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MASTER OF COMMERCE IN LEADERSHIP STUDIES
DISSERTATION

**The Impact of Training and Support Interventions on Small
Businesses in the Expanded Public Works Programme
(EPWP) – Pretoria Region**

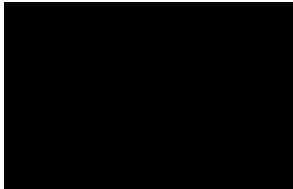
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**Dissertation presented in partial fulfilment of the requirements for the degree of
Master of Commerce in Leadership Studies**

November 2017

DECLARATION

I declare that this dissertation titled “*The Impact of Training and Support Interventions on Small Businesses in the Expanded Public Works Programme (EPWP) – Pretoria Region*” is my own, unaided work. I have acknowledged and referenced all sources that I have used and quoted. I hereby submit it in partial fulfilment of the requirements of the degree of Master of Commerce in Leadership in the Graduate School of Business & Leadership, College of Law and Management, University of KwaZulu-Natal. I have not submitted this report before for any other degree or examination to any other institution.



Lungisani Gift Dladla

Pretoria,

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Putting together this piece of work has been an astonishing journey. I have received incredible support from many people of which I could be doing disservice if I do not mention and acknowledge their invaluable contributions in various ways and forms.

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ABSTRACT

Small businesses sector around the world is regarded as a catalyst of employment for the largest number of people. To reduce massive unemployment and inequality in the country, the Government of South Africa introduced various initiatives to stimulate and support small businesses, the Expanded Public Works Programme (EPWP) is one of such initiatives. The enterprise development approach, is one of the delivery mechanisms of the EPWP, which seeks to transfer income to poor households in the short to medium-term. This study therefore critically assess the impact and effectiveness of training and support interventions provided to small businesses through the EPWP. The diagnostic research design approach is used in this study since the study aims to diagnose and evaluate the impact of training and support interventions provided to EPWP Small and Medium Micro Enterprises (SMEs). The study also employs a quantitative research method. Due to the size, availability and ease of access to the participants, the entire population of twenty (20) small businesses supported by the EPWP was sampled. A questionnaire-based survey was conducted. The study demonstrates that the training intervention provided through the EPWP is making positive impact and achieving its intended goals of enhancing business management skills to participants. It also reveals an interesting outcome that the majority of the participants are women. The study also identified some weaknesses in the programme which leads to the recommendation that long-term support mechanisms are essential to ensure sustainability of emerging enterprises.

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ACRONYMS AND DEFINITIONS

BBSDP	Black Business Supplier Development Programme
CIPC	Companies and Intellectual Property Commission
DPW	Department of Public Works
DFI	Development financial institution/s
DTI	Department of Trade and Industry
EMIA	Export Market and Investment Assistance
COIDA	Compensation for Occupational Injuries and Diseases Act
EDU	Enterprise Development Unit
EPWP	Expanded Public Works Programme
GDP	Gross Domestic Product
GSA	Government of South Africa
ICA	International Cooperative Alliance
ILO SIYB	International Labour Organization's Start and Improve Your Business
IPAP	Industrial Policy Action Plans
NCR	National Credit Regulator
NGP	New Growth Path
NYS	National Youth Service
OHS	Occupational Health and Safety Act
PDI	Previously disadvantaged individuals
PUBLIC BODIES	Any agency of government including national provincial, local government spheres, and public entities implementing and reporting on EPWP.
SARS	South African Revenue Services
SBU	Shanduka Black Umbrellas
SEFA	Small Enterprise Finance Agency
Spii	Support for Industrial Innovation
STP	Seda Technology Programme
SMEs	Small and medium enterprises
UIF	Unemployment Insurance Funds

CHAPTER 1

INTRODUCTION

1.1 Introduction

Globally, post industrialisation has seen an increase in the role of small and medium enterprises (SMEs) becoming lifeblood of economies and the best hope for employment generation for the labour surplus (Sippitt, 2014). Similarly, South Africa also relies on SMEs to generate sufficient employment to absorb the excess unemployed masses. As such, the Government of South Africa (GSA), recognising a decline by the traditional labour absorbing sectors such as mining, agriculture, and manufacturing, introduced a melange of programmes and initiative intended to develop and support emerging small businesses (Caga, 2012). It is therefore important to assess and evaluate some of these interventions to determine their effectiveness in addressing their intended goals. The purpose of this study is to critically assess and evaluate the impact as well as the effectiveness of training and support interventions provided to small businesses by one of the GSA initiatives; the Expanded Public Works Programme (EPWP). This chapter introduces the study by providing background of small businesses from both global and the South African contexts. It also discusses the EPWP as a government programme that provides small business support. The Chapter also outlines the problem statement, the purpose and objectives of the research, as well as the research questions. Furthermore this chapter highlights the significance of the research and briefly explain the research methodology including the structure of the study and then the conclusion.

1.2 Background to the study

Small businesses are considered by governments worldwide for their contribution to the economic stability and growth, employment and new job creation, social cohesion and development, Hyder S. and Lussier R. N. (2016). During challenging economic

times, small businesses act as the “*economic shock-absorbers*” to cushion economies of nation from total collapse. They enable wheels of economies to keep turn during difficult times. So, nurturing and developing small business is a priority for many countries, both developed and developing. According to Hande (2016) small and medium sized enterprises (SMEs) are the drivers of socio-economic development due to their important role they play in Growth Domestic Product (GDP) growth.

For this reason, in South Africa various programmes and initiatives have been put in place by the Government to develop and support small businesses, particularly those that are owned by previously disadvantaged individuals (PDIs) and designated groups such as, youth, women and persons with disabilities. These programmes are implemented by all spheres of government (national, provincial and local government). Amongst these array of initiatives is the Expanded Public Works Programme (EPWP). The EPWP started in 2004 as a results of the 2003 Growth and Development Summit which adopted the theme that gave birth to the EPWP. The objective of the Programme is to provide avenue “*for labour absorption and income transfers to poor households in the short to medium-term*”. Expanded Public Works Programme. (2017). One of the delivery strategy for the EPWP is the enterprise development approach which focuses on supporting and development of emerging enterprises including co-operatives to leverage additional work opportunities. The small business support model for the EPWP Enterprise Development Programme comprises of interventions that facilitate access to markets, access to development finance, linkages to business development support services, and access to training/skills development related to business management. These are all in-house services provided through the EPWP Enterprise Development Programme.

1.3 Problem Statement

Government has initiated various SME development support interventions which include training as well as financial and non-financial support in order to contribute to job creation and economic growth. The enterprise development intervention is one of

the delivery mechanism for the EPWP that is aimed at developing and supporting small businesses within the Programme.

The SME development and support intervention is provided for a particular fixed period of time and subsequently, it is concluded using a phased-out approach i.e. steady withdrawal towards the end of the period. This is to allow small businesses to operate on their own. However small businesses continue to struggle with very few enterprises continue to thrive after the support has been phased-out hence the effectiveness of the support provided to the small business by the EPWP and its impact are sought to be answered in this research.

1.4 Purpose of the Research

The purpose of the study is to critically assess the impact and effectiveness of training and support interventions provided by the Expanded Public Works Programme (EPWP) to small businesses within the programme. The sample of the study is drawn from a list of small businesses supported by the EPWP. The focus of the study is on business owners/ co-owners only.

The Enterprise Development Support within EPWP is one of the intervention that has been put in place by the government of South Africa to support and develop small businesses. The researcher has taken keen interest in this programme by evaluating its impact to SMEs with the hope of contributing to a body of knowledge, with more emphasis to adding evidence-based findings that enhance policy making where necessary in terms of small business development. The findings of the study may also assist in designing and implementing small business support interventions by both government and the private sector.

1.5 Objectives

The objectives of this study are to:

- i. Evaluate the impact of training to EPWP SMEs.
- ii. Investigate the relevance of the support provided to entrepreneurs.
- iii. Determine the effectiveness of the support provided to EPWP SMEs.
- iv. Recommend on the improvement of the similar small business support interventions where necessary in line with the findings of the research.

1.6 Research Questions

In order to achieve the objectives of the study, the following questions will have to be answered:

- i. What impact did training have on EPWP SMEs?
- ii. Was the support provided to entrepreneurs in line with their needs?
- iii. How effective was the support provided to EPWP SMEs?

1.7 Significance of the Study

The government is investing a lot of money in supporting and developing small businesses in order to create jobs and grow the economy. The study therefore seeks to identify how the government, in general, can provide small business support programmes interventions that meet the needs of the intended recipients. Specifically, the study seeks to enhance the role of the National Department of Public Works (NDPW), which is mandated to lead and coordinate the EPWP, on how to improve the support it provides to SMEs. It is hoped that, although they are not the direct intended beneficiaries of this study, the private and non-governmental sector that also play a role in small business support initiatives will benefit from the findings of this study as well.

It is further believed that the findings of this study will assist policy makers and practitioners to better understand the role of training and how to package training interventions to support small businesses. The public in general would also benefit from the study particularly on their expectation of the nature of support provided by government to their small businesses.

1.8 Limitations of the Study

The study focuses on only one geographic area where small businesses are supported by the EPWP. It was undertaken at the Pretoria Region where the primary data was gathered. Thus, other regions where the similar support is provided were not included in the study, due to resource constraints. This is a limitation in that the results do not represent the collective views of all the small businesses supported by the EPWP country wide.

1.9 Research Methodology

According to Hussain *et al.* (2013), methodology is the philosophy underlying the procedures and principles in a particular field of inquiry. However, Crotty, (2003), indicates that it refers to general principles which underscore how we investigate the social world and how we demonstrate that the knowledge generated is valid. Methodology depends on ontological and epistemological assumptions about the nature of reality and the best ways of gaining access to that reality to be discussed in detailed in Chapter three (3).

This study adopts the descriptive and diagnostic research design as the most appropriate research design. According to Kothari (2004), the descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group, on the one hand, the diagnostic research studies

determine the frequency with which something occurs or its association with something else. The studies concerning whether certain variables are associated are examples of diagnostic research studies. The study leans more towards diagnostic research design using quantitative research method as the method that explains phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics).

The positivism (positivist) paradigm is used in the study because it employs deductive logic and quantitative research methods, as it assumes that reality is objectively given and that it can be reflected and systematized by empirical methods. As compared to the interpretive research paradigm used to conduct qualitative research and assumes that reality consists of subjective experiences (Thomas, 2010).

A questionnaire is used as a research instrument to collect the primary data. The primary quantitative data is first captured using the Microsoft Excel spreadsheet for coding purposes and was then transferred to the SPSS for Windows (software) to analyse the data. This is the most widely used computer software for the analysing quantitative data according to Bryman (2008). The researcher then used statistical tools such as frequency tables, bar charts and pie charts to interpret the data.

1.10 Structure of the Study

This study consists of five (5) chapters. The following is a brief summary and outline of each chapter with the main focus aspects.

Chapter 1: This chapter is the foundation of the study, it introduces and gives background to the study, the objectives and the main research questions including the limitations and significance study. It further outlines as to how the study is conducted and the philosophy as the foundation theory of the study.

Chapter 2: Provides a critical and historic review of the literature as well as the theory on the training and support intervention in the small businesses. The chapter presents the literature review on the critical and historic background and the theory on small business support, it also discusses in detailed the Expanded Public Works Programme as a government job creation programme and small business support, which are all the focal point for the study. The literature review includes both national and international perspectives.

Chapter 3: Focusing on the research design and research methodology followed in the study, the reason for adopting particular research approach or strategy. This chapter also proves details of the population, the sample size and the instruments used to collected primary data and how it is analysed.

Chapter 4: This chapter presents detailed research findings which are analysed and interpreted utilising statistical tools such as SPSS for Windows software, frequency tables and other tools.

Chapter 5: This is the last chapter of the study, it brings everything together from the first chapter looking at the research objectives and research questions compares and contrasts them with the research findings from chapter 4 using the base and foundation information from the literature review in chapter 2. It interprets, discusses the results of the study and provide recommendations.

1.11 Conclusion

SMEs are considered by governments worldwide for their contribution to the economic stability and growth, employment and new job creation, social cohesion and development. They have been regarded as lifeblood of economies and the best hope

of employment for the largest number of people. This chapter provided an overview of the study. It discussed in detail the research problem and focus areas of the study, it further outlined the objectives and research questions, clarified the limitations of the study. This chapter also outlines the synopsis of how the study is structured.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

The literature review forms a foundation of the study, as it provides critical and historic background and the theory on the subject under review from both international and local perspectives. In this case, the focus is on the role of training and support in developing small businesses. Webster *et al.* (2002) noted that a review of prior, relevant literature is an essential feature of any academic project. The literature review gives a broader spectrum of what other authors covered on the topic and thereby giving a strong bases for evaluating the impact of the training and support interventions in developing small businesses within the Expanded Public Works Programmes (EPWP).

Various studies have been conducted on key components of the EPWP such as its role in poverty reduction and biodiversity conservation; EPWP as an employer of last resort etc. however not much has been done on this topic particularly when it comes to enterprise development intervention within the EPWP. Accordingly, the research sought to investigate and assess the impact of training and support interventions provided to the small businesses in the EPWP within the Pretoria Region.

This chapter reviews the existing and current literature in line with the research topic, it looks at both global and South African perspectives in terms of small business support. The focus is on the following areas: (i) background of the EPWP); (ii) description and definition of small business; (iii) training of small businesses, a global and South African perspectives; (iv) financial support provided to small businesses; (v) exploring what constitutes effective support of small businesses and best practice; and (vi) the chapter concludes with a summary of all the areas covered by preceding topics.

2.2 The Expanded Public Works Programme (EPWP)

In order to better understanding this component of the EPWP whose impact the study seeks to review and assess, it is important to first contextualise and explain the Programme in its entirety. That is, the background of the Programme, its origin as well as its objectives as a government-wide initiative. Thereafter, the chapter will provide details of what the small business support initiatives (provided through the Enterprise Development Unit of the EPWP) entail.

2.2.1 Background and Origins of the EPWP

According to the EPWP (2017) Narrative Report, the Expanded Public Works Programme is defined as the nationwide government-led initiative with the objective of providing work opportunities and income support to poor and unemployed people over a short to medium term. The EPWP would be concomitantly achieve development and work opportunities by delivering public and community assets and services labour intensively. It was introduced as a results of the Growth and Development Summit (GDS) (2003), a conference representing labour, civil society, business and government led by National Economic Development and Labour Council (NEDLAC). During the Summit, a number of resolutions were taken and agreements reached. One of the resolutions of the Summit emanated from the theme “More jobs, better jobs, decent work for all” led to the adoption to implement the Expanded Public Works Programme (NEDLAC, 2003). The agreement reached at the Summit meant that the EPWP would be the instrument for poverty alleviation and income relief through temporary work for the unemployed by ensuring that they participated in socially useful activities. The EPWP will be designed to equip participants with a combination of training and work experience to enhance their ability to exit into other opportunities so that they can earn a living in the future. Training was prioritised in the Agreement to enhance skills and future employability of participants. The Summit delegates, also referred to as constituencies, were aware that not everyone will be absorbed in the

labour market and therefore entrepreneurship training was seen as an areas where EPWP participants could exit into and enable them to create further employment opportunities for themselves and others.

The EPWP comprises of four (4) sectors (EPWP, 2015), viz.:

- v. **Infrastructure Sector**, led by the Department of Public Works (DPW) and collaborates with the Departments of Transport (DoT); Cooperative Governance and Traditional Affairs (CoGTA); Water and Sanitation (DWS); Mineral Resources (DMR); and Energy (DoE). The Infrastructure sector advocates for the use of labour-intensive methods in delivering construction and maintenance services for public sector funded infrastructure projects. The National Youth Service (NYS) and Vuk'uphile Programmes are among programmes implemented through the Infrastructure Sector.
- vi. **Social Sector**, led by the Department of Social Development (DSD), it provides work opportunities to unemployed and unskilled people through the delivery of social development and community protection services such as Early Childhood Development (ECD); Home Community Based Care (HCBC); School nutrition programme etc.
- vii. **Environment and Culture Sector**, led by the Department of Environmental Affairs (DEA). It involves employing people to work on projects to improve their local environment through programme spearheaded by various departments, such as Sustainable Land-based Livelihoods; Waste Management; Tourism and Creative Industries; Parks and Beautification; Coastal Management; and Sustainable Energy.
- viii. **Non State Sector**, led by both Department of Public Works and Department of Cooperative Governance (DCoG). The programme uses wage subsidies to support Non-Profit Organisations (NPOs) on their community development initiatives. The NSS comprises of two programmes, namely the Community Work

Programme (CWP) and the Non-Profit Organisation. The CWP is area-based and is managed by the Department of Cooperative Governance.

On top of the four (4) EPWP sectors, the Programme has what is referred to as “cross-cutting” support function to these sectors. The objectives of the cross-cutting support functions are to provide specific support in line with the needs of the sectors. Amongst the cross-cutting support functions are Enterprise Development Unit (EDU) as well as Training Support Function. The roles and responsibilities of the EDU are discussed in detail below as they forms an important part of this study.

2.2.2 The EPWP Enterprise Development Unit

According to the EPWP (2017). Enterprise Development (ED) is a delivery strategy of the EPWP which targets the development of emerging enterprises including co-operatives to leverage additional work opportunities. The EDU of the Department of Public Works (DPW) provides support to all EPWP Sectors and public bodies implementing EPWP. The ED support services/ model to EPWP Sectors includes:

- i. Facilitating access to markets;
- ii. Facilitating access to development finance;
- iii. Facilitating linkages to business development support services;
- iv. Facilitating access to training/skills development related to business management;
- v. Facilitating exit opportunities for the National Youth Service (NYS) and Vuk’uphile Programmes led by DPW;
- vi. Providing guidance to EPWP Sectors and public bodies on exit opportunities; and
- vii. Capacitating SMEs to comply with legislative requirements.

Through this support, the EDU aims to sustain the growth and development of SMEs, through identifying opportunities where individual businesses and co-operatives can

be developed, thereby maximising the creation of work opportunities in line with EPWP objectives.

Within the DPW, the ED Unit is championing the development of co-operatives which deliver cleaning and gardening services to properties that are managed within the Public Works portfolio. The development of co-operatives and other small business initiatives are being expanded to other service delivery programmes within the EPWP.

The ED Unit continually strives to forge partnerships with various agencies that provide business development support to SMEs such as development finance institutions, capacity building, and statutory regulatory compliance in order to maximise support provided to emerging enterprises.

2.2.2.1 The Model of EPWP Enterprise Development Support

As indicated above, EPWP enterprise development support includes amongst other things facilitating access to training/ skills development related to business management. This is an in-house training provided by the officials within the EPWP EDU. To carry out this function, the model below is applied.

