EVALUATING THE SOUTH AFRICAN SMALL BUSINESS POLICY AT THE LOCAL AND DISTRICT MUNICIPALITY LEVEL

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ABSTRACT

South Africa has the trilemma of stagnating economic growth, growing economic inequality and persistent socio-economic exclusion (Corrigan, 2016). The interplay between these factors underlines the importance of pragmatism when setting, monitoring and evaluating small business policy in this dynamic.

The primary research objective of this study was to evaluate the South African small business policy to assess shortcomings and areas for improvement. Based on the research process followed, data collected and analysed, the null hypotheses H20, H30, H40, H60, H70, H80 were accepted and the alternate hypotheses H1A, H5A were partially accepted.

This study is significant as it proves that the small business policy does not address the needs and expectations of start-up and established business owners. Regardless, small businesses tend to start and operate with or without policies in place but currently do so sub optimally thereby not reducing unemployment or generating economic growth.

Finally, this study confirms the importance and value of policies that can effectively assist with contributing to business venture survival, growth, success and longevity. Government should continue to actively cultivate entrepreneurship especially among vulnerable groups. With the correct interventions in place, the opportunities for poverty alleviation, social justice and inclusive economic development can be realised.

KEYWORDS

Small business

Start-up businesses

Established businesses

Entrepreneurship

Entrepreneurial ventures

Key elements of small business policy

Small business policy in South Africa

Small business policy monitoring and evaluation in South Africa

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfillment 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.

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ABBREVIATIONS, ACRONYMS & GLOSSARY

ANOVA	Analysis of Variance
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BER	Bureau of Economic Research
BRIC	Brazil, Russia, India, China
CoGTA	Department of Cooperative Governance and Traditional Affairs
DSBD	Department of Small Business Development
dti	Department of Trade and Industry
DV	Dependent Variable
GDP	Gross Domestic Product
GDED	Gauteng Department of Economic Development
ELM	Emfuleni Local Municipality
GEM	Global Entrepreneurship Monitor
GEP	Gauteng Enterprise Propeller
GIBS	Gordon Institute of Business Science
GPG	Gauteng Provincial Government
GWM&ES	Government-wide Monitoring and Evaluation System
ISEDS	Integrated Small Enterprise Development Strategy
ISPESE	Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises
IV	Independent Variable

LED	Local Economic Development
LLM	Lesedi Local Municipality
M&E	Monitoring and Evaluation
MeCLM	Merafong City Local Municipality
MoCLM	Mogale City Local Municipality
MLM	Midvaal Local Municipality
NEF	National Empowerment Fund
NIBUS	National Informal Business Upliftment Strategy
NPC	National Planning Commission
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development
PwC	PricewaterhouseCoopers
RLM	Randfontein Local Municipality
SADC	Southern African Development Community
SD	Standard Deviation
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SME(s)	Small and Medium Enterprise(s)
SMME(s)	Small Medium and Micro Enterprise(s)
SPSS	Statistical Package for the Social Sciences
TEA	Total Early-stage Entrepreneurial Activity
UN	United Nations

UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organisation
US	United States
USA	United States of America
VAT	Valued Added Tax
WEF	World Economic Forum
WLM	Westonaria Local Municipality
YEDS	Youth Enterprise Development Strategy

CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1. BACKGROUND

The post-apartheid democratic South African government had many high expectations from its citizens and the world alike. The two top priorities were economic growth through increased national competitiveness and economic redress through both income redistribution and the creation of employment opportunities for those previously disadvantaged (Rogerson, 2004; Xuza, 2007; Mmakola, 2009; Abor & Quartey, 2010; Rogerson, 2011; Rogerson & Rogerson, 2012; Sibanda, 2013; Masutha & Rogerson, 2014; Tustin, 2015). As such South Africa turned its policy attentions, influenced by global best practice, to the promotion of Small, Medium and Micro Enterprises (SMMEs) and entrepreneurship in 1994 to proverbially hit two birds with one stone.

This policy has been the subject of numerous reviews from researchers (Rogerson, 2004; Mmakola, 2009; Rogerson, 2011; Reddy & Wallis, 2012; Feser, 2014; Moos, 2015). The high level challenges reported around 2010 were that: policy, though considered best practice, has been mired by inappropriate service delivery choices that does not reach the intended target audience and poor implementation that displays spatial disparity (Rogerson, 2004; Xuza, 2007; Mmakola, 2009; Abor & Quartey, 2010; Rogerson, 2011; Rogerson & Rogerson, 2012; Sibanda, 2013; Masutha & Rogerson, 2014;).

One year later, the National Planning Commission (NPC) released its Diagnostic Report which set out South Africa's successes and shortcomings since achieving democracy in 1994. It echoed the results of the small business policy assessment and identified a failure to implement various policies with an absence of broad partnerships as the main explanation for slow progress (National Planning Commission, 2011).

Nine primary challenges for South Africa were stated, namely: too few people have jobs; the quality of school education for black people is poor; infrastructure is poorly located, inadequate

and under-maintained; the public health system cannot meet demand or sustain quality; the economy is unsustainably resource intensive; spatial divides hobble inclusive development; corruption levels are high; public services are uneven and often of poor quality and South Africa remains a divided society with high levels of inequality (National Planning Commission, 2011).

These nine primary challenges were presented as the stumbling blocks to economic growth as well as the explanation for why economic gains from the democratic era were socially exclusive and geographically uneven (Kesper, 2001; Rogerson, 2004; Rogerson, 2011; Malefane, 2013; Peters & Naicker, 2013). Additionally, small business owners / entrepreneurs struggled with inadequate small business financing, incubators and development agencies, high perceived fruitless expenditure in government and low trust in politicians and public officials (WEF, 2014-2015) making it apparent that the small business policy was not yielding the intended benefits.

The small business policy was reassessed to emphasise four major themes; the improvement of private sector market confidence; providing capacity to identify opportunities and to exploit geographical/sectoral competitive advantages; creating facilitative business environments conducive for SMME uptake and private sector investment; and the intensification of enterprise support at local levels for SMMEs to increase uptake and survival rates (Rogerson & Rogerson, 2012).

Despite these iterations, South Africa's small business policy currently does not distinguish between small businesses and entrepreneurial ventures or between entrepreneurs i.e. start-up and established business owners. An important distinction between small business and entrepreneurial ventures is that small businesses are usually more risk, change and innovation averse than entrepreneurial ventures whose main aims are to grow and to innovate (Van Vuuren & Groenewald, 2007). Also new business owners have different concerns and issues to established business owners because they are in different business phases (Herrington & Kew, 2016). Regardless of these dissimilarities, the small business policy still prescribes one-size-fits-all services.

1.2. PROBLEM STATEMENT

Six years after those iterations, however, South Africa's rate of entrepreneurial activity is considered very low for a developing nation. South Africa's persistently low rate of total early-stage entrepreneurial activity (TEA) was reported by the 2016 Global Entrepreneurship Monitor (GEM) Report as 9.2% with the Sub-Saharan Region reported as 3.6 times higher (Herrington & Kew, 2016). South Africa also performs lower than the average for efficiency-driven, economies which is 1.6 times higher at 15% (Herrington & Kew, 2016).

South Africa has the trilemma of stagnating economic growth, growing economic inequality and persistent socio-economic exclusion (Corrigan, 2016). The interplay between these factors underlines the importance of understanding the context while acting with pragmatism when setting policy in this dynamic. South Africa's unemployment is around 40% of the adult population – and the youth unemployment figure is closer to 60% (Rogerson & Rogerson, 2012; Ismail, 2016). Despite this, the GEM Report presents that the number of people starting businesses due to lack of options for work (dubbed 'necessity entrepreneurship') is low.

The 2016 GEM Report further expounds that entrepreneurial activity in South Africa has increased marginally over the last 10 years, but in 2014 it dropped significantly from 10.6% to 7% before picking up to its current 9.2%. This implies that despite efforts on national, regional and local government levels, SMMEs are still failing to develop and to become sustainable entities (Sibanda, 2013).

Unfortunately, this also means that the envisaged jobs and ownership opportunities have not been realised. The GEM Report estimates that only when South Africa starts seeing TEA rates in the region of 20% will substantial employment start negating the chronically high unemployment (Herrington & Kew, 2016). For South Africa, the importance of getting small business policy right is only increasing.

This sentiment has been echoed by the President of South Africa, Jacob Zuma, during his 2015 State of the Nation Address,

"Economic transformation to unlock growth also means improving the support provided to small enterprises especially township and rural enterprises which will promote economic activities at local level." (GDED, 2015, p. 2)

This study therefore aims to replicate and extend a doctoral thesis by Moos that evaluated small business policy shortcomings in South Africa. That study was a formal statistical study of start-up and established businesses in the following selected metropolitan municipalities-: City of Cape Town, City of eThekwini (Durban), Ekurhuleni Metropolitan Municipality (East Rand), City of Johannesburg and City of Tshwane (Pretoria) (Moos, 2015).

The purpose of this study is to evaluate the national small business policy in South Africa amid adjustments to support services, partnerships and structures to improve performance in the small business sector. This research aims to extend the original doctoral thesis' statistical study to local and district municipalities in Gauteng province as the original thesis only focused on metropolitan municipalities.

Thus **the aim of this study** is to explore the small business policies of seven selected local municipalities (Emfuleni, Lesedi, Midvaal, Merafong City, Mogale City, Randfontein and Westonaria Local Municipalities) as located under Sedibeng and West Rand District Municipalities in Gauteng province, to make comparisons and identify similarities and differences between the local municipalities' policies. The aim is also to determine how the national small business policy is interpreted by the different local municipalities in Gauteng's Sedibeng and West Rand District Municipalities to serve the local start-up and established business owners.

1.3.   BENEFITS OF THE STUDY

From a theoretical perspective, the study will make a valuable contribution to the existing body of knowledge for small business and small business policy in a developing country context. There is a dearth of information and statistics regarding small business policy outcomes, outputs, objectives and impacts in most developing countries (Rogerson, 2013a). Implementers of small business policy at the local district municipality may be able to use the outputs of the research to understand their target audience and this in turn may positively influence service delivery to small businesses.

Additionally, small business policy makers in South Africa may also be able to better assess and understand their target audience in the local municipality context. South Africa has over 200 local municipalities and these municipalities are often geographically removed from most of the better resourced city central hubs (SouthAfrica.info, 2016). And yet, it is precisely in these spaces that small business policy has the most work to do to as pertains to job creation and poverty alleviation.

From a continent perspective, South Africa is considered a policy leader and studies of this nature provide insights with possible applications for other African countries that share similar contexts and challenges (Abor & Quartey, 2010; Reddy & Wallis, 2012). Similarly this study has relevance for the emerging economies internationally because there is limited recent research directly located in the emerging country context that takes current economic trends and forecasts into account (SBP, 2013).

1.4.   CONCLUSION

The document will consist of the following chapters:

Chapter 1: Introduction & Background

This chapter focuses on the introduction and background to the study. It expands on the business case for the research underlining the importance and benefits of the study. The chapter presents the purpose and aims of the study with its delimitations.

Chapter 2: Literature Review

Chapter 2 will start with the definition of key terms and then examine small business policy in general before presenting an overview of the state of South Africa's business environment. South Africa's small business policy will be cascaded to the Gauteng Provincial level and ultimately the District Municipality Level.

Then the chapter will focus on monitoring and evaluation in general concluding with an overview of the evolution of South Africa's small business policy.

Chapter 3: Hypotheses

This chapter reemphasises the purpose and aims of the study. Specifically the primary and secondary questions are presented with their corresponding hypotheses.

Chapter 4: Research Design & Methodology

Chapter 4 outlines the research design and methodology in detail. The chapter will outline how the sampling, data collection and data analysis processes were designed. The chapter concludes with a discussion on the limitations of the study.

Chapter 5: Research Results

This chapter presents the research results as obtained by descriptive and inferential statistics such as factor analysis to confirm the validity and reliability of the research instrument and One-Way ANOVA tests to assess the hypotheses.

Chapter 6: Discussion of Results

Chapter 6 presents a discussion of the research results offering an interpretation thereof while considering the literature reviewed from Chapter 2.

Chapter 7: Conclusions & Recommendations

The concluding chapter will summarise the main findings of the study, highlighting conclusions and recommendations. Areas for future research will also be discussed.

CHAPTER 2: LITERATURE REVIEW

2.1. DEFINITIONS OF KEY TERMS

This study contains eight key concepts, namely: entrepreneur, entrepreneurship, start-up business, established business, entrepreneurial venture, small business, policy and small business policy. While there are similarities between some of the concepts listed e.g. entrepreneurial venture as compared to small business, they are not equivalent (Rogerson, 2013b; Herrington & Kew, 2016) and to prevent ambiguity, these key terms are defined in the sections that follow.

2.1.1. ENTREPRENEUR

When surveying the literature, it is clear that there exists no agreed definition for entrepreneur. What is clear is that this is an individual (Kesper, 2001) who has the ability to perceive a market gap (Soni, Cassim, & Karodia, 2014). This individual then uses the resources at their disposal and creates a product and/or service to address the market gap (Masutha & Rogerson, 2014) which is delivered to market through a business venture. This individual bears the risks of the new business and makes profits if the venture succeeds or losses if the venture does not (Döckel & Ligthelm, 2005). Additionally words like 'creator', 'innovator' and 'catalyst' accompany descriptions of the term entrepreneur (Xuza, 2007; Rogerson, 2014a). The definition which best conveys the different facets of an entrepreneur follows below.

This study will use the definition co-authored by the former head of the Department of Business Management of the University of Pretoria and the current head of the Department of Business Management of the University of Johannesburg, Nieman and Niewenhuizen. Accordingly, an "entrepreneur" is defined as: *"… a person who sees an opportunity in the market, gathers resources, and creates and grows a business venture to meet these needs. He or she bears the risk of the venture and is rewarded with profit if it succeeds."* (Nieman & Nieuwenhuizen, 2014, p. 10)

2.1.2. ENTREPRENEURSHIP

When searching for consensus on a definition for entrepreneurship, one is confronted with numerous options. What is clear is that entrepreneurship is the multi-disciplinary process (Herrington, Kew, & Kew, 2014; Herrington & Kew, 2016) through which business ventures are created and grown (Luiz & Mariotti, 2011; Soni, Cassim, & Karodia, 2014) which causes changes in the economy (Malefane, 2013). The cruxes of these definitions are best captured by the definition that follows.

This study will use the definition co-authored by Nieman and Niewenhuizen. Accordingly, "entrepreneurship" is defined as: *"… the emergence and growth of new businesses."* (Nieman & Nieuwenhuizen, 2014, p. 9)

2.1.3. START-UP BUSINESS

The term "start-up business" is given to those new business ventures started by the start-up business owner that have paid salaries and/or wages and delivered profits or losses to its owner for more than 3 months but not more than 42 months i.e. 3.5 years (Herrington et al., 2014; Herrington & Kew, 2016). Therefore, a start-up business has been in operation for fewer than 3.5 years.

2.1.4. ESTABLISHED BUSINESS

The term "established business" is given to those business ventures operated and managed by the established business owner that have been paying salaries and/or wages and delivered profits or losses to its owner for more than 42 months i.e. 3.5 years (Herrington et al., 2014; Herrington & Kew, 2016). Therefore, an established business has been in operation for more than 3.5 years.

2.1.5. ENTREPRENEURIAL VENTURE VS. SMALL BUSINESS

In 1996 Parliament passed the National Small Business Act 102 of 1996. The Act offered no definition for an entrepreneurial venture but categorised Small, Micro & Medium Enterprises (SMMEs) into five stages depending on their development, namely: survivalist, micro, very small, small and medium-sized enterprises. Although there are additional categories of total annual turnover and total gross asset value, the most demonstrative category is the number of employees as a proxy of size, which is defined in the sections that follow (South Africa, 1996).

Survivalist enterprises typically operate in the informal economy and are understood to be businesses undertaken by unemployed persons whose primary objective is to survive economically and not necessarily to exhibit business growth (Mmakola, 2009). Generally, little capital is invested in survivalist enterprises and therefore they generate only necessary income, have few assets, do not have appropriate business skills and the business opportunities for growth are limited (Malefane, 2013). Similarly, micro enterprises employ up out five employees, operate informally, are unlicensed and thus do not have to comply with legislation. However, their turnover is the Value Added Tax (VAT) registration level of between R100 000-R200 000 per annum, and therefore, they are viewed as having the potential to make the evolution to a viable formal small business (Rogerson, 2004).

Very small enterprises are viewed as part of the formal economy as they employ less than ten employees, often professionals, that are able to make use of the appropriate technology and have the appropriate business skills to take advantage of market growth opportunities (Malefane, 2013). Small enterprises, in contrast, are much more established as they are registered entities that operate in fixed business premises, have complex organisational structures of, at most, 100/120 employees (Rogerson, 2004). Similarly, medium enterprises are typically owner-managed and have all the small enterprises characteristics except that the employee headcount is up to 200 employees.

These definitions allude in part to the distinguishing characteristics between entrepreneurial ventures and small businesses. As expanded on in the work of Nieman and Nieuwenhuizen;

strategic growth and profitability characterise the objectives of entrepreneurial ventures while survival and stability characterise the objectives of small businesses (Nieman & Nieuwenhuizen, 2014).

This study will thus use the definition for entrepreneurial ventures by Nieman and the definition for small business from the National Small Business Act (Act No. 102 of 1996) as amended.

Accordingly, "entrepreneurial venture" is defined as: *"… one that constantly seeks growth, innovation and has strategic objectives"* (Moos, 2015, p. 19).

Similarly, "small business" is defined as: *"… one that is independently owned, managed and controlled, is not dominant in its field of operation and employs fewer than 50 people with a turnover fewer than R5 million per annum"* (dti, 2003, p. 4)

From acceptance of this difference in definition it then follows that owners of entrepreneurial ventures will have common but different needs to small business owners. Common needs in that; for example, both ventures require funding but different in the sense that the funding will be used for different ends. Small businesses would need funding to cover operating costs and expenses while entrepreneurial ventures need funding to grow the existing asset base and venture. See Table 1 on the next page for an expanded list of these common but different aspects as relating to the type of assistance needed for business support, funding, markets, employees, customers etc.

2.1.6. POLICY

A policy is a definite course of action adopted to serve a predetermined goal. Interestingly, among the synonyms for the word policy is the word strategy. This expands the meaning of policy to then presuppose a thorough understanding of the problem and the problem environment which should then give rise to specific goals and objectives to overcome the problem within its context (Rodrik, 2004; Raina, 2013). Policies are employed by organisations, political parties and governments.

Policies thus inherently acknowledge cause and effects in the problem environment and reflect the policy maker's understanding of why observed phenomena occur (Döckel & Ligthelm, 2005).

This implies that policies must then be evaluated in terms of the extent to which the problem is resolved. Specifically policies are evaluated in terms of its transparency, necessity, efficiency, appropriateness and validity (Engela & Ajam, 2010; Bryson, Crosby, & Bloomberg, 2014).

Table 1: Differences between the Needs of Small Business & Entrepreneurial Venture Owners

ASPECT	Needs of small business owners	Needs of entrepreneurial venture owners
Support	General support to maintain / manage the business	Individualistic support for the owner
Funds (finances)	Access to funds to cover the operating costs and expenses of the business	Access to funds to increase assets, grow and expand the existing venture
Markets	Assistance to serve current markets profitably	Assistance to find new markets not exploited before
Employees	Assistance to deal with a steady number of employees	Assistance to deal with a growing employee base, for example, by outsourcing the business function
Customers	Assistance to maintain the present customer profile	Assistance to manage the expanding customer base
Product / Service	Assistance to maintain product / service competitiveness (gaining competitive advantage)	Assistance with new product / service innovation
Cash Flow	Skills to manage the cash flow	Skills to deal with cash flow problems due to expansion
Planning & Controlling	Skills to plan and control the business to be stable	Skills to plan and control the growth of the business
Risks	Skills to manage the low risks associated with a small business	Skills to manage high risks as the business grows
Customer Needs	Skills to satisfy customer needs	Skills to be responsive to changing customer needs
Source: (Moos, 2015, p. 8)		

This study will thus use the definition for policy as defined by Estrada. Accordingly, "policy" is defined as *"a theoretical or technical instrument that is formulated to solve specific problems affecting, directly or indirectly, societies across different periods of times and geographical spaces"* (Estrada, 2011).

2.1.7. SMALL BUSINESS POLICY

By inference then, small business policy includes the courses of action adopted to promote and sustain small business development. As explained by Rodrick, in this space it is the policy maker's duty to first understand the South African context for small business owners and entrepreneurs and then to determine when and where small business owners / entrepreneurs (whether they be start-up or established businesses) require support and then to provide the necessary and appropriate services in the most transparent and efficient way (Rodrik, 2004; Engela & Ajam, 2010). Simply put, the goal of small business policy is to increase the uptake of entrepreneurship while sustaining existing small businesses by targeted interventions for funding, training and advisory services (Moos, 2015).

2.2. SMALL BUSINESS POLICY

Policies are developed to address those gridlock factors which, if resolved, will lead to positive outcomes for society. The aims and objectives, main activities, outcomes and research trends of small business policy are examined in the sections that follow.

2.2.1. THE AIMS AND OBJECTIVES OF SMALL BUSINESS POLICY

As defined, small business policies are intended to create more entrepreneurs while supporting existing small businesses to realise job creation and additional sources of economic growth (Raina, 2013; Warwick, 2013). Beaver and Prince expand on these aims and objectives by adding that small businesses and the small business sector is looked to for innovation, even lending itself to the possibilities of social re-engineering by targeting those previously excluded (Beaver & Prince, 2004). Specifically, the primary aim of small business policy is to create an enabling environment for small businesses to be successful regardless of type (i.e. entrepreneurial venture or small business) or age (i.e. start-up or established) (Rodrik, 2004; Van Vuuren & Groenewald, 2007; Soni et al., 2014). Rodrik goes one step further to acknowledge that for policy to generate appropriate courses of action, the policy making environment must work with all stakeholders carefully managing both top-down and bottom-up insights (Rodrik, 2004).

2.2.2. MAIN ACTIVITIES OF SMALL BUSINESS POLICY

As described earlier, small business policy achieves its aims and objectives by targeted involvement in those areas where small business owners / entrepreneurs typically struggle. The three areas specifically mentioned were funding, training and advisory services and are administered through institutions and incentives (Döckel & Ligthelm, 2005; Feser, 2014).

It has already been demonstrated in Table 1 that entrepreneurial ventures and small businesses have common but different needs for funding, market access, dealing with labour etc. Institutions administer the necessary interventions and their success is dependent on how well they understand the environment small business operates in as well as the selection of appropriate and efficient ways of delivering the required intervention while simultaneously delivering outcomes in line with aims and objectives (Beaver & Prince, 2004; Warwick, 2013).

2.2.3. THE OUTCOMES OF SMALL BUSINESS POLICY

As asserted earlier, Beaver and Price advocate that small business policy is pursued to chiefly provide alternate sources of economic growth while generating jobs (Beaver & Prince, 2004). In this way, small business policy is implemented to achieve positive national economic outcomes specifically as regards enhanced national competitiveness, innovation generation, sustainable job creation and increased national prosperity (Van Vuuren & Groenewald, 2007; Raina, 2013; Soni et al., 2014). Additionally policy makers must be able to demonstrate cause and effect between the interventions offered by the policy and the successful delivery of policy objectives.

2.2.4. RESEARCH TRENDS IN SMALL BUSINESS POLICY

While there has been a considerable amount of research done in the small business space, research on small business policy is not so prolific. When comparing research performed in developed versus developing countries, this observation is worse for developing countries (Rogerson, 2004; Reddy & Wallis, 2012). Additionally, in the developing country context this sector has been notoriously difficult to quantify so actual policy progress as regards number of Small and Medium Enterprises (SME), exit rates, survival rates etc. have been scarce (Abor & Quartey, 2010).

The result has typically been that developed countries were better at assessing their small business policy outcomes than developing countries (OECD, 1998). Since there is no universally accepted concept of SME this has complicated the establishment of best practice in this space because policy is so contingent on local factors (Ayyagari, Beck, & Demirguc-Kunt, 2007).

2.2.5. INTERNATIONAL PERSPECTIVES ON SMALL BUSINESS POLICY

The general consensus on small business policy internationally is that it is a policy that can achieve numerous positive societal outcomes. Since the 2008/9 financial crisis, growth in developed countries have stagnated when compared to growth in developing countries. Developed countries have thus been gearing their small business policies to incentivise and support small businesses that can competitively access developing markets (Warwick, 2013). A good example of this is how the United States of America, Canada, Japan and Germany are looking to internationalise their local SMEs for favourable markets in India and China (The Edinbrugh Group, 2012; OECD, 2013).

Developing countries in the meanwhile have found the bright side of lack of infrastructure. With no baggage of legacy systems, developing countries have been looking to technology to potentially leap frog developed countries (Ismail, 2016). A good example is Kenya, which skipped the fixed line telecommunication technology phase and went straight to mobile telecommunications which serves a platform for the hugely successful M-PESA mobile phone-based money transfer, financing and micro-financing service (Jack & Suri, 2011).

2.3. STATE OF SOUTH AFRICAN BUSINESS ENVIRONMENT

South Africa is currently grappling with the long run development problems of colonialism and Apartheid which has resulted in massive inequality and poverty which is disproportionately carried by black South Africans (Engerman & Sokoloff, 2005; Corrigan, 2016). South Africa has a small elite which enjoys huge prosperity and access while the vast majority are poor, poorly educated and socially excluded. Additionally democracy which was attained in 1994, delivered

constitutionalism and civil liberties but increasing is delivering the form of participatory process but not it's substance i.e. equality of opportunity and equality of outcome (Corrigan, 2016).

In the following section, South Africa's national economy and competitiveness will be assessed. This will be followed by the ease of doing business in South Africa as well as a discussion about the size of the small business sector in South Africa with a comparison with peer economies in the world. This section concludes with a summary of the major barriers to small business in the South African context.

2.3.1. NATIONAL ECONOMY & COMPETITIVENESS

South Africa is currently the largest economy on the continent, despite sluggish growth (Figure 1) and enjoys its reputation as a significant tourist destination. South Africa climbed seven places to reach 49th out of 140 countries in the world competitiveness report, reversing its four-year downward trend (WEF, 2015-2016). South Africa hosts the continent's most efficient financial market (12th) and benefits from a sound goods market (38th), which is driven by strong domestic competition (28th) and an efficient transport infrastructure (29th). However, the country needs to address its inefficient electricity supply (116th), inflexible labor market (107th), health (128th) and the quality of education (120th), where higher secondary enrollment rates will not be enough to create the skills needed for a competitive economy.

Figure 1: GDP (PPP) per capita for SA
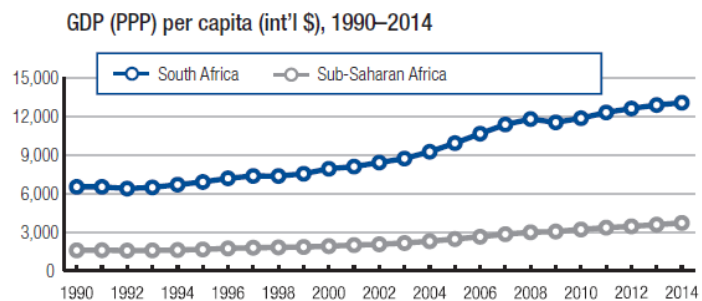
SOURCE: (WEF, 2015-2016)

2.3.2. DOING BUSINESS IN SOUTH AFRICA

Current strengths include well-developed financial institutions and formalised property rights – this is a measure of how hard people will work to develop patents/businesses as their rights of

ownership are entrenched (PwC, 2013; WEF, 2015-2016). South Africa should continue to build on these strengths off relatively high bases but there is major opportunity for higher levels of dynamism than has been experienced previously (Gordon Institute of Business Science [GIBS], 2016).

For example South Africa's well developed and internationally lauded banking sector serves the aforementioned elite and has yet to make the mental shift necessary to service the underserved bottom of the pyramid segment. This segment is estimated to be approximately 25 million South Africans (Ismail, 2016). This mental shift has the power to improve quality of life where South Africans need it most while simultaneously delivering a new market to a mature industry.

Current major problems include access and quality of education especially to black children, high government bureaucracy with low levels of transparency, the participation of corporations, communities and individuals in the economy regarded as a critical success factor in achieving national objectives (National Planning Commission, 2011). Unfortunately, red tape continues to inhibit innovation and entrepreneurship (GIBS, 2016).

SA slipped three spots from its 2013 Doing Business Rank of 39 out of 185 countries to 41 out of 189 countries in 2014 (World Bank Group, 2014). Strengths included paying taxes and protection of minority interest shareholders while weaknesses included trading across borders and access to electricity. Unfortunately South continued their downward trend dropping to 43 out of 189 countries in 2015 and dramatically dropping to 73 out of 189 in 2016 (World Bank Group, 2016).

This is primarily due to lack of progress on the issues mentioned while other countries like Tanzania and Ghana, especially in the SADC region, have made regulatory gains. See Figure 2 on the next page for top ten most problematic factors for doing business in South Africa as assessed the World Economic Forum's Global Competitiveness.

Score*

Factor	Score
Restrictive labor regulations	18.3
Inefficient government bureaucracy	17.6
Inadequate supply of infrastructure	13.0
Policy instability	12.4
Inadequately educated workforce	10.9
Crime and theft	7.3
Corruption	6.0
Poor work ethic in labor force	4.7
Access to financing	3.5
Insufficient capacity to innovate	1.7
Tax rates	1.5
Foreign currency regulations	1.3
Complexity of tax regulations	1.0
Inflation	0.6
Poor public health	0.3
Government instability/coups	0.0

SOURCE: (WEF, 2015-2016)

2.3.3. SIZE OF SMALL BUSINESS SECTOR IN SOUTH AFRICA

There is a dearth of reliable information and statistics on SMMEs in South Africa with most information reported as being uneven, subjective or non-existent (SBP, 2013). This was demonstrated by the 2008 Department of Trade and Industry (**dti**) commissioned Annual Review of Small Businesses in South Africa which was unable to confidently determine either the number of persons owning or managing a SMME or the number of economically active SMME enterprises (dti, 2008) using multiple data sources. Hence the use of proxies to generate estimates. In 2010 Abor & Quartey reported that 91% of private business entities are SMMEs and that those businesses contribute between 52-57% to SA's Gross Domestic Product (GDP) while providing 61% of employment in the country (2010). That estimate agreed with the 1999 United Nations Industrial Development Organisation (UNIDO) estimate that SMMEs represent over 90% of the private business and contribute to more than 50% of employment and GDP in most African countries.

