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**UNIVERSITY OF KWAZULU-NATAL**

**THE IMPEDIMENTS TO THE EXPANSION OF SMALL BLACK OWNED  
BUSINESSES IN DURBAN**

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## DECLARATION

This research has not been previously accepted for any degree and is not being currently considered for any other degree at any other university.

I declare that this Dissertation contains my own work except where specifically acknowledged

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Signed.....

096886

Date...01-05-08.....

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## **THE IMPEDIMENTS TO THE EXPANSION OF SMALL BLACK OWNED BUSINESSES IN DURBAN**

### **ABSTRACT**

The purpose of the study was to investigate the impediments to the expansion of small black owned businesses in Durban. The study was based on the assumption that small black owned businesses are not expanding in Durban despite the support from eThekweni Municipality, Government and Black Economic Empowerment policies. Participation in seminars, conferences and meetings in which barriers to the expansion of SMMEs were discussed also helped in data collection, and the questionnaires were also given to the small black owned businesses. Semi-structured interviews were conducted with the small black business owners who have experience as small entrepreneurs. Websites of SMMEs like Khula and Ntsika were visited to establish the direction of SMMEs in Durban. Visits to eThekweni Municipality and South African Chamber of Commerce helped in gathering the information about the impediments to the expansion of small black entrepreneurs.

The finding was that small black owned businesses are facing serious impediments such as lack of capital, lack of training and lack of government support. It was recommended that the UKZN-Graduate School of Business should provide small businesses development courses interpreted in both English and Zulu. It was also recommended that Government establish one central office for entrepreneurs to sort out licenses, tax and service contracts. It is recommended that South African Revenue Service to be a right place for sorting out licenses, tax and service contracts.

## **GLOSSARY OF TERMS**

The terms given below are defined in operational terms and they are defined in terms of the manner in which they are used in the study.

### **An entrepreneur**

Research has revealed that a wide range of characteristics have been used in an attempt to define an entrepreneur (Internet 2). An entrepreneur is defined as a person who has decided to take control of his future and become self-employed whether by creating his own unique business or working as a member of a team believes that success or failure lies within their personal control or influence (Internet 2).

In this study black entrepreneurs refer to Black entrepreneurs as one or more blacks who own and operate a legal revenue seeking/ generating initiative(s). This definition would include not only traditional business owners, but also street vendors, people working out of their homes and cars, as well as church entrepreneurs and leaders of non-profit organizations that need to generate income to survive or grow. Although the researcher recognizes the power of all business owners legal and illegal, for purposes of this research, the researcher excludes people who generate income from illegal sources (Internet 2).

### **Broad-Based Black Economic Empowerment (BBBEE)**

Within the context of this study, Black Economic Empowerment is described generally as the upliftment of the previously disadvantage communities, in particular blacks. This is aimed at overcoming economic inequality by creating capital within the disadvantage people, who have been segregated by apartheid on the basis of race. The capital created is expected to help in job creation, support of small and medium and micro enterprises, social development and advancement (Boloka, 2003).

In April 2007 Trevor Manuel said that since legislation to clarify Black Economic Empowerment rules was passed two years ago, “ there were all kinds of things that businesses have done, good or bad, cynical and genuine”, suggesting that firms had appointed token black managers and board members but told them they were required actually help run the business. He said the policy was flawed and was in need of a review. Down the line, Black Economic Empowerment was reviewed and a stable framework for Broad – Based Black Economic Empowerment was implemented in a manner that takes us beyond the equity focus of Black Economic Empowerment (Internet 3).

### **Accelerated and Shared Growth Initiative for South Africa (AsgiSA)**

The AsgiSA is the partnership between Government and stake holders such as labour and businesses to halve poverty and unemployment by 2014. The AsgiSA Task Force led by Deputy President included the Minister of Finance; Trade and Industry; and Public enterprises; the Premiers of Gauteng and Eastern Cape provinces; and the Mayor of Johannesburg who represented the South African Local Government associations. Many other ministers and their departments were included in the discussions, as were organized business and labour, religious leaders, youth, and women in various groupings and forums. Government also consulted with domestic and international experts. These interactions have convinced Government that South Africa is ready for AsgiSA to be a national shared growth initiative, rather than merely a Government programme (Internet 4).

### **Joint Initiative for Skills (JIPSA)**

A new institution led by a committee of the Deputy President, key ministers, business leaders, trade unionists and education and training providers or expects. Its job is to identify urgent skills needs and quick and effective solutions. Solutions may include special training programmes, bringing back retirees or South Africans working out of Africa, and drawing in new immigrants when necessary. It may also include mentoring and overseas placement to trainees to fast-track their development (Internet 5).

### **Khula Enterprise Finance Ltd**

Khula has initiated, since its establishment in 1996, a number of loan schemes to increase access to finance for SMMEs through Retail Financial Intermediaries, which are SMME departments of commercial banks or accredited NGOs. Khula offers seed loans to organisations that aim to Retail Financial Intermediaries. Khula also runs a capacity building programme for existing and potential Retail Financial Intermediaries staff (Internet 3).

### **Ntsika Enterprise Promotion Agency**

Ntsika was initiated by the Department of Trade and Industry to implement the national SMME strategy. It provides non-financial support to SMMEs via a range of programmes that are accessible through a network of retail service providers like Local Business Service Centres (LBSCs), Tender Advice Centres (TACs) and Manufacturing Advice Centres (MACs) (Ntsika Enterprise Promotion Agency, 1997).

### **Sectoral Education and Training Authorities (SETA)**

The South African skills development framework has mandated Sectoral Education and Training Authorities (SETAs) to initiate sector-specific training programmes. Under the South African skills levy system, one of the primary mandates of Sectoral Education and Training Authorities (SETAs) is to initiate Sectoral training initiatives, especially in smaller and medium sized enterprises. Underlying assumptions of such training are that increased skill levels among employees will stimulate Sectoral output, firm profitability, economic growth and employment levels (Internet 6).

### **Small Business**

A small business may be defined as a business with a small number of employees. The legal definition of “small” often varies by country and industry, but is generally under 100 employees (Internet 7). These businesses are normally privately owned corporations,

partnerships, or sole proprietorships. However, other methods are also used to classify small companies, such as annual sales turnover, assets value or net profit (balance sheet), alone or in a mixed definition. Small businesses are common in many countries, depending on the economic systems in operation. Typical examples include: convenience stores, other small shops (such as a bakery or delicatessen), hairdresser, tradesmen, solicitors, lawyers, accountants, restaurants, guest houses, photographers, small-scale manufacturing etc. Small businesses are usually independent (Internet 7).

### **Small, Medium and Micro Enterprise**

A Small, Medium and Micro Enterprise can be defined as a enterprise, which is owner operated and functions with the primary focus of providing a livelihood for the owner and the immediate employees. A Small, Medium and Micro Enterprise distinguishes itself from 'Big business' as it typically has a smaller turnover, marginal asset value, smaller number of employees, simpler organizational structures and generally lower barriers to entry and less onerous legal obligations and regulative compliance issues. A further distinguishing element of an SMME, when compared to 'Big Business' is that often, the growth, development and ultimate survival of the SMME hinges on the skills level, morality, innovation and resources applied by its owner (SMME strategy for the EThekweni Municipality,2007).



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## **Chapter one**

### **Orientation to the Problem**

#### **1.1 Introduction**

The study will analyse the impediments to the expansion of small black owned businesses in Durban and get more information on how the small black owned businesses are held back by the impediments to the expansion of black entrepreneurs in general.

This study will employ both quantitative and qualitative analysis because the study will seek explanations and predictions that will generate meaningful analysis of the data. The intent is to establish, or validate relationships and to develop generalisations that will contribute to the expansion of black entrepreneurs in Durban both in terms of numbers and activities. The qualitative approach will help the study because it is more holistic and emergent, with the specific focus, design, measurement instrument (e.g. interviews) and interpretations changing along the way. A quantitative approach is also important because the study will come up with a findings using correlation and regression analysis that will shed light on the problem statement.

#### **1.2 Background and Context**

The post 1994 political dispensation witnessed great optimism amongst the emerging Black Small Business owners who mysteriously thought that political freedom will translate to economic emancipation. Thirteen years down the line, such optimism has quickly evaporated into thin air. Hidden beneath the ghettos and crowded townships of Umlazi is the 'dead capital' which include the revenue generated in shebeens, tuck shops, money lending, catering etc. waiting to be exhumed by reputable financial institutions. The new democratic government made promises to better the standard of the aspiring Small Black Business owners and as a strategy of fulfilling the promise; the Black Economic Empowerment was initiated. It never took long for Mbeki's government to realize that Black Economic Empowerment was not penetrating the vast majority of the previously marginalized black entrepreneurs. A shift in

policy strategy became inevitable with the acceleration of Black Economic Empowerment by the adoption of the Broad Base Black Economic Empowerment.

The success and the failures of small business policies can be best measured by the wealth acquired by Black small business which simultaneously and mysteriously disappeared with companies that offered them initial capital to start their businesses. At face value, the character and the face of small business have changed in South Africa, but in reality the beneficiaries of the 'cake' are located in distant suburban places. Hence in South Africa doubts have been raised about the overall nature and direction of economic development with specific reference to Black small business society. Drawing from Wedel (1992) thesis one might depict South Africa as an 'unplanned society'; Beck (1992) 'risk society', Lister (1990) exclusive society; Melucci (1989) 'complex society' or Mangione (1991) 'fragmented society'.

It is absolutely true that something disturbing is happening in South Africa 'black men in business' had become 'black businessmen' and then mutated into 'a rising black bourgeoisie' that was distinct from the middle strata. Nattrass (2002) argument that the since 1990s there has been an increasing and rapid growth of what is generally referred to as the black of African middle class is much more relevant. Shockingly, the statistics reveal that changes in the distribution of socio-economic power have mainly benefited around 10 million blacks in the 'petit and elite' bourgeoisie classes, and has hardly any effect on the 22, 5 million blacks in the middle and lower classes. Only 7, 5 million in upper lower class may have benefited only marginally (Terreblanche, 2002).

This dissertation unpacks the complex dynamics engulfing the whole concept and policy shift embedded within the Micro, small and medium-sized enterprises discourse. The Micro, small and medium enterprises are socially and economically important, since they represent 99 % of all enterprises in the European Union and provide around 65 million jobs and contribute to entrepreneurship and innovation. The contribution and the importance of small business across the global have not gone unnoticed by international financial conglomerates including the World Bank and the International Monetary Fund. In Africa, institutions such as the Development Bank of Southern Africa which works closely with the Ithala Bank in South Africa are responsible for the promotion of small businesses. For an example the rise of the



financial service co-operatives was a direct response to the bridging the entrepreneurship gap created by the apartheid legacy.

Enterprise category	Headcount	Turnover	or Balance sheet total
medium-sized	< 250	= € 50 million	= € 43 million
small	< 50	= € 10 million	= € 10 million
micro	< 10	= € 2 million	= € 2 million

Internet 23

It is common knowledge that small businesses are sites of contestation and warring factions in South Africa. The debate on entitlement rooted especially amongst indigenous people also engulfs the process. At some point, the Black definition is narrowed to accommodate only Africans. This study is on assessing the challenges associated with small black owned businesses that are left to strive on their own in a predatory neo-liberal global economy. Such penetrating and insightful discussion is viewed not in isolation from the contemporary literature, theoretical underpinnings governing small businesses and the intervention by the South African government in the realization of the dream.

The Government has identified the upgrading and development of the small business economy, particularly black-owned enterprises, as a priority of post-apartheid era. Government views the informal economy as a key instrument for realizing several objectives, amongst others employment creation, economic redistribution and enhanced competitiveness (RDP, 1994). This stance is not new. Indeed, the Reconstruction and Development Programme (1994) stated that all levels of Government; central, regional and local must, where possible, foster new dynamic relationships between large, small and micro enterprises in ways that do not harm the interests of it's work force. The Reconstruction and Development Programme White Paper (1994) expresses the belief that growth in employment can be enhanced through Government support to small and medium-sized enterprises. Later the White Paper on Development and

Integrated Policy Support Programme for Small Businesses (1995) highlighted the importance of the small-scale enterprise sector for job creation, industrial rejuvenation, improving income generating opportunities and redressing historical imbalances in economic power.

The impediments to the expansion of Small Black Owned Businesses in Durban have attracted the attention of a wide range of interest groups that include Government organizations working with marginalised and deprived communities world wide; including the Deputy President Phumzile Mlambo-Ngcuka and other Ministers with the Accelerated and Shared Growth Initiative for South Africa (AsgiSA); policy makers from the most advanced and industrialized economies of the world; emerging and developing economies; Government officials working with communities trapped in the vicious cycle of poverty, economic and social neglect and lastly academics and researchers. Adding to the understanding of the impediments to the small black owned businesses in Durban, this study also will clarify the specific need for support for small black owned businesses.

In South Africa, social and economic imbalances are embedded in the political and economic policies of the previous regime. South Africa was founded on the principle of social stratification characterised by the differentiation of racial groups. Compartmentalization of different race groups went hand in hand with unequal access to opportunities of all kinds. For black people, being fourth class citizens effectively meant being deprived of all economic opportunities and the right to own productive assets. That therefore meant not being able to afford an acceptable standard of living (SACOB, 1999).

To address the imbalances of the past, the new government introduced financial assistance to small black owned businesses through the Department of Trade and Industry and other agencies such as the Land Bank, the Development Bank of Southern Africa, Ntsika and Khula Enterprises. The activities of the Department of Trade and Industry give some indication of the extent of Black Economic Empowerment funding via the state (Internet 8).

### **1.3 The Significance of the Study**

The study was undertaken as a result of observation that despite the existence of affirmative action Black Economic Empowerment policies and Government support to black entrepreneurs, small black owned businesses are still facing barriers to expand. It is further observed that very little has been done at Government level in terms of evaluating the effectiveness of Black Economic Empowerment on the growth of black owned enterprises, taking into account the legislation and policies, focusing on black entrepreneurs, that have been passed since the new Government's ascensions to power in 1994.

The literature review on the impediments to the expansion of small black businesses has revealed a lack of marketing programmes, support from the Government, and support from eThekweni Municipality, training, capital, information, innovative measures, lack of confidence and insufficient business information.

It is on the context of the above observation that the study was conceived. It was therefore hoped that the study would benefit Government officials in all the three levels of its government, i.e. national, provincial and local, who are given the task of implementing, monitoring and evaluating the effectiveness of Government policies.

The study will further be significant to local business service centers throughout KwaZulu-Natal whose staff frequently have to deal with the frustration experienced by the black entrepreneurs; arising from failure to sort out the licenses, taxes and service contracts. The study will inform government of structural impediments still inherent in the business community which inhibit access to economic opportunities.

The study will further be of benefit to policy makers in all the three tiers of government, whose task is to consider and tackle problems that impact negatively on the advancement of various groups in the population, more particularly the historically marginalized who constitute the majority of the population in the country and yet still find themselves sidelined when it comes to access to the provision of economic opportunities (Internet 3).

#### **1.4 Problem statement**

A 'problem' is a state of difficulty that needs to be resolved (Internet 1). In this study the problem is that small black owned businesses are facing serious impediments to their expansion in Durban.

A 'statement' is a proposition statement that affirms or denies something and is either true or false (Internet 1). This study explores the extent to which Small Black Owned Businesses are expanding and if not, why not.

A problem statement is the reasoning of two scenarios, namely an ideal scenario where the system under consideration is functioning optimally and an actual real-world scenario where the system is malfunctioning (Internet 1).

Political leadership in Durban has shifted to black people with the elections of black mayors and councillors, and with blacks overseeing government entities such as the school system and economic departments. However, it would be ludicrous to suggest that the impediments to the expansion of small black owned businesses are history.

The demographics suggest that Blacks represent the majority of the population in the city; however, black entrepreneurs represent the minority of successful business owners in Durban. Successful black entrepreneurs would play a vital role to foster and promote the economic growth of the province; but lack of training affects their way of handling finances and other business activities necessary for a success of any business venture.

Given the above conceptual framework and context, the study seeks to examine the extent to which small, black owned businesses have been able to access Government support. This will be revealed through the analysis of a questionnaire responded to by fifty small black business owners in Durban and the analysis of the perceptions of small black owned businesses on the ability to access support. The study seeks to gain insight into the contribution of the Black Economic Empowerment Policy to develop and sustain the small black owned business sector. The study will further investigate the impediments to the expansion of small black owned

businesses in Durban and it is hoped that the study would suggest the recommendations that will benefit small black owned businesses and the city of Durban at large.

### **1.5 Research Objectives**

The purpose of the study is to find out why small black owned businesses are not expanding in Durban because Government, eThekweni Municipality and Black Economic Empowerment policies are on their side and what needs to be done to address this problem. The study will focus on the extent of the impact of structural impediments as reported in literature and presumably confirmed by small black entrepreneurs.

The study will further investigate various elements, such as training, education, small business management skill sets and the environment in which Small Black Entrepreneurs operate impact upon the growth of Small Black Business Owned in Durban. Structural problems such as inadequate level of training and high level of illiteracy are often a contributing factor to the growth of small black owned businesses in Durban.

### **1.6 Research Methodology**

Because a dissertation should demonstrate a researcher's ability to independently design an appropriate research instrument, to implement an appropriate process of data gathering and analysis, it is not appropriate to analyze secondary data (data obtained through the expertise of other researchers, more commonly known as "ploughing a field with another man's oxen (Internet 9).

To conduct quantitative research, nineteen questions will be formulated giving respondents a choice of answers ranging from one to seven, with one being not at all and seven being substantially. Fifty respondents will be required to answer the questionnaire. To conduct qualitative research, semi-structured interview will be formulated and five respondents will be interviewed. SPSS (Data Analysis Software) will play a vital role for the data depiction and to allow for an analysis of the data.

### **1.6.1 Quantitative Research**

A quantitative research approach will be employed to gather, analyse, interpret and report factual information regarding the impediments to the expansion of small black owned businesses in Durban. Quantitative researchers seek explanations and predictions that will generalize to other persons and places (Leedy & Ormrod 2001). The intent is to establish, confirm, or validate relationships and to develop generalizations that contribute to theory (Leedy & Ormrod 2001).

The aim of conducting quantitative research is to classify features and construct statistical models such as descriptive analysis, frequencies tables, correlation coefficient and regression analysis in an attempt to explain what is observed. The aim of conducting qualitative research is to get a complete, detailed description of the situation using a semi-structured interview because qualitative data is less able to be generalised.

Quantitative analysis will be used for a statistical analysis to assess the extent of hindrance to the expansion of the black entrepreneurs in Durban. Correlation and regression analysis will be used for statistical analysis. This study will employ regression analysis because regression analysis compares two things and it will allow the study to answer questions such as 'to what extent do you receive support from Government?' The answer will range from 'not at all' to 'substantially', this compares two things but before doing any regression analysis on a data, it is necessary to establish whether there is a correlation between two sets of data or not and there is a correlation between Government intervention and the expansion of the black entrepreneurs. Correlation is a method whereby a coefficient (number) is calculated to describe the degree of association between two sets of paired values, and then tested to determine the probability that the association might be due to chance (Leedy & Ormrod 2001).

### **1.6.2 Qualitative Research**

One must dig deep to get a complete understanding of the phenomenon under investigation. The study will collect numerous forms of data and examine them from various angles to construct a rich and meaningful picture of a complex, multifaceted situation (Leedy & Ormrod 2001). That is why qualitative research to gather primary data will be conducted. This study

will collect extensive data from different black entrepreneurs, analyse the data and compile a complete and unbiased research report.

Qualitative data obtained from a select, few, respondents, will be subjected to shed light on the phenomenon under investigation. In a semi-structured interview, the study may follow the standard questions with one or more individually tailored questions to get clarification or probe a person reasoning (Leedy & Ormrod 2001). Five black entrepreneurs will be interviewed and only semi-structured questions will be asked to understand the impediments to the expansion of the black entrepreneurs in Durban.

### **1.7 Research Questions**

Research questions, also known as critical questions, are posed at the end of a study survey to get an insight into the research problem/s under investigation, based on the findings of the study (Leedy & Ormrod 2001). The following broad questions will guide the execution of the study.

- To what extent is Government support accessible to the majority of small black entrepreneurs?
- To what extent is eThekweni Municipality support accessible to emerging black entrepreneurs?
- To what extent is capital/finance accessible to black entrepreneurs?
- To what extent do black entrepreneurs seek training and development?
- To what extent are financial institutions willing to approve loan applications from black entrepreneurs?

### **1.8 Ethical Requirements**

The nature and quality of participant performance will be kept strictly confidential. This study will report findings in a complete and honest fashion. The study will under no circumstances fabricate data to support a particular conclusion.

### **1.9 Representative Sampling**

To conduct quantitative research, nineteen questions will be formulated and fifty respondents will be required to answer the questions. All questions will range from one to seven, on a scale from one being not at all and seven being substantially. To conduct qualitative research five black entrepreneurs will be interviewed and only semi-structured questions will be asked to understand the impediments to the expansion of the black entrepreneurs in Durban.

### **1.10 Data Analysis**

Data will be analysed through SPSS for Windows, a statistical and data management package for analysts and researchers. SPSS statistics software will offer greater insight into the actions, attributes and the attitudes of people. SPSS for windows is a modular, tightly integrated, full-featured product line for analytical process-planning, data collecting, data access, data management and preparation, data analysis, reporting and deployment (Internet 10).

Using SPSS the study will be able to do statistical analyses such as regression analysis and correlation analysis. SPSS also contains several tools for manipulating data, including functions for recording data and computing new variables, as well for merging and aggregating databases. SPSS also has a number of ways to summarize and display data in the form of tables and graphs (Internet 11).

### **1.11 Importance/Significance of the Study**

The study could serve as a major contribution to the South African Government and the eThekweni municipality to understand more about the impediments to the expansion of small black owned businesses in Durban because the economy of the country and the economy of KwaZulu-Natal will benefit substantially if the South African Government and eThekweni municipality can better support black entrepreneurs. Small entrepreneurs play a vital role to overcome economic barriers and to promote and foster economic growth.



The study will help to reduce high failure rate of small black owned businesses in Durban. If government considers the consequences of the impediments to the expansion of small black business owned in Durban, Government could equip small black owned businesses with necessary skills, training and education to succeed.

## **12 Limitation of the Study**

The limitations of this research are that:

- Time is limited, thus it is not possible for one to go deeper into the study.
- Research will be confined to a small scale because of time constraints.
- There are many issues that this topic deals with, and it is impossible for one to tackle all the issues.

## **1.13 Conclusion**

In chapter one an attempt was made to give an exposition into the problem that is the focus of the study. As mentioned this study focuses on the impediments to the expansion of small black business owned in Durban. Chapter two presents an exclusive review of literature on the issue of impediments to the expansion of black entrepreneurs. Chapter three presents a detailed review of quantitative and qualitative research methods as research methodologies used in the study. Chapter four concentrates on data analysis from fifty respondents and detailed semi-structured interviews from five interviewees. Chapter five examines findings, makes recommendations and draws conclusion.

## **Chapter Two**

### **2. 1 Literature Survey**

Literature Surveys are sources that demonstrate that I have identified literature that relate to my problem statement. The electronic resources provided by the university the researcher will use to conduct my literature survey are as follows:

#### **2.1.1 OPAC**

This is an electronic catalogue of hardcopy books on the shelves of the university's various libraries.

#### **2.1.2 Nexus**

This is an electronic database of completed scholarly research in the form of hardcopy thesis and dissertations available from South African university libraries.

#### **2. 1.3 Sabinet /ACAT**

This is an electronic database of hardcopy books available for inter-lending from other South African university libraries.

#### **2.1.4 Science Direct**

This is an electronic database that provides access to electronic versions, in pdf format, of peer reviewed articles that have appeared in scholarly journals.

#### **2.1.5 Listservs**

Listservs are worldwide email-based discipline-specific discussion groups that one can join freely, after which one receives daily emailed discussions about specific topics that are known as threads.

#### **2.1.6 Catalyst**

This is a database of all discussion lists on the Internet, which is updated daily

#### **2.1.7 Search engines**

(Online search facilities that allow you to enter search to find information on home page)

### **2.1.8 Meta search engines**

(Online search facilities that allow you to simultaneously query multiple search engines)

### **2.1.9 GSB Resource Centre**

Provide access to hard copy books, journals and discussion list on the internet.

## **2.2 Literature Review**

### **2.2.1 Introduction**

The purpose of this literature review is to examine the potential impediments to the expansion of black entrepreneurs in Durban. While much research is being done on this subject, there is still ambiguity to the expansion of black entrepreneurs in Durban. The study defines a number of key resources that are needed to overcome barriers that are faced by black entrepreneurs in Durban.

### **2.2.2 Background and Context**

There is overwhelming evidence of the important role the SMME sector plays in growing the economies of nations all over the world. It is to this effect that the South African government, after the political transformation of 1994, introduced a White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa. The White Paper was introduced in 1995 with the primary aim of creating an enabling environment for the accelerated growth of SMMEs in the country (SMME strategy for the eThekweni Municipality, 2007).

It is, however, important to note that SMMEs are not a homogeneous group. In as much as they operate in different sectors and industries, they face different challenges at different stages of their development. Some of these challenges are generic whilst others are sector of industry specific (SMME strategy for the EThekweni Municipality, 2007). This research aims at identifying the challenges that are faced by the SMME sector and the eThekweni Municipality.

### 2.2.3 Definitions and Scope Analysis

It is crucial to define the precise meaning of SMME. Despite its importance, there is no universally accepted definition. The most widely used framework in South Africa is the definition applied by the National Small Business Act, which defines five categories of business as follows.

**Survivalist enterprise:** The income generated is less than the minimum income standard or the poverty line. This category is considered pre-entrepreneurial, and includes hawkers, vendors and subsistence farmers. In practice, survivalist enterprises are often categorized as part of the micro-enterprise sector.

**Micro enterprise:** The turnover is less than the VAT registration limit (that is, 150 000 per year). These enterprises usually lack formality in terms of registration. They include, for example, spaza shops, minibus taxis and household industries and they employ no more than five people.

**Very Small enterprise:** These are enterprise employing fewer than 10 paid employees, except in the mining, electricity, manufacturing and construction sectors, in which the figure is fewer than 20 employees. These enterprises operate in the formal market and have access to technology.

**Small enterprise:** The upper limit is 50 employees. Small enterprises are generally more established than very small enterprises and exhibit more complex business practices.

**Medium enterprises:** The maximum number of employees is 100; or 200 for the mining, electricity, manufacturing and construction sectors. These enterprises are often characterized by the decentralization of power to an additional management layer.

### 2.2.4 The SMME Development Strategy

In order to achieve SMME development, the South African government formulated a comprehensive and detailed national strategy. It recognizes the need to create an enabling environment that will assist the enterprises sector to thrive. Some of the issues discussed are the necessity to:

- Reduce the time it takes to register a company;
- Reduce the amount of tax SMME have to pay;
- Improve the conditions of the road, bridges and government buildings;
- Establish institutions that will provide assistance to SMMEs.

(Internet 21)

The SMME development strategy and the policy toward encouraging entrepreneurship is aimed at removing all obstacles to the creation and growth of enterprises, on the assumption that once it is possible to enter business, and private initiatives would be found automatically. The state is also supposed to guarantee the removal of barriers to entry and growth and create a stable macro-economic environment (Internet 21).

#### **2.2.5 The Funding of Small Black Entrepreneurs**

One of the hurdles faced by new entrepreneurs is raising finance. Experts interviewed by the Global Entrepreneurs Monitor (GEM) survey in 2001 and 2002 identified lack of financial support as a major constraint on entrepreneurship in South Africa. The view of these experts was confirmed by a survey of black urban entrepreneurs (Internet 3).

International evidence suggests South Africa is not alone in identifying lack of financial support as a major barrier to entrepreneurship. In 2002 GEM asked nearly 1000 experts in 34 countries to identify the major weaknesses in their national environment for entrepreneurship. Ten countries ranked lack of financial support as the main national weakness. A further nine countries, including South Africa, ranked finance as the second biggest weakness. According to GEM 2002 about 75% of the unsuccessful candidates experienced one or more problems which could reasonably be expected to lead to an unsuccessful bank loan applications. These included a credit blacklisting, inadequate financial records and the absence of collateral (BUSINESS DAY, 21 October 2003).

It is found that most entrepreneurs lack sufficient working capital, particularly among black entrepreneurs. This leads to an inability to extend business and engage more personnel. Some had been selling the same commodity since their start, while others sold even smaller quantities and varieties of stock than before (Zondi, 2003).

