100, in a month, and on top of that, I have to pay E-tolls, to go up and down, up and down, and find this work. I am paying money for my petrol, for my food, for the tender document, and for the E-tolls, for one project. So for the government, for the people on the other side, it is okay, you can have the qualification as a project manager or whatever, but at least the people who you are sending out to do this, must be people who really understand how these dynamics work.

P12: SME Respondent 9.doc - 12:13 [We understand that the governm..] (85:85) (Super)

Codes: [SMEs have unique needs - Family: SME challenges]

No memos

We understand that the government wouldn't give you money for day-to-day, but if at least they can give us the machinery because that would actually cut the cost of production for us, even if it is a loan or a grant, it actually would be better if it is a grant, even if it is a loan, at least when you have those machinery, we should be able to actually service the loan.

Code: Source of knowledge on state of SMEs {1-0}

P 1: Government Respondent 1.doc - 1:19 [We also introduced because, we..] (116:116) (Super)

Codes: [Source of knowledge on state of SMEs - Family: Government role in SME development]

No memos

We also introduced because, we get a lot of information in research and updates on the state of the economy from the bureau of the economy research and their research last year the commissioned, just on the ORU on the state of the economy and its impact on small businesses and one of the things that the study highlighted is that the informal sector is actually growing.

Code: Sources of funding for SMEs {1-0}

P 5: SME Respondent 2.doc - 5:4 [Venture capital I think it was..] (78:78) (Super)

Codes: [Sources of funding for SMEs - Family: SME challenges]

No memos

Venture capital I think it was second. I think it was government institutions and then venture capital and then very little from banks which is surprising because we have such big banks and then the others, none.

Code: Sustained engagement with SME {1-0}

P 1: Government Respondent 1.doc - 1:13 [Businesses that tend to do wel..] (110:110) (Super)

Codes: [Sustained engagement with SME - Family: Effective SME development]

No memos

Businesses that tend to do well and sustainable are those that benefit or get more than one intervention from SEDA, we have had a number of success stories and these are one of the things that we use to measure the success of our interventions.

Code: Threat to SME survival {6-0}

P 2: SME Respondent 1.doc - 2:15 [We have been surviving with th..] (85:85) (Super)

Codes: [Threat to SME survival - Family: SME challenges]

No memos

We have been surviving with that contract right, we have a contract with MTN, it is the only contract that was big and it was giving us quite a lot of money, otherwise we have these small services like your website, printing, we have the shop, it is in the front, that is how we have been surviving but at the moment we are sinking.

P 3: SME Respondent 10.doc - 3:17 [So basically if you are not ab..] (106:106) (Super)

Codes: [Threat to SME survival - Family: SME challenges]

No memos

So basically if you are not able to assist me within a shorter timeframe, then I am definitely going to go out of business in no time, and we will be back to square one where the very same people in that community that I had employed are now unemployed and all of these things.

P 6: SME Respondent 3.doc - 6:14 [With the political changes of ..] (74:74) (Super)

Codes: [Threat to SME survival - Family: SME challenges]

No memos

With the political changes of government and SME development again becomes the first victim. I was listening to Herman Mashaba when he said we are going to go in-source cleaning, gardening and everything so the tenderpreneurs won't get a chance anymore to eat on the gravy train.

P 6: SME Respondent 3.doc - 6:23 [One of the worst things I ever..] (90:90) (Super)

Codes: [Threat to SME survival - Family: SME challenges]

No memos

One of the worst things I ever went through was to sit and retrench people. Even though we were a company of 65 the fact is that I know each and every person, I know their story, I know who they support, how many people they support and everything, we want to know how the SME's so that they are elevated to the next level.

P 7: SME Respondent 4.doc - 7:18 [I mean I have personally met a..] (89:89) (Super)

Codes: [SME lack of internal skills - Family: SME challenges] [Threat to SME survival - Family: SME challenges]
No memos

I mean I have personally met a few people that had the capital to start a business but cash flow, not understanding how to balance the books, not having a clear picture of the actual money less your expenses, it has killed the business and then you found people closing doors, being indebted just for the lack of attention to this particular area.

P11: SME Respondent 8.doc - 11:8 [institutions should be able to..] (49:49) (Super)

Codes: [Threat to SME survival - Family: SME challenges]
No memos

institutions should be able to say, you know what, let us sign cessions, if you've found work at Company A, we will come and sign a cession with Company A to say, when they pay, they pay into our account and we pay you, which that, it happens in some municipalities but not always, and that is what we are looking for and that is what is killing us, most of us.