Instead the 2008 dti report put forward a SMME estimate of 2.26 million enterprises with 75% of these reported as informal while contributing between 27-34% to GDP. Black ownership of formal SMMEs was reported as 11.4% (the dti, 2008). This was substantially below Abor & Quartey's 2010 estimate or UNIDO's 1999 expectations for entrepreneurial activity in African countries.

This result was echoed in the 2015 Global Entrepreneurship Monitor (GEM) survey which confirmed South Africa's persistently low levels of entrepreneurial activity relative to other countries. Entrepreneurial intentions in South Africa have dropped by almost 30% (from 15.4% to 10.9%) when compared to 2013 and have almost halved when compared to 2010 (Herrington & Kew, 2016). Not just that, entrepreneurial intentions in South Africa are significantly lower than for the continent – the regional average is 3.6 times higher than for South Africa – while the average for the efficiency-driven economies such as Brazil and Chile is more than double South Africa's score (Herrington & Kew, 2016).

The Small Enterprise Development Agency (SEDA) then commissioned a SMME sector report from the Bureau of Economic Research (BER) which was published in January 2016. This reported that as at quarter two in 2015, there were 2,251,821 SMMEs of which 29.6% are formal while the rest are informal (accounting for most of the jobs in rural provinces) (Bureau of Economic Research [BER], 2016). Further, the percentage contribution to GDP was reported as 42% and black ownership of formal SMMEs as 32% (BER, 2016).

The difference between the 2008 dti report and the 2016 SEDA report suggest the following points;

- The reported number of firms over the period have decreased slightly.
- Formal SMMEs have increased from 25% to almost 30% of total SMMEs over the period and conversely informal SMMEs have decreased from 75% to 70% (suggesting an increase in unemployment in rural provinces).
- The reported maximum percentage contribution to GDP has improved from 32% to 42%.
- The reported black ownership of formal SMMEs has increased from 11.4% to 32%.

While the gains in contribution to GDP and black ownership are encouraging, the employment implications of a decrease in the number of firms over the period lays the crux of the problem bare. South Africa's adult unemployment figure is reported as 26.7% and when discouraged work seekers are added, this figure is closer to 40% (Steyn, 2016). The youth unemployment rate is more discouraging, reported as 36.1% and when expanded to include discouraged work

seekers, the figure increases to 60% (Ismail, 2016). The South African small business sector is simply not creating the jobs the economy needs.

2.3.4. SOUTH AFRICA'S SMALL BUSINESS SECTOR SIZE COMPARED TO OTHER DEVELOPING COUNTRIES

South Africa's peer countries in terms of developing economies include their BRIC counterparts – namely Brazil, Russia, India and China – as well as the following strong performers located mainly in Africa and Asia; Ivory Coast, Nigeria, Senegal, Tanzania, Chile, Bangladesh and Malaysia (Myers, 2016). For the African states listed, only Nigeria has peviously participated in the GEM report and has a Total Entrepreneurial Activity (TEA) of 35%. However, Ivory Coast, Senegal and Tanzania had been lauded for their extensive work in reducing the bureaucratic burdens and improving access to finance for their small business sectors since 2013 (OECD, 2013; World Bank Group, 2014; World Bank Group, 2016).

For the BRIC countries listed; Brazil's TEA is 17.2%, Russia's TEA is 4.7%, India's TEA is 6.6% and China's TEA is 14% (GEM, 2016). South Africa's TEA is 7%, which – as already reported – is low for a factor driven economy as well as for the SADC region. Of the other economies listed, Chile's TEA is 26.8% while Bangladesh and Malaysia are 12.8% and 6.6% respectively (GEM, 2016). What this suggests is that an economy needs both entrepreneurial activity and a conducive business environment to grow it's small business sector into a viable, stable employer and GDP contributor.

To illustrate this point see Figure 3, where Malaysia, despite having a TEA which is lower than South Africa is able to employ 58.9% of it's working age adults in it's small business sector while contibuting 31.9% to GDP and 19% to national exports. Bangladesh, despite having a TEA almost double Malaysia's achieves only 40% of total employment attributable to the small business sector while contributing 22.5% to GDP and 11.3% to national exports; lower than Malaysia on all counts. In fact, Bangladesh achieves results similar to India despite a much higher TEA rate. Small wonder that both Bangladesh and India struggle with inconducive regulatory environments hampered by bureaucracy and inefficiency; as reported in the 2016

Doing Business report, Bangladesh is ranked 174th out of 189 countries while India is reported as 130th (World Bank Group, 2016). In contrast, Malaysia is ranked 18th – this is on par with developed economies like Germany (15th) and Japan (31st).

Figure 3: Sizes of Asian Small Business Sectors
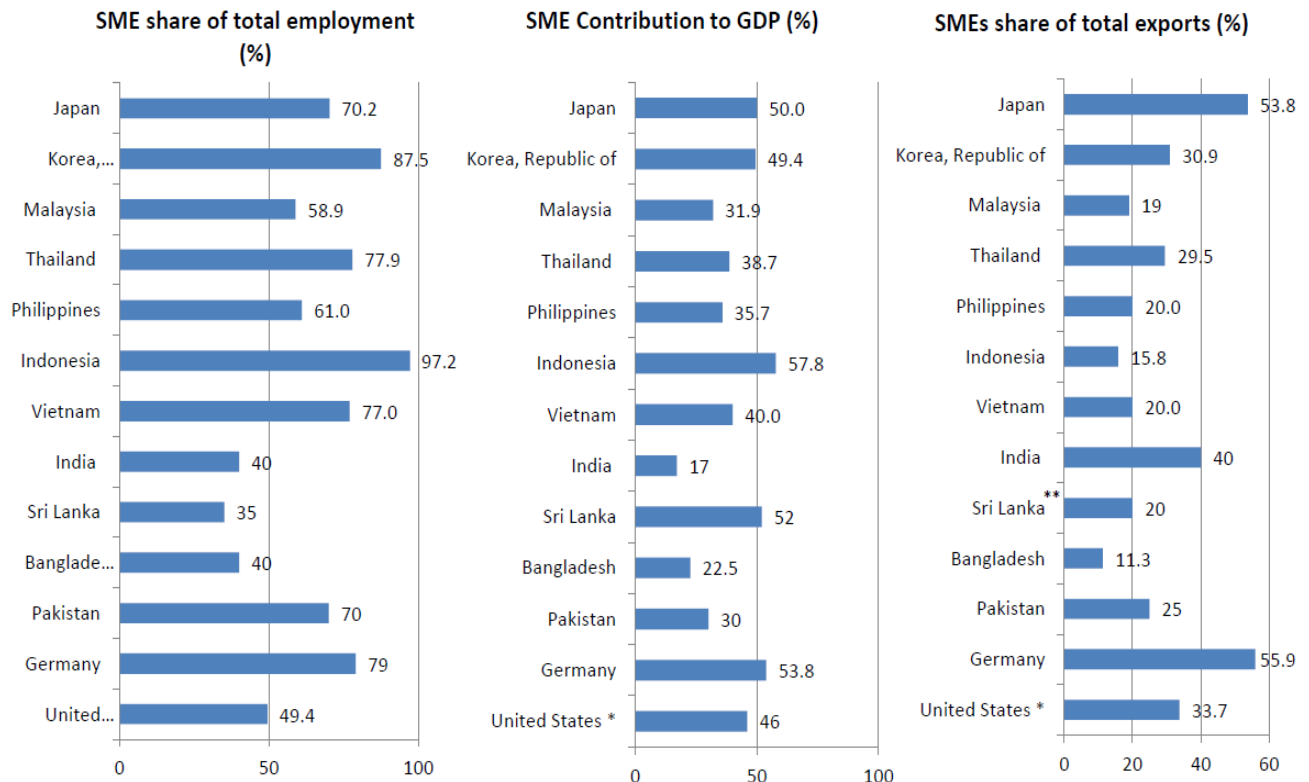
SOURCE: (Yoshino & Wignaraja, 2015)

2.3.5. MAJOR BARRIERS FACING THE SOUTH AFRICAN SMALL BUSINESS SECTOR

The SEDA commissioned report on the small business sectors captures the following eight major barriers to SMME development which are all echoed by the WEF's 2016 Competitiveness Report and the 2016 GEM Report. The first is a lack of access to finance linked to the conservative nature of South Africa's banking system as well as inadequate collateral on the part of the business owner (BER, 2016; Herrington et al., 2014; Herrington & Kew, 2016). Next is access to infrastructure which includes roads, telecommunications etc. as well as access to professional services and functioning institutions (BER, 2016). As reported the 2016 Competitiveness report, South Africa scores poorly on this dimension mostly due to access to

electricity and high prevalence of interruptions (WEF, 2015-2016). Also, rural small business owners / entrepreneurs further struggle to access professional services and bear the brunt of uneven service delivery (Department of Cooperative Governance and Traditional Affairs (CoGTA), 2010; Feser, 2014).

South African small businesses also struggle due to low levels of Research and Development (R&D) and low innovation in general (BER, 2016). This could be due to South Africa's perceived conservatism in general as well as a lack of appropriate incentives from government. Next are South Africa's onerous labour laws, again echoed in the Competitiveness and GEM Reports. In South Africa it is very difficult to fire workers for either operational reasons or low productivity and this is compounded by a relatively high minimum wage which increases costs for SMMEs (Kesper, 2001; Rogerson, 2014a).

An inadequately educated workforce is the next barrier (BER, 2016). This is linked to South Africa's extremely poor performance in math and science for the last ten years as reported the Global Competitiveness Reports for the period (WEF, 2015-2016). Add to this the general low efficiency of the labour force and perceived low business and financial capabilities of entrepreneurs and small business owners and a bleak picture for SMMEs access to skills emerges (GEM, 2016). Next inefficient government bureaucracy inhibits entrepreneurial and business activity in South Africa (BER, 2016). Lack of coordination with duplication across departments, lack of awareness by entrepreneurs and small business owners of services offered and large amounts of red tape characterise the South African business owner experience (CoGTA, 2010; Rogerson, 2011; Masutha & Rogerson, 2014; GEM, 2016).

Second last on the list is the high level of crime in South Africa which further increases the cost of doing business (BER, 2016; World Bank Group, 2016). Finally, access to markets poses a big problem for small business owners / entrepreneurs especially those in rural areas (BER, 2016). This could also be a factor negatively impacting access to finance because small business owners / entrepreneurs are unable to prove this dimension to credit providers (Mmakola, 2009).

2.4. SOUTH AFRICA'S SMALL BUSINESS POLICY

In the section that follows, policy elements of South Africa's small business policy are defined. This is followed by the government strategies to enact the small business policy with key support and development institutions discussed.

2.4.1. POLICY ELEMENTS

As defined previously, a policy is a definite course of action adopted to serve a predetermined goal. Specifically, the goal of small business policy is to increase the uptake of entrepreneurship while sustaining existing small businesses by targeted interventions for funding, training and advisory services. South Africa's small business policy will be reviewed in the following section where the government's objectives for the small business sector will be assessed.

Five strategies for the small business policy were identified from available literature (dti, 1995; dti, 2005a; dti, 2005b; dti, 2014a; dti, 2014b). These strategies will be expanded upon in terms of their aims, objectives, activities and outcomes as that will form the basis for policy evaluation. While it is beyond the scope of this study to explore inputs, the impacts will be addressed in section 2.6.

The success of the Department of Small Business Development (DSBD) is contingent on the clear understanding of the small business policy objectives by those officials responsible for implementing interventions. Objectives should be specific, measurable, attainable, and realistic and must also have a deadline (Rodrik, 2004; Bryson, Crosby, & Bloomberg, 2014). They should be clear enough to assist with identifying appropriate activities which will result in the desired outputs, outcomes and impact. Table 2 on the next page summarises the definitions for objectives, inputs, outputs, outcomes and impact.

Table 2: Defining Policy Elements

ELEMENT	DEFINITION
Objectives	An "objective" is a statement of a desired measurable result of what is to be achieved in future by the organisation and its employees.
Input	An "input" describes a resource usually human, material, physical or financial that is required for the execution of the project / programme activities.
Activities	"Activities" generally relate to the process of transformation or consumption of the inputs which is aimed at generating an output.
Outputs	"Outputs" are the immediate result of the consumption of resources and the completion of project / programme activities.
Outcomes	"Outcomes" usually relate to behavioural changes in the lives of the targeted beneficiaries of the outputs
Impact	An "impact" is the resultant improvement, usually in larger society, that is consequent upon sustained outcomes.
Source: (Moos, 2015, p. 96)	

2.4.2. GOVERNMENT STRATEGIES FOR SOUTH AFRICA'S SMALL BUSINESS POLICY

Five strategies were identified that focus on how South Africa's government plans to change the economy through their small business policy, namely;

- White Paper on National Strategy for the Development and Promotion of Small Business in South Africa (dti, 1995).
- Integrated Small-Enterprise Development Strategy (ISEDS) (dti, 2005a).
- Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises (ISPESE) (dti, 2005b).
- Youth Enterprise Development Strategy (YEDS) 2013-2023 (dti, 2014a).
- The National Informal Business Upliftment Strategy (NIBUS) (dti, 2014b)

Table 3 represents an endeavor to summarise the five different strategies in terms of objectives, main activities and outcomes. The evolution of the strategies recognise that a conducive business environment must be augmented with entrepreneurship awareness, education and training. Table 3 also shows that the promotion of small business is complex.

Table 3: Comparing the five strategies entailing South Africa's small business policy

	National Strategy for the Development and Promotion of Small Business in South Africa	Integrated Small-Enterprise Development Strategy	Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises	Youth Enterprise Development Strategy 2013-2023	The National Informal Business Upliftment Strategy
Primary Objective	Create an enabling environment for small enterprises	Address the needs of micro enterprises, small enterprises in high growth sectors, and small enterprises owned and managed by historically disadvantaged individuals – namely black people, women, the youth and the disabled.	Ensure that the overall task of fostering entrepreneurship and promoting small enterprises is carried out adequately and effectively.	Foster youth economic participation by deliberately enhancing youth entrepreneurship, accelerating the growth of youth-owned and managed enterprises capable of contributing to the gross domestic product (GDP) growth rate.	Uplift informal businesses and render support to local chambers/business associations and Municipal Local Economic Development offices to deliver and facilitate access to upliftment programmes for women, youth and people with disabilities, in townships and rural areas of South Africa.
Secondary Objectives	• Facilitate greater education of income, wealth and earning opportunities. • Address the legacy of apartheid based disempowerment of black business. • Support the advancement of women in all business sectors. • Create long term jobs. • Stimulate sector-focused economic growth. • Strengthen cohesion between enterprises.	• Increase the contribution of small enterprises to the growth of the South African economy. • Create an enabling environment for small enterprises. • Create sustainable long term jobs in the small enterprises sector. • Ensure equitable access and participation in terms of race, gender, disability, age, geographical location and sector. • Increase the competitiveness of the small enterprise sector and its enabling environment.	• Ensure integration and improved coordination. • Encourage increased private sector participation. • Ensure action across the entire entrepreneurship spectrum. • Focus on specific target groups, regions and priority sectors.	• Creating and managing sustainable and efficient youth-led businesses capable of providing decent permanent jobs and employment growth. • Increasing youth self-employment and innovation.	• Introduce mind-set shift for South African Informal, Small and Micro Enterprises/Co-Operatives in the Retail Sector to grow. • Increase the competitiveness of these businesses. • Reduce the incidence of businesses that are driven out of the market by competition. • Develop the internal capacity of Informal Trader Organisations by providing Organisational Management Skills training. • Develop partnerships with other stakeholders to implement the project.

	National Strategy for the Development and Promotion of Small Business in South Africa	Integrated Small-Enterprise Development Strategy	Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises	Youth Enterprise Development Strategy 2013-2023	The National Informal Business Upliftment Strategy
Activities	• Create an enabling legal framework. • Streamline regulatory conditions. • Provide access to information and service. • Marketing & procurement. • Appropriate technology and finance. • Develop the physical infrastructure. • Develop industrial relations and labour environment. • Provide training in entrepreneurship, skills and management. • Capacity building and institutional strengthening. • Providing differential taxation and other financial incentives.	• Integrate a wider group of institutions to provide access to support and development services. • A more cooperative approach of government toward its partners in the public and private sectors was introduced.	• Increase the supply for financial and non-financial support services. • Create a demand for small enterprise products and services. • Reduce small enterprise regulatory constraints.	• Mentorship and coaching. • Youth business incubation. • Business infrastructure support. • Linkages to procurement opportunities. • Youth entrepreneurship awards. • Youth entrepreneurship promotion and awareness. • Youth special projects and sector-specific enterprise creation. • National youth service programme. • The youth entrepreneurship collateral fund.	The provision of training on attitudinal, business and retail operations skills and provision of infrastructure support to the target market; • Introduction to Entrepreneurship • Advertising and Promotion • Customer Care and Service • Basic Financial Management • Purchasing Skills • Legal Issues i.e. by-laws and compliance • Health and Food Safety incorporating personal hygiene • Merchandising incorporating stock rotation and stock receipts & taking • Point of Sale

	National Strategy for the Development and Promotion of Small Business in South Africa	Integrated Small-Enterprise Development Strategy	Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises	Youth Enterprise Development Strategy 2013-2023	The National Informal Business Upliftment Strategy
Outputs & Outcomes	• Foundation of small business support services. • Establishment of SEDA (previously Ntsika). • Establishment of Khula. • Policy coordination improved.	• Establishment of SEDA to localise support. • Establishment of SAMAF. • More focused approach by Khula.	• Foster an entrepreneurship culture and increase the enterprise creation rate. • Establish a dedicated network of SMME finance. • Demand created for small enterprise products and services. • Strengthen local network for small business development support services. • Improve small enterprise competencies and delivery capacity. • Strengthen enterprise networks. • Provide necessary support incentives. • Improve regulatory environment. • Entrepreneurship and small business research.	• Foster a youth entrepreneurship culture and increase the youth enterprise creation rate. • Establish a dedicated network of youth focused SMME finance. • Improve youth entrepreneur competencies and delivery capacity. • Provide necessary support incentives. • Improve regulatory environment.	• Identify, train, coach, mentor and provide infrastructure support to 1000 informal traders including capacity building for Informal Trader Organisations in all nine provinces over 18months in partnership with relevant stakeholders.

SOURCE: (Moos, 2015, pp. 99-100; dti, 2014a; dti, 2014b)

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2.4.3. KEY SUPPORT INSTITUTIONS TO IMPLEMENT SMALL BUSINESS POLICY

The government has formed and consequently merged a number of key institutions since its first strategy document was published in 1995. All these institutions have the primary objective to help build a favourable environment for small business to thrive. These key support institutions currently in existence are as displayed in Table 4.

Table 4: Key support institutions for implementing small business policy

Support Institution	Role of Support Institution
Department of Trade and Industry (dti)	• Dedicated government policy and national strategy development department. • Research agenda for the small enterprise sector and annual performance reviews.
Small Enterprise Development agency (SEDA)	Dedicated national non-financial support services agency targeting micro, small and medium enterprises through business support service network, incubation and technology transfer network.
Small Enterprise Finance Agency (SEFA)	Dedicated to provide access to finance to survivalist, micro, small and medium businesses throughout South Africa.
National Youth Development Agency (NYDA)	Dedicated to encourage youth (18 to 35 years) development through economic participation, skills development and training, social cohesion and support.
National Empowerment Fund (NEF)	Specifically geared towards driving and implementing broad-based black economic empowerment (BBBEE) in South Africa. The NEF is also involved with increasing female participation in the economy, as such, female led enterprises account for 35% of NEF's portfolio.
Department of Small Business Development (DSBD)	To create a favourable environment for the development and growth of small businesses and cooperatives through the provision of enhanced financial and non-financial support services and leveraging on public and private partnerships.
SOURCE: (Moos, 2015, p. 102; DSBD, 2016)	

From Table 4, it can be gleaned that South African government has implemented a plethora of supply-side support measures but unfortunately these services were unevenly rolled out from a geographic point of view and often with a lack of competency and professionalism from the service providers (Kesper, 2001). Mmakola additionally named gross underutilisation of supply-side support measures by SMMEs due to poor marketing and awareness of the key institutions which continues to be one of the government's biggest hindrances (2009).

2.4.4.   OTHER GOVERNMENT INTERVENTIONS TO SUPPORT SMALL BUSINESS

Two additional government interventions identify the importance of the SMME sector in terms of job creation and enhanced national competitiveness, namely the National Development Plan (NDP) and Local Economic Development (LED).

The NDP can be thought of as an objective document, outlining the desired future states required to deliver on increased quality of life for all South Africans through the reduction of inequality and the elimination of poverty. This document identified several ways to support SMMEs in areas such as was recently reported by SEDA's small business sector report; reduction of government bureaucracy and improving government transparency, the fostering of public-private partnerships and plans to ease access to finance (NPC, 2012).

Additionally LED approaches, policies and strategies are intended to provide all stakeholders with an opportunity to create, develop, participate and share in the benefits of economic progress for all. In South Africa all such local interventions need to be both "Pro-Poor" and "Pro-Growth". This means the creation and ongoing support of enabling economic development environments while creating jobs and maintaining social welfare safety nets to those most vulnerable in the community (Meyer, 2014). Specifically this is enabled at local government level through the creation and improvement of diverse, stable, sustainable specialist clusters and partnerships. In this way local competitive advantages, knowledge and resources will be optimised in a socially inclusive manner (Rogerson, 2014a).

2.5.   SMALL BUSINESS POLICIES IN GAUTENG PROVINCE

In the section that follows, the governance of South Africa is briefly discussed, followed by an overview of regional interpretations of the small business policy in the selected district municipalities in Gauteng.

2.5.1. GOVERNANCE IN SOUTH AFRICA

South Africa has a constitutional democracy with a three tier system of government, namely national, provincial and local government. The National Assembly with its 400 members and the National Council of Provinces with its 90 members constitutes the national level which is voted for nationally every five years (SouthAfrica.info, 2016). On this level, executive authority rests with the President who appoints the Deputy President and Cabinet Ministers.

At the provincial level, a Premier is appointed by the political party that wins the elections with a majority vote. Local government is administered by eight metropolitan municipalities and 52 district municipalities which are further broken down to 234 local municipalities (Government of South Africa, 2016).

2.5.2. REGIONAL OVERVIEW OF GAUTENG PROVINCE

Gauteng (Sotho for "place of gold") is the commercial hub of South Africa where a third of South Africa's GDP and 7% of Africa's GDP is generated (SouthAfrica.info, 2016). It is the home to the largest stock exchange in Africa, the Johannesburg Stock Exchange and houses the African headquarters of many multi-national companies who view it as the gateway to Africa. Gauteng constitutes only 1.4% of South Africa's land area but is home to over 13 million residents making it the most densely populated province in the country with the highest per capita income levels as well (SouthAfrica.info, 2016).

The 2016 SEDA commissioned small business sector document reports the province with the highest number of SMMEs as Gauteng province. Specifically, it reports that the number of SMMEs in the province grew from 687 556 in quarter one of 2008 to 785 321 in Quarter two of 2015 (BER, 2016). The province also has the highest prevalence of formal businesses which remained steady at about 39% over the period.

The province is governed by three metropolitan municipalities and two district municipalities (which are further broken down into seven local municipalities) as seen in Figure 4.

Figure 4: Geographical map of Gauteng Province

There are two District Municipalities and three Metropolitan Municipalities in Gauteng Province in South Africa

City of Johannesburg Metropolitan Municipality (denoted J)

City of Tshwane Metropolitan Municipality (denoted T)

Ekurhuleni Metropolitan Municipality (denoted E)

Sedibeng District Municipality (indicated in yellow)

West Rand District Municipality (indicated in purple)

SOURCE: Own compilation

The previous doctoral study focused on the three metropolitan municipalities in Gauteng. This study focuses on the two District Municipalities in the Gauteng province namely the Sedibeng and West Rand District Municipalities.

2.5.3. GAUTENG SMME & ECONOMIC DEVELOPMENT RESPONSE

Three documents characterise the Gauteng Provincial Government's response to SMME and economic development, namely 2009's Gauteng SMME Policy Framework, 2014's Gauteng Provincial Government Strategic Five Year Plan and 2015's Gauteng Township Economy Revitalisation Strategy (Draft). Table 5 is a summary of the primary and secondary objectives of the small business policies and strategies from the Gauteng Department of Economic Development (GDED). The objectives encompass business support, access to finance, access to high growth sectors and also the identification of those with entrepreneurial capabilities and aspirations.

Table 5: Small business policies of Gauteng Province

	GAUTENG SMME POLICY FRAMEWORK (2010-2014)	GAUTENG PROVINCIAL GOVERNMENT STRATEGIC PLAN 2014 - 2019	DRAFT GAUTENG TOWNSHIP ECONOMY REVITALISATION STRATEGY
Small Business Support Unit	Gauteng Enterprise Propeller (GEP)		
Primary Objectives	Promote the development and transformation of the provincial economy through the development of the SMME sector, ensuring SMMEs located in the province are better able to contribute to and benefit from the economic growth by becoming more competitive, profitable, and able to create more and better employment opportunities.	Radical transformation, Modernisation and Reindustrialisation in the Gauteng Province to provincially address the country`s triple challenge of poverty, inequality and unemployment.	To contribute to the overall vision for South Africa by 2030 of a country with an economy that can sustainably meet the material needs of all its citizens.
Secondary Objectives	• To ensure national, provincial, district and local actors from the public, private and community sectors work in a collaborative, integrated and coordinated manner. • To promote SMME development services that are accessible, sustainable, business-like, equitable and responsive to the demands of clearly defined target groups. • To improve the competitiveness of Gauteng's business environment, including the constituent local business environments. • To promote entrepreneurship, innovation and technology transfer in the provincial SMME sector. • To ensure that the growth of the provincial SMME sector and its contribution to the provincial, local and national development goals is monitored and assessed against agreed upon benchmarks and targets.	• The department will intensify efforts to support SMME`s as key drivers of growth and mainstream the township economy. • Strengthening the capacity of the GPG to direct economic development and enhance the competitiveness of strategic economic sectors. • Continued support to the automotive sector to accelerate the development of sustainable SMME`s within the vehicle assembly industry.	• Vision of Gauteng City Region as an entrepreneurial region, which identifies those in the communities who possess entrepreneurial cognition and aptitudes and supports them to pursue it. • To fully integrate people from the townships and peri-urban centres, who were once excluded from full participation in the economy with the necessary access to support and development services.
SOURCE: (Moos, 2015, pp. 118-119; GDED, 2009; GDED, 2015; GDED, 2015)			

2.5.4.   REGIONAL OVERVIEW OF SEDIBENG DISTRICT MUNICIPALITY

Sedibeng District Municipality consists of three Local Municipalities namely, Emfuleni Local Municipality (ELM) with its rich history due to the Anglo Boer War, 1960 Sharpeville Massacre and the 1996 signing of the Constitution of South Africa; Lesedi Local Municipality (LLM) which borders Suikerbosrand Nature Reserve and the N3 highway connecting Johannesburg to Durban and Midvaal Local Municipality (MLM) which houses Oprah Winfrey's School for Girls and the prestigious Eye of Africa golf estate (ELM, 2016; LLM, 2016; MLM, 2016).

Each local municipality has an Integrated Development Plan (IDP) for 2016/17. Table 6 is a summary of all SMME specific interventions outlined in these plans. From Table 6 it is clear that each local municipality interprets the Gauteng Provincial Government's SMME policy and strategies differently. It is also apparent that the different municipalities plan, integrate and coordinate to different levels of specificity and make use of the Gauteng Enterprise Propeller (GEP) to varying degrees.

2.5.5.   REGIONAL OVERVIEW OF WEST RAND DISTRICT MUNICIPALITY

West Rand District Municipality consists of four Local Municipalities namely, Merafong City Local Municipality (MeCLM) whose historical development was closely linked to the discovery of gold deposits in the 1930s, Mogale City Local Municipality (MoCLM) which is well known for its beautiful landscapes and the Magaliesberg mountain range, Randfontein Local Municipality (RLM) which is the preferred migration destination for those from the North West province and Westonaria Local Municipality (WLM) which is predominantly a mining town (MeCLM, 2013; MoCLM, 2016; RLM, 2016; WLM, 2016).

Three of the four local municipalities have an IDP for 2016/17. Merafong City Local Municipality only had their 2013/14 IDP available. Table 7 is a summary of all SMME specific interventions outlined in these plans. The same observations as for Sedibeng District Municipality apply here: each local municipality interprets the Gauteng Provincial Government's SMME policy and strategies differently and to varying levels of detail. No mention is made in any of the IDP's of the Gauteng implementing agency GEP.

Table 6: SMME targeted interventions in the Sedibeng District Municipality

	Emfuleni Local Municipality	Lesedi Local Municipality	Midvaal Local Municipality
Specific Interventions	• Preferential procurement for SMMEs • Strengthen support services for SMMEs. • Promotion of entrepreneurial initiatives and SMMEs in terms of the planned Vaal Logistics Hub which is under development. • Specific SMME support to HIV positive people, women, youth and those with disabilities.	• Mandatory subcontracting to SMMEs in all tenders issued. • Monitoring GEP which is assisting 24 SMMEs with business support, financial training, provision of grants and loans to aspiring entrepreneurs. • Establishment of 10 SMMEs to be involved in the Heidelberg Eco-Furniture Factory Project. • Five hectares of land in Devon earmarked for a shopping centre and a SMME Incubation Park. • Enhanced SMME database. • Ensure SMMEs participate in the following infrastructure projects: Transnet Bulk Liquid Terminal and Southern Gateway Logistical Hubs, SIP2 Industrial and Logistic Corridor, & Tambo-Springs Inland Port.	• Enhanced SMME database. • Establish Dress and Candle making SMMEs for the R59 Industrial corridor. • Develop tourism SMMEs. • Include SMMEs in the CBD revitalisation project. • Establish SMME precinct in the CBD. • Promote sustainable development of SMMEs. • Explore partnerships to include SMMEs in all business developments in the region. Promote linkages between SMMEs and established businesses. • Preferential start-up packages to those on the municipality's indigent list. • Establishment of a Business Advisory Centre. • The Plato Programme where SMME owners are mentored by local role models. • Monthly SMME discussion groups. • Municipal procurement targeted at SMMEs. • Review of bylaws and regulations that affect SMMEs to reduce red-tape.