In one case study Kgomo (1997) argues that because of lack of access to capital, new black owned enterprises tend to form partnership with the established white businesses. A partnership involved 50% shareholding by a white owned company and 50% shareholding by a black partner. However, the 50% shareholding in that particular case did not imply 50% share in the profit. In actual fact according to Kgomo's findings the white owned company gained significant savings and increase in profit by purchasing goods in large quantities and at a discount, and selling those in turn to a black partner, who could not benefit in terms of discount by purchasing directly from the wholesale because of the small size of the order (Kgomo, 1997).

The study found that because of lack of access to capital the newly formed black enterprises are vulnerable to exploitation by the white owned businesses that are not willing to assist small black business owners in terms of reducing their prices. White owned businesses are more concerned about profit margins as they have shareholders to report to. In the very same case study, Kgomo found that the black owned companies experienced further financial constraints as a result of the tendering requirements of government, even though there are affirmative action policies in place (Kgomo, 1997). The awarding of contract by government departments takes into account the pricing assessment criteria.

Access to capital is also critical in the case of large and risky contracts that require guarantees in the form of money. Because small and emerging entrepreneurs are regarded by the banking community as more risky, their borrowings often attract high cost of capital. The survival of small black owned entrepreneurs and their subsequent ability to move from subsistence level to large business is often at stake (Zondi, 2003).

SMMEs very often face problems when trying to access the necessary finances to start or to expand their businesses. The traditional way financial institutions consider businesses

(irregardless of size) for loans, is through the evaluation of security to cover exposure, rather than the normal business risks associated with the transaction. In most cases the financial institutions, like banks, view SMMEs as a high risk because the owners very often tend to have little or no collateral or tend to have a bad or no credit record ( SMME strategy for the eThekweni Municipality, 2007).

Lack of access to business finance is widely reported in literature as hindering the advancement of small black entrepreneurs. Lack of access to business finance is felt mostly by black entrepreneurs, the survivalist group, black owned business in rural areas, and business owned by women and the disabled. Other areas of concern and regarded as hindering the advancement of black owned businesses, include the inability to find business premises at affordable rates, lack of access to business information and lack of appropriate technology (Zondi, 2003).

#### **2.2.6 Government Support to Small Black Entrepreneurs**

The South African government is fully aware of the importance of SMMEs, and various studies about the performance of small businesses in different sectors of the economy have been commissioned in the recent past. The current framework of SMME support and development in South Africa comprises the initiative listed below. These are:

- The White Paper on the promotion of small business (1995), which sets out ;
- Government's strategy on the development and promotion of small business in South Africa;
- The National Small Business Act.

The National Small Business Act of 1996 defined SMMEs and provided for the establishment of the National Small Business Council and the Ntsika Enterprise Promotion Agency (Ntsika). The Small Business Council is responsible for policy advice to national and provincial coordination of training and other non-financial support functions related to SMMEs. The Centre for Small Business Promotion has also been established, with the goals of creating an enabling environment for the growth and expansion of SMMEs and developing and supporting the institutions involved in delivering support services to SMMEs (Ntsika, 2001).

#### **2.2.6.1 Ntsika Enterprise Promotion Agency**

Ntsika was established through the enactment of the National Small Business Act of 1996. Its main purpose is the delivery of programmes for the support and promotion of small business. Ntsika acts as an intermediary between government, the private sector and service providers, in order to provide non-financial services to SMMEs. Its main functions include the following:

- Expanding, coordinating and monitoring the provision of training, advice, counseling and any other non-financial support to small business, in accordance with the National Small Business Support Strategy;
- Providing financial support to service providers that provide the services detailed above;
- Consulting with any department of the government, the Council or a service provider in order to: facilitate the provision of business advice and counseling services to small business; facilitate access by small business to raw material and other products; facilitate international and national market access for the products and services of small business; strengthen the capacity of service providers to support small business and, as a result, to assist small business to compete successfully in the economy; formulate and coordinate a national programme of policy research, collection and dissemination of information concerning small business (Ntsika, 2001).

#### **2.2.6.2 Khula Enterprise Finance**

Khula Enterprise Finance provides access to credit for small, medium and macro enterprises (SMME's) through commercial banks, retail financial intermediaries and micro-credit outlets. It provides mentorship to guide and counsel entrepreneurs in various aspects of managing a business. Entrepreneurs do not get financial assistance directly from Khula (Internet 12).

In an attempt to facilitate access to loan finance to SMMEs, Khula Finance Ltd was established as a 'wholesale' institution to support retail financial intermediaries (in their majority commercial banks) financially and or by assuring guarantees of loan repayment. There is a frequent perception, however, that this policy initiatives has not lived up to its expectations. It



is believed that: many potential borrowers did not even apply for a loan; commercial banks did not use it; and for those micro-entrepreneurs who happen to learn about Khula schemes, lack of management support accompanying a loan application remains a constraint (Internet 12).

#### **2.2.6.3 Business Partners Umsobomvu Franchise Fund**

The programme helps to fund youth business projects and youth development projects. The Business Partners Umsobomvu Franchise Fund is a finance company that finances existing or new viable businesses. It makes capital available from R60 000 to R1 million. It also has voucher programme that helps entrepreneurs gain access to business development services support, like accounting and business plan development (Internet 3).

#### **2.2.6.4 South African Micro Finance Apex Fund (SAMAF)**

SAMAF does not loan money or provide financial services directly to end-users, but uses a range of partner organizations to deliver products. These partner organizations are regional and local organizations that have experience in working with the communities and understand the day-to-day problems that people in these communities experience.

SAMAF works with its local partner organizations to provide loans of up to R10 000; the loans will be used for micro-enterprise activities and other productive uses. The primary target market of SAMAF and its partners are micro-entrepreneurs, as well as households that have incomes of less than R1500 a month (Internet 3).

According to Trade and Industrial Policy Strategies (2002), these government initiatives suffer from sub-optimal implementation due to a general distrust of external agencies by SMMEs on the other hand, and the incapacity of support institutions to persuasively raise awareness about their existence and effectiveness on the other.

According to Zondi (2003) the University of Stellenbosch's Bureau for Economic Research, which has focused attention on researching the small and medium enterprises, has cautioned Government by saying that its economic policies will fail if focus is made on large and established businesses only, and ignored the small players.

Despite scepticism over the ability of black emerging entrepreneurs in meeting and overcoming the obstacles associated with the complexity of the business environment in which they operate, Badenhorst & Hugo (2001) state that the majority of white corporate South Africans continue to embrace the principle of black empowerment by implementing a variety of strategies including affirmative purchasing. A typical example in this regard is the foundation by Corporate South Africa of Networking Forum aimed at finding and implementing various ways of supporting and coordinating the empowerment of the historically disadvantaged businesses (Badenhorst & Hugo, 2001).

The Cape Town International Convention Center's response to affirmative procurement is another example of the attempt by established businesses that embrace the concept of economic empowerment. The Cape Town International Conventional Centre Empowerment's intention is evident in its empowerment policy framework, which focuses amongst other things on affirmative procurement (Internet 13). The Cape Town International Convention Center's empowerment strategy in the area of procurement is intended:

- To give a slice of its outsourced work to emerging contractors;
- To apply empowerment strategy in the appointment of consultants and provision of professional services, and
- To apply empowerment strategy in the procurement of goods and services (Internet 13).

Initiatives indicating support of the small back business owned through affirmative action are also evident in the tourism sector (Empowerment and Transformation Review 2001).

Small black entrepreneurs further serve as a means of livelihood for the survivalist group such as women in rural areas, female headed households, disabled groups, street vendors and others. The White Paper on the National Strategy for the development and promotion of Small Business in South Africa regards emerging enterprises as vehicle for Black Economic Empowerment (White Paper, 1995).

The Economic empowerment of black emerging enterprises is justified when taking into account that black entrepreneurs have for years complained of the hostile business environment they were subjected to and expected to operate in. Black emerging enterprises had expressed reservations with respect to having to compete with established and large corporations and no preference at all given to small businesses. They had complained against red tape, which prevented them from realising their dreams (Coetzee & Visage 1995).

According to Zondi (2003) the majority of black entrepreneurs have been deprived of opportunities to operate successful businesses in the past. They were denied the opportunities to acquire the type of education that would enhance their business skills. Most of them were locked in rural areas with no infrastructure necessary to operate businesses successfully. They were locked in rural areas where business competition never existed. Government is therefore justified to formulate and implement affirmative policy and legislative framework to turn around the situation and to assist the historically disadvantaged to realize their aspirations (The Growth Employment and Redistribution: a macro-economic strategy, 1996).

Lack of access to markets and lack of mobility to sell products is one of the problems emerging entrepreneur's experience. Problems associated with lack of markets have their origin (1) the inability of small entrepreneurs to compete in both domestic and international markets (2) the local authority regulations hindering small entrepreneurial access to markets (3) established business refusal to assist and open up market opportunities to emerging entrepreneurs (4) the failure to make the public sector and large corporations to prioritise small entrepreneurs in awarding contracts (5) the production of inferior products that fail to compete successfully with domestic and imported products and (6) the inability to produce on a large scale to satisfy markets demands (The White Paper on National Strategy for the Promotion and Development of Small Business in South Africa, 1995).

#### **2.2.6.5 Accelerated and Shared Growth Initiative for South Africa (AsgiSA)**

Government further hopes to deal with the pandemic problem of poverty and the continually rising rate of unemployment by encouraging small black entrepreneurs using Government organisation like Accelerated and Shared Growth Initiative for South Africa (AsgiSA). There are several interventions designed to support small businesses (Internet 5).

The SMME strategy for the eThekwin Municipality (2007) outline the following constraints that have been identified by Accelerated and Shared Growth Initiative of South Africa (ASGISA) include:-

- Unnecessary regulatory obstacles to growth and employment which in result in limiting the growth of SMMEs;
- Deficiency in state organisations;
- Capacity and strategic leadership, with the greatest impact felt at local government level;
- Lack of sector development strategies and barriers to entry in some sectors of the economy;
- The cost and efficiency of the national logistics system and capacity of infrastructure and bottlenecks;
- Shortage of suitable skilled labour at suitable costs;
- Relatively volatility of the currency

#### **2.2.6.6 The White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa, Notice No. 213 Of 1995**

The tabling in Parliament of the White Paper on the National Strategy for the Development of Small Business in South Africa is a further confirmation of attempts Government makes to focus on and prioritise the needs of emerging enterprises. The development of small and medium enterprises owned by black people is viewed by Government not only as a vehicle for job creation and economic growth but also as a means to ensure the integration of historically disadvantaged into the main stream economy of the country. It is however, important to note that SMMEs are not a homogeneous group. In as much as they operate in different sectors and industries, they face different challenges at different stages of their development. Some of

these challenges are generic whilst others are sector or specific (SMME strategy for the eThekweni Municipality, 2007).

#### **2.2.6.7 BEE as a Growth Strategy**

The Broad Based BEE Strategy is the intervention tool by the government to bring about economic transformation with the aim of addressing the systematic exclusion of the majority of South Africans from full participation in the mainstream economy. The significant broadening of black ownership that was hoped for the past decade has however not materialized to the proportions that were anticipated (SMME strategy for the eThekweni Municipality, 2007).

#### **2.2.7 Issues Facing SMMEs**

While SMMEs are increasingly becoming important in developing and developed economies, they encounter various problems. The failure rate of these firms is reported to be amongst the highest in South Africa (GEM 2001). This failure rate is normally due to factors such as the unfavorable business environment, administrative differences, and costs. Baevan (2002) state that unfamiliarity with strategic management techniques and process poses a challenge to SMMEs. Small-business owners prefer to dwell on issues which have a short- term payoff, especially if the resources are limited. If business owners would familiarize themselves with management techniques, they would know and follow the direction of the firm and this would reduce the failure rates (Beaver, 2002).

In line with the objectives of the economic policy of South Africa, the government identified problems being encountered by small businesses, for which it is determined to provide appropriate support. The key problems are:

- Access to advice,
- Access to marketing and procurement,
- Access to infrastructure and premises,
- Access to training,

- Access to appropriate technology,
- Encouragement to inter firm linkages.

The government's strategy with regard to the issues recognized above is to endeavour to bring SMMEs into the regulatory framework for labour standards (Internet 22).

#### **2.2.8 Lack of Skills**

SMMEs tend to lack technical skills and managerial expertise. Failure of SMMEs is largely due to the inappropriate skill set of the individuals running or owning the enterprise. The current school (and in some instances university/technikon) curricula are not geared to develop individuals that would be able to operating in the business environment (SMME strategy for the eThekwin Municipality, 2007).

#### **2.2.9 Access to Markets**

Access to market has been sited as one of the major constraints that SMMEs face. Most SMMEs have a tendency of doing similar type of business activities. This results in market saturation and low profit return for such businesses. Other SMME have a tendency of producing their products first without a well-thought-through plan of where they intend selling them, i.e. 'putting the cart before the horse syndrome. This results in them struggling to sell what they have already produced. In other instances the systems that are in place give preference to bigger and more established businesses, thus disadvantage SMMEs even when they are capable of delivering (SMME strategy for the eThekwin Municipality, 2007).

#### **2.2.10 Business Premises**

In some cases, SMMEs are unable to strategically place themselves in areas where their business can benefit the most in terms of resources or customers, because they cannot find business premises at affordable rentals (SMME strategy for the eThekwin Municipality, 2007).

#### **2.2.11 Lack of Infrastructure**

According to SMME Strategy for the eThekwin Municipality (2007), SMMEs rely heavily on the availability, quality and cost of infrastructure facilities. However, it is noted that most of the SMMEs are unable to grow past the infancy stage because they operate in an environment where there is a general lack of overhead business infrastructure (SMME strategy for the eThekwin Municipality, 2007).

#### **2.2.12 Educational levels**

Studies show that even though business Centers are available where SMMEs can access information that can help them with business related matters, lower education levels of entrepreneurs constitutes a noticeable constraint. Research on South African small business show that there is a correlation between the level of education and the size of an enterprise, i.e. the level of education tends to increase with the size of the business enterprise (SMME strategy for the eThekwin Municipality, 2007).

#### **2.2.13 Procurement Opportunities**

Procurement structures that existed in South Africa and the way they operated had for long time generally discriminated against SMMEs, particularly black owned SMMEs. The legacy of these procedures still lingers on. The public procurement, tender procedures are often complicated and the size of the contract tends to favour big businesses. Procurement therefore constitute a potential key market for SMMEs, but the one from which such enterprises often feel excluded (SMME strategy for the eThekwin Municipality, 2007).

SMME suppliers are often bombarded with a series of requirements to comply with supplier status requirements. Very little support is however provided to help them develop their competencies or abilities to meet this compliance. In same light, many smaller SMMEs are “set up to fail” reinforcing big business perception that small business products and services should be avoided (SMME strategy for the eThekwin Municipality, 2007).

According to SMME strategy for the eThekwin Municipality, 2007 purchasing patterns from SMMEs still include a series of “preferred” suppliers who have established relationship with

bigger businesses and few entry opportunities are provided to emerging black firms or SMMEs that have not demonstrated a trading history.

#### **2.2.14 Lack of Government Support for SMMEs**

According to Bannock (2002) smaller business owners often perceive that South African Labour legislation is overly complex and favourably biased toward business with less labour relative to capital employed. Bannock (2002) cites the success of labour brokers in South Africa as evidence of an overly complex labour regulatory system. Specific aspects of South African labour legislation identified as imposing either financial or administrative constraints on SMME operations include paying a skills levy, and managing employees' Unemployment Insurance Fund (UIF) payments (Rogerson, 1998). Owners of SMMEs has also expressed the perception that government legislated Value Added Tax (VAT) impose a disproportionate burden on smaller businesses in SA. This burden is attributed to the complexity of VAT registration and administration, and to cash flow stress- interest is lost prior to receipt of VAT refunds, and VAT is paid at the point of invoice rather than the point of receipt (Bannock 2002). The regulatory environment has however proven to be more costly and even burdensome to most of the SMMEs, resulting in non-compliance on SMMEs part (SMME strategy for the eThekweni Municipality, 2007).

#### **2.2.15 Intimidation by Paperwork in Starting a Business**

According to Zondi (2003) very few black owned businesses are able to tender successfully due to hindrances associated with tender procedures. It is argued that tender documents themselves are complicated and therefore prohibit successful participation in the tendering process (Kgomo, 1997). There are further indications that the procurement staff in Government departments is also not well trained to interpret the tender documents, tender legislation, policies and regulations to the emerging entrepreneurs (Kgomo, 1997).

#### **2.2.16 Sectoral Education and Training Authorities (SETA s)**

Under the South African skills levy system, one of the primary mandates of Sectoral Education and Training Authorities is to initiate Sectoral training initiatives, especially in smaller and medium sized enterprises (Internet 6). However, budding entrepreneurs are being set up to fail



and government is wasting thousands of rands of taxpayer money by attempting to train unemployed people to start their own businesses (Internet 14).

The results of the National Skills Development Strategy show that although Sector Education and Training Authorities (SETAs) have trained learners to start their own businesses between April 2005 and March 2006, none of these business succeeded. Prince Mlangeni, who was one of 32 who completed the New Venture Creation learnership through the Transport Seta in March 2007, says the learnership “was a total waste of time”. She said the learnership was classroom-based and not relevant to her business, as they were made to do assignments based on general businesses (Internet 14).

#### **2.2.17 Managerial Skills**

Kgomo (1997) states that small business owners tend to exhibit certain personality traits that are responsible for the success and failure of their businesses. Owners with inadequate managerial skills create management problems in the small business sector. This deprives the country of healthy concerns that can provide employment opportunities for the unemployed masses.

Management skills can be improved through training programmes and practical experience. Management skills can be sorted into four main groups. The first group focuses on participation and human-relations skills, for example, constructive communication and team building while the second group focuses on competitiveness and control, for example assertiveness, power and influence. A third group focuses on innovativeness and entrepreneurship, such as creative problem solving, while a fourth group focuses on maintaining order, for example time management and rational decision making. In these four groups the following important managerial skills can be singled out for attention: technical, conceptual, interpersonal, communication, analytical, decision making, administrative and problem-solving skills (Kgomo, 1997).

Badenhorst & Hugo (2001) classify the problems experienced by small business owners in conducting a successful business into two categories, namely:

- Market-related issues, such as marketing, locality, lack of knowledge of the market, product demand and competition, which are associated with the industry in which the enterprise operates; and
- Enterprise – based issues, which are the business’s internal factors such as incompetent management, lack of managerial skills and poor financial control.

Enterprise-based problems are found to be associated with 65 per cent of small business failures. Failure stems largely from the following areas: managerial skills, management behavior and financial knowledge. Lack of expertise in the functional areas of marketing, human – resource management and financial issues is the problem (Badenhorst & Hugo 2001).

Knight (1981) states that most enterprises are started with a small equity base that only grows when the firm generates retained earnings from operations. Owners and managers frequently lack the ability to present a convincing business plan to lending institutions, and lending institutions are often biased against financing small businesses (Knight, 1981).

#### **2.2.18 eThekweni Municipality**

According to SMME strategy for the eThekweni Municipality (2007) there are however, a number of challenges or constraints from the Municipality side which need to be identified in order to understand the impediments to the expansion of SMMEs in Durban;

- Limited Resources: There is a very demand for SMME support services which is expected to be addresses by limited Municipality resources.
- Poor Co-ordination of SMME Programmes: Many of the organizations/departments that currently provide support services to the SMME sector operate in isolation. This reduces the impact or effectiveness of these services as there is wastage of resources due to unnecessary gaps and duplication of support efforts.

- **Poor Information Flows:** Availability of inadequate SMME information (or information hick-ups) very often results in inefficient, untimely or even irrelevant assistance being offered to the SMMEs. This results in the wastage of already limited resources.
- **BEE & Procurement:** In as much as the eThekweni Municipality has made strides in formulating a Procurement Policy which is SMME sensitive, a small percentage of SMMEs have benefited from the policy.

### **2.2.19 The Province of KwaZulu-Natal Support to SMMEs**

According to Report for the Business Support Unit of the eThekweni Municipality-SMME Strategy (2004), SMME “value add” to the eThekweni Municipality is not fully appreciated by various constituents in the Municipality. Report for the Business Support unit further noted that poor coordination and interaction of the various SMME related activities in the eThekweni Municipality is one of the critical barriers limiting the development of SMMEs, the resources and emphasis applied by the local government in the development of SMMEs are considered, by many people, not reflect the true potential of the sector. Further, it appears the SMME role is underrated from a number of perspectives and the high rental expense, for SMMEs operating within the central business district of the Municipality, is viewed as one of the large barriers to entry.

To address challenges experienced by this sector, IThala has appointed the Ukwakha Consortium to help with receiving and preparing business plans, mentorship, technical support and professional due diligence service for specific referrals on business loan applications. Using the model from the Republic of India, the National Small Industries Corporation (NSIC) of India has assisted the Province in the development of a strategy to provide support to the SMME’s on a district basis which will be integrated with the Small Enterprise Development Agency (SEDA). This strategy will have the effect of strengthening small business sector, create more employment and help to protect investment in this sector through Ithala loan book (SMME strategy for the eThekweni Municipality, 2007).

### **2.2.20 Lack of Private Sector Support for SMMEs**

Once a business has started up, access to expansion or working capital may be restricted by an entrepreneur's difficulties in understanding private sector loan financing scheme, weak organizational arrangements, overly complex application procedures, and private lending institutions' bias against financing SMMEs (Naude 1998). Access to markets may also be a constraint if appropriate intermediary and private institutions do not interface with SMMEs to link entrepreneurs with potential buyers and suppliers of inputs. Subcontracting linkages between large enterprises and emerging SMMEs are an important element in facilitating SMME sector growth (Naude 1998). Private intermediaries and parastatal organizations like development financiers can provide SMME support through training activities, business counseling, advice on contract tenders, and help in securing loans (Mead, 1998).

### **2.2.21 Firm Level Barriers**

Escalante (1996) cites low quality, and high turnover, of labour as common obstacles encountered by newly established firms. Smaller firms can seldom afford the wage rates necessary to attract highly qualified or skilled labour and employees rarely remain in small firms as they accept more lucrative employment opportunities from larger, more established firms. The physical facilities and business premises used by many small businesses are often inadequate to provide any long-run competitive threat to larger established enterprises and many small businesses can seldom afford sufficient technology at start-up (Karlson 1994 cited by Escalante 1996).

The biggest threat to the new SMMEs in the early part of their business operations is often the well-entrenched, secure position of strong competitors who have already captured a portion of the existing market (Porter 1979). Combined with the firm level barriers described above, this makes them particularly vulnerable to rivalry from competing sellers, the bargaining power of buyers and input suppliers, the threat of new entrants to their product markets, and the threat from substitute products in other industries (Porter 1980). A comprehensive review of 98 articles of factors responsible for the success of SMMEs around the world by Nieuwenhuizen & Kroon (2003) identifies business knowledge, market orientation, financial knowledge and

management, and creativity and innovation, as key firm-level factors affecting successful business performance.

#### **2.2.22 Access to Information**

The various marketing decisions that face the small black entrepreneurs, more often than not, information on the market has to be gathered and interpreted (Kenny & Dyson, 1989). The source of information may include customers, distributors, or published data on the industry and markets concerned. For many small enterprises specialising in fairly minor sector of the market, broad statements on the market as a whole may be of little value; therefore much of the published information will have its limitations (Kenny & Dyson 1989).

Reliable information is essential for effective market planning and the business may have to resort to primary market research that is, gathering information which is not already available, be it on customers or competitors. Decisions on products, pricing, promotion, and distribution (where appropriate) require at least a reasonable understanding of the market forces at play (Kenny & Dyson 1989).

#### **2.2.23 Lack of Marketing Skills**

According to Kenny & Dayson (1989) for the small enterprise hampered by regulatory constraints and coping with the day-to-day stress of business, marketing theory and more so practice may at times, seem somewhat of an unnecessary luxury. Kenny & Dayson (1989) further stated that it needs to be understood that if marketing is to be of any use, then time and scarce resources must be allocated to an activity which often may only show a return in the longer term. In the early stages of growth there are of course, seemingly more important activities which represent a considerable drain on resources such as the requirements of employees, purchasing, production, and financial reporting. Therefore, it is not hard to understand management's over-preoccupation with these internal considerations and indeed, this may well be the correct strategy depending on the particular situation (Kenny & Dayson 1989).

As the business moves along the growth cycle however, externally orientated view is needed which takes account of changes in competition, customer demands, the economy and technological developments among others. As the need for a more systematic approach to business development emerges, so the necessity to cope with greater uncertainty arises and the pressure for the information, skill at interpretation, and commitment to higher-risk decisions, collectively increase the burden on management (Kenny& Dayson 1989).

#### **2.2.24 Lack of Training**

According to Business Day 21 October 2003, providing effective business support to all black entrepreneurs is beyond state's capabilities. But targeted support aimed at particular groups that have been identified as being capable of contributing to wealth and job creation, such as the formal black entrepreneurs, would be a cost-effective way to use scarce resources effectively. The research argues that, given that the average level of education and skills varies significantly between formal and informal entrepreneurs, offering similar training courses to each group would be inappropriate. But the reality is that current training is not meeting the needs of township entrepreneurs and that there is no attempt being made to tailor courses to reach those groups. None of the service provider's surveyed offered sector-specific support to black entrepreneurs and of the two training areas most in demand financial record-keeping and marketing only twelve out of forty service providers offered courses in these areas. Language of training was also identified as an area where needs are not always being matched to the training opportunities (Business Day 21 October 2003).

The analysis indicated that 83% of formal and 43% of informal businesses prefer to be trained in English. Of the 55% of informal traders who indicated a preference other than English, 30% favoured Zulu and 20% Xhosa. Yet only half the service providers' survey had Xhosa speaking trainers and only five had Zulu-speaking trainers. Only one had translated training material into Xhosa. All other training material was in English (Business Day 21 October 2003).

#### **2.2.25 High Levels of Technology**

Von Broembsen argues that Black owned businesses in South Africa have a high failure rate due to their inability to incorporate new technology. The use of new technology is the third indicator of how entrepreneurial business owners tend to be. In a study conducted by Von Broembsen in 2005 established that entrepreneurs who use technologies that become available less than one year ago (the very latest technologies) are seen as technologically highly innovative. Entrepreneurs, who use technologies that are more than one year old, are seen have a low technology orientation (Von Broembsen, 2005).

He further elaborated that that globally higher levels of use of technology are reported by early-stage entrepreneurs in developing countries than by their counterparts in developed countries. His conclusion is that the growth potential of South African enterprises is enormous if they are able to apply the very latest technologies to their products, services and technologies.

The lack of science and technology skills of the majority of the South African population has also been cited as a major reason for the low levels of technology use (Von Broembsen, 2005). Trends for 2000 (Isidiro, 2006), an interesting findings was that only 16 percent of small businesses consider doing business on the internet as critical (Isidiro, 2006). Only 3 percent of small businesses surveyed indicated that e-commerce is an integral part of their doing business (Isidiro, 2006). The cost of new technology has always been cited as being prohibitive for SMMEs. Consequently owner managers tend to adopt a wait and see attitude rather than embrace risky, unproven, expensive technologies (Internet 14).

#### **2.2.26 Conclusion**

Chapter two turned the focus away from regulatory concerns and instead towards issues of finance, training, infrastructure provision and land use zoning for black entrepreneurs. Legal restrictions are no longer regarded as a major limiting feature for the expansion of the black entrepreneurs. Beyond general considerations of constraints on informal enterprise per se, five specific sets of issues emerge from chapter two as current core policy points for strategic intervention. In particular, the focus falls upon issues and constraints relating to: access to finance and credit, inadequate business infrastructure and service provisions, inadequacies in

the content of delivery of training, the distortions produced by urban land markets, the fragmentation of development, and the strict separation of land use and racial groups in terms of developing the prospects for informal enterprise; the competition from existing formal enterprise and market access. In order to increase the capacity of the black entrepreneurs to contribute to the regional economy and to the resolution of problems of Durban poverty, the major focus areas for policy intervention flow logically from the above discussion and analysis.



## **Chapter Three**

### **Research Methodology**

#### **3.1. Introduction**

Research methods refer to the systematic, focused and orderly collection of data for the purpose of obtaining information from it, to answer research problems or questions (Leedy & Ormrod 2001). These methods are different from the techniques of data collection. By methods it is meant data collection through historical review and analysis, surveys, field experiments and case studies, while by techniques it is meant a step-by-step procedure that the study follows to gather data and analyse them for finding the answers to research questions (Leedy & Ormrod 2001). The quality of any research study does not so much depend on whether it is qualitative or quantitative, but rather it depends on the quality of its design and how well it is conducted (Leedy & Ormrod 2001).

#### **3.2. Quantitative Research**

Quantitative research approach will be employed to analyse, interpret and report factual information regarding the impediments to the expansion of small black owned businesses in Durban (Leedy & Ormrod 2001). Quantitative researchers seek explanations and predictions that will generalise to other persons and places. The intent is to establish, confirm, or validate relationships and to develop generalisations that contribute to theory (Leedy & Ormrod 2001).