Code: Type of assistance required {15-0}

P 2: SME Respondent 1.doc - 2:1 [I did send my application for ..] (33:33) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]
No memos

I did send my application for the funding assistance

P 2: SME Respondent 1.doc - 2:17 [Because I have sat down and th..] (105:105) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]
No memos

Because I have sat down and thought about this, I think what we need is not even money. Yes we need money to survive there and there because now we are running short, but for this business to just continue to keep growing, I think we need a new marketing strategy, like we need to study the market.

P 3: SME Respondent 10.doc - 3:3 [We have been trying to get fin..] (54:54) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]
No memos

We have been trying to get financial assistance from your state owned retail finance intermediaries, the stake owned funding institutions like SEFA, like we tried with SEFA because we felt we needed working capital of about R200 000

P 4: SME Respondent 11.doc - 4:3 [With being able to do that, cu..] (58:58) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

With being able to do that, currently, the kind of assistance I would require in the government in order to reach my goals, you know, we are busy trying to enter into public, private partnerships with government,

P 4: SME Respondent 11.doc - 4:5 [other assistance that I would ..] (62:62) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

other assistance that I would require of course would be administrative kind of assistance

P 4: SME Respondent 11.doc - 4:6 [Where possible also, in terms ..] (62:62) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

Where possible also, in terms of availability storage spaces for medications for those patients, so if there was an investment, you know direct investment into making sure that there is storage space available for maybe since those patients would be receiving, those are the kind of assistance that I would require from government in terms of you know public, private partnership.

P 6: SME Respondent 3.doc - 6:1 [we needed funds] (56:56) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

we needed funds

P 7: SME Respondent 4.doc - 7:1 [To be very honest with you, th..] (41:41) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

To be very honest with you, there are very few processes that we followed in the initial stages when we were looking for funding

P 7: SME Respondent 4.doc - 7:13 [So, being equipped with the sk..] (77:77) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

So, being equipped with the skill or being able to have funds that allows you to get a professional to look within this space, would be priority.

P 7: SME Respondent 4.doc - 7:17 [So we are still lacking in tha..] (85:85) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

So we are still lacking in that area, we have been trying to do it ourselves, where we could but the kind of assistance we have been getting has been limited because of our ability to afford the skill

P 8: SME Respondent 5.doc - 8:1 [So the assistance we would nee..] (42:42) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

So the assistance we would need, we are still looking to raise approximately R250 000 in order to help with the marketing as well as the completion of the development of the online course

P11: SME Respondent 8.doc - 11:1 [One and the most critical ones..] (41:41) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

One and the most critical ones is finance.

P11: SME Respondent 8.doc - 11:17 [Now, if there was a way to say..] (71:71) (Super)

Codes: [Role of government - Family: Government role in SME development] [Type of assistance required - Family: Assistance required by SMEs]

No memos

Now, if there was a way to say guys, for SMEs, in this area, we will have a seminar now and then to say how to do bookkeeping, then if you follow this book, when you go to an accountant, the work you have done for your accountant becomes easier, the accountants that we have in your disposal, yes you have to pay them, you cannot expect not to pay, it will be fine if you don't pay but I am saying, I will not mind to say you have people who can assist you...like, someone coming to you, asking for R12 000, from a person who cannot even afford to have their own offices, it is a lot, so it becomes difficult, but if we had to say guys, these are the people, submit your things here, it will take time because you are too many, submit your things here in this manner, so that when we come to do your books, it becomes easier and fast because if we give an accountant your books and they say I need receipts, it can take 2 months, to do just one person's books, but if you have a bookkeeping method, to say this is how you bookkeep, this is how you buy and this is how you quote, this is how you keep records, and after you do that, everything you submit, you submit it in this format. I am sure, as a person who loves their company, I will take effort in terms of going through that. If we had a way of saying, someone who helps us with our skills that we are short of, especially the finance skills, and bookkeeping.

P12: SME Respondent 9.doc - 12:1 [Okay, there are two folds to t..] (45:45) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

Okay, there are two folds to this, the first one would be the machinery

P12: SME Respondent 9.doc - 12:2 [the second one, it should be t..] (45:45) (Super)

Codes: [Type of assistance required - Family: Assistance required by SMEs]

No memos

the second one, it should be the financing part, financing I mean, in terms of the normal cash flow, when you get a project, you should be able to have some ways for someone to actually fill the gap in terms of your cash flow and you being able to deliver.