SOURCE: (ELM, 2016; LLM, 2016; MLM, 2016)

Table 7: SMME targeted interventions in the West Rand District Municipality

	Merafong City Local Municipality	Mogale City Local Municipality	Randfontein Local Municipality	Westonaria Local Municipality
Specific Interventions	• SMME Development through departmental programmes and projects. • Kusasalethu Gold Mine project – R3million SMME preferential procurement. • Use of SMMEs in construction for the Khutsong Resettlement project. • To create an enabling environment for SMMEs. • Use SMMEs in the informal areas to do primary and secondary waste collection.	• Development of Enterprise Development Sub Unit for SMMEs. • Promote SMME development for local tourism initiatives. • Establish linkages with SMMEs and established intermediaries and distributors. • Increased stakeholder relations for promotion of doing business with SMMEs. • Business Incubation for SMMEs in the chemical sector.	• Expose SMMEs to incubation projects to stimulate development. • Establishment of partnerships and networks to increase SMME value chain. • Promote SMMEs in tourism, agriculture and construction. • Establish local business support centre. • Encourage SMMEs to register with municipal database of service providers. • Training SMMEs on how to complete municipal bids. • Settle all SMME accounts within 30 days. • Host SMME Trade Fair	• Spaza Retail space valued at R21 million (as yet unfunded) targeted at SMMEs. • Improve business support to SMMEs.
SOURCE: (MeCLM, 2013; MoCLM, 2016; RLM, 2016; WLM, 2016)				

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2.6. Monitoring And Evaluating South Africa's Small Business Policy

As defined previously, the primary aim of small business policy is to create an enabling environment for small businesses to be successful regardless of type (i.e. entrepreneurial venture or small business) or age (i.e. start-up or established) (Van Vuuren & Groenewald, 2007; Soni et al., 2014). Thus it would follow that monitoring and evaluating the successes or failures of policy outcomes be judged against the original intention.

As stated previously, policy makers must be able to demonstrate cause and effect between the interventions offered by the policy and the successful delivery of policy objectives. Thus monitoring and evaluation represents a higher order iterative checking cycle testing the validity and/or strength of those causes and effects between policy elements (i.e. inputs, processes, outputs, outcomes and impacts) within the theoretical framework (Bryson et al., 2014; Moos, 2015). Said another way, monitoring and evaluation is the policy's performance review. Like performance reviews, they are conducted periodically with the express intention of answering two questions, "Are we doing things right?" (i.e. monitoring) and "Are we doing the right things?" (i.e. evaluation).

Monitoring and evaluation of policy exists to refine the selected policy interventions to those interventions scientifically judged most transparent, efficient and appropriate. Rodrick goes on to suggest that when policies are co-created with the correct stakeholders, these interventions/iterations are naturally modified and tweaked over time for success maximisation through a process of progressive elaboration (Rodrik, 2004; Yoshino & Wignaraja, 2015).

The next section expands on monitoring and evaluation in general and then in South Africa. The South African small business policy is then assessed and an evaluation of the implementation of South Africa's small business is presented.

2.6.1. KEY MONITORING & EVALUATION CONCEPTS

Table 8 explains the key concepts involved in monitoring and evaluation.

Table 8: Key Monitoring & Evaluation Concepts

Monitoring & Evaluation Concept	Description	Explanation
Inputs	"What is used to do the work?"	All the resources that contribute to the production of service delivery outputs. For example finances, personnel, equipment and buildings.
Activities	"What needs to be done?"	Processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes.
Outputs	"What are produced or delivered?"	Final products, goods and services produced for delivery.
Outcomes	"What needs to be achieved?"	Medium-term results for specific beneficiaries which are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans.
Impacts	"How were the communities and target groups actually influenced?"	Results of achieving specific outcomes, such as reducing poverty or creating jobs.
SOURCE: (Moos, 2015, p. 124)		

These concepts were taken into account in earlier sections as well as in the questionnaire design (Appendix A: Research Questionnaire to be Completed by Small Business Owner / Entrepreneur).

2.6.2. MONITORING AND EVALUATION IN PUBLIC POLICY CONTEXT

At the heart of monitoring and evaluation (M&E) is government's continual challenge to be more effective in service delivery. Monitoring in the public policy context involves the collecting, analysing, synthesising and reporting on inputs, activities, outputs, outcomes and impacts to enable better decision making (The Presidency, 2007; Bryson et al., 2014). Rodrick emphasises the importance of context and other external factors in this process (Rodrik, 2004). Monitoring can thus be viewed as the weekly feedback session which also serves as early warning system for corrective action i.e. it is a measure of efficiency.

By contrast then evaluation in the public policy context is the quarterly review for relevance, effectiveness, impact, sustainability in addition to efficiency. Evaluation is going beyond reporting to assess the causes and effects of inputs, activities, outputs, outcomes and impacts as empirically observed; this is done to check inherent policy assumptions and also to better implement policy interventions (Engela & Ajam, 2010). This is also known as evidence based decision making or policy making and can lead to resource maximisation on proven interventions, implement cross sectoral lessons learnt or intervention abandonment all together (Cloete, 2009).

As can be inferred, M&E is not an easy or inexpensive task. It is best summarised by the introduction to The Presidency's 2007 Policy Framework for Government-Wide Monitoring & Evaluation (GWM&E);

"M&E is, however, extremely complex, multidisciplinary and skill intensive. Government-wide monitoring and evaluation even more so, since it requires detailed knowledge both across and within sectors, and interactions between planning, budgeting and implementation. The picture is complicated even further when the machinery of government is decentralised, with powers and functions being distributed across three spheres of government. It is precisely this complicated intergovernmental structure with diffused powers and functions which requires strong M&E systems to promote coordination and prevent fragmentation." (The Presidency, 2007, p. 1)

2.6.3. POLICY MONITORING AND EVALUATION IN SOUTH AFRICA

As stated previously M&E strike at the heart of government's challenge to be more effective in service delivery and this statement applies deeply to South Africa which is often referred to as the Service Delivery Protest Capital of the world (Mosupi, Govender, & Nair, 2016). No doubt with this in mind, the South African Cabinet adopted a strategy in 2005 to establish a Government-Wide Monitoring and Evaluation System (GWM&ES) within two years aimed at systematically improving governance, strengthening coordination and accountability and better policy making in South Africa (Engela & Ajam, 2010).

In 2007, the GWM&ES was revised and updated to not only monitor inter-governmental processes and performance but also to assess the longer term government outcomes and impacts on South African society (The Presidency, 2007). The updated GWM&ES was approved and implemented in 2009 with the establishment of a Department of Performance Monitoring and Evaluation (DPME) in 2010 (Goldman, et al., 2012). The DPME is responsible for outcome and institutional performance monitoring and evaluation with the aim of increasing the evidence available for decision and policy making through the National Planning function.

Cloete confirms that the setting of standards and performance criteria has improved the performance management systems in national government and he is supported in this assertion by Engela and Ajam (Cloete, 2009; Engela & Ajam, 2010). However, weaknesses include a lack of policy coordination and coherence with a serious shortcoming in that the GWM&ES framework does not explicitly state what needs to be monitored and evaluated focusing instead on how the M&E activities should be structured (Cloete, 2009; Goldman, et al., 2012).

2.6.4. SMALL BUSINESS POLICY MONITORING AND EVALUATION

As stated earlier, policy M&E are intended to test for relevance, effectiveness, impact, sustainability in addition to efficiency in terms of the small business policy. M&E represents an opportunity to increase, decrease or abandon policy interventions. The process generates multi-disciplinary lessons that can improve planning and decision making abilities.

It thus becomes important to concentrate on those elements that need to be carefully considered by the evaluator (researcher) so as to not negatively impact the evaluation quality. Table 9 defines this study's key policy evaluation considerations.

Table 9: Key Considerations in Public Policy Evaluation

Key Considerations	Explanation	For this Study
Development of clear evaluation objectives	Given that an evaluation study of any kind can be extensive, it is very important to develop clear objectives to keep the evaluation team focused on the demarcated subjects or issues.	*Primary Objective* of the evaluation study is to determine whether the small business policy addresses the needs of start-up and established business owners.
The objectives of the policy programmes to be evaluated have to be clearly specified	Unless policy programmes have objectives which are in principle capable of measurement then a quantitative evaluation cannot be undertaken. This is important for evaluation because it provides a guide to what should be assessed and measured.	The specific *small business objectives* were identified 2.2.1.
Data collection mechanisms	The design of evaluation should take into consideration what tools can be used for data collection procedures. For instance, a questionnaire may generate significant quantitative data while documentary analysis or interviews may generate significant qualitative data. Policy evaluation uses both qualitative and quantitative methods, experimental and non-experimental designs, descriptive and experiential methods, theory based approaches, research synthesis methods, and economic evaluation methods.	*Both qualitative and quantitative methods are used.* Quantitative method: one questionnaire as per Appendix 1. Qualitative method: documents, reports and literature were reviewed.
Time frame for the evaluation	The depth of the evaluation as well as the scope of the evaluation has a direct relationship on the time available for the evaluation. This time frame may be short (under one year), medium (two to three years) or long term in nature (three to five years or more).	The evaluation was conducted in a *short time frame* (during September 2016) on both start-up and established business owners.

Key Considerations	Explanation	For this Study
Selection of evaluation focus or foci	**Linear or Single Focus Policy Evaluation** The designers of the evaluation need to make decisions on what elements would be focused on. **Multi foci / Comprehensive Policy Evaluation** The focus is on a particular service but it comprehensive in nature with regard to the various elements related to that particular service. **Self / Internal Evaluation and External Evaluations** An evaluative exercise that is conducted internally or by external bodies. **Formative and Summative Evaluation** Formative evaluation seeks to generate insight, improve delivery, while summative evaluation is conducted after delivery to determine the direction of the policy or project. **Sectoral or Integrated Evaluation** This is an evaluative study targeting only one policy sector or the focus could be the integrated assessment of several sectoral policies simultaneously. **Single-Phase or Multi-Phase Evaluation** Since many policies may be implemented through programmes, these programmes may be evaluated by focusing on one phase of a programme or project at a time. In the multi-phase evaluation, all the phases are evaluated together in order to be as in-depth as possible in the evaluation process. **End Users Service Evaluation** This may be considered if the evaluation team is trying to determine whether a particular policy and related service is both effective and efficient. **Independent Evaluation** This is an evaluation carried out by entities and persons free from the control of those responsible for the design and implementation of policy	*Single focus evaluation*: on small business in South Africa. *Comprehensive Evaluation*: of available small business support services as viewed by beneficiaries. *External Evaluation*: conducted by an external body. *Summative evaluation*: the emphasis is on the objectives, outputs, outcomes and impact of the small business policy. *Sectoral evaluation*: focus is only on the small business sector. *Multi-phase Evaluation*: all the programmes aimed at start-up and established business owners are evaluated. *End Users Evaluation*: start-up and established business owners have to determine the effectiveness of small business support. *Independent Evaluation*: researcher is not employed by government.

SOURCE: Adapted from (Moos, 2015, pp. 130-132)

2.6.5. THE PROCESS OF SMALL BUSINESS POLICY EVALUATION

As previously stated Rodrick emphasises the importance of context and other external factors in the process of policy evaluation. So an evaluation of South Africa's small business policy would first need to be reviewed in a preparatory phase assessing the following four processes as described below (Moos, 2015);

- *Main features of the SME sector in the country under review* – See the following previous sections 2.1.7 Defining Small Business Policy, 2.3.3 Size of Small Business Sector in South Africa, 2.3.4 South Africa's Small Business Sector Size Compared To Other Developing Countries and 2.3.5 Major Barriers Facing the South African Small Business Sector.
- *Strengthening the entrepreneurial business environment* – See the following previous sections 2.3.1 National Economy & Competitiveness and 2.3.2 Doing Business in South Africa.
- *SME policy and programmes* – See the following previous sections 2.4.1 Policy Elements, 2.4.2 Government Strategies for South Africa's Small Business Policy, 2.4.3 Key Support Institutions to Implement Small Business Policy and 2.4.4 Other Government Interventions to Support Small Business.
- *Policy Evaluation* - See the following sections 4.5 Data Analysis Chapter 5: Research Results.

2.6.6. REVIEW OF SOUTH AFRICA'S SMALL BUSINESS POLICY

As stated previously, the 1995 South African small business policy had five objectives; address high unemployment levels; activate domestic competition by exploiting niche markets; redress of Apartheid inequalities in ownership and employment opportunities; contribute to Broad-Based Black Economic Empowerment (BBBEE); and help people to meet their basic needs i.e. poverty alleviation (Rogerson, 2004). In his ten year policy review for the period 1994-2004, Rogerson offered the critique that though considered best practice; the policy interventions were mired by poor implementation, poor coordination and a lack of accountability.

Rogerson also offered that existing small business policy had by and large excluded the microenterprise and informal economy (2004). Also, as government policy did not

discriminate based on categorisation, there were questions about the economic value created by government providing services to the survivalist, micro and very small categories where small business owners and entrepreneur motivations were more necessity based and projected market demand were low (Peters & Naicker, 2013; Tustin, 2015).

Over the same review period, the small business best practice ideology had shifted. It was now understood that factors responsible for growth in small business were the age and the size of the business and the market demand potential of the sector (Döckel & Ligthelm, 2005). This implied that not all SMMEs create employment as was thought earlier; research showed that smaller, younger businesses in industries with high market demand potential created higher rates of employment (Döckel & Ligthelm, 2005; Mmakola, 2009). Thus, a targeted approached was advocated to policy makers ensure that the development goals were met while meeting market needs for economic growth.

As research intensified around these targeted approaches on high demand small businesses, the observed phenomena led to increased focus on the entrepreneurial and business capabilities of the small business owner / entrepreneur. Ultimately, this was categorised as a critical success factor. Studies in this area suggested that small business owners / entrepreneurss struggled with low competencies in labour relations. They also struggled to access new markets and had weak internal quality control which diminished the business' competitive capabilities in the face of rising wages and import competition (Kesper, 2001).

In response to this finding policy makers were advised that small business owners / entrepreneurss needed business management skills, intrinsic motivation and entrepreneurial spirit. This entrepreneurial spirit was described as conservatism at business establishment; cutting costs when profits and market expectations decline; and expansion linked to higher profits and positive future expectations (Döckel & Ligthelm, 2005). Explicitly, this entrepreneurial quality was identified as a critical success factor affecting the small business owners / entrepreneurs's ability to overcome barriers to survival and achieve sustainable growth (Peters & Naicker, 2013).

In a 2010 small business policy review, despite the surplus of policy initiatives and interventions aimed at small business owners / entrepreneurss the following six constraints were reported by Abor and Quartey. The first of which was a lack of access to appropriate technology and limited access to international markets. Also laws, regulations and rules were still considered to be impeding small business development conjoined with perceived weak institutional capacity to provide meaningful assistance with small business challenges. The review echoed the Döckel & Ligthelm findings regarding lack of management skills, appropriate training and access to finance (Abor & Quartey, 2010). Additional reviews indicated that because of spatial disadvantages due to Apartheid settlement policies, government support services remained unevenly allocated and resourced (Rogerson, 2013b; Peters & Naicker, 2013).

National government seemed to recognise their limitations and started plans for integrated interventions based on these findings by setting up partnerships with the private sector (Rogerson, 2013b) and incorporating business incubation in their small business support initiatives. This was an intervention to reduce the high mortality rates of small businesses at the time i.e. eight out of ten new small businesses did not survive their first year in business (Masutha & Rogerson, 2014).

At the same time a multi-stakeholder approach as endorsed by Rodrick seemed well-timed and one year later, the government's Godisa incubation programme reported that eight out of ten small businesses engaged in business incubation survived their first year in business in contrast to the expected mortality rate. (Masutha & Rogerson, 2014). However, a separate study conducted one year later reported unproductive state-run incubators as a reason small businesses continue to fail (Tustin, 2015).

Considering the dearth of reliable information and statistics on small businesses in South Africa it is difficult to make a balanced assessment of small business successes. The literature on the weaknesses of small business policy is rather more clear. For instance government departments still have no performance targets for procurement from black-owned small businessess. They do however have performance targets for BBBEE procurement which means that black small businesses compete with black established

business for preferential procurement and often lose to their larger counterparts (Rogerson, 2013b).

Literature is also replete with future focussed small business policy recommendations for South Africa. The most comprehensive of these are by Tustin as assessed in 2015. As a matter of urgency to better enable M&E, the establishment of a dedicated business research and modelling program for data acquisition which should lead to better analysis and decision making in the small business sector. Secondly, entrepreneurial support which should aim to encourage productive, innovative entrepreneurship especially among previously disadvantages groups in sectors with high market demand potential to stimulate economic growth and therefore create jobs (Tustin, 2015).

Also, greater emphasis on training and building the capacities of both service providers, small business owners and entrepreneurs alike while centralising all small business offerings through the newly established DSBD. This would be to facilitate and simplify services especially the gridlock issue of funding with the various agencies and service providers. Finally, the intensive nationwide marketing of services while simultaneously monitoring and evaluating the services on offer for quality and consistency.

2.7. CONCLUSION

This chapter highlighted South Africa's small business policy as a priority to grow the economy while creating jobs. South Africa has a high unemployment rate i.e. 26.6% (which rises to 40% when using the expanded definition which excludes discouraged work seekers) (Ismail, 2016) and South Africa's government believes that the promotion of small businesses can have a significant positive impact on society.

Next, South Africa's business environment was considered in terms of its national economy, global competitiveness and ease of doing business. Compared to the continent, South Africa has remarkable economic statistics and is Africa's largest economy. In the 2016 Doing Business report South Africa ranks 73rd out of 189 countries (World Bank Group, 2016) negating the low cost of living for foreign nationals with persistent government bureaucracy.

South Africa once again is reported as one of the lowest performing countries with regards to entrepreneurial activity – this is despite a high unemployment rate and a plethora of supply side interventions to stimulate entrepreneurship. It lags behind Brazil, China, Chile, Tanzania and Senegal (Herrington & Kew, 2016).

The SEDA commissioned Small Business Sector Report outlines six major barriers facing small businesses in South Africa (BER, 2016). The first is access to finance, limited/lacking infrastructure and low research and development in the country. Then restrictive labour regulations compounded with an inadequately educated workforce and inefficient government bureaucracy round out the next three barriers. The last two barriers include the high prevalence of crime and theft and that small businesses struggle to access new/international markets.

A synthesis of the five different strategies entailing South Africa's current small business policy was attempted. The small business policies are the national strategy, ISEDS, ISPESE, YEDS and NIBUS. From these strategies it can be deduced that government has expanded their original aim for building a favourable environment to embrace scientific evidence that the gap in small business owners / entrepreneurs skills also need to be addressed. Recently, government has gone one step further to encourage entrepreneurship in the following target groups: youth, female and people with disabilities.

The small business policies for Gauteng as cascaded down to the two District Municipalities and seven Local Municipalities were reported on. Each local municipality has their own interpretation of the policy as well as the priority of the small business interventions. The GEP also features inconsistently in the local municipalities' Integrated Development Plans.

Then policy M&E was unpacked to understand the importance of this higher order management function. Monitoring involves data collecting, analysing and reporting on policy inputs, activities, outputs, outcomes and impacts. Evaluation involves periodic review to assess whether the policies objectives are impacting society as was initially envisaged.

South Africa only implemented a GWM&ES in 2009 and a ministry for Performance Monitoring and Evaluation was established thereafter in the DPME. This system is supposed to improve daily processes while simultaneously delivering the data necessary to assess cause and affect relationships in terms of planned impacts. While there have been some gains, the system is described as incoherent and lacking in accountability.

The key considerations for the policy evaluation outlined in this study were then presented. This study uses both qualitative and quantitative methods to determine whether the small business policy addresses the needs of start-up and established owners. It is a short term comprehensive study with a single focus conducted by an external body. This sector specific study is additionally summative, multi-phase, end user focused and independently researched.

Literature reveals a number of shortcomings mainly that small business policy has little to no effect on promoting entrepreneurship or the starting or owning of small businesses. In fact, the support provided to small business owners / entrepreneurs has resulted in a net decrease in the number of new business as reported by the 2016 GEM report. Government is seemingly unable to demystify its own services and small business owners and entrepreneurs appear to be wholesale unaware of these interventions or report on them as poorly capacitated.

This study's research objectives and hypotheses will be expanded upon in the next chapter.

CHAPTER 3: HYPOTHESES

3.1. INTRODUCTION

Start-up and established businesses continue trading in South Africa's small business sector as either small businesses or entrepreneurial ventures. The small business policy caters indiscriminately to all business owners alike. This study aims to replicate and extend a doctoral thesis by Moos that evaluated small business policy shortcomings in South Africa. That study was a formal statistical study of start-up and established businesses in the following selected metropolitan municipalities; City of Cape Town, City of eThekwini (Durban), Ekurhuleni Metropolitan Municipality (East Rand), City of Johannesburg and City of Tshwane (Pretoria) (Moos, 2015).

The purpose of this study is to evaluate the national small business policy in South Africa amid adjustments to support services, partnerships and structures to improve performance in the small business sector. This research aims to extend the original doctoral thesis' statistical study to local and district municipalities in Gauteng province as the original thesis only focused on metropolitan municipalities. Thus **the aim of this study** is to explore the small business policies of seven selected local municipalities (Emfuleni, Lesedi, Midvaal, Merafong City, Mogale City, Randfontein and Westonaria Local Municipalities) as located under Sedibeng and West Rand District Municipalities in Gauteng province to make comparisons and identify similarities and differences between the local municipalities' policies. The aim is also to determine how the national small business policy is interpreted by the different local municipalities in Gauteng's Sedibeng and West Rand District Municipalities to serve the local start-up and established business owners.

3.2. RESEARCH OBJECTIVES

The study has primary and secondary objectives as fleshed out by the initial research.

3.2.1. PRIMARY RESEARCH OBJECTIVE

The primary research objective is to evaluate the South African small business policy to assess shortcomings and areas for improvement.

3.2.2. SECONDARY RESEARCH OBJECTIVES

The secondary research objectives are to (adapted from Moos, 2015, pp. 153-154):

1. Determine whether the <u>age</u> of a business has an effect on the level of agreement with respect to the <u>objectives, outputs and outcomes</u> of the small business policy;

2. Determine whether the <u>local municipality</u> (in which a business venture is located) has an effect on the level of agreement with respect to the <u>objectives, outputs and outcomes</u> of the small business policy;

3. Determine whether there exists a statistical significant difference between <u>start-up and established businesses</u> with regard to their views on the impact of the small business policy;

4. Determine whether there exists a statistical significant difference between start-up and established businesses located in the selected <u>local municipalities</u> in Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the <u>impact</u> of the small business policy;

5. Determine whether the <u>age</u> of a business has an effect on the level of importance of <u>established business owners' needs</u>;

6. Determine whether the selected <u>local municipality</u> (in which the business venture is located) of the Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality has an effect on the level of importance of <u>established business owners' needs</u>;

7. Determine whether the age of a business has an effect on the level of importance of <u>start-up business owners' needs</u>;

8. Determine whether the selected <u>local municipality</u> (in which the business venture is located) of the Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality has an effect on the level of importance of <u>start-up business owners' needs</u>;

3.3. HYPOTHESES

The corresponding hypotheses are stated in Table 10 below.

Table 10: Hypotheses

Null hypothesis (H1$_0$):	Alternate hypothesis (H1$_a$):
The age of a business does not have an effect on the level of agreement with respect to: 1(a). Objectives of the small business policy 1(b). Outputs of the small business policy 1(c). Outcomes of the small business policy	The age of a business has an effect on the level of agreement with respect to: 1(a). Objectives of the small business policy 1(b). Outputs of the small business policy 1(c). Outcomes of the small business policy
Null hypothesis (H2$_0$): The local municipality (in which the business venture is located) does not have an effect on the level of agreement with respect to: 2(a). Objectives of the small business policy 2(b). Outputs of the small business policy 2(c). Outcomes of the small business policy	**Alternate hypothesis (H2$_a$):** The local municipality (in which the business venture is located) has an effect on the level of agreement with respect to: 2(a). Objectives of the small business policy 2(b). Outputs of the small business policy 2(c). Outcomes of the small business policy
Null hypothesis (H3$_0$): There exists no statistical significant difference between the start-up businesses and established businesses with regard to their views on the impact of the small business policy that: 1. Jobs have been created, resulting in a reduced unemployment rate; and 2. Economic growth of the country has increased.	**Alternate hypothesis (H3$_a$):** There exists a statistical significant difference between the start-up businesses and established businesses with regard to their views on the impact of the small business policy that: 1. Jobs have been created, resulting in a reduced unemployment rate; and 2. Economic growth of the country has increased.
Null hypothesis (H4$_0$): There exists no statistical significant difference between the start-up businesses and established businesses located in the selected local municipalities in the Sedibeng District Municipality in Gauteng province with regard to their views on the impact of the small business policy that: 1. Jobs have been created, resulting in a reduced unemployment rate; and 2. Economic growth of the country has increased.	**Alternate hypothesis (H4$_a$):** There exists a statistical significant difference between the start-up businesses and established businesses located in the selected local municipalities in the Sedibeng District Municipality in Gauteng province with regard to their views on the impact of the small business policy that: 1. Jobs have been created, resulting in a reduced unemployment rate; and 2. Economic growth of the country has increased.

Null hypothesis (H5$_0$):	Alternate hypothesis (H5$_a$):
The age of a business does not have an effect on the level of importance of established business owners' needs with respect to: 5(a). Skills 5(b). Support 5(c). Assistance 5(d). Access	The age of a business has an effect on the level of importance of established business owners' needs with respect to: 5(a). Skills 5(b). Support 5(c). Assistance 5(d). Access
Null hypothesis (H6$_0$):	Alternate hypothesis (H6$_a$):
The local municipality (in which the business venture is located) does not have an effect on the level of importance of established business owners' needs with respect to: 6(a). Skills 6(b). Support 6(c). Assistance 6(d). Access	The local municipality (in which the business venture is located) has an effect on the level of importance of established business owners' needs with respect to: 6(a). Skills 6(b). Support 6(c). Assistance 6(d). Access
Null hypothesis (H7$_0$):	Alternate hypothesis (H7$_a$):
The age of a business does not have an effect on the level of importance of start-up business owners' needs with respect to: 7(a). Skills 7(b). Support 7(c). Assistance 7(d). Access	The age of a business has an effect on the level of importance of start-up business owners' needs with respect to: 7(a). Skills 7(b). Support 7(c). Assistance 7(d). Access
Null hypothesis (H8$_0$):	Alternate hypothesis (H8$_a$):
The local municipality (in which the business venture is located) does not have an effect on the level of importance of start-up business owners' needs with respect to: 8(a). Skills 8(b). Support 8(c). Assistance 8(d). Access	The local municipality (in which the business venture is located) has an effect on the level of importance of start-up business owners' needs with respect to: 8(a). Skills 8(b). Support 8(c). Assistance 8(d). Access

3.4. CONCLUSION

The study aims to replicate and extend the original doctoral thesis upon which it is based. This will be through statistical study of small business policy as implemented by government and experienced by entrepreneurs and small business owners in Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality in Sedibeng and West Rand District Municipalities in Gauteng province. Similarities and differences will be reported to generate lessons learnt. In Chapter 4 the study's research methodology will be discussed.

CHAPTER 4: RESEARCH DESIGN & METHODOLOGY

4.1.   INTRODUCTION

The scope for small business policy evaluation and research in a developing country context is immense as governments of such nations seek reliable mechanisms to combat poverty and umemployment while finding new sources of economic growth. The literature appraised in Chapter 2 demonstrated the need for empirical research to evaluate South Africa's small business policy and forms the basis for this research process.

The rest of this chapter looks at how the research, sample and data collection processes were designed and concludes with an overview of data analysis.

4.2.   RESEARCH DESIGN

Edmondson & McManus suggested in their 2007 paper on Methodological Fit that theory in research falls along a continuum from nascent i.e. new/novel questions of how and why to mature i.e. well-developed theory representing cumulative knowledge gained (Edmondson & McManus, 2007). They argued that the state of prior work points the researcher in a methodological direction.

The overview of literature in Chapter 2 indicates that the theory applicable to this study is mature in nature i.e. extensively researched in various settings often logical and complex supported by hypotheses which are statistically analysed resulting in causal inferences supported by logic (Edmondson & McManus, 2007). Studies operating in the mature theory base typically benefit from the collection of systematically coded quantitative data with the goal of data analysis being formal hypothesis testing (Moos, 2015). Their theoretical contribution adds specificity to supported theories.

In this study the independent variable (IV) is the small business policy. There are two dependent variables (DV) namely, evaluating the small business policy features and business needs of start-up and established business owners. The purpose of this study is to evaluate the small business policy features i.e. the objectives, outputs, outcomes and

impacts on the intended audience i.e. small business owners / entrepreneurs. Such an evaluation will determine whether the small business owners / entrepreneurs are adequately served by the small business policy and will also inform government officials about the perceptions and views of the target audience for small business interventions. Ultimately, the deficiencies of the small business policy may be identified.

Specifically, this study employs the communication method of data collection as the researcher questioned the subjects and obtained their responses by impersonal means under field conditions i.e. via email (Saunders & Lewis, 2012). As such, the researcher would not be able to control/manipulate any variables resulting in an ex post-facto design because the data collected can only report what was happening (Zikmund, Babin, Carr, & Griffin, 2013). Since such an interaction was once-off, this was a cross sectional study as it captures the perceptions and information at this point in time (contrasted with a longitudinal study which is repeated over an extended period of time).

4.3. SAMPLE DESIGN

The theoretical population for this study is all the small business owners / entrepreneurs in South Africa's Sedibeng and West Rand District Municipalities in the Gauteng province. Due to access, cost and time constraints a census approach could not be conducted. Due to this limitation researchers collect from a small subset of the population i.e. 'the sample'. The data collected from said sample are then used to make inferences about the whole population (Saunders & Lewis, 2012).