According Leedy & Ormrod (2001), quantitative research is the systematic scientific investigation of quantitative properties and phenomena and their relationships. Quantitative research is widely used in both the natural and social sciences, including physics, biology, psychology, sociology, geology, education, and journalism (Leedy & Ormrod 2001). The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena (Leedy & Ormrod 2001). The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships (Internet 15).

Quantitative research is generally approached using scientific methods which include:

- The generation of models, theories and hypotheses
- The development of instruments and methods for measurement
- Experimental control and manipulation of variables
- Collection of empirical data
- Modeling and analysis of data
- Evaluation of results

Quantitative research is often an iterative process whereby evidence is evaluated, theories and hypotheses are refined, technical advances are made and so on. Statistics is the most widely used branch of mathematics in quantitative research outside of the physical sciences. Quantitative research using statistical methods typically begins with the collection of data based on a theory or hypothesis, followed by the application of descriptive or inferential statistical methods (Internet 15).

This study will conduct quantitative research, nineteen questions will be formulated and fifty respondents will be required to answer the questions. However, to answer some questions qualitative research will be conducted and semi-structured interviews will be asked.

According to Leedy & Ormond (2001), one must dig deep to get a complete understanding of the study. The study will collect numerous forms of data and examine them from various angles to construct a rich and meaningful picture of a complex, multifaceted situation using both quantitative and qualitative research methods.

Quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting, and controlling phenomena (Leedy & Ormrod 2001). This approach is sometimes called the traditional, experiment, or positivist approach. In contrast, qualitative research is typically used to answer questions about the complex nature of phenomena, often with the purpose of describing and understanding the phenomena from the participants' point of view (Leedy & Ormrod 2001). The qualitative approach is also referred to as the interpretative, constructive, or post positivist approach. Both

approaches involve similar processes (e.g., formulation of one or more hypotheses, review of the related literature, collection and analysis of data). Yet these are often combined and carried out in different ways, leading to distinctly different research methods. For instance, quantitative researchers usually start with a specific hypothesis to be tested. They isolate the variables they want to study, control for extraneous variables, use a standardised procedure to collect some form of numerical data, and use statistical procedure to collect the data. In contrast, qualitative researchers often start with general research questions rather than specific hypothesis, collect an extensive amount of verbal data from a small number of participants, organize those data into some form that gives them coherence, and use verbal descriptions to portray the situation they have studied (Leedy & Ormrod 2001).

Correlation and regression will allow the study to come up with a good statistical analysis. This study will employ regression analysis because regression analysis compare two things and it will allow the study to answer question such as to what extent do you think Government is on your side? The answer will be not at all or completely on your side, now the study can compare two things but before conducting the regression analysis on a data, it is important to establish whether there is a correlation between two sets of data or not and there is a correlation between Government intervention and the expansion of the black entrepreneurs.

Correlation is a method whereby a coefficient (number) is calculated to describe the degree of association between two sets of paired values, and then tested to determine the probability that the association might be due to chance (Leedy & Ormrod 2001).

According to Leedy & Ormrod, 2001, correlation does not prove a cause-effect relationship. It only measures how the variables vary in relation to each other, e g the high correlation between illiteracy and unemployment does not itself prove that illiteracy causes unemployment. There might well be a cause-effect relationship between these variables – the statistic merely points out a relationship exists and the researcher has to explain the mechanism.

The task of regression is to establish two values by establishing the exact nature of the linear relationship. Once the exact equation for the relationship is known, research is then able to predict values for the one variable, given the required values of the other variable. To examine

how effective one or more variables allow (s) you to predict the value of another (dependent) variable. A simple linear regression generates an equation in which a single variable yields a prediction for the dependent variable. A multi linear regression yields an equation in which two or more variables are used to predict the dependent variable (Leedy & Ormrod 2001).

Regression and correlation have some fundamental differences that are worth mentioning. In regression analysis there is an asymmetry in the way the dependent and explanatory variables is treated. The dependent variable is assumed to be statistical, random, or stochastic, that is, to have a probability distribution. The explanatory variables, on the other hand, are assumed to have fixed values. In correlation analysis, on the other hand, we treat any two variables symmetrically; there is no distinction between the dependent and explanatory variables. Most of the correlation theory is based on the assumption of randomness of variables, whereas most of the regression theory is conditional upon the assumption that the dependent variable is stochastic but the explanatory variables are fixed or no stochastic (Internet 15).

The task of regression is to establish the values of  $m$  and  $c$  and there by establishing the exact nature of the linear relationship. Once the exact equation for the relationship is known, we are then able to predict values for the one variable, given the required values of the other variable. When  $x$  is the independent variable and  $y$  is the dependent variable ( $y$  is caused by  $x$ ) our regression for  $y$  on  $x$  and given the value of  $x$  we can predict the value of  $y$  (Internet 15).

### **3.3 Design of Questionnaire**

Surveys and questionnaire are the most popular data collection methods in business, and the major types of questionnaire are descriptive and/ or analytical. A descriptive questionnaire survey will be conducted to determine the impediments to the expansion of small black owned businesses in Durban. The respondents will be required to answer the questionnaire face to face. A close question survey will be conducted. There will be no “Don’t know” or “No comment” alternatives so as to eliminate the escape route to a respondent wanting to avoid answering a sensitive question.

The following guidelines will be used for the construction of a questionnaire (Ghauri & Gronhaug 1995).

- The questions must be asked in a very simple and concise language.
- No unrealistic demand should be made on the respondent's know-how, memory and willingness to respond.
- Check and ensure that everybody understands the question in the same manner as the researcher.
- Each question should be formulated such that there is no escape route in the questions.
- Each question should deal with only one dimension or aspect. Avoid "double barrel" questions.
- Questions should be formulated in a soft and polite language. The language and words used in the question should be straightforward and should not have double meanings; otherwise the respondent will answer the questions with a different understanding and will thereby contribute negatively to the conclusions of the study.
- Questions should be placed in the right order. The easy-to-answer questions and positive types of questions should be placed first.
- The layout of the questionnaire must look neat and tidy as this can influence the respondent's willingness to answer.

### **3.4. Qualitative Research**

Qualitative research is a mixture of the rational, explorative and intuitive, where the skills and experience of the researcher play an important role in the analysis of data. Qualitative research is often focused on social process and not on social structures, which is often the case in quantitative research. The skills needed to do qualitative research: thinking abstractly, stepping back and critically analysing situations, recognising and avoiding biases, obtaining valid and reliable information, having theoretical and social sensitivity and the ability to keep analytical distance while at the same time utilising past experience, and a shrewd sense of observation and interaction (Leedy & Ormrod 2001).

Qualitative research involves an in depth understanding of human behaviour and the reasons that govern human behaviour. Unlike quantitative research, qualitative research relies on

reasons behind various aspects of behaviour. Simply put, it investigates the why and how of decision making, as compared to what, where, and when of quantitative research. Hence, the need is for smaller but focused samples rather than large and random samples (Internet 9).

Qualitative research methods place little importance on developing statistically valid samples, or on searching for statistical support for hypotheses. Instead, qualitative research focuses on the understanding of research phenomena in situ, within their naturally-occurring context(s). Quantitative studies, however, may also observe phenomena in situ and address issues of meaning, and one criticism of this approach to qualitative research is that the definitions offered of it do not distinguish it adequately from quantitative research. Generally (though there are exceptions), qualitative research studies rely on three basic data gathering techniques: participant observation, interview, and social artifact (usually, documents) content analysis. Each of these techniques represents a continuum from less to more structured. Various studies or particular techniques may rely more heavily on one data gathering technique or another (Leedy & Ormrod 2001).

To analyse the impediments to the expansion of the black entrepreneurs in Durban, the study will also rely to qualitative research to gather primary data and the appropriate research instrument will be semi-structured interviews.

#### **3.4.1 Design of Interview Guide**

In research there are two types of interviews. The first type is survey research interviews, where a standard format of interview is used with an emphasis on fixed response categories and systemic sampling, and leading procedures combined with quantitative measures and statistical methods (Ghauri & Gronhaug 1995).

The second type is the unstructured interview, where the respondent is given almost full liberty to discuss reactions, opinions and behavior on a particular issue. The interviewer is there just to give lead questions, and to record the responses in order later to understand “how and why”. The questions and answers are unstructured and are not systematically coded beforehand (Ghauri & Gronhaug 1995).

The interviews in a qualitative study are rarely as structured as the interviews conducted in a quantitative study. Instead, they are either open-minded or semi-structured, in the latter case revolving around a few central questions. Unstructured interviews are, of course, more flexible and more likely to yield information that the researcher hadn't planned to ask for; their primary disadvantage is that the researcher gets different information from different people and may not be able to make comparisons among the interviews (Leedy & Ormrod 2001).

The unstructured interview will be used and the design thereof is discussed. The interview duration will be approximately one hour. All interviewees will be informed of this. The importance/significance of the study/research will be used to provide a reason as to why the respondents should participate in the interview. The benefits to the individual as well as to the organisation will be explained. The respondents will also be informed of a tape recorder that will be used to record information. Confidentiality of the respondents will be assured. All interviews will be one-on-one.

At the time of the interview, the first important issue here is to introduce the study and its purpose and to orientate the respondent. The study will give an impression of a serious, trustworthy and friendly persona. Simple and understanding language will be used and extra care will be taken when using certain terminology or concepts from the particular discipline of small black owned businesses. It will be left entirely up to the respondent to provide answers to questions. In other words, questions should not be asked in a leading or directive manner as these pressures the respondent to answer in a particular way. In a semi-structured interview, the study may follow the standard questions with one or more individually tailored questions to get clarification or probe a person's reasoning (Ghauri & Gronhaug 1995).

The questions that will be asked are:

- What do you understand about the impediments to the expansion of small black entrepreneurs?
- What do you think are the barriers to the expansion of your business?

- What are the areas of improvement if you can get the support from Government and EThekweni municipalities?
- How many employees are employed in your organisation?
- Do you receive any training to run your business?
- Are you intimidated by paperwork in doing your business?
- Are you confident enough to run your own business?
- Do you belong in any business organizations?

### **3.5. Proposed Analysis of Data**

Data will be analysed using both descriptive and inferential statistics

#### **3.5.1 Triangulation**

Triangulation is the application or combination of several approaches in the study of the same phenomenon used in qualitative and quantitative studies (Internet 16). Triangulation is the attempt to increase reliability by reducing systematic (method) error, through a strategy in which the researcher employs multiple methods of measurement. If the alternative methods do not share the same source of systematic error, examination of data from the alternative methods gives insight into how individual scores may be adjusted to come closer to reflecting true scores, thereby increasing reliability (Internet 17).

#### **3.5.2 Descriptive Statistics**

Descriptive statistics refers to the collection of method for classifying and summarising numerical data. The objective of descriptive statistics is “to provide summary measures of the data contained in all the elements of sample” (Kinnear & Taylor 1991). Descriptive analysis incorporates frequencies, measures of central tendency, and measure of dispersion.

#### **3.5.3 Frequency Descriptive Statistics**

According to Sekaran (2000) frequency refers to the number of times various sub-categories of a certain phenomenon occur, from which the percentage and cumulative frequency of their occurrence can be easily calculated. Frequencies are converted to percentages, it will reveal in each statement respondents perceptions towards each question. Percentages serve two purposes



in data presentation. They simplify by reducing numbers to a range from 0 to 100. Secondly, they translate the data into a standard form, with a base for relative comparisons (Sekaran, 2000).

#### **3.5.4 Inferential Statistics**

Sekaran (2000) refers to inferential statistics as the methods used to make inferences about a large group of individuals on the basis of data collection from a smaller group. The objectives of inferential statistics are to enable the researcher to determine whether or not a difference between two variables occurred by 'chance' or is a 'true difference' (Dunhum, 1981).

#### **3.5.5 Correlation Coefficient**

The Pearson correlation coefficient determines the strength of the linear relationship between two variables, the assumption is that both variables should be interval or ratio scale. Because the Pearson correlation is computed using z-scores, both variables should be equally distributed. Correlation is a statistical measure of how much the movements of two variables are related. The range of possible correlation is between -1 and +1. A result of -1 means a perfectly negative correlation, and 0 means no correlation at all. A positive correlation between two variables means that they tend to move up and down together (Internet 18).

#### **3.5.6 Regression Analysis**

A prediction of the levels of one variable when another is held constant at several levels, based on average variation remaining constant over time due to the tendency in nature for extreme scores to move towards the mean (Internet 19).

#### **3.5.7 Cronbach's alpha**

Cronbach's alpha is the most common form of internal consistency reliability coefficient for data analysis. Alpha equals zero when the true score is not measured at all and there is only an error component. Alpha equals 1.0 when all items measure only the true score and there is no error component. Cronbach's alpha can be interpreted as the percent of variance the observed scale would explain in the hypothetical true scale composed of all possible items in the universe. Alternatively, it can be interpreted as the correlation of the observed scale with all

possible other scales measuring the same thing and using the same number of items (Internet 17).

#### **3.5.8 Graphs**

Graphs and charts are great because they communicate information visually. For this reason, graphs are often used in newspapers, magazines and businesses around the world. This study will use graphs and charts for complicated information difficult to understand and need an illustration. Graphs or charts will help by getting point across quickly and visually (Internet 20). Here you will find bar graphs and pie charts considered more frequently.

#### **3.6 Conclusion**

This chapter explored the research methodology and statistical methods to be used in analysing the data to be obtained from the questionnaire. A statistical analysis of the data will assist the study to identify key areas of the impediments to expansion of the small black owned businesses in Durban.

## Chapter four

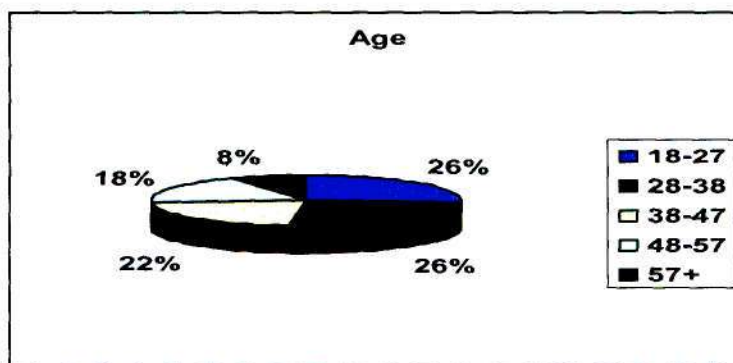
### Data Analysis

#### 4.1 Introduction

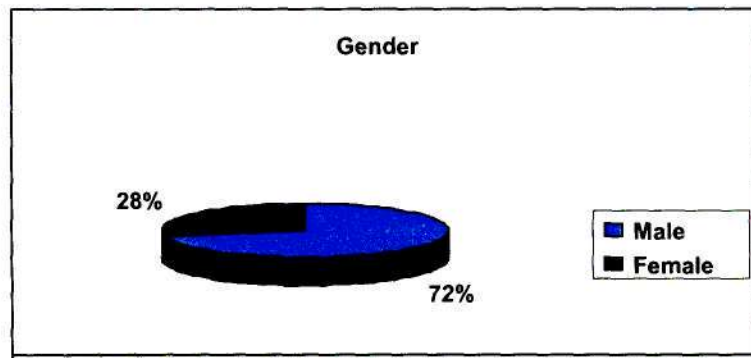
This chapter presents the analysis of data using correlation and regression analysis. The quantitative research approach was employed in order to analyse, interpret and report factual information regarding the impediments to the expansion of small black owned businesses in Durban. This chapter will analyse the data from the questionnaire using fifty respondent responses and to hear what five other small black business owners have to say about the impediments to the expansion of small black owned businesses in Durban. It should be noted that to analyse, interpret and report factual information regarding the impediments to the expansion of small black owned businesses, quantitative research approach was employed.

It should also be noted that to analyse, interpret and report factual information regarding the impediments to the expansion of small black owned businesses in Durban, qualitative research was also employed. The analysis and interpretation of data given in this chapter is based on information from the questionnaire and the responses from five small black entrepreneurs that were interviewed. Data analysis describes the situation, as it exists. Chapter three begins with the presentation of the approach to analysis.

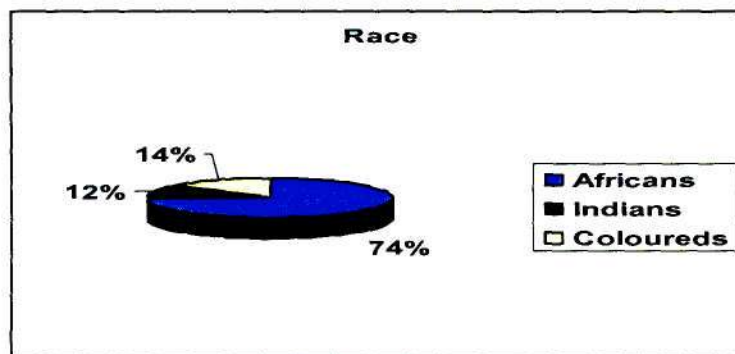
#### 4.2 Biographical Data



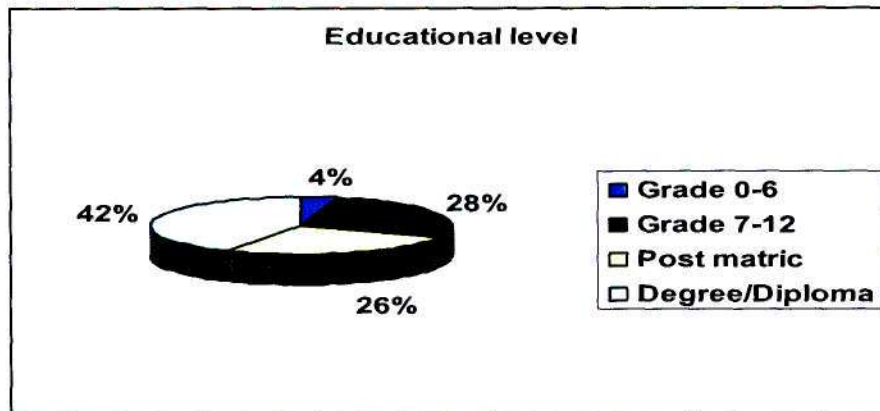
The age analysis reveals that ages 18-27 and 28-37 account for 13 (26%) respectively, followed by 11 (22%) between age 38-47; age 48-57 with 9 (18%) and lastly age 57+ with 4 (8%). Ages 18-27 and 28-37 combined account for 52% of respondents which is a good indication of opportunities offered to youth in participating in small black owned business.



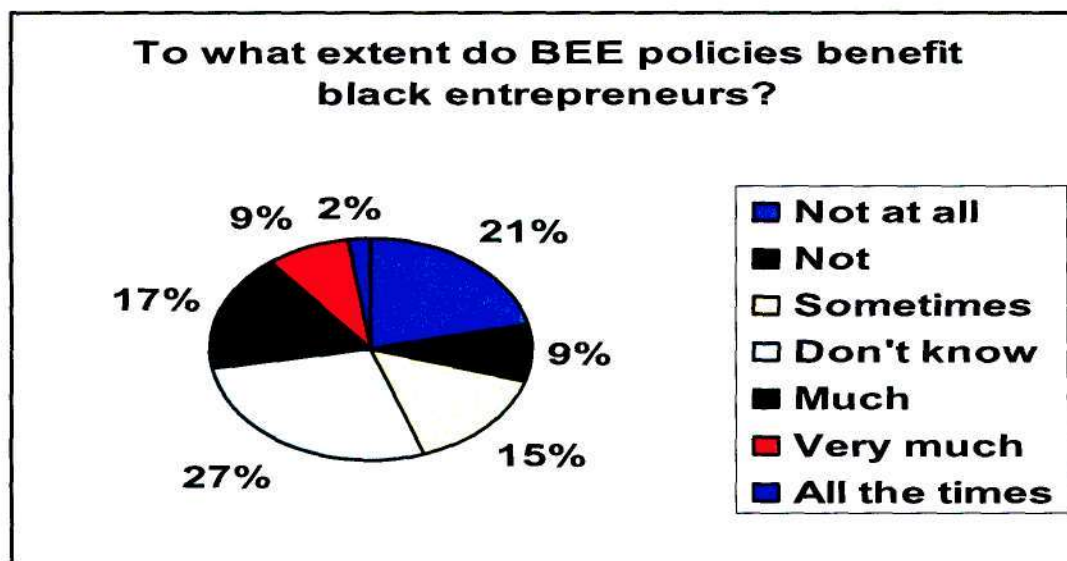
The gender distribution of respondents reveals that the participation in small business is skewed towards male respondents who accounts for 36 (72%) whereas females are a tiny minority with 14 (28%). Such gross biasness is an indication that transformation imperatives have not yet penetrated the area of small businesses amongst black people. The cultural barriers systematically isolate black women from playing an active role in businesses.



The race distribution of respondents reveals that Africans account for 37 (74%), Coloureds 7 (14%) and Indians 6 (12%). The statistics hide the sad reality plaguing the post apartheid South Africa that behind many black owned small business, there is a hidden 'white owner' who has rented the service and the face of the black entrepreneur.



#### 4.3 To What Extent do Back Economic Empowerment Policies Benefit Black Entrepreneurs?



The literature review reveals that Broad Based BEE strategy as the intervention tool by government to bring economic transformation with the aim of addressing the systematic exclusion of the majority of South Africans from full participation in the mainstream economy has however not materialized to the proportions that were anticipated. Pie graph also indicates that majority of respondents are not getting enough support from BEE policies. The majority of respondents 10(21.3%) said not at all; 13(27.7%) said don't know; 8(17%) said much; 7(14.9%) said sometimes; 4(8.5%) said not and very much respectively; and lastly 1(2.1%) said all the times. This is also best illustrated by below pie graph.

The age crosstabulation reveals that 3 (6.4%) of respondents between ages 28-37 and 38-47 respectively, said not at all, followed by 2 (4.3%) of respondents between age 18-27 and 1 (2.1%) respondent between ages 48-57 and 57+ respectively. A total of 2 (4.3%) of respondents between age 18-27 and 1 (2.1%) between ages 28-37 and 48-57 respectively, said no. Recorded also were 3 (6.4%) respondents between age 38-47 who said sometimes, followed by 2 (4.3%) between age 18-27 and 1 (2.1%) between ages 28-37 and 48-57 respectively. A fairly large number of respondents 4 (8.5%) between age 48-57, followed by ages 18-27 and 28-37 with 3 (6.4%), age 57+ with 2 (4.3%) and age 38-47 with 1 (2.1%) said they don't know. A total of 3 (6.4%) respondents between age 18-27 and 28-37, followed by 2 (4.3%) said much. Age 28-37 accounts for 2 (4.3%) of respondents who said very much and ages 18-27 and 57+ only accounts for 1 (2.1%) of the very much. Lastly, 1 (2.1%) respondent between ages 48-57 said all the times.

The gender crosstabulation reveals that 6 (12.8%) males and 4 (8.5%) females said not at all, followed by 3 (6.4%) males and 1 (2.1%) female who said no. A total of 4 (8.5%) males and 3 (6.4%) females were of the opinion that sometimes BEE policies benefit black entrepreneurs. A fairly large number of males 12 (25.5%) as opposed to 1 (2.1%) female opted for don't know. A total of 3 (6.4%) males and 5 (10.6%) females said much. Recorded were 4 (8.5%) males whose perception is that BEE policies benefit them very much. Lastly, 1 (2.1%) male respondent felt that it benefit them all the times.

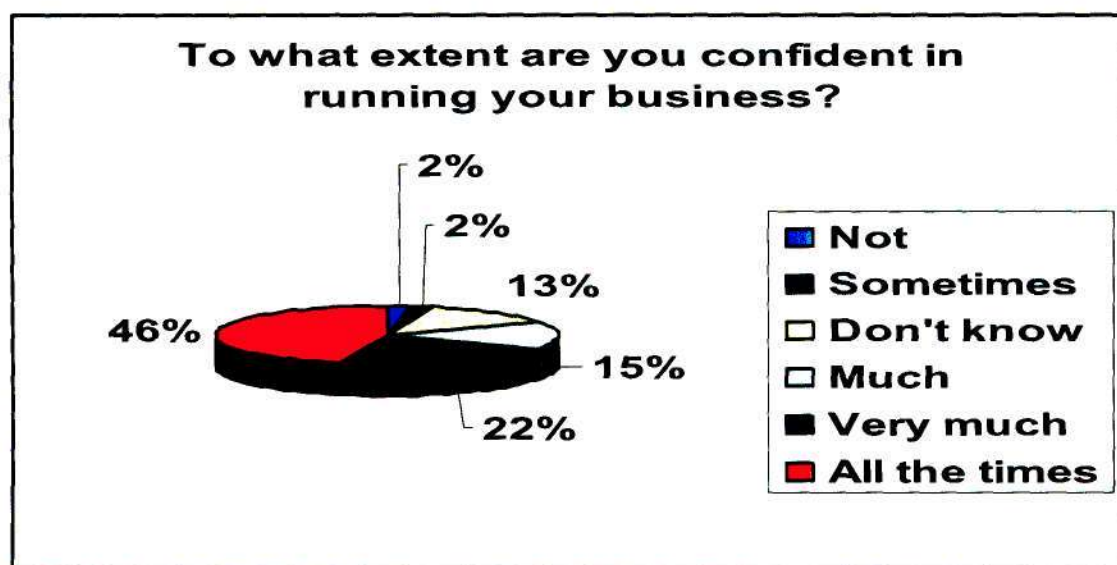
The race crosstabulation reveals that 6 (12.8%) African respondents, followed by 3 (6.4%) Indians and 1 (2.1%) Coloured said not at all. A total of 2 (4.3%) African respondents and 1 (2.1%) Indian and Coloureds respectively, said no it do not benefit Black entrepreneurs. There were 6 (12.8%) Africans and 1 (2.1%) Coloured said that sometimes they do benefit black entrepreneurs. A total of 12 (25.5%) Africans and 1 (2.1%) Coloured said don't know. A total of 6 (12.8%) Africans and 1 (2.1%) Indian and Coloured respectively, said much. Among those who said very much were 3 (6.4%) Africans and 1 (2.1%) Indian. Lastly, only 1 (2.1%) Coloured respondents said all the times.



The educational level crosstabulation reveals that 5 (10.6%) respondents with degree/diploma, followed by 2 (4.3%) with grade 7-12 and post matric respectively, and 1 (2.1%) with grade 0-6 said not at all. A total of 2 (4.3%) respondents with degree/diploma, followed by 1 (2.1%) with grade 7-12 and post matric respectively said no. Recorded were 4 (8.5%) respondents with grade 7-12, degree/diploma with 2 (4.3%) and 1 (2.1) respondent with post matric who said sometimes. There were 8 (17%) respondents with Degree/Diploma, 3 (23.1%) respondents with post matric and 2 (4.3%) respondents with grade 7-12 who said don't know. A total of 3 (6.4%) respondents with post matric and grade 7-12 respectively, and 2 (4.3%) with Degree/Diploma said much. There were 3 (6.4%) respondents with post matric and 1 (2.1%) with Grade 0-6 who opted for very much. Lastly, 1(2.1%) respondent said all the times.

#### 4.4 To What Extent are you Confident in Running your Business?

Take for instance Vosloo (1994) argument that: the benefit gained from an investment in training are difficult to prove. The majority of respondents believe that training could help small black business owned to gain confidence. The results of this study demonstrate that low level of confidence is one of the impediments to the expansion of small business owned in Durban. Research findings yielded by this study indicate that 21(45.7%) said all the times; 10(21.7%) said very much; 7(15.2%) said much; 6(12%) said don't know and lastly 1(2.2%) said sometimes and not respectively. This is also best illustrated by pie chart.



The age crosstabulation reveals that 1 (2.2%) of respondent between age 38-47 said no. There was only 1 (2.2%) of respondent between age 28-37 who said sometimes. A total of 4 (8.7%) of respondents between age 18-27 and 1 (2.2%) respondent between ages 28-37 and 48-57 respectively, said don't know. Recorded also were 3 (6.5%) respondents between age 47-57 who said much, followed by 2 (4.3%) respondents between age 28-37 and 1 (2.2%) between ages 18-27 and 38-47 respectively. A fairly large number of respondents 5 (10.9%) between age 38-47, followed by ages 28-37 with 3 (6.5%) and 1 (2.2%) between ages 18-27 and 48-57 said very much. Lastly, 6 (13%) respondents between age 18-27, followed by 5 (10.9%) respondents between ages 28-37, 4 (8.7%) respondents between ages 38-48 and 48-57 respectively and 2 (4.3%) respondents 57+ said all the times

The gender crosstabulation reveals that 1 (2.2%) female respondent said no. There was only 1 (2.2%) male respondent who said sometimes. A total of 4 (8.7%) males and 2 (4.3%) females opted for don't know. A fairly large number of 6 (13%) males and 1 (2.2%) female said much. Recorded were 6 (13%) males whose perception is that there are very much confident in running a business and 4 (8.7%) females who felt that there are very much confident in running a business. Lastly, 17 (13%) males compared to 4 (8.7%) females opted for all the times.