Code: Unclear and lengthy processes {16-0}

P 2: SME Respondent 1.doc - 2:19 [I think they can do but my cha..] (109:109) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

I think they can do but my challenge, with approaching government because there was a time I was in a space where you know what, I am going to apply to all those departments I know but the process I think it appears to be easy but it is not so easy. As in like, the process is the documentation, obviously 1 hour is not even enough, like you have to think, fill and the personal interview, of which is good but it is more like assessment for them, trying to check me or the company, they can't just hand out money just like that but I feel the process they could make it a bit easier.

P 2: SME Respondent 1.doc - 2:24 [It is the same thing, even the..] (121:121) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

It is the same thing, even the tender system, the amount of paper we use, like paperwork, it is too much

P 3: SME Respondent 10.doc - 3:5 [They have asked for informatio..] (54:54) (Super)

Codes: [Government institutions not responsive - Family: Negative experiences with government institutions] [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

They have asked for information over information and we have given them and they haven't made a final decision on whether they are going to fund us or not, but we do need that type of assistance.

P 3: SME Respondent 10.doc - 3:6 [No, they just showed us the ap..] (58:58) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

No, they just showed us the application forms, they gave us the application forms, the process is not conclusive or outlined in terms of what and how and so those things are not explicit and their processes are not standard, so, you know that if you apply, you are going to get response in 2 weeks, it may take 3 months, it may take 12 months. So there is no standardisation of processes, but we went ahead with it anyway because we felt we needed it, unfortunately we did not have a conclusive response from them.

P 5: SME Respondent 2.doc - 5:14 [There was like a stack of form..] (140:140) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

There was like a stack of forms that I had to fill, also the other thing is that it is a competition, so you may win or you may not win.

P 6: SME Respondent 3.doc - 6:3 [Applying for R30 000 in NEF is..] (58:58) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

Applying for R30 000 in NEF is the same as applying for R3 000 is the same as applying for 3 million it is the same as applying for 300 million.

P 7: SME Respondent 4.doc - 7:2 [I mean we looked at the NYDA, ..] (41:41) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

I mean we looked at the NYDA, there is a process that one needs to follow and we followed the process, we did the online application because that is where it starts, and we did a few follow up phone calls, but unfortunately, we never got traction from them.

P 7: SME Respondent 4.doc - 7:5 [Even at the bare minimum, bein..] (45:45) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

Even at the bare minimum, being able to have a direct contact person that you can follow up with, pertaining your request, so obviously with all these things said, it made it a little bit challenging for you to understand how far in the process you are, if our application has gone through the channels, how you can find out if you are going to make it or not, so for me, that was the biggest challenge, not knowing the stage the application or whether it is there in the system altogether

P 7: SME Respondent 4.doc - 7:9 [the challenges we were having ..] (65:65) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

the challenges we were having was the amount of things that you had to put in place, for you to actually make it through the first round,

P 8: SME Respondent 5.doc - 8:2 [I also have to mention that I ..] (53:53) (Super)

Codes: [Negative perception of government effectiveness - Family: Negative experiences with government institutions] [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

I also have to mention that I have been through other agencies, SME development agencies, including the Small Development department, possibly the worst engagement I could have had but I expected it but I have been engaging with the department, and the affiliated agencies for many years, over 10 years in the space. We didn't have any luck with them, it took us months to get some response from them and when they did, the least we could get from them was some form of an endorsement letter and that was commitment to give us the letter, we are still waiting for the letter, which for us we would use to support our request for supporting funds with our clients and just marketing in general.

P 8: SME Respondent 5.doc - 8:5 [Not necessarily as a, they cal..] (69:69) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

Not necessarily as a, they call them BDS, Business Development Service providers, to give you context, your likes of SEDA, NYDA, GEP and some of these new agencies, typically, they will give you an application form, to apply, to become a service provider, from my experience, which goes back 10 years when I initially started, that is how my business was initially established. That process took between 6 months to 2 years in some cases, to become a service

provider, and then you would get an opportunity to submit what is called an RFP/RFQ, that process in itself could take 6 months. Once someone is a service provider, you receive these emails, or request for quotes, where a beneficiary is asking for your services, they choose 3 or 5 to send that RFP to, they will shortlist, maybe let us say they choose around 10, they will shortlist to 3, and as you can imagine, that whole process is based on price, how they determine who to choose.

P 9: SME Respondent 6.doc - 9:3 [It is quite an onerous process..] (35:35) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

It is quite an onerous process - manual. You can't do anything online until you are registered, so it was a case of queuing and everything.