Hence the sample will be the online databases of small businesses for the demarcated geographical region i.e. Emfuleni, Lesedi, Midvaal, Merafong City, Mogale City, Randfontein, Westonaria Local Municipalities, see Figure 5. Primary target population are start-up business owners and established business owners in the of the Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality in Sedibeng and West Rand District Municipalities in South Africa's Gauteng province.
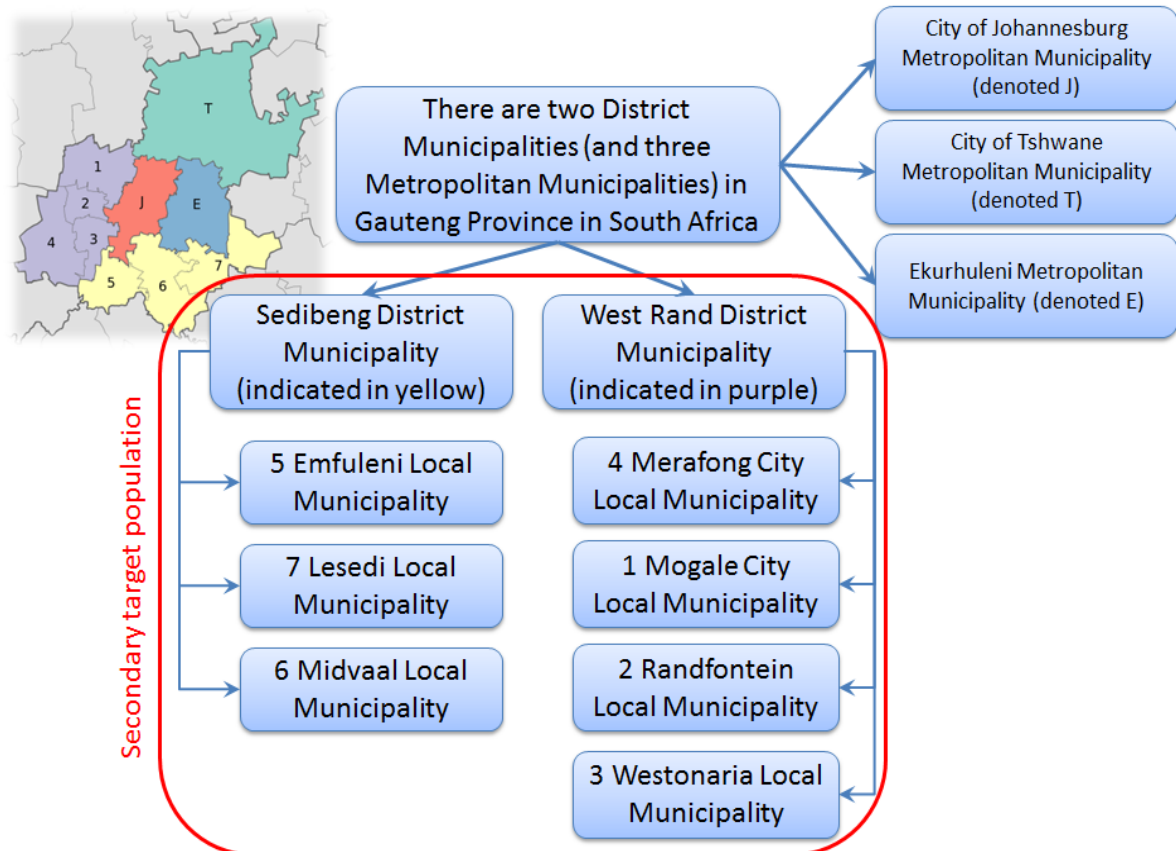
SOURCE: Own compilation

The sample frame refers to the list of the population elements from which the sample will be drawn, what Zikmund et al. (2013) calls the "working population". If possible, this should be a complete list of the targeted population members alone. This study's sample frame for the start-up and established business owners include a list of population elements from business incubators, local chambers of commerce and entrepreneurship coaching institutions in the Sedibeng and West Rand District Municipalities as well as online small business directories. The two determining factors highlight the sample frame and include;

- Start-up businesses – Business owners who were in the process of starting or had already started their business ventures. These business ventures had to be less than 3.5 years old when the study was conducted.
- Established businesses – Business owners who had established business ventures older than 3.5 years old when the study was conducted.

The database used for data collection in the Sedibeng and West Rand District Municipalities had just over 1000 small business owners / entrepreneurs' contact details. As this did not allow access to every member of the population, purposive judgemental non-probability

sampling was employed within the restricted population. Judgemental sampling is when the sample is arbitrarily selected based on the researchers' access to them based on the determining factors based on the sample frame making this a purposive sample (Saunders & Lewis, 2012). This technique is easy to design and simple to use but its weakness lies in the inherent assumption that those not included in the database are not very different from those not included. There may be inherent bias in how the businesses are selected for the database.

As shown in Figure 6 the sample of the study consisted of 210 start-up and established business owners who completed the questionnaire online. The sample included respondents from each of the seven local municipalities and every ethnic group is South Africa. Out of the total 210 completed questionnaires, 39 were completed by start-up business owners and 171 by established business owners.

Figure 6: Sampling Process Overview
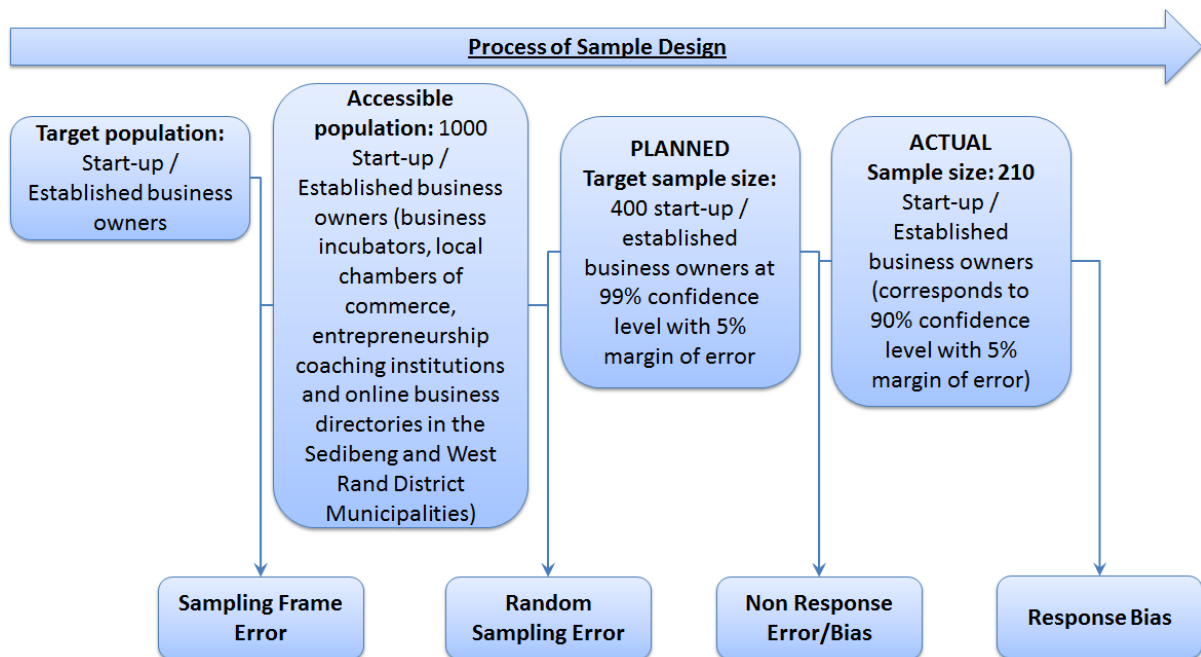
SOURCE: Own compilation

Additionally Figure 6 shows four errors/biases that come about depending on the choices made during sample design. The first of these arises from a non-sampling factor i.e. sampling frame error. This study's sample frame does not contain every unit of the target population so is therefore incomplete and may be inadequate (Cooper & Schindler, 2011).

Further, the sampling frame may also be inaccurate i.e. containing incorrect or outdated details however the researcher did not receive any correspondence from respondents to indicate that this was the case. However, since a full population list for start-up / established business owners does not exist, the full extent of this error cannot be judged.

Based on the accessible population i.e. 1000 business owners, using a 99% confidence level and 5% margin of error, the target sample size is 400 (Manoj, 2016). This agrees with the sample size rule of thumb as espoused by Zikmund et al for the indicated population size (2013). The random sampling error of the actual sample size of 210 respondents is 5% margin of error at a reduced confidence level of 90% and constitutes a 52.5% response rate. As can be gleaned from the two statements, random sampling error is a function of sample size and decreases as the sample size increases.

Another non-sampling error arises from nonresponse errors. For a sample to valid, it must be both accurate and precise (Cooper & Schindler, 2011). Adequate precision is decided by the random sampling error and what has been decided is acceptable within the study's limits and purpose i.e. 5%. Accuracy is a function of the presence of bias and decreases as bias increases. Nonresponse error is the type of error that can indicate systematic bias depending on the reasons that potential respondents did not complete the survey. These reasons can run the gambit from disinterest to being unable to participate (e.g. maybe the hyperlink did not work in their browser or some of the respondents were away from work for the duration of that the survey was administered etc.).

Three tactics are typically employed to minimise nonresponse errors and to offset the bias introduced namely reminders, refusal conversions and incentives (Saunders & Lewis, 2012). The researcher sent out reminders every four days while the survey was open. Refusal conversions are when potential respondents don't complete the survey but don't opt out of future communication and are then contacted again to complete the survey. Those potential respondents who opted out of future communications were removed from further correspondence and those who didn't received reminders. Incentives were strictly not allowed so, in summary, the nonresponse errors were contained through reminders as indicated.

Response bias in contrast is not merely the opposite of nonresponse bias. It is the many cognitive biases that influence respondents to answer in an untruthful way. This can be through either underreporting or overstating of the truth due to societal norms. Surveys that contain self-reporting elements particularly suffer from this type of bias as respondents may feel that a particular outcome is more preferable to the truth (Zikmund et al., 2013). This is avoided by ensuring that the survey cover letter or questions do not lead the respondent in any manner. Also by certifying anonymity and data confidentiality this lessens the effects of answering for reasons of social desirability instead of truthfulness.

4.4. DATA COLLECTION DESIGN

As stated previously this study's primary method of data collection was based on a communication approach where a structured survey was administered online and the respondents' personal information was recorded (see Appendix A). The structured survey is aimed at establishing relationships between variables and constructs considering prior assumptions regarding the nature of these relationships as established through the literature review (Easterby-Smith, Thorpe, & Jackson, 2015). Data was also collected through secondary data in the form of a literature review which forms the background, context and foundation of this study.

Online surveys are easy to administer, relatively cost efficient and grants the researcher access to anyone with an email address. Inherent with administering online surveys is an inability to confer with or observe the potential respondent and the potential respondent is able to terminate the survey at any point which is why online surveys also have a low response rate (Cooper & Schindler, 2011). The online surveys were administered by an experienced fieldworker with experience with data collection. The fieldworker's term of reference is available in Appendix B.

The structured survey in Appendix A was used for collecting responses from start-up and established business owners. It started with a description of the study's context and statements relating to informed consent, anonymity and confidentiality. The first few questions were screening questions relating to the age of the business and also the eligibility of the respondent to answer the questionnaire i.e. only the business venture owner was allowed to complete the questionnaire.

The question contained 33 questions and was divided in four sections;

- Section A: Demographic details of the small business owner / entrepreneur
- Section B: Details of the Business Venture
- Section C: Details of the needs of small business owners / entrepreneurs
- Section D: Details of the small business policy and evaluation

This study uses both structured questions i.e. the respondents were presented with a fixed set of options to choose from and unstructured questions i.e. the respondents were free to provide their own thoughts relating to small business policy objective, outputs, outcomes and impact.

The questionnaire was pilot tested on five start-up and established business owners that met the population requirements. This was to ensure that the respondents had no problem with both comprehending and replying to questions. The respondents suggested minor changes regarding the clarifying of certain questions and these modifications were made. Thereafter, they were excluded from the study to avoid the introduction of respondent bias.

The questionnaire was administered through the following six steps;

- Step 1: Gain permission to use a population list i.e. names and email addresses of start-up and established business owners.
- Step 2: Obtain Ethical Clearance authorising the commencement of data collection, see Appendix C: Ethics Clearance.
- Step 3: Send emails to the accessible population informing them about the study and requesting their participation while assuring anonymity and data confidentiality. The hyperlink to the study is contained within the email.
- Step 4: If anyone opts out of future communication, that email address is removed from the database.
- Step 5: Follow up on potential respondents who have not opted out of future communication with reminders emphasising the closing date of the survey.
- Step 6: Send emails to thank respondents.

4.5. DATA ANALYSIS

Data analysis is the process where accumulated data is inspected and transformed to develop summaries, discover patterns and apply statistical techniques with the aim of drawing conclusions and strengthening decision making (Cooper & Schindler, 2011; Saunders & Lewis, 2012).

The questionnaire uses nominal scales, ordinal scales and interval scales. Nominal scales are for categorical data which cannot be ranked i.e. in the questionnaire this is gender, ethnicity, local municipality, home language, age and number of employees. Ordinal scales can be ranked and are arranged by how much of some concept is possessed i.e. in the questionnaire this is education level, date business was started and ranking of when business support is most needed. Interval scales have both nominal and ordinal properties but capture information about changes from one statement to the next i.e. in the questionnaire a five point Likert scale is used to collect data about the needs of start-up and established business owners and also small business policy and evaluation.

The linkages between the research objectives, hypotheses, constructs and measurement questions are tabled in Appendix D: Research Organisation. The next section outlines the methods and tests employed during descriptive statistics, factor analysis and inferential statistics.

4.5.1. DESCRIPTIVE STATISTICS

The profile of the respondents was determined using the descriptive statistics that looked at the central tendency and spread of the data, after it was established that the amount of missing data was acceptable based on Dong & Zhu (2013).

- The **demographic information**, which was used to profile the respondents, was done using frequency and percentage frequency. The analysis was done for the eight variables, which were local municipality of the small business owner / entrepreneur, age of the venture, gender and ethnic group of the small business owner / entrepreneur, home language, age and the highest qualification of the small business owner / entrepreneur.

- The **details of the business venture** were also analysed and profiled using frequency and percentage frequency. I.e. number of employees in the business venture, business form of ownership, annual turn-over, how long did it take the business to break even, profitability of the business, small business venture expansion, small business venture completion and small business venture employee expectations.

- The **ranking of the support need** was done to establish the rank order from most important to least important using central tendency measurement, mean and medians. Median is the central focal point and was used to make the determination of the rank order.

4.5.2. VALIDITY OF THE MEASURING INSTRUMENT

The object of research is to produce findings which a valid and can be relied on. The data collection instrument therefore has to be tested for validity (Easterby-Smith et al., 2015). There are two types of validity, namely internal and external validity. Internal validity is the extent to which the measuring instrument i.e. the questionnaire measures what it is supposed to measure. External validity by contrast involves the generalisability of the results beyond the research context and is discussed under 4.6. Limitations.

There are three ways to ensure internal validity i.e. content validity, criterion-related validity and construct validity (Saunders & Lewis, 2012). Content validity is when the questionnaire reflects the concept being researched. This means that the questionnaire must be rooted in theory. The questionnaire used in this study was based on the latest theory, tested and discussed by small business practitioners and revised by a language editor to ensure soundness in terms of wording and instruction.

Criterion-related validity examines the actual relationship between variables that are thought to be related (Zikmund et al., 2013). That relationship is simultaneously measured at a point in time and as a predictor of future behaviour. This study uses correlation analysis to prove that predictions can be made and that significant relationships exist. Construct validity refers to how well a measurement question actually measures the presence of constructs as was intended by the researcher (Cooper & Schindler, 2011). Construct validity is tested for through factor analysis which is presented in the section that follows.

4.5.3. RELIABILITY OF THE CONSTRUCTS

4.5.3.1. EFFECT OF AGREEMENT

There were three elements that were used to investigate the small business policy. These three elements were investigated using 22 questions, comprising of 10 for objectives, 3 for output and 9 for outcomes. A reliability analysis for these constructs was done, so as to ensure that the questions were related and were referring to the same construct. Table 11 demonstrates the reliability of constructs and outlines the value of Cronbach Alpha coefficients for the objectives construct being 0.930, the output construct being 0.883 while it was 0.923 for the outcomes construct. These three constructs showed good reliability ranging from good to excellent based on the rule of thumb of George and Mallery (2003).

Table 11: Reliability of Constructs – Effect of Agreement

Construct	Number of items	Cronbach alpha	Acceptable level
Objectives	10	0.930	Excellent
Output	3	0.883	Good
Outcomes	9	0.923	Excellent

4.5.3.2. EFFECT OF SMALL BUSINESS POLICY

Based on the questions the four constructs were tested for reliability. The number of questions range from 5 to 7 per construct, with access and support needed with 5 questions and skills to and assistance with 7 questions. All the constructs have a Cronbach Alpha coefficient higher than 0.7 indicating good and acceptable relationships between the questions making up the construct see Table 12.

Table 12: Reliability of Constructs – Effect of Small Business Policy

Construct	Number of items	Cronbach alpha	Acceptable level
Access to	5	0.739	Acceptable
Skills to	7	0.880	Good
Support needed	5	0.878	Good
Assistance to	6	0.814	Good

4.5.4. NORMALITY OF THE DATA

The normality of the data was determined as most statistical tests depend on the assumption of normality and deviations from normality render those statistical tests inaccurate. In this

study results of Shapiro-Wilk test were used to determine the normality through significance at the 95% confidence interval (i.e. p-value is less than 0.05). The Shapiro-Wilk test is used as based on the sample size of the data, which is less than 2000. The outcome of the test in the study, determined the type of test to be used.

The data was found to be non-normal, and thus for the Mann-Whitney U for start-up and established business owners were utilised instead of analysis using the t-test to determine the difference between the population groups. For three or more groups Kruskal-Wallis One-Way ANOVA test was used instead of Analysis of Variance (One-Way ANOVA test). Lastly, for the correlation of relationships, the non-parametric Kendell tau-b test (r) was utilised instead of Pearson correlation (r) which is for data with a normal distribution.

4.5.5. DIFFERENCES BETWEEN THE GROUPS

The difference between the groups which were based on the maturity of the business (i.e. start-up and established business owners) and the seven local municipalities in which the businesses were located were analysed using Chi-square Test, Mann-Whitney U Test and Kruskal-Wallis One-Way ANOVA Test. The statistical significance between the groups as based on 95% confidence interval with p value to be less than 0.05 for results to be significant.

4.5.6. RELATIONSHIP BETWEEN VARIABLES

The independent variable is the small business policy and the dependent variables are 'evaluating policy features" and "business needs of start-up and established business owners". The relationship between these two variables was analysed using Kendell tau-b test. The p-value was used to determine the significance of the relationship. The degree of the relationship was based on the guidelines of Pallant (2005). This indicates that r-value of 0.09 – 0.29 (weak), 0.30 – 049 (medium), ≥ 0.5 (strong) relationship.

4.6. LIMITATIONS

Though this study was led with due care as prescribed by scientific research design and methodologies, the ensuing limitations were met.

Sample Selection and Size: How the sample is constructed and composed, limits the generalisability of the results reported. The use of a non-probability sampling technique i.e. judgemental/purposive may have subjected the data to bias. Unfortunately, as no master population list exists, the extent of the bias can only be guessed at. Though 210 respondents are sufficient for statistical analysis, a bigger sample would reduce sampling error.

Systematic Errors: As was noted in the study, certain measures were taken to reduce error and bias from sampling frame error, random sampling error, non-response error and response bias. However, the potential exists for these errors and bias to have negatively affected the data.

Use of Secondary Data: While obtainable unobtrusively and useful for building context, this type of data opens the study to the risks inherent in using data not specifically generated for the study. Secondary data has been prepared for a different purpose and target audience; as such it may have been imbued with author or audience biases; the information may have been manipulated; and it is unlikely to precisely state how the data was collected (Saunders & Lewis, 2012). While effort has been made to assess the suitability of secondary data against; the aims of the secondary data; the relevance of the secondary data to this study's questions; the purpose of the original research/report; and the methods used for data collection the potential exists for bias.

Participants' Perceptual Awareness: In the same way people's behaviour can be influenced by the presence of a camera, so too participants' perceptual awareness of research being conducted may influence their response behaviour. Cooper and Schindler warn that the usefulness of a design may be reduced when participants' adapt their response behaviour because research is being conducted (2011). As the research

questionnaire was conducted via email hyperlink, the potential of altered response behaviour exists.

Geographical Area: The study's target population was located in Gauteng province with over 60% of the respondents coming from two of the seven local municipalities i.e. Emfuleni and Mogale city Local Municipalities contributing to response bias. The sample size should be increased with more equal representation across each of the local municipalities. Time and cost constraints made better representation in the other five local municipalities difficult to achieve.

Gauteng Province Context: The inherent analysis of Sedibeng and West Rand District Municipality's seven local municipalities limits the generalisability of the results reported. Constraints in time, access to potential respondents, information and cost made Gauteng province specific research the only possible option for the researcher.

South African Context: The inherent analysis of South Africa's small business policy limits the generalisability of the results reported. Again; time, access, information and cost constraints made country specific research the only possible option for the researcher.

4.7. CONCLUSION

This chapter provides an account of the research design and methodology used in this study. Specifically the sample and data collection design and statistical techniques were presented and described.

In this study the independent variable (IV) is the small business policy and the two dependent variables (DV) are, evaluating the small business policy features and business needs of start-up and established business owners. This cross sectional study entailed the administering of a structured questionnaire to start-up and established business owners.

The sampling technique used was judgemental / purposive and data collection yielded 210 completed research questionnaires from business owners located in the seven local municipalities. The linkages between the research objectives, hypotheses, constructs and measurement questions are presented in Appendix D: Research Organisation.

Then the methods and tests employed during descriptive statistics, factor analysis and inferential statistics were outlined. The validity of the measuring instrument was confirmed through content validity, criterion-related validity and construct validity.

Factor analysis confirmed four factors related to the support services, namely: access to, skills to, support needed and assistance to. Three more factors relating to the small business policy were also generated, namely: objectives, outputs and outcomes. This analysis specified relatively high construct validity of the questionnaire evidenced by high Cronbach alphas. The statistical techniques described include Shapiro-Wilk test, Chi-square test, Mann-Whitney U test, Kruskal-Wallis One-Way ANOVA test and Kendell tau-b test.

The chapter concludes with a discussion of the study's limitations that negatively impact on the study's generalisability. These include; sample size, sampling and non-sampling errors, participants' perceptual awareness and the study's very specific geographical context. Chapter 5 will present the research results as obtained from statistical analysis. Chapter 6 by contrast will explain and interpret the most significant findings as obtained by applying the research design and methodologies outlined above.

CHAPTER 5: RESEARCH RESULTS

5.1 INTRODUCTION

The aim of this study is to explore the small business policies of seven selected local municipalities (Emfuleni, Lesedi, Midvaal, Merafong City, Mogale City, Randfontein and Westonaria Local Municipalities) which are located under Sedibeng and West Rand District Municipalities in Gauteng province. It is expected that the comparisons of the results from each local municipality will identify similarities and differences between their policies.

In addition, this study aims to determine how the national small business policy is interpreted by the different local municipalities in Gauteng's Sedibeng and West Rand District Municipality to serve the local start-up and established business owners. The cohort for the study were the small business owners / entrepreneurs, their confirmation was done with two qualifying questions, the first which confirmed that the respondents were business owners and the second being the date when the business was established.

All 210 respondents were business owners. The oldest business was established more than 30 years ago and the youngest less than 3 months ago. The response rate for the survey from the initial 400 respondent sample was 52.5% according to the guidelines of Zikmund *et al* (2010) for calculating the sample size. The findings are presented in this chapter with the discussion of the findings done in Chapter 6.

5.2 DEMOGRAPHIC INFORMATION

There were eight demographic variables that were evaluated to profile the demography of the respondents. These included eight variables, which were local municipality of the small business owner / entrepreneur, age of the venture, gender and ethnic group of the small business owner / entrepreneur, home language, age and the highest qualification of the small business owner / entrepreneur.

5.2.1. LOCAL MUNICIPALITY OF THE SMALL BUSINESS OWNER / ENTREPRENEUR

In this study the respondents were from seven local municipalities within Gauteng Province, South Africa. This comprise of Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality. As per Figure 7 the highest number of respondents came from Emfuleni Local Municipality at 37.62% (N = 79) of the total sample. They were followed by Mogale City Municipality with 23.33% (N = 49). The municipality which was least represented was Lesedi with only 4.76% (N = 10) of the total sample.

Figure 7: Local Municipality of the Entrepreneur / Small Business Owner
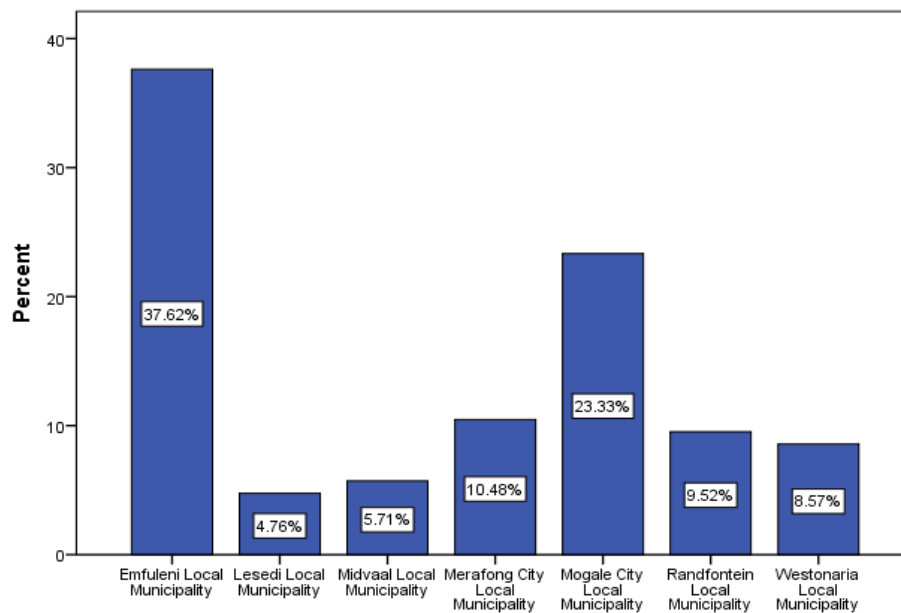
5.2.2. AGE OF BUSINESS VENTURE

The age of the business ventures, as per Figure 8 on the next page, from highest to lowest was; 'more than 3.5 years' at 81.43% (N = 171) of the total sample, 'more than 3 months and less than 3.5 years' at 15.24% (N = 32) and 'less than 3 months' with the percentage of 3.33% (N = 7) of the total sample.

Figure 8: Age of the Business Venture
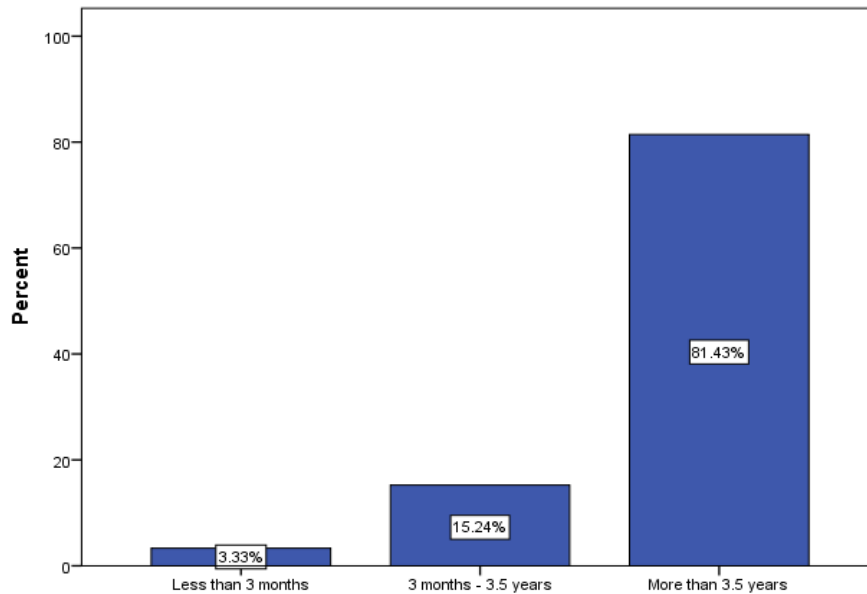
5.2.3. GENDER OF THE SMALL BUSINESS OWNER / ENTREPRENEUR

The highest number of respondents were males at 69.52% (N = 146) of the total sample and the rest were female at 30.48% (N = 64) of the total sample, see Figure 9.

Figure 9: Gender of the Entrepreneur / Small Business Owner
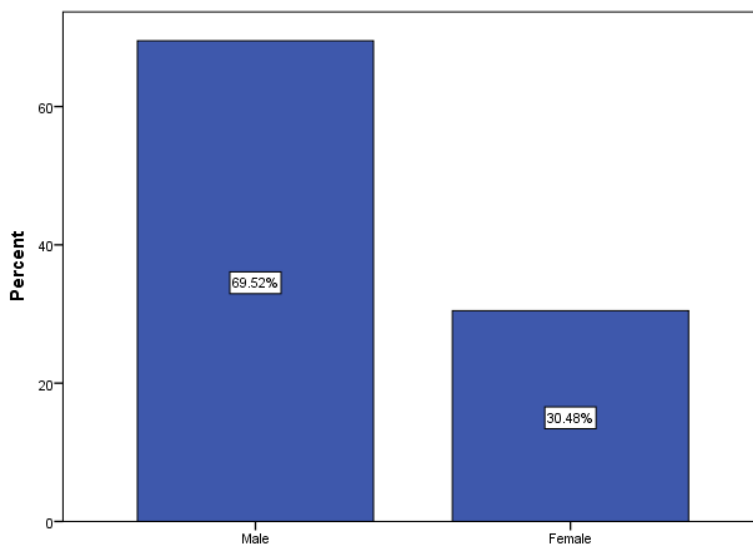
5.2.4. ETHNIC GROUP OF THE SMALL BUSINESS OWNER / ENTREPRENEUR

The respondents could choose from five different ethnic groups i.e. Black, Coloured, Indian, White and Other. As per Figure 10 on the next page the highest number of respondents were Black at 53.33% (N = 112) of the total sample. They were followed by White respondents with 36.67% (N = 77), Coloured with 5.71% (N = 12), Indian with 2.86% (N = 6)

and 1.43% (N = 3) chose Other (the three respondents who chose Other went on to specify South African as their ethnicity).