The race crosstabulation reveals that 1 (2.2%) African respondent said no. There was 1 (2.2%) Indian who felt that sometimes Indians are confident in running a business. A total of 7 (8.7%) Africans and 2 (2.2%) Coloureds said don't know. A total of 7 (15.2%) Africans said much. Among those who said very much were 7 (15.2%) Africans, 2 (4.3%) Coloureds and 1 (2.2%) Indian. Lastly, 14 (30.4) Africans followed by 4 (8.7%) Indians and 3 (6.5%) said all the times.

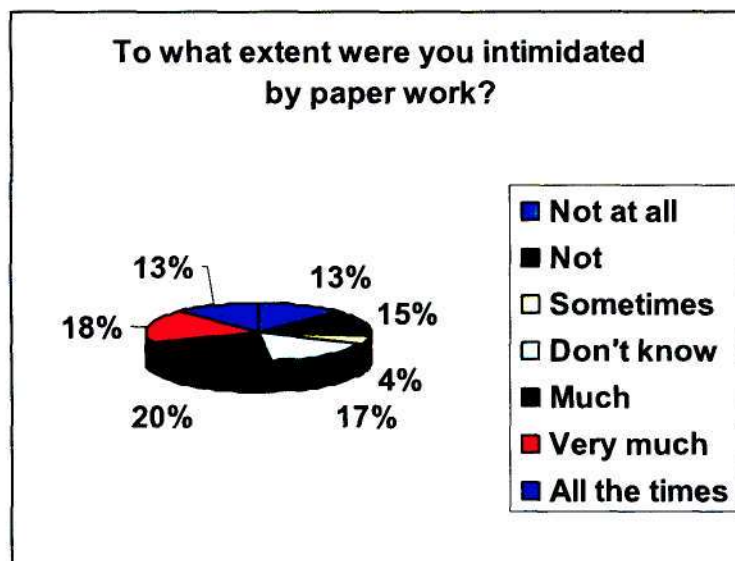
The educational level crosstabulation reveals that 1 (2.2%) respondent with grade 7-12 said no. Recorded was 1 (2.2%) respondent with grade 7-12 said sometimes. A total of 3 (6.5%) respondents with post matric and degree/diploma said don't know. A total of 4 (8.7%) with degree/diploma, 2 (4.3%) with grade 7-12 and 1 (2.2%) respondent with post matric said much. There were 4 (8.7%) post matric and 3 (6.5%) with grade 7-12 and degree/diploma respectively who opted for very much. Lastly, 9 (19.6%) respondents with degree/diploma, 7



(15.2%) respondents with grade 7-12, 4 (8.7%) with post matric and 1 (2.2%) respondent said all the times.

#### 4.5 To What Extent were you Intimidated by Paper work?

According to Zondi (2003), very few black owned businesses are able to acquire finance due to the hindrances associated with paper work. The pie graph below shows that the majority of small black entrepreneurs intimidated by paperwork in acquiring finance. The majority of respondents 10(20.8%) said much; 9(18.8%) said very much 8(16.7%) response was don't know; 7(14.6%) said not; 6(12.5%) said not at all and all the times respectively; and lastly 2(4.2%) said sometimes.



The age crosstabulation reveals that 3 (6.3%) of respondents between age 18-27, 2 (4.2%) respondents between age 28-37 and 1 (2.1%) respondent between age 38-47 said not at all. There were 2 (4.2%) respondents between age 18-27 and 48-57 respectively and 1 (2.1%) respondent between age 28-37, 38-47 and 57+ respectively, said no. Only 1 (2.1%) respondent between ages 38-47 and 48-57 respectively said sometimes. A total of 3 (6.3%) of respondents between age 18-27, followed by 2 (4.2%) respondents between age 38-47 and 48-57 respectively and 1 (2.1%) respondent between age 28-37 said don't know. Recorded were 3 (6.3%) respondents between age 18-27 and 28-37 respectively, followed by 2 (4.2%) respondents between age 38-47 and 48-57 respectively, said much. A total of 5 (10.4%)

respondents between age 28-37 and 1 (2.1%) respondent between age 18-27, 38-47, 48-57 and 57+ respectively said very much. Lastly, 2 (4.2%) respondents between 38-47, followed by 1 (2.1%) respondent age 18-27, 28-37, 48-57 and 57+ respectively said all the times.

The gender crosstabulation reveals that 4 (8.3%) male respondents and 2 (4.2%) females said not at all. There were 7 (4.6%) male respondents who said no. A total of 2 (4.2%) male respondents said sometimes. A fairly large number of 5 (13.4%) male respondents and 3 (6.3%) female respondents said don't know. A total of 6 (12.5%) male respondents and 4 (8.3%) female respondents said much. There were 7 (14.6%) male respondents who felt that they were intimidated by paperwork compared to 2 (4.2%) female respondents who felt that there were intimidated by paperwork. Lastly, 5 (10.4%) male respondents compared to 1 (2.1%) female respondents opted for all the times.

The race crosstabulation reveals that 6 (12.5%) African respondents said not at all. A total of 4 (8.3%) African respondents, 2 (4.2%) Coloured respondents and 1 (2.1%) Indian respondent said no. There were 2 (4.2%) African respondents said sometimes. A total of 6 (12.5) African respondents, 1 (2.1%) Indian and Coloured respondent respectively said don't know. Recorded were 8 (16.7%) African respondents, 1 (2.1%) Indian and Coloured respondent respectively who said much. A total of 5 (10.4) African respondents, 2 (4.2%) Indian and Coloured respectively said very much. Lastly, 5 (10.4%) African respondents and 1 (2.1% Indian respondent said all the times.

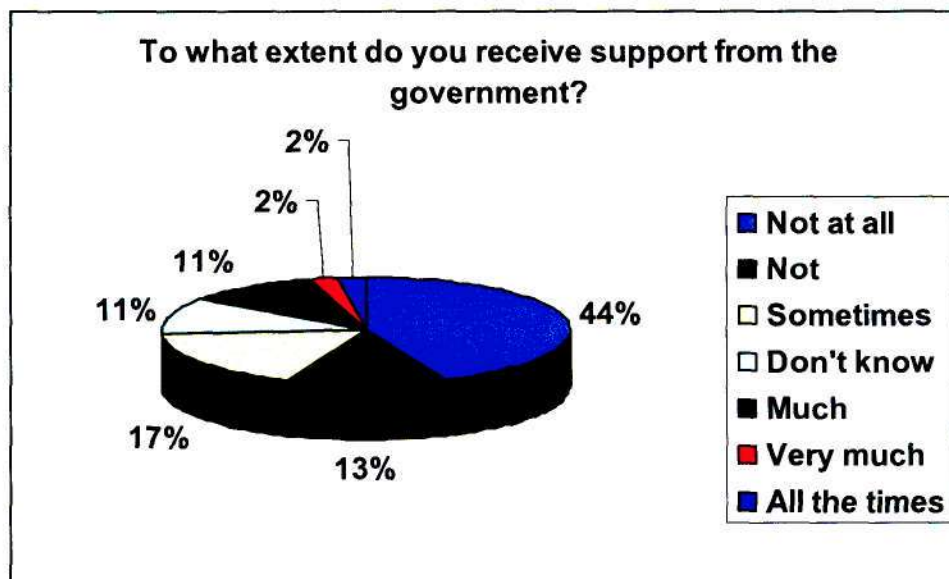
The educational level crosstabulation reveals that 2 (4.2%) respondents with grade 7-12, post matric and degree/diploma respectively said not at all. A total of 2 (4.2%) respondents with grade 7-12, post matric and degree/diploma respectively followed by 1 (2.1%) respondent with grade 0-6 said no. There were 2 (4.2%) respondents with grade 7-12 who said sometimes. Recorded were 6 (12.5%) respondents with degree/diploma and 1 (2.1%) respondent with grade 7-12 and post matric respectively who said don't know. A total of 4 (8.3%) respondents with post matric, 3 (6.3%) respondents with grade 7-12, 2 (4.2%) with degree/diploma and 1 (2.1%) respondent with grade 0-6 said much. There were 5 (10.4%) respondents with degree/diploma, 2 (4.2%) respondents with grade 7-12 and post matric respectively said very

much. Lastly, 3 (6.3%) respondents with degree/diploma, 2 (4.2%) respondents with grade 7-12 and 1 (2.1%) respondent with post matric said all the times.

#### 4.6 To What Extent do Black Entrepreneurs Receive Support from Government?

Literature review reveals a number of government initiatives to support small black owned business such as Khula Enterprise Finance, Umsobovu Youth Fund, Accelerated and Shared Growth Initiative for South Africa and The White Paper of 1995 but the research findings suggest that the majority of small black businesses are not receiving enough support from government.

Frequency table and pie graph also indicates that small black owned businesses are not getting enough support from the Government. The figures below reveal the responses from fifty respondents who participated in this research. The majority of respondents 20 (44.0%) says not at all; followed by 8 (17.4%) who said sometimes; 6 (13%) response was not; 5 (10.9%) said don't know and much respectively; and lastly 1 (2.2%) said very much and all the times respectively. This is also best illustrated by pie chart.



The age crosstabulation reveals that 5 (10.9%) of respondents between ages 38-47 followed by 4 (8.7%) of respondents between ages 18-27, 28-37 and 48-57 respectively and 3 (6.5%) said not at all. Recorded were 2 (4.3%) of respondents between ages 18-27, 28-37 and 38-47 respectively said no. A total of 4 (8.7%) of respondents between ages 28-37, 3 (6.5%) of respondents between ages 38-47 and 1 (2.2%) respondent between age (18-27) said sometimes. A total of 2 (4.3%) of respondents between ages 28-37 and 1 (2.2%) of respondent between ages 18-27, 48-57 and 57+ respectively said don't know. Recorded were 2 (4.3%) of respondents between ages 18-27 and 48-57 respectively and 1 (2.2%) of respondent between ages 28-37 said much, followed by 1 (2.2%) of respondent between age 48-57 who said very much. Lastly, 1 (2.2%) of respondent between age 18-27 said all the times.

The gender crosstabulation reveals that 15 (32.6%) males and 5 (10.9%) females said not at all, followed by 6 (13%) males who said no. A total of 4 (8.7%) males and females respectively were of the opinion that sometimes they do get support from the government. There were 3 (6.5%) males and 2 (4.3%) who said don't know. A fairly large number of males 5 (10.9%) opted for much, followed by 1 (2.2%) male who opted for very much. Lastly, 1 (2.2%) female respondent who was of the opinion black entrepreneurs receive support from the government all the times.

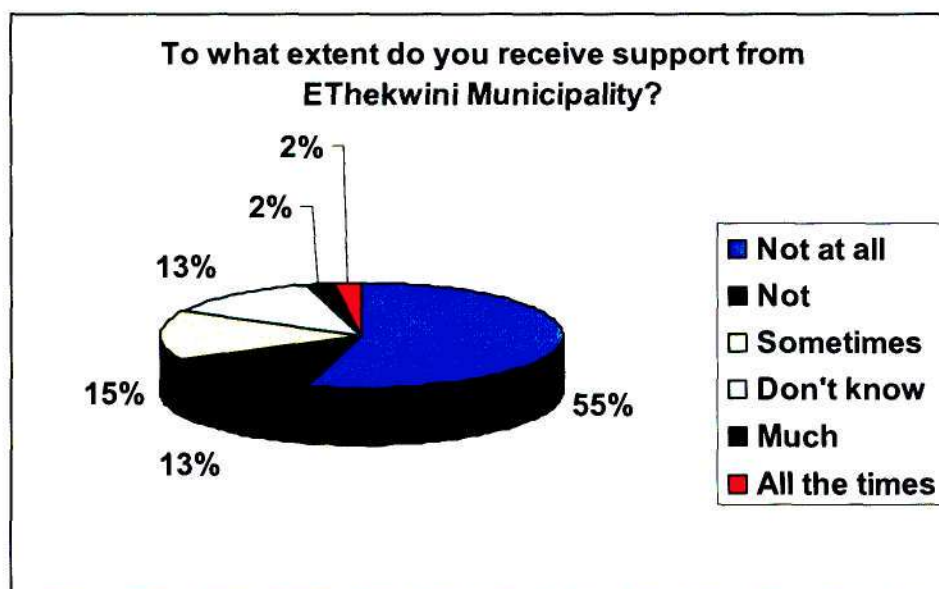
The race crosstabulation reveals that 15 (32.6%) African respondents, followed by 3 (6.5%) Coloured respondents and 2 (4.3%) Indian respondents said not at all. A total of 4 (8.7%) African respondents and 1 (2.2%) Indian and Coloured respondent respectively, said no. There were 4 (8.7%) African respondents, 3 (6.5%) Indian respondents and 1 (2.2%) Coloured respondent said that sometimes black entrepreneurs do receive support from the Government. A total of 5 (10.9%) said don't know. A total of 4 (8.7%) Africans and 1 (2.2%) coloured said much. Recorded was 1 (2.2%) Coloured respondent said very much. Lastly, 1 (2.2%) African respondent said all the times.



The educational level crosstabulation reveals that 9 (19.6%) respondents with Degree/Diploma, 6 (13%) respondents with grade 7-12, 4 (8.7%) respondents with post matric and 1 (2.2%) respondent with grade 0-6 said not at all. A total of 3 (6.5%) respondents Degree/Diploma, followed by 2 (4.3%) respondent with post matric and 1 (2.2%) respondent with grade 7-12 said no. Recorded were 3 (6.5%) respondents with post matric, 2 (4.3%) respondents with grade 7-12 and Degree/Diploma respectively and 1 (2.2%) respondent with grade 0-6 who said sometimes. There were 4 (8.7%) respondents with Degree/Diploma and 1 (2.2%) respondent with grade 7-12 who said don't know. A total of 3 (6.5%) respondents with post matric and 1 (2.2%) respondent with grade 7-12 and Degree/Diploma respectively said much, followed by 1 (2.2%) respondent with grade 7-12 who said very much. Lastly, 1 (2.2%) respondent said all the times.

#### 4.7 To What Extent do you Receive Support from EThekwini Municipality?

According to SMME strategy for the EThekwini Municipality (2007), further noted that poor coordination and interaction of the various SMME related activities in the EThekwini Municipality is one of the critical barriers limiting the development of SMMEs. The pie chart below best illustrate that majority of respondents are not getting enough support from the EThekwini Municipality. The majority of respondents 25(54.3%) said not at all; 7(15.2%) said sometimes; 6(13%) said not and don't know respectively; and lastly 1(2.2%) said much and all the times respectively.



The age crosstabulation reveals that 7 (15.2%) of respondents between ages 38-47, 5 (10.9%) of respondents between ages 18-27 and 48-57 respectively and 4 (8.7%) of respondents between ages 28-37 and 57+ respectively said not at all, followed by 4 (8.7%) of respondents between ages 18-27 and ages 28-37 and 38-47 respectively, said no. A total of 4 (8.7%) of respondents between age 28-37 followed by 2 (4.3%) respondents between age 38-47 and 1 (2.2%) of respondents between age 18-27 and 28-37 respectively said sometimes. Recorded were 4 (8.7%) of respondents between are 28-37 and 2 (4.3%) of respondents between age 18-27 who said don't know. There was 1 (2.2%) of respondent between age 28-37 said much. Lastly, 1 (2.2%) respondent between ages 28-37 said all the times.

The gender crosstabulation reveals that 18 (39.1%) male respondents and 7 (15.2%) female respondents said not at all. There were 5 (10.9%) male respondents and 1 (2.2%) female respondent who said no. A total of 4 (8.7%) male respondents and 3 (6.5%) female respondents said sometimes. A fairly large number of 5 (10.9%) and 1 (2.2%) female respondent said don't know. There was only 1 (2.2%) male respondent who said much. Lastly, 1 (2.2%) female respondent opted for all the times.

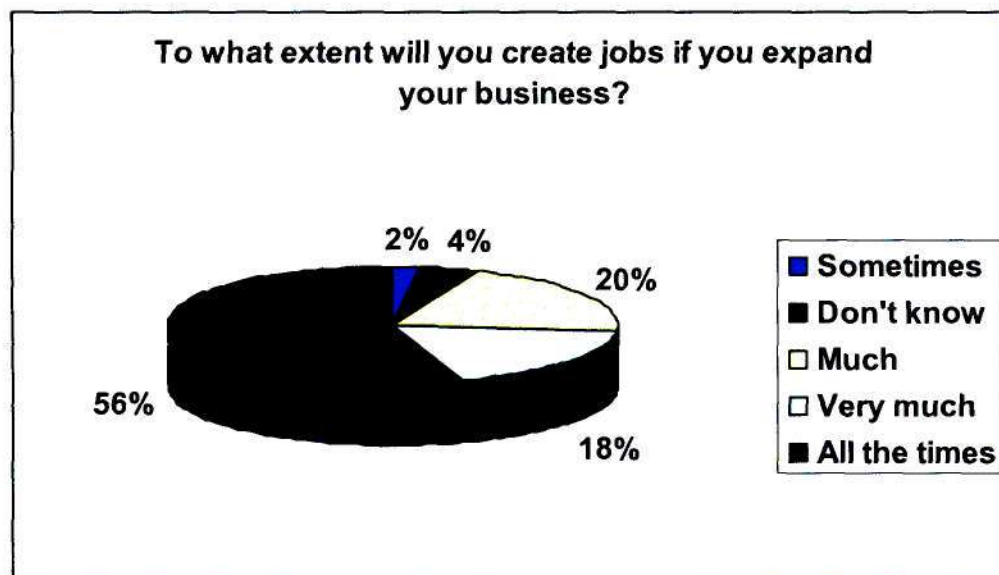
The race crosstabulation reveals that 18 (39.1%) African respondents, followed by 5 (10.9%) Indian respondents and 2 (4.3%) Coloured respondents said not at all. A total of 5 (10.9%) African respondents and 1 (2.2%) said no. There were 4 (8.7%) Coloured respondents and 3 (6.5%) African respondents said sometimes. Recorded were 6 (13%) African respondents said don't know, followed by 1 (2.2%) African responded said much. Lastly, 1 (2.2%) African respondent said all the times.

The educational level crosstabulation reveals that 11 (23.9%) respondents with Degree/Diploma, 7 (15.2%) respondents with grade 7-12, 5 (10.9%) respondents with post matric and 2 (4.3%) respondents with grade 0-6 said not at all. A total of 3 (6.5%) respondents with post matric, followed by 2 (4.3%) respondents with Degree/Diploma and 1 (2.2%) respondent with grade 7-12 said no. There were 4 (8.7%) respondents with Degree/Diploma, 2 (4.3%) respondents with post matric and 1 (2.2%) with grade 7-12 said sometimes. A total of 3 (6.5%) respondents with Degree/Diploma, 2 (4.3%) respondents with post matric and 1 (2.2%)

respondent with grade 7-12 said don't know, followed by 1 (2.2%) respondent with grade 7-12 said much. Lastly, 1 (2.2%) respondent with 7-12 said all the times.

#### 4.8 To What Extent will you Create Jobs if you Expand your Business?

According to Zondi (2003) most black entrepreneurs lack sufficient working capital and this leads to an inability to expand businesses and employ more people. It is quite interesting to note that most respondents could create jobs if they expand. The returned questionnaire shows 27(55.5%) respondents said all the times; followed by 10(20.4%) said much; 9(18.4%) said very much; 2(4%) said don't know; and lastly 1(2%) said sometimes. The chart indicates that the majority of the respondents will create jobs if they expand.



The age crosstabulation reveals that 1 (2.0%) respondent between ages 28-37 said sometimes, followed by 1 (2.0%) respondent between ages 28-37 and 48-57 respectively said don't know. A total of 4 (8.2%) respondents between ages 18-27, 3 (6.1%) respondents between ages 38-47, 2 (4.1%) respondents between ages 28-37 and 1 (2.0%) respondent between ages 48-57 said much. There were 2 (4.1%) respondents between ages 18-27, 38-47, 48-57 and 57+ respectively followed by 1 (2.0%) respondent between ages 28-37 said very much. Lastly, a fairly large number of respondents 7 (14.3%) between ages 18-27, 8 (16.3%) between ages 28-37, 6 (12.2%) between ages 38-47, 4 (8.2%) between ages 48-57 and 2 (4.1%) between age 57+ said all the times.

The gender crosstabulation reveals that 1 (2.0%) male respondent said sometimes, followed by 1 (2.0%) male respondent and 1 (2.0%) female respondent said don't know. A total 6 (12.2%) female respondents and 4 (8.2%) male respondents said much. There were 7 (14.3%) male respondents and 2 (4.1%) female respondents said very much. Lastly, 22 (44.9%) male respondents and 5 (10.2%) female respondents said all the times.

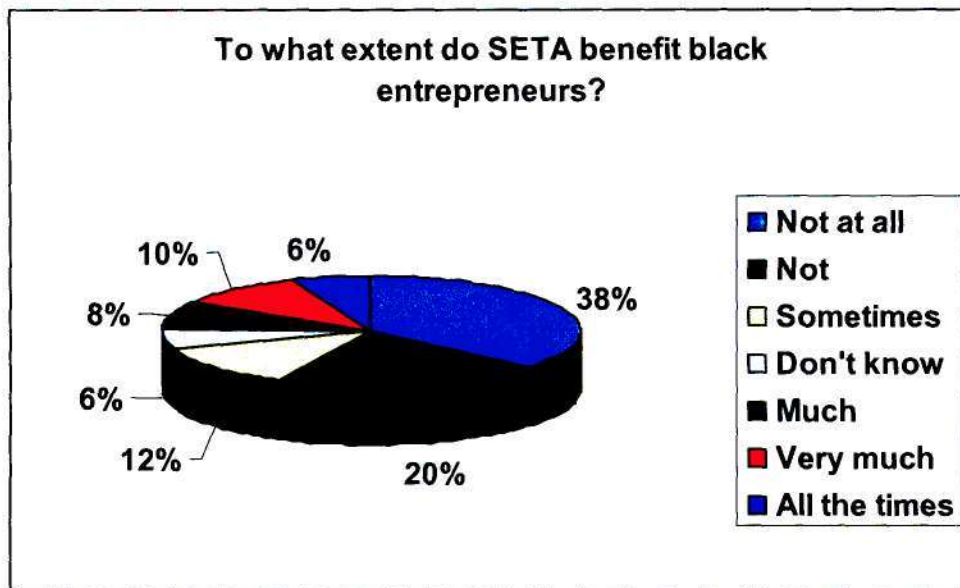
The race crosstabulation reveals that 1 (2.0%) African respondent said sometimes, followed by 2 (4.1%) African respondents said don't know. A total number of 5 (10.2%) African respondents, 4 (8.2%) Coloured respondents and 1 (2.0%) Indian respondent said much. Recorded were 8 (16.3%) African respondents and 1 (2.0%) Coloured respondent said very much. Lastly, 20 (40.8%) African respondents, followed by 5 (10.2%) Indian respondents and 2 (4.1%) Coloured respondents said all the times.

The educational level crosstabulation reveals that 1 (2.0%) respondent with Degree/Diploma said sometimes, followed by 1 (2.0%) respondent with grade 7-12 and a Degree/Diploma respectively said don't know. A total of 4 (8.2%) respondents with grade 7-12 and post matric respectively and 2 (4.1%) respondents with a Degree/Diploma said much. Recorded were 4 (8.2%) respondents with Degree/Diploma, 3 (6.1%) respondents with grade 7-12 and 1 (2.0%) respondent with grade 0-6 and post matric respectively said very much. Lastly, 13 (26.5%) respondents with Degree/Diploma, 8 (16.3%) respondents with post matric, 5 (10.2%) respondents with grade 7-12 and 1 (2.0%) respondent with grade 0-6 said all the times.

#### **4.9 To What Extent do SETA Benefit Black Entrepreneurs?**

According to department of labour (2001), one of the primary mandates of Education and Training Authorities is to initiate Sectoral training initiatives, especially in the smaller and medium sized enterprises. However, majority of respondents says that the learner ship from SETA is a waste of time. The majority of respondents 18(36.7%) said not at all; 10(20.4%) said not; 6(12.2%) said sometimes; 5(10.2%), said very much; 4(8.2%) said much and lastly 3(6.1%) said all the times and don't know respectively.





The age crosstabulation reveals that 6 (12.2%) of respondents between ages 18-27, 4 (8.2%) of respondents between ages 28-37 and 38-47 respectively and 2 (4.1%) of respondents between ages 48-57 and 57+ respectively said not at all. There were 4 (8.2%) of respondents between ages 38-47, 3 (6.1%) of respondents between ages 28-37, 2 (4.1%) of respondents between ages 18-27 and 1 (2.0%) of respondent between ages 48-57 said no. A total of 2 (4.1%) of respondents between ages 28-37 and 1 (2.0%) of respondent between ages 18-27, 38-47, 48-57 and 57+ respectively said sometimes. Recorded were 3 (6.1%) of respondents between ages 48-57 said don't know. A total of 2 (4.1%) of respondents between ages 38-47 and 1 (2.0%) of respondent between ages 18-27 and 48-57 respectively said much, followed by 2 (4.1%) of respondents between ages 18-27 and 28-37 respectively and 1 (2.0%) between ages 48-57 said very much. Lastly, 2 (4.1%) of respondents between ages 28-37 and 1 (2.0%) respondent between ages 18-27 said all the times.

The gender crosstabulation reveals that 11 (22.4) male respondents and 7 (14.3%) female respondent said not at all, followed by 5 (10.2%) male and female respectively who said no. A total of 6 (12.2%) male respondents were of the opinion that sometimes SETA benefit black entrepreneurs. Recorded were 3 (6.1%) male respondents opted for don't know. A total of 3 (6.1%) male respondents and 1 (2.0%) female respondent said much, followed by 5 (10.2%)

male respondents said very much. Lastly, 2 (4.1%) male respondents and 1 (2.0%) female respondent whose perception is that SETA benefit them all the times.

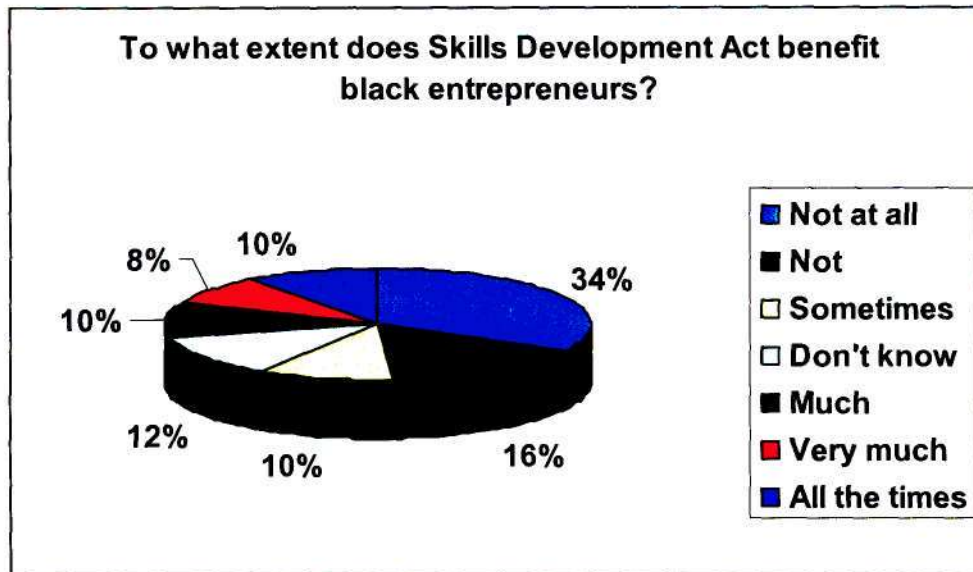
The race crosstabulation reveals that 15 (30.6%) African respondents, followed by 2 (4.1%) Indian respondents and 1 Coloured respondent said not at all. A total of 8 (16.3%) African respondents and 1 (2.0%) Indian and Coloured respondent respectively said no. Recorded were 5 (10.2%) African respondents and 1 Indian respondent said that sometimes SETA benefits black entrepreneurs. There were 2 (4.1%) African respondents and 1 (2.0%) Coloured respondent said don't know. A total 3 (6.1%) Coloured respondents and 1 (2.0%) African respondents said much, followed by 3 (6.1%) African respondents and 1 (2.0%) Indian and Coloured respondent respectively said very much. Lastly, 3 (6.1%) African respondents said all the times.