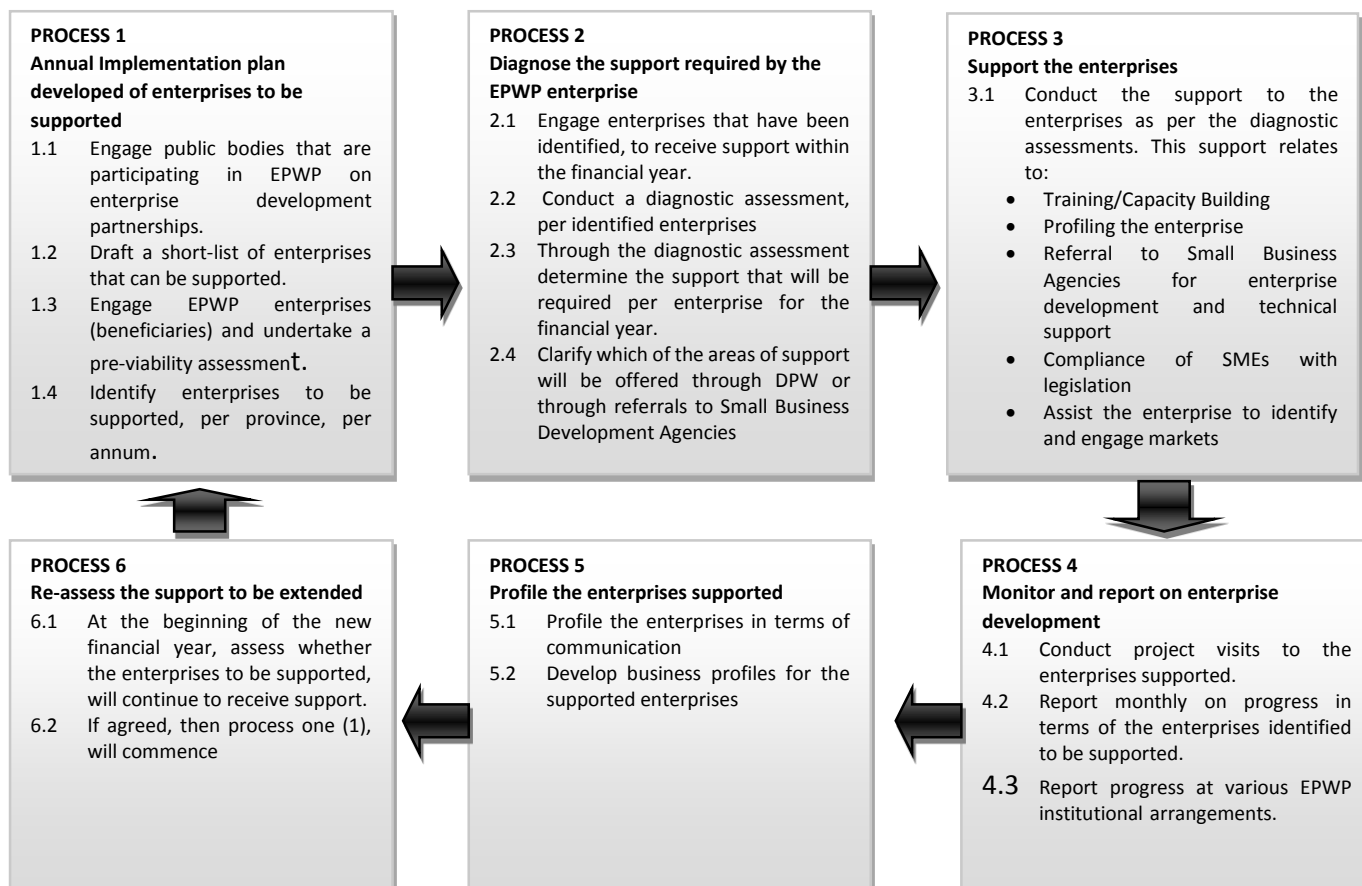


Figure 1: EPWP Enterprise Development Support Model

Source: EPWP Policy on Small, Medium and Micro Enterprise. 2013

The EPWP Enterprise Development Policy (EPWP, 2013) further outlines specific support provided to EPWP SMEs. The support provided entails the following:

- i. Compliance to statutory requirements, in terms of company or corporative registration determined by the Companies and Intellectual Property Commission (CIPC); ensuring that registration with the Unemployment Insurance Funds (UIF), registration for tax purposes and filing for tax according to South African Revenue Services (SARS) requirements, alignment with standards of the Occupational Health and Safety Act (OHS) as well as other Department of Labour legislative requirements.
- ii. Facilitating market opportunity such as how to access markets, tendering, registering on supplier databases, developing business profile, communication and networking enables SMEs understand how to stay ahead in business.

- iii. Inventory matters such as how to procure materials and equipment, how to manage stock levels and achieve break-even and profitability.
- iv. Business administration, which includes record keeping, basic contract administration, invoicing and payment to vendors which required timeframes determines the profitability of SMEs.
- v. Coaching and mentoring by EPWP Enterprise Development Managers, this is where SMEs are hand-held to manage their businesses.

2.3 Theoretical Framework

Evaluating the impact of the training and support intervention to small businesses in the EPWP is carried out using “*Theory of Change*” framework. This theory is considered to be relevant because it is focused not just on generating knowledge about whether a programme is effective, but also in explaining what methods it uses are effective (Allen *et al.*, 2017).

a) Theory of Change

According to Allen *et al.* (2017), Buckley and Caple (2009), Breuer *et al.* (2016) and Wikipedia (2017); Theory of Change emerged from the field of programme theory and programme evaluation in the mid-1990s as a new way of analysing the theories motivating programmes and initiatives working for social and political change. It is focused not just on generating knowledge about whether a programme is effective, but also on explaining what methods it uses to be effective. Theory of Change as a concept, has strong roots in a number of disciplines, including environmental and organizational psychology, but has also increasingly been connected to sociology and political science. Within industrial-organizational psychology, Austin and Bartunek have noted that approaches to organizational development are frequently based on more or less explicit assumptions about (1) the processes through which organizations change, and (2) the interventions needed to effect change. Within evaluation practice, Theory of Change emerged in the 1990s at the Aspen Institute Roundtable on Community Change as a means to model and evaluate comprehensive community

initiatives. Notable methodologists, such as Huey Chen, Peter Rossi, Michael Quinn Patton, Heléne Clark, and Carol Weiss, had been thinking about how to apply program theories to evaluation since 1980. Berisha *et al.* (2015) citing Connell *et al.* (1998) and Weiss (1995) defines a theory of change quite simply and eloquently as a theory of how and why an initiative works.

Using the theory of change approach, Robinson *et al.* (2004) argued that the guiding principle behind a successful entrepreneurship development programme is the notion that initiatives aimed at strengthening the performance of small-to medium-sized rural enterprises will ultimately change the way small businesses in rural areas performs thereby improve the socio-economic conditions of the rural people they serve (Oldsman and Hallberg 2002). Furthermore, Robinson *et al.* (2004) indicates that in the case of the 1890 Entrepreneurial Outreach Initiative, the final beneficiaries were rural entrepreneurs in underserved, targeted rural communities. Using the theory of change framework, the initiative relies on 1890 land-grant institutions to provide business development services, access to business networks, and education to rural entrepreneurs. This has become the hallmark of the new approach to promoting the development of small enterprises.

This study looks at the impact of small business support interventions but not just looking at the interventions alone, it evaluate the impact and investigate the processes that are followed in providing this support since the EPWP enterprise development programme follows a particular model with its own steps. It also assesses how these intervention are assisting small businesses and how they work. Evaluating the impact of the training and support interventions to small businesses in the EPWP is undertaken using the “lens” of the Theory of Change framework, because this is the relevant theory as it is focused not just on generating knowledge about whether a programme is effective, but also on explaining what methods it uses to be effective as cited by Allen *et al.* (2017).

2.4 Forms of Businesses/Ownership

In Business Economics, businesses are classified into six (6) categories which are also referred to as forms of ownership according to Gillespie (2013), and Griffiths *et al.* (2011). Erasmus *et al.* (1998) describes them as:

- i. **Sole trader/ Sole proprietorship:** This is a business owned and managed by one person, it is a simplest form of ownership and there is no legal distinction between the owner and the enterprise.
- ii. **Partnership:** It is a business association of between two and twenty people. The owners are refer to as partners, they share profits and losses and run the business in a manner agreed in advance. A written partnership agreement is usually established, which describe each partners' financial and managerial contribution to the agreement.
- iii. **Cooperative:** According to International Cooperative Alliance (ICA), a cooperative is defined as an autonomous association of persons united voluntarily, to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratic enterprise. In South Africa, the Co-operatives Act, 2005, distinguishes between three kinds of cooperatives i.e. primary, secondary and tertiary cooperative. Cooperatives are managed by a board of directors and have their own legal personality once they are registered as a results members of a cooperative have limited liabilities. A cooperative is formed by a minimum of five founding members and maximum of fifteen in a primary cooperative. Any profit, (known as surplus in a cooperative) which is made in the course of business is divided amongst the members according to their participation i.e. the amount of work done rather than to their capital contribution (shareholding).
- iv. **Close corporation:** This is another form of legal entity with its own legal personality and perpetual succession, formed by a minimum of one person to a

maximum of ten. It is recognised by the word CC, in its name. However in South Africa, the amendment of the Companies Act, 2008, which commenced on 1 May 2011 saw the Government putting a moratorium on registration of new close corporation. Instead, priorities have been given to registrations of private companies and cooperatives. However, this did not mean that close corporations became illegal or rescinded. Close corporations that existed prior to 01 May 2011 continue to operate.

- v. **Company:** This is another form of ownership established by individuals to achieve a common goal. Capital is raised through the sale of shares and the owners of the company are called shareholders. A company has a legal personality, thus it exists as an independent entity and shareholders have limited liability i.e. shareholders are not liable for debts of the company unlike in the sole proprietorship. There are two types of companies (private company and public company).
- vi. **Private Company:** This type of company is established by minimum of one shareholder to a maximum of fifty and is managed by a board of directors selected by shareholders. The shares in the private company are not available to the general public and not transferable unless other shareholders agree. A private company is recognised by the word Proprietary Limited (Pty) Ltd, in its name.
- vii. **Public Company:** Unlike in the private company, public company obtains its capital by issuing shares to the public through a prospectus. It must have a minimum of seven shareholders, but there is no limit on the maximum numbers, since the shares are negotiable and traded in the stock exchange. Public company is recognised by the word Limited, or Ltd, in its name.

Since EPWP Enterprise Development support is focusing on small businesses and for the purpose of this study, it is very important that this term is clearly defined and properly explained.

2.5 Small, Medium, and Micro Enterprise Description

According to Katua (2014), the small, medium, and micro enterprise (SMME) sector has widely been accepted as the engine of economic growth and poverty eradication around the world. The role of SMEs in economic development and employment creation has occupied most of the discussions among government, policy makers, academicians, researchers and scholars. However the meaning of an SME has remained different across countries and different sectors in the same country.

Up until now, Katua (2014) citing Omar, Arokiasamy and Ismail (2009) and Hooi (2006) argues that there hasn't been a standard and universal agreed definition of SMEs. An analysis of various definitions of an SME shows that it depends on who is defining it and from where they are defining it. The same person will define an SME differently depending on where they are. This notion was further echoed by Berisha *at al.* (2015) and said that there is no specific definition for SMEs that may be taken as a reference by all economies, statistical agencies or researchers of economy.

According to Bouri (2011) there are broad spectrum of definitions for the term SMEs, different organizations and countries set their own guidelines for defining SMEs, often based on headcount, sales or assets. For example, European Commission through a guide determines the criteria for defining enterprises to include: number of employees, annual turnover and annual balance sheet. Garikai (2011) further argued that SMEs are defined by number of workers employed, capital employed and sales turnover. SMEs are thus classified by the number of employees and/or by the value of their assets. The classification of SMEs by size is relevant to a sector. A firm of a given size could be small in relation to one sector where the market is large and there are many competitors, whereas a firm of similar proportions may be considered large in another sector with fewer players and/or generally smaller firms within it. In addition, Katua (2014) further outlined that different countries define SMEs differently for example, in Canada the term SME refers to businesses with fewer than 500 employees. They further define a small business as one that has fewer than 100

employees (if the business is a goods-producing business) or fewer than 50 employees (if the business is a service-based business). A firm that has more employees than these cut-offs but fewer than 500 employees is classified as a medium-sized business. Generally in Canada an SME is any business establishment with 1 to 499 employees and less than \$50 million in gross revenues. In Germany an SME has a limit of 250 employees, while, in Belgium it has a limit of 100 employees. In New Zealand a small business has 19 employees or fewer. In the United States of America (USA), a small business refers to those with fewer than 100 employees, while medium-sized business refers to those with fewer than 500 employees. Katua (2014).

In South Africa the National Small Business Amendment Act, 2003 define small business as “... *a separate and distinct business entity, including co-operative enterprises and nongovernmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy mentioned in Column I of the Schedule 14...*”. The Act further categorises small businesses in South Africa into distinct groups (to be discussed in detailed below), namely; survivalist, micro, very small, small and medium, hence the use of the term “SMME” for small, medium and micro-enterprises. However, the terms ‘SMME’ and ‘SME’ are used interchangeably in South Africa. (BASA Website).

2.5.1 Types and Categories of SMEs

According to the South African National Small Business Amendment Act (26 of 2003), SMEs can be divided into the following four categories:

Micro Enterprise also referred to as (Survivalist enterprises): The main drive of this category of entrepreneurs is a necessity to survive, rather than the identification of an opportunity or gap in the market for that particular service. The survivalist entrepreneurs are usually unemployed and, in order to survive, have to get into the economic sector with virtually no skills or training in running the business. The income

they make usually falls far short of the minimum income standard, and there are limited opportunities for growth into a viable business.

Very Small enterprises: Also known as micro enterprises, these are very small businesses often involve only the owner, some family member(s) and, at most, one to five employees. This sector is usually informal and not registered in terms of business licenses. Most of them have a limited capital base and only rudimentary technical or business skills among their operators. This sector falls below the Value Added Tax (VAT) registration limit of R150 000.00 per annum. However, many of these micro-enterprises advance into viable small to medium enterprises.

Small enterprises: This section constitutes the bulk of the established businesses, with the employment ranging from between five to about fifty employees. These enterprises are usually managed by the owner or directly controlled by the community that owns it. Small enterprises are likely to operate from a business site and are formally registered in terms of formal business registration requirements. Classifying the sector in terms of assets and turnover is difficult, given the wide and vast differences in business sectors.

Medium enterprises: This category of enterprises constitute a section that is difficult to distinguish or demarcate between small and big business categories. Most of them are still basically owner/ manager controlled, although the shareholding or control base is usually more complex. The employment of two hundred employees and capital assets of about five million Rands, excluding property, are often seen as the upper limit.

For the purpose of this study, the focus will be on the first three categories as outlined by the National Small Business Amendment Act (26 of 2003) and defined as “....*a separate and distinct business entity, including co-operative enterprises and nongovernmental organisations, managed by one owner or more...*”.

Like many economies, South Africa has also placed great emphases on the role of small, medium and micro enterprises (SMEs) to stimulate job creation and poverty

alleviation. This has been a testimony with a decision by Government to establish a fully-fledged new Ministry of Small Business Development “... as a national department in accordance with the reorganisation of some national departments announced by the President in May 2014. The Department of Small Business Development (DSBD) is tasked with the responsibility to lead an integrated approach to the promotion and development of small businesses and cooperatives through a focus on the economic and legislative drivers that stimulate entrepreneurship to contribute to radical economic transformation. The realisation of this mandate will lead to increased employment, poverty reduction and reduced inequality”. ENE (2015).

Furthermore the South African Government’s Integrated Strategy on the Promotion of Entrepreneurship and Small Business (2005), emphasised Government’s commitment to ensure that small businesses progressively increase their contribution to growth and performance of the South African economy in critical areas such as job creation, equity and access to markets in the Country. The Strategy calls for measures to be taken on the following areas:

- i. Specific sectoral initiatives to promote small business development;
- ii. The introduction of new products to support small enterprises;
- iii. Greater co-ordination across government;
- iv. The consolidation of all mentorship programmes;
- v. Improved access to finance;
- vi. Increased access to markets through competition policy and export promotion;
- vii. The promotion of entrepreneurship;
- viii. The expansion of business support infrastructure and the provision of localised support infrastructure.

In achieving all these, the Strategy recognises the critical role of inclusive participation by all role-players. The promotion, supporting small businesses and entrepreneurship according to the Integrated Strategy cuts across departmental boundaries at national level; cuts across the three spheres of government; goes beyond the public sector and

its agencies, and encompasses the private sector and its organisations, educational institutions and non-governmental organisations (South Africa, 2005).

These demonstrates how governments world-wide prioritise the development and support of small business. As part of the cooperation agreement, the Government of People's Republic of China (PRC) together with the Dominican Republic (DR) in December 2016, signed and launched a 4 billion (US Dollar) small business support fund for the next four years. This fund is aimed at supporting more than 30 000 small businesses in the two countries. Through this initiative, the DR Government is expecting to create more than 400 000 jobs over the four year period, Caribbean Business (2016).

Katua (2014) argued that in recent years, the SME sector has consistently registered higher growth rate compared to the overall industrial sector performance globally. There is general consensus among scholars and policy makers that the major advantage of this sector is its employment-generation potential, albeit at low capital cost. Therefore, to support and promote the sector, more attention has to be put in areas to develop small businesses such as training and skills development as apex priority. Maundu (1997) as cited by Smith *et al.* (2006) postulates that, the major factor in sustaining employment in the informal sector, is training in entrepreneurial skills. The Peterman Circle (2000:1) claims "the training of young entrepreneurs is a key to South Africa's economic future who can create their own wealth and business and jobs for others." The important role of training is further highlighted by Eagar (1996:61) and Nasser (1984:105) as cited by Smith *et al.* (2006) who contend that there is a growing need to develop people and their skills. The challenge of achieving higher productivity and skills levels, places increasing demands on the capacity to educate and train large numbers of people in South Africa.

2.6 Training of Small Businesses Global and South African Perspectives

To better understand and put context on this section, it is important to first define what the term “training” means in its generic form and the role of training to an individual. According to Smith *et al.* (2006) citing De Cenzo and Robbins (1996:237), defines training as a learning experience, which seeks a relatively permanent change in an individual's skills, knowledge, attitudes or social behaviour. Masadeh (2013) citing the Manpower Services Commission (MSC), U.K., (1981: 62) refers to training as a planned process to modify attitude, knowledge or skill behaviour through a learning experience to achieve effective performance in any activity or range of activities. Its purpose, in the work situation, is to develop the abilities of the individual and to satisfy current and future manpower needs of an organisation. Kulkarni (2013) regards training as the process involving improvement of aptitudes, skills and abilities of the employees to perform specific jobs. Training helps in updating old talents and developing new ones. Successful candidates placed on the jobs need training to perform their duties effectively.

What can be deduced from these definitions, amongst other things, is that there is no specific definition and meaning of the term “training” specifically reserved for training of entrepreneur or small business. The meaning does not change when you train an individual, an employee or entrepreneur. The objectives remain the same i.e. to improve the skills, knowledge, attitude, abilities, etc. Now, it is important to determine how past events demonstrate the important role of small businesses and how the development and training of small business is critical for economic growth and development.

The sub-prime crisis which started in 2007 in the USA with losses manifesting at two Bear Stearns hedge funds, left behind permanent scars on the financial system, Ramlall (2013). This left many economies with bruises and some are still nursing them. The collapsing of Lehman Bros. and the ensuing financial crisis set off the Great Recession, the aftershocks of the historic upheaval are still being felt in nearly every

corner of the global economy. Hadley (2013). Governments, policy makers and institutional leaders around the world have heralded the small business sector as a primary force leading economic recovery. Small businesses are integral to economic growth, and their success is important, Snider (2015). The importance and contribution of small businesses in job creation and economic development can never be over emphasised. During economic challenges and difficult times small businesses shields the economy. This point further came from Afolabi *et al.* (2012) citing (Nieman, 2006) that SMEs are a large contributor to global economies and their importance is noted in every country. They make a substantial contribution to the economy in terms of job creation, GDP, investment and social welfare.

On the other hand, Katua (2014) citing Kongolo, established that small business owners globally have the same characteristics, face the same obstacles but differ in their understanding of how small businesses assist in economic growth. The study further emphasised that SMEs have ability to fuel economic growth because they create new jobs, expand the tax base, and are drivers of innovation.

Furthermore, Cassim *et al.* (2014) argued that the favoured approach of many governments, of focusing exclusively on industrial policy to promote economic growth, cannot be pursued any longer, particularly if the objective is to reduce unemployment and poverty. As policymakers find new or alternate models of growth and sustainable development, the Organisation for Economic Co-operation and Development (OECD, 2011a) and UNCTAD have suggested that policies to promote growth and economic prosperity should be inclined toward enabling an environment that fosters entrepreneurship and Small and Medium Enterprise (SMEs). Their suggestions are affirmed through evidence from the emerging economies of China and India, in which, approximately 97 per cent of jobs are created by entrepreneurs in the SMEs category (OECD, 2011a).

In order to ensure that small businesses live to this expectation, intensive support to SMEs such as training is required. Mungai (2012) stated that the success of

entrepreneurs' development and management in any enterprise depends on its capacity to develop human resources through training, ability to start a business, create jobs, products and services that can compete in the global market. This view was further echoed by Manimala and Kumar (2012), that strengthening the internal capabilities of SMEs has become a top priority nowadays and is positioned as an alternative or supplementary strategy for SMME development. Training is recognized as an important tool for developing the internal capabilities of SMEs.

Mungai (2012) also argued that studies have shown that enterprises which send their staff for training especially training with innovative techniques in nature are more likely to produce better financial performance when compared to enterprises that ignored training. Training of entrepreneurs give them an advantage both at technical and managerial levels.

This view is further echoed by Mbedzi (2011) citing the Global Entrepreneurship Monitor (GEM) report that says, individuals holding a tertiary qualification are more likely to own and manage a start-up business than those without Grade 12. Furthermore, holding a tertiary qualification significantly increases the probability that an individual will be an owner-manager of a business which has survived the start-up phase. Cassim *et al.* (2014) added that education and training was one of the most important factors hampering entrepreneurial activity in South Africa.

There are various reasons that have been put forward which causes failure for small businesses. In a study conducted by Nodada (2011), it was found that amongst the reasons for the failure of small businesses, is lack of funding and capital; insufficient support from government and lack of business and financial management skills. This view is supported by Afolabi (2012) that business skills are very important in keeping the business afloat. The study by Afolabi (2012) further found a very strong relationship between training in business and entrepreneurial skills and the help it could have in the success of SMEs. Smith *et al.* (2006) further emphasised the important role of training in empowering the workforce to be creative and innovative in

meaningful business activities. On the same vein Berisha *et al.* (2015) also stressed that of all tasks, training and development of people is the most crucial – there is no other way to productivity, profitability or survival in the new business arena.