Figure 10: Ethnicity of the Entrepreneur / Small Business Owner
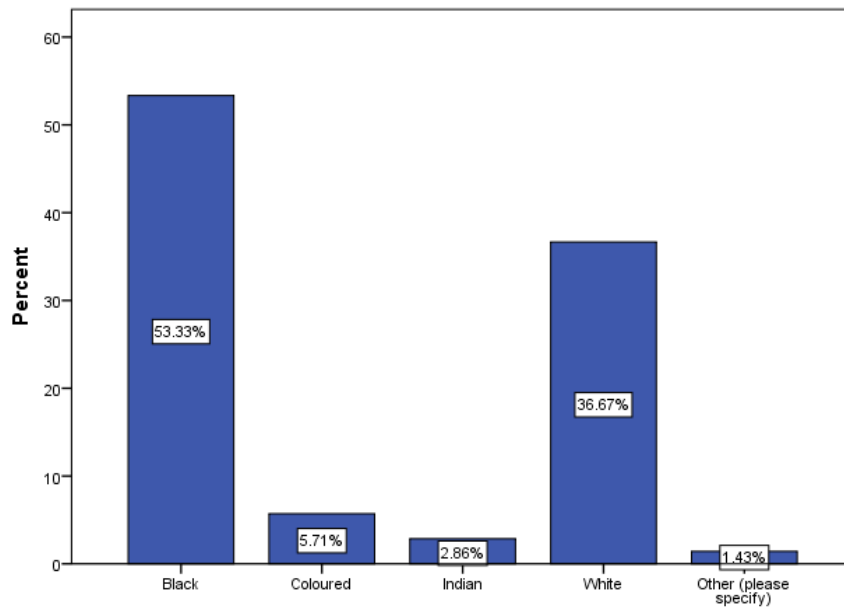
5.2.5. HOME LANGUAGE OF THE SMALL BUSINESS OWNER / ENTREPRENEUR

Twelve home languages were included comprising of Afrikaans, IsiXhosa, IsiZulu, English, IsiNdebele, Sepedi, Sesotho, Xitsonga, Setswana, Tshivenda, SiSwati and other.

Figure 11: Home Language of the Entrepreneur / Small Business Owner
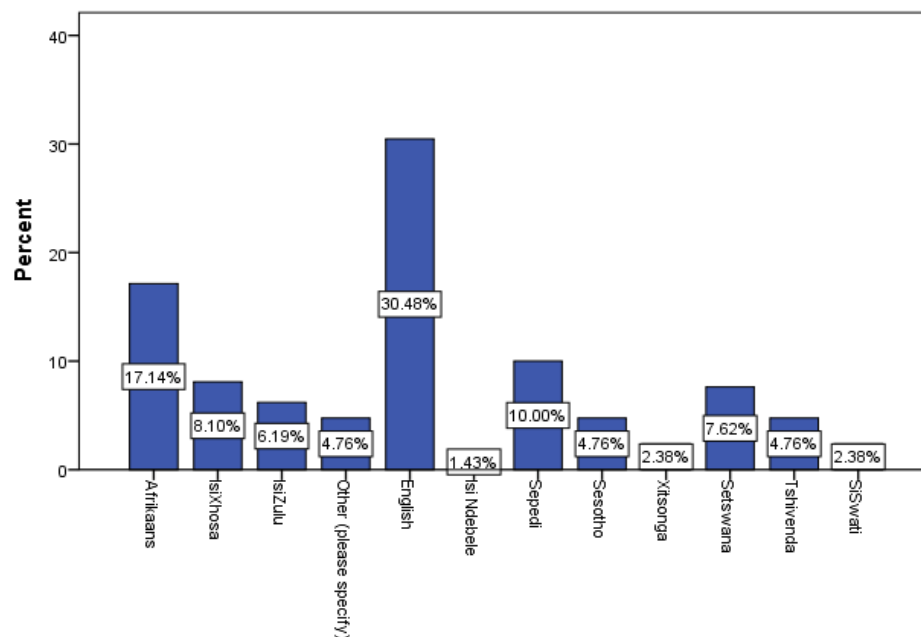
As per Figure 11 the most common home language of the respondents was English at 30.48% (N = 64) of the total sample followed by Afrikaans speakers with 17.14% (N = 36).

Sepedi was in third place with 10% (N = 21) of the total sample while the least spoken language was IsiNdebele at 1.43% (N = 3) of the total sample.

5.2.6. AGE OF THE SMALL BUSINESS OWNER / ENTREPRENEUR

The small business owner / entrepreneurs are aged between age 20 to 70 or older as shown in Figure 12. In this study the most common age category of the respondents is age 30-39 at 34.8% (N = 73) of the total sample which is followed by age category 40-49 at 24.3% (N = 51) of the total sample and the least occurring age category is age 70 or older at 1.9% (N = 4) of the total sample.

Figure 12: Age of the Entrepreneur / Small Business Owner
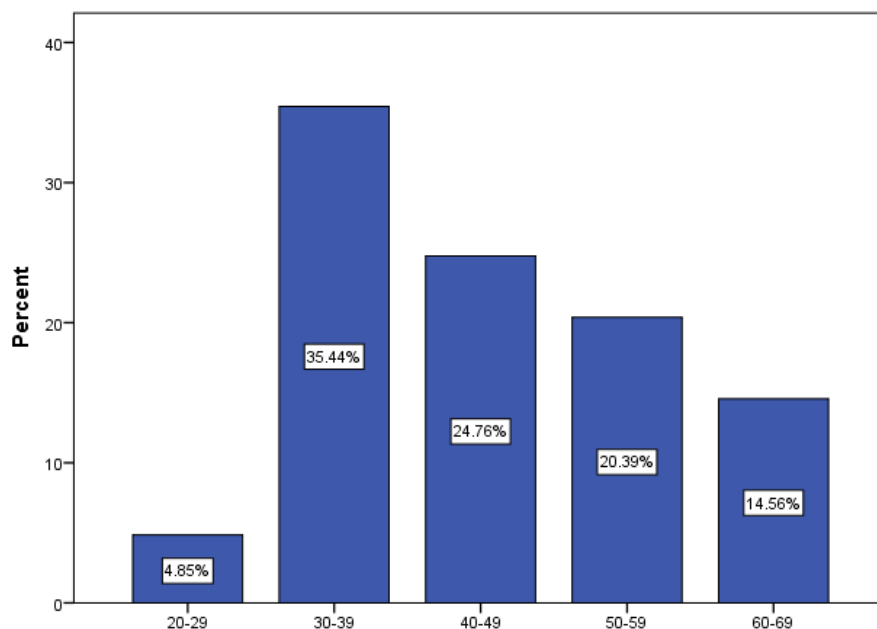
5.2.7. HIGHEST LEVEL OF EDUCATION OF THE SMALL BUSINESS OWNER / ENTREPRENEUR

There were eight levels of education that respondents could choose from which included Less than matric, Matric, National Diploma, Bachelor's Degree, B Tech Degree, Honours Degree, Master's Degree and Doctoral Degree. The results depicted in Figure 13 on the next page show that the most occurring level of education is National Diploma at 22.86% (N = 48) of the total sample followed by Matric with 20.48% (N = 43) of the total sample and the least occurring qualification level of the respondents was B Tech Degree with 2.86% (N = 6) of the total sample.

Figure 13: Education Level of the Entrepreneur / Small Business Owner
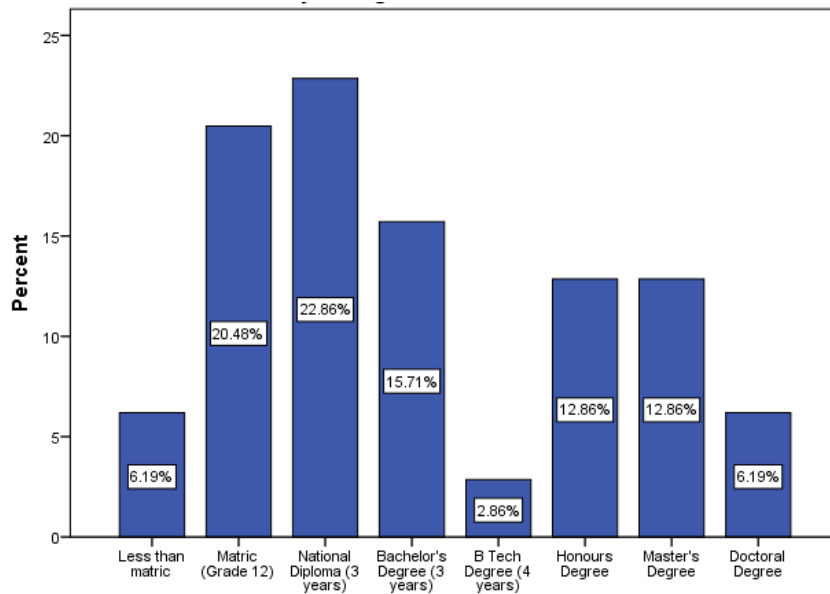
5.3 DEMOGRAPHY OF THE BUSINESS VENTURES

Five factors were used in the questionnaire to develop a detailed description of the nature of the business ventures. These included the current number of employees working in the business, the form of ownership of the business, annual turnover, how long it took the business to break even and how profitable the business is.

5.3.1. CURRENT NUMBER OF EMPLOYEES

There were four options offered for the current number of employees namely; no employees yet, fewer than 5 employees, fewer than 50 employees and fewer than 200 employees. As per Figure 14 the most occurring option is fewer than 5 employees at 38.57% (N = 81) of the total sample, then no employees at 34.29% (N = 72) of the total sample. Fewer than 50 employees is at 23.81% (N = 50) of the total sample and fewer than 200 employees is the least occurring option at 3.33% (N = 7) of the total sample.

Figure 14: Number of Employees of the Small Business Ventures
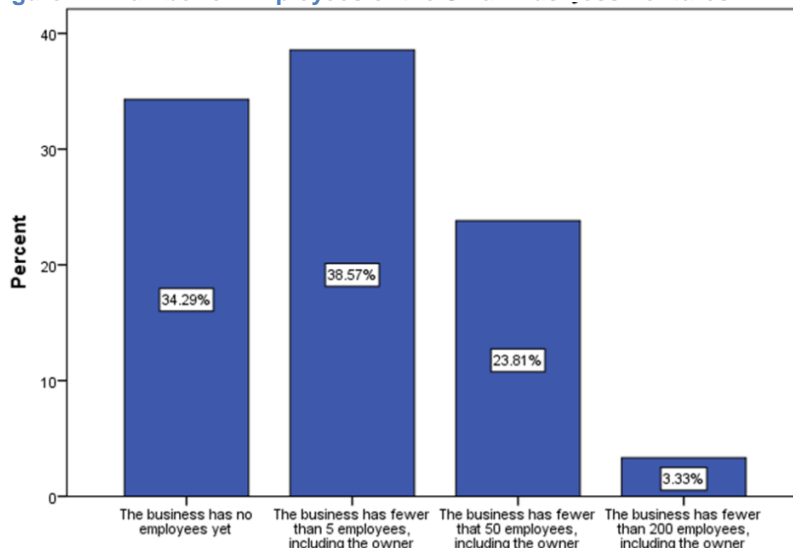
5.3.2.   BUSINESS FORMS OF OWNERSHIP

There are seven business form of ownership comprised of, Not registered, Sole proprietorship, Partnership, Close corporation, Company (private), Co-operation and other. As per Figure 15 the most occurring form of ownership is Company (private) at 42.38% (N = 89) of the total sample, followed by Close Corporation at 40% (N = 84) of the total sample. The Co-operative and other were on the same scale with 0.95% (N = 2) and the two options were also the least occurring categories. Companies that were not registered were on 1.43% (N = 3), partnership was on 2.86% (N = 6) and Sole proprietorships were on 11.43% (N = 24) of the total sample.

Figure 15: Forms of Ownership of the Small Business Ventures
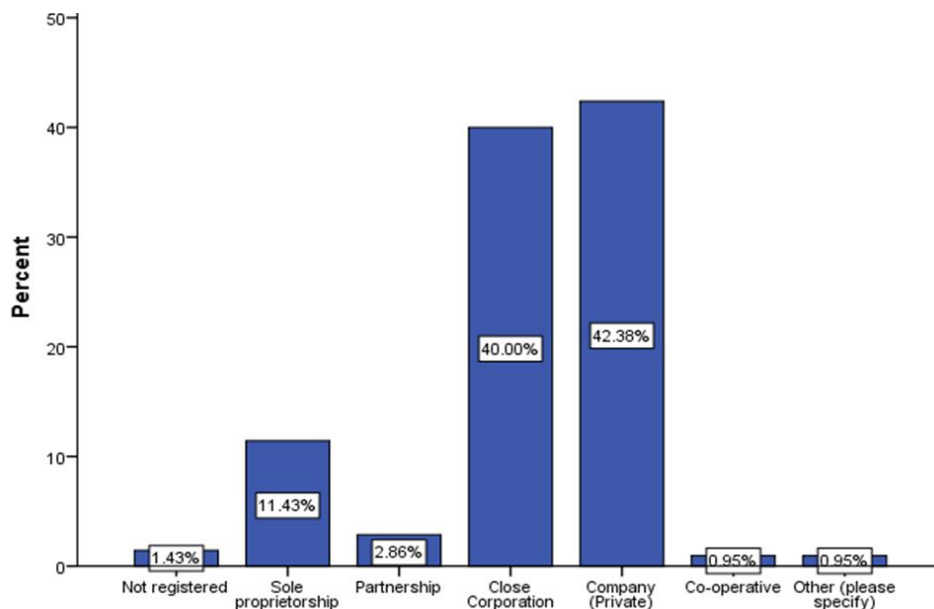
5.3.3.   ANNUAL TURNOVER

Seven Annual Turnover categories were provided in the questionnaire for selection and included: Below R150,000 per year, R150,001 - R250,000 per year, R 500,001 – R 1,000,000 per year, R 1,000,001 - R2,500,000 per year, R 2,500,001 -R 5,000,000, R500,000,000 per year. Figure 16 on the next page shows that 30.50% (N = 64) of the total sample have an annual turnover of 'below R150 000' while the least occurring category for annual turnover was those whose annual turnovers lie between 'R2 500 001 – R5 000 000' with 6.50% (N = 13) of the total sample.

Figure 16: Annual Turnover of the Small Business Ventures
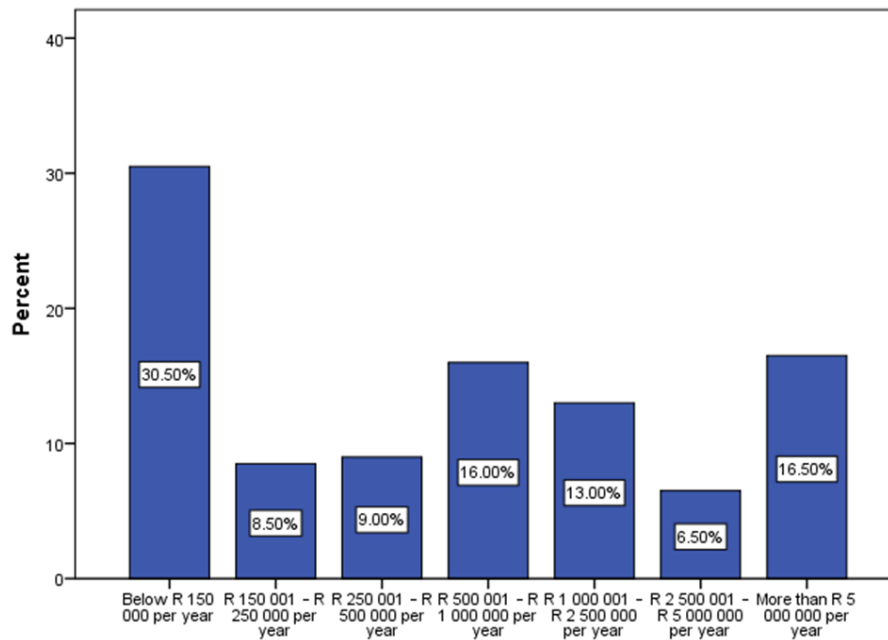
5.3.4. HOW LONG DID IT TAKE YOUR BUSINESS TO BREAK EVEN?

The time taken for the business to break even was assessed within the following four categories: Not yet, 3 to 6 months, 7 months to one year and longer than a year. Figure 17 below shows that 36% (N = 72) of the businesses took longer than a year to break even, followed by 23.50% (N = 47) who have not yet broken even. 22% (N = 44) of the total sample took 3–6 months and 18.50% (N = 37) took 7 months to one year to break even.

Figure 17: Break Even Durations of Small Business Ventures
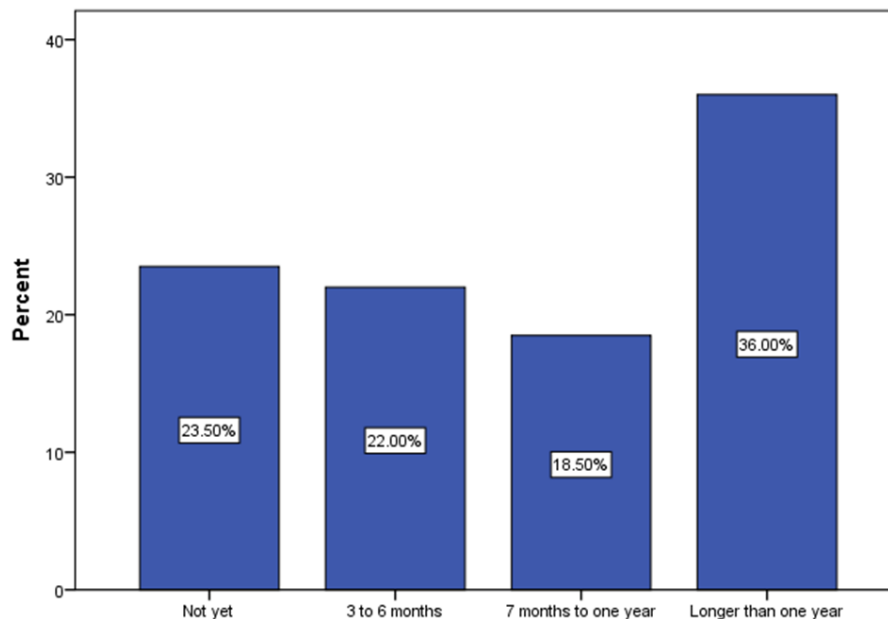
5.3.5. HOW PROFITABLE IS YOUR BUSINESS?

Respondents were provided with four categories to classify the overall profitability of the business. These included: Profitable (mostly have surplus money left after covering costs), Just profitable (have little surplus money left after covering costs), Break-even (covering costs only), running at a loss (not covering costs) and the last scenario being the case where the respondent does know the profitability of the business. The majority of the businesses ventures were just profitable (have little surplus money left after covering costs) with 34.50% (N = 72) of the total sample as Figure 18. This is followed with profitable business which comprised of 26.5% (N = 56) of the total sample and there were 5% (N = 11) who indicated that they did not know.

Figure 18: Small Business Venture Profitability
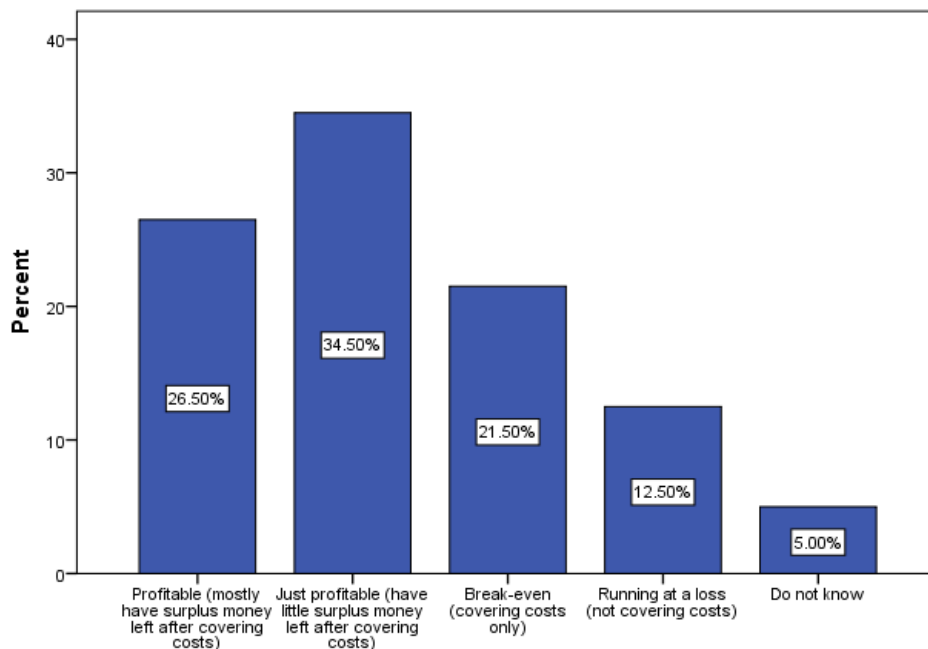
There were three statements pertaining to the expansion of the business. Business owners where provided with different categories for their responses to each of the statements.

1. A new product / service was introduced to your customers during the past year. This statement included the following categories: definitely disagree, probably disagree, do not know, probably agree and definitely agree. From Figure 19 on the next page about 56.50% (N = 119) agreed that a new product was introduced in the past year while the rest did not agree with 11.5% (N = 24) of the 210 respondents said they did not know.

Figure 19: Small Business Venture Expansion
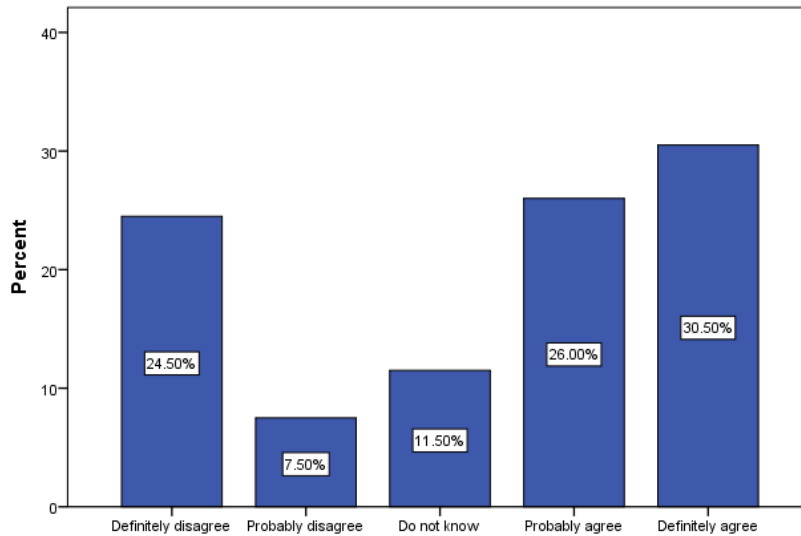
2. How many businesses are in direct competition with your business venture? This statement provided respondents with three categories for their answers and included: Many businesses, few businesses and no other businesses. Figure 20 shows that more than two thirds of these business indicated that they were in competition with many businesses (N = 141), with 3.81% (N = 8) of the 210 respondents indicating that they were not in competition as there were no other similar businesses.

Figure 20: Small Business Venture Competition
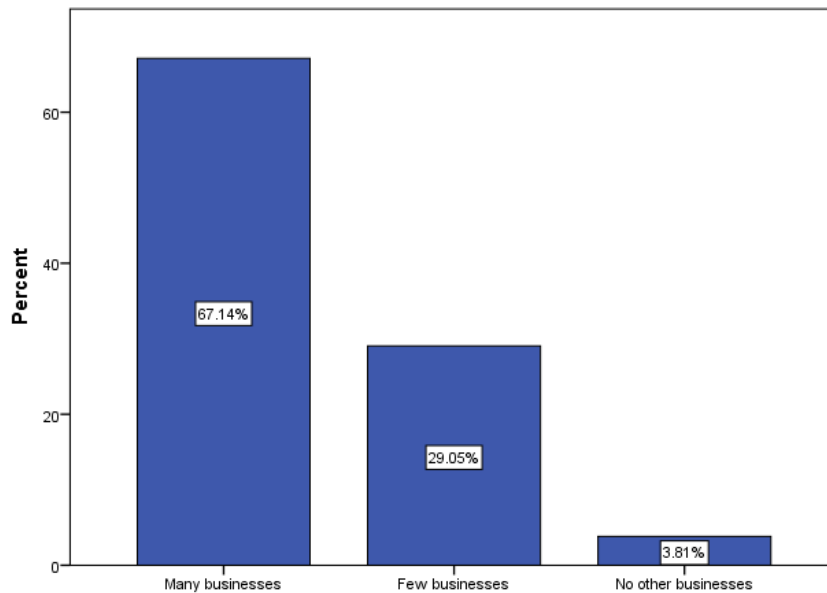
3. How many employees do you expect to have within 5 years? The respondents were able to input any number as per their future HR plans and expectations for their businesses within the next 5 years. Hence, the results received varied greatly amongst the businesses, with

the majority expecting less than 20 employees, the highest being 5 employees (15.24% or N = 32) followed by 20 employees (14.29% or N = 30) see Figure 21.

Figure 21: Small Business Ventures Employee Expectations
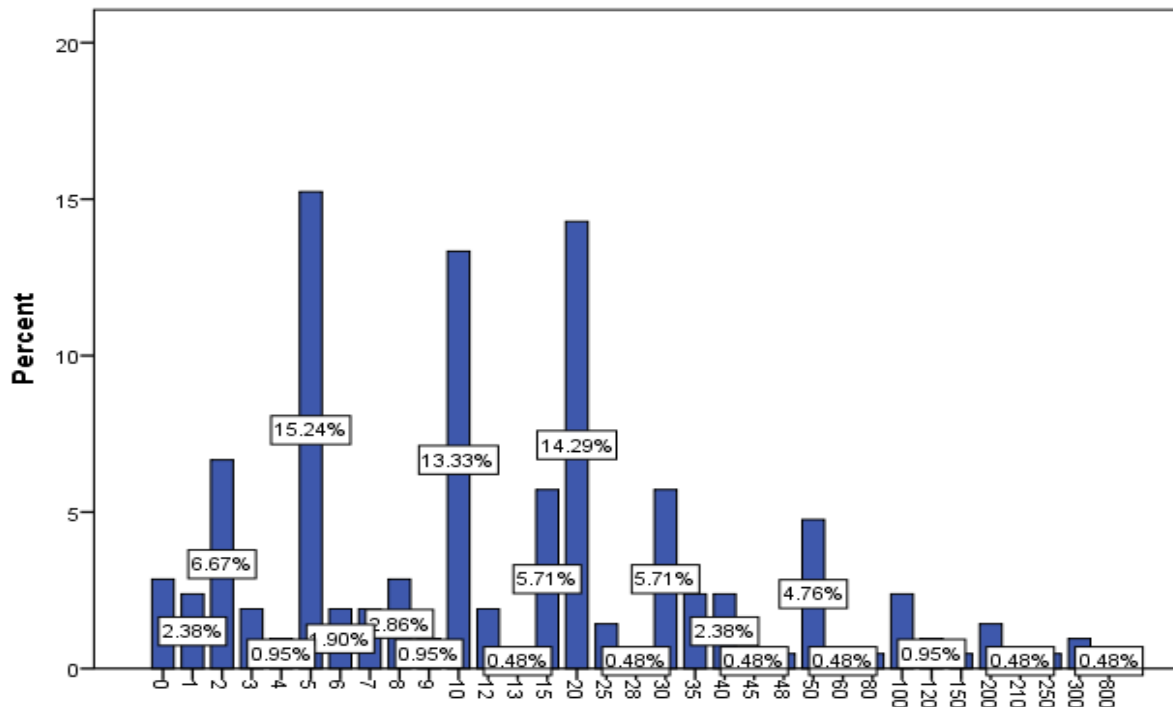
5.4 EFFECT OF LEVEL OF AGREEMENT: OBJECTIVES, OUTPUT & OUTCOMES OF THE SMALL BUSINESS POLICY

There were three elements that were used to investigate the small business policy namely objectives, output and outcomes. Together with demonstrating the validity of the measuring instrument, all these latent constructs were found to be reliable as discussed in Chapter 4.

These three elements were tested with statements according to the following categories: 1 definitely disagree, 2 probably disagree, 3 do not know, 4 probably agree and 5 definitely agree. Descriptive statistics from the Table 13 shows that the objectives had a highest mean score of 3.23 (SD = 1.096), followed by outcomes at 3.00 (SD = 1.047) then outputs at 2.64 (SD = 1.284). Thus these means scores indicate that the respondents were mainly between probably disagree, do not know and probably agree on the statements that were asked about the small business policy.

Table 13: Descriptive Statistics for Objectives, Outputs & Outcomes

	N	Minimum	Maximum	Mean	Std. Deviation
Objectives	210	1.00	5.00	3.2348	1.09574
Outputs	210	1.00	5.00	2.6476	1.28363
Outcomes	210	1.00	5.00	2.9995	1.04743

Within the level of agreement with respect to the <u>objectives, outputs and outcomes</u> of the small business policy there were two hypotheses that were tested; one related to the age of the business venture and other related to the local municipality that the business was located in. As the hypothesis was to be tested for the differences between start-up and established ventures, the data was tested for normality to determine whether an analysis of variance (ANOVA) i.e. a parametric test or Kruskal-Wallis One-Way ANOVA test i.e. non-parametric test would be utilised. As per Table 14, the data was non-normal with a Shapiro-Wilk value (with Lilliefors correction) significant at the 99% confidence interval ($p < 0.01$) for objectives and outputs while being significant at the 95% confidence interval ($p < 0.05$) for outcomes.

Table 14: Test of Normality (Objectives, Outputs & Outcomes)

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Objectives	.081	210	.002	.963	210	.000
Outputs	.122	210	.000	.921	210	.000
Outcomes	.051	210	.200[*]	.979	210	.003

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

5.4.1. HYPOTHESIS 1

H_{10}: The **age of a business** does not have an effect on the level of agreement with respect to **objectives, outputs and outcomes** of the small business policy.

H_{1A}: The **age of a business** has an effect on the level of agreement with respect to **objectives, outputs and outcomes** of the small business policy.