The educational level crosstabulation reveals that 11 (22.4%) respondents with Degree/Diploma, followed by 4 (8.2%) respondents with grade 7-12 and 3 (6.1%) with post matric said not at all. A total of 4 (8.2%) respondents with grade 7-12, 3 (6.1%) respondents with Degree/Diploma, 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with grade 0-6 said no. Recorded were 2 (4.1%) respondents with grade 7-12 and Degree/Diploma respectively and 1 (2.0%) respondent with grade 0-6 and post matric respectively said sometimes. Recorded were 3 (6.1%) respondent with Degree/Diploma said don't know. A total of 3 (6.1%) respondents with post matric and 1 (2.0%) respondent with Degree/Diploma said much. There were 3 (6.1%) respondents with grade 7-12 and 2 (4.1%) respondents with post matric opted for very much. Lastly, 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with Degree/Diploma said all the times.

#### **4.10 To What Extent does Skills Development Act Benefit Black Entrepreneurs?**

According to the SMME strategy for the eThekweni Municipality (2007) small entrepreneurs tend to lack technical skills and managerial skills. Failure of SMMEs is largely due to the inappropriate skill set of the individuals running or owning the enterprise. The results of this study demonstrate that the majority of the respondents are not benefiting from the Skills Development Act. The majority of respondents 16(32.7%) said not at all; 8(16.3%) said not;

6(12.2%) don't know; 5(10.2%) said sometimes, much and all the times respectively; and lastly 4(8.2%) said very much. This is also best illustrated by pie chart below.



The age crosstabulation reveals that 4 (8.2%) of respondents between ages 18-27 and 38-47 respectively, followed by 3 (6.1%) of respondents between ages 28-37 and 48-57 respectively and 2 (4.1%) of respondents between ages 57+ said not at all. Recorded were 4 (8.2%) respondents between ages 28-37, 3 (6.1%) of respondents between ages 48-57 and 1 (2.0%) of respondent between ages 18-27 said no. A total of 2 (4.1%) of respondents between ages 28-37 and 1 (2.0%) of respondent between ages 18-27, 38-47 and 57+ respectively said sometimes. There were 3 (6.1%) of respondents between ages 18-27 and 1(2.0%) of respondent between ages 38-47, 48-57 and 57+ respectively said don't know. A total of 5 (10.2%) of respondents between ages 48-57 said much, followed by 2 (4.1%) of respondents and 1 (2.0%) of respondents between ages 18-27 and 38-47 respectively said very much. Lastly, 3 (6.1%) of respondents between ages 18-27 and 2 (4.1%) of respondents between ages 28-37 said all the times.

The gender crosstabulation reveals that 11 (22.4%) male respondents and 5 (10.2%) female respondents said not at all, followed by 5 (10.2%) female respondents and 3 (6.1%) male respondents who said no. A total of 4 (8.2%) male respondents and 1 (2.0%) female respondent were of the opinion that sometimes Skills Development Act benefits black entrepreneurs.

There were 4 (8.2%) male respondents and 2 (4.1%) female respondents opted for don't know. A total of 5 (10.2%) male respondents said much, followed by 3 (6.1%) male respondents and 1 (2.0%) female respondent who perception is that Skills Development Act benefits them very much. Lastly, 5 (10.2%) male respondents felt that in the Act benefit them all the times.

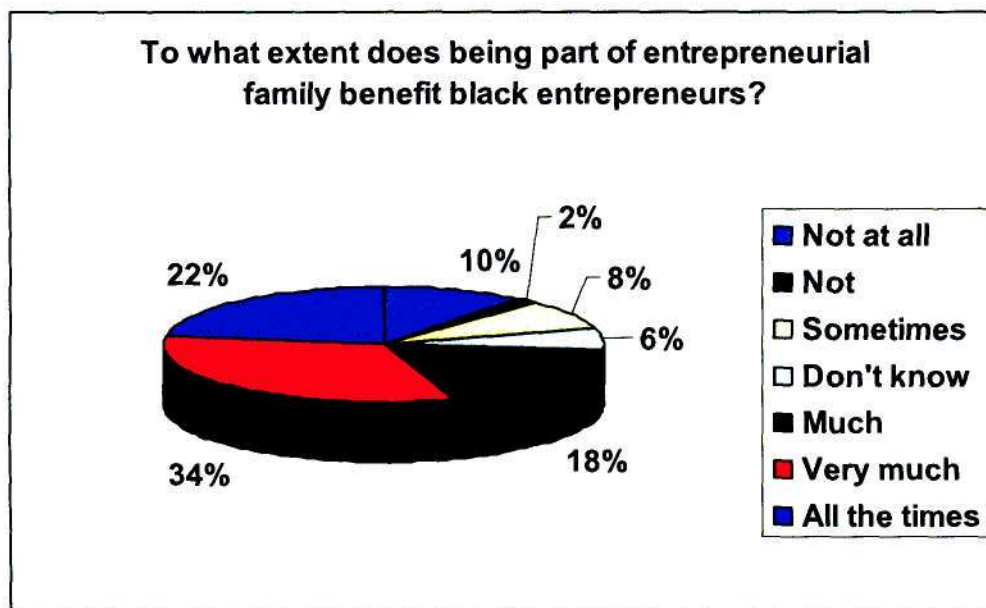
The race crosstabulation reveals that 14 (28.6%) African respondents, followed by 1 (2.0%) Indian and Coloured respondents respectively said not at all. A total of 5 (10.2%) African respondents, 2 (4.1%) Indian respondents and 1 (2.0%) Coloured respondent said no. There were 5 (10.2%) African respondents who said that sometimes Skills Development Act benefit black entrepreneurs. Recorded were 3 (6.1%) African respondents, 2 (4.1%) Coloured respondents and 1 (2.0%) Indian respondents said don't know. A total of 3 (6.1%) Coloured respondents and 2 (4.1%) African respondents said much, followed by 4 (8.2%) African respondents opted for very much. Lastly, 4 (8.2%) African respondents and 1 (2.0%) Indian respondent said all the times.

The educational level crosstabulation reveals that 9 (18.4%) respondents with Degree/Diploma, followed by 5 (10.2%) respondents with grade 7-12 and 2 (4.1%) respondents with post matric said not at all. A total of 3 (6.1%) respondents with Degree/Diploma, 2 (4.1%) respondents with grade 7-12 and post matric respectively and 1 (2.0%) respondent with grade 0-6 said no. Recorded were 2 (4.1%) respondents with grade 7-12 and 1 (2.0%) respondents with grade 0-6, post matric and Degree/Diploma respectively said sometimes. A total of 3 (6.1%) respondents with Degree/Diploma, 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with grade 7-12 opted for don't know. There were 3 (6.1%) respondents with Degree/Diploma and 2 (4.1%) respondents said much, followed by 2 (4.1%) respondents with grade 7-12 and 1 (2.0%) respondent with post matric and Degree/Diploma respectively said very much. Lastly, 4 (8.2%) respondents with post matric and 1 (2.0%) respondent with Degree/Diploma said all the times.



#### 4.11 To What Extent does being Part of Entrepreneurial Family Benefit Black Entrepreneurs?

Pie chart below illustrate that the majority of respondents believe that being part of entrepreneurial family benefit black entrepreneurs. The majority of respondents 16(32.7%) said very much; 11(22.4) said all the times; 9(18.4%) said much; 5(10.2) said not at all; 4(8.2%) said sometimes; 3(6.1%) said don't know; and lastly 1(2%) said not.



The age crosstabulation reveals that 2 (4.1%) of respondents between ages 18-27 and 1 (2.0%) respondent between ages 28-37, 38-47 and 57+ said not at all, followed by 1 (2.0%) respondent between ages 18-27 said no. A total of 2 (4.1%) of respondents between ages 18-27 and 28-37 respectively said sometimes. Recorded were 2 (4.1%) of respondents between ages 18-27 and 1 (2.0%) respondent between ages 48-57 said sometimes. A total of 2 (4.1%) of respondent between ages 18-27 and 1(2.0%) of respondents between ages 48-57 said don't know. A total of 2 (4.1%) of respondents between ages 18-27, 28-37, 38-47 and 48-57 respectively and 1 (2.0%) of respondent between ages 57+ said much, followed by 5 (10.2%) of respondents between ages 38-47, 4 (8.2%) of respondents between ages 48-57, 3 (6.1%) of respondents between ages 28-37 and 2 (4.1%) of respondents between ages 18-27 and 57+ respectively

opted for very much. Lastly, 5 (10.2%) of respondents between ages 28-37 and 2 (4.1%) of respondents between ages 18-27, 38-47 and 48-57 respectively said all the times.

The gender crosstabulation reveals that 4 (8.2%) male respondents and 1 (2.0%) female respondent said not at all, followed by 1 (2.0%) male respondent said no. A total of 3 (6.1%) male respondents and 1 (2.0%) female respondent were of the opinion that sometimes being part of entrepreneurial family benefit black entrepreneurs. A total of 2 (4.1%) male respondents and 1 (2.0%) female respondent opted for don't know. Recorded were 5 (10.2%) male respondents and 4 (8.2%) female respondents whose perception is that being part of entrepreneurial family benefit black entrepreneurs, followed by a fairly large number of males 11 (22.4%) as opposed to 5 (10.2%) female respondents opted for very much. Lastly, 9 (18.4%) male respondents and 2 (4.1%) female respondents felt that it benefit them all the times.

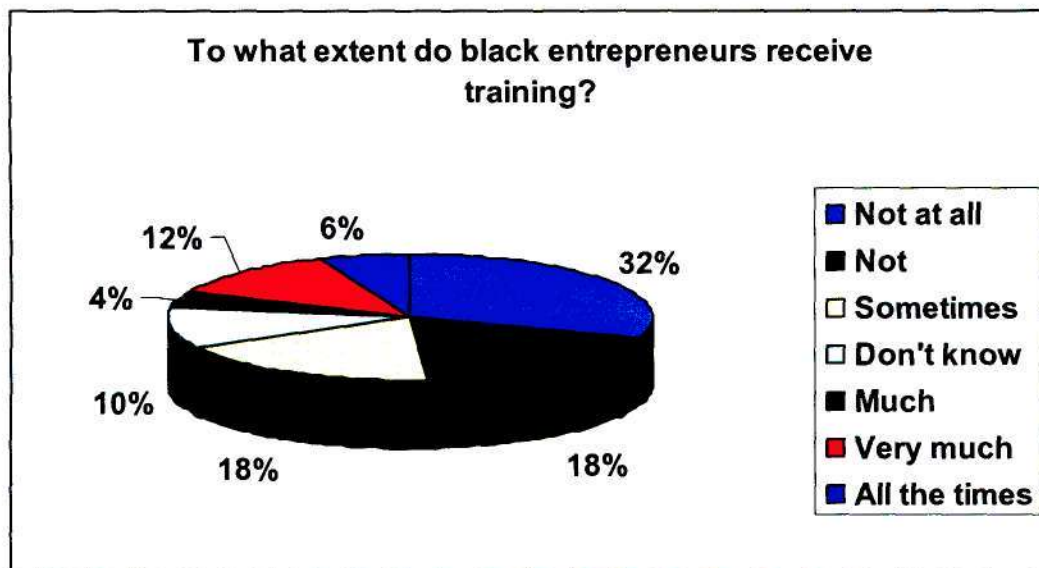
The race crosstabulation reveals that 5 (10.2%) African respondents said not at all, followed by 1 (2.0%) African respondent said no. A total of 3 (6.1%) African respondents and 1 (2.0%) Coloured respondent said sometimes. Recorded were 2 (4.1%) African respondents and 1 (2.0%) Indian respondent opted for don't know. A total of 7 (14.3%) African respondents and 2 (4.1%) Coloured respondents said don't know. A total of 7 (14.3%) Africans respondents and 2 (4.1%) Coloured respondents said much. Among those who said very much were 9 (18.4%) Africans, 4 (8.2%) Coloureds and 3 (6.1%) Indians. Lastly, 9 (18.4%) African respondents and 2 (4.1%) Indian respondents said all the times.

The educational level crosstabulation reveals that 2 (4.1%) respondents with post matric and Degree/Diploma respectively, followed by 1 (2.0%) respondent with grade 7-12 said not at all. Recorded was 1 (2.0%) respondent with Degree/Diploma said no. A total of 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with grade 7-12 and Degree/Diploma respectively said sometimes. There were 3 (6.1%) respondent with Degree/Diploma said don't know. A total of 4 (8.2%) respondents with Degree/Diploma, 3 (6.1%) respondents with grade 7-12 and 2 (4.1%) respondents with post matric said much. There were 7 (14.3%) respondents with grade 7-12, 4 (8.2%) respondents with degree/diploma, 3 (6.1%) respondents with post

matric and 2 (4.1%) respondents with grade 0-6 said very much. Lastly, 6 (12.2%) respondents with degree/diploma, 4 (8.2%) respondents with post matric and 1 (2.0%) with grade 0-6 said all the times.

#### 4.12 To What Extent do Black Entrepreneurs Receive Training?

Lack of training has often been cited as a major cause of the failure of most black entrepreneurs. Research findings yielded by this analysis show that the majority of respondents are not receiving enough training to expand their businesses. The sample shows that training for small black businesses in Durban is a cause for concern at 15(30.6%) said not at all; followed by 9(18.4%) said not and sometimes respectively; 6(12.2%) said very much; 5(10.2%) said don't know; 3(6.1%) said all the times and lastly 2(4.1%) said much. not at all. This pie graph shows that the majority of respondents are not receiving enough training to expand their businesses.



The age crossstabulation reveals that 5 (10.2%) of respondents between ages 38-47, 4 (8.2%) of respondents between ages 28-37, 3 (6.1%) of respondents between ages 18-27, 2 (4.1%) of respondents between ages 48-57 and 1 (2.0%) of respondent between ages 57+ said not at all, followed by 4 (8.2%) of respondents between ages 18-27, 3 (6.1%) of respondents between ages 38-47 and 1 (2.0%) of respondent between ages 48-57 and 57+ respectively said no. Recorded were 5 (10.2%) of respondents between ages 28-37, 2 (4.1%) of respondents

between ages 48-57 and 1 (2.0%) of respondent between ages 18-27 and 38-47 respectively said sometimes. A total of 2 (4.1%) of respondents between ages 38-47 and 1 (2.0%) respondent between ages 18-27, 48-57 and 57+ respectively said don't know. There was 1 (2.0%) of respondent between ages 18-27 and 48-57 respectively said much, followed by 3 (6.1%) of respondents between ages 18-27 and 28-37 said very much. Lastly, 1 (2.0) of respondent between ages 28-27, 48-57 and 57+ said all the times.

The gender crosstabulation reveals that 9 (18.4%) male respondents and 6 (12.2%) respondents said no at all, followed by 7 (14.3%) male respondents and 2 (4.1%) female respondents who said no. A total of 7 (14.3%) male respondents and 2 (4.1%) female respondents were of the opinion that sometimes black entrepreneurs do receive training. Recorded were 3 (6.1%) female respondents and 2 (4.1%) male respondents opted for don't know. A total of 2 (4.1%) male respondents said much, followed by 5 (10.2%) male respondents and 1 (2.0%) female respondent who said very much. Lastly, 3 (6.1%) male respondents said all the times.

The race crosstabulation reveals that 12 (24.5%) African respondents and 3 (6.1%) Indian respondents said not at all, followed by 7 (14.3%) African respondents and 2 (4.1%) Coloured respondents said no. A total number of 6 (12.2%) African respondents, 3 (6.1%) Indian respondents and 1 (2.0%) Coloured respondent said sometimes. There were 4 (8.2%) African respondents and 1 (2.0%) Coloured respondent said don't know. Recorded were 2 (4.1%) Coloured respondents said much, followed by 6 (12.2%) African respondents said very much. Lastly, 1 (2.0%) African, Indian and Coloured respondent respectively said all the times.

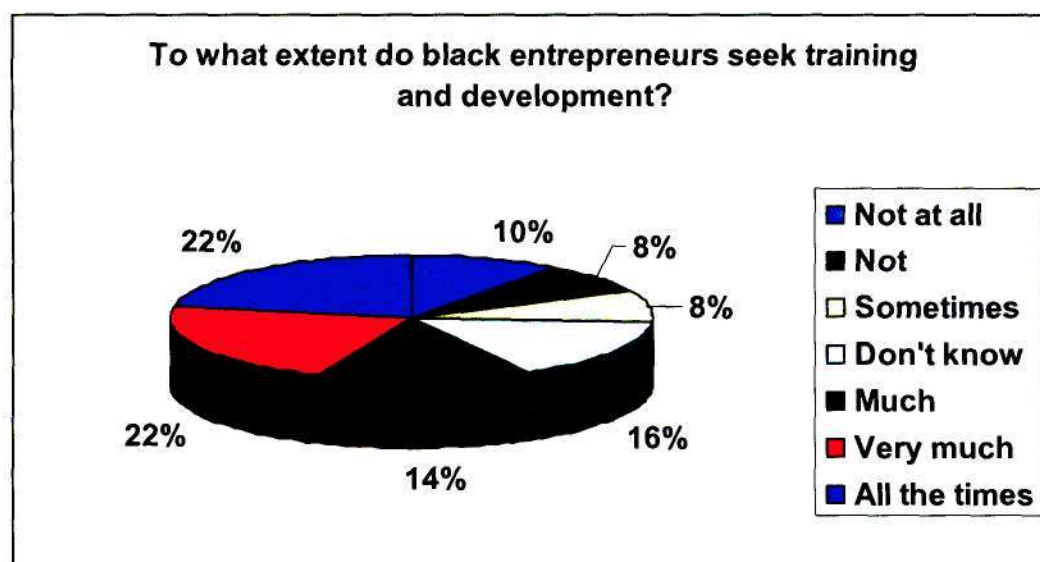
The educational level crosstabulation reveals that 6 (12.2%) respondents with Degree/Diploma, followed by 5 (10.2%) respondents with grade 7-12, 3 (6.1%) respondents post matric and 1 (2.0%) respondent with grade 0-6 said not at all. A total of 3 (6.1%) respondents with Degree/Diploma and post matric respectively, followed by 2 (4.1%) respondents with grade 7-12 and 1 (2.0%) respondent with grade 0-6 said no. There were 4 (8.2%) respondent with grade 7-12 and Degree/Diploma respectively, followed by 1 (2.0%) respondent with post matric said sometimes. Recorded were 2 (4.1%) respondents with post matric and Degree/Diploma respectively and 1 (2.0%) respondent with grade 7-12 said don't know. There was 1 (2.0%)



respondent with post matric and Degree/Diploma respectively said much, followed by 2 (4.1%) respondents with grade 7-12, post matric and Degree/Diploma respectively said very much. Lastly, 2 (4.1%) respondents with Degree/Diploma and 1 (2.0%) respondent with post matric said all the times.

#### 4.13 To What Extent do Black Entrepreneurs Seek Training and Development?

Research findings yielded by this study indicate that the majority of the respondents are seeking training development to expand their business; however, very few black entrepreneurs are able to acquire relevant training and development due to hindrances associated with training and development for small black business owned. The majority of respondents 10(20.4%) said all the times and much respectively; 9(18.4%) said don't know; 8(16.3%) said sometimes; 6(12.2%) said not and lastly 3(6.1%) said not at all and very much respectively.



The age crosstabulation reveals that 2 (4.0%) of respondents between ages 48-57 and 1 (2.0%) of respondent between ages 18-27, 28-37 and 57+ respectively said not at all. Recorded was 1 (2.0%) of respondent between ages 18-27, 28-37, 38-47 and 48-57 respectively said no. Recorded was ( 2.0%) of respondent between ages 18-27, 28-37, 38-47 and 57+ respectively said sometimes. A total 3 (6.0%) of respondents between ages 28-37, followed by 2 (4.0%) of respondents between 18-27 and 48-57 respectively and 1 (2.0%) respondent between ages 38-

47 who said don't know. A total of 2 (4.0%) of respondents between ages 18-27, 28-37 and 48-57 respectively and 1 (2.0%) of respondents between ages 38-47 said much. A fairly large number of respondents 4 (8.0%) between ages 38-47, followed by ages 18-27 and 28-37 respectively with 3 (6.0%) and age 48-57 with 1 (2.0) said very much. Lastly, 3 (6.0%) of respondents between ages 18-27 and 38-47 respectively, followed by 2 (4.0%) of respondents between ages 28-37 and 57+ respectively and 1 (2.0%) respondent between ages 48-57 said all the times.

The gender crosstabulation reveals that 3 (6.0%) females and 2 (4.0%) males said not at all, followed by 3 (6.0%) female respondents and 1 (2.0%) male respondent who said no. A total of 3 (6.0%) male respondents and 1 (2.0%) female respondent were of the opinion that sometimes Black entrepreneurs seek training and development. A fairly large number of male respondents 7 (14.0%) as opposed to 1 (2.0) female respondent opted for don't know. A total of 5 (10.0%) male respondents and 2 (4.0%) female respondents said much. Recorded were 9 (18%) male respondents whose perception is that black entrepreneurs seek training and development very much. Lastly, 9 (18%) male respondents and 2 (4.0%) female respondents said black entrepreneurs seek training and development all the times.

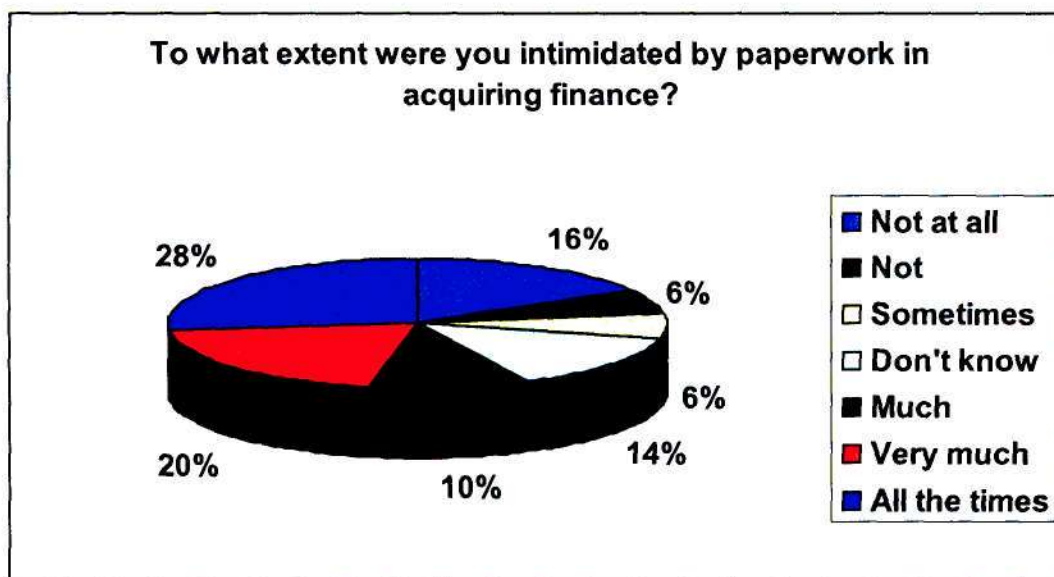
The race crosstabulation reveals that 4 (8.0%) African respondents and 1 (2.0%) Coloured respondent said not at all. A total of 2 (4.0%) African respondents and 1 (2.0%) Indian and Coloured respondent respectively said no. There were 3 (6.0%) African respondents and 1 (2.0%) Coloured respondent said sometimes. A total of 7 (14%) African respondents and 1 (2.0%) Indian respondent said don't know. There were 5 (10.0%) African respondents and 2 (4.0%) Coloured respondents said much, followed by 9 (18.0%) African respondents and 1 (2.0%) Indian and Coloured respondent respectively said very much. Lastly, 7 (14.0%) African respondents, 3 (6.0%) Indian respondents and 1 (2.0%) Coloured respondent said all the times

The educational level crosstabulation reveals that 3 (6.0%) respondents with Degree/Diploma and 2 (4.0%) respondents with grade 7-12 said not at all, followed by 2 (4.0%) respondents with grade 7-12 and Degree/Diploma respectively who said no. A total of 2 (4.0%) respondents with Degree/Diploma and 1 (2.0%) respondent with grade 0-6 and post matric respectively said

sometimes. There were 6 (12.0%) respondents with Degree/Diploma and 2 (4.0%) respondents with grade 7-12 said don't know. Recorded were 3 (6.0%) respondents with Degree/Diploma and 2 (4.0%) respondents with grade 7-12 and post matric respectively said much. A total of 5 (10.0%) respondents with grade 7-12, followed by 4 (8.0%) respondents with post matric and 1 (2.0%) respondent with grade 0-6 and Degree/Diploma respectively said very much. Lastly, 6 (12.0%) respondents with Degree/Diploma, followed by 4 (8.0%) respondents with post matric and 1 (2.0%) respondent with grade 7-12 said all the times.

#### 4.14 To What Extent were you Intimidated by Paperwork in Acquiring Finance?

Research findings yielded by this analysis indicate that the majority of the respondents are intimidated by paperwork in acquiring finance. According to Zondi (2003), very few black owned businesses are able acquire finance due to hindrances associated with paperwork in acquiring finance. Table below shows that the majority of small black entrepreneurs are intimidated by paperwork in acquiring finance, 13(26.5%) said all the times; 10(20.4%) said very much; 8(16.3%) response was not at all; 7(14.3%) said don't know; 5(10.2%) said much; and lastly 3(6.1.0%) said not and sometimes respectively. The pie graph indicates that the majority of small black entrepreneurs are intimidated by paperwork in acquiring finance.



The age crosstabulation reveals that 3 (6.1%) of respondents between ages 18-27, followed by 2 (4.1%) of respondents between ages 28-37 and 48-57 respectively and 1 (2.0%) of respondent between ages 57+ said not at all. A total 1 (2.0%) respondent between ages 28-27, 48-47 and 57+ respectively said no. Recorded was 1 (2.0%) respondent between ages 18-27, 48-57 and 57+ respectively said sometimes. A total of 3 (6.1%) respondents between ages 38-47, followed by 2 (4.1%) respondents between ages 28-37 and 1 (2.0%) respondent between ages 18-27 and 48-57 respectively said don't know. There were 2 (4.1%) respondents between ages 18-27 and 48-57 respectively and 1 (2.0%) respondent between ages 28-37 said much. A total of 3 (6.1%) respondents between ages 18-27 and 28-37 respectively, followed by 2 (4.2%) respondents between ages 38-47 and 1 (2.0%) respondent between ages 48-57 and 57+ respectively said very much. Lastly, 6 (12.2%) respondents between ages 38-47 followed 4 (8.2%) respondents between ages 28-37 and 3 (6.1%) respondents between ages 18-27 said all the times.

The gender crosstabulation reveals that 6 (12.2%) male respondents and 2 (4.1%) female respondents said not at all, followed by 3 (6.1%) male respondents who said no. A total of 2 (4.1%) male respondents and 1 (2.0%) female respondent were intimidated by paperwork in acquiring finance. A fairly large number of male respondents 5 (10.2%) as opposed to 2 (4.1%) female respondents opted for don't know. A total of 4 (8.2%) male respondents and 1 (2.0%) female respondent said much. Recorded were 9 (18.4%) male respondents and 1 (2.0%) female said very much. Lastly, 7 (17.3%) female respondents and 6 (12.2%) male respondents said all the times they were intimidated by paperwork in acquiring finance.