P 9: SME Respondent 6.doc - 9:7 [We probably would, but it woul..] (49:49) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions] [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

We probably would, but it would depend again because I found that their requirements are quite onerous, and the one schedule that I had looked that you to apply for funding, one of my friends was running a business, a fish and chips shop, she said they tell you what you will spend the money on.

P10: SME Respondent 7.doc - 10:5 [You will be going from one per..] (58:58) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions]

[Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

You will be going from one person to the other one, and all of them are not decision makers, all of them are waiting for someone to reply, so you are not actually getting what you are supposed to be getting.

P12: SME Respondent 9.doc - 12:8 [On the brochure, yes. Okay? Bu..] (61:65) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

On the brochure, yes.

Okay?

But when you do it, it takes way longer than what is written on the brochure.

P12: SME Respondent 9.doc - 12:17 [No, it was a nightmare. It was..] (95:95) (Super)

Codes: [Unclear and lengthy processes - Family: Negative experiences with government institutions]

No memos

No, it was a nightmare. It was a nightmare because another problem with these institutions, is that you get someone, who is not clued up about business, who is there to actually try to help you to make your business easy but they understand nothing about business.

Code: Unclear and lengthy processes discourage SMEs {6-0}

P 2: SME Respondent 1.doc - 2:28 [government I have thought abou..] (137:137) (Super)

Codes: [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]
No memos

government I have thought about it but I thought of, for me to talk to somebody I must apply, I must fill in the documents, and then that is when I can talk to somebody else

P 7: SME Respondent 4.doc - 7:7 [I did because from having to b..] (53:53) (Super)

Codes: [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]
No memos

I did because from having to be on the cold, not knowing, actually not even knowing who you are calling for 10 minutes and so forth and numerous emails that do not get responded to a very laborious and frustrating process that at some point you are bound to just give up.

P 9: SME Respondent 6.doc - 9:9 [I find it a bit tricky because..] (49:49) (Super)

Codes: [Mismatch between government initiatives and SME needs - Family: Negative experiences with government institutions] [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]
No memos

I find it a bit tricky because we know what it is we want to improve on and they tell you this is what you need to spend the money on, like 50% of the money, like the chunk of it so it kind of makes it difficult and you've got to give a report. I do not have a problem with giving a report back on what we've done with the funding, but I have a problem with being dictated to on what you need to spend the funding on, because like we know what we need the funding for, so that puts me off, we never really pursued it.

P10: SME Respondent 7.doc - 10:6 [So I then decided that I am no..] (58:58) (Super)

Codes: [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]
No memos

So I then decided that I am not going to follow that long route that is not helping me out, especially with the burning desire to have this thing... and the worse part of it all, it was not all about the finance, I just went there because I wanted to be assisted with the business plan, so it is not something that you must call Pretoria, to get somebody who can assist but I could not get through.

P11: SME Respondent 8.doc - 11:21 [There was a company that I was..] (87:87) (Super)

Codes: [Lack of clarity on processes and timelines - Family: Negative experiences with government institutions] [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]
No memos

There was a company that I was partnering with, when we started doing work before I focused solely on refurbishment. Like, all of us, we started by just attending all the briefings, if they want to print we go, if they want to do t-shirts we go, so there was a point where we were doing printing, actually we were doing photocopying, like paper, and we said we want to do printing of materials, we wanted a machine but they said they can fund a machine of up to a million,

from a million, and you need 3 years financial statements, so it is a process, you end up feeling that you know what, I can't but we tried once, it was not an easy process to follow.

P12: SME Respondent 9.doc - 12:20 [I have tried Umsobomvu, I gave..] (95:95) (Super)

Codes: [Unclear and lengthy processes discourage SMEs - Family: Negative experiences with government institutions]

No memos

I have tried Umsobomvu, I gave up within the first 2 months, it didn't work out and they gave those vouchers where they can give you a voucher for an accountant and things like that, I have also tried that, it didn't help.

Code: What the funds would be used for {1-0}

P 2: SME Respondent 1.doc - 2:8 [For assistance in terms of cap..] (41:41) (Super)

Codes: [What the funds would be used for - Family: Effective SME development]

No memos

For assistance in terms of capital, for an existing company, like I told you, we didnt want to depend on the contract that we have because we were just almost losing it so for the company to carry on, it needed some cash injection, even with the salaries, just to keep everything going, that was my request. Another thing, we sent for the printing machines, at DTI, we got that one.