Figure 22: Hypothesis 1 Test Summary

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Objectives is the same across categories of Age of the business venture..	Independent-Samples Kruskal-Wallis Test	.440	Retain the null hypothesis.
2	The distribution of Outputs is the same across categories of Age of the business venture..	Independent-Samples Kruskal-Wallis Test	.031	Reject the null hypothesis.
3	The distribution of Outcomes is the same across categories of Age of the business venture..	Independent-Samples Kruskal-Wallis Test	.209	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

The hypothesis testing summary in Figure 22 showed that (using the Kruskal-Wallis variance test for three or more groups) the objectives, outcomes and outcomes of the small business plicy did not show a significant difference with the objectives ($p = 0.440$) and outcomes ($p = 0.209$) of the business, thus retaining the null hypothesis for both these constructs. However, there was a significant difference at the 95% confidence interval ($p < 0.05$) with the output as confirmed in Figure 23.

Figure 23: Independent Samples Kruskal-Wallis Test for Output
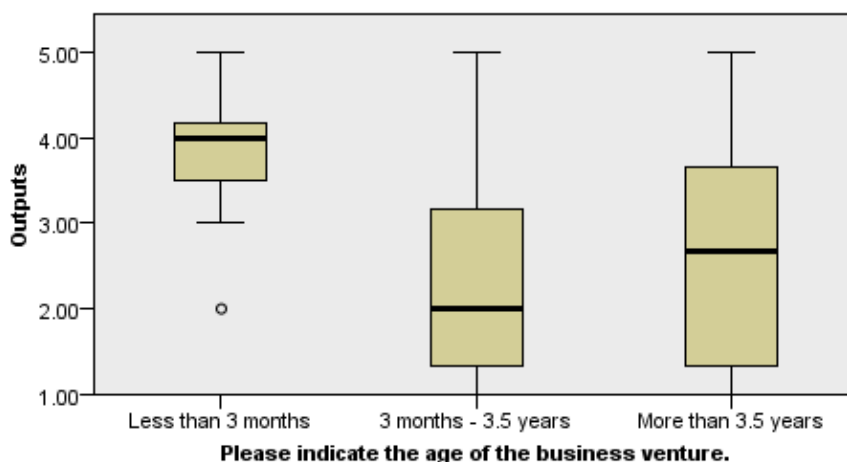
Total N	210
Test Statistic	6.921
Degrees of Freedom	2
Asymptotic Sig. (2-sided test)	.031

1. The test statistic is adjusted for ties

Table 15: Mean Rank for Output

	Please indicate the age of the business venture	N	Mean Rank
Outputs	Less than 3 months	7	158.79
	3 months - 3.5 years	32	92.53
	More than 3.5 years	171	105.75
	Total	*210*	

Table 16: Chi-square test for Hypothesis 1

	Objectives	Outputs	Outcomes
Chi-Square	1.641	6.921	3.135
df	2	2	2
Asymp. Sig.	.440	.031	.209
a. Kruskal-Wallis One-Way ANOVA Test			
b. Grouping Variable: Please indicate the age of the business venture.			

Table 15 outlines the mean rank for Output. The less than three months' venture had highest means rank with a value of 158.79 followed by established business with 105.75. Table 16 summarises the Kruskal-Wallis test for output was 6.921 with two degrees of freedom and a *p*-value of 0.031 ($\chi2$ (2, N=210) = 6.921) confirming the significance of Outputs at the 95% confidence interval ($p < 0.05$).

Decision: Partially reject Null Hypothesis for Output, Accept Null Hypothesis for Objectives and Outcomes.

This means that the **age of a business** does not have an effect on the level of agreement with respect to **objectives and outcomes** of the small business policy but does have an effect on the level of agreement with respect to **output** of the small business policy.

5.4.2. HYPOTHESIS 2

H_{20}: The **local municipality** (in which the business venture is located) does not have an effect on the level of agreement with respect to **objectives, outputs and outcomes** of the small business policy.

H_{2A}: The **local municipality** (in which the business venture is located) has an effect on the level of agreement with respect to **objectives, outputs and outcomes** of the small business policy.

Based on the outcome of the test, the following results were revealed:

- The results indicate that Merafong City Local Municipality had highest mean rank score of 120.39 and 123.7 for objectives and outcomes respectively, see Table 18 and 20 on the next page. Whereas Mogale City Local Municipality had the highest mean rank score of 113.05 for the output as seen on Table 19 on the next page.

- Lesedi Local Municipality had the lowest rank for both objectives and outputs, with a mean rank score of 72.15 and 71.70, respectively. For outcomes, Emfuleni Local Municipality had the lowest rank score of 98.37.

- As per Table 18, 19 and 20 the West Rand District Municipality (i.e. Merafong City, Randfontein, Westonaria and Mogale City Local Municipalities) had the highest mean rank score for objectives, output and outcomes, while the Sedibeng District Municipality had the lowest mean rank scores (Midvaal, Lesedi and Emfuleni Local Municipalities).

- Despite the differences, as shown in Table 17 below all the test statistics for the three constructs (objectives, output and outcomes) show a p-value that was higher than 0.05 (Objective p = 0.387, Output p = 0.651 and Outcome p = 0.775). This indicates that although there were differences between the different local municipalities these differences were not statistically significant.

Table 17: Chi-square test for Hypothesis 2

Test Statistics[a,b]

	Objectives
Chi-Square	6.335
df	6
Asymp. Sig.	.387

a. Kruskal-Wallis One-Way ANOVA Test
b. Grouping Variable: Local municipality in which the business is located.

Test Statistics[a,b]

	Outputs
Chi-Square	4.188
df	6
Asymp. Sig.	.651

a. Kruskal-Wallis One-Way ANOVA Test
b. Grouping Variable: Local municipality in which the business is located.

Test Statistics[a,b]

	Outcomes
Chi-Square	3.266
df	6
Asymp. Sig.	.775

a. Kruskal-Wallis One-Way ANOVA Test
b. Grouping Variable: Local municipality in which the business is located.

Decision: Accept Null Hypothesis.

Hence, the **local municipality** in which the business venture is located does not have an effect on the level of agreement with respect to **objectives, outputs and outcomes** of the small business policy.

**Table 18: Mean Rank for Objectives**

Ranks			
	Local municipality in which the business is located.	N	Mean Rank
Objectives	Emfuleni Local Municipality	79	106.06
	Lesedi Local Municipality	10	72.15
	Midvaal Local Municipality	12	83.25
	Merafong City Local Municipality	22	120.39
	Mogale City Local Municipality	49	110.59
	Randfontein Local Municipality	20	106.63
	Westonaria Local Municipality	18	103.11
	Total	210	

Table 19: Mean Rank for Outputs

Ranks			
	Local municipality in which the business is located.	N	Mean Rank
Outputs	Emfuleni Local Municipality	79	106.53
	Lesedi Local Municipality	10	71.70
	Midvaal Local Municipality	12	98.29
	Merafong City Local Municipality	22	102.07
	Mogale City Local Municipality	49	113.05
	Randfontein Local Municipality	20	105.78
	Westonaria Local Municipality	18	107.92
	Total	210	

Table 20: Mean Rank for Outcomes

Ranks			
	Local municipality in which the business is located.	N	Mean Rank
Outcomes	Emfuleni Local Municipality	79	98.37
	Lesedi Local Municipality	10	103.70
	Midvaal Local Municipality	12	104.29
	Merafong City Local Municipality	22	123.77
	Mogale City Local Municipality	49	106.59
	Randfontein Local Municipality	20	108.03
	Westonaria Local Municipality	18	110.47
	Total	210	

5.5 EFFECT OF LEVEL OF AGREEMENT: IMPACTS OF SMALL BUSINESS POLICY

The effect of the small business policy was evaluated with two questions focusing on job creation and increased economic growth.

These three elements were tested with statements according to the following categories: 1 definitely disagree, 2 probably disagree, 3 do not know, 4 probably agree and 5 definitely agree. Table 21 below outlines the descriptive statistics. Table 21 below outlines the descriptive statistics. The mean score of 2.53 (SD = 1.381) was found for job creating resulting in reduced unemployment, while a mean of 2.58 (SD = 1.307) was found for economic growth. Thus these means scores indicate that the respondents were mainly between probably disagree and do not know on the statements that were asked about the impacts of the small business policy.

Table 21: Descriptive Statistics for Impact of Small Business Policy

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Jobs have been created, resulting in a reduced unemployment rate.	210	1	5	2.53	1.381	.419	.168	-1.208	.334
Economic growth of the country has increased.	210	1	5	2.58	1.307	.438	.168	-1.016	.334
Valid N (listwise)	210								

There were two hypotheses that tested the effect of the policy, investigating differences between the age of the business venture and the difference between the different local municipalities that the business venture was located in. The data was again tested for normality and based on the result of Shapiro-Wilk (with Lilliefors correction) was significant for both job creation and economic growth as per Table 22 on the next page, the data was non-normal at

the 99% confidence interval ($p < 0.01$) and thus Kruskal-Wallis One-Way ANOVA test was used thereafter.

Table 22: Test of Normality (Impacts)

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Jobs have been created, resulting in a reduced unemployment rate.	.235	210	.000	.853	210	.000
Economic growth of the country has increased.	.243	210	.000	.875	210	.000

a. Lilliefors Significance Correction

5.5.1. HYPOTHESIS 3

H_{30}: There exists no statistical significant difference between the **start-up businesses and established businesses** with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

H_{3A}: There exists a statistical significant difference between the **start-up businesses and established businesses** with regard to their views on the impact of the small business policy that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

Figure 24: Hypothesis 3 Test Summary

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Jobs have been created, resulting in a reduced unemployment rate. is the same across categories of Start up vs Established.	Independent-Samples Mann-Whitney U Test	.832	Retain the null hypothesis.
2	The distribution of Economic growth of the country has increased. is the same across categories of Start up vs Established.	Independent-Samples Mann-Whitney U Test	.582	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

As per Figure 24, a Mann-Whitney U test was used to test the variance between two non-parametric data sets i.e. start-up and established businesses. There was no difference between start-up and established businesses for the impacts of the small business policy. This indicates that both the start-up and established business shared the same views disagreeing that jobs were created resulting in decreased unemployment and that the economy has grown. Table 23 confirms the concurrence with the mean ranks indicating that established business owners are more negative about the impacts of the small business policy than start-up business owners.

Table 23: Mean Rank for Impact (Age of Business)

	Start-up vs. Established	N	Mean Rank	Sum of Ranks
Jobs have been created, resulting in a reduced unemployment rate.	3.5 years or less	39	107.31	4185.00
	Longer than 3.5 years	171	105.09	17970.00
	Total	210		
Economic growth of the country has increased.	3.5 years or less	39	110.18	4297.00
	Longer than 3.5 years	171	104.43	17858.00
	Total	210		

Table 24 confirms the lack of statistical significant difference between the two groups with the Mann-Whitney U value of 3264, z = -0.213 (job created) with a p-value of 0.832 for job creation and U test results of 3152, z = -0.550 (economic growth) with a p-value of 0.582 for increased economic growth. Both groups are statistically insignificant at the 95% confidence interval (p < 0.05).

Table 24: Mann-Whitney U test for Hypothesis 3

	Jobs have been created, resulting in a reduced unemployment rate.	Economic growth of the country has increased.
Mann-Whitney U	3264.000	3152.000
Wilcoxon W	17970.000	17858.000
Z	-.213	-.550
Asymp. Sig. (2-tailed)	.832	.582

a. Grouping Variable: Start-up vs. Established

Decision: Accept Null Hypothesis.

Hence, there is **no statistical significant difference** between the **start-up businesses and established businesses** with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

5.5.2. HYPOTHESIS 4

H_{40}: There exists no statistical significant difference between the start-up businesses and established businesses located in the selected **local municipalities** in the Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

H_{4A}: There exists a statistical significant difference between the start-up businesses and established businesses located in the selected **local municipalities** in the Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

Table 25: Mean Rank for Impact (Local Municipality)

	Local municipality in which the business is located.	N	Mean Rank
Jobs have been created, resulting in a reduced unemployment rate.	Emfuleni Local Municipality	79	102.91
	Lesedi Local Municipality	10	87.25
	Midvaal Local Municipality	12	103.79
	Merafong City Local Municipality	22	113.50
	Mogale City Local Municipality	49	109.92
	Randfontein Local Municipality	20	104.60
	Westonaria Local Municipality	18	107.36
	Total	210	
Economic growth of the country has increased.	Emfuleni Local Municipality	79	102.11
	Lesedi Local Municipality	10	104.15
	Midvaal Local Municipality	12	100.17
	Merafong City Local Municipality	22	117.89
	Mogale City Local Municipality	49	109.23
	Randfontein Local Municipality	20	110.65
	Westonaria Local Municipality	18	93.64
	Total	210	

As per Table 25, the mean rank outcome of the municipality where the small business owner / entrepreneur is based shows that for job creation, Merafong City Local Municipality and Mogale City Local Municipality had the highest rank score, while Lesedi Local Municipality and Emfuleni Local Municipality had the lowest rank scores. Despite this outcome to the differences, there was no statistically significance at the 95% confidence interval ($p < 0.05$) between the local municipalities, see Table 26. Jobs created had a chi-square value of 1.832, p = 0.934 and a chi-square value of 2.419, p-value of 0.877 for economic growth.

Table 26: Chi-squared test for Hypothesis 4

	Jobs have been created, resulting in a reduced unemployment rate.	Economic growth of the country has increased.
Chi-Square	1.832	2.419
df	6	6
Asymp. Sig.	.934	.877

a. Kruskal-Wallis One-Way ANOVA Test

b. Grouping Variable: Local municipality in which the business is located.

Decision: Accept Null Hypothesis.

Thus, there exists **no statistical significant difference** between the start-up businesses and established businesses located in the selected **local municipalities** in the Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

5.6 EFFECT OF LEVEL OF AGREEMENT: NEEDS OF SMALL BUSINESS OWNERS / ENTREPRENEURS

There were four constructs that were used to determine the effect of the needs of the small business owners / entrepreneurs which were skills to, support, assistance and access. All these latent constructs were found to be valid and reliable as discussed in Chapter 4.

These four elements were tested with statements according to the following categories: 1 Not important, 2 Fairly important, 3 Moderately important, 4 Very important and 5 Extremely important. Descriptive statistics from Table 27 show that the skills to, support and access were all in the "agreeing" range with mean scores of 4.32 (SD = 0.669), 4.11 (SD = 0.822) and 3.92 (SD = 0.807), respectively. The assistance was marginally lower (mean = 3.78, SD = 0.88) than these scores but was still more biased within the agreeing range. Thus these mean scores indicate that the respondents were mainly between very important and extremely important on the statements that were asked about the needs of small business owners / entrepreneurs.

Table 27: Descriptive Statistics for Needs of Small Business Owners

	N	Minimum	Maximum	Mean	Std. Deviation
Skills to	210	1.29	5.00	4.3224	.66875
Support	210	1.00	5.00	4.1086	.82266
Assistance	210	1.00	5.00	3.7754	.87751
Access	210	1.60	5.00	3.9200	.80743
Valid N (listwise)	210				

The data was again tested for normality and based on the result of Shapiro-Wilk (with Lilliefors correction) was significant for skill, support, assistance and access as per Table 28, the data was non-normal at the 99% confidence interval ($p < 0.01$) and thus Kruskal-Wallis One-Way ANOVA test was used thereafter.

Table 28: Tests of Normality (Needs)

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Skill to	.155	210	.000	.873	210	.000
Support	.139	210	.000	.887	210	.000
Assistance	.125	210	.000	.948	210	.000
Access	.097	210	.000	.947	210	.000

a. Lilliefors Significance Correction

5.6.1. HYPOTHESES 5 & 7

H_{50}: The **age of a business** does not have an effect on the level of importance of **established business owners' needs** with respect to skills, support, assistance and access.

H_{5A}: The **age of a business** have an effect on the level of importance of **established business owners' needs** with respect to skills, support, assistance and access.

H_{70}: The **age of a business** does not have an effect on the level of importance of **start-up business owners' needs** with respect to skills, support, assistance and access.

H_{7A}: The **age of a business** have an effect on the level of importance of **start-up business owners' needs** with respect to skills, support, assistance and access.

The Mann-Whitney U hypothesis test statistics in Figure 25 shows that only the access construct was statistically significant at the 95% confidence interval ($p < 0.05$) between the startup and established business groups. The skills, support and assistance were not statistically significant at the same confidence interval.

Figure 25: Hypotheses 5 & 7 Test Summary

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Skillto is the same across categories of Start up vs Established.	Independent-Samples Mann-Whitney U Test	.084	Retain the null hypothesis.
2	The distribution of Support is the same across categories of Start up vs Established.	Independent-Samples Mann-Whitney U Test	.376	Retain the null hypothesis.
3	The distribution of Assistance is the same across categories of Start up vs Established.	Independent-Samples Mann-Whitney U Test	.293	Retain the null hypothesis.
4	The distribution of Acess is the same across categories of Start up vs Established.	Independent-Samples Mann-Whitney U Test	.014	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

As shown in Table 29 the established businesses (longer than 3.5 years) had a lower mean rank for access with a value of 100.60 (sum of ranks = 17202) compared with start-ups with a mean rank value of 126.99 (sum of ranks = 4952). This means that access is more important to start-up business owners than to established business owners.

Table 29: Mean Rank for Business Owners' Needs

	Startup vs. Established	N	Mean Rank	Sum of Ranks
	Ranks			
Access	3.5 years or less	39	126.99	4952.50
	Longer than 3.5 years	171	100.60	17202.50
	Total	210		

As shown in Figure 26, the Mann-Whitney U test confirmed that the differences between the start-up and established businesses was statistically significant for access at the 95% confidence interval ($p < 0.05$), with a Mann-Whitney U value of 2496, $z = -2.456$ and a *p*-value of 0.014 ($U = 2496$, $p = 0.014$).

Figure 26: Independent-Samples Mann-Whitney U Test for Business Owners' Needs
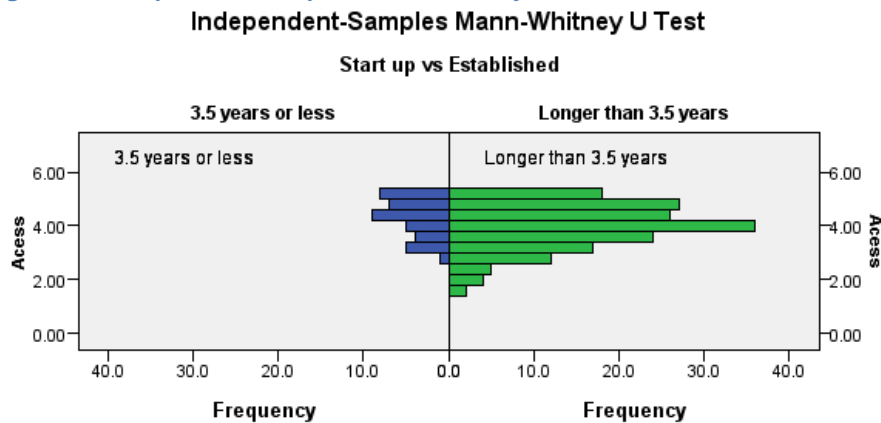
Total N	210
Mann-Whitney U	2,496.500
Wilcoxon W	17,202.500
Test Statistic	2,496.500
Standard Error	341.226
Standardized Test Statistic	-2.456
Asymptotic Sig. (2-sided test)	.014

Decision: Partially reject Null Hypothesis for Access, Accept Null Hypothesis for Skill to, Support and Assistance.

Thus, the **age of a business** does not have an effect on the level of importance of **start-up or established business owners' needs** with respect to skills, support and assistance but does have an effect on the level of importance of **start-up or established business owners' needs** with respect to access.

5.6.2. HYPOTHESES 6 & 8

H_{60}: The **local municipality** (in which the business venture is located) does not have an effect on the level of importance of **established business owners' needs** with respect to skills, support, assistance and access.

H_{6A}: The **local municipality** (in which the business venture is located) has an effect on the level of importance of **established business owners' needs** with respect to skills, support, assistance and access.

H_{80}: The **local municipality** (in which the business venture is located) does not have an effect on the level of importance of **start-up business owners' needs** with respect to skills, support, assistance and access.

H_{8A}: The **local municipality** (in which the business venture is located) has an effect on the level of importance of **start-up business owners' needs** with respect to skills, support, assistance and access.

Figure 27: Hypotheses 6 & 8 Test Summary

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Skillto is the same across categories of Local municipality in which the business is located..	Independent-Samples Kruskal-Wallis Test	.510	Retain the null hypothesis.
2	The distribution of Support is the same across categories of Local municipality in which the business is located..	Independent-Samples Kruskal-Wallis Test	.808	Retain the null hypothesis.
3	The distribution of Assistance is the same across categories of Local municipality in which the business is located..	Independent-Samples Kruskal-Wallis Test	.739	Retain the null hypothesis.
4	The distribution of Acess is the same across categories of Local municipality in which the business is located..	Independent-Samples Kruskal-Wallis Test	.930	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

As per Figure 27, the Kruskal-Wallis hypothesis test has returned insignificant results for each construct i.e. skills (p = 0510), support (p = 0.808), assistance (p = 0.739) and access (p = 0.930) at the 95% confidence interval ($p < 0.05$). The mean rank and Kruskal-Wallis tests for each construct in terms of the local municipality are outlined in the sections that follow.

5.6.2.1   SKILL CONSTRUCT

As per Table 30, Randfontein Local Municipality had higher mean rank for skills of the small business owner / entrepreneur needed followed by Merafong City Local Municipality, with 125.93 and 119.77, respectively.

On the lower end the Lesedi Local Municipality and Midvaal Local Municipality with 90.95 and 89.75. Despite these differences, statistically they were not significant with a chi-square value of 5.269 and a p-value of 0.51.

	Local municipality in which the business is located.	N	Mean Rank		Skill to
Skill to	**Emfuleni Local Municipality**	79	102.26	**Chi-Square**	5.269
	Lesedi Local Municipality	10	90.95	**df**	6
	Midvaal Local Municipality	12	89.75	**Asymp. Sig.**	0.51
	Merafong City Local Municipality	22	119.77	a. Kruskal-Wallis One-Way ANOVA Test	0.51
	Mogale City Local Municipality	49	102.96	b. Grouping Variable: Local municipality in which the business is located.	
	Randfontein Local Municipality	20	125.93		
	Westonaria Local Municipality	18	105.08		
	Total	210			

5.6.2.2 SUPPORT CONSTRUCT

As outlined in Table 31, Merafong City Local Municipality had the highest mean rank for support of the small business owner / entrepreneur needed followed by Lesedi Local Municipality and Midvaal Local Municipality with 121.91 and 111.33, respectively.

On the lower end Randfontein Local Municipality had the lowest mean rank with 91.9 and Emfuleni Local Municipality came in second last with 103.36. Despite these differences, statistically they were not significant with a chi-square value of 3.01 and a *p*-value of 0.808.

Table 31: Mean Rank & Kruskal-Wallis test for Support

	Local municipality in which the business is located.	N	Mean Rank		Support
Support	**Emfuleni Local Municipality**	79	103.36	**Chi-Square**	3.01
	Lesedi Local Municipality	10	112.2	**df**	6
	Midvaal Local Municipality	12	111.33	**Asymp. Sig.**	0.808
	Merafong City Local Municipality	22	121.91	a. Kruskal-Wallis One-Way ANOVA Test	0.808
	Mogale City Local Municipality	49	104.13	b. Grouping Variable: Local municipality in which the business is located.	
	Randfontein Local Municipality	20	91.9		
	Westonaria Local Municipality	18	106.06		
	Total	210			

5.6.2.3   ASSISTANCE CONSTRUCT

As shown in Table 32, Merafong City Local Municipality had the highest mean rank for assistance of the small business owner / entrepreneur needed followed by Midvaal Local Municipality and Randfontein Local Municipality with 113.33 and 112.6, respectively.

On the lower end it was Lesedi Local Municipality with mean rank of 91.3 and Westonaria Local Municipality with 97.56. Although, these mean ranks showed differences, these differences were not statistically significant between these municipalities, with a chi-square value of 3.536 and a *p*-value of 0.739.

Table 32: Mean Rank & Kruskal-Wallis test for Assistance

	Local municipality in which the business is located.	N	Mean Rank		Assistance
Assistance	Emfuleni Local Municipality	79	106.02	Chi-Square	3.536
	Lesedi Local Municipality	10	91.3	df	6
	Midvaal Local Municipality	12	113.33	Asymp. Sig.	0.739
	Merafong City Local Municipality	22	121.5	a. Kruskal-Wallis One-Way ANOVA Test	0.739
	Mogale City Local Municipality	49	98.48	b. Grouping Variable: Local municipality in which the business is located.	
	Randfontein Local Municipality	20	112.6		
	Westonaria Local Municipality	18	97.56		
	Total	210			

5.6.2.4 ACCESS CONSTRUCT

As outlined in Table 33 on the next page, Westonaria Local Municipality had the highest mean rank for assistance of the small business owner / entrepreneur needed with a score of 114.72 followed by Midvaal Local Municipality and Mogale City Local Municipality with 109.88 and 108.94, respectively.

Merafong City Local Municipality and Lesedi Local Municipality had the two lowest mean scores of 99.55 and 86.65 respectively. Although, these mean ranks showed differences, these differences were not statistically significant between these municipalities, with a chi-square value of 1.885 and a p-value of 0.93.

Table 33: Mean Rank & Kruskal-Wallis test for Access

	Local municipality in which the business is located.	N	Mean Rank		Access
	Emfuleni Local Municipality	79	104.12	**Chi-Square**	1.885
	Lesedi Local Municipality	10	86.65	**df**	6
	Midvaal Local Municipality	12	109.88	**Asymp. Sig.**	0.93
Access	**Merafong City Local Municipality**	22	99.55	**a. Kruskal-Wallis One-Way ANOVA Test**	0.93
	Mogale City Local Municipality	49	108.94	**b. Grouping Variable: Local municipality in which the business is located.**	
	Randfontein Local Municipality	20	107.58		
	Westonaria Local Municipality	18	114.72		
	Total	210			

5.6.2.5   RANKING OF TIMING OF NEEDED SUPPORT

When considering the ranking of support the small business owner / entrepreneur needed most, see Table 34. To recap, the small business owners / entrepreneurs had to rank the five stages from 1 to 5 where 1 is when the most support is needed and 5 is when the least support is needed. The business owners indicated that they need the support most before the business is started and during the start-up process and less when the business is established with more than 3.5 years in operation.

Table 34: Mean Ranking of Timing of Support

	Mean	Median
Before the business is started	2,48	2,00
During the start-up process for the business	2,71	2,00
After the new business is established and is less than 3.5 years old	3,12	3,00
When the established business is more than 3.5 years old	3,61	4,00
When the business is declining, e.g. sales drop	3,10	3,00

Decision: Accept Null Hypothesis.

Thus, that the **local municipality** (in which the business venture is located) does not have an effect on the level of importance of **start-up or established business owners' needs** with respect to skills, support, assistance and access.

5.7 RELATIONSHIP BETWEEN POLICY & BUSINESS NEEDS

There were several relationships that were found using Kendell tau-b test, an equivalent non parametric test of Pearson correlation, see Table 35.

- There is correlation between the policy aspects (objectives, output and outcomes) with support needed and assistance needed, with the relationship ranging from weak to medium (0.118 to 0.243).
- There is a correlation between objectives with skills needed, with $r = 0.139$, $p = 0.005$, while there was no significant relationship between skills with outputs and skills with outcomes.
- There is no correlation between access and all three policy aspects (objectives, output and outcomes)

Table 35: Kendell tau-b test for Policy & Business Needs

			Objectives	Outputs	Outcomes
Kendall's tau-b	**Skill to**	**Correlation Coefficient**	.139**	.089	.097
		Sig. (2-tailed)	.005	.081	.051
		N	210	210	210
	Support	**Correlation Coefficient**	.168**	.135**	.118*
		Sig. (2-tailed)	.001	.008	.017
		N	210	210	210
	Assistance	**Correlation Coefficient**	.243**	.188**	.191**
		Sig. (2-tailed)	.000	.000	.000
		N	210	210	210
	Access	**Correlation Coefficient**	.068	.056	.066
		Sig. (2-tailed)	.163	.268	.173
		N	210	210	210
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

5.8 CONCLUSION

Throughout this chapter the findings of the empirical study were presented in Tables and Figures. The chapter started with the sample demography of the business owners and then presented the characteristics of the SME business ventures that these business owners own and operate.

The business owners had to evaluate the small business policy based on its objectives, outputs, outcomes and impacts. The various descriptive and inferential statistics outlined and discussed in Chapter 4 was applied in Chapter 5. The data was tested for normality using Shapiro-Wilk test. The factors that were confirmed in Chapter 4 were used in the inferential statistical analysis including the Chi-square test, Mann-Whitney U test, Kruskal-Wallis One-Way ANOVA test and Kendell tau-b test.

Hypothesis testing was reported on for all eight hypotheses with mean ranking when the findings were insignificant. Important statistical findings were highlighted and so too significant relationships. Chapter 6 will interpret and contextualise these findings in terms of the research objectives.

CHAPTER 6: DISCUSSION OF RESULTS

6.1. INTRODUCTION

From the literature reviewed it is evident that South Africa's small business sector size and entrepreneurial activity is below par when compared with its international and regional cohorts. The small business sector is widely acknowledged as a source of national job creation while also representing a source of economic growth and competitiveness. As a developing country, South Africa is in dire need of sources of job creation and economic growth. Thus the primary research objective of this study was to evaluate the South African small business policy to assess shortcomings and areas for improvement.

This chapter will start with a discussion of the sample demography and then will examine each research objective and hypothesis in turn.

6.2. SAMPLE DEMOGRAPHY

As discussed earlier, there were eight demographic variables that were evaluated to profile the demography of the respondents. These included eight variables, which were local municipality of the small business owner / entrepreneur, age of the venture, gender and ethnic group of the small business owner / entrepreneur, home language, age and the highest qualification of the small business owner / entrepreneur.

Additionally, five factors were used in the questionnaire to develop a detailed description of the nature of the business ventures. These included the current number of employees working in the business, the form of ownership of the business, annual turnover, how long it took the business to break even and how profitable the business is.

The noteworthy findings are discussed below.