The race crosstabulation reveals that 6 (12.2%) African respondents and 1 (2.0%) Indian and Coloured respondent respectively said not at all. A total of 2 (4.1%) African respondents and 1 (2.0%) Coloured respondent said no. Recorded was 1 (2.0%) African, Indian and Coloured respondents respectively said that sometimes they were intimidated by paperwork in acquiring finance. A total of 6 (12.2%) African respondents and 1 (2.0%) Indian respondent said don't know. There were 5 (10.2%) African respondents said much, followed by 8 (16.3%) African respondents and 2 (4.1%) Indian respondents said very much. Lastly, 8 (16.3%) African

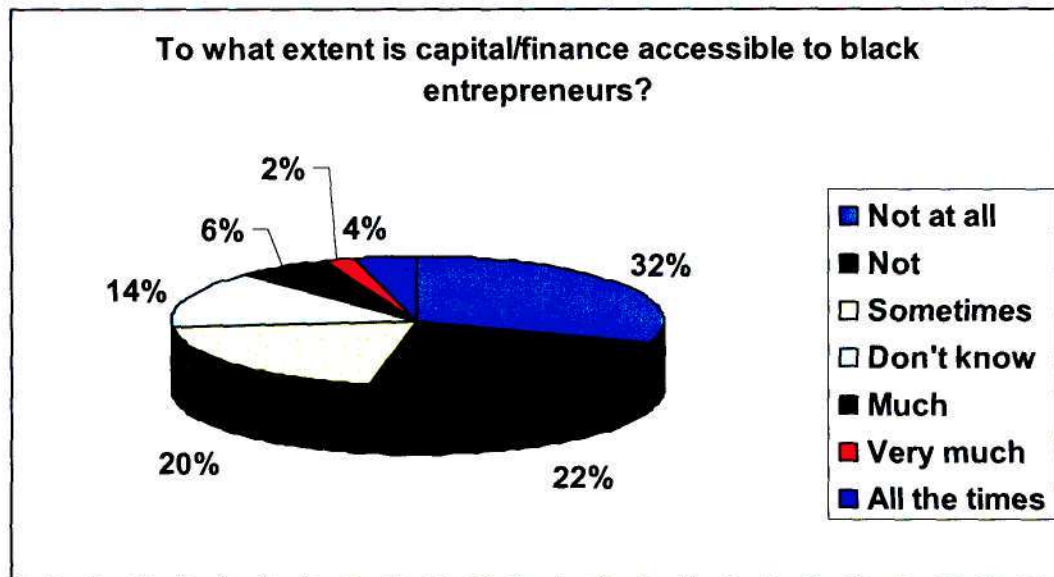
respondents, followed by 4 (8.2%) Coloured respondents and 1 (2.0%) Indian respondent said all the times.

The educational level crosstabulation reveals that 4 (8.2%) respondents with Degree/Diploma, followed by 3 (6.1%) respondents with post matric and 1 (2.0%) respondent with grade 0-6 said all the times. Recorded was 1 (2.0%) respondent with grade 0-6, 7-12 and Degree/Diploma said no. There were 3 (6.1%) respondents with Degree/Diploma said sometimes. A total of 4 (8.2%) respondents with Degree/Diploma, followed by 2 (4.1%) with post matric and 1 (2.0%) with grade 7-12 said don't know. Recorded were 2 (4.1%) respondents with grade 7-12 and Degree/Diploma respectively and 1 (2.0%) said much. A total of 5 (10.2%) respondents with grade 7-12, followed by 4 (8.2%) respondents with Degree/Diploma and 1 (2.0%) with post matric said very much. Lastly, 6 (12.2%) respondents with post matric, followed by 4 (8.2%) respondents with grade 7-12 and 3 (6.1%) with Degree/Diploma said all the times.

#### **4.15 To What Extent is Capital/Finance Accessible to Black Entrepreneurs?**

Experts interviewed by the Global Entrepreneurs Monitor (GEM) survey in 2001 and 2002 identified lack of financial support as a major constraint on entrepreneurship in South Africa. The view of these experts was confirmed by a survey of black entrepreneurs (Internet 3). Frequencies table and pie graph reveal that a larger number of the respondents are experiencing difficulties when applying for capital/finance to expand their businesses. The majority of respondents 15(30.6%) said not at all; followed by 11(22.4%) who said not; 10(20.4%) said sometimes; 7(14.3%) said don't know; 3(6.1%) said much; 2(4%) said all the times; and lastly 1(2%) said very much.





The age crosstabulation reveals that 4 (8.2%) respondents between ages 28-37, 38-47 and 48-57 respectively, followed by 2 (4.1%) respondents between ages 18-27 and 1 (2.0%) respondent between age 57+ said not at all. A total of 5 (10.2%) respondents between ages 18-27, followed by 2 (4.1%) respondents between ages 48-57 and 57+ respectively and 1 (2.0%) respondent between ages 28-37 and 38-47 respectively said no. There were 4 (8.2%) respondents between ages 28-37, 3 (6.1%) respondents between ages 38-47, 2 (4.1%) respondents between ages 18-27 and 1 (2.0%) respondent between ages 48-47 said sometimes. A total of 2 (4.1%) respondents between ages 18-27 and 28-37 respectively and 1 (2.0%) respondent between ages 38-47, 48-57 and 57+ respectively said don't know. There were 2 (4.1%) respondents between ages 28-37 and 1 (2.0%) respondent between ages 18-27 said much. Recorded was 1 (2.0%) respondent between ages 48-57 said very much. Lastly, 1 (2.0%) respondent between ages 18-27 and 38-47 respectively said all the times.

The gender crosstabulation reveals that 10 (20.4%) male respondents and 5 (10.2%) female respondents said not at all, followed by 11 (22.4%) male respondents who said no. A total of 8 (16.3%) male respondents and 2 (4.1%) female respondents were of the opinion that sometimes capital is accessible to black entrepreneurs. A fairly large number of female respondents 5 (10.2%) as opposed to 2 (4.1%) male respondents opted for don't know. A total of 3 (6.1%) male respondents said much. Recorded was 1 (2.0%) male respondent whose perception is that

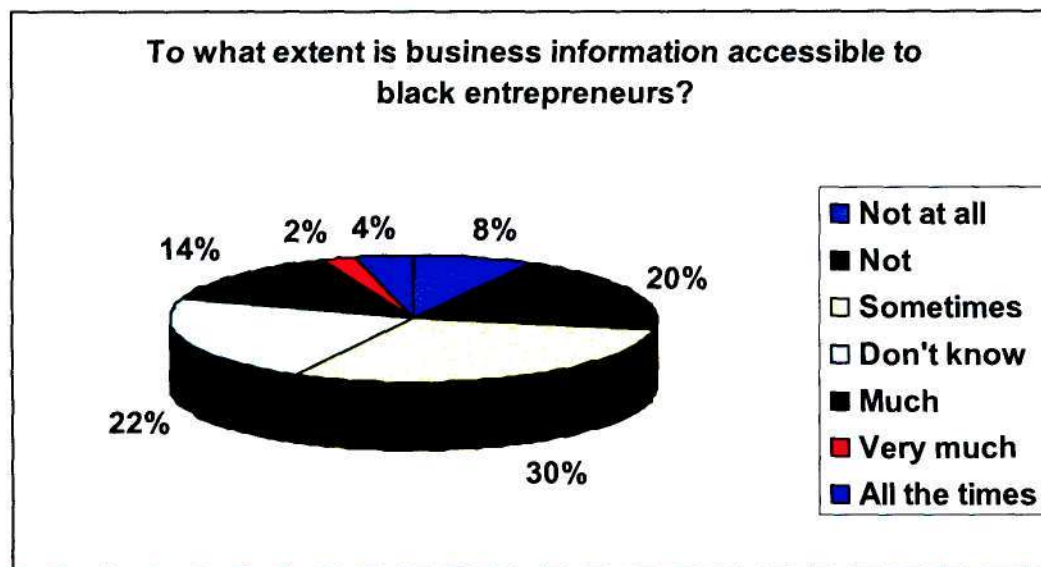
capital is accessible to black entrepreneurs. Lastly, 1 (2.0%) male respondent and female respondent respectively felt that capital/finance is accessible to black entrepreneurs all the times.

The race crosstabulation reveals that 11 (22.4%) African respondents, followed by 3 (6.1%) Indian respondents and 1 (2.0%) Coloured respondent said not at all. A total of 7 (14.3%) African respondents and 2 (4.1%) Indian and Coloured respondents respectively, said no capital/finance is accessible to black entrepreneurs. There were 8 (16.3%) African respondents and 2 (4.1%) Indian respondents said that sometimes capital/finance is accessible to black entrepreneurs. A total of 6 (12.2%) African respondents and 1 (2.0%) Indian respondent said don't know. There were 3 (6.1%) African respondents said much. Recorded was 1 (2.0%) Coloured respondent said very much. Lastly, 2 (4.1%) African respondents said all the times.

The educational level crosstabulation reveals that 9 (18.4%) respondents with Degree/Diploma, followed by 3 (6.1%) respondents with grade 7-12, 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with grade 0-6 said not at all. A total of 4 (8.2%) respondents with Degree/Diploma, followed by 3 (6.1%) respondents with grade 7-12 and post matric respectively, and 1 (2.0%) respondent with grade 0-6 said no. Recorded were 4 (8.2%) respondents with Degree/Diploma and 3 (6.1%) respondents with grade 7-12 and post matric respectively said sometimes. A total of 3 (6.1%) respondents with Degree/Diploma and 2 (4.1%) with grade 7-12 and post matric respectively said don't know. Recorded were 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with grade 7-12 said much, followed by 1 (2.0%) respondent with grade 7-12 said very much. Lastly, 1(2.0%) respondent with grade 7-12 and Degree/Diploma respectively said all the times.

#### 4.16 To What Extent is Business Information Accessible to Black Entrepreneurs?

According to Kenny & Dyson (1989), reliable business information is essential for effective marketing business. For many small enterprises specializing in fairly minor sector of the market, broad statements on the as a whole may be of little value; therefore much of the published information will have its limitations. The majority of respondents 15(30%) said sometimes; 11(22%) said don't know; 10(20%) said not; 7(14%) said much; 4(8%) said not at all; 2(4%) said all the times; and lastly 1(2%) said very much. This is also best illustrated by pie chart.



The age crosstabulation reveals that 2 (4.0%) of respondents between ages 38-47 and 1(2.0%) respondents between ages 28-37 and 48-57 respectively said not at all. A total of 3 (6.0%) of respondents between ages 18-27 and 28-37 respectively, 2 (4.0%) of respondents between ages 38-47 and 1 (2.0%) of respondents between ages 48-57 and 57+ respectively said no. There were 5 (10.0%) of respondents between ages 28-37 and 38-47 respectively, followed by 2 (4.0%) of respondents between ages 18-27 and 1 (2.0%) of respondent between ages 57+ said sometimes. Recorded were 3 (6.0%) of respondents between ages 18-27 and 48-57 respectively, followed by 2 (4.0%) of respondents between ages 28-37 and 48-47 respectively and 1 (2.0%) of respondent between ages 57+ said don't know. A total of 5 (10.0%) of respondents between ages 18-27 and 1 (2.0%) of respondent between ages 28-37 and 48-57



respectively said much, followed by 1 (2.0%) of respondent between ages 28-37 said very much. Lastly, 1 (2.0%) of respondent between ages 48-57 and 57+respectively said all the times.

The gender crosstabulation reveals that 3 (6.0%) male respondents and 1 (2.0%) female respondent said not at all, followed by 6 (12.0%) male respondents and 4 (8.0%) female respondents who said no. A total of 12 (24.0%) male respondents and 3 (6.0%) female respondents were of the opinion that sometimes business information is accessible to small black entrepreneurs. A fairly large number of male respondents 8 (16.0%) as opposed to 3 (6.0%) female respondents opted for don't know. A total of 5 (10.0%) male respondents and 2 (4.0%) female respondents said much. Recorded was 1 (2.0%) male respondent and female respondent respectively whose perception is that business information is accessible to black entrepreneurs. Lastly, 1 (2.0%) male and female respondent respectively felt that business information is accessible to black entrepreneurs all the times.

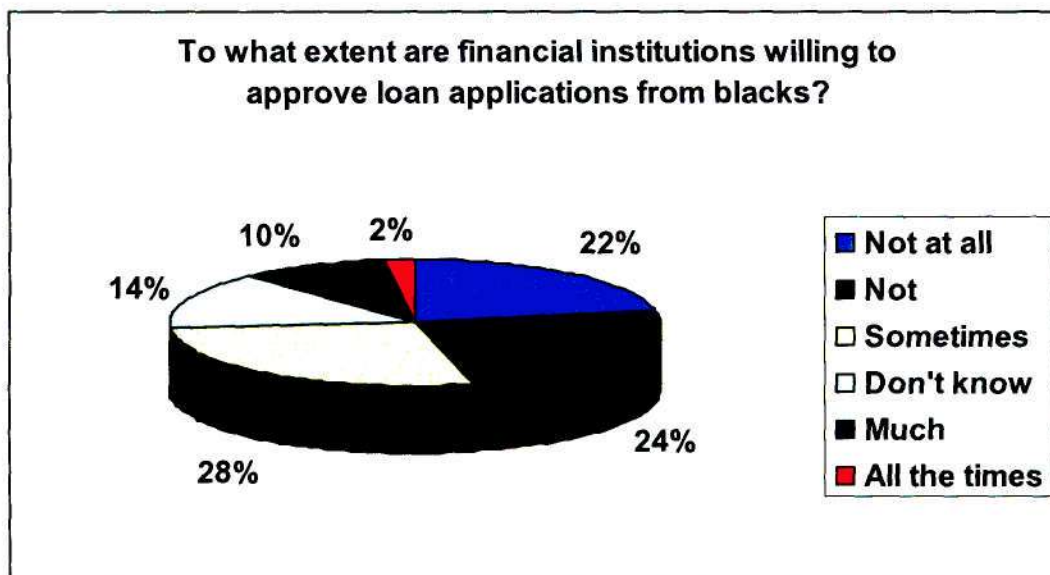
The race crosstabulation reveals that 3 (6.0%) African respondents and 1 (2.0%) Coloured respondent said not at all, followed by 6 (12.0%) African respondents and 2 (4.0%) Indian and Coloured respondents respectively said no. A total of 14 (28.0%) African respondents and 1 (2.0%) Indian respondent said sometimes. There were 7 (14.0%) African respondents and 2 (4.0%) Indian and Coloured respondents respectively said don't know. Recorded were 5 (10.0%) African respondents and 2 (4.0%) Coloured respondents said much. There was only 1 (2.0%) African respondent said very much. Lastly, 1 (2.0%) African respondent and Coloured respondent said all the times.

The educational level crosstabulation reveals that 3 (6.0%) respondents with Degree/Diploma and 1 (2.0%) respondent with post matric said not at all. A total of 7 (14.0%) respondents with Degree/Diploma and 1 (2.0%) respondent with grade 0-6, 7-12 and post matric respectively said no. Recorded were 7 (14.0%) respondent with grade 7-12, 4 (8.0%) respondent with post matric, 3 (6.0%) respondent with Degree/Diploma and 1 (2.0%) respondent with grade 0-6 said sometimes. A total of 5 (10.0%) respondent with post matric, followed by 4 (8.0%) respondent with Degree/Diploma and 2 (4.0%) respondent with grade 7-12 said don't know. There were 3

(6.0%) respondent with post matric and 2 (4.0%) respondents with grade 7-12 and Degree/Diploma respectively said much. A total of 1 (2.0%) respondent with Degree/Diploma said very much. Lastly, 1 (2.0%) respondent with grade 7-12 and Degree/Diploma respectively said all the times.

#### 4.17 To What Extent are Financial Institutions Willing to Approve Loan Applications from Blacks?

According to SMME strategy for the eThekweni municipality (2007), the traditional way financial institutions consider businesses for loans, is through the evaluation of security to cover exposure, rather than the normal risks associated with the transactions. In most cases financial institutions like banks, view SMMEs as a high risk because the owners very often to have little or no collateral or tend to have a bad credit record. The majority of respondents 14(28%) said sometimes; 12(24%) said not; 11(22%) said not at all; 7(14%) said don't know; 5(10%) said much; and 1(2%) said all the times. This is best illustrated by pie chart.



The age crosstabulation reveals that 3 (6.0%) of respondents between ages 18-27, 28-37 and 38-47 respectively and 2 (4.0%) of respondents between ages 48-57 said not at all. A total of 4 (8.0%) of respondents between ages 18-27, followed by 3 (6.0%) of respondent between ages 38-47 and 48-57 respectively and 1 (2.0%) of respondent between ages 57+ said no. Recorded

were 5 (10.0%) of respondents between ages 28-37, followed by 4 (8.0%) of respondents between ages 18-27, 2 (4.0%) of respondents between aged 38-47 and 48-57 respectively and 1 (2.0%) of respondent between ages 57+ said sometimes. A total of 2 (4.0%) of respondents between ages 28-37 and 38-47 respectively and 1 (2.0%) of respondent between ages 18-27, 48-57 and 57+ respectively said don't know. There were 2 (4.0%) of respondent between ages 28-37 and 1 (2.0%) of respondent between ages 18-27, 48-57 and 57+ respectively said much. Lastly, 1 (2.0%) of respondent between ages 38-47 said all the times.

The gender crosstabulation reveals that 9 (18.0%) male respondents and 2 (4.0%) female respondent said not at all, followed by 6 (12.0%) male respondents and female respondents said no. A total of 10 (20.0%) male respondents and 4 (8.0%) female respondents said sometimes financial institutions are willing to approve loan application from blacks. A total of 6 (12.0%) male respondents and 1 (2.0%) female respondent opted fir don't know. There were 4 (8.0%) male respondents and 1 (2.0%) female respondent said much. Lastly, 1 (2.0%) male respondent said all the times.

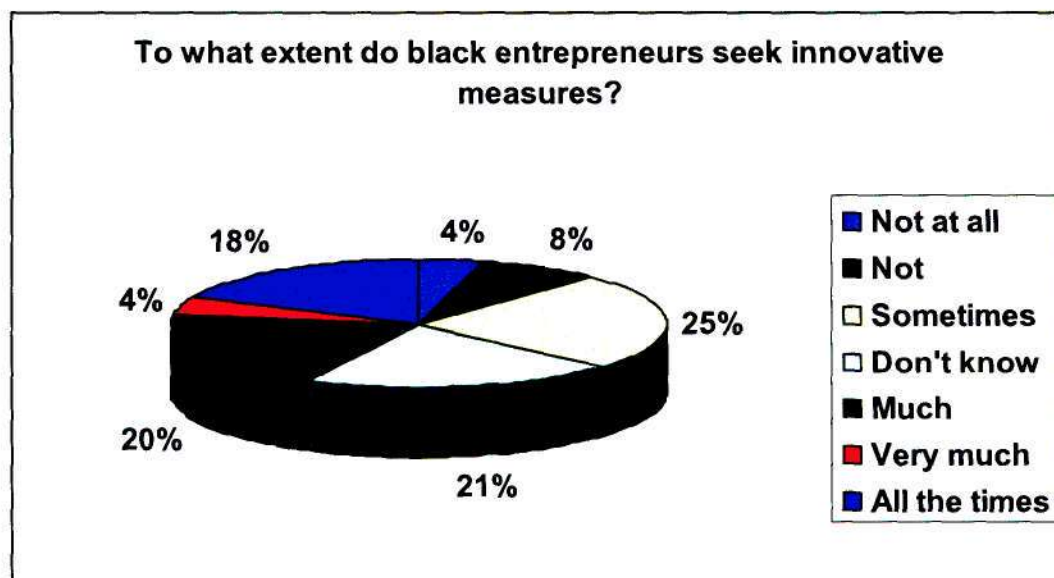
The race crosstabulation reveals that 8 (16.0%) African respondents, followed by 2 (4.0%) Coloured respondents and 1 (2.0%) Indian respondent said not at all. A total of 9 (18.0%) African respondents, followed by 2 (4.0%) Indian respondents and 1 (2.0%) Coloured respondent said no, financial institutions are not willing to approve loan applications from black entrepreneurs. There were 9 (18.0%) African respondent, followed by 3 (6.0%) Coloured respondents and 2 (4.0%) Indian respondents said that sometimes financial institutions are willing to approve loan applications from blacks. A total of 6 (12.0%) African respondents and 1 (2.0%) Indian respondent said don't know. A total of 4 (8.0%) African respondents and 1 (2.0%) Coloured respondent said much. Lastly, 1 (2.0%) African respondent said all the times.

The educational level crosstabulation reveals that 5 (10.0%) respondents with Degree/Diploma, followed by 3 (6.0%) respondents with grade 7-12, 2 (4.0%) respondents with post matric and 1 (2.0%) respondent with grade 0-6 said not at all. A total of 6 (12.0%) respondents with grade 7-12, followed by 5 (10.0%) respondents with Degree/Diploma and 1 (2.0%) respondent with post matric said no. There were 6 (12.0%) respondents with post matric, 5 (10.0%) respondents

with Degree/Diploma, 2 (4.0%) respondents with grade 7-12 and 1 (2.0%) respondent with grade 0-6 said all the times. A total of 5 (10.0%) respondents with Degree/Diploma and 1 (2.0%) respondent with grade 7-12 and post matric respectively said don't know. Recorded were 2 (4.0%) respondent with grade 7-12 and post matric respectively and 1 (2.0%) respondent with Degree/Diploma said much. Lastly, 1 (2.0%) respondent with post matric said all the times.

#### 4.18 To What Extent do Black Entrepreneurs Seek Innovative Measures?

Trends for 2000 (Isidiro, 2006), an interesting findings was that only 16 percent of small businesses consider doing business on the internet. The cost of new technology has always been cited as being prohibitive for SMMEs. Pie chart also indicates that small black owned businesses are not trying hard enough to get innovative measures to expand their businesses. The majority of respondents 12(24.5%) said sometimes; 10(20.4) said don't know and much respectively; 9(18.4%) said all the times; 4(8.2%) said not and lastly 2(4.1%) said not at all and all the times respectively.



The age crosstabulation reveals that 1 (2.0%) of respondent between ages 18-27 and 48-57 respectively said not at all, followed by 2 (4.1%) of respondents between ages 48-57 and 1 (2.0%) of respondent between ages 28-37 and 38-47 respectively said no. A total of 5 (10.2%) of respondents between ages 28-37, followed by 2 (4.1%) of respondents between ages 18-27, 38-47 and 57+ respectively and 1 (2.0%) said sometimes. There were 5 (10.2%) of respondents between ages 18-27, followed by 3 (6.1%) of respondents between ages 48-57 and 1 (2.0%) of respondent between ages 28-37 and 38-47 respectively said don't know. A total of 4 (8.2%) of respondents between ages 18-27 and 28-37 respectively and 1 (2.0%) of respondent between ages 38-47 and 48-57 respectively said much. Recorded were 2 (4.1%) of respondents between ages 38-47 said very much. Lastly, 4 (8.2%) of respondents between ages 38-47, followed by 2 (4.1%) of respondents between ages 57+ and 1 (2.0%) of respondent between ages 18-27, 28-37 and 48-57 respectively said all the times.

The gender crosstabulation reveals that 2 (4.1%) male respondents said not at all, followed by 3 (6.1%) male respondents and 1 (2.0%) female respondent said no. A total of 8 (16.3%) male respondents and 4 (8.2%) female respondents were of the opinion that black entrepreneurs do seek innovative measures. A fairly large number of male respondents 8 (16.3%) as opposed to 2 (4.1%) female respondents opted for don't know. A total number of 7 (14.3%) male respondents and 3 (6.1%) female respondents said much. Recorded was 1 (2.0%) male and female respondent respectively who said very much. Lastly, 6 (12.2%) male respondents and 3 (6.1%) female respondents felt that seek innovative measures all the times.

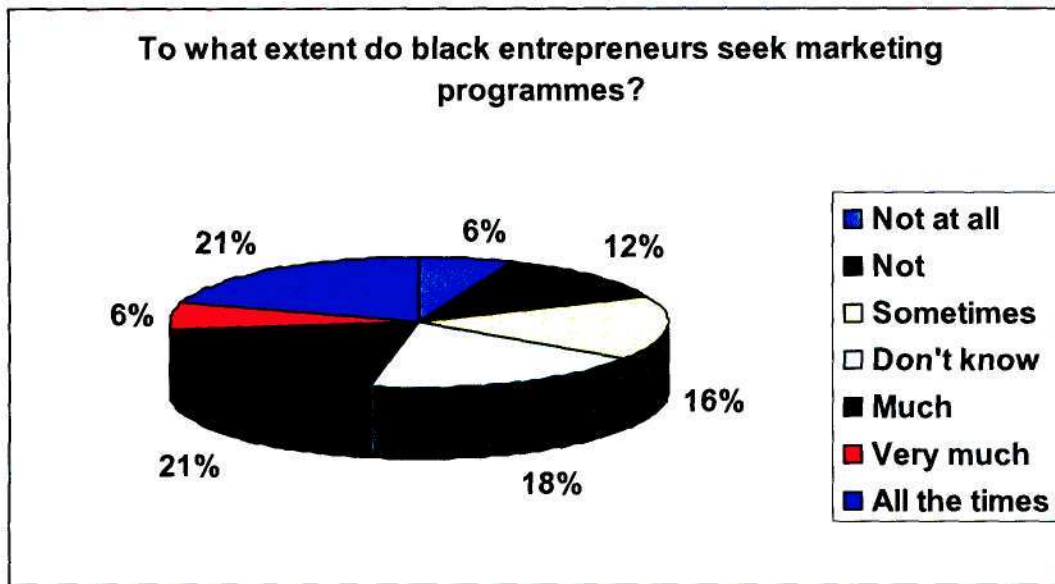
The race crosstabulation reveals that 1 (2.0%) African and Coloured respondent respectively said not at all, followed by 3 (6.1%) African respondents and 1 (2.0%) Indian respondent said no. A total of 10 (20.4%) African respondents and 1 (2.0%) Indian and Coloured respondent respectively said sometimes. Recorded were 8 (16.3%) African respondents and 2 (4.1%) Coloured respondents said don't know. A total of 6 (12.2%) African respondents and 2 (4.1%) Indian and Coloured respondent respectively said much, followed by 1 (2.0%) African and Coloured respondent who said very much. Lastly, 7 (14.3%) African respondents and 2 (4.1%) Indian respondents said all the times.

The educational level crosstabulation reveals that 1 (2.0%) respondent with post matric and Degree/Diploma respectively said not at all. A total of 3 (6.1%) respondents with grade 7-12 and 1 (2.0%) respondent with post matric said no. Recorded were 5 (10.2%) respondents with Degree/Diploma, followed by 4 (8.2%) respondents with grade 7-12, 2 (4.1%) respondents with post matric and 1 (2.0%) respondent with grade 0-6 said sometimes. A total of 6 (12.2%) respondents with Degree/Diploma, followed by 3 (6.1%) respondents with grade 7-12 and 1 (2.0%) respondent with post matric said don't know. There were 5 (10.2%) respondents with post matric, followed by 2 (4.1%) respondents with grade 7-12 and Degree/Diploma respectively and 1 (2.0%) respondent with grade 0-6 said much. A total of 2 (4.1%) respondents with Degree/Diploma said very much. Lastly, 4 (8.2%) respondents with Degree/Diploma, followed by 3 (6.1%) respondents with post matric and 2 (4.1%) respondents with grade 7-12 said all the times.

#### **4.19 To What Extent do Black Entrepreneurs Seek Marketing Programmes?**

According to Kenny & Dyson (1989), for the small enterprise hampered by regulatory constraints and coping with the day-to-day stress of business, marketing theory and more so practice may at times, seem somewhat of unnecessary luxury. However, Frequency table and pie chart below indicate that small black entrepreneurs are seeking for marketing programmes. The majority of respondents 10(20.4%) said all the times and much respectively; 9(18.4%) said don't know; 8(16.3%) said sometimes; 6(12.1%) said not; and lastly 3(6.1%) said not at all and very much respectively.





The age crosstabulation reveals that 2 (4.1%) of respondents between ages 28-37 and 1 (2.0%) of respondent between ages 48-57 said not at all, followed by 2 (4.1%) of respondents between ages 18-27 and 1 (2.0%) of respondent between ages 28-37, 38-47, 48-57 and 57+ respectively said no. Recorded were 4 (8.2%) of respondent between ages 48-57 and 1 (2.0%) of respondent between ages 18-27, 28-37, 38-47 and 57+ said sometimes. A total of 4 (8.2%) of respondents between ages 28-37, followed by 3 (6.1%) of respondents between 18-27 and 1 (2.0%) of respondent between ages 38-47 and 48-57 respectively said don't know. There were 4 (8.2%) of respondents between ages 28-37, followed by 3 (6.1%) of respondents between ages 18-27, 2 (4.1%) of respondents between ages 38-47 and 1 (2.0%) of respondent between ages 48-57 said much. A total of 3 (6.1%) of respondents between ages 38-47 said very much. Lastly, 3 (6.1%) of respondents between ages 18-27 and 38-47 respectively, followed by 2 (4.1%) of respondents between ages 57+ and 1 (2.0%) of respondent between ages 28-37 and 48-57 respectively said all the times.

The gender crosstabulation reveals that 2 (4.1%) male respondents and 1 (2.0%) female respondent said not at all, followed by 3 (6.1%) male and female respondents respectively said no. A total of 8 (16.3%) male respondents were of the opinion that black entrepreneurs do seek marketing programmes. A fairly large number of male respondents as opposed to 1 (2.0%) female respondent opted for don't know. A total of 6 (12.2%) male respondents and 4 (8.2%)

female respondents said much. Recorded were 2 (4.1%) female respondents and 1 (2.0%) male respondent whose perception is that black entrepreneurs do seek marketing programmes very much. Lastly, 8 (16.3%) male respondents and 2 (4.1%) female respondents felt that black entrepreneurs seek marketing programmes all the times.