However, contrary to the general beliefs, some researchers have revealed that SMEs themselves don't see the importance of, and don't put emphasises on training as it is general understood and according to Ahmad *et al.* (2012). As such, they tend not to acknowledge training as something that adds value. This view is also shared in the work of Karmel *et al.* (2009), low level SMEs referred to by Ranyane (2014) as survivalists enterprises (*micro-enterprises that depend solely on their daily income without external support "safety nets". Their income serves as a cushion from poverty-related issues*) accordingly, those in poverty stricken areas regard training as the waste of time in terms of their immediate needs. This was also eluded in the work of de Vos (2011) in the East-Flanders, Belgium analysis who indicated that different studies and data demonstrate that SMEs are less likely to participate in training and skills development than large firms. Ntlamelle (2015) put this argument differently and said that "micro enterprise training mainly focuses on developing skills necessary for generating growth and wealth and that beyond the set of skills which can be taught by others and learned by the entrepreneur, there are some important things one needs to have (values) – they cannot be taught but need the willingness to practice them".

Despite these view, training of small business is still regarded by many as an important intervention to support and develop small businesses and thereby driving economic growth. Muhammad (2010) emphasised that small and medium enterprises (SMEs) play a vital role in the economic development of a country. This means that by developing and supporting small businesses, there is a direct contribution to the economic growth of a country. Hyder *et al.* (2016) states that small businesses are so important to economic development that public policymakers and other stakeholders have put efforts to boost the creation of new small businesses and reduce the incidents of failure and bankruptcy.

In the study conducted by Mungai (2012), it was found that a positive relationship between the business management training received by entrepreneurs and the positive impact on the small and medium-sized enterprises growth existed. The study further recommended that business management training programmes should be promoted in the country by key stakeholders working in the SME sector. Furthermore Magableh *et al.* (2011) found that that training has a positive impact on SMEs' profits, revenues and size.

Structured training intervention to small businesses is very critical and it assists entrepreneurs to develop and grow their enterprises. The success of small business is important for the growth and development of a country. This has been also observed by Ahmad *et al.* (2012) that sustainability of SMEs is very important due to its role in enhancing the economic conditions in the country. A study conducted by the World Bank by McKenzie *et al.* (2013) found that training of small business, positively contribute to their business profitability and growth, the study also found that business training improves the knowledge and implementation of business practices by business owners. These sentiments are also shared by Karlan and Valdivia (2011) who outlined that that several studies have emphasized the possibility that business training may have its strongest impact on sales during a bad month, they also stressed that training might help small business owners to identify strategies to reduce downward fluctuations in sales by considering diversifying the products that they offer and by being more proactive about alternative activities during slow months.

A study conducted by Hyder *et al.* (2016) in Pakistan found that one of the reasons for small businesses particularly youth owned business to fail to access funding is due to lack of education, especially business related education such as developing business plans, business management, etc. Training and supporting small businesses helps to bridge this gap. There is an old Chinese proverb that says “give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime” (unknown source). Training and capacitating small businesses needs to follow the same philosophy or principle. There has been an increasing calls by both policy

makers and small business practitioners to place more emphasis on practical training rather than subject entrepreneur training to be confined to theoretical training. Smith *et al.* (2006) argued that for entrepreneurship training and education to be effective, it must not only be through factual knowledge and limited skills acquired in the classroom, but also through other more practical interventions. In a study conducted by de Vos *et al.* (2011) on the role of informal and practical training found that this type of learning leads to improved skills and other employee benefits. Informal practical training is really important in small and medium-sized companies, for example, mentorships. Gorman *et al.* (2015) and Muhammad *et al.* (2010) also put additional models and approaches that can be used to training and develop SMEs beside formal classroom, which includes access to formal business and social networking sessions, exposure and role modelling approach.

There is a strong relationship that has been placed between training and the performance of either the business or individual. Niazi (2011) pointed the fact that training plays a crucial role towards the growth and success of a business. By choosing the right type of training, ensures that business owners including employees, possess the right skills for the business, and the same need to be continuously updated to meet current and future business demands. This view was also echoed by Block, Hoogerheide, and Thurik (2013) cited by Snider (2015), said that the higher an individual's level of the education, the higher the probability that the individual will start a business. In addition to starting a business, entrepreneurship researchers have suggested that there is a strong positive relationship between human capital and success of the business. In a study by Hyder *et al.* (2015) in Pakistan, revealed that lack of education is one of the main reasons for the failure of small business in Pakistan, this became evident on the Pakistani government programme to develop and support youth owned businesses. The research found that lack of business education among the youth was be main reason for youth owned business not being able to access government funding as they were unable to complete proper business plans.

On a similar note, McKenzie *et al.* (2014) detailed in the World Bank Research Observer report outlines that business training is one of the most common forms of active support provided to small firms around the world. There are a number of programmes offered by governments, microfinance organizations, and non-governmental organisations (NGOs) in many countries around the world. Perhaps the mostly widely implemented training programme is the International Labour Organization's Start and Improve Your Business program (ILO SIYB). Established in 1977, the programme claims more than 4.5 million trainees with implementation in more than 100 countries. Interestingly, the SIYB training is also being offered by the Expanded Public Works Programme official to all the small businesses in the EPWP. These officials form part of the 4.5 million trainees who have been trained by the ILO to date. Training is then delivered by the trainees in line with the ILO guidelines to small businesses with the EPWP.

According to ILO (2017), the SIYB Programme is a renowned intervention that trains, supports and develops small businesses. This Programme is the largest global business management training programme with a focus on starting and improving businesses as a strategy for creating more and better employment for women and men. The main target clientele are start-ups, micro and small businesses. The training of potential and existing entrepreneurs is executed by certified SIYB Trainers, normally working for an SIYB partner organization.

The SIYB programme is structured into four separate training packages, which are designed to respond to the progressive stages of business development. The Training of Entrepreneurs (ToE) cycle has the following components:

Generate Your Business Idea (GYB) is intended for people who would like to start a business, and who, through the training, develop a concrete business idea ready for implementation.

Start Your Business (SYB) is for potential entrepreneurs who want to start a small business and already have a concrete business idea. The programme is a combination of training, field work and after-training support, and helps participants assess their readiness to start a business and to prepare a business plan and evaluate its viability.

Improve Your Business (IYB) introduces already practising entrepreneurs to good principles of business management. Its six modules (marketing, costing, buying and stock control, record keeping, planning for your business, and people and productivity) can be taught individually or all combined in a full course.

Expand Your Business (EYB) enables growth-oriented small enterprises to develop a business growth strategy through training intervention.

The study by McKenzie *et al.* (2015) found that SIYB has assisted many small businesses and further suggested the need for more intensive roll-out of the training programmes to have larger effects on business practices and performance.

Training and capacitating SMEs helps to combat the phenomena of small businesses failing within their first few years of existing. According to Brink *et al.* (2013) the survival rate of SMEs (small and medium enterprises) is relatively low. Less than half of newly established businesses survive beyond five years. This is not only true for South Africa, but also a common phenomenon in the rest of the world. To address this challenge, there are various strategies and approaches used particularly by governments because the prosperity of small businesses is good for any economy, due to the important role played by this sector in job creation and economic development. Such strategies included capacity building and training of small businesses.

Snider (2015) indicated that, the profitability of firms, regardless of size, depends upon effective marketing (First Research, 2014). Small business owners need business strategies that differ from those of large firms, but owners often lack training in business and marketing strategies. This was further supported by Bowen *et al.* (2009)

cited by Ranyane (2014) in a study of a relationship between business performance and level of training in 70 micro-enterprises in Nigeria. Their study revealed that 49% of the 51% of participants who had received training in their areas of business were doing well in business. Sixty per cent of the participants who were not trained reported that their businesses were poorly performing, while only 39% reported their business to be doing well without training. This therefore indicates a negative relationship between lack of training and business performance.

Ranyane (2014) clarified what is meant by support and its purpose, as the action of holding together or keeping intact in order to prevent breakage or the falling apart of an object or system. All types of businesses are supported in one way or the other to avoid failure. There are various ways of supporting businesses, with financial assistance and training as the most recognised and used forms of support in small business development sector. It is important to recognise that supporting small business is not a once-off intervention. To further illustrate this point a “*mother and new-born baby*” relationship or care analogy will be used. Like all small babies, small business are very fragile and vulnerable at their early stages of life or existence. A comprehensive and concentrated care and support needs to be provided at this stage. As the baby grow you gradually change and adapt your support small businesses. International Finance Corporation (IFC) (2006) defines business support services as the non-financial services and products that are offered to entrepreneurs at the different stages of their business needs and that are primarily aimed at skills transfer and business advice to develop, promote and improve the business performance.

To develop and support small businesses, Ranyane (2014) developed a 5 phased training strategies model.

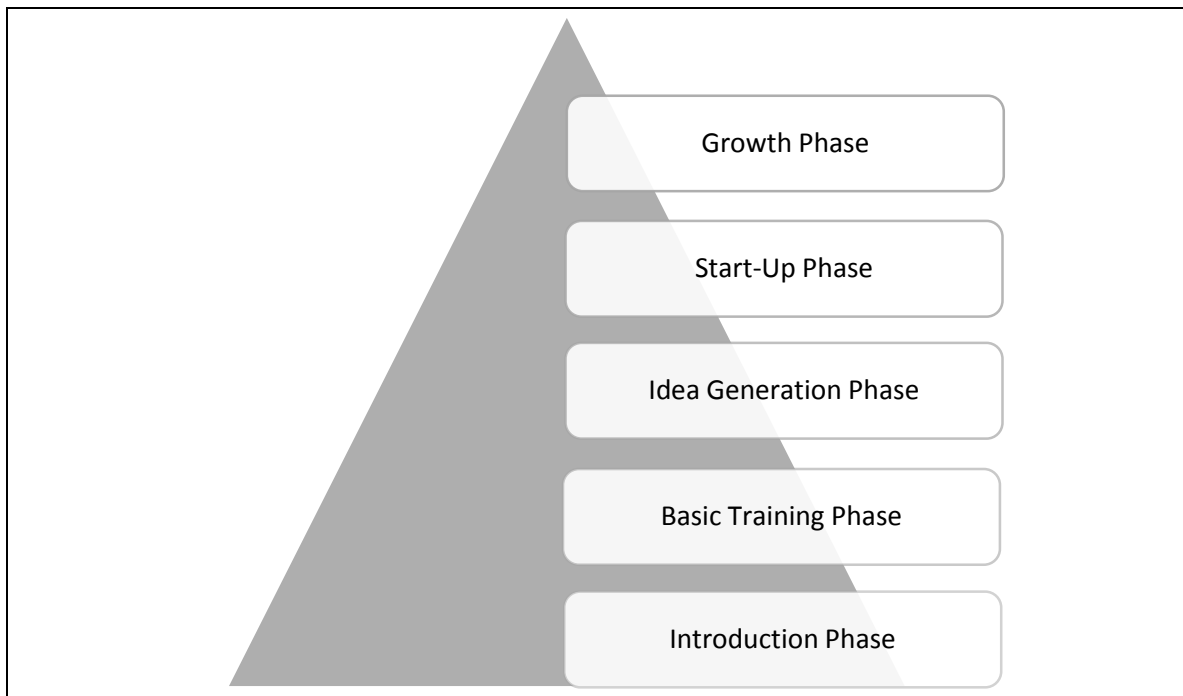


Figure 2: Phased training strategies model.

Source: Adapted from Ranyane (2014) training phases for the survivalist entrepreneurs to become viable in the business activities

- i. **Introduction Phase:** This phase assist entrepreneurs to get broader understanding of a business and motive for starting a business. It further emphasises how business can become a form of employment and finally highlight the issues surrounding being an entrepreneur. This phase is regarded as an “Introspection Phase” as the entrepreneur is discovering himself/ herself and checking whether this is a route to take.
- ii. **Basic Training Phase:** Once the entrepreneurial abilities and attributes have been identified, the entrepreneur is then provided with prerequisite skills and further capacitated to be able to identify opportunities. It is in this phase where the decision on the type of trade to venture into as well as financial assistance with registration of business are undertaken.
- iii. **Idea Generation Phase:** During this phase, the entrepreneur is assisted to write-up a business plan and growth plan. The entrepreneur is further assisted with setting up of business and mobilising financial support.

- iv. **Start-up Phase:** This refer to running of a business as per business plan, i.e. putting the first three phases into practice and mentoring and guiding programme to commence.
- v. **Growth Phase:** This phase is focused on expanding the business as per the growth plan and continue mentoring and guiding of the entrepreneurs.

This model is very similar to the analogy of raising “*a new-born baby*” indicated above as well as emphasising the point of mentorship. Mentorship is a critical process of developing and supporting small business. Various authors have defined mentorship differently, Spiller (2011) listed some of the definitions provided by various authors on mentorship. For example: (a) mentorship as a complex, interactive process occurring between individuals of differing levels of experience and expertise which incorporates interpersonal or psychological development, career and/or educational development, and socialization functions into the relationship; (b) mentorship involves carefully planned activities to encourage mentees to analyse and reflect on their work performance, and to review the proposed next step in their personal career management programme.

Munyanyiwa *et al.* (2016) defines mentorship as a process that involves teaching *protégés* how to advance in an organization, promoting their careers by advocating their ability and gaining them exposure and visibility, and serving as a counsellor. Lacey (1999) sees mentorship as a partnership between a more experienced person and someone new to a role or the organisation. It involves teaching, counselling, providing psychological support and motivation. For Applebaum (2000), mentoring is the process of empowering individuals by helping them capitalise on their personal and professional strengths, giving them the support and guidance to challenge themselves and take risks, and helping them to find an appropriate and rewarding career path.

It has been proven that formal training alone without practical exposure is not effective. Mentorship is another element to add practical component in training and also to assist the small business owner by hand-holding and supporting them through expert advice

of an experienced entrepreneur, undertaken through coaching and supervision. This clearly demonstrate that developing and supporting small business in not an event but a process. To get good results from the SMEs, governments need to invest in mentoring small businesses. A study by Munyanyiwa *et al.* (2016) in Kenya found positive relationship between the incubation (mentoring) programme and the performance of the small businesses (mentees). The study indicated that the mentees were appreciative of the value that incubation centre and mentorship contributed to stimulation and nurturing of innovation and creativity. It also re-affirms the role incubation centres play as social capital networking platforms, which provide access to infrastructure (space and equipment), access to seed funding, expertise, mentorship, leveraging access to markets, business.

Studies reveals that supporting small businesses require a holistic approach as there is no “*one-size fits all*” in small business development. Adequate resources need to be dedicated to such initiatives. A study conducted by the National Credit Regulator (NCR) (2011) outlined the importance of training, capacity and managerial competency building to small business owners and also raised that improving the levels of managerial competence and skills small business owners is very important as such , interventions should focus on providing training and courses that will improve the human resource capacities accordingly. These are some of the areas highlighted by the study in supporting small businesses which include the following:

- i. Mentorship/incubation programmes.
- ii. Financial literacy and education.
- iii. Marketing and awareness campaigns.
- iv. Monitoring and evaluations.

Smith, (2015) argues that, business support training is necessary to reinforce entrepreneurial confidence and to develop human capital required for the success of firms. The intervention thus assists the risk averse entrepreneurs who do not want to start their businesses because of the fear of failure. According to the Global Entrepreneurship Monitor Jamaica 2010 Report, it is noted that in 2008, about 26% of

Jamaicans with potential to do business indicated that fear of failure would prevent them from starting any such venture. This proportion was a declined from the 24% in 2009 but again increased to 33% in 2010. To address this fear, interventions need to target and work on the self-confidence of the potential business owner, cultivate and nurture their self-confidence levels. As noted by Scott (2015) that 44% of all SMEs fail within three years of their existence, due to poor management and leadership. This view is further supported by Smith (2015) who took this point further by pointing out that business failures, among younger firm, are associated with deficiencies in managerial knowledge and financial management capabilities.

The study further outlined the most skills gaps that contribute to the failure of small business and these gaps are grouped into two main deficiencies:

- i. **Managerial and planning functions** – this refers to the overall management of the business including pricing strategy and advertising/ promotional and doing business online.
- ii. **Working capital management** – this refers to the management of finances of the business including accounting and record keeping; analysing and forecasting of cash flows.

Similarly to the NCR (2011) report and recommendation, Smith (2015) deduced from the Jamaican small business training study similar types of skills and knowledge needed by small businesses personnel. Amongst the training areas required by Jamaican small businesses were:

- i. Customer Service.
- ii. Managing your business for success.
- iii. Marketing your business.

However, contrary to widely held opinion, the study revealed a low demand for courses such as costing and pricing and financial statement analysis. There were no obvious

reasons for this trend, but it is believed that these courses may have been viewed as too academic by the targeted participants, many of whom would have already taken them at university (80% respondents reported tertiary education as the last level of attainment). Accordingly, it didn't seem as though there was something new or thought provoking that the courses were offering i.e. as costing and pricing to them. This illustrates that there is a need to clearly understand the target audience or market before offering any training intervention.

2.7 Financial Support to SMEs

Supporting small businesses does not only focus on training. Financial support forms part of the entire "basket" of small business support. Kerr (2009) argues that surveys of current and potential entrepreneurs suggest that obtaining adequate access to capital is one of the biggest hurdles to starting and growing a new business. This view is also shared by Chimucheka et al (2015) citing Fatoki (2010) who note that inaccessibility of finance is the second most reported contributor to low firm creation and failure, after education and training in South Africa. Evaluating the impact of financial support to small businesses is equal important.

For any business, (big or small) in order for it to operate, it requires funds. These funds are used for many things which include buying stock and overheads such as paying rent, electricity, transport etc. Access to finance by small businesses is identified by many as an important element that enables SMEs to grow and prosper. Finance is the key factor for a business to exist and survive. Kunt *et al*, (2008) argues that it is impossible for a business to function without any financial injections. This view is further supported by Calopa *et al*. (2014); Kerr *et al*. (2009), Hlatshwako (2012) and Czemieli-Grzybowska (2013) who indicates that one of the most important steps in starting an entrepreneurial venture is to ensure an adequate access to financial resources. Lack of finance can constrain cash flow and hamper businesses' survival prospects (Bank for International Settlements, 2012).

Czemiel-Grzybowska (2013) argued that it is widely believed that small firms have inadequate access to formal venture capital or development finance, specifically in developing countries due to market imperfections. It is therefore often recommended that there should be subsidized institutional finance for small-scale enterprises. The GEM Report 2014 as cited by Cassim *et al.* (2014) indicated that amongst the factors constraining entrepreneurship in South Africa, 65% is attributed to access to finance. Lack of financial support is a universal problem to all small businesses particularly due to the risk associated with small business. Investors and funding institutions are not keen to fund the small business sector because it is considered as risk. According to Nodada (2011), the World Bank Report (2010), and Hlatshwako (2012) risks identified by funding institution associated with extending finance to small businesses, include amongst others:

- i. The perceived risks of dealing with clients that have little financial history, along with the relatively high costs associated with SMME finance.
- ii. Over-regulation of the industry and interest rate ceilings imposed on financial institutions by government detract from the attractiveness of servicing the small business sector.
- iii. The ability of NGOs and specialised micro-lenders to tap into this sector.
- iv. Creditors and investors regard SME's as high-risk borrowers because they have high mortality rates and insufficient assets.
- v. The business plans or proposals presented to funders are inadequate in portraying a convincing picture on the creditworthiness of the business;
- vi. The administrative and transaction costs involved in funding small investments, makes the financing of SMEs to be unprofitable.

Despite these above risks and challenges identified by financing institutions, it is commonly agreed that access to finance plays a critical role in supporting and developing a small business sector in any economy. On the other hand, various studies have indicated the important role played by small businesses in job creation, economic growth and development. Common ground has to be established to ensure that small businesses are not constrained by these challenges. Sitharam (2014)

argued that one of the major challenges pointed out as hindering the growth and survival of start-up SMEs in South Africa is access to finance. Citing Mazani and Fatoki (2012) as well Herrington *et al.* (2008) who point out that inability to access finance is one of the primary causes of the low firm creation and low survival rate of SMEs in South Africa. The following section will discuss types/ source of funding for small businesses.

2.7.1 Types and Sources of Funding Available to Small Businesses

According to Jiang *et al.* (2014), financing is one of the methods for enterprises to get capital and it can be divided into many kinds, but there are two broad sources in which a business can raise or access funds. The first one is internal financing and the second one is external financing to be discussed in detailed below.

(a) Internal Funding

Bougheas (2014) describes internal financing as means of finance whereby an enterprise gets capital from their owners, mainly including retained profits and depreciation. The owner may obtain such finance from what Calopa *et al.* (2014) to as the 3Fs (friends, family and fools) before they approach external formal financing sources (business angels, different funds or banks). This implies that due to unresponsiveness of funding institutions, entrepreneurs resort to accessing venture funding from close relations such as friends and family (informal sources of financing) before they turn to formal and external sources. Lopac (2007) as cited by Calopa *et al.* (2014) argued that this segment of financing is regarded as the "first line" of investors and it is often called "Fools" because they invest their money into start-up companies although all data shows that a great number of start-up companies fail within the first three years of doing business. However, this shows that the entrepreneur believes in his idea and that his family and closest friends are also ready to take the risk and invest in their business idea.