6.2.1. SAMPLE ETHNICITY

The term 'previously disadvantaged' refers to those ethnicities that were structurally discriminated against before South Africa attained democracy in 1994. These ethnicities are Black, Indian and Coloured. Coloured is a term given to a mixed race group in South Africa. Thus previously disadvantaged small business owners / entrepreneurs make up 61.90% (N = 130) of the sample. This in line with the 2016 GEM report which indicates that the percentage of black South African's involved in early stage entrepreneurial activity has exceeded the total percentage of black South African's in the overall population since 2012 (Herrington & Kew, 2016).

This is a positive finding and illustrates the social justice potential within the small business policy space. It is also echoed by the 2016 SEDA report that reported that black ownership of formal SMMEs had tripled in percentage representation since 2008 (BER, 2016).

Furthermore, this feature of the sample makes a contribution to the South African entrepreneurship body of knowledge as studies in this context either don't report ethnicity (e.g. Peters & Naicker, 2013) or report majority white respondents (Eesterhuyzen, 2011; Robertson, 2012).

6.2.2. SAMPLE AGE DISTRIBUTION

As displayed in Figure 12, the age category of peak entrepreneurial activity is between 30 and 39 years of age, a finding echoed in literature (Feser, 2014) and in similar studies in the South African context (Peters & Naicker, 2013; Moos, 2015). This sample also demonstrates a high rate of English speakers (probably because the study was conducted in Gauteng province) and a relatively well educated cohort (just under 30% of the sample has an Honours degree or higher) reinforcing the notion that most small business owners / entrepreneurs in the South African first opt to work in formal employment before starting their own business ventures.

A particularly disturbing feature of the sample is that the least occurring age category is age 20 to 29 years (i.e. 4.85% of the total sample, N = 10) in a country reported as having about 60% youth unemployment (Ismail, 2016). This finding is confirmed in the 2016 GEM report in that necessity entrepreneurship in the youth of South Africa is very low and this is a very concerning situation (Herrington & Kew, 2016). This underpins the publishing of the Youth Enterprise Development Strategy in 2013 to foster youth economic participation and emphasises what is at stake if the strategy does not succeed.

6.2.3.   CATEGORISATION OF BUSINESS VENTURES

In terms of the National Small Business Act 102 of 1996, small businesses can be classified as survivalist, micro, small and medium enterprises based on the number of employees (including the small business owner / entrepreneur) (South Africa, 1996). In terms of these definitions, the study sample is displayed in Figure 28 below. Survivalist and micro enterprises make up 72.86% (N = 153) of the sample supporting the notion that the small business policy is not creating jobs at the rate required by the South African economy.

Figure 28: SMME Categorisation according to National Small Business Act
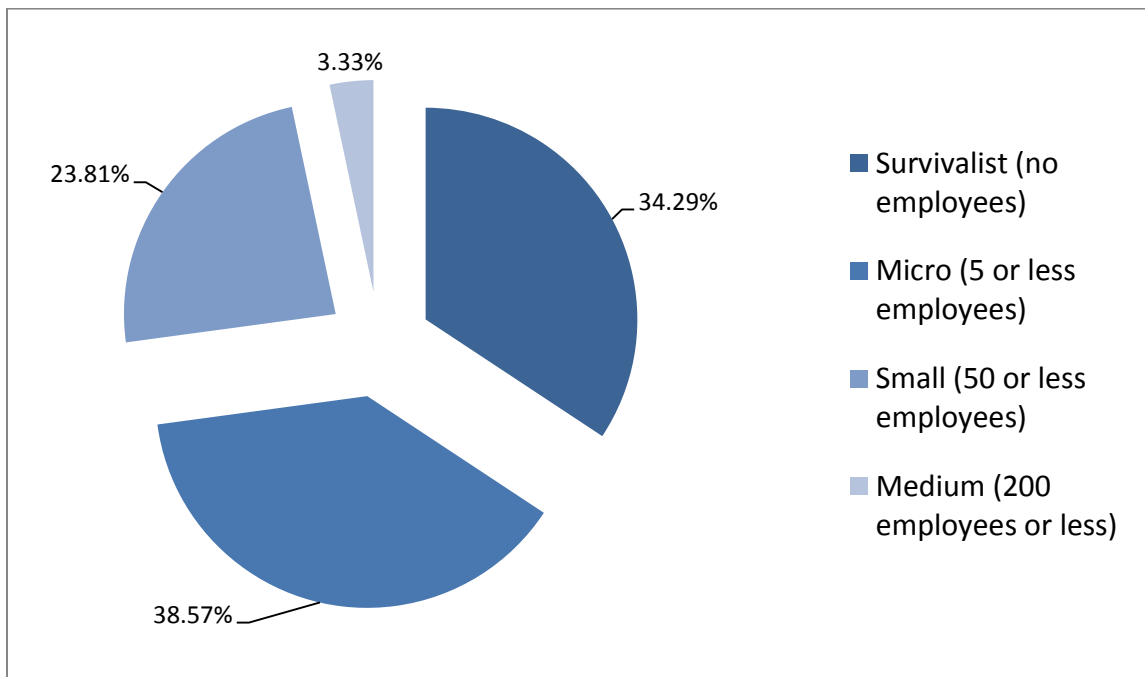
According to the 2016 GEM report, the number of employees expected within the next five years is useful to characterise those enterprises with low (0-5 expected new employees), medium (6-19 expected new employees) and high (20 or more expected new employees) growth projections (Herrington & Kew, 2016). As shown in Figure 29, 31% of the business ventures have low growth projections, 49% have medium growth projections and only 20% (i.e. one in five) have high growth projections. This could be due to the combination of low projections of national economic growth combined with high levels of competition. 67.14% (N = 141) of the sample indicated that they were in direct competition with many businesses and only 3.81% (N = 8) of the sample indicated that they have no direct competition. This could be caution from the small business owners / entrepreneurs because 39.0% (N = 84) of the sample reported their businesses as either just breaking even, making a loss or not knowing the status of their businesses profitability.

Figure 29: SMME Categorisation according to Growth Projections
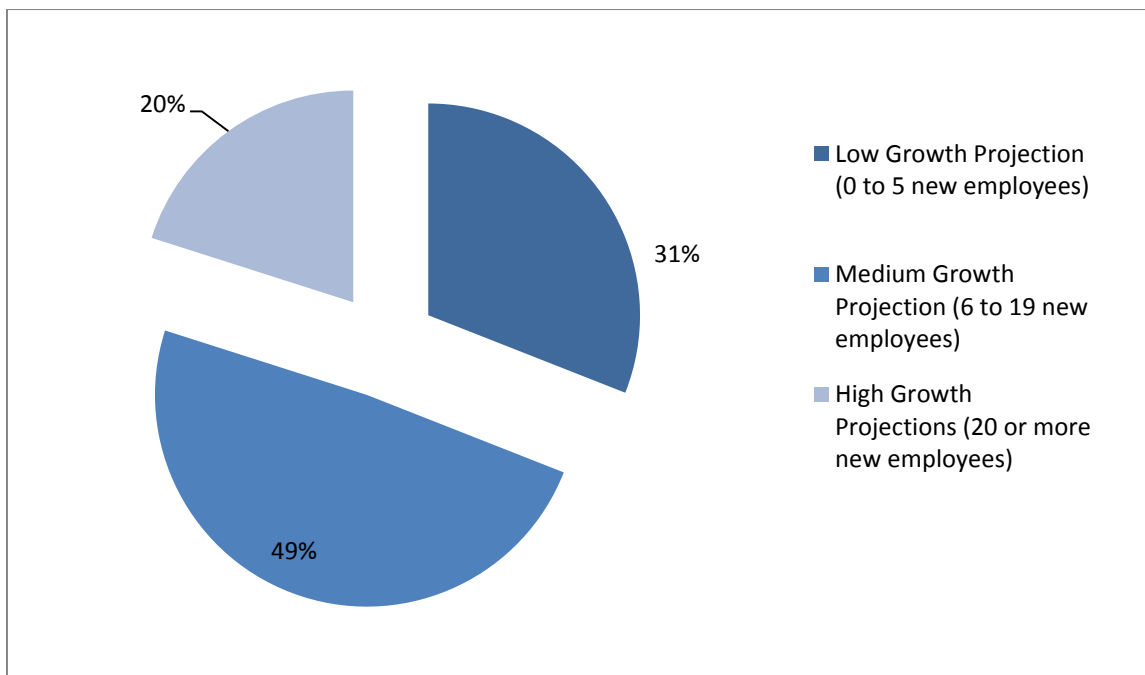
From Table 36 on the next page, 48 respondents (22.86%) indicated that their businesses were in the retail, motor trade and repair services while 40 respondents indicated that their businesses were in finance and business sectors. This is another positive feature of the sample because it means that this study's findings are cross-sectoral as opposed to sector specific.

Table 36: SMME Sector Categorisation

SECTOR	Frequency	Percentage
Agriculture	10	4.76%
Manufacturing	24	11.43%
Construction	31	14.76%
Retail, motor trade and repair services	48	22.86%
Wholesale trade, commercial agents and allied services	1	0.48%
Catering, accommodation and other trade	12	5.71%
Transport, storage and communications	6	2.86%
Finance and business services	40	19.05%
Community, social and personal services	7	3.33%
Other	31	14.76%
Total	*210*	*100*

Finally, the form of ownership for the small business owners / entrepreneurs heavily favoured close corporations (40.0% of the sample, N = 84) and private companies 42.36% (N = 90). This corresponds with findings by both Peters and Naicker (2013) and Moos (2015). This is most likely because close corporations possess a corporate veil quality which seperates the owner from the business entity and thus limits the owner's liability. However, since the amendment of the Companies Act (Act 3 of 2011), closed corporations may not be registered anymore with the provision that existing close corporations will be maintained but no conversions will be allowed.

6.3. RESEARCH OBJECTIVE 1

The first secondary research objective was:

> Determine whether the <u>age</u> of a business has an effect on the level of agreement with respect to the <u>objectives, outputs and outcomes</u> of the small business policy.

The summary result for Hypothesis 1 is presented in Table 37 where the null hypothesis was accepted for objectives and outcomes but rejected for output (denoted by green text). This means that the **age of a business** does not have an effect on the level of agreement with respect to **objectives and outcomes** of the small business policy but does have an effect on

the level of agreement with respect to **output** of the small business policy (at the 95% confidence level).

Table 37: Summary of Hypothesis Testing: Research Objective 1

Null hypothesis (H1$_0$):	Alternate hypothesis (H1$_a$):
The age of a business does not have an effect on the level of agreement with respect to: 1(a). Objectives of the small business policy 1(b). Outputs of the small business policy 1(c). Outcomes of the small business policy	The age of a business has an effect on the level of agreement with respect to: 1(a). Objectives of the small business policy 1(b). Outputs of the small business policy 1(c). Outcomes of the small business policy

Descriptive statistics from Table 13 showed that the objectives had a highest mean score of 3.23 (SD = 1.096), followed by outcomes at 3.00 (SD = 1.047) then outputs at 2.64 (SD = 1.284). To recap, these elements were tested with statements according to the following categories: 1 definitely disagree, 2 probably disagree, 3 do not know, 4 probably agree and 5 definitely agree. Thus these means scores indicate that the respondents were mainly between probably disagree, do not know and probably agree on the statements that were asked about the objectives, outputs and outcomes of the small business policy.

These findings suggest that there is no difference between start-up and established business owners with respect to the level of agreement for Objectives and Outcomes. This implies that the start-up and established business owners have the same level of negativity or ignorance about the small business policy's objectives and outcomes. This is not the case for the Outputs construct where start-up and established business owners disagreed on the Outputs of the small business policy with most of the respondents strongly disagreeing that the necessary support reaches all regions of the country, that the necessary incentives are provided or that a dedicated SMME finance network has been established.

Respondents' ignorance of supply side services on offer is well documented in literature (Rogerson, 2013b; Malefane, 2013; Feser, 2014) and that is echoed in these findings. This was supposed to be rectified by the establishing of the DSBD which was tasked with demystifying the support services and providing a one-stop shop for small business owners / entrepreneurs. These findings show that the DSBD's efforts have not yet yielded the required level of awareness or positive changes to the regulatory environment.

Additionally the respondents indicated when they needed the most assistance in Table 34. The business owners indicated that they need the support most before the business is started and during the start-up process and less when the business is established with more than 3.5 years in operation. This is an important finding that can help policy makers and policy implementers to better target their inventions where they will do the most good.

These results implies that the government's small business policy objectives, outputs and outcomes that the start-up and established business owners are intended to benefit from are not considered all relevant and crucial by the small business owners / entrepreneurs. This echoes the importance of proper stakeholder engagement and participation during policy making, policy makers must ensure that they don't merely prescribe top-down solutions but take the time to elicit bottom up feedback from the intended target audience (Rodrik, 2004; Raina, 2013).

6.4.   RESEARCH OBJECTIVE 2

The second secondary research objective was:

Determine whether the local municipality (in which a business venture is located) has an effect on the level of agreement with respect to the objectives, outputs and outcomes of the small business policy.

The summary result for Hypothesis 2 is presented in Table 38 where the null hypothesis was accepted for objectives, outputs and outcomes (denoted by green text). This means that the **local municipality** in which the business venture is located does not have an effect on the level of agreement with respect to **objectives, outputs and outcomes** of the small business policy

Table 38: Summary of Hypothesis Testing: Research Objective 2

Null hypothesis (H2$_0$):	Alternate hypothesis (H2$_a$):
The local municipality (in which the business venture is located) does not have an effect on the level of agreement with respect to:	The local municipality (in which the business venture is located) has an effect on the level of agreement with respect to:
2(a). Objectives of the small business policy	2(a). Objectives of the small business policy
2(b). Outputs of the small business policy	2(b). Outputs of the small business policy
2(c). Outcomes of the small business policy	2(c). Outcomes of the small business policy

The results of the mean ranking indicated the following;

- Objectives (as shown in Table 18) – Top two municipalities Merafong City Local Municipality and Mogale City Local Municipality while bottom two municipalities are Midvaal Local Municipality and Lesedi Local Municipality.
- Outputs (as shown in Table 19) – Top two municipalities Mogale City Local Municipality and Westonaria Local Municipality while bottom two municipalities are Midvaal Local Municipality and Lesedi Local Municipality.
- Outcomes (as shown in Table 20) – Top two municipalities Merafong City Local Municipality and Westonaria Local Municipality while bottom two municipalities are Lesedi Local Municipality and Emfuleni Local Municipality.

The mean ranking for Hypothesis 2 suggest more positive agreement in the West Rand District Municipality than in the Sedibeng District Municipality. It must be noted that there was high sample representation for Emfuleni Local Municipality at 37.62% (N = 79) of the total sample and Mogale City Local Municipality at 23.33% (N = 49) of the sample. On the other end, there was low sample representation for Midvaal Local Municipality at 5.71% (N = 12) of the total sample and Lesedi Local Municipality at 4.76% (N = 10) of the sample. So all mean ranking results may have biases that are negatively affecting the results of the local municipalities mentioned.

These findings suggest that despite disparate planning and implementation in the seven local municipalities as summarised in Table 6 and 7, the small business owners / entrepreneurs have the same experience i.e. that government officials and interventions are not providing the services that start-up and established owners require. This finding was echoed by Tustin (2015) and the 2016 SEDA small business sector report (BER, 2016).

6.5. RESEARCH OBJECTIVE 3

The third secondary research objective was:

Determine whether there exists a statistical significant difference between start-up and established businesses with regard to their views on the impact of the small business policy.

The summary result for Hypothesis 3 is presented in Table 39 where the null hypothesis was accepted for impact of the small business policy (denoted by green text). This means there is **no statistically significant difference** between the **start-up businesses and established businesses** with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

Table 39: Summary of Hypothesis Testing: Research Objective 3

Null hypothesis (H3$_0$):	Alternate hypothesis (H3$_a$):
There exists no statistical significant difference between the start-up businesses and established businesses with regard to their views on the impact of the small business policy that: 1. Jobs have been created, resulting in a reduced unemployment rate; and 2. Economic growth of the country has increased.	There exists a statistical significant difference between the start-up businesses and established businesses with regard to their views on the impact of the small business policy that: 3. Jobs have been created, resulting in a reduced unemployment rate; and 4. Economic growth of the country has increased.

Table 21 outlined the descriptive statistics. The mean score of 2.53 (SD = 1.381) was found for job creating resulting in reduced unemployment, while a mean of 2.58 (SD = 1.307) was found for economic growth. Thus these means scores indicate that the respondents were mainly between probably disagree and do not know on the statements that were asked about the impacts of the small business policy.

These findings suggest that there is no difference between start-up and established business owners with respect to the level of agreement for impact of the small business policy. This implies that the start-up and established business owners have the same level of negativity or ignorance about the small business policy's impacts i.e. job creation that has resulted in reduced unemployment and increased national economic growth. This finding resonates with literature that confirms that South Africa's small business sector is not big enough to deliver the necessary reductions in unemployment (Yoshino & Wignaraja, 2015; Herrington & Kew, 2016).

6.6.   RESEARCH OBJECTIVE 4

The fourth secondary research objective was:

Determine whether there exists a statistical significant difference between start-up and established businesses located in the selected <u>local municipalities</u> in Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the <u>impact</u> of the small business policy.

The summary result for Hypothesis 4 is presented in Table 40 where the null hypothesis was accepted for impact of the small business policy (denoted by green text). This means there is **no statistically significant difference** between the start-up businesses and established businesses located in the selected **local municipalities** in the Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the **impact of the small business policy** that jobs have been created, resulting in a reduced unemployment rate; and economic growth of the country has increased.

Table 40: Summary of Hypothesis Testing: Research Objective 4

Null hypothesis (H4$_0$):	Alternate hypothesis (H4$_a$):
There exists no statistical significant difference between the start-up businesses and established businesses located in the selected local municipalities in the Sedibeng District Municipality in Gauteng province with regard to their views on the impact of the small business policy that: 1. Jobs have been created, resulting in a reduced unemployment rate; and 2. Economic growth of the country has increased.	There exists a statistical significant difference between the start-up businesses and established businesses located in the selected local municipalities in the Sedibeng District Municipality in Gauteng province with regard to their views on the impact of the small business policy that: 3. Jobs have been created, resulting in a reduced unemployment rate; and 4. Economic growth of the country has increased.

The results of the mean ranking indicated the following;

- Job creation (as shown in Table 25) – Top two municipalities Merafong City Local Municipality and Mogale City Local Municipality while bottom two municipalities are Emfuleni Local Municipality and Lesedi Local Municipality.

- Economic growth (as shown in Table 25) – Top two municipalities Merafong City Local Municipality and Randfontein Local Municipality while bottom two municipalities are Midvaal Local Municipality and Westonaria Local Municipality.

High and low sample representations notwithstanding, the mean ranking for Hypothesis 4 again suggests more positive agreement in the West Rand District Municipality than in the Sedibeng District Municipality. The lack of statistical difference between local municipalities may be because the local municipalities are all located in Gauteng province. This is possibly because the provincial unemployment rates and economic growth rates would not be too dissimilar across the local municipalities as they are geographically close together.

This highlights an area of improvement for government officials and policy makers. Due to shortcomings in appropriate small business policy evaluation and monitoring criteria, the small business policy impacts cannot be adequately measured and reported on at the different levels of government (Engela & Ajam, 2010; Estrada, 2011; Goldman, et al., 2012). This means that governance cannot be improved and that accountability for policy impacts cannot be achieved. Government needs to invest in research in the investigation of appropriate criteria as well as a talent review to ensure that the necessary capacity is in place to perform the M&E.

6.7.   RESEARCH OBJECTIVE 5 & 7

The fifth secondary research objective was:

Determine whether the <u>age</u> of a business has an effect on the level of importance of <u>established business owners' needs</u>.

The seventh secondary research objective was:

Determine whether the age of a business has an effect on the level of importance of <u>start-up business owners' needs</u>.

The summary result for Hypothesis 5 and 7 is presented in Table 41 where the null hypothesis was accepted for start-up and established business owners' needs for skills, support and

assistance but rejected for access (denoted by green text). This means the **age of a business** does not have an effect on the level of importance of **start-up or established business owners' needs** with respect to skills, support and assistance but does have an effect on the level of importance of **start-up or established business owners' needs** with respect to access.

Table 41: Summary of Hypothesis Testing: Research Objective 5 & 7

Null hypothesis (H5$_0$):	Alternate hypothesis (H5$_a$):
The age of a business does not have an effect on the level of importance of established business owners' needs with respect to:	The age of a business has an effect on the level of importance of established business owners' needs with respect to:
5(a). Skills	5(a). Skills
5(b). Support	5(b). Support
5(c). Assistance	5(c). Assistance
5(d). Access	5(d). Access
Null hypothesis (H7$_0$):	**Alternate hypothesis (H7$_a$):**
The age of a business does not have an effect on the level of importance of start-up business owners' needs with respect to:	The age of a business has an effect on the level of importance of start-up business owners' needs with respect to:
7(a). Skills	7(a). Skills
7(b). Support	7(b). Support
7(c). Assistance	7(c). Assistance
7(d). Access	7(d). Access

These four elements were tested with statements according to the following categories: 1 Not important, 2 Fairly important, 3 Moderately important, 4 Very important and 5 Extremely important. Descriptive statistics from Table 27 show that the skills to, support and access were all in the "agreeing" range with mean scores of 4.32 (SD = 0.669), 4.11 (SD = 0.822) and 3.92 (SD = 0.807), respectively. The assistance was marginally lower (mean = 3.78, SD = 0.88) than these scores but was still more biased within the agreeing range. Thus these mean scores indicate that the respondents were mainly between very important and extremely important on the statements that were asked about the needs of small business owners / entrepreneurs.

It was envisaged that start-up and established business owners / entrepreneurs have different needs that stem from their dissimilar funding requirements, needs for accessing markets, employee relations and customer needs (Nieman & Nieuwenhuizen, 2014; Moos, 2015). These

results somewhat disagree with that assertion with respect to the skills, support and assistance constructs. The statistical difference at the 95% confidence level for the start-up and established business owners was for the access construct which specifically summarises access to local and overseas, access to financial support, access to facilities, access to pertinent information and access to additional funding to purchase additional assets.

This finding partly confirms the Nieman & Nieuwenhuizen (2014) assertion that established business owners have experience and potentially also networks to assist them with know-how as they skillfully interact in contexts they are accustomed to (Luiz & Mariotti, 2011; Masutha & Rogerson, 2014). In contrast, start-up business owners would need additional assistance from business incubators and/or mentoring to overcome their perceived inexperience (Eesterhuyzen, 2011; Rogerson & Rogerson, 2012).

6.8.   RESEARCH OBJECTIVE 6 & 8

The sixth secondary research objective was:

Determine whether the selected <u>local municipality</u> (in which the business venture is located) of the Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality has an effect on the level of importance of <u>established business owners' needs</u>.

The eighth secondary research objective was:

Determine whether the selected <u>local municipality</u> (in which the business venture is located) of the Emfuleni Local Municipality, Lesedi Local Municipality, Midvaal Local Municipality, Merafong City Local Municipality, Mogale City Local Municipality, Randfontein Local Municipality and Westonaria Local Municipality has an effect on the level of importance of <u>start-up business owners' needs</u>.

The summary result for Hypothesis 6 and 8 is presented in Table 42 where the null hypothesis was accepted for start-up and established business owners' needs for skills, support, assistance and access (denoted by green text). This means that the **local municipality** (in which the

business venture is located) does not have an effect on the level of importance of **start-up or established business owners' needs** with respect to skills, support, assistance and access.

Table 42: Summary of Hypothesis Testing: Research Objective 6

Null hypothesis (H6$_0$):	Alternate hypothesis (H6$_a$):
The local municipality (in which the business venture is located) does not have an effect on the level of importance of established business owners' needs with respect to: 6(a). Skills 6(b). Support 6(c). Assistance 6(d). Access	The local municipality (in which the business venture is located) has an effect on the level of importance of established business owners' needs with respect to: 6(a). Skills 6(b). Support 6(c). Assistance 6(d). Access
Null hypothesis (H8$_0$):	**Alternate hypothesis (H8$_a$):**
The local municipality (in which the business venture is located) does not have an effect on the level of importance of start-up business owners' needs with respect to: 8(a). Skills 8(b). Support 8(c). Assistance 8(d). Access	The local municipality (in which the business venture is located) has an effect on the level of importance of start-up business owners' needs with respect to: 8(a). Skills 8(b). Support 8(c). Assistance 8(d). Access

The results of the mean ranking indicated the following;

- Skills (as shown in Table 30) – Top two municipalities Randfontein Local Municipality and Merafong City Local Municipality while bottom two municipalities are Lesedi Local Municipality and Midvaal Local Municipality.

- Support (as shown in Table 31) – Top two municipalities Merafong City Local Municipality and Lesedi Local Municipality while bottom two municipalities are Emfuleni Local Municipality and Randfontein Local Municipality.

- Assistance (as shown in Table 32) – Top two municipalities Merafong City Local Municipality and Midvaal Local Municipality while bottom two municipalities are Westonaria Local Municipality and Lesedi Local Municipality.

- Access (as shown in Table 33) – Top two municipalities Westonaria Local Municipality and Midvaal Local Municipality while bottom two municipalities are Merafong City Local Municipality and Lesedi Local Municipality.

Potential sample bias notwithstanding, the mean ranking for Hypothesis 6 and 8 suggests more of a balanced result between the West Rand and Sedibeng District Municipalities. The lack of statistical difference between local municipalities may be because the local municipalities are all located in Gauteng province and the service providers of the supply side interventions are geographically close together.

This highlights an area of improvement for government officials and policy makers. The findings suggest a disconnect between what the government has prioritised for implementation and what small business owners / entrepreneurs deem relevant and crucial for their success. Policy makers and implementers are thus cautioned to take the time to improve their awareness of the context in the local municipality space. As stated previously, South Africa has over 200 local municipalities typically bearing the brunt of spatial inequality in terms of service delivery, government funding and attracting the appropriate personnel (Meyer, 2014; Government of South Africa, 2016). The importance of appropriate and effective policy and interventions in this context cannot be overstated.

6.9. CONCLUSION

This chapter started with summarising the salient points of the sample demography before interpreting each of the hypotheses in turn.

This business owner sample constituency is significant as most of the small business owners / entrepreneurs are previously disadvantaged individuals in the South African context. The business ventures in this study are mostly survivalist and micro enterprise with 31% of them reporting low growth projections, for the next 5 years. 49% of the business ventures have medium growth projections and only 20% (i.e. one in five) have high growth projections. This can be due to negative economic outlook or perceived low profitability and high direct competition. Additionally the business venture sample is cross sectoral as it does not focus on only one sector.

The eight hypotheses results are briefly stated below (all statistically significant results are at the 95% confidence interval);

Hypothesis 1: There is no statistically significant difference between start-up and established business owners with respect to the level of agreement for objectives and outcomes of the small business policy but there is for the outputs construct of the small business policy. Start-up and established business owners remain ignorant of supply side services on offer implying that the DSBD's efforts have not yet yielded the required level of awareness or positive changes to the regulatory environment.

Hypothesis 2: The local municipality that the business venture is located yields no statistical difference with regard to the objectives, outcomes and outputs of small business policy. Despite disparate planning and implementation in the seven local municipalities the small business owners / entrepreneurs have the same experience i.e. that government officials and interventions are not providing the services that start-up and established owners require.

Hypothesis 3: There is no statistically significant difference between the start-up businesses and established businesses with regard to their views on the impact of the small business policy. This implies that the start-up and established business owners have the same level of negativity or ignorance about the small business policy's impacts. This finding confirms that South Africa's small business sector is not big enough to deliver the necessary reductions in unemployment

Hypothesis 4: There is no statistically significant difference between the start-up businesses and established businesses located in the selected local municipalities in the Sedibeng and West Rand District Municipalities in Gauteng province with regard to their views on the impact of the small business policy. This highlights an area of improvement for government officials and policy makers in developing appropriate small business policy evaluation and monitoring criteria.

Hypotheses 5 & 7: The age of a business does not have an effect on the level of importance of start-up or established business owners' needs with respect to skills, support and assistance but does have a statistically significant effect on the level of importance of start-up or established business owners' needs with respect to access. Established business owners have experience and potentially also networks to assist them with know-how as they skillfully interact in contexts they are accustomed to while in contrast, start-up business owners would need additional

assistance from business incubators and/or mentoring to overcome their perceived inexperience.

<u>Hypotheses 6 & 8</u>: The local municipality (in which the business venture is located) does not have an effect on the level of importance of start-up or established business owners' needs with respect to skills, support, assistance and access. This highlights an area of improvement for government officials and policy makers. The findings suggest a disconnect between what the government has prioritised for implementation and what small business owners / entrepreneurs deem relevant and crucial for their success.

Chapter 7 will conclude the study by summarising the research and making pertinent recommendations to academics and policy practitioners alike.

CHAPTER 7: CONCLUSION & RECOMMENDATIONS

7.1.   INTRODUCTION

Since achieving democracy in 1994 South Africa's small business policy has been touted as a priority to grow the economy while creating jobs. South Africa's government believed that the promotion of small businesses can have a significant positive impact on society. Compared to the rest of the continent, South Africa has remarkable economic statistics representing Africa's largest economy. In the 2016 Doing Business report South Africa ranked 73rd out of 189 countries (World Bank Group, 2016) negating the low cost of living for foreign nationals with persistent government bureaucracy.

Unfortunately in the 2016 GEM report South Africa was once again is reported as one of the lowest performing countries with regards to entrepreneurial activity – this is despite a high unemployment rate and a plethora of supply side interventions to stimulate entrepreneurship (Peters & Naicker, 2013; Rogerson, 2014a; Herrington & Kew, 2016)

The 2016 SEDA commissioned Small Business Sector Report outlines six major barriers facing small businesses in South Africa (BER, 2016). The first is access to finance, limited/lacking infrastructure and low research and development in the country. Then restrictive labour regulations compounded with an inadequately educated workforce and inefficient government bureaucracy round out the next three barriers. The last two barriers include the high prevalence of crime and theft and that small businesses struggle to access new/international markets.

It is in this context that this study evaluated the South African small business policy to assess shortcomings and areas for improvement. In the previous chapter the findings were discussed and interpreted. This chapter will start with an overview of the literature reviewed then it will revisit the research objectives and hypotheses. The contribution of the study then follows with study limitations. This paper will then conclude with recommendations and conclusions.