The race crosstabulation reveals that 2 (4.1%) Indian respondents and 1 (2.0%) African respondent said not at all, followed by 5 (10.2%) African respondents and 1 (2.0%) Indian respondent said no. A total of 7 (14.3%) African respondents and 1 (2.0%) Coloured respondent said that sometimes black entrepreneurs seek marketing programmes. A total of 8 (16.3%) African respondents and 1 (2.0%) Coloured respondent said don't know. Recorded were 7 (14.3%) African respondent, followed by 2 (4.1%) Coloured respondents and 1 (2.0%) Indian respondent said much. Among those who said very much were 2 (4.1%) African respondents and 1 (2.0%) Coloured respondent. Lastly, 8 (16.31%) African respondents and 2 (4.1%) Indian and Coloured respondents said all the times.

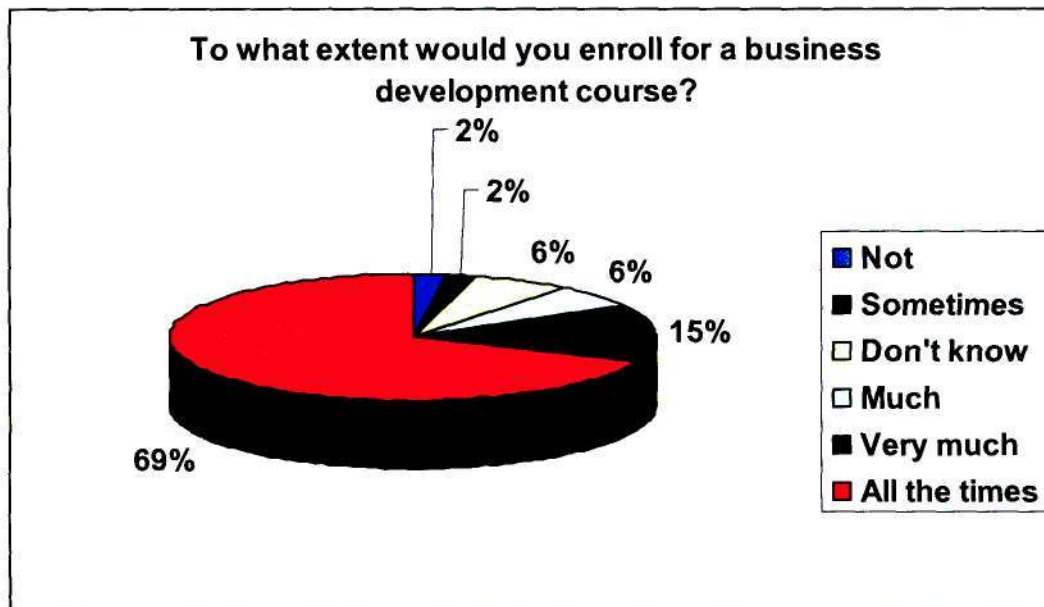
The educational crosstabulation reveals that 2 (4.1%) respondents with post matric and 1 (2.0%) respondents with Degree/Diploma said not at all. A total of 3 (6.1%) with grade 7-12, followed by 2 (4.1%) respondents with Degree/Diploma and 1 (2.0%) respondent with post matric said no. Recorded were 4 (8.2%) respondent with grade 7-12, followed by 3 (6.1%) with Degree/Diploma and 1 (2.0%) with grade 0-6 said sometimes. A total of 7 (14.3%) respondents with Degree/Diploma and 2 (4.1%) respondents with grade 7-12 said don't know. There were 5 (10.2%) respondents with post matric, followed by 2 (4.1%) respondents with grade 7-12 and Degree/Diploma respectively and 1 (2.0%) said much. A total of 2 (4.1%) respondents with Degree/Diploma and 1 (2.0%) respondent with grade 7-12 said very much. Lastly, 4 (8.2%) respondents with post matric and Degree/Diploma respectively and 2 (4.1%) respondents with grade 7-12 said all the times.

#### **4.20 To What Extent would you Enroll for a Business Development Course?**

SMME strategy for the eThekweni Municipality (2007) reveals that even though business Centers are available where SMMEs can access information, lower education levels of entrepreneurs constitute a noticeable constraint. Research findings yielded by this analysis



demonstrate that 33(68.8%) respondents said all the times; 7(14.6%) response was very much; 3(6.3%) said much and don't know respectively; and lastly 1(2.1%) said sometimes and not respectively. The pie chart shows that the majority of small black entrepreneurs would like to enroll for business development courses.



The age crosstabulation reveals that 1 (2.1%) of respondent between ages 8-47 no, followed by 1 (2.1%) of respondent between ages 48-57 said sometimes. Recorded were 2 (4.2%) of respondent between ages 28-37 and 1 (2.1%) of respondent between ages 48-57 said don't know. A total of 2 (4.2%) of respondents between ages 18-27 and 1 (2.1%) respondent between ages 18-27 said much. Recorded were 3 (6.3%) of respondents between ages 28-37 and 48-57 respectively and 1 (2.1%) of respondent between ages 38-47 said very much. Lastly, 10 (20.8%) respondents between ages 18-27, followed by 7 (14.6%) of respondents between ages 28-37 and 38-47 respectively, 5 (10.4%) of respondents between ages 48-57 and 4 (8.3%) of respondents between ages 57+ said all the times.

The gender crosstabulation reveals that 1(2.1%) female respondent said no, followed by 1 (2.1%) female respondent who sometimes. A total of 3 (6.3%) male respondents said don't know. Recorded were 2 (4.2%) male respondents and 1 (2.1%) female respondent said much.

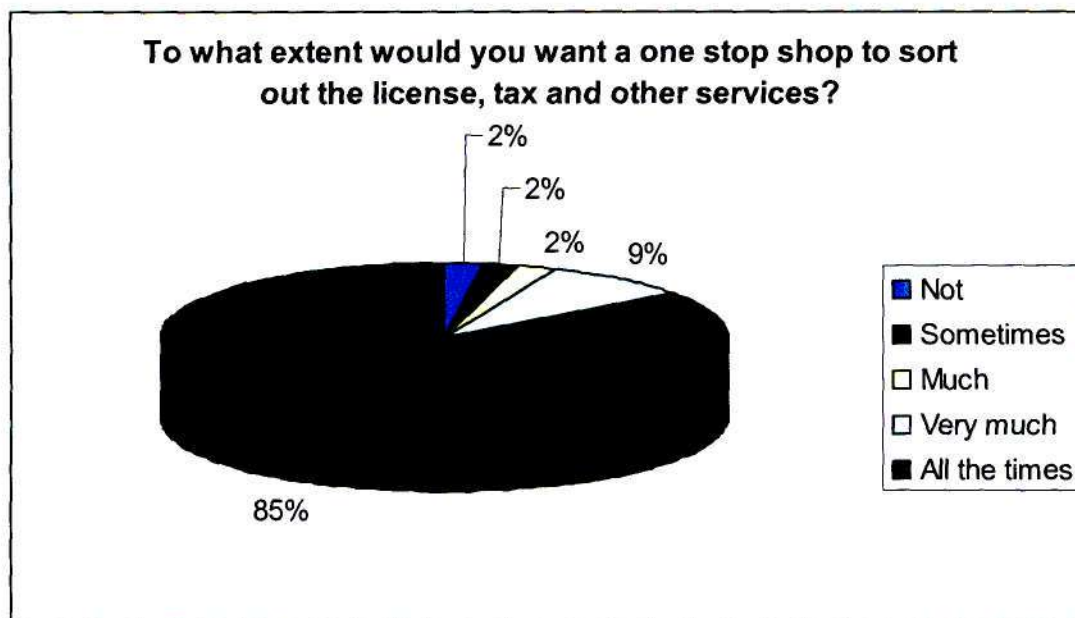
A fairly large number of male respondents 6 (12.5%) as opposed to 1 (2.1%) female respondent opted for very much. Lastly, 23 (47.9%) male respondents and 10 (20.8%) female respondents would like to enroll for a business development course.

The race crosstabulation reveals that 1 (2.1%) African respondent said no, followed by 1 (2.1%) Coloured respondent said sometimes. Recorded were 2 (4.2%) African respondents and 1 (2.1%) Indian respondent said don't know. There were 3 (6.3%) African respondents said much, followed by 6 (12.5%) Africans and 1 (2.1%) Coloured respondent said very much. Lastly, 25 (52.1%) African respondents and 4 (8.3%) Indian and Coloured respondents respectively said all the times.

The educational level crosstabulation reveals that 1 (2.1%) respondent with Degree/Diploma said no, followed by 1 (2.1%) respondent with post matric said sometimes. Recorded was 1 (2.1%) respondent with grade 7-12, post matric and Degree/Diploma respectively said don't know. There were 2 (4.2%) respondents and 1 (2.1%) respondent with grade 7-12 said much. A total of 4 (8.3%) respondents with Degree/Diploma and 3 (6.3%) respondents with grade 7-12 said very much. Lastly, 12 (25.0%) respondents with Degree/Diploma, followed by 10 (20.8%) respondents with post matric, 9 (18.8%) respondents with grade 7-12 and 2 (4.2%) respondents with grade 0-6 said all the times.

#### **4.21 To What Extent Would you Want a One Stop Shop to Sort Out the Licence, Tax and other Services?**

The results of this study demonstrate that the majority of the respondents would want a one stop shop to sort out the licence, tax and other services contracts. Small black entrepreneurs indicated a vast need for a one stop shop to sort out license, tax and service contracts. The majority of respondents 40(85.1%) said all the times; 4(8.5%) said very much; and lastly 1(2.1%) said much, sometimes and not respectively. The pie chart also shows that the majority of small black entrepreneurs would like a one stop shop to sort out license, tax and service contracts.



The age crosstabulation reveals that 1 (2.1%) of respondent between ages 18-27 said no, followed by 1 (2.1%) of respondent between ages 18-27 who said sometimes. Recorded was 1 (2.1%) of respondent between ages 28-37 said much, followed by 2 (4.3%) of respondents between age 18-27 and 1 (2.1%) of respondents between ages 28-37 and 48-57 respectively who said very much. Lastly, 11 (23.4%) of respondents between 28-37 and 38-47 respectively followed by 7 (14.9%) of respondents between 18-27 and 48-57 respectively and 4 (8.5%) of respondents between ages 57+ who said all the times.

The gender crosstabulation reveals that 1 (2.1%) male respondent said no, followed by 1 (2.1%) female respondent who said sometimes. Recorded was 1 (2.1%) male responded said much. A total of 2 (4.3%) male and female respondents respectively said very much. Lastly, 30 (63.8%) male respondents and 10 (21.3%) female respondents said that they would want a one stop shop to sort out the license, tax and other services all the times.

The race crosstabulation reveals that 1 (2.1%) African respondent said no, followed by 1 (2.1%) Indian respondent said all the times. Recorded was 1 (2.1%) African respondent said sometimes. A total of 2 (4.3%) African respondent and Coloured respondent respectively said very much. Lastly, 31 (66.0%) African respondents, followed by 5 (10.6%) Indian respondents

and 4 (8.5%) Coloured respondents said that they would want to a one stop shop to sort out the license, tax and other services all the times.

The educational level crosstabulation reveals that 1 (2.1%) of respondent with Degree/Diploma said no, followed by 1 (2.1%) of respondent with Degree/Diploma said sometimes. Recorded was 1 (2.1%) of respondent with grade 7-12 said much. A total of 2 (4.3%) of respondents with Degree/Diploma and 1 (2.1%) of respondent with grade 7-12 and post matric respectively, said very much. Lastly, 16 (34.0%) of respondents with Degree/Diploma, followed by 11 (23.4%) of respondents with grade 7-12 and post matric respectively and 2 (4.3%) respondents with grade 0-6 said all the times.

## 4.22 Correlation Analysis

**Table 4.22.1**

		Correlations			
		Age	Gender	Race	Educational Level
Age	Pearson Correlation	1	-.181	.083	-.080
	Sig. (2-tailed)		.207	.566	.582
	N	50	50	50	50
Gender	Pearson Correlation	-.181	1	-.071	-.021
	Sig. (2-tailed)	.207		.625	.886
	N	50	50	50	50
Race	Pearson Correlation	.083	-.071	1	.024
	Sig. (2-tailed)	.566	.625		.869
	N	50	50	50	50
Educational Level	Pearson Correlation	-.080	-.021	.024	1
	Sig. (2-tailed)	.582	.886	.869	
	N	50	50	50	50

The biographical correlation reveals that there is a significant positive correlation between age and gender ( $r = -.181 < 0.05$ ). In essence age and gender variables when combined impacted on the perception of respondents in relation to the discourse of small business in South Africa in general. There is no significant positive correlation between age and race ( $r = .083 > 0.05$ ). In essence age and race have no significant bearing on the outcome of the investigation. There is also a significant positive correlation between age and educational level ( $r = -.080 < 0.05$ ). This is an indication that the views of respondents were shaped the combination of age and educational level.

There is a significant positive correlation between gender and race ( $r = -.071 < 0.05$ ) which is an indication that gender and race significantly influenced the perception of respondents in relation to small businesses. There is also a significant positive correlation between gender and educational level of respondents ( $r = -.021 < 0.05$ ), which indicates that the perception of respondents were shaped by gender and the level of education attained.

Lastly, there is no significant positive correlation between race and educational level of respondents ( $r = 0.24 > 0.05$ ) which signals that both variables did not impacted on the outcome of the investigation.

#### 4.22.2 Government Support and EThekwini Municipality

Tables below illustrate a positive relationship between Government support and eThekwini municipality support to small black entrepreneurs because lower scores for Government support tend to be paired with lower scores for the eThekwini Municipality. This is confirmed by descriptive statistics and correlation significant at the 0.05 level (2-tailed).

**Table 4.22.2.2**

##### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
To what extent do you receive support from the Government?	50	1	7	2.36	1.638
To what extent do you receive support from eThekwini Municipality?	50	1	7	2.00	1.385
Valid N (listwise)	50				

**Table 4.22.2.3**

		To what extent do you receive support from the Government?	To what extent do you receive support from eThekwini Municipality?
To what extent do you receive support from the Government?	Pearson Correlation Sig. (2-tailed) N	1  50	.288(*) .043 50
To what extent do you receive support from eThekwini Municipality?	Pearson Correlation Sig. (2-tailed) N	.288(*) .043 50	1  50

\* Correlation is significant at the 0.05 level (2-tailed).

#### 4.22.3 SETA and Skills Development Act

The results produced by this analysis below indicate the positive correlation between SETA and Skills Development Act and lower scores tend to be paired. This is confirmed by descriptive statistics and significant correlation at the level of 0.01(2-tailed).

**Table 4.22.3.4**

		To what extent does SETA benefit black entrepreneurs?	To what extent does skills development Act benefit black entrepreneurs?
To what extent do SETA benefit black entrepreneurs?	Pearson Correlation	1	.801(**)
	Sig. (2-tailed)		.000
	N	50	50
To what extent does skills development Act benefit black entrepreneurs?	Pearson Correlation	.801(**)	1
	Sig. (2-tailed)	.000	
	N	50	50

\*\* Correlation is significant at the 0.01 level (2-tailed).

**Table 4.22.3.5**

#### Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
To what extent does SETA benefit black entrepreneurs?	50	1	7	2.80	2.000
To what extent does skills development Act benefit black entrepreneurs?	50	1	7	3.16	2.084
Valid N (listwise)	50				

#### 4.22.4 One Stop Shop to Sort Out Licence, Tax and Other Services and to Enroll for a Business Development Course.

The results produced by this analysis demonstrate the significant correlation between one stop shop to sort out licence, tax and other services and to enroll for a business and development course is significant at the 0.05 level (2-tailed). The statistics below indicate a vast need for the one stop shop to sort out license, tax and other services. Statistics also illustrate that the majority of the respondents are willing to enroll for a business development course. Correlation is significant and higher scores for one stop shop tend to be paired with higher scores for business development course.

**Table 4.22.4.6**

		To what extent would you like to enroll for a business development course?	To what extent would you want a one stop shop to sort out the license, tax and other services?
To what extent would you like to enroll for a business development course?	Pearson Correlation	1	.292(*)
	Sig. (2-tailed)		.040
	N	50	50
To what extent would you want a one stop shop to sort out the license, tax and other services?	Pearson Correlation	.292(*)	1
	Sig. (2-tailed)	.040	
	N	50	50

\* Correlation is significant at the 0.05 level (2-tailed).

#### 4.22.5 Black Entrepreneurs Seeking Training and Development and Black Entrepreneurs Seeking Marketing Programmes.

Statistics below demonstrate a positive relationship between black entrepreneurs seeking training and development and black entrepreneurs seeking marketing programmes. This is confirmed by significant correlation at the 0.01 level (2-tailed). High scores for black entrepreneurs seeking training and development tend to be paired with high scores for black entrepreneurs seeking marketing programmes.



**Table 4.22.5.7**

		To what extent do black entrepreneurs seek training and development?	To what extent do black entrepreneurs seek marketing programmes?
To what extent do black entrepreneurs seek training and development?	Pearson Correlation	1	.554(**)
	Sig. (2-tailed)		.000
	N	50	50
To what extent do black entrepreneurs seek marketing programmes?	Pearson Correlation	.554(**)	1
	Sig. (2-tailed)	.000	
	N	50	50

\*\* Correlation is significant at the 0.01 level (2-tailed).

#### **4.22.6 Access to Capital/Finance and Access to Business Information.**

Statistics below indicate a positive relationship between access to capital/finance and access to business information because the lower scores for access to capital/finance tend to be paired with lower scores for the access to business information. This is confirmed by correlation significant at the 0.05 level (2-tailed).

**Table 4.22.6.8**

		To what extent is capital/finance accessible to black entrepreneurs?	To what extent is business information accessible to black entrepreneurs?
To what extent is capital/finance accessible to black entrepreneurs?	Pearson Correlation	1	.353(*)
	Sig. (2-tailed)		.012
	N	50	50
To what extent is business information accessible to black entrepreneurs?	Pearson Correlation	.353(*)	1
	Sig. (2-tailed)	.012	
	N	50	50

\* Correlation is significant at the 0.05 level (2-tailed).

#### 4.22.7 Being Part of Entrepreneurial Family and Confident in a Running a Business.

Statistics below indicate a positive correlation between being part of entrepreneurial family and confident in running a business. Correlation is significant at the 0.05 level (2-tailed). Statistics demonstrate that a relationship exists between being part of entrepreneurial family and confident in running a business. Correlation is calculated to describe the degree of association between two sets of paired values and this is confirmed by correlation significant at the 0.05 level (2-tailed).

**Table 4.22.7.9**

		To what extent does being part of entrepreneurial family benefit black entrepreneurs?	To what extent are you confident in running your business?
To what extent does being part of entrepreneurial family benefit black entrepreneurs?	Pearson Correlation	1	.332(*)
	Sig. (2-tailed)		.019
	N	50	50
To what extent are you confident in running your business?	Pearson Correlation	.332(*)	1
	Sig. (2-tailed)	.019	
	N	50	50

\* Correlation is significant at the 0.05 level (2-tailed).

#### 4.23 Regression Analysis

##### 4.23.1 EThekwini Municipality, Government Support, Training and Confidence in Running a Business.

These measure the confidence of the small black entrepreneurs, the level of training, the Government support and eThekwini municipality support. It is expected that high level of confidence will be associated with a high percentage of training, high percentage of Government support and high percentage of eThekwini municipality support. The level of training ( $b = 0.12$ ,  $p = .913$ ) is significant, and the coefficient is positive which indicates that training is related to the level of confidence. Next, the effect of Government support ( $b = .005$ ,  $p = .971$ ) is significant and its coefficient is positive indicating that the proportion of black entrepreneurs receiving Government support, the level of confidence is much higher. Finally, the percentage of eThekwini municipality support ( $b = .027$ ,  $p = .862$ ) is significant and its coefficient is positive. There is a positive relationship between 'Receiving support from eThekwini Municipality', 'receiving support from the Government', 'Receiving Training' and 'the level of confidence'.

**Table 4.23.1.10**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.037(a)	.001	-.064	1.386

(a) Predictors: (Constant), to what extent do you receive support from eThekwini Municipality? To what extent do black entrepreneurs receive training? To what extent do you receive support from the Government?

**Table 4.23.1.11****ANOVA (b)**

Mode		Sum of		Mean		
1		Squares	df	Square	F	Sig.
1	Regression	.124	3	.041	.021	.996(a)
	Residual	88.376	46	1.921		
	Total	88.500	49			

(a) Predictors: (Constant), to what extent do you receive support from eThekwini Municipality? To what extent do black entrepreneurs receive training? To what extent do you receive support from the Government?

(b) Dependent Variable: To what extent are you confident in running your business?

**Table 4.23.1.12****Coefficients (a)**

Mode		Unstandardised		Standardised		
1		Coefficients		Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	5.801	.463		12.535	.000
	To what extent do black entrepreneurs receive training?	.012	.106	.017	.109	.913
	To what extent do you receive support from the Government?	.005	.127	.006	.036	.971
	To what extent do you receive support from eThekwini Municipality?	.027	.152	.027	.174	.862

(a.) Dependent Variable: To what extent are you confident in running your business?

#### 4.23.2 Capital/ Finance Accessible to Black Entrepreneurs and Financial Institutions Willingness to Approve Loan Applications.

Beta coefficient indicates that financial institutions willingness to approve loan applications is strongly associated with the accessibility of capital. Beta is positive at .561. The sign of R indicates the direction of the positive relationship (.561), R square of .315 gives an estimates of how well the models fits the study and Adjusted R squared of .301 more closely reflect the goodness of fit of the model in the study. ANOVA analysis indicates that the significant value of the F statistic is smaller than 0.05 then the independent variable does a good job explaining the variation in the dependent variable.

**Table 4.23.2.13**

**Model Summary (b)**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.561(a)	.315	.301	1.168

(a) Predictors: (Constant), To what extent is capital/finance accessible to black entrepreneurs?

(b) Dependent Variable: To what extent are financial institutions willing to approve loan applications from blacks?

**Table 4.23.2.14**

**ANOVA (b)**

Mode		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.141	1	30.141	22.095	.000(a)
	Residual	65.479	48	1.364		
	Total	95.620	49			

A. Predictors: (Constant), to what extent is capital/finance accessible to black entrepreneurs?

B. Dependent Variable: To what extent are financial institutions willing to approve loan applications from blacks?

**Table 4.23.2.14****Coefficients (a)**

Mode		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	1.468	.317		4.628	.000
	To what extent is capital/finance accessible to black entrepreneurs?	.486	.103	.561	4.701	.000

(a) Dependent Variable: To what extent are financial institutions willing to approve loan applications from blacks?

#### **4.23.3 Business Development Course and Black Entrepreneurs Seeking Training and Development.**

Model summary displays R, R squared, adjusted R squared, and the standard error. R is the correlation between the observed and predicted values of the dependent variable. The sign of R indicates a positive relationship between business development course and black entrepreneurs seeking training and development. The beta coefficient of .147 indicates that the business development course is associated with black entrepreneurs seeking training and development.

**Table 4.23.3.15****Model Summary (b)**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.147(a)	.022	.001	1.971

(a) **Predictors:** (Constant), To what extent would you like to enroll for a business development course?

(b) **Dependent Variable:** To what extent do black entrepreneurs seek training and development?

**Table 4.23.3.16****ANOVA (b)**

Mode		Sum of		Mean		
1		Squares	df	Square	F	Sig.
1	Regression	4.115	1	4.115	1.060	.308(a)
	Residual	186.385	48	3.883		
	Total	190.500	49			

(a) Predictors: (Constant), To what extent would you like to enroll for a business development course?

(b) Dependent Variable: To what extent do black entrepreneurs seek training and development?

**Table 4.23.3.17****Coefficients (a)**

Mode		Unstandardized		Standardized		
1		Coefficients		Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	3.128	1.552		2.015	.050
	To what extent would you like to enroll for a business development course?	.246	.239	.147	1.029	.308

(a) Dependent Variable: To what extent do black entrepreneurs seek training and development?

**4.23.4 To Enroll for a Business Development Course and to Create Jobs**

Beta coefficient indicates how strongly the enrollment of a business development associated with the job creation is. Beta is positive at .76. The sign of R indicates that the direction of the relationship between business development course and job creation is positive at .76. ANOVA illustrates that the significance value of F is larger than 0.05 then a business development

course do not explain the variation in the job creation, and then null hypothesis that all the population values for the regression coefficients are 0 is accepted.

**Table 4.23.4.18**

**Model Summary**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.076(a)	.006	-.015	1.051

(a) Predictors: (Constant), To what extent would you like to enroll for a business development course?

**Table 4.23.4.19**

**ANOVA (b)**

Mode		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.309	1	.309	.280	.599(a)
	Residual	53.071	48	1.106		
	Total	53.380	49			

(a) Predictors: (Constant), To what extent would you like to enroll for a business development course?

(b) Dependent Variable: To what extent will you create jobs if you expand your business ?



**Table 4.23.4.20****Coefficients (a)**

Mode	Unstandardized		Standardized	t	Sig.
1	Coefficients		Coefficients		
	B	Std. Error	Beta	B	Std. Error
1 (Constant)	5.749	.828		6.941	.000
To what extent would you like to enroll for a business development course?	.068	.128	.076	.529	.599

(a) Dependent Variable: To what extent will you create jobs if you expand your business ?

#### 4.23.5 Black Entrepreneurs Seeking Innovative Measures and Black Entrepreneurs Creating Jobs.

The beta coefficient indicates that black entrepreneurs seeking innovative measures are associated with black entrepreneurs creating job opportunities. The beta coefficient indicates that the beta is positive at .281. The R sign of .281 indicates the positive direction of the relationship between black entrepreneurs seeking innovative measures and black entrepreneurs creating jobs. The R square of .079 indicates that the model fits the data well and the Adjusted R squared attempts to correct R Squared to more closely reflect the goodness of fit of the model indicates positive .060.

**Table 4.23.5.21****Model Summary**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.281(a)	.079	.060	1.012

(a) Predictors: (Constant), To what extent do black entrepreneurs seek innovative measures?

**Table 4.23.5.22****ANOVA (b)**

Mode		Sum of		Mean		
1		Squares	df	Square	F	Sig.
1	Regression	4.218	1	4.218	4.118	.048(a)
	Residual	49.162	48	1.024		
	Total	53.380	49			

(a) Predictors: (Constant), To what extent do black entrepreneurs seek innovative measures?

(b) Dependent Variable: To what extent will you create jobs if you expand your business ?

**Table 4.23.5.23****Coefficients (a)**

Mode		Unstandardized		Standardized		
1		Coefficients		Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	5.443	.391		13.935	.000
	To what extent do black entrepreneurs seek innovative measures?	.172	.085	.281	2.029	.048

(a) Dependent Variable: To what extent will you create jobs if you expand your business?

**4.23. 6. Skills Development Act and Black Entrepreneurs Receiving Training.**

The beta coefficient of .786 indicates a positive correlation between Skills Development Act and black entrepreneurs receiving training. Lower score for Skills Development Act tends to pair with lower for black entrepreneurs receiving training. ANOVA statistic indicates that the F statistic is significant and is smaller than 0.05 then the independent variable does a good job explaining the variation in the dependent variable.

**Table 4.23.6.24****Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786(a)	.617	.609	1.215

(a) Predictors: (Constant), To what extent does skills development Act benefit black entrepreneurs?

**Table 4.23.6.25****ANOVA (b)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	114.169	1	114.169	77.391	.000(a)
	Residual	70.811	48	1.475		
	Total	184.980	49			

(a) Predictors: (Constant), To what extent does skills development Act benefit black entrepreneurs?

(b) Dependent Variable: To what extent do black entrepreneurs receive training?

**Table 4.23.6.26****Coefficients (a)**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	.705	.314		2.243	.030
	To what extent does skills development Act benefit black entrepreneurs?	.733	.083	.786	8.797	.000

(a) Dependent Variable: To what extent do black entrepreneurs receive training?

096886

#### 4.23.7 SETA and Black Entrepreneurs Receiving Training.

Model summary indicates that the sign of R indicates the positive direction of .642. R sign shows the positive correlation between SETA and black entrepreneurs receiving training. The beta coefficients indicate a positive beta of .642 tells us that SETA is associated with black entrepreneurs receiving training and it is equal the correlation coefficient between the variables. The significant value of F statistic is 0.00 then the independent variable does a good job explaining the variation in the dependent variable.

**Table 4.23.7.27**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.642(a)	.412	.400	1.505

(a) Predictors: (Constant), To what extent do SETA benefit black entrepreneurs?

**Table 4.23.7.28**

**ANOVA (b)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.188	1	76.188	33.615	.000(a)
	Residual	108.792	48	2.267		
	Total	184.980	49			

(a) Predictors: (Constant), To what extent do SETA benefit black entrepreneurs?