Internal finance is more common on very small businesses (such as survivalist enterprises and micro enterprises) that do not require huge capital injections to enable businesses to start. There are advantages and disadvantages for this source of funding. The main common advantage for this funding source, as demonstrated by Hyder *et al.* (2016), is that it does not have to be repaid and there are no interest rates added or payable. That is, once the owner has made the contribution the business does not have to pay back the since these forms of businesses have unlimited liability status as opposed to businesses with limited liabilities. Which means the owner will be equally responsible for the entire profit and loss (debt) of the business.

However the disadvantage of this form of financing is the limit for the amount that the owner can raise and invest (Rossi *et al.*, 2016). This, therefore, means that the funding is constrained by the availability of funds from the owner. For small and medium businesses which are more structured and capital intensive model, this source of finance will not be sufficient. Rossi *et al.* (2016) summarised the advantages and disadvantages of internal funding using the table below.

Table 2.1: Advantages and Disadvantages for Internal Funding

Advantages and Disadvantages for Internal Funding	
Advantages	Disadvantages
Capital available	Expensive: is not tax-deductible
No interest	No increase of capital
Spare credit line	Not as flexible as external financing
No control procedures regarding creditworthiness	Losses are not tax-deductible
No influence of third parties	Limited in volume

Source: Rossi *et al.* (2016).

(b) External Funding

External funding is the second source of funding/ finance. Brown *et al.* (2015) describe it as the form of finance that a business obtain from the external sources, i.e. outside of the business or the owner. Rossi *et al.* (2016) and Calopa *et al.* (2014) outlined different sources of external finance which includes:

- i. **Bank loan or overdraft:** these are referred to as the traditional and probably one of the oldest formal financial sources for many entrepreneurs and it mean that an individual or company can take a loan from one or more banking institutions.
- ii. **Trade credit:** refers to the supplier allowing the business/ buyer to take goods and pay later. I.e. the supplier extended credit to the buyer and let the buyer to take delivery of materials, equipment or other valuables without paying cash immediately.
- iii. **Debt financing:** refers to the case where companies get finance products in a form of loan from lending institutions and give their promise to repay back at a given period of time and interest rate (Cooper and Ejarque, 2003) as cited by Osano *et al.* (2016). Furthermore, debt financing is the most common instrument used in the financial market for obtaining funds for investments and to finance new businesses including SMEs. This involves an agreement between the lenders and the borrowers, concerning the fixed interest rate to be paid for the loan in a given period of time.
- iv. **Seed funding:** It is also known as initial investments that help start-up companies in expanding their business. Start-up companies engaged in high growth firms or rapid growth potential businesses often explore seed investments in order to accelerate their growth and the development of their products (Brezak Brkan, 2010) as cited by Calopa *et al.* (2014). A very popular way of funding start-up companies and receiving seed investments are private investors who want to invest their capital into potentially successful businesses. It is rather common that seed investments are collected at the earliest stage of fundraising and they usually include personal savings and funds from family members and friends (smallbusiness.chron.com, 2013).

- v. **Leasing:** leases are used as an alternative form of financing and is defined as a contract between a lessor and a lessee for the hire of a specific asset for a specific period on payment of specified rentals.
- vi. **Public funds:** mainly include commercial credit and private lending. Commercial credit means enterprises provide credit with direct relation to commodity transaction each other, such as payment by instalment or credit, and down payment, which can avoid lot of limits like bank loans and decrease the cost of raise funds. Private lending is that the lending occurs between the citizens, citizens and legal persons, and, citizens and other organizations, and is increasingly active with the advancement of the market economy of the society.
- vii. **Private equity financing:** according to Jiang (2014), means enterprises shareholder give up part of ownership of the business and introduce new shareholders by increasing capital of enterprises. This shows an advantage that enterprises don't need to pay interest, but new shareholders can share enterprises' profits with old enterprises.
- viii. **Venture capital (VC) or Risk Capital Investments:** is defined as the investment that comes from individuals, companies or funds that invest in individual companies in order to help their development. Venture Capital investments are not the same as bank loans because after investing venture funds seek for a corresponding part of the ownership in the company, while banks enter into a financing for an exactly determined time period and with precisely defined interest rates. Venture Capital is not affected by company's cash flow and it does not create any costs, while bank loans are always time-limited and during the entire repayment time they burden the company's cash flow (Rakar 2006) as cited by Calopa et al. (2014).
- ix. **Business angels:** Calopa et al. (2014) describes business angels as investors who help entrepreneurs to realize their business ideas. In addition, business angels help by sharing their knowledge, experience and financial resources not only with start-ups but also with established businesses that already have a track record but are temporarily in financial difficulties. The greatest value of business angels is the so-called "smart funding" that includes providing skills, expertise and business contacts, while most common reasons for investing are acquisition

of profit, encouraging entrepreneurship, business activity and creating new value for money.

- x. **Bond financing:** This source of financing is mostly used by large companies and multinational companies. It requires that the enterprises to issue bond to investors according to certain rules, pay certain interest within certain period of time, and repay principal according to agreed conditions. Bond financing is relatively flexible, interest and principal repayment can be formulated according to each corporate.

Similar to the internal financing, the external financing has its own advantages and disadvantages. One of the advantages for external financing is that the enterprise is able to receive more funds at a larger scale thereby gaining greater economies of scale in the product that is being produced. Also, external funding assist the business to grow faster because with more funds there is potential to improve productions and other business activities. However, there are disadvantages that are associated with external funding. For example, if the business is financed through private equity, it means that the enterprise shareholder/s gives up part of ownership of the business and introduce new shareholders by increasing capital of enterprises and the new shareholders will have a stake in the business. That is, the owner suffers losses in some controlling powers in the business. The cash flow will be negatively affected. Rossi *et al.* (2016) tabulated these advantages and disadvantages as follows:

Table 2.2: Advantages and Disadvantages for External Financing

Advantages and Disadvantages for External Financing	
Advantages	Disadvantages
Faster growth	Loss of ownership
Greater economies of scale	Loss of control
Leveraged return Cost	Cost
	Cash flow

Source: Rossi *et al.* (2016).

2.7.2 Importance of Small Business Financial Support

Kerr (2009) argues that surveys of current and potential entrepreneurs suggest that obtaining adequate access to capital is one of the biggest hurdles to starting and growing a new business. This view is also shared by Chimucheka *et al* (2015) citing Fatoki (2010) who note that inaccessibility of finance is the second most reported contributor to low firm creation and failure, after education and training in South Africa. In Ghana, Cuevas *et al.* (1993) cited by Ackah and Vuvo (2011) indicates that access to bank credit by SMEs has been an issue repeatedly raised by numerous studies as a major constraint to industrial growth in Ghana. A common explanation for the alleged lack of access to bank loan by SMEs is their inability to pledge acceptable collateral or viable/ bankable business proposal.

Lack of finance constrain cash flow and hamper businesses' survival prospects according to the Bank for International Settlements (2012). One of the biggest challenges facing small businesses is access to finance and credit. The absence of economic capital to small business is one of the most important obstacles to economic growth because as noted by Rossi *et al.* (2016) on the European statistic that 20 million European SMEs play an important role in the European economy. In 2012, they represented 99.8 % of the total number of companies, and 66.5 % of all European jobs for that year. During the same year, the SME sector as a whole contributed to 57.6 % of the gross value added generated by the private, non-financial economy in Europe. On the other hand, Azeem *et al.* (2013) with regard to Pakistani's economy, said that the Pakistani economy undoubtedly is an SME economy as it is the second most important sector of economy after agriculture. Around 3.2 million SME are registered business and offered 99% of employment opportunities according to the Country's Federal Bureau of Statistics (FBS). FBS claims that contribution of SME in Pakistan was significant in 2011; SME contributed 40% in GDP with 140 billion (US Dollar) in exports. Share in GDP was 10% more in 2011 as compared to previous three years. Punjab was leader in SME as 65% business activities were being operated in Punjab while the rest was there in other three provinces.

In supporting these views, Czemiel-Grzybowska (2013), Bouri (2011), Azeem *et al.* (2013) argued that small business enterprises are significant contributor to GDP and important source of employment in every economy including the developed countries. Therefore by supporting small businesses you are directly contributing to job creation and economic growth for the country. As a result financing small businesses is very important for any economy because of their contribution. Ayatse *et al.* (2017) revealed that the limited availability of financing and minimal financing channels to SMEs are significant issue for governments, policy developers and have a deeper interest for researchers all over the world.

Therefore, given the small businesses' economic relevance, their role and their ability to grow and develop the economy is essential. Czemiel-Grzybowska (2013) revealed that it is often recommended that there should be structured systems, policies, programmes and subsidized institutional finance for small-scale enterprises. World Bank also approves of SME (small manufacturing enterprises) support programs. This is evidence on the initiatives taken by different countries to support and develop small businesses. For example according to Azeem *et al.* (2013), the Government of Pakistan is providing facilities to SMEs for prosperity of economy. Small and Medium Enterprises Development Authority (SMEDA) was incorporated in 1998 under the Ministry of Industry and Production. It has brought a revolution and launched different programs and policies to support and strengthen SMEs in Pakistan with clear-cut objectives. SMEDA provides different facilities to this sector including the access to international grants, facilitation in securing financing, identification of opportunity on the basis of demand and supply, conduct seminar and training workshops and support in business development.

According to Osano *et al.* (2016), a number of initiatives for SME support are in place in many countries which include Brazil, Argentina, Chile, Uruguay, and Mexico. In the European Union and other countries, such initiatives are covered by the specific acts of SMEs: in India by Micro and SME Development Act, in Kenya by Micro and Small

Enterprises Act, in Malaysia by SME Master Plan, in Tanzania by the SME Development Policy, and in the USA by the Small Business Act. The government of Kenya has put in place the Micro and Small Enterprises Act as initiative aimed at encouraging all Kenyans in establishing SMEs by creating an enabling environment for small businesses to thrive and enhancing access to funding.

2.7.3 Government small business support in South Africa

According to Rossi *et al.* (2016), the challenge of access to finance by small business is a universal problem, particularly in developing countries. In order to address this challenge different interventions and support programmes have been put in place by different countries including South Africa. For example, the National Credit Regulator (NCR) Report 2011 identified funding streams that have been made available by the South African Government to small businesses, such as the Black Business Supplier Development Programme (BBSDP); The Export Market and Investment Assistance (Emia); Support for Industrial Innovation (Spii); etc.

Mungai (2012), outlined that there are different agencies established by the South African Government to provide financial support to small business given the critical role that is played by the small business sector in job creation and economic development. These agencies (mentioned below) serve different segments of the small sector based on the size and the amount of funding required.

2.7.3.1 Industrial Development Corporation (IDC)

The Industrial Development Corporation (IDC) of South Africa Limited was established in 1940 by an Act of Parliament (Industrial Development Corporation Act, No. 22 of 1940) and is fully owned by the South African Government (IDC, 2017). With the original mandate, the IDC sought to develop domestic industrial capacity, specifically

in manufactured goods to mitigate the disruption of trade between Europe and South Africa during the Second World War. The Corporation contributed to the implementation of South Africa's industrial policy for more than 70 years and established, among others, the petro-chemicals and minerals beneficiation industries, stimulated large industrial projects in these industries.

During the 1990s, the mandate for IDC was expanded to include investment in the rest of Africa. The Mozal aluminium smelter in Mozambique was the first such venture that benefited from IDC funding. The Corporation secured investors from around the globe to establish a major industrial enterprise in a country plagued by decades of civil war. Currently, IDC's investments in Africa include mining, agriculture, manufacturing, tourism and telecommunications.

a) IDC Funding

As per the revised mandate, the IDC's role is to enhance the industrial capability of South Africa, and the rest of the continent, thereby boosting economic growth and industrial development. This is done through funding entrepreneurs starting new enterprises or supporting companies that want to extend existing operations. The funding of start-up and existing businesses is up to a maximum of R1 billion. There are number of special schemes and instruments used to fulfil this responsibility. They include *inter alia*:

- i. Funding can be structured in a number of ways.
- ii. Debt.
- iii. Equity and quasi-equity.
- iv. Guarantees.
- v. Trade finance.
- vi. Venture capital.

2.7.3.2 National Empowerment Fund (NEF)

The National Empowerment Fund (NEF) was established by the National Empowerment Fund Act, 1998 (Act No. 105 of 1998) (NEF, 2017). It is regarded as a driver and thought leader in promoting and facilitating black economic participation by providing financial and non-financial support to black empowered businesses, and promoting a culture of savings and investment among black people.

a) NEF Funding

The NEF provides business loans from R250 000 to R75 million across all industry sectors, for start-ups, expansion and equity acquisition purposes. The NEF provides and administer the following funds:

- i. **iMbewu Fund:** This Fund is designed to support black entrepreneurs wishing to start new businesses as well support existing black-owned enterprises with expansion capital. The Fund supports these entities by offering debt, quasi-equity and equity finance products using either Entrepreneurship Finance model, Procurement Finance model or Franchise Finance model with the funding threshold ranging from a minimum of R250 000 to a maximum of R10 million.
- ii. **uMnotho Fund:** This Fund is designed to improve access to Black Economic Empowerment (BEE) capital and has five products: Acquisition Finance, Project Finance, Expansion Finance, Capital Markets Fund, and Liquidity and Warehousing. These products provide capital to black-owned and managed enterprises, black entrepreneurs who are buying equity shares in established black and white-owned enterprises, starting new ventures, expanding existing businesses and BEE businesses that are or wish to be listed on the Johannesburg Stock Exchange (JSE). Funding ranges from R2 million to R50 million and details of the five products are provided below:

- iii. **Rural & Community Development Fund:** The Rural and Community Development Fund was designed to promote sustainable change in social and economic relations and supporting the goals of growth and development in rural economy, through financing of sustainable enterprises. This would be achieved through the mobilisation of rural communities in legal entities or cooperatives, in order to participate in the broader economic activities and realise the economic transformation goals in rural South Africa. The fund has three products: Acquisition Finance, Expansion Capital and Project Finance (New Venture/Start-up/Greenfields) with the funding threshold ranging from a minimum of R1 million to R50 million.

- iv. **Strategic Projects Fund (SPF):** The Fund is designed to increase the participation of black people in early-stage projects, aligned to Government's policy imperatives on strategic projects. The Fund seeks competitive opportunity for the South African economy and the inclusion of black participation in opportunities at the outset of projects, as opposed to doing so during equity closure. SPF's sector focus is informed by the government's strategies on industrial development through the Department of Trade and Industry (the dti) National Industrial Policy Framework, the corresponding Industrial Policy Action Plans [IPAP] as well as the current government economic growth strategy, the New Growth Path (NGP). The sectors identified based on the IPAP and the NGP.

2.7.3.3 Small Enterprise Finance Agency (SEFA)

The Small Enterprise Finance Agency (SEFA) Ltd was established on 1st April 2012 as a result of the merger of the South African Micro Apex Fund (SAMAF), Khula Enterprise Finance Ltd and the small business activities of the IDC (SEFA, 2017). The Agency operates as a development finance institution (DFI) and reports to the Department of Small Business Development (DSBD). In line with its mandate, SEFA provides financial products and services to qualifying SMEs and co-operatives as defined in the National Small Business Act of 1996 as amended.

a) SEFA Funding

SEFA uses two approaches/ channels to funding small businesses i.e. either wholesale lending or direct lending channels.

- i. **Wholesale lending:** Through its wholesale lending, SEFA provides facilities (debt/ equity) to intermediaries, joint venture, partnerships (Specialised Funds) and other collaborative relationships to extend SEFA's reach of making funding available to small businesses across South Africa. The target market is survivalists, micro, small and medium businesses including co-operatives (SMEs) falling in the following funding gap:
 - a. Survivalists and microenterprises – loans between R500 and R50 000
 - b. Small Enterprises - loans between R50 000 and R1 million
 - c. Medium enterprises – loans between R1 million and R5 million
- ii. **Direct lending channels:** These are loans that SEFA provides directly to small and medium-sized enterprises as well as co-operatives operating in all sectors of the economy. The facilities range from a minimum of R50 000 to a maximum of R5 million.

2.7.3.4 Co-operative Incentive Scheme (CIS)

The DSDB (2017) describe the Co-operative Incentive Scheme (CIS) as a 100% grant for registered primary co-operatives (a primary co-operative consists of five or more members). With the primary aim to improve the viability and competitiveness of co-operative enterprises by lowering their cost of doing business through an incentive that supports Broad-Based Black Economic Empowerment (B-BBEE) principles. The grant range from a minimum of R1000 to a maximum of R250 000.

The objectives of the Scheme are to:

- i. Promote co-operatives through the provision of a matching grant.
- ii. Improve the viability and competitiveness of co-operative enterprises by lowering the cost of doing business.
- iii. Assist co-operatives to acquire their start up requirements.
- iv. Build an initial asset base for emerging co-operatives to enable them to leverage other support.
- v. Provide an incentive that supports broad-based black economic empowerment.

2.7.3.5 Summary of SME Funding

The table below attempts to plot the appropriate funding agency as per each agency target market (segments of SMEs) against a relevant small business, using the South African SMME definition as per the NSBA (2003).

Table 2.3: SMME Segments and Funding Agencies

Enterprise Size	Number of employees	Annual Turnover	Relevant DFI
Micro-Enterprise (Survivalist)	Less than 5	Less than R200 000	Co-operative Incentive Scheme (CIS); Small Enterprise Finance Agency (SEFA)
Very Small Enterprise	Between 10-20, depending on the sector or industry	Between R500 000 and R6 million, depending on the sector or industry	Small Enterprise Finance Agency (SEFA); National Empowerment Fund (NEF)
Small Enterprise	Less than 50	Between R3 million and R32 million, depending on the sector or industry	Small Enterprise Finance Agency (SEFA); National Empowerment Fund (NEF); Industrial Development Corporation (IDC)
Medium-Enterprise	Between 100-200, depending on the sector or industry	Between R5 million and R64 million, depending on the sector or industry	National Empowerment Fund (NEF); Industrial Development Corporation (IDC)

Source: adapted from National Small Business Amendment Act (NSBAA), 2004

Despite the above, the NCR Report (2011); Osano *et al.* (2016) identified gaps and deficiencies on some of the government support programmes to small businesses, *inter alia*:

- i. Lack of awareness (outreach), some small business especially in rural areas do not know or have information about these programmes.
- ii. Uneven distribution (concentration in metropolitan areas): majority of the programmes are focusing in urban areas and metropolitan areas.
- iii. High cost of searching for support services: it is expensive for small businesses to search some of these products and services offered by government. This is not mitigated by any effective information on how and where to access support.
- iv. Cumbersome administrative requirements: to access these programmes requires SMEs to endure a lot of “red-tapes” and discouraging administrative processes. This resulting in user fatigue and high levels of disappointment.

Maloka *et al.* (2016), Osano *et al.* (2016) also argued that despite the availability of those funding programs in South Africa, there was a low awareness of funding programs especially government support schemes. This however does not discount the important role of financing as supporting small businesses due to their significant impact on job creation and economic growth as noted by Jiang *et al.* (2014).

2.8 Effective Support to Small Businesses and Best Practices

Supporting small businesses has been identified by government both in developing and developed countries as an important intervention due to their contribution to the economy. Bouri (2011), outlines the role of the small businesses sector as the backbone of the economy in high-income and low-income countries. Some studies have revealed that small businesses by number, dominate the world business stage and the support provided to the SMEs sectors vary from country to country.

The question that arises is whether the support is effective or not and if the support provided does yield the intended results and or outcomes. In a study conducted by Mago *et al.* (2013), it was found that the noble and well-intended government support programme tend to be less-effective not by design, at least, but most of them suffer from sub-optimal implementation. The lack of awareness has been identified as a key reason why there is little up-take from government support programmes. This view is supported by the NCR Report (2011) and Egelsner *et al.* (2013). On the other hand, Audet *et al.* (2007:27) cited by Maluleke (2013) identified what they refer to as “after-care” support as another challenge that constrains the support provided to small businesses. This means there is no adequate follow-up and substantial mentorship provided to small businesses once they have received support. The South African Institute of Chartered Accountants (SAICA, 2015) also supports this view and by stating that SME success rate increases with the provision of mentorship and technical assistance. Egelsner *et al.* (2013), concluded that for training to be effective and achieve the intended results, the following areas *inter alia* must be taken into consideration:

- v. **SME’s training courses must be well organised by committed consultants.**
This means the venue where the training is taking place must be conducive for learning and training, logistics training materials transportation and accommodation, if necessary, must be properly organised.