7.2.   OVERVIEW OF THE LITERATURE STUDY

The five different strategies in operation in South Africa's current small business policy space are the national strategy, ISEDS, ISPESE, YEDS and NIBUS. From these strategies it can be deduced that government has expanded their original aim for building an enabling environment to embrace scientific evidence that the gap in small business owners / entrepreneurs' skills also needed to be addressed. Government is now actively encouraging entrepreneurship in the following target groups: youth, female and people with disabilities.

The small business policies for Gauteng as cascaded down to the two District Municipalities and seven Local Municipalities were summarised. Each local municipality has their own interpretation of the policy as well as the priority of the small business interventions. The GEP features inconsistently in the local municipalities' Integrated Development Plans.

Policy M&E was examined as a higher order management function. Monitoring involves data collecting, analysing and reporting on policy inputs, activities, outputs, outcomes and impacts. Evaluation involves periodic review to assess whether the policies objectives are impacting society as was initially envisaged.

South Africa implemented a GWM&ES in 2009 and a ministry for Performance Monitoring and Evaluation was established thereafter in the DPME. This system is supposed to improve daily processes while simultaneously delivering the data necessary to assess cause and affect relationships in terms of planned impacts. While there have been some gains, the system is described as incoherent and lacking in accountability.

Literature reveals a number of shortcomings namely that small business policy has little to no effect on promoting entrepreneurship or the starting or owning of small businesses. In fact, the support provided to small business owners / entrepreneurs has resulted in a net decrease in the number of new business as reported by the 2016 GEM and SEDA small business sector

reports. Government is seemingly unable to demystify its own services and entrepreneurs appear to be wholesale unaware of these interventions or report on them as poorly capacitated.

7.3. HYPOTHESES REVISITED

The eight hypotheses results are briefly stated below (all statistically significant results are at the 95% confidence interval);

Hypotheses 1 & 3: There is no statistically significant difference between start-up and established business owners with respect to the level of agreement for objectives, outcomes and impact of the small business policy but there is for the outputs construct for the small business policy. Start-up and established business owners remain ignorant of supply side services on offer implying that the DSBD's efforts have not yet yielded the required level of awareness or positive changes to the regulatory environment. Additionally, these findings confirm that South Africa's small business sector is not big enough to deliver the necessary reductions in unemployment.

Hypotheses 2 & 4: The local municipality that the business venture is located yields no statistical difference with regard to the objectives, outcomes, outputs and impacts of small business policy. Despite disparate planning and implementation in the seven local municipalities the small business owners / entrepreneurs have the same experience i.e. that government officials and interventions are not providing the services that start-up and established owners require. Additionally, an area of improvement for government officials and policy makers is highlighted in developing appropriate small business policy evaluation and monitoring criteria.

Hypotheses 5 & 7: The age of a business does not have an effect on the level of importance of start-up or established business owners' needs with respect to skills, support and assistance but does have a statistically significant effect on the level of importance of start-up or established business owners' needs with respect to access. Established business owners have experience and potentially also networks to assist them with know-how as they skillfully interact in contexts they are accustomed to while in contrast, start-up business owners would need additional assistance from business incubators and/or mentoring to overcome their perceived inexperience.

<u>Hypotheses 6 & 8</u>: The local municipality (in which the business venture is located) does not have an effect on the level of importance of start-up or established business owners' needs with respect to skills, support, assistance and access. This highlights an area of improvement for government officials and policy makers. The findings suggest a disconnect between what the government has prioritised for implementation and what small business owners / entrepreneurs deem relevant and crucial for their success.

7.4.   CONTRIBUTION OF THE STUDY

From a theoretical perspective, the study will make a valuable contribution to the existing body of knowledge for small business and small business policy in a developing country context. Implementers of small business policy at the local district municipality may be able to use the research findings to better understand their target audience and this in turn may positively influence service delivery to small businesses. This also applies to small business policy makers especially as this study's sample is not only cross sectoral but also reflects the South African demographics. By uncovering relevant factors that add to success or failure policy makers are able to make the proper adjustments to policies.

This study makes a contribution by comparing the selected local municipalities' small business policy as it affects start-up and established business owners. South Africa has over 200 local municipalities and these municipalities are often geographically removed from most of the better resourced city central hubs. And yet, it is precisely in these under resourced spaces that small business policy has the most work to do to as pertains to opportunities for advancement (especially for women, youth and people living with disabilities), job creation and poverty alleviation. This study makes recommendations to increase entrepreneurial activity, create an enabling environment for small business and increase the number of start-up businesses.

The study only utilised significance levels of 0.05 which results in confidence levels of 95%.

7.5. LIMITATIONS OF THE STUDY

This study was conducted in the best possible manner with due consideration for best practice but the following limitations were encountered.

Sample Selection and Size: The use of a non-probability sampling technique i.e. judgemental/purposive may have subjected the data to bias. Unfortunately, as no master population list exists, the extent of the bias can only be guessed at. Though 210 respondents are sufficient for statistical analysis, a bigger sample would have reduced sampling error.

Geographical Area: The study's target population was located in Gauteng province with over 60% of the respondents coming from two of the seven local municipalities i.e. Emfuleni and Mogale city Local Municipalities contributing to response bias. The sample size should be increased with more equal representation across each of the local municipalities. Time and cost constraints made better representation in the other five local municipalities difficult to achieve.

Gauteng Province Context: The inherent analysis of Sedibeng and West Rand District Municipality's seven local municipalities limits the generalisability of the results reported. Constraints in time, access to potential respondents, information and cost made Gauteng province specific research the only possible option for the researcher.

South African Context: The inherent analysis of South Africa's small business policy limits the generalisability of the results reported. Again; time, access, information and cost constraints made country specific research the only possible option for the researcher.

7.6. RECOMMENDATIONS & FURTHER RESEARCH

The following opportunities and recommendations were identified during the research process over the course of the study;

- Only local municipalities from Gauteng province were included in this study. In future, local municipalities in the other provinces should be included, this will allow for provincial local municipal comparisons to highlight similarities, differences and lessons that can be learnt. This may result in constructive findings to inform policy makers.

- From a continent perspective, South Africa is considered a policy leader and studies of this nature provide insights with possible applications for other African countries that share similar contexts and challenges (Abor & Quartey, 2010; Reddy & Wallis, 2012).

- Similarly this study has relevance for the emerging economies internationally because there is limited recent research directly located in the emerging country context that takes current economic trends and forecasts into account (SBP, 2013).

- This study makes a contribution by comparing the selected local municipalities' small business policy as it affects start-up and established business owners. This study makes recommendations to increase entrepreneurial activity, create an enabling environment for small business and increase the number of start-up businesses. Practically, both policy makers and implementers can identify specific interventions that is relevant and context specific.

- It is apparent that there is an urgent need for more research in analysing South Africa's small business policy impact to create a more enabling business environment which will lead to increased entrepreneurial activity and attitudes especially in the youth.

- The GWM&ES needs extensive research in terms of the compilation of evaluation criteria to support appropriate assessment at every level of government. This will need an extensive mentoring and guidance system at all levels of government to provide the necessary capacity and support.

- The GWM&ES needs extensive research in terms of the creation of policy evaluation plans so a national assessment of small business policy can be performed. Then annual progress can be tracked and reported on.

7.7.   CONCLUSION

The literature reviewed introduced various important elements within the small business policy domain. Policy monitoring and evaluation was also addressed. In this chapter the hypotheses were revisited and summarised which demonstrated that the study objectives were met.

The primary research objective of this study was to evaluate the South African small business policy to assess shortcomings and areas for improvement. Based on the research process

followed, data collected and analysed, the null hypotheses H_{20}, H_{30}, H_{40}, H_{60}, H_{70}, H_{80} were accepted and the alternate hypotheses H_{1A}, H_{5A} were partially accepted.

This study is significant as it proves that the small business policy does not address the needs and expectations of start-up and established business owners. Regardless, small businesses tend to start and operate with or without policies in place but currently do so sub optimally thereby not reducing unemployment or generating economic growth.

Small business policy makers have additionally been made aware of the importance of appropriate policy development, implementation and monitoring and evaluation measures.

Finally, this study confirms the importance and value of policies that can effectively assist with contributing to business venture survival, growth, success and longevity. Government should continue to actively cultivate entrepreneurship especially among vulnerable groups. With the correct interventions in place, the opportunities for poverty alleviation, social justice and inclusive economic development can be realised.

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APPENDIX A: RESEARCH QUESTIONNAIRE TO BE COMPLETED BY SMALL BUSINESS OWNER / ENTREPRENEUR

Gordon Institute of Business Science
University of Pretoria

Dear Respondent

The following questionnaire is part of a master's study entitled "Evaluating the South African small business policy at the District & Local Municipality Level". It would be highly appreciated if you, the small business owner / entrepreneur could participate in the research study.

The main purpose of the study is to evaluate the small business policy in South Africa and involves an **anonymous** survey. This survey will try to determine how the small business policy is meeting the small business owners' / entrepreneurs' needs, and should take no more than 25 minutes to complete. Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential. By completing the questionnaire, you indicate that you voluntarily participate in this research. If you have any concerns, please contact me or my supervisor.

Our details are provided below:

Researcher: Jeri-Lee Mowers

Email: 15389202@mygibs.co.za

Phone: (011) 682 0526

Research Supervisor: Dr. M. Moos

Email: menisha.moos@up.ac.za

RESEARCH QUESTIONNAIRE TO BE COMPLETED BY THE **SMALL BUSINESS OWNER / ENTREPRENEUR**

Section A: Demographic details of the small business owner / entrepreneur

Mark the option which reflects your answer the most accurately with an (X).

1. **Indicate the local municipality in which you are located.**	
Emfuleni Local Municipality	1
Lesedi Local Municipality	2
Midvaal Local Municipality	3
Merafong City Local Municipality	4
Mogale City Local Municipality	5
Randfontein Local Municipality	6
Westonaria Local Municipality	7
2. **Are you an entrepreneur/business owner?**	
Yes	1
No	2
3. **Please indicate the age of the business venture.**	
Less than 3 months	1
Less than 3.5 years	2
More than 3.5 years	3
4. **Indicate your gender.**	
Male	1
Female	2
5. **Indicate your ethnic group.**	
Black	1
Coloured	2
Indian	3
White	4
Other (please specify)	5

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6. Indicate your home language.

Afrikaans	1	Xitsonga	7
English	2	Setswana	8
Isi Ndebele	3	Tshivenda	9
Sepedi	4	IsiXhosa	10
Sesotho	5	IsiZulu	11
siSwati	6	Other (please specify)	12

7. Indicate into which age category you fall.

20 to 29	1
30 to 39	2
40 to 49	3
50 to 59	4
60 to 69	5
70 or older	6

8. Indicate your highest level of education.

Less than matric	1
Matric (Grade 12)	2
National Diploma (3 years)	3
Bachelor's Degree (3 years)	4
B Tech Degree (4 years)	5
Honours Degree	6
Master's Degree	7
Doctoral Degree	8
Other (please specify)	9

9. Please indicate the date on which you started your business.

Day	
Month	
Year	

Section B: Details of the Business Venture

Please indicate which factor best describes the details of your business venture.	
10. Number of employees in your business venture?	
The business has no employees yet	1
The business has one employee – namely, the owner	2
The business has fewer than 5 employees, including the owner	3
The business has fewer than 50 employees, including the owner	4
The business has fewer than 200 employees, including the owner	5
11. Describe your core business, for example, the product or service you sell to customers.	
12. To date, how long has your business venture been in operation?	
Less than a year	1
A year	2
More than a year	3
13. Form of ownership of your business venture?	
Not registered	1
Sole proprietorship	2
Partnership	3
Close Corporation	4
Company (Private)	5
Company (Public)	6
Business Trust	7
Co-operative	8
Other (please specify)	9
14. Annual turnover / sales of your business venture? Answer question 11 ONLY if your business venture has been running for ONE YEAR or longer.	
Below R 150 000 per year	1
R 150 001 – R 250 000 per year	2

R 250 001 – R 500 000 per year	3
R 500 001 – R 1 000 000 per year	4
R 1 000 001 – R 2 500 000 per year	5
R 2 500 001 – R 5 000 000 per year	6
More than R 5 000 000 per year	7

15. **How long did it takes your business venture to break even (income = expenses)?** Answer question 15 ONLY if your business venture has been running for ONE YEAR or longer.

Not yet	1
3 to 6 months	2
7 months to one year	3
Longer than one year	4

16. **How profitable is your business venture?** Answer question 16 ONLY if your business venture has been running for ONE YEAR or longer.

Profitable (mostly have surplus money left after covering costs)	1
Just profitable (have little surplus money left after covering costs)	2
Break-even (covering costs only)	3
Running at a loss (not covering costs)	4
Do not know	5

17. **What is your average number of customers per day / per month?** Answer question 17 ONLY if your business venture has been running for ONE YEAR or longer.

Number of customers per day		Number of customers per month	

18. **Indicate to what extent you agree or disagree with the following statements regarding the expansion of your business.** Answer question 18 ONLY if your business venture has been running for ONE YEAR or longer.

	STATEMENT	Definitely disagree	Probably disagree	Do not know	Probably agree	Definitely agree
18.1	A new product / service was introduced to your customers during the past year.	1	2	3	4	5
18.2	Long-term objectives (3 to 5 years) have been set for the business.	1	2	3	4	5

18.3	Sales increased more than inflation in the past year	1	2	3	4	5

19. How many businesses are in direct competition with your business venture?	
Many businesses	1
Few businesses	2
No other businesses	3

20. How many employees do you expect to have within 5 years?

Section C: Details of the needs of small business owners / entrepreneurs

21. Indicate how important you think the following factors are to your business venture.						
	ITEM	**Not Important**	**Fairly Important**	**Moderately Important**	**Very Important**	**Extremely Important**
ACCESS TO						
21.1	Local and overseas markets	1	2	3	4	5
21.2	Financial support including access to capital and loans when initially starting a business	1	2	3	4	5
21.3	Roads, electricity, transport and communication facilities	1	2	3	4	5
21.4	Information regarding economic, market and government regulations and programmes	1	2	3	4	5
21.5	Additional funds to increase assets	1	2	3	4	5
	ITEM	**Not Important**	**Fairly Important**	**Moderately Important**	**Very Important**	**Extremely Important**

	SKILLS TO					
22.1	Identify and choose an initial product or service for the market when planning a start-up	1	2	3	4	5
22.2	Compile a business plan	1	2	3	4	5
22.3	Do Market Research	1	2	3	4	5
22.4	Deal with cash-flow problems	1	2	3	4	5
22.5	Control and plan the growth of the business	1	2	3	4	5
22.6	Manage risks as the business grows	1	2	3	4	5
22.7	Be responsive to customer needs	1	2	3	4	5
	ITEM	**Not Important**	**Fairly Important**	**Moderately Important**	**Very Important**	**Extremely Important**
	SUPPORT NEEDED					
23.1	During the start-up process of a business	1	2	3	4	5
23.2	In setting up and opening a business	1	2	3	4	5
23.3	To manage a new business until it is 3.5 years old	1	2	3	4	5
23.4	To manage a business that is more than 3.5 years old	1	2	3	4	5
23.5	When the business is declining in terms of sales, number of customers and profit	1	2	3	4	5
	ITEM	**Not Important**	**Fairly Important**	**Moderately Important**	**Very Important**	**Extremely Important**
	ASSISTANCE TO					
24.1	Register a business	1	2	3	4	5
24.2	Develop business to export products	1	2	3	4	5
24.3	Find new markets not exploited before	1	2	3	4	5
24.4	Outsource business functions such as human resource management	1	2	3	4	5
24.5	Manage customer relations	1	2	3	4	5
24.6	Innovate products / services	1	2	3	4	5

	The Phases of the business when support is needed	RANK from 1 (most) to 5 (least)
25.	**RANK on a scale from 1 to 5 when support is needed at each phase of the business (number 1 being the phase when most support is needed and number 5 being the phase when least support is needed).**	
1.	Before the business is started	
2.	During the start-up process for the business	
3.	After the new business is established and is less than 3.5 years old	
4.	When the established business is more than 3.5 years old	
5.	When the business is declining, e.g. sales drop	

26. What other support do you require besides the support listed in question 25?

Section D: Details of the small business policy and evaluation

27.	Indicate to what extent you agree or disagree with the following statements regarding the OBJECTIVES of South Africa's small business policy.					
	The government's small business policy aims to	**Definitely disagree**	**Probably disagree**	**Do not know**	**Probably agree**	**Definitely agree**
27.1	Assist with business venture growth	1	2	3	4	5
27.2	Motivate more new entrepreneurs to start businesses	1	2	3	4	5
27.3	Target existing businesses rather than individuals	1	2	3	4	5
27.4	Target nascent entrepreneurs / new business starters	1	2	3	4	5
27.5	Focus on creating a favourable business environment (by, for example, reducing red tape)	1	2	3	4	5
27.6	Stimulate entrepreneurship and an entrepreneurial culture or climate in the country	1	2	3	4	5
27.7	Achieve results in less than four years	1	2	3	4	5
27.8	Have a narrow, rather than a broad definition of which institutional structures constitute the support environment	1	2	3	4	5
27.9	Favour measures to support early phases of the entrepreneurial development process	1	2	3	4	5
27.10	Influence the quantitative aspects such as the number of self-employed, small or new business ventures rather than the quality thereof	1	2	3	4	5
28.	To what extent do you agree or disagree with the following statements about the OUTPUTS of South Africa's small business policy?					
	Statement	**Definitely disagree**	**Probably disagree**	**Do not know**	**Probably agree**	**Definitely agree**
28.1	Support reaches all regions of the country because the local network for small business development	1	2	3	4	5

		Definitely disagree	Probably disagree	Do not know	Probably agree	Definitely agree
	services has been strengthened.					
28.2	The necessary support incentives are provided.	1	2	3	4	5
28.3	A dedicated network of SMME finance has been established.	1	2	3	4	5

29. List any *other outputs* of South Africa's small business policy that are not mentioned in question 28.

30. To what extent do you agree or disagree with the following statements about the OUTCOMES of South Africa's small business policy?

	STATEMENT	Definitely disagree	Probably disagree	Do not know	Probably agree	Definitely agree
30.1	A demand has been created for small-enterprise products and services.	1	2	3	4	5
30.2	Small enterprise competencies and delivery capacity have improved.	1	2	3	4	5
30.3	Enterprise networks, for example, between government, public institutions and the private sector, have strengthened.	1	2	3	4	5
30.4	The regulatory environment has improved.	1	2	3	4	5
30.5	Entrepreneurship and small business research have improved	1	2	3	4	5

30. To what extent do you agree or disagree with the following statements about the OUTCOMES of South Africa's small business policy? CONTINUED

30.6	An entrepreneurship culture has been fostered.	1	2	3	4	5
30.7	The number of business start-ups has increased.	1	2	3	4	5
30.8	The number of start-up obstacles has decreased.	1	2	3	4	5
30.9	There are changes in the level of entrepreneurial activity among women and the youth.	1	2	3	4	5

31. List any *other outcomes* or results of South Africa's small business policy that are not mentioned in question 30.

		Definitely disagree	Probably disagree	Do not know	Probably agree	Definitely agree

32. To what extent do you agree or disagree with the following statements about the IMPACT of South Africa's small business policy.

	STATEMENT	Definitely disagree	Probably disagree	Do not know	Probably agree	Definitely agree
32.1	Jobs have been created, resulting in a reduced unemployment rate.	1	2	3	4	5
32.2	Economic growth of the country has increased.	1	2	3	4	5

33. List any *other impacts* of South Africa's small business policy that are not mentioned in question 32.

THANK YOU VERY MUCH FOR COMPLETING THIS QUESTIONNAIRE!!

Musa Mailula – Independent Researcher
Physical Address: 10850 Nzima Street, Tsakane, 1550
Tel: +27 84 492 3914 • **Email:** mailulamusa@gmail.com •

09 September 2016

To whom it may concern,

RE: Use of database for Small Business Owners/Entrepreneurs – MBA Student J Mowers (GIBS, 1538 9202)

My name is Musa Mailula and I am an independent researcher. My services entail the development and administration of online surveys.
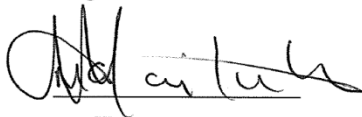
I have developed my own national South Africa specific database of business owners/entrepreneurs from publicly available information, which involved internet searches, buying business directories (such as Gaffney's business directory, yellow pages etc.). My database has been further augmented by formal requests to business incubators, local chambers of commerce and entrepreneurship coaching institutions who have agreed to be included in my database. Over time I have grown my database of business owners/entrepreneurs to well over 200 000 contacts (all personally verified).

My services have been requested by J. Mowers (GIBS, 1538 9202). She was referred to me by a previous University of Pretoria client on whose behalf I managed to collect 2965 completed responses on a survey. She has requested my services particularly for the Sedibeng & West Rand District Municipality geographic regions and I have agreed to allow her access to my database at a fee.

I adhere to anti-spam policies and offer no incentive for participation. Potential participants are free to opt out of receiving communication from me at any time. The opt-out link is clearly visible and it is a one button click process. Once a person as opted out, I remove them from my database.

I am also a member of the Southern African Research Association (SAMRA). As a SAMRA member, I adhere to the internationally accepted Code of Conduct for marketing research, social research and opinion polling research. SAMRA is the ethics watchdog for Southern Africa, and deals with complaints, enquiries and other issues pertaining to the Code of Conduct.

Regards,

Musa Mailula (Independent Researcher)

mailulamusa@gmail.com

+27 84 492 3914

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APPENDIX C: ETHICS CLEARANCE

Dear Miss JeriLee Mowers

Protocol Number: Temp2016-01850

Title: EVALUATING THE SOUTH AFRICAN SMALL BUSINESS POLICY AT THE LOCAL AND DISTRICT MUNICIPALITY LEVEL

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 D: RESEARCH ORGANISATION

Table 43: Research Organisation (Research Objectives, Hypotheses and Measurement Questions)

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
Determine whether the age of a business has an effect on the level of agreement with respect to the objectives, outputs and outcomes of the small business policy	**Null hypothesis (H1$_0$):** The *age* of a business does not have an effect on the level of agreement with respect to *objectives, outputs and outcomes* of the small business policy.	• Start-up businesses • Established businesses	• Local municipality • Age of business	Annexure 1 Q 1 Annexure 1 Q 9
	Alternate hypothesis (H1$_a$): The *age* of a business has an effect on the level of agreement with respect to *objectives, outputs and outcomes* of the small business policy.	• Small business policy	• Small business policy objectives • Small business policy outputs • Small business policy outcomes	Annexure 1 Q 27 Annexure 1 Q 28 & Q 29 Annexure 1 Q 30 and Q 31

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
Determine whether the local municipality (in which a business venture is located) has an effect on the level of agreement with respect to the objectives, outputs and outcomes of the small business policy	**Null hypothesis (H2$_0$):** The *local municipality* (in which the business venture is located) does not have an effect on the level of agreement with respect to *objectives, outputs and outcomes* of the small business policy.	• Start-up businesses • Established businesses	• Local municipality • Age of business	Annexure 1 Q 1 Annexure 1 Q 9
	Alternate hypothesis (H2$_a$): The *local municipality* (in which the business venture is located) has an effect on the level of agreement with respect to *objectives, outputs and outcomes* of the small business policy.	• Small business policy	• Small business policy objectives • Small business policy outputs • Small business policy outcomes	Annexure 1 Q 27 Annexure 1 Q 28 & Q 29 Annexure 1 Q 30 and Q 31

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
Determine whether there exists a statistical significant difference between start-up and established businesses with regard to their views on the impact of the small business policy	**Null hypothesis (H3$_0$):** There exists no statistical significant difference between the *start-up businesses and established businesses* with regard to their views on the *impact* of the small business policy.	• Start-up businesses • Established businesses	• Local municipality • Age of business	Annexure 1 Q 1 Annexure 1 Q 9
	Alternate hypothesis (H3$_a$): There exists a statistical significant difference between the *start-up businesses and established businesses* with regard to their views on the *impact* of the small business policy	• Small business policy	• Small business policy impacts	Annexure 1 Q 32 and Q 33

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
Determine whether there exists a statistical significant difference between start-up and established businesses located in the selected local municipalities in Sedibeng District Municipality in Gauteng province with regard to their views on the impact of the small business policy	**Null hypothesis (H4$_0$):** There exists no statistical significant difference between the start-up businesses and established businesses located in the selected *local municipalities* in the Sedibeng District Municipality in Gauteng province with regard to their views on the *impact* of the small business policy.	• Start-up businesses • Established businesses	• Local municipality • Age of business	Annexure 1 Q 1 Annexure 1 Q 9
	Alternate hypothesis (H4$_a$): There exists a statistical significant difference between the start-up businesses and established businesses located in the selected *local municipalities* in the Sedibeng District Municipality in Gauteng province with regard to their views on the *impact* of the small business policy.	• Small business policy	• Small business policy impacts	Annexure 1 Q 32 and Q 33

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
Determine whether the age of a business has an effect on the level of importance of established business owners' needs	**Null hypothesis (H5$_0$):** The *age of a business* does not have an effect on the level of importance of *established business owners' needs* with respect to skills, support, assistance and access.	• Start-up businesses • Established businesses • Business owners' demographics	• Local municipality • Age of business • Gender • Ethic group • Local municipality • Language • Age Education • Business experience	Annexure 1 Q 1 Annexure 1 Q 9 Annexure 1 Q 1 – 9
	Alternate hypothesis (H5$_a$): The age of a business has an effect on the level of importance of established business owners' needs with respect to skills, support, assistance and access.	• Business ventures' demographics	• Product/Service offered • Employees • Sector • Form of ownership • Turnover/Sales of venture • Break-even of venture • Profitability of venture • Competitors / product novelty • Customers • Growth Objective	Annexure 1 Q 10 – 17 and 19 – 20
		• Start-up business owners' needs • Established business	• Markets • Financial Support • Infrastructure	Annexure 1 Q 21 – 24 and Q 26

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
		owners' needs	• Business Skills • Entrepreneurial Skills • Business phase support	
		• Small business characteristics • Entrepreneurial venture characteristics	• Internal and external features	Annexure 1 Q 18
Determine whether the selected local municipality (in which the business venture is located) of the Emfuleni Local Municipality, Lesedi Local Municipality and Midvaal Local Municipality has an effect on the level of importance of established business owners' needs	**Null hypothesis (H6$_0$):** The *local municipality* (in which the business venture is located) does not have an effect on the level of importance of *established business owners' needs* with respect to skills, support, assistance and access.	• Start-up businesses • Established businesses • Business owners' demographics	• Local municipality • Age of business • Gender • Ethic group • Local municipality • Language • Age Education • Business experience	Annexure 1 Q 1 Annexure 1 Q 9 Annexure 1 Q 1 – 9
	Alternate hypothesis (H6$_a$): The *local municipality* (in which the business venture is located) has an effect on the level of importance of	• Business ventures' demographics	• Product/Service offered • Employees • Sector • Form of ownership • Turnover/Sales of venture	Annexure 1 Q 10 – 17 and 19 – 20

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
	established business owners' needs with respect to skills, support, assistance and access.		• Break-even of venture • Profitability of venture • Competitors / product novelty • Customers • Growth Objective	
		• Start-up business owners' needs • Established business owners' needs	• Markets • Financial Support • Infrastructure • Business Skills • Entrepreneurial Skills • Business phase support	Annexure 1 Q 21 – 24 and Q 26
		• Small business characteristics • Entrepreneurial venture characteristics	• Internal and external features	Annexure 1 Q 18
Determine whether the age of a business has an effect on the level of importance of start-up business owners' needs	**Null hypothesis (H7$_0$):** The *age* of a business does not have an effect on the level of importance of *start-up business owners' needs* with respect to skills, support, assistance	• Start-up businesses • Established businesses • Business owners' demographics	• Local municipality • Age of business • Gender • Ethic group • Local municipality	Annexure 1 Q 1 Annexure 1 Q 9 Annexure 1 Q 1 – 9

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Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
	and access.		• Language • Age Education • Business experience	
	Alternate hypothesis (H7$_a$): The *age* of a business has an effect on the level of importance of *start-up business owners' needs* with respect to skills, support, assistance and access.	• Business ventures' demographics	• Product/Service offered • Employees • Sector • Form of ownership • Turnover/Sales of venture • Break-even of venture • Profitability of venture • Competitors / product novelty • Customers • Growth Objective	Annexure 1 Q 10 – 17 and 19 – 20
		• Start-up business owners' needs • Established business owners' needs	• Markets • Financial Support • Infrastructure • Business Skills • Entrepreneurial Skills • Business phase support	Annexure 1 Q 21 – 24 and Q 26

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
		• Small business characteristics • Entrepreneurial venture characteristics	• Internal and external features	Annexure 1 Q 18
Determine whether the selected local municipality (in which the business venture is located) of the Emfuleni Local Municipality, Lesedi Local Municipality and Midvaal Local Municipality has an effect on the level of importance of start-up business owners' needs	**Null hypothesis (H8$_0$):** The *local municipality* (in which the business venture is located) does not have an effect on the level of importance of *start-up business owners' needs* with respect to skills, support, assistance and access.	• Start-up businesses • Established businesses • Business owners' demographics	• Local municipality • Age of business • Gender • Ethic group • Local municipality • Language • Age Education • Business experience	Annexure 1 Q 1 Annexure 1 Q 9 Annexure 1 Q 1 – 9
	Alternate hypothesis (H8$_a$): The *local municipality* (in which the business venture is located) has an effect on the level of importance of *start-up business owners' needs* with respect to skills, support, assistance and access.	• Business ventures' demographics	• Product/Service offered • Employees • Sector • Form of ownership • Turnover/Sales of venture • Break-even of venture • Profitability of venture • Competitors / product novelty • Customers	Annexure 1 Q 10 – 17 and 19 – 20

Research Objective	Hypotheses	Research Concept / Construct	Variables	Questions
PRIMARY AND SECONDARY RESEARCH OBJECTIVES				
			• Growth Objective	
		• Start-up business owners' needs • Established business owners' needs	• Markets • Financial Support • Infrastructure • Business Skills • Entrepreneurial Skills • Business phase support	Annexure 1 Q 21 – 24 and Q 26
		• Small business characteristics • Entrepreneurial venture characteristics	• Internal and external features	Annexure 1 Q 18
SOURCE: Adapted from (Moos, 2015, pp. 160-168)				