(b) Dependent Variable: To what extent do black entrepreneurs receive training?

**Table 4.23.7.29****Coefficients (a)**

Mode		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.274	.369		3.456	.001
	To what extent does SETA benefit black entrepreneurs?	.623	.108	.642	5.798	.000

(a) Dependent Variable: To what extent do black entrepreneurs receive training?

**4.23.8 Government Support and BEE Policies**

The sign of R (.266) indicates the positive direction of the relationship between government support and BEE policies. Lower score for government support tends to pair with lower score for BEE policies. The beta coefficient of .266 indicates that the independent variable is associated with the dependent variable. The ANOVA analysis indicates that the significant value of F is larger than 0.05 then the independent variable does not explain the variation in the dependent variable, and the null hypothesis that all the population values for the regression coefficients are 0 is accepted.

**Table 4.23.8.30****Model Summary**

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.266(a)	.071	.051	1.683

(a) Predictors: (Constant), To what extent do you receive support from the government ?

**Table 4.23.8.31****ANOVA (b)**

Mode		Sum of		Mean		
1		Squares	df	Square	F	Sig.
1	Regression	10.364	1	10.364	3.659	.062(a)
	Residual	135.956	48	2.832		
	Total	146.320	49			

(a) Predictors: (Constant), To what extent do you receive support from the government ?

(b) Dependent Variable: To what extent do BEE policies benefit black entrepreneurs?

**Table 4.23.8.32****Coefficients (a)**

Mode		Unstandardized		Standardized		
1		Coefficients		Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	2.898	.420		6.895	.000
	To what extent do you receive support from the government?	.281	.147	.266	1.913	.062

(a) Dependent Variable: To what extent do BEE policies benefit black entrepreneurs?

**4.24 Cronbach's alpha**

To measure the intercorrelation of items the study used the Cronbach's Alpha. Cronbach's alpha reveals that alpha is greater than .6, then the items are considered to be more reliable and unidimensional and may be combined in an index or scale. Shown below are the results of 19 items. Of most interest to the study are the corrected item-total correlation column and Cronbach's alpha if item deleted column. They show the correlation between the respective items and the internal consistency of the scale (coefficient alpha) if the item would be deleted. Clearly, confident in running business, job creation, intimidation by paper work, one stop shop

and marketing programmes “stick out”, in that they are not consistent with the rest of the scale. Their correlations with the sum of scale are .002 and .093, respectively, while all other items correlate at .142 or better. In the Cronbach’s alpha column, the reliability of the scale would be about .6 if SETA, Skills Development Act and training from government were to be deleted. Thus, we would probably delete these items from the scale.

#### Case Processing Summary

	N	%
Cases Valid	50	100.0
Excluded(a)	0	.0
Total	50	100.0

(a)Listwise deletion based on all variables in the procedure.

#### Reliability Statistics

Cronbach's Alpha	N of Items
.639	19

**Table 4.24.33**

#### Item Statistics

	Mean	Std. Deviation	N
To what extent do BEE policies benefit black entrepreneurs?	3.56	1.728	50
To what extent are you confident in running your business?	5.90	1.344	50
To what extent were you intimidated by paper work?	4.18	1.956	50
To what extent do you receive support from the government?	2.36	1.638	50
To what extent do you receive support from EThekwin Municipality?	2.00	1.385	50

To what extent will you create jobs if you expand your business?	6.18	1.044	50
To what extent do SETA benefit black entrepreneurs?	2.80	2.000	50
To what extent does skills development Act benefit black entrepreneurs?	3.16	2.084	50
To what extent does being part of entrepreneurial family benefit black entrepreneurs?	5.10	1.854	50
To what extent do black entrepreneurs receive training?	3.02	1.943	50
To what extent do black entrepreneurs seek training and development?	4.70	1.972	50
To what extent were you intimidated by paperwork in acquiring finance?	4.66	2.172	50
To what extent is capital/finance accessible to black entrepreneurs?	2.62	1.615	50
To what extent is business information accessible to black entrepreneurs?	3.36	1.425	50
To what extent are financial institutions willing to approve loan applications from blacks?	2.74	1.397	50
To what extent do black entrepreneurs seek innovative measures?	4.28	1.703	50
To what extent do black entrepreneurs seek marketing programmes?	4.32	1.845	50
To what extent would you like to enroll for a business development course?	6.38	1.176	50
To what extent would you want a one stop shop to sort out the license, tax and other services?	6.58	1.247	50



**Table 4.24.34****Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
To what extent do BEE policies benefit black entrepreneurs?	74.34	125.576	.238	.626
To what extent are you confident in running your business?	72.00	133.061	.093	.641
To what extent were you intimidated by paper work?	73.72	131.349	.058	.652
To what extent do you receive support from the government?	75.54	127.111	.216	.629
To what extent do you receive support from EThekweni Municipality?	75.90	130.867	.157	.635
To what extent will you create jobs if you expand your business?	71.72	135.879	.033	.644
To what extent does SETA benefit black entrepreneurs?	75.10	107.398	.636	.563
To what extent does skills development Act benefit black entrepreneurs?	74.74	110.768	.517	.581
To what extent does being part of entrepreneurial family benefit black entrepreneurs?	72.80	127.633	.160	.637
To what extent do black entrepreneurs receive training?	74.88	115.087	.453	.594
To what extent do black entrepreneurs seek training and development?	73.20	124.898	.204	.631
To what extent were you intimidated by paperwork in acquiring finance?	73.24	128.962	.083	.652
To what extent is capital/finance accessible to black entrepreneurs?	75.28	122.818	.345	.613
To what extent are financial institutions willing to approve loan applications from blacks?	75.16	120.953	.484	.601

To what extent do black entrepreneurs seek innovative measures?	73.62	127.465	.192	.632
To what extent do black entrepreneurs seek marketing programmes?	73.58	131.351	.071	.649
To what extent would you like to enroll for a business development course?	71.52	132.540	.142	.636
To what extent would you want a one stop shop to sort out the license, tax and other services?	71.32	136.140	.002	.649

**Scale Statistics**

Mean	Variance	Std. Deviation	N of Items
77.90	137.765	11.737	19

## **4.25 Qualitative Method – Semi Structured Interviews**

### **4.25.1 Interviewee “A”**

Interviewee “A” caterers and florists cc. is based at UKZN Westville campus. The nature of the business is to provide food to staff and students of the University of KwaZulu-Natal. Interviewee “A” Caterers has in its clientele the Provincial Parliament of the Province of KwaZulu Natal. His core business is to co-ordinate and provides catering services for weddings, birthday parties’ graduation ceremonies and other special functions. Welile himself is a friendly person and a very warm person. I noticed that he is very entrepreneurial and welcoming. He was excited about the interview and welcomed the opportunity of talking about the success of his business. I was very impressed to see someone talk freely about his business, he was not shy about what he was saying and he was very confident. He was willing to interact and share his experience with me.

The first question was; “What do you think are the main barriers to the expansion of your business?” The answer was; Small Black Entrepreneurs are facing serious impediments like lack of training and access to capital. He said that he obtained a few business qualifications but he does not have a management qualification to manage and run the business successfully. The second question was; “What are the areas of improvement if you can get support from Government?” The answer was; Black Entrepreneurs are receiving support from the Government but it is unfortunate that it is not good enough.

The third question was; “To what extent are you intimidated by paperwork in doing your business?” The answer was; Paper work is always a problem for Black Entrepreneurs because of the English language and the paperwork itself takes a lot of time; going from one office to another and preparing a sound and good business plan to get finances from the financial institutions.

The last question was; “To what extent are you confident in running your business?” The answer was, “Every Black Entrepreneur wants to be confident in running the business so I am confident in running my business, however, we must not forget that confidence goes hand in hand with knowledge and knowledge goes hand in hand with adequate training so the lack of

training to black entrepreneurs affects the level of confidence. Interviewee “A” has created 100 direct jobs and 50 casuals.

#### **4.25.2 Interviewee “B”**

Interviewee “B” butchery is based at Marine Parade in Durban. The nature of the business is to provide meat products to surrounding communities and tourists as it is situated in South Beach because Durban is well known as tourist destination. This business is not an ordinary butchery; there is a restaurant and a bar in the same place of business. Interviewee “B” is a professional, well presented individual who relates well to her customers and her employees; she’s got a good spirit and is eager to succeed. She’s also proud of her business and was willing to answer my questions, interact and share her experiences with me.

The first question was; “What do you think are the main barriers to the expansion of your business?” The answer was; Small Black Entrepreneurs are facing serious impediments like training and development, rejection from financial institutions, lack of business development courses and lack of confidence.” Interviewee “B” spoke about lack of confidence in a sense that; Black Entrepreneurs have a fear for failure and they do not want to take risks. She mentioned that she obtained a commerce degree but she still feels that a commerce degree is not good enough because to be an entrepreneur you do not need just a business degree but you need business development course to expand and compete in the competitive environment like Durban.

“What are the areas of improvement if you can get a support from Government and eThekweni municipality?” And the answer was; “I would provide better service to customers because I would increase my investments on staff training and development.” Her dream of employing hundreds people would be accomplished.

The last question was; “Are you intimidated by paper work in doing your business?” The answer was” Very much so. I sometimes lose potential tender businesses because of failing to understand the requirements and fill application forms correctly. When you apply for any business in this country paperwork is always a problem. They know very well that we are not lawyers but paper work and agreement forms will surprise you with big words like insolvency and liquidation of your business and sometimes I normally sign a document without full understanding”.

#### **4.25.3 Interviewee “C”**

Interviewee “C” fashion designer shop is based at the Wheel shop no 99. The nature of the business is to design and sell African outfits for both men and women. Interviewee “C” is not only selling her clothes to Durbanites, but tourists and foreigners in general make up a big slice of her sales. Her business has a chance of expanding to greater heights because of the larger market.

The first question was; “What do you think are the main barriers to the expansion of your business?” The answer was; “Small Black Entrepreneurs are facing serious impediments like; lack of training; lack access to capital and lack of confidence. She mentioned that black entrepreneurs are not receiving enough training on how to effectively run their businesses; business information is not accessible and there is a shortage of business development courses as a result their level of confidence is deteriorating.” The follow up question was; “To what extent does Black Economic Empowerment benefit black entrepreneurs? The answer to that was; “Sometimes.” She mentioned that according to her understanding BEE is collapsing” She is hoping that someone will understand the importance of the development of black entrepreneurs and provide them with necessary training and skills.

The last question was; “What are the areas of improvement if you can get the financial support from Government and eThekweni municipality?” The answer was; “My business will expand, I would acquire more business skills and knowledge and I could create more jobs for hundreds of unemployed people. The expansion of my business would compliment my dream of making a big contribution to the Gross Domestic Product of the country”.

#### **4.25.4 Interviewee “D”**

Interviewee “D” Unisex Salon is based at Berea centre. The nature of the business is hair and beauty salon for all hair types for both men and women. Buyi is excited to be a black woman entrepreneur. She enjoys her job and she loves her customers. Interviewee “D” is one of the most successful black hairdressing businesses in the Berea area. She is very confident about the success of her business and she is not shy about answering any question about her business and she is willing to share her experiences.

The first question was; “What do you understand about the impediments to the expansion of Small Black Entrepreneurs?” The answer was; “For a black woman, doing any business in this male dominated country will never be easy. She mentioned that President Thabo Mbeki came up with 50/50 chance idea but the implementation of the process is totally opposite to what the President Mbeki aspires to. She has noticed that black entrepreneurs are facing serious impediments even in the twelve years of democracy because they do not have necessary skills to run their businesses, there are not enough training opportunities; financial institutions are not willing to finance their businesses because of risks. She mentioned that when a black entrepreneur approaches financial institutions for a loan, they are asked questions such as; how much money do you have in the bank. If you do not have money in the bank, you would immediately be disqualified.

The third question was; “Are you intimidated by paper work in doing your business?” The answer was; Paper work is very frustrating.” She is frustrated when facing a situation where she has to answer questions in English. She went on and complained about complicated tender documents.

The last question was; “To what extent are you confident in running your business?” The answer was; “Certainly yes.” However, she feels that lack of training and lack of business skills is affecting her level of confidence because sometimes she ends up blaming herself for the slow expansion of her business.

#### **4.25.5 Interviewee “E”**

Interviewee “E” cafeteria is based at the University of KwaZulu-Natal. The nature of the business is to provide take-a ways to staff and students of the University of KwaZulu-Natal. Interviewee “E” is a very humble entrepreneur. He is a successful black entrepreneur, he talks freely about his business and he is enthusiastic and hardworking. He plans each and everyday because he takes his business seriously.

The first question was; ‘what do you understand about the impediments to the expansion of small black entrepreneurs?’ The answered; “The impediments to the expansion of small black entrepreneurs are affecting their expansion. One of the reasons is the lack of support from Government and the eThekweni municipality. He believes that nepotism is another hindrance to receiving support from eThekweni Municipality and other Government Structures.

The second question was; “Did you ever receive business training?” The answer was; “Not at all.” He mentioned that cafeteria tender was awarded to him based on his previous experience and after that he did not receive any training. He has noticed that his business could do better if he can receive training because he has acquired experience and the basics for doing business. He has noticed that he needs more training to expand his business.

The third question was; “Are you confident enough to run your own business?” His answer was “Not at all.” He is afraid of competition but believes that with adequate training he could gain more confidence and be competitive.

The last question was; “What are the areas of improvement if you can get the support from Government and eThekweni municipality?” The answer was; “To get adequate training; to acquire business skills; to be more confident and to create hundreds of job opportunities. At the moment he has created approximately forty job opportunities.



#### **4.26 Conclusion**

This chapter presented the results of the study using both quantitative and qualitative methods. Quantitative methods presented the results using both descriptive and inferential statistics. These statistics found some interesting results using various methods like correlation and regression analysis. The results identify significant relationship and differences between variables of the study. These results are very informative and can only be used in a constructive manner.

Chapter five follows with the recommendations and conclusion on the impediments to the expansion of small black owned businesses.

## **Chapter five**

### **Recommendations and Conclusion**

#### **5.1 Introduction**

This chapter deals with recommendations, suggestions and way forward that can be implemented to assist small black owned businesses in Durban in achieving their objectives of expansion, job creation and poverty alleviation. Recommendations based on the research findings in chapter four will be presented. This is followed by a discussion on areas that warrant further research, with a final conclusion on the study.

**The following questions of the study are reiterated in order to provide a link with the discussions and recommendations advanced in this study:**

- To what extent is Government support accessible to the majority of small black entrepreneurs?
- To what extent is eThekweni Municipality support accessible to emerging black entrepreneurs?
- To what extent is capital/finance accessible to black entrepreneurs?
- To what extent do black entrepreneurs seek training and development?
- To what extent are financial institutions willing to approve loan applications from black entrepreneurs?

#### **5.2 Discussion of Findings**

The structural impediments experienced by small black owned businesses, according to the findings of this study, are those associated with lack of Government support, access to capital, lack of training, and the intimidation by paperwork. The study indicated that small black owned businesses play crucial role in generating employment opportunities and absorbing much of the labour that big business continually shed. It is therefore of great concern to observe that small black entrepreneurs are not getting enough support from Government.

### **5.2.1 Lack of Government Support**

Literature review reveals a number of government initiatives to support small black owned business such as Khula Enterprise Finance, Umsobovu Youth Fund, Accelerated and Shared Growth Initiative for South Africa and The White Paper of 1995 but the research findings suggest that the majority of small black businesses are not receiving enough support from government. The research findings showed that majority of respondents 20 (44.0%) says not at all; followed by 8 (17.4%) who said sometimes; 6 (13%) response was not; 5 (10.9%) said don't know and much respectively; and lastly 1 (2.2%) said very much and all the times respectively. The majority of respondents were saying that only relatives, friends and connections receive support from Government.

### **5.2.2. Job Creation Should be Prioritised**

According to Zondi (2003) most black entrepreneurs lack sufficient working capital and this leads to an inability to expand businesses and employ more people. It is quite interesting to note that most respondents could create jobs if they can expand. The returned questionnaire shows 27 (55.5%) respondents said all the times; followed by 10 (20.4%) said much; 9 (18.4%) said very much; 2 (4%) said don't know; and lastly 1(2%) said sometimes. This is a clear indication that black entrepreneurs are confident about creating job opportunities if they can expand. This is a good indication that the small black entrepreneurs are embracing the spirit of job creation. South Africa is facing high level of poverty and high level of unemployment, to give support to small black entrepreneurs can help to fight the challenges that are facing the country. The other 2 (4.0%) who said don't know and 1 (2.0%) said sometimes require support in a form of mentorship, and handholding until the concept of job creation makes sense to them.

### **5.2.3 Access to Capital/Finance**

Experts interviewed by the Global Entrepreneurs Monitor (GEM) survey in 2001 and 2002 identified lack of financial support as a major constraint on entrepreneurship in South Africa. The view of these experts was confirmed by a survey of black entrepreneurs (Internet 3). The literature review reveals that a larger number of the respondents are experiencing difficulties when applying for capital/finance to expand their businesses. The majority of respondents 15

(30.6%) said not at all; followed by 11 (22.4%) who said not; 10 (20.4%) said sometimes; 7 (14.3%) said don't know; 3 (6.1%) said much; 2 (4%) said all the times; and lastly 1 (2%) said very much. Financial support is important in any small business enterprises. Equally important is the technical support that is the essence in the survival of small black owned businesses. The majority of the respondents believe that small black businesses are more risky and that is why capital/finance is always a problem.

#### **5.2.4 Training**

Lack of training has often been cited as a major cause of the failure of most black entrepreneurs. Research findings yielded by this analysis show that the majority of respondents are not receiving enough training to expand their businesses. The sample shows that training for small black businesses in Durban is a cause for concern at 15 (30.6%) said not at all; followed by 9 (18.4%) said not and sometimes respectively; 6 (12.2%) said very much; 5 (10.2%) said don't know; 3 (6.1%) said all the times and lastly 2 (4.1%) said much. not at all. Vosloo (1994) argues that the benefits gained from an investment in training are difficult to prove. However, respondents interviewed felt that training is a problem to small black entrepreneurs. 15 (30.6%) respondents interviewed said black entrepreneurs do not receive training at all and 9(18.4%) respondents said no and sometimes respectively. If suitable training is not offered or is not available to these businesses, their expansion will remain a dream. This gives rise to recommendation 5.3.4.

#### **5.2.5 Paperwork**

According to Zondi (2003), very few black owned businesses are able to acquire finance due to the hindrances associated with paper work. The data analysis shows that the majority of small black entrepreneurs intimidated by paperwork in acquiring finance. The majority of respondents 10 (20.8%) said much; 9 (18.8%) said very much 8 (16.7%) response was don't know; 7(14.6%) said not; 6 (12.5%) said not at all and all the times respectively; and lastly 2 (4.2%) said sometimes. This is a clear indication that the majority of the respondents are intimidated by paperwork in acquiring finance. One of the key requirements of starting a business is finance. This is quite fundamental because small owned businesses need finance to

expand their businesses. It is very true that the majority of small black owned businesses are intimidated by paperwork. This gives rise to recommendation no 5.3.3.

#### **5.2.6. Business Development Course**

SMME strategy for the eThekweni Municipality (2007) reveals that even though business Centers are available where SMMEs can access information, lower education levels of entrepreneurs constitute a noticeable constraint. Research findings yielded by this analysis demonstrate that 33 (68.8%) respondents said all the times; 7 (14.6%) response was very much; 3 (6.3%) said much and don't know respectively; and lastly 1 (2.1%) said sometimes and not respectively. This is an indication that many respondents are more than willing to enroll for Business development courses. This is a good indication that small black entrepreneurs have identified their strengths and weaknesses and they would like to enroll for business development courses. This gives rise to recommendation no. 5.3.1

#### **5.2.7 One Stop Shop to Sort out the Licence, Tax and Service Contracts**

The results of this study demonstrate that the majority of the respondents would want a one stop shop to sort out the licence, tax and other services contracts. Small black entrepreneurs indicated a vast need for a one stop shop to sort out license, tax and service contracts. The majority of respondents 40 (85.1%) said all the times; 4 (8.5) said very much; and lastly 1 (2.1%) said much, sometimes and not respectively. This tells us that majority of respondents would definitely make use of a one stop shop to sort out the licence, tax and service contracts. The literature review indicates that the majority of respondents believe that the Government should provide a one stop shop to sort out the licence, tax and service contracts. This gives rise to recommendation no. 5.3.2

### **5.3 Recommendations**

The following recommendations are made on the basis of the findings presented above and in the previous chapters.

#### **5.3.1 Business Development Course**

The representative sample indicates that majority of respondents would enroll for a business development course as black entrepreneurs are almost certain that a business development course would strengthen their business skills and boost their confidence.

It is recommended that the eThekweni Municipality and the UKZN- GSB must come to the party to assist small black businesses through development courses interpreted in both English and Zulu (Management, Marketing, Administration and Financial Management). eThekweni municipality should equip black entrepreneurs with skills that would help them to expand their business and create more jobs in the Province of KwaZulu-Natal.

#### **5.3.2 One Stop Shop to Sort out Licence, Tax and Service Contracts**

The representative sample showed that majority of respondents would like a one stop shop to sort out licence, tax and service contracts; this indicates that black entrepreneurs are discouraged by the long unclear processes involved in sorting out licence, tax and service contracts.

It is recommended that Government establish one central office for entrepreneurs to sort out licence, tax and service contracts. It is recommended that South African Revenue Service to be a right place for sorting out licence, tax and service contracts.

#### **5.3.3 Intimidated by Paper Work**

This study indicates that the majority of small black entrepreneurs are intimidated by paperwork and their business are not expanding the way they should because they are unable to present correct documents to the financial institutions, unable to fill tax returns and unable to read English.

It is recommended that paperwork from government and private institutions be simple and understandable, the number of pages to be reasonable and both English and IsiZulu be used. It would be ideal if government and private institutions separate small businesses from big businesses. At the moment the paper work is the same.

#### **5.3.4 Improve Business Skills**

Business skills are required to organise the physical and financial resources to run a business. The level of business skills and business knowledge are amongst the most important indicators of how well an entrepreneur can perform important tasks and activities related to the functioning of a business.

Government involvement in business training focuses on basic literacy, numeric and communication skills with a developmental and business focus. Training should be more practical and less formal and classroom-based, and should also include follow-up practical courses. Small black business owners would then be better equipped to make better-informed decisions, and to steer their business away from known pitfalls.

It is recommended that training should be structured as follows:

- basic skills of starting and operating a business
- what entrepreneurship is all about, functions, formalities and legalities involved
- comprehensive and well-motivated business plan
- business management
- General Administration
- financial management and planning
- the risks and rewards associated with entrepreneurship

It is recommended that a central office is established where Small Black Entrepreneurs could seek assistance with different development issues such as proper training, finance, marketing innovations and other business related matters.

This office could provide further assistance in regard with information. Small Black entrepreneurs would be able to consult this office for any information they seek regarding all expansion issues.

#### **5.3.5 Limitation of the Study**

Several shortcomings have been identified in the study. These mainly relate to the small size of the respondent population, largely the result of:

- Difficulty in locating participants
- The use of English in the questionnaire
- Time constraints and inadequacy of respondents

The findings of this study do not lead to conclusive results with regard to the situation being investigated. Further research is needed to establish the real nature and extent of the problem.

#### **5.4 Summary**

Government of South Africa should be aware of the relative importance of the problems identified in this study, and discussions thereof should form an integral component of training or mentorship programmes. Environmental scanning and planning should receive more attention. The development of financial acumen and planning skills should also be seen as crucial elements to be offered in any business course. The study indicates that the need of training is greatest among small black business owners. The results confirm that lack of training is the main cause of small black business failure in Durban.

A remedy to this situation seems to be education and training. Small black business owners need to be certain with regard to what their businesses are capable of in order to make sure that they do not misdirect their energies and resources.

#### **5.5 Conclusion**

The literature review and the survey conducted highlighted the importance of training and development for the purpose of expansion of small black owned businesses. However, with the



recommendations given, training should cover the areas previously neglected but identified in the problem statement. The deficiencies in the internal microenvironment of businesses are the major causes of small black businesses failures and the cause for failure centres largely on lack of business skills, poor management and lack of financial knowledge. To promote small black businesses' ability to exploit economic opportunities, a support structure should be designed to address these shortcomings. These support structures should be as comprehensive as possible, including training in management and business skills, systems for financial support, assistance with the marketing of products and services, and counseling on running a business as also noted by Radipere & Van Scheers, (2005).

In this study the researcher was concerned with the inability of small black owned businesses to expand, despite a support from Government, eThekweni Municipality and Black Economic Empowerment policies. The sample shows that training for small black businesses in Durban is a cause for concern at 15 (30.6%) said not at all; followed by 9 (18.4%) said not and sometimes respectively; 6 (12.2%) said very much; 5 (10.2%) said don't know; 3 (6.1%) said all the times and lastly 2 (4.1%) said much. An observation on this study is that respondents are not satisfied about the level of Government, eThekweni Municipality and the Black Economic Empowerment policies support to expand small black owned businesses in Durban. Finally, it is therefore recommended that a central office is established where small black entrepreneurs could seek assistance with different issues such as proper training, finance and other business related matters.

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## QUESTIONNAIRE

### Questionnaire as a quantitative research instrument

#### The impediments to the expansion of small black owned businesses in Durban

This study is part of a research project currently undertaken in partial fulfillment of Masters Degree at the University of KwaZulu-Natal. The purpose of this study is to investigate the impediments to the expansion of the black business owned in Durban and make recommendations on what need to be done to avoid the impediments to the expansion of the black entrepreneurs.

1. Please answer the questions as truthfully as you can. Also, please be sure to read and follow the directions for each part. If you do not follow the directions, it will make it harder for me to do my project.
2. I am only asking you about things that you should feel comfortable to tell me. If you don't feel comfortable answering a question, you can indicate that you do not want to answer it. For those questions that you do answer, your responses will be kept confidential.
3. You can mark each response by making a tick or a cross, encircling each appropriate response with a PEN (not a pencil), or by filling in the required words or numbers

**On a scale from 1 being not at all and 7 being substantially, please mark (X) the relevant option on ALL QUESTIONS.**

1. To what extent do Black Economic Empowerment policies benefit Black Entrepreneurs?

1	2	3	4	5	6	7

2. To what extent are you confident in running your business?

1	2	3	4	5	6	7

**3. To what extent were you intimidated by paperwork in starting your business?**

1	2	3	4	5	6	7

**4. To what extent do you receive support from the Government?**

1	2	3	4	5	6	7

**5. To what extent do you receive support from the eThekweni Municipality?**

1	2	3	4	5	6	7

**6. To what extent will you create jobs if you expand your business?**

1	2	3	4	5	6	7

**7. To what extent do Sectoral Education and Training Authorities benefit black entrepreneurs?**

1	2	3	4	5	6	7

**8. To what extent does Skills Development Act benefit black entrepreneurs?**

1	2	3	4	5	6	7

**9. To what extent does being part of an Entrepreneurial family benefit black entrepreneurs?**

1	2	3	4	5	6	7



**10. To what extent do black entrepreneurs receive training?**

1	2	3	4	5	6	7

**11. To what extent do black entrepreneurs seek training and development from business organizations?**

1	2	3	4	5	6	7

**12. To what extent were you intimidated by paperwork in acquiring finance?**

1	2	3	4	5	6	7

**13. To what extent is capital/finance accessible to black entrepreneurs?**

1	2	3	4	5	6	7

**14. To what extent is business information accessible to black entrepreneurs?**

1	2	3	4	5	6	7

**15. To what extent are financial institutions willing to approve loan applications from black entrepreneurs?**

1	2	3	4	5	6	7

**16. To what extent do black entrepreneurs seek innovative measures?**

1	2	3	4	5	6	7

**17. To what extent do black entrepreneurs seek marketing programmes?**

1	2	3	4	5	6	7

**18. To what extent would you like to enroll for a business development course?**

1	2	3	4	5	6	7

**19. To what extent would you want a one stop shop to sort out the license, tax and services contracts?**

1	2	3	4	5	6	7



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11 JUNE 2007

**MR. K GUMEDE (9600806)**  
**GRADUATE SCHOOL OF BUSINESS**

Dear Mr. Gumede

**ETHICAL CLEARANCE APPROVAL NUMBER: HSS/0323/07M**

I wish to confirm that ethical clearance has been granted for the following project:

**"The impediments to the expansion of small black owned businesses in Durban"**

**PLEASE NOTE: Research data should be securely stored in the school for a period of 5 years**

Yours faithfully

  
.....  
**MS. PHUMELELE XIMBA**  
**RESEARCH OFFICE**

→ cc. Post-Graduate Office (Christel Haddon)  
cc. Supervisor (Mr. M Challenor)