- vi. **Government should provide effective training so that SME’s will thrive in their venture.** This means that training should directly respond to the needs of entrepreneurs and must be conducted in a language that is well understood by entrepreneurs including use of relevant and practical examples by the trainers. This was further confirmed by a study conducted by Maluleke (2013) which found that most of the SMME training is not targeted at any specific groups or sector. This is compounded by the demonstration or failure by training providers to take into consideration the diversity of SMME capacity building requirements as well as developing programmes that respond to specific and individualised support needs of different businesses. Mago *et al.* (2013) assessed the South African Government’s support to SMME demonstrates that government agencies are unable to effectively communicate with their targeted market due to over reliance

on English as their medium of communication or instruction. As such, there is a need to develop comprehensive communication strategies and programmes to enable them to achieve their intended goal.

- vii. **Training programmes should be well publicised in advance for participants** to get all the necessary documents in time for active participation at such training programmes. This means entrepreneurs should be given enough time to prepare for the training including the time to seek locums whilst they attend training.

In order to improve support provided to small business, structured interventions are important. For example, Afolabi (2012) recommends that structured training intervention is very important and should be developed for all identified skills sets and that training plan for emerging entrepreneurs should focus largely on both soft skills, management skills and the technical skills of the proposed venture. Furthermore, a study conducted by Ntlamelle (2015) found that the incubation business support model is a platform that can assist entrepreneurial ventures to defy the market failures that threatens many small businesses in South African. The following section will discuss 3 main support interventions to small businesses: (i) mentorship model; (ii) incubation model and (iii) informal/ unstructured model.

2.8.1 Mentorship Model

In discussing this model, it is important to understand the concept first and the term mentorship. Literature has provided various definitions for the term mentoring and refined it along the line over time. Spiller (2011) describes the word “mentor” as it has become widely used in organisations and in a range of professional contexts and often used synonymously with the related concepts of coaching and supervision. Whereas the mentoring relationship may involve elements of both of these activities, the role of mentor is generally broader and less specific than either of these terms suggest. Traditionally, mentoring has been seen as a supportive relationship between an experienced person (the mentor) and a less experienced protégé. Ayatse (2017) citing

Inzer *et al.* (2005), defines mentoring as a one-to-one relationship in which an expert or a senior person voluntarily gives time to teach, support, and encourage another (Santamaria, 2003). The term mentor came from Greek mythology from the name of an old man who Odysseus left in charge of his home and his son, Telemachus, while he went on a ten-year journey. Mentor helped the boy become a young man and on occasion saved his life. The concept of mentoring therefore relates to emotional support and guidance usually given by a mature individual to a younger person called a protégé.

Over time, there has been much refining of the definition of the term mentoring. According to Zachary (2002) as cited in Ayatse (2017), mentoring refers to passing on knowledge of subjects, facilitates personal development, encourages wise choices, and helps the protégé to make transitions. In other research findings, it is stated that most of the literature primarily examines mentoring in relation to individual career development, with the mentor assumes the role as a friend, career guide, information source, and intellectual guide. This review promotes mentoring with peers, whereas those in the mentoring relationship are colleagues. Both participants have something of value to contribute and to gain from each other. Participants in peer mentoring are more likely to achieve a level of mutual expertise, equality, and empathy frequently absent from traditional mentoring relationships.

In small business world, according to Memon *et al.* (2015), mentor guides entrepreneurs from conception of business to product development and business growth. The entrepreneur may need different mentoring support and skills depending on the type of entrepreneurs, personality traits, or decision-making style and phase at which entrepreneurs are at that moment. Studies indicate that there are various mentoring phases that pass through four stages. The table below will outline those stages:

Table: 2.4: Stages of Business Development

Mentoring Stages	Activities
<p>Stage 1: Initiation Stage</p>	<ul style="list-style-type: none"> • Engagement phase: This is the first phase where the mentor and mentee are starting to talk and engage each other. • Establishing identity of dyad as entity (i.e. the dimension of relationship which is critical in increasing the probability of meaningful and more frequent interactions, which is an important feature of high-quality relationship) • Forging attachment to one another: it is at this stage where the mentor and mentee forming that important bond for the successful relationship.
<p>Stage 2: Cultivation Stage</p>	<ul style="list-style-type: none"> • Active phase: During this phase the mentor and mentee are actively engaging and building this relationship. • Confirmation of roles: The roles and responsibilities between the two parties are also confirmed at this stage. • Mutuality of self-disclosure: Honestly is the backbone of a successful mentoring relationship. The mentor and mentee need to disclose their interest and anything that may jeopardise the relationship. • Clear relational boundaries: Clear boundaries and are drawn at this phase to ensure that each party is fully aware of how far this relationship goes and the parameters. • Information sharing: it is during these phase where the mentor and mentee share that information which brought them together. It all happens at this stage.
<p>Stage 3: Closure or Separation Stage</p>	<ul style="list-style-type: none"> • Ending phase: like everything else, there is a beginning and the ending, so is mentorship. Mentorship as an intervention has time frame it does not go forever, it does come to an end after that period and it is during this phase where the mentorship as process ends. • Physical and emotional separation: the mentor and mentees remove their physical and emotional attachments from each other. • Obtaining closure: They close the chapter and access their achievements.
<p>Stage 4: Redefinition Stage</p>	<ul style="list-style-type: none"> • Friendship phase: it is at this stage where the mentor and mentee assess if they can still engage, however at another level (either friendship or colleague), which usually does not have a time line • Supportive colleagues: Also whether the mentor will still continue to support the mentee at colleague level is discussed at this stage. • Possible friendship: Again because of the close relationship, openness and honesty established in phase 2, mentor and mentee usually carry on as friend after the third stage of mentorship.

Source: adapted from Memon *et al.* (2015),

Following the above stages, studies demonstrate an important role played by mentorship as an effective tool for breaking down barriers to successful entrepreneurship. Smith and Beasley (2011) as cited by Moulson (2015) studied entrepreneurs in the United Kingdom to determine what obstacles they faced and what they could do to remove them. The interviewees of the study mentioned constraints such as an initial lack of general business skills, access to specialist advice, and family entrepreneurship experience. The constraints are in line with other work by Lockyer and George (2012) who studied barriers women face to opening businesses. In each of these studies, mentoring was an effective tool to overcome barriers. Accordingly, mentorship is a tool that small business owners can use help them navigate these challenges. Studies further revealed that mentorship is more effective if it is done by someone who is already in the field with practical experience. Eesley (2013) argued that entrepreneur mentors, especially serial entrepreneurs who have failed before, can help their mentees reduce their fear of failure, because they can help them to develop a more realistic assessment of the possible choices in their ventures.

Because of the important role played by mentors to assist, development and improve small business performance, government around the world are using the mentoring tool. For example, Moulson (2015) states that the Centre for Innovation Incubation and Entrepreneurship (CIIE) in India has developed a programme called Mentor Edge (Gupta & Asthana, 2014). The programme is a pan-India initiative that provides networking and handholding support to new entrepreneurs (Gupta & Asthana, 2014). Gupta and Asthana found the mentees were satisfied with this program, and their mentor helped them achieve their goals. In South Africa, government has initiative different mentorship programme to support and development small business, for example **SEFA Pre-loan Mentorship Programme and Post-loan Mentorship Programme**, the programme aimed to provide business mentorship to entrepreneurs who have received funding from SEFA and those who are applying. SEFA assesses applications and approve following preparation of a specific intervention. A mentor is then appointed and the mentorship process commences with dissemination of regular reports to all parties. The mentorship is terminated at a pre-agreed period (SEFA 2017).

2.8.2 Incubation Models

Another effective model to groom small business in order to be able to withstand challenges facing the small business sector is incubation. According to Fetola (2017), business incubation is the term given to the business support process designed to accelerate the successful growth and development of start-up and fledgling companies, by providing entrepreneurs/ business owners with an array of targeted resources and services. Incubation is global phenomenon and there are many thousands of incubators worldwide. As far back as 2005, North American incubation programmes were already assisting more than 27,000 companies that provided employment for more than 100,000 workers and generated annual revenues of \$17 billion (US Dollars).

Most business incubation are provided in a specific fixed location, where space, desks, computers and other basic services are available. However incubators can also be 'virtual' - providing support to businesses at a distance rather than at one fixed site.

According to Allahar *et al.* (2016) incubators offer the following services to small businesses who are part of a programme:

- i. Incubator space: offices or workshops, sometimes labs, available on a flexible, affordable on temporary basis, pre-incubation rooms.
- ii. Common services: includes: secretarial support, telephone answering, common reception, mailing facilities, access to computers and other office equipment, meeting rooms and (in some cases) cafeteria/canteen facilities.
- iii. Business counselling: 'hands-on' assistance with regard to business planning, training in management skills, access to accounting, legal, marketing, financial expertise and ad-hoc advice.

- iv. Access to finance and specialist advice: some operate own seed and venture capital funds; access to specialist advice will be provided if an incubator does not have the skills and know-how itself.

In South Africa both government and the private sector including non-governmental organisation sector have established incubation centres for different sectors. The following are some on the incubation initiatives by both government and private sector available in South Africa according to (Business Partners 2016).

a) Seda Technology Programme (STP)

According to SEDA (2017), Seda Technology Programme (STP) is a division of Seda (Small Enterprise Development Agency) focusing on technology business incubation, quality & standards and technology transfer services and support to small enterprises. STP seeks to stimulate economic growth and development through facilitating technological innovation increasing the accessibility to, and utilisation of, technology and technical support for small enterprises, whilst at the same time improving the sustainability and international competitiveness of small enterprises supported through the programme. STP, as a programme of the Department of Trade and Industry (the dti), is responsible for the provision of both financial and non-financial technology transfer, business incubation and quality support services for small enterprise.

b) Seda Construction Incubator (SCI)

Seda Construction Incubator (SCI) is a public benefit organisation according to SEDA (2017) mandated to develop and mentor emerging construction companies in South Africa. The Core business of SCI is to develop emerging contractors through the infusion of both technical and business administration skills that are aligned with the introduction of technology in order to enhance the efficiency and management of their businesses. The Incubator provides support to selected participants for a period of

three years by which each emerging contractor should have advanced by at least one grading level above their entry point of the Construction Industry Development Board (CIDB) register and be capable of operating unassisted in the open market.

c) The Maxum incubation programmes

According to the Innovation Hub (2017), the Maxum incubation programmes provide an enabling environment where start-ups from the knowledge-intensive sectors can operate. Maxum is full membership of the National Business Incubation Association in the UK, incubation processes and outputs are benchmarked on a continual basis against international good practice. There are two programmes within this incubator programme: Innovation Factory and Maxum Core. The Innovation Factory Programme is for pre-commercial companies who are still in the initial development stage of their business. The Maxum Core Programme is aimed at commercial companies that have secured an investment or made a sale from a willing customer. Entrepreneurs fall into four categories; mobile, smart industries, bio-economy, and green economy.

Furthermore, the Innovation Hub (2017), outlines how an entrepreneur participate in the programme, for example, entrepreneurs apply and the application is evaluated and if accepted, the entrepreneur is invited to a pitching session in which they have 30 minutes to present their business case or idea to a live panel of judges. The panel consists of mentors who are business experts or consultants, as well as staff members from the other programmes aligned to the aforementioned categories.

Maxum offer the following products and services:

- i. Business Development guidance, training and tools including idea workshops, growth wheel assessments, financial and project management training and tools.
- ii. Mentorship: 3 hours per month for 3 months initially.

- iii. Value-added services: Legal support, IP strategies, marketing/ branding, 3D printing services.
- iv. Hi-tech office space and boardroom facilities: formal office space for Maxum Core entrepreneurs and Maxum/ T-Systems 'hot desk' space for Innovation Factory entrepreneurs.
- v. Start-up Support Programme: seed funding which has its own internal application process for funding up to R1.5 million.
- vi. Access to network of public and private sector partners: external funding, potential customers, potential investors; and peer collaboration.
- vii. Information on new opportunities including in-house and external innovation competitions.
- viii. Soft-landing support via incubation and science park partners locally (e.g. Bandwidth Barn) and internationally (e.g. FONGIT Geneva).
- ix. Access to technology partners such as the CSIR and universities which also offer contract research services and licensing of technologies coming out of their research and develop (R&D) process.

d) Shanduka Black Umbrellas (SBU)

Shanduka Black Umbrellas (SBU) according to Black Umbrellas (2017) works with partners in the private sector, government and civil society to address the low levels of entrepreneurship and high failure rate of emerging businesses in South Africa. The initiative strives to develop 100% black owned businesses to a level where they can gain meaningful access to markets, finance and networks and facilitate access to these opportunities.

SBU nurtures qualifying 100% black-owned businesses in the critical first three years of their existence by providing incubators that have office infrastructure, professional services and a structured mentorship programme at a highly subsidised rate. Shanduka Black Umbrellas has incubators in Cape Town, Johannesburg, Pretoria, Durban, Lephalale, Port Elizabeth, Richards Bay and Mooiwool in the North West.

2.8.3 Informal and Unstructured Model

In computer science language, according to Bukhsh (2015) unstructured processes, as the name implies, are processes that do not follow any particular structure and cannot be accurately anticipated. Unlike the structured mentorship and incubation models, the informal and unstructured model does not follow any particular structure and processes. In small business however, unstructured and informal refers to over-the-counter service provided to small businesses by supporting agencies (Berisha et al., 2015). The Seda Business Talk Programme is an example of this model as it provides practical answers and guidance about your first steps into business, saving time and money (Seda, 2017). It gives untailed basic advice on, *inter alia* among others:

- i. What you need to start a business.
- ii. How to test if your idea can and will work.
- iii. Where else you can get help about starting your business.
- iv. Information on business incubation.

There are a lot of other government agencies at provincial level such as Gauteng Enterprise Propeller (GEP), Eastern Cape Development Corporation (ECDC); Free State Development Corporation (FSDC) and local level such as Tshwane Economic Development Agency Ltd (TEDA), etc. that provides untailed and over-the-counter services to SMEs at their walk-in centres. Because not all small businesses require structured and tailored support programmes, it is important that such services are available if and when they are needed.

2.9 Conclusion

EPWP is a South African Government programme that was conceptualised during the Growth and Development Summit of 2003, with the objectives to provide work opportunities and income support to poor and unemployed people through labour

intensive delivery of public and community assets and services, thereby contributing to development. The Programme has enterprise development as one of its delivery strategy to develop and support small businesses. While there has no universal definition for small business, countries use their own definitions in line with countries' frameworks. South Africa also uses its own definition in line with National Small Business Amendment Act (26 of 2003). Supporting small businesses has been regarded as the priority in both developed and developing economies. Small businesses are supported in various forms. This chapter has comprehensively discussed small business support, which includes training support. Studies have revealed that training has a positive impact on the business owner as well as on the growth and development of a business. Various training programmes and initiatives were further discussed in this chapter. Another supporting intervention that was discussed was financial support which is believed to be a lifeblood of a business wherein South African examples of funding and sources of funding were also provided. Moreover, available support intervention models with South African examples were discussed. Last but not least, the chapter concluded by discussing the theoretical framework which forms the foundation or point of reference for the study.

The next chapter (chapter three) discusses the research design and the methodology adopted in the study and justifications for the type of methods and approach chosen.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

The previous chapter laid a foundation for the study by presenting literature review of the relevant and appropriate studies and viewpoints of other researchers in the field of small business development and support. Further, it provided a theoretical framework which forms the basis for this research. This chapter presents the research design, outlines the research philosophy, the research methods and sampling strategy utilised in this study. Additionally, the chapter outlines research instrument used in the study and how the data is analysed. This chapter explains the piloting of the study as well as validity and reliability of the results. It also discusses the ethical consideration taken for this study and finally looks at the limitations of the study.

3.2 Research design

Kothari (2004) defines the research design as the conceptual structure within which research is conducted. Research design constitutes the blueprint for collection, measurement and analysis of data. It outlines the arrangement of conditions for collection and analysis of data in a manner that aims to achieve the research objectives. As cited by Mafuwane (2011) Leedy (1997), defines research design as a plan for a study, providing the overall framework for collecting data. While MacMillan and Schumacher (2001) define it as a plan for selecting subjects, research sites, and data collection procedures to answer the research question(s).

Research design is a logical structure within which a research is conducted. It is also concerned with what methods are going to be used to collect and analyse data and finally how all this is going to answer the research question (van Wyk, 2014). Research design can therefore be regarded as a framework appropriate for generating evidence

that is suited both to a certain set of criteria and to the research question in which the researcher is interested. This point emphasises the importance of linking the research design with the standard criteria without forgetting to link it back to the question that the research intends to answer.

There are various research design methods used in research fields and all are linked to the nature or the purpose of the study. They have advantages and disadvantages, each with its own merit and demerits. Kothari (2004) described these different research designs by conveniently categorizing them in term of the different studies objectives *viz.* (a) research design in case of *exploratory research* studies; (b) research design in case of *hypothesis-testing research* studies, and (c) research design in case of *descriptive and diagnostic research* studies.

a) Exploratory Research Design

The major emphasis in such studies is on the discovery of ideas and insights. As such, the research design appropriate for such studies must be flexible enough to provide opportunity for considering different aspects of a problem under study. Inbuilt flexibility in research design is needed because the research problem, broadly defined initially, is transformed into one, with more precise meaning in exploratory studies, which fact may necessitate changes in the research procedure for gathering relevant data.

b) Hypothesis-testing

The hypothesis-testing research studies (generally known as experimental studies) are those where the researcher tests the hypotheses of causal relationships between variables. Such studies require procedures that will not only reduce bias and increase reliability, but will permit drawing inferences about causality. Usually experiments meet this requirement. Hence, when research design is mentioned in such studies, it often means the design of experiments.

c) Descriptive and Diagnostic Research Design

This research design is made up of two related elements of a study (descriptive and diagnostic). The descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group, on the one hand. On the other hand, the diagnostic research studies determine the frequency with which something occurs or its association with something else. The studies concerning whether certain variables are associated are examples of diagnostic research studies.

According to Kothari (2004) studies concerned with specific predictions, with narration of facts and characteristics concerning individual, group or situation are all examples of descriptive research studies. Most of the social research comes under this category. From the point of view of the research design, the descriptive as well as diagnostic studies share common requirements and as such, they may be group together. In descriptive as well as in diagnostic studies, the researcher must be able to define clearly, what it is that needs to be measured and identify adequate methods for measuring it along with a clear definition of 'population' to be studied. Since the aim is to obtain complete and accurate information in the said studies, the procedure to be used must be carefully planned. The research design must make enough provision for protection against bias and must maximise reliability. The design in such studies must be rigid and not flexible.

The aim of this study is to analyse or evaluate the impact of training and support interventions provided by the EPWP to small businesses. In comparing all the three research designs (above), this study opts to employ both the descriptive and diagnostic research design as the most appropriate research design whilst leaning more towards diagnostic research design. As the objectives of the study are outlined above, this is not an exploratory study, i.e. aiming to discover new ideas or insight nor hypothesis-testing research study or experiments. This study aims to diagnose and evaluate the impact of training and support interventions of EPWP to SMEs. It is mainly concerned with how the EPWP training and support interventions impact small businesses.

3.3 Research Philosophy/Paradigm

Hussain *et al.* (2013), argues that a research takes into account a particular philosophy of a researcher, informed by his underlying assumptions, principles, sets of beliefs, values and research culture. Literature refers to this notion as research paradigms. Dieronitou (2014) citing Schwand (1989), Guba and Nincoln (1994); defined paradigms as '*worldviews*' and beliefs system about the nature or reality, knowledge and values that guide researchers. According to Thomas (2010) a research paradigm is an all-encompassing system of interrelated practice and thinking that define the nature of enquiry along the following philosophies and for the purpose of this study, they will be limited into two (2): (a) positivism, and (b) interpretive.

a) Positivism Research Paradigm

According to Heuschele (2014) positivism/ post-positivism assumes that reality is objectively given and that it can be reflected and systematized by empirical methods (Gephart, 2004). Positivist researchers understand knowledge as a quantifiable entity and for them, knowledge consists only of facts such as verified parameters (Walsham, 1995). In addition, positivists assume that facts and values are distinct. The ultimate goal of positivist researchers is to discover the objective truth.

Hussain *et al.* (2013) states that positivism is referred to as an umbrella term for a host of philosophical ideas or perspectives which include or overlap with positions such as empiricism, behaviourism and naturalism, etc. In short, positivism embraces any approach which applies scientific method to human affairs (Grix, 2010). This clearly tells us that positivist researchers are very strict on the way they perceive knowledge. To accurately comprehend human behaviour in the positivism realm, observation of subjects is fundamental. Experience counts significantly in positivism perspective which can be optioned through observation as well. Despite this, positivism has received numerous criticisms from philosophers and social critics because its core has

placed extreme emphasis on direct observations and therefore disregard factors such as values, informed opinion, moral judgments and beliefs (Dieronitou, 2014).

b) Interpretive Research Paradigm

According to Pretorius (2014), the introduction of the interpretivism, also referred to as constructivism, as an alternative and legitimate paradigm for conducting qualitative research is the result reconciling positivism and post-positivism in quantitative research. Alternatively, Heuschele (2014) indicates that contrary to the positivism research, interpretive research assumes that reality consists of subjective experiences (Thomas, 2010). The goal of interpretive research is thus to understand phenomena, the meaning and the concepts of actors in real settings. Furthermore, Hammersley (1993) said compared to the positivist approach, the interpretive research holds the basic assumption that social phenomena are of an essentially different order from natural ones. By contrast, they are not objective, external and pre-ordained but social constructed by individuals. Therefore it is argued that positivist approach to that study of such phenomena are inappropriate. While Pretorius (2014) and Thomas (2010) further contend that interpretive approach is based on socially constructed meaning system, social interaction and therefore people possess an internal experience sense of reality. It is described in terms of epistemology and the ontological. Interpretive researchers believe that the reality to consists of people's subjective experiences of the external world; thus, they may adopt an inter-subjective epistemology and the ontological belief that reality is socially constructed.

Based on the nature and the research method (quantitative research method) used, this study adopts the positivism (positivist) paradigm, because it employs deductive logic and quantitative research methods. It is chosen because it assumes that reality is objectively given and that it can be reflected and systematized by empirical methods. In comparison, the interpretive research paradigm used to conduct qualitative research and assumes that reality consists of subjective experiences (Thomas, 2010). A questionnaire, which is quantitative instrument used in the study, embraces the post

positivist perspective. As indicated above, Gephart (2004) argued that positivist researchers understand knowledge as a quantifiable entity and consists only of facts such as verified parameters.

3.4 Research methodology

There are various types of research methodologies and or approaches that one can employ in any research project. Schwardt (2007:195) cited by Mafuwane (2011) defines research methodology as a theory of how an inquiry should proceed. It involves analysis of the assumptions, principles and procedures in a particular approach to inquiry. According Creswell and Tashakkori (2007), Teddlie and Tashakkori (2007), research methodologies explicate and define the kinds of problems that are worth investigating; what constitutes a researchable problem; testable hypotheses; how to frame a problem in such a way that it can be investigated using particular designs and procedures; and how to select and develop appropriate means of collecting data. Snider (2015) and broad research literature outlines three main research methods, (a) *qualitative*, (b) *quantitative*, and (c) *mixed methods*.

3.4.1 Qualitative Research Method

There is a common thread in the definition of qualitative research by different authors. Eriksson *et al.* (2016) Creswell (2009), describe it as the approach that is concerned with interpretation and understanding of any phenomenon or subject being studied. In addition Bryman (2008) regards qualitative research methods as a strategy that usually emphasizes words rather than quantification in the collection and analysing of data and that:

- i. It predominantly emphasises an inductive approach to the relationship between the theory and research, in which the emphasis is placed on the generations of theories.

- ii. Qualitative research methods, rejects the practices and norms of the natural scientific model of positivism in preference for an emphasis on the way in which individuals interpret their social world.
- iii. It embodies that view of a social reality as a constantly shifting emergent property if individual's reaction.

Unlike quantitative research which has, as its objective, collecting facts about human behaviour that will lead to verification and extension of theories, qualitative research emphasizes the improved understanding of human behaviour and experience. Mafuwane (2011).

Furthermore, (Denzin & Lincoln, 2008; Marshall & Rossman, 2006) argued that qualitative research method includes these popular qualitative designs (a) grounded theory, (b) narrative, (c) ethnography, (d) phenomenology, (e) qualitative case studies, and (f) historical research.

3.4.2 Quantitative Research Method.

Various authors have provided similar definitions of what quantitative research method is and how it works. For example Muijs (2012) defines quantitative research methods as the method that explains phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics). Eriksson *et al.* (2016) also argues that quantitative research method deals with explanation, testing of hypotheses and statistical analysis. In this method, a researcher is testing a theory or hypothesis using the statistical data. Adding to the above Bryman (2008) regards qualitative research methods as a research strategy that emphasises quantification in the collection and analysing of data and that:

- i. It entails a deductive approach to the relationship between theory and research, in which the accent is placed on the testing of theories; and

- ii. It incorporates the practices and norms of the natural scientific model and positivism in particular.

Table 3.1: Features of qualitative and quantitative approach:

Quantitative	Qualitative
Ontological and epistemological approaches are positivist (assume that the social world is real)	Ontological and epistemology approaches are interpretivist (assumes that the reality is social construct.
Research question may be set out as testable hypothesises	Research question may be developed using subsidiary questions.
The research question can be answered (or hypothesis tested) by counting events and using statistical analysis.	The research question can be answered by describing and explaining events and gathering participants' understandings, beliefs and experiences.
Researcher normally knows what he is looking for.	Researcher may only gave general ideas of what is he looking for.
Research design/strategy is usually fixed before data collection	Research design/strategy may be fluid and evolutionary.
Objective (researcher is not part of the research)	Subjective, (researcher is involved as a social being.
Often uses tools (such as surveys or questionnaires) to collect data.	Usually no use of tool: the researched can be seen as the main instrument for collecting data.
Data is often represented by numerical or named codes.	Data may be any other form.
It may be possible to generalise	No usually possible to generalise form the data.

Source: Mathews (2010).

3.4.3 Mixed Research Method

Teddlie *at al.* (2009) defines this method as a research in which the investigator collects and analyse data, integrate the findings and draw interferences using both qualitative and quantitative methods or approaches in a single study or programme of enquiry. For the mixed methods, two types of data are collected and analysed in sequential form. Mafuwane (2011) citing Bazely (2003) and Burke and Onwuegbuzie

(2005:1) defines this method as the use of mixed data (numerical and text) and alternative tools (statistics and analysis), but apply the same method. It is a type of research in which a researcher uses the qualitative research paradigm for one phase of a study and a quantitative research paradigm for the other.

By evaluating the above three research methods, looking at the philosophy adopted by this study as well as the research design, the quantitative method is utilised for this study. The purpose of the study is to critically evaluate the impact of training and development interventions in supporting small businesses in the Expanded Public Works Programme. Based on the nature and the objectives of this study, it first adopted the positivism (positivist) paradigm, because it employs deductive logic, a questionnaire is used as an instrument to collect data. As indicated in the table above (Mathew, 2010), the research design/ strategy is fixed before data collection and since the questionnaire is used as an instrument, the data is represented by numerical or named codes. It therefore follows that the quantitative research methods is the most appropriate method for this study.

3.5 The Target Population

Bryman (2008) defines population as the universe of units from which the sample is to be selected. The word “unit” in this case is deliberately used because it not always people who are sampled, it could be towns, churches, nations etc. In this study, the entire population consists of 20 (twenty) small businesses supported by the EPWP within the Pretoria Region. The focus will be on the business owners only and not their employees. This is mainly because the support provided by EPWP is directed to business owners not employees, therefore to involve employees in this study yet they are not receiving any support from EPWP will yield no results.

3.6 Sampling strategy

In order to be able to generalise findings, it is important to pay attention in to chosen sampling methodology or strategy. Denscombe (1998) argued that the sample is the first component that needs to be carefully selected, if there is to be any confidence that the findings from the sample are similar to those found in the rest of the population. Bryman (2008) defines sample as the segment or subset of the population that is selected for investigation. How a sample is designed will determine the research findings.

As indicated above, one important element to be considered in generalising the findings is how representative the sampling is. Does the chosen sample reflect proper representation of the population? Representative sampling is defined by Bryman (2008) as the sampling that reflect the population accurately so that it is a microcosm of the population. There are two main types of sampling i.e. probability sampling and non-probability.

- a) **Probability sampling** according to Hyder *et al.* (2016) is a sample that has been selected using random selection so that each unit in the population has a known chance of being selected. In probability sampling it is generally assumes that a representative sample is more likely to be the outcome when this method of selection from a population is employed, with the aim to keep sampling error to a minimum. Probability sample covers a wide range of different types of sampling strategy such as simple random sampling, systematic sample, stratified random sampling and multi stage cluster sampling.
- b) **Non-probability sampling** is referred to by to Bryman (2008) as a sample that has not been selected using a random selection. This is an umbrella term used to capture all forms of sampling that are not conducted according to the canons of probability. In this sampling methods some units of the population have a greater chance of being selected than others. There are three main types of non-

probability sampling includes (i) quota sample, (ii) convenience sample, and (iii) snowball sample.

The entire population was sampled due to its small size i.e. twenty (20) small businesses in the Pretoria Region as well as ease of access to reach the entire population. This was due to the fact that every two months, all the business owners who form part of this Programme have a forum meeting with the Department of Public Works (DPW) Officials, where they meet to discuss their challenges and receive new information from DPW. The researcher opted to take advantage of the accessible population which would enable the researcher to reach all SMEs in one place with no additional costs to the study or participants and also considering the time schedule allocated to the study. The entire population i.e. twenty (20) SMEs was sampled for the purpose of this study, which is permissible in research. Sampling the entire population does not form part of any of the above strategies even though the elements of non-probability exist, especially when looking at how the convenience sample is defined (i.e. a sample that is simple available to the research by virtue of its accessibility, Bryman (2008)). However, it should be noted that the existence of the population is known upfront whereas the challenge with the generalisation is that the population is not known.

3.7 Sample size

A sample size is defined by Derera (2011) citing Cavana *et al.* (2001) as the actual number of the subjects chosen as a sample to represent the population characteristics. Bryman (2008) argued that the decision about sample size is not a simple and straight forward one. It depends on number of considerations, which includes time and cost.

As indicated in above, the easy availability of platforms to get small businesses (i.e. research participants) within cost and time the researcher sampled the entire population (i.e. twenty (20) small businesses) to form part of the study as this had no

bearing in cost and time, which are amongst the major considerations in deciding on the sample size.

3.8 Research instruments

There are various forms of research instruments that a researcher may use and they have their own advantages and disadvantages as outlined by Bryman (2008), they include amongst other things the following:

- a) **Research interviews:** this is sometimes called standardised interview. It entails the administration of an interview by a researcher where the interviewees are given structured questions which are very specific and very often offer the interviewee fixed range of answers. One of the advantage of a research interview method is that the interviewer is able to clarify if the interviewee asks questions. However, one of the disadvantages of this instrument is the influence of the interviewer to the respondents and the possibility of systemic bias in answers.

- b) **Self-completion/ postal questionnaire:** This is another prominent instrument for gathering data in social survey design. Derera (2011) citing Cavana et al. (2001) defines questionnaire as a research instrument that consists of a pre-formulated written set of questions to which the respondents record their answers. It is sent or handed to the respondent where they complete all the standard questions in the questionnaire hand it back to the researcher physically or by post if it's a postal questionnaire. Unlike in the research interview method, in this case there is no interviewer to ask questions instead the respondents read questions themselves and answer themselves. Advantage for this method unlike the interview, is that it is cheaper to administer, especially if you have a geographically wide dispersed sample postal questionnaire will be much cheaper to administer. Also the questionnaire is quicker to administer as they could be sent by post or distributed in large quantities at the same time. However, this method has its own shortcomings, for example unlike in the interview where the interviewee can ask

for clarity, in the questionnaire method the respondent cannot prompt and the respondent cannot be probed to elaborate.

- c) **Observation:** This method entails direct observation of a behaviour and the coding of the behaviour in terms of categories that have been devised prior the start of data collection. This method is relatively underused in social research. However, like other methods one of the shortcomings cited for this method is mainly about the reliability of observers refers to as inter-observer consistency, which means there are possibilities that two or more different observers may give different views on the same subject. The other one is the validity of the results as the behaviour of people may tend to change if they know that they are being observed.

For this study, the questionnaire as an instrument for data collection, is used for the following reasons: time constraints to finalise the study is a major consideration as well as the funding or costs associated with administering an interview if this method was chosen as compared to the questionnaire. But again, following the research philosophy and the study design and the research methodology, questionnaire is the most appropriate option compared to the research interview method. The observation method could not work in this case because the objective of the study is to assess and evaluate the impact of training and support interventions to small businesses not the behavioural change of these small businesses.

3.8.1 The Questionnaire Design

The questionnaire is designed based on the three (3) broad/ main research questions as well as using the information that was gathered in the literature review section of this study. The design of questionnaire was in such a way that it enabled the researcher to collect quantitative data in order to fully explore the subject being investigated. Taking into account the principle of a questionnaire design outlined by Denscombe (1998) that, a) the questionnaire must be designed to collect information which can be used subsequently as a data for analysis; b) it must consist of a written list of questions so that each person who answers the particular questionnaire reads

an identical set of questions; and finally, c) it must be able to gather information by asking people directly, i.e. to get information “*straight from the horse’s mouth*”.

The questionnaire consists a total of thirty two (32) questions and is dived into two (2) main sections.

Section A: Covered the demographic information of a participant; including the number of years they have been in business, the form of business there are involved in (sole trader, partnership, cooperative, private company and public company as there are explained chapter 3) and lastly looking at the role of a participant in business whether she/ he is a single owner/ director; co-owner/co-director; supervisor or a general worker. This section has a total of five (5) questions.

Section B: This is the section that is considered to be the core of the study/ questionnaire. It covers the main objectives of the research where the three (3) key research questions outlined in Chapter 1 and are divided into three (3) sub-themes.

- i. **Sub-Theme 1:** Addresses the main research question 1 “What impact did EPWP training have on your business?” There are 14 questions derived from this main question for the participant to respond to.
- ii. **Sub-Theme 2:** Addresses the main research question 2 “Was the support provided to entrepreneurs in line with their needs?” There are 5 questions derived from this main question for the participant to respond to.
- iii. **Sub-Theme 3:** This is the final sub-them and it addresses the main research question 3 “How effective is the support provided to EPWP SMEs?” There are 8 questions derived from this main question for the participant to respond to.

3.8.2 Pilot study

Testing research data collection instruments is very important to avoid surprises when in the field, where a question has been developed but is misunderstood by the

participants. Saunders *et al.* (2003) argues that in order to reduce the possibility of getting the answers wrong the researchers have to pay attention to two particular emphases on research design: reliability and validity. To guard against that, the questionnaire was first developed and submitted to the supervisor for comments and evaluation. Once the inputs were received from the supervisor, a pilot study was conducted with the intention to test the questionnaire on the field and also to familiarise the researcher with this exercise.

Three (3) research participants were approached and selected, based on their proximity to the researcher in terms of their project sites. Also during this phase, the questionnaire was not left with participants to fill-in themselves. The pilot participants were requested to complete the questionnaires in the present of the researcher to ensure that if there were errors or any ambiguity in the questionnaire, they would be addressed immediately.

The pilot phase assist to obtain reliable information about the time it takes for each participant to complete the questionnaire, which became useful and equipped the researcher when the questionnaire was distributed to the entire population sample. The pilot study was successful and no hurdles were encountered during the process. The pilot phase assisted in building the confidence of the researcher in preparation for the second phase.

3.8.3 Administration of the questionnaire

The participants are part of the EPWP Small Business Support Programme under the Department of Public Works (DPW). During the process of obtaining gatekeeping letter, the Department provided me with the database of all the 20 participants with their contact details (including cell phone numbers and e-mail addresses).

A combination of both e-mails and telephone calls were first used to introduce the researcher to the participants, the objectives of the study and request permission from them to participate in the study. Since the Department indicated that it convenes monthly forum meetings with the small businesses, it was considered opportune to use this platform to engage with the participants. Time was requested to allow the researcher to meet and engage with the population during the forum meetings (the Department already made undertaking). The forum enable the researcher to expand on the previous telephonic communication with the participants and then distribute questionnaires in the meeting together with the two consent letters (to be signed by respondent and the one introducing the researcher). Once the questionnaire was been distributed, the collection method was agreed to if they could not complete the questionnaires after the meeting. The collection method would be through e-mail or physical collection for those who do not have access to e-mail facilities.

3.9 Data analysis

The primary quantitative data is first captured using the Microsoft Excel spread sheet for coding purposes. Sekaran *et al* (2010) stated that the data obtained from the questionnaire need to be statistically coded in order to determine variation and this process involves assigning numbers to responses so that the data can be grouped into categories. The data is then transferred to the SPSS for Windows (software) to be analysed. SPSS is the most widely used computer software for the analysing quantitative data according to Bryman (2008). The study uses descriptive or inferential statistics to make the analysis of data. Keller (2012) defined descriptive statistics as methods of organising, summarising, and presenting data in a convenient and informative way using graphical and numerical techniques. Inferential statistics is defined as methods used to draw conclusions or inferences about characteristics of a population based on sample data (Keller, 2012).

To test the internal consistency and reliability of data, a Cronbach alpha index is used in this study, as it is regarded, according to Tavakol et al (2011), as the commonly

used index to test reliability of data. Also the normality of the data is tested as outlined by Keya Rani Das et al (2016) that before one conduct any statistical analyses it is essential to assess the normality of the data in order to ensure that the findings are not skewed to one area. Further analysis were conducted using parametric test like t-test, ANOVA test, and Pearson's correlation test. The researcher analysed whether any relationships exist between two variables or whether they are independent of each other. According to Keller (2009), this can be statistically confirmed by the chi-square (X^2) test, which indicates whether or not the observed pattern is due to chance and thereby establish whether any relationships exist. Any p-value less than 0.05, is an indication that a significant relationship exists between two variables and that it did not happen by chance.

3.10 Validity and Reliability

Validity and reliability of an instrument for data collection are paramount to any research project. Sewgambar (2015) citing (Leedy & Ormrod., 2010) they impact on the extent to which one can learn about the phenomena under study, the probability that of obtaining statistical significance in the data analysis, and the extent to which meaningful conclusions can be drawn from the data.

3.10.1 Validity

According Saunders *et al.* (2003) validity is the extent to which data collection methods accurately measure what it is that they were intended to measure. Bryman (2008) states that it is concern with integrity of the conclusions that are generated from a piece of research. There are four main areas to measure validity in a study (measurement validity, internal validity, external validity and ecological validity).

3.10.2 Reliability

Bryman (2008) refers to reliability as looking at whether the results of the study are repeatable, which means is there consistency in the study or whether the measure is stable particularly in a quantitative study. For example, if a measure of intelligence (IQ tests) are found to be fluctuating so that people's IQ score are wildly different when administered on two or more occasions, therefore that measure will be considered to be unreliable.

As indicated in the section above, to ensure the reliability and validity, two steps were undertaken. The first one was consultation with the supervisor for guidance and evaluation of the questionnaire. Second, the questionnaire was taken to the "market" through a pilot study to test its ability to achieve the intended goals. These processes assisted to ascertain reliability and validity of the instrument before the final instrument was ready for application.

3.11 Elimination of Bias

Taylor-Powell (2009) defines research bias is a systematic error that can prejudice the evaluation of findings in some way in a research. It may take place at any stage of the study including but not limited to research design, sampling, and data analysis. It is very important for researcher to guard against any form of bias in their studies. The elimination sampling bias was due to the fact that the entire population became the sample due to its size and in the analyses of that bias errors may also occur if in appropriate statistical tools are not used. In this study, the SPSS for Windows (software) for the analyses of date was used, which is regarded as the most widely used computer software for the analysing quantitative date according to Bryman (2008).

During the planning and conducting the interviews a great deal of care was taken to ensure that the identity of the participants and their information was protected including University ethical policy and guidelines.

3.12 Ethical Consideration

Any research study raises ethical issues that need to be considered and addressed as an integral part of the planning and implementation process Thomas (2010:31). Ethical behaviour is of paramount importance in research as it enables individuals to carry out their research in a dignified manner with honesty and respect for human rights. Welman *et al.* (2007). In this enquiry, the researcher had to interact very closely with the participants as well as with their private and confidential information. Therefore, due consideration ensured that the identity of the participants and their information was protected. The researcher took appropriate steps in line with the University ethical policy and guidelines to ensure the protection of participants' private information and the identity of participants.

The participants were firstly presented with the introduction letter of the researcher explaining the details and objectives of the study. This was further elaborated by the researcher in their preferred language and given time to ask questions if they need any clarity. Secondly the participants were then requested to complete a consent form before completing the questionnaire to confirm that they have been informed about the study. Feedback from the participants reflected that they understood the purpose and procedures of the study and declare that their participation in this study is entirely voluntary and that they may withdraw at any time should they so wish. Copies of the informed consent form, the introduction letter and the ethical clearance certificates are annexed in this dissertation.

3.13 Conclusion

This study sought to evaluate the impact of training and support interventions on small businesses in the Expanded Public Works Programme (EPWP) – Pretoria Region. The positivism research paradigm approach was adopted. Due to the nature of the research as well as the objective of the study, the quantitative research methodology was employed in this study with the primary data being collected using the questionnaire where the participants with the sample size equal to the entire population of the study (20 small businesses).

Secondary data was collected from various sources such journal articles, textbooks, thesis, dissertations, and the internet. The primary data was captured using Microsoft Excel and transposed to SPSS for Windows for analyses and other basic statistical tools such as frequency tables were used to interpret data. During the planning and conducting the interviews, great consideration was put in line with ethical requirements of the University and the Department of Public Works to ensure that the identity of the participants and their information was protected.

The next Chapter (Chapter 4) will present, analyse and discuss the empirical research findings and results.

CHAPTER 4

RESEARCH RESULTS AND DISCUSSION

4.1 Introduction

In the previous chapter, the research design and the approach followed by the study was presented including the research philosophy adopted. It further outlined the research method and sampling strategy as well as the research instrument used in the study and how the data is analysed. It went on to explain the piloting of the study as well as validity and reliability of the results including ethical consideration taken for this study. This chapter seeks to discuss research findings or results using SPSS for Windows for analyses and other basic statistical tools such as frequency tables.

As outlined in Chapter 1, Government has initiated various interventions, strategies and plans including training to develop and support small businesses, in order to contribute to job creation and economic growth. However, small businesses continue to struggle and very few enterprises thrive after the support has been withdrawn. The focus of the study is on the small businesses supported through the EPWP and to determine how effective is the support provided to the small business by the EPWP and its impact.

The investigation for this study was undertaken in two ways. The first part was through a detailed literature review in line with three main objectives of this study: (i) evaluate the impact of training to EPWP SMEs; (ii) investigate the relevance of the support provided to entrepreneurs; and finally (iii) determine the effectiveness of the support provided to EPWP SMEs. The second part of the investigation was through the questionnaires distributed to all sampled participants with sub-questions aligned to the research objectives. This Chapter, therefore, presents the study findings, analyse, interprets the results and make recommendations.

4.2 Study Data Analyses and Interpretations

The analyses and interpretation of the results will follow the research objectives patterns i.e. the results will be presented in line with each of the three main objectives, analysed and interpreted accordingly. As outlined in Chapter 3, due to availability of platforms to get all the research participants as well as the general size of the population, the entire population (twenty small businesses) was sampled which according to Bryman (2008) and Derera (2011) citing Cavana *et al.* (2001) is permitted in the study of this nature as it had no bearing on these key components (time and costs) to be considered in deciding sample size.

A total of 20 questionnaires were distributed for this study to the entire population and all the 20 questionnaires were returned, fully completed by all the participants. This represent a 100% response rate, which is above the minimum acceptable rate recommended by different authors. For example Baruch (1999) argues that 35% response rate is reasonable for a study of this nature on the other hand Saunders *at al.* (2009) argue that a rate of response between 40-45% is adequate and acceptable while Mugenda *et al.* (2003) argue that a 50% response rate is recommended in the study of this nature. Therefore the response rate for this study was above the minimum averages outlined by various scholars.

4.2.1 Reliability of data: Cronbach Alpha index

To test the internal consistency and reliability of data, a Cronbach alpha index is used in this study, as it is regarded, according to Tavakol *et al* (2011), as the commonly used index to test reliability of data. Mafuwane (2011) and Tavakol *et al* (2011) argue that the generally acceptable lower and upper limits of Cronbach alpha index ranges between 0.70 and 0.95. This study achieved the Cronbach's Alpha value of 0.713 as shown in table 4.1 below, which means it has passed the reliability test.

Table 4.1: Reliability analysis output

Reliability Statistics	
Cronbach's Alpha	N of Items
.713	27

4.2.2 Socio-demographic information, nature and role in the Business

With regards to participants' socio-demographic variables, it was found that most of the participants were female (80%). These are positive results, as they reflect that the programme surpassed the EPWP targets of 55% women on all its initiatives, (75%) of participants were between the ages of 31 years and 50 years. The study further revealed that more than half (55%) of the participants mentioned that they had been in business for a period of between 2 and 3 years in business, which means the support intervention targeted the right people to address phenomena of small businesses failing within their first few years of existing and less than half of newly established businesses survive beyond five years according to Brink *et al.* (2013).

Coming to ownership and type of a business, 70% of participants were co-owners/ co-directors of cooperatives, which is directly in line with the government support of cooperatives due to the equal sharing of profit/ surplus amongst members as opposed to businesses owned by individuals, EPWP Enterprise Development Policy (2013), (table 4.2).

Table 4.2: Summary of participants' socio-demographic information, nature and role in the Business

Socio-demographic information, nature and role in the Business		Frequency	Percent
Gender	Male	4	20.0
	Female	16	80.0
Age	20-30 years	3	15.0
	31-40 years	11	55.0
	41-50 years	4	20.0
	51-60 years	2	10.0
No. of Years in Business	2-3 years	11	55.0
	4-5 years	9	45.0
Type/Form of Business	Cooperative	14	70.0
	Proprietary limited	6	30.0
Role in the Business/ Ownership	Owner/Director	6	30.0
	Co-owner/Co-director	14	70.0

4.2.3 Research objective One: Evaluate the impact of training to EPWP SMEs

In order to evaluate what impact the EPWP training had on the small businesses, for the first question, the participants were asked to indicate whether they agree or disagree with the statements outlined in table 4.3 below, whether the training provided by EPWP assisted their business. Their responses were then rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree. A staggering (95%) of respondents agreed with this statements and of the (95%) who agreed, (25%) strongly agreed with the statement (see table 4.3) below.

These study results indicates the positive impact and level of effectiveness of the EPWP as a government training support intervention in assisting and developing small businesses to strive in future. Nodada (2011) found that amongst the reasons for the failure of small business is lack of funding and capital; insufficient support from government and lack of business and financial management skills. This view is further supported by Smith and Perks, (2006) cited by Afolabi (2012) who states that business skills are very important in keeping the business afloat. In addition, the study by Afolabi (2012) further found a very strong relationship between training in business and entrepreneurial skills and the benefit it could have in the success of SMEs. By capacitating these small businesses, government through the EPWP is investing in the future growth of SMEs, who in return will contribute to the country's job creation, poverty alleviation and economic development, as noted by Sippitt (2014) that, all around the world SMEs are the lifeblood of economies and the best hope of employment for the largest number of people.

Table 4.3 Training provided by the EPWP assisted my business

		Frequency	Percent
Valid	Strongly agree	5	25.0
	Agree	14	70.0
	Neutral	1	5.0
	Total	20	100.0

In the next question, participants were asked to rate their business managerial skills before they were supported by EPWP, as this is a crucial “before-and-after measure”. Their responses were rated using a five-point scale, where 1=very low, 2=low 3=neutral, 4=high and 5=very high. Cumulatively, the majority (80%) of the participants had their skill low before they participated in the EPWP Support Programme, (35%) rated their business management skills as very low, while (45%) rated their skills low (table 4.4) below.

These findings clearly shows that the respondents had low business management skills before they took part in the EPWP small business training programme, which is the biggest risk in the success of small business as noted by Nodada (2011) that amongst the reasons for the failure of small business is lack of business and financial management skills.

Table 4.4 Before the EPWP training, please rate your business management skills

		Frequency	Percent
Valid	Very low	7	35.0
	Low	9	45.0
	Neutral	4	20.0
	Total	20	100.0

In line with the question discussed in table 4.4 above, participants were asked to rate their business managerial skills post the EPWP Support Programme intervention. This was aimed at assessing whether the training intervention assisted small businesses consistent with the study objectives. The results cumulatively reveals that the majority of the participants (85%) indicated that their business management skills were high (improved) after the EPWP training support programme, with 10% of them citing that their skills were very high. While 15% were neutral, table 4.5 below. These results indicates the positive effect the EPWP small business support Programme has on participants, as the majority had their skills improved after they have participated in the Programme. This training support programme enabled the SMEs to grow and create the needed jobs by the economy, which is key for the government. A World

Bank, McKenzie *et al.* (2013) demonstrates that training small business, positively contribute to their business profitability and growth and that training improves the knowledge and implementation of business practices by business owners. Mungai (2012) also noted a positive relationship between the business management training received by entrepreneurs and the positive impact on the small and medium-sized enterprises growth. This will in turn contribute to job creation and economic development for the country, which is the major priority for government, hence investing in small business support programmes like the EPWP.

Table 4.5: After the EPWP training, please rate your business management skills

		Frequency	Percent
Valid	Neutral	3	15.0
	High	15	75.0
	Very high	2	10.0
	Total	20	100.0

When asked about whether they apply the skills and knowledge gained from the EPWP Training Programme, the majority of the participants (95%) responded positively to the question, (table 4.6). These results give an indication that the training provided by the EPWP to small businesses is appropriate and relevant to their day-to-day operations as they are able to use the skills and knowledge gained. Niazi (2011) points out that training plays a crucial role towards the growth and success of a business, by choosing the right type of training, will ensure that business owners including employees possess the right skills to improve and grow the business.

Table 4.6: I am applying the skills and knowledge gained from EPWP Training to your Business

		Frequency	Percent
Valid	Strongly agree	14	70.0
	Agree	5	25.0
	Neutral	1	5.0
	Total	20	100.0

In order to evaluate and assess whether priority skills gaps were addressed through the EPWP training intervention programme, four priority skills in line with the EPWP

Enterprise Development Policy (2013) were identified and tested in the study. Those are (Financial Management; Records Keeping; Administration and Marketing). Participants were asked to indicate whether they agree or disagree with the statements outlined in table 4.7 – 4.10. Their responses were rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree.

With regards to whether the EPWP Training Programme assisted in addressing the financial management skills gaps, 85% of participants strongly agreed with this statement, while 15% strongly disagreed, (Table 4.7). On whether the EPWP Training Programme assisted in addressing the records keeping skills gaps, 65% of participants strongly agreed with this statement, whereas 35% strongly disagreed, (Table 4.8). In table 4.9, participants were asked whether the EPWP Training Programme assisted in addressing the administration skills gaps and 60% of participants strongly agreed with this statement, whilst 40% strongly disagreed. With regards to whether the EPWP Training Programme assisted in addressing marketing skills gaps, 70% of participants strongly agreed with this statement, while 30% strongly disagreed, (Table 4.10).

These results indicates that the majority of the participants had the priority skills gaps address, Smith *et al.* (2006) citing De Cenzo and Robbins (1996:237), defines training as a learning experience, which seeks a relatively permanent change in an individual's skills, knowledge, attitudes or social behaviour. Masadeh (2013) citing the Manpower Services Commission (MSC), U.K., (1981: 62) refers to training as a planned process to modify attitude, knowledge or skill behaviour through a learning experience to achieve effective performance in any activity or range of activities. With these priority skills gaps addressed to the majority of the participants, they should be able to now change their behaviour, attitudes and achieve effective performance in their businesses. However, there is a level of improvement that the EPWP Training programme needs to address, especially if 60% of participants have agreed with the statement (Records Keeping and Administration). Even though the percentage is high, but 40% of the participants who indicated that their skills gaps have not been addressed they are a concern.

Table 4.7: Financial Skills gaps were addressed by the EPWP intervention

		Frequency	Percent
Valid	Strongly agree	17	85.0
	Strongly disagree	3	15.0
	Total	20	100.0

Table 4.8: Record Keeping Skills gaps were addressed by the EPWP intervention

		Frequency	Percent
Valid	Strongly agree	13	65.0
	Strongly disagree	7	35.0
	Total	20	100.0

Table 4.9: Administration Skills gaps were addressed by the EPWP intervention

		Frequency	Percent
Valid	Strongly agree	12	60.0
	Strongly disagree	8	40.0
	Total	20	100.0

Table 4.10: Marketing Skills gaps were addressed by the EPWP intervention

		Frequency	Percent
Valid	Strongly agree	14	70.0
	Strongly disagree	6	30.0
	Total	20	100.0

In any country, compliance to government legislation is paramount, whether you are a small or big business. According to Somers *et al.* (2014). SME owners need to make sure that they abide by the regulations and laws of a country they operate in, as a result it is very crucial that they have sound knowledge and understanding of the regulations and laws affecting their businesses in that county. That is important because it may affect their companies' operations and in order to avoid penalties from the state or forced to shut-down their operations, small business owners has to understand and abide by those country's laws and legislation. Additional to that, is understanding the country's laws and regulation helps small business owners also to accept legal responsibilities arise from non-compliance to their stakeholders.

SME South Africa (2014) identified five laws that every business owner cannot afford to ignore in South Africa, of the five laws, this study selected three laws in line with the

EPWP Enterprise Development Policy (2013), viz. (i) entity regulatory laws; (ii) tax related laws and (iii) employment and labour laws. In order to assess and evaluate the levels of compliant to these legislation by EPWP SMEs participants were asked to indicate whether they agree or disagree with the statements outlined in table 4.11 and 4.12, looking at questions regarding tax related laws and entity regulatory laws. Their responses were rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree

When asked about whether their businesses comply with the South African Revenue Services (SARS) requirements, 100% of the participants responded positively to this statement i.e. they all comply with the SARS requirements, (table 4.11) below.

Similarly, when they were asked about whether their businesses comply with the Companies and Intellectual Property Commission (CIPC) requirements, 100% of the participants responded positively to this statement, which means all the supported businesses are fully registered as legal entities through CIPC, (table 4.12).

These results clearly indicate the levels of compliance by the EPWP supported SMEs to the legislation indicated above, but it also reflects the levels of awareness and responsibilities small business owners have, regarding compliance to government legislation as outlined by Somers G. *et al.* (2014). Also, EPWP Policy on Small, Medium and Micro Enterprises (2013) emphasises this concept and have dedicated support provided to small businesses to address levels of compliance. As such, these outcomes reflect a positive impact of the support provided to small businesses by the Programme to comply with these legislation.

Table 4.11: My Business is compliant to SARS

		Frequency	Percent
Valid	Strongly agree	20	100.0

Table 4.12: My Business is compliant to CIPC

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	20	100.0	100.0	100.0

In order to assess and evaluate the levels of compliance to employment and labour laws by EPWP SMEs; participants were asked to indicate whether they agree or disagree with the statements outlined in table 4.13 – 4.15. Their responses were rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree.

There are three (3) pieces of legislation sanctioned by the Department of Labour (DoL) that formed part of the evaluation of this study. They also took into consideration the requirements and priorities of the EPWP Policy on Small, Medium and Micro Enterprises (2013). The pieces of legislation are: (i) Unemployment Insurance Fund (UIF); (ii) Compensation for Occupational Injuries and Diseases Act (COIDA) and (iii) Occupational Health and Safety Act (OHS), tables 4.13 – 4.15 below, summarises the results.

The results indicate that, 60% of participants comply with the UIF legislation, while 40% of participants registered complaint with the COIDA. When it comes to compliant with the OHS, a zero (0%) compliant was registered. This clearly shows poor levels of compliance to some of the DoL legislation with OHS receiving the highest non-compliant rate (100%) followed by COIDA and UIF with 40% and 60% respectively. The EPWP as a government programme needs to make sure that all the businesses supported by the Programme comply with the government laws and legislation for the benefit of both the Programme as well as business owners because Somers G. *et al.* (2014) EPWP, (2013). Scott M. (2015) cautions that when a business fails to meet the government guidelines and policies may result into consequences such as lawsuits with government itself or with the affected stakeholders (other businesses or consumers/clients), immense fines may be imposed or worst case scenario can lead to the dissolution of the entire business.

Table 4.13: My Business is compliant to UIF

		Frequency	Percent
Valid	Strongly agree	12	60.0
	Strongly disagree	8	40.0
	Total	20	100.0

Table 4.14: My Business is compliant to COIDA

		Frequency	Percent
Valid	Strongly agree	8	40.0
	Strongly disagree	12	60.0
	Total	20	100.0

Table 4.15: My Business is compliant to OHS

		Frequency	Percent
Valid	Strongly disagree	20	100.0

To evaluate the user-friendliness of the training material as raised by Egelsner *et al.* (2013) that training should be specifically packaged and designed to address the specific needs of trainees, the training material must be in a language that is easy and well understood by entrepreneurs including the use of relevant and practical examples by trainers. Participants were asked to indicate whether they agree or disagree with the statement outlined in table 4.16 below, i.e. whether the training material was user-friendly. Their responses were then rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree. The results revealed that in general 100% positively agreed with the statement, of those who agreed, 60% strongly agreed and 40% agreed. These results are consistent with the recommendations of Egelsner *et al.* (2013) discussed above. They further address the challenges raised by Maluleka (2013) who found that most of the government SMME training and intervention initiatives are not designed and packaged for any targeted specific groups or sector and trainers fail to take into consideration the diverse needs and education levels of SMEs.

Table 4.16: The training material was user-friendly

		Frequency	Percent
Valid	Strongly agree	12	60.0
	Agree	8	40.0
	Total	20	100.0

The table below shows the frequency distribution of the total scores from a total of 14 Likert type statements in order to identify and measure the attitude of the participants toward these statement, their extent of agreeing and disagree. In line with Allen *et al* (2007) analysis, for this study the minimum score could be 14 and maximum score could be 70. The results showed that 55% of the participants had scored 31 or more. These analysis suggests that more participants positively responded to most of the statements, (table 4.17) and this is consistent with pragmatic literature.

Table 4.17: Total Scores 1

Total Scores 1			
		Frequency	Percent
Valid	21	1	5.0
	25	1	5.0
	27	3	15.0
	28	2	10.0
	29	1	5.0
	30	1	5.0
	31	3	15.0
	34	1	5.0
	36	1	5.0
	37	1	5.0
	39	1	5.0
	40	2	10.0
	41	2	10.0
	Total	20	100.0

4.2.4 Research Objective Two: Was the support provided to entrepreneurs in line with their needs?

In order to evaluate whether the support provided to entrepreneurs is line with their needs, as most government implemented programmes to support small businesses

are accused for being either too rigid or very generic in nature and not directly respond to entrepreneurs specific. This view is reflected on the finding by Maluleka (2013) who found that most of the government SMME training and intervention initiatives are not designed and packaged for any targeted specific groups or sector and trainers fail to take into consideration the diverse needs and education levels of SMEs.

To assess whether the support provided by EPWP Small Business Development Programme was in line with the needs of entrepreneurs. Participants were asked to indicate whether they agree or disagree with the statements outlined in table 4.18 – 4.22 below. Their responses were rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree. For the first question in table 4.18 when asked whether the training responded to their need as entrepreneurs/ business owners, 100% of participants agreed with this statement and of those, 40% indicated that they strongly agreed.

On the second question in table 4.19 when asked whether the needs assessments were conducted before the training support was provided in order to identify what skills gaps to be addressed and which approach to be used in delivering training, 95% of participants responded positively to the question (they strongly agreed with the statement) i.e. needs assessments were conducted before the training commenced. On the third question in table 4.20 below, when asked about the flexibility of the training i.e. whether the training was flexible in the way it was provided, 90% agreed to this statement and of the 90% who agreed with the statement, 30% strongly agreed. With 5% neutral and another 5% disagreed. The fourth question present in table 4.21 below, which assessed the relevance of the support, participants were asked whether the support provided by EPWP was relevant to the nature of their businesses. One hundred percent (100%) agreed with this statement, with 45% indicated that they strongly agreed with the statement. For this last question under the research objective two; participants in table 4.22 were asked whether the timing of the EPWP support intervention was appropriate at that stage of the business, 90% agreed with the statement, with 30% strongly agreed, while 5% were neutral and another 5% disagreed with the statement.

Considering the results in comparison with what other authors discuss, particularly looking at the overall research objectives two and its sub-questions analysed in tables 4.18 – 4.22. In generally, this study reveals positive results that indeed the support provided to entrepreneurs by EPWP Small Business Support initiative is line with their needs. This intervention has been able to address the challenges of many government programmes outlined by Maluleke (2013) are not designed and packaged for any targeted specific groups or sector and trainers fail to take into consideration the diverse needs and education levels of SMEs. Mago *et al.* (2013) also argued that no “one-size-fits” all approach in developing and designing small business support intervention. Effective training should directly respond to the needs of entrepreneurs and must be conducted in a language that is well understood by entrepreneurs, including use of relevant and practical examples by the trainers.

Table 4.18: Support from EPWP responded to my needs as a business person.

	Frequency	Frequency	Percent
Valid	Strongly agree	8	40.0
	Agree	12	60.0
	Total	20	100.0

Table 4.19: Needs assessments were conducted before the support was provided

		Frequency	Percent
Valid	Strongly agree	19	95.0
	Neutral	1	5.0
	Total	20	100.0

Table 4.20: There is flexibility in the way the support provided.

		Frequency	Percent
Valid	Strongly agree	6	30.0
	Agree	12	60.0
	Neutral	1	5.0
	Disagree	1	5.0
	Total	20	100.0

Table 4.21: The support provided was relevant to the nature of your business

		Frequency	Percent
Valid	Strongly agree	9	45.0
	Agree	11	55.0
	Total	20	100.0

Table 4.22: The timing of the support was appropriate

		Frequency	Percent
Valid	Strongly agree	6	30.0
	Agree	12	60.0
	Neutral	1	5.0
	Disagree	1	5.0
	Total	20	100.0

To determine whether the support provided by EPWP was in line with the needs of the participants/ small business owners, five statements were asked (tables 4.18 - 4.22) above and are summarised in in table 4.23 below. The results show that most of the participants (95%) scored ten or less indicating that they had positive perception about the support provided by EPWP in line with their businesses' needs.

Table 4.23: Total Scores 2

Total Scores 2			
		Frequency	Percent
Valid	5	2	10.0
	6	4	20.0
	7	1	5.0
	8	2	10.0
	9	9	45.0
	10	1	5.0
	11	1	5.0
	Total	20	100.0

4.2.5 Research Objective Three: How effective is the support provided to EPWP SMEs?

To determine how effective the support provided to EPWP SMEs, to ensure that the small business sector continue to play its key role in job creation and poverty

alleviation consistent with the argument that small businesses sector is the backbone of the economy in both high-income and low-income countries (Bouri (2011)). There were eight statements asked to participants to indicate whether they agree or disagree with the statements as outlined in tables 4.24 – 4.31 below. Their responses were rated using a five-point scale, where 1=strongly agree, 2=agree, 3=neutral, 4=disagree and 5=strongly disagree. For the first question in table 4.24, when asked whether the support provided by EPWP was beneficial them and their businesses. 100% of participants agreed with this statement and of those, 25% indicated that they strongly agreed, while 75% indicated that they agreed.

On the second question in table 4.25, when asked whether the time dedicated by EPWP officials in supporting small businesses was sufficient, there was a mixed bag of responses, where 15% strongly agreed with the statement, 45% agreed, 15% disagree, 20% strongly disagreed and only 5% was neutral. These results are in contrary with the founding principles of the EPWP in terms of the EPWP Policy on Small, Medium and Micro Enterprises (2013), where the policy emphasises on coaching and dedicated support provided to small businesses and monitoring of their growth. Despite having the majority (60%) of participants generally agreed with the statement, more attention should be paid to the remaining 40% who did not agreed with the statement to ensure that this intervention programme achieve its objectives. Mungai (2012) argued that in order for small businesses live to this expectation, intensive support programmes are required. However the support programme may not be possible if the supporters are not visibly working on the ground with small businesses.

On the third question in table 4.26, when asked whether the EPWP support has assisted the participant to tender and market his/ her business independently, 90% agreed with the statement and of those who are agreed 10% strongly agreed, while 10% was neutral. This is a positive reaction to the support programme to ensure that small businesses are able to stand on their own and look for business opportunity without being hand-held. Niazi (2011) argue that there is strong relationship between

training and the performance of a business or individual, training plays a crucial role in the growth and success of a business. On the fourth and fifth questions respectively in table 4.27 and 4.28, when asked whether the support provided by EPWP in their business was effective and whether the intervention improved their understanding of running and managing their business. Between 85% and 95% of participants agreed with the statements. This is another positive results on the effectiveness of the support provided by EPWP to small businesses. McKenzie et al. (2014) supports this idea by arguing that training and support interventions is one of the most common form of active support provided to SMES around the world. These results suggest that there is a positive role and contribution by the Expanded Public Works Programme to small businesses.

In the sixth question in tables 4.29, when asked whether their businesses were linked to other government support interventions through EPWP. This question is important in ensuring the government institution are not operating in silos, as noted in the South African Government's Integrated Strategy on the Promotion of Entrepreneurship and Small Business (2005), which promotes greater co-ordination across government programmes and the expansion of business support infrastructure and the provision of localised support infrastructure. A total of 90% of participants responded positively to the statements. This highlights a clear indication of the cooperation between government support programmes.

On the seventh and eighth questions in table 4.30 and 4.31, participants were asked whether their businesses were assisted with access to market or market opportunities and whether EPWP provides "after-service" support i.e. follow-ups to their businesses. Again, the results reflected differing views. Fifty percent (50%) of the participants indicated that their businesses were assisted with access markets, while 60% indicated the aftercare support was not provided. These results are consistent with the findings discussed in table 4.25 on time dedicated by EPWP officials in supporting. Access to market and after-care support is a critical in developing sustainable

businesses. Myrick (2009) argued that post-training support programmes and after-care programmes are important in developing and sustaining SMEs.

When government invests in small business support programme, dedicated after-care support and monitoring mechanism must be in put place to sustain initial achievements. For example, Azeem et al. (2013) indicates that the Government of Pakistan provides facilities to SMEs for the prosperity of its economy which looks at the holistic approach in developing, nurturing and growing small businesses in Pakistan and provision of market assess through government dedicated procurement to small business. This view is further supported by Czemiel-Grzybowska (2013) who asserts that there should be structured systems, policies and programmes to cultivate small-scale enterprises. This is valuable lesson for the EPWP Small Business support programme to enhance their business development support programme by also providing dedicated support initiative to small businesses.

Table 4.24: The support provided by EPWP was beneficial to me and my business

		Frequency	Percent
Valid	Strongly agree	5	25.0
	Agree	15	75.0
	Total	20	100.0

Table 4.25: Time dedicated by EPWP officials in supporting my business is sufficient.

		Frequency	Percent
Valid	Strongly agree	3	15.0
	Agree	9	45.0
	Neutral	1	5.0
	Disagree	3	15.0
	Strongly disagree	4	20.0
	Total	20	100.0

Table 4.26: Through the EPWP support, I am able to tender and market my business independently

		Frequency	Percent
Valid	Strongly agree	2	10.0
	Agree	16	80.0
	Neutral	2	10.0
	Total	20	100.0

Table 4.27: The support provided by EPWP in your business is effective

		Frequency	Percent
Valid	Strongly agree	5	25.0
	Agree	12	60.0
	Neutral	2	10.0
	Disagree	1	5.0
	Total	20	100.0

Table 4.28: The intervention improved my understanding of running my managing your business

		Frequency	Percent
Valid	Strongly agree	5	25.0
	Agree	14	70.0
	Neutral	1	5.0
	Total	20	100.0

Table 4.29: My business was linked to other government support interventions through EPWP

		Frequency	Percent
Valid	Strongly agree	13	65.0
	Agree	5	25.0
	Neutral	1	5.0
	Strongly disagree	1	5.0
	Total	20	100.0

Table 4.30 My business assisted with access to market or market opportunities

		Frequency	Percent
Valid	Strongly agree	5	25.0
	Agree	4	20.0
	Neutral	1	5.0
	Disagree	4	20.0
	Strongly disagree	6	30.0
	Total	20	100.0

Table 4.31 EPWP provides "after-service" support i.e. follow-ups to my business

		Frequency	Percent
Valid	Strongly agree	4	20.0
	Agree	3	15.0
	Neutral	1	5.0
	Disagree	6	30.0
	Strongly disagree	6	30.0
	Total	20	100.0

According to Keya Rani Das *et al* (2016) before one conducts any formal statistical analysis, it is essential to assess normality of a data in order to ensure the findings are not skewed to one area. The most commonly used methods are correlation, regression and experimental design. These methods are used to see if the observations follow a normal distribution. As a results, it is assumed that the population in which the sample is extracted from are normally distributed. However, as indicated early that in this study due to easily availability of the research participants, both the population size and the sample size are the same. The normality test in table 4.32 shows that the overall scores were normally distributed. Further analysis were conducted using parametric test like t-test, ANOVA test, and Pearson’s correlation test in tables 4.33 – 4.38 below.

Table 4.32 Tests of Normality

	Kolmogorov-Smirnov		
	Statistic	df	p-value
Total 1	.176	20	.104
Total 2	.278	20	.057

When compared, the mean score for construct 1 and construct 2 in table 4.33, the descriptive analysis show that male participants had higher mean value for both the constructs. But the t-test results indicated that the mean values were similar between male and female for both the constructs ($p>0.05$).

Table 4.33: t-tests

	Gender	N	Mean	Std. Deviation	t	df	p-value
Total 1	Male	4	32.25	5.965	0.036	18	0.971
	Female	16	32.13	6.163			
Total 2	Male	4	9.00	.816	1.389	18	0.182
	Female	16	7.69	1.815			

ANOVA test was conducted to compare the mean values for more than two groups for both the constructs in tables 4.34 and 4.35. It was found that participants who were 41-50 years old had the highest mean score for construct 1 and for construct 2. But, the ANOVA test did not find any significant mean different among the different age groups with regards to construct 1 and construct 2 ($p>0.05$).

Table 4.34: Independent Samples Test

		N	Mean	Std. Deviation
Total 1	20-30 years	3	31.00	7.937
	31-40 years	11	30.82	5.793
	41-50 years	4	38.25	2.217
	51-60 years	2	29.00	2.828
	Total	20	32.15	5.967
Total 2	20-30 years	3	8.33	1.155
	31-40 years	11	8.09	1.640
	41-50 years	4	8.50	2.082
	51-60 years	2	5.50	.707
	Total	20	7.95	1.731

Table 4.35: ANOVA Test

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Total 1	Between Groups	192.164	3	64.055	2.116	.138
	Within Groups	484.386	16	30.274		
	Total	676.550	19			
Total 2	Between Groups	13.874	3	4.625	1.718	.204
	Within Groups	43.076	16	2.692		
	Total	56.950	19			

When compared, the mean score for construct 1 and construct 2 in table 4.36, descriptive analysis showed that participants who are 4-5 years in business had higher mean value for both the constructs. But the t-test results indicated that the mean values were similar between those who are 2-3 years and 4-5 years in for both the constructs ($p > 0.05$).

Table 4.36: No. of years in Business

	No. of Years in Business	N	Mean	Std. Deviation	t	df	p-value
Total 1	2-3 years	11	30.91	6.379	-1.030	18	.317
	4-5 years	9	33.67	5.385			
Total 2	2-3 years	11	7.82	1.779	-.368	18	.717
	4-5 years	9	8.11	1.764			

When compared, the mean score for construct 1 and construct 2 in table 4.37, descriptive analysis showed that proprietary limited form of business had higher mean value for construct 1 and less mean value in construct 2, while cooperative form of businesses had a higher mean value. But the t-test results indicated that the mean values were similar between proprietary limited and cooperatives form of businesses in for both the constructs ($p > 0.05$). This is in line with the EPWP policy (2013) to support cooperatives due to the number of people who benefits from a cooperative as compared to proprietary limited form of business.

Table 4.37: Type/form of Business

	Type/Form of Business	N	Mean	Std. Deviation	t	df	p-value
Total 1	Cooperative	14	31.50	6.619	-.735	18	0.472
	Proprietary limited	6	33.67	4.179			
Total 2	Cooperative	14	8.21	1.888	1.045	18	0.310
	Proprietary limited	6	7.33	1.211			

When compared, the mean score for construct 1 and construct 2 in table 4.38, descriptive analysis showed that owner/ director in the business had higher mean value for construct 1 and less mean value in construct 2, while co-owner/ co-director had a higher mean value in construct 2. But the t-test results indicated that the mean values were similar between owner/ director and co-owner/ co-director business in for both the constructs ($p > 0.05$).

Table 4.38: Group Statistics

	Role in the Business/ Ownership	N	Mean	Std. Deviation	t	df	p-value
Total 1	Owner/Director	6	33.67	4.179	.735	18	0.472
	Co-owner/Co-director	14	31.50	6.619			
Total 2	Owner/Director	6	7.33	1.211	-1.045	18	0.310
	Co-owner/Co-director	14	8.21	1.888			

The Pearson's correlation test in table 4.39 did not find any significant relationship between the two constructs ($r=0.184$, $p=0.437$). Therefore we cannot conclude on the relationship between these two construct, similarly to finding by Keya Rani Das et al (2016).

Table 4.39: The Pearson's correlation test output

		Total 1	Total 2
Total 1	Pearson Correlation	1	.184
	Sig. (2-tailed)		.437
	N	20	20
Total 2	Pearson Correlation	.184	1
	Sig. (2-tailed)	.437	
	N	20	20

4.3 Conclusion

This chapter presented the research findings or results using SPSS for Windows for analyses and other basic statistical tools such as frequency tables. Various statistical tests were conducted to analyse the results such as the normality test, parametric test like t-test, ANOVA test, and Pearson's correlation test. The results revealed that the majority of participants (80%) are women and (75%) were between the ages of 31 years and 50 years.

In comparison to other research outcomes, the study revealed that (95%) of participants agreed that the EPWP training assisted their business. When asked to rate their business managerial skills before they were supported by EPWP, (35%) rated their business management skills as very low, while (45%) rated their skills low. Cumulatively, the majority (80%) of the participants had low skills prior to participating in the EPWP support programme. However, this changed after the EPWP training intervention. Participants were then asked to rate their business managerial skills after the EPWP support programme. The results reveals that 75% of participants rated their skill high and 10% rated their skill very high. Furthermore, the results to determine how effective the support provided by EPWP to SMEs, there were eight statements asked and responses and the results indicates that most of the participants responded positively to most of the factors. For example, all the participants positively mentioned that support provided by EPWP was beneficial to them and their businesses. Eighty (80%) indicated that through the EPWP support, they are now able to access markets through tenders and market their businesses independently. A quarter of them strongly agreed that the support and intervention provided by EPWP for their business is effective as it improved their ability to manage their business entities.

In spite of the above, about 30% indicated that they strongly disagreed that their business assisted with access to market or market opportunities as well as the provision of “after-service” support i.e. follow-ups to their business by EPWP. While also 35% felt that the time dedicated by EPWP officials to support them is not sufficient.

The next Chapter (Chapter 5) will conclude the study by looking at the objectives of the study and compare them with the outcomes or research findings as they are outlined in chapter 4 and then make recommendations.

CHAPTER 5

STUDY SUMMARY

5.1 Introduction

The previous Chapter, (Chapter 4) provided detailed analysis of the research findings and outcomes. This Chapter, (Chapter 5) concludes this study by summarising key findings in line with the study objectives and provides recommendations on the improvement of the support intervention. In line with the limitations identified in this support intervention, this chapter further proposes/suggests areas for further research.

5.2 Study Summary

The overall purpose of the study was to critically assess and evaluate the impact and effectiveness of training and support interventions provided by the Expanded Public Works Programme (EPWP) to small businesses within the programme. The study provided a detailed background of the EPWP as a nationwide government-led initiative with the objective to provide work opportunities and income support to poor and unemployed people through labour intensive delivery of public and community assets and services, thereby contributing to development. Small business support or Enterprise Development (ED) support was discussed as a delivery strategy for the Expanded Public Works Programme targeting emerging enterprises including co-operatives to leverage work opportunities. The discussed ED support model to small businesses includes:

- i. Facilitating access to markets.
- ii. Facilitating access to training/ skills development related to business management.
- iii. Capacitating SMEs to comply with legislative requirements.
- iv. Facilitating access to development finance.

v. Facilitating linkages to business development support services, etc.

The study looked at both global and South African perspectives on small business support, starting with how small business are defined in South Africa and other countries. Three main areas were assessed in line with the study objectives in Chapter 2 (literature review), those includes (i) training of small businesses globally and South African perspectives. This demonstrated an important element of providing support and development to SMEs. Mungai (2012) argued that the success of entrepreneurs' development and management in any enterprise depends on its capacity to develop human resources through training, ability to start a business, products and services that can compete in the global market. This was followed by second component of the study which looked at, (ii) financial support to SMEs, various types and sources of funding available to small businesses were discussed, these include internal funding, that a small business may obtain from the business reserve or borrow from family and friends. Conversely, small business may obtain funding from external sources such as financial institutions (banks etc.) as well as from government. South Africa has a myriad of government-funded agencies that provide small business finance i.e. IDC, SEFA, etc.

The third (iii) area discussed the effectiveness of support provided to small businesses and best practices, various support models were discussed such as mentorship model and incubation model implemented by both government and the private sector. Support mechanisms identified include Seda Technology Programme (STP), a technology business incubation programme, technology transfer services & support to small enterprises, a government programme. The Shanduka Black Umbrellas (SBU), is a private sector initiative aimed at developing 100% black owned businesses to a level where they can gain meaningful access to markets, finance and networks, and facilitate access to these opportunities.

A questionnaire-based survey was conducted with a sample drawn from a list of small businesses supported by the EPWP. The focus of the survey targeted business owners/ co-owners only. The study employed the descriptive and diagnostic research

design as the most appropriate research design and opted to lean more towards diagnostic research design in line with the objectives of the study intended to evaluate the impact of training and support interventions of EPWP to SMEs.

Based on the nature of the study, a quantitative research method was used and positivism (positivist) paradigm was adopted because it employs deductive logic and quantitative research methods compared to other models.

The outcomes of the study demonstrate that:

- i. In accordance with the EPWP demographic target for women (i.e. 55%), majority of the participant (80%) in the programme were women. However there was no specific test or measure for youth and persons with disability in the study.
- ii. Seventy percent (70%) of the small businesses involved in the programme were cooperatives as opposed to the (30%) of proprietary limited businesses, this is also directly consistent with the objectives of EPWP and government in general to support cooperatives predominantly owned by women.
- iii. There was an overwhelming majority of participants (95%) who positively responded that the training provided by the EPWP assisted their businesses.
- iv. Most of the participants (80%) rated their managerial skills low prior to joining the EPWP training programme, but after they participated in the EPWP training programme, (85%) rated their business and managerial skills high. Which means the programme has a positive impact in small business owners in improving their skills.
- v. The majority of participants (95%) indicated that they are applying the skills and knowledge gained from the EPWP Training Programme.
- vi. In relation to key business management skills such as financial management; records keeping; administration and marketing, which are the main focus of the EPWP small business training programme, at least 60% and above of participants strongly agreed that this programme has assisted and equipped

them with these skills. Nonetheless, it seems as if additional attention is required on skills such as administration and record keeping as they received the lowest percentage 60% and 65% respectively against Financial Management and Marketing 85% and 70% respectively.

- vii. In terms of compliance with legislative requirements, which is critical that all businesses to comply with government legislative requirements, the study review five legislation/requirements: (i) South African Revenue Services (SARS); (ii) Companies and Intellectual Property Commission (CIPC) Department of Labour (DOL) legislative requirements (iii) Unemployment Insurance Fund (UIF); (iv) Compensation for Occupational Injuries and Diseases Act (COIDA) and (v) Occupational Health and Safety Act (OHS). The levels of compliance was found to be very high (100%) for both under SARS and CIPC requirements. But when it comes into the DOL legislative requirements compliance, the picture was different, UIF and COIDA had 60% and 40% compliance respectively, while OHS compliance level was sitting at 0%. Which clearly indication that more attention to be paid to ensure that the businesses comply with government requirements especially taking in to account the nature of work these SMEs are rendering to the State.
- viii. One hundred percent (100%) of the participants responded positively on the design of training material, the material was found to be user-friendly and responded to the needs of entrepreneurs/ business owners. The training was found by 90% of participant to be flexible and able to accommodate their needs.
- ix. EPWP officials conducted the needs assessment before the commencement of training and support intervention, 95% of participants responded positively to this question as this is an important step in designing appropriate training intervention.

The positive feedback reflected by these findings is also accompanied by negative feedback, which will require further attention by the EPWP to improve the implementation of the small business support interventions. Amongst the negative sentiments revealed by the study is that approximately 40% of participants indicated that the time dedicated by EPWP officials in supporting their business was insufficient, while 30% strongly disagreed that their business were assisted with access to market

or market opportunities as well as the provision of “after-service” support i.e. follow-ups to their business by EPWP.

5.3 Recommendations and Suggestions for Further Research

The findings of the study revealed that the training and support interventions provided by the Expanded Public Works Programme (EPWP) to small businesses within the programme has a positive impact and it is effective. The study further revealed certain areas that need attention in order to improve the programme such as “after-service” support i.e. follow-ups to the supported small businesses. Based on the study findings, it can be recommended that an all-inclusive small business support be implemented. The EPWP small business support programme suffers what is referred to as “*piece meal and referral syndrome*”. The Programme does not implement support initiatives from start to exit due to the challenge of always receiving small businesses recruited externally by other sub-programmes without vigorous process to test the entrepreneurial ability of an individual. It seems as if the tough economic conditions have become a motivation for unemployed persons to consider opening a small business, without the right appetite nor attitude for it. This becomes difficult in moulding them when they are already in the programme with wrong motives.

Another challenge, the Small Business support model does not have a dedicated funding and it therefore cannot provide what is referred to as “*end-to-end small business supports solution*”. It is against this backdrop that a holistic and all-inclusive small business support programme is proposed for implementation by EPWP. It is hope that the comprehensive support will enable the Programme to select appropriate potential SMEs to participate in the programme. This must be coupled with the provision of access to market in the form of projects or contracts to be provided through this programme so that SMEs can be monitored from the entry to exit. The programme should be able to provide access to funding, since this is crucial of any business. This is the “*end-to-end small business supports solution*” that will ensure EPWP Enterprise Development succeeds in creating robust SMEs.

Whereas this study has provided an understanding and insight of the training and support interventions provided by the Expanded Public Works Programme (EPWP) to small businesses within the programme, it has some limitation that need to be considered in the interpretation of the results. For example, the study focused only on one geographic area where small businesses are supported by the EPWP, and that is the Pretoria Region where primary data was gathered. Thus, other regions with similar support programme could not be included in the study due to resource constraints. This is a limitation in that the results are not a true representation of the collective views of all the small businesses supported by the EPWP country wide.

This study alone was unable to answer all the questions regarding training and support interventions provided by the EPWP to small businesses within the programme and therefore identified other areas that still need further investigations. The following are some research areas that need to be explored within this programme:

- i. Longitudinal study to be conduct on the small business who have exited the programme to find out the status of their businesses and operations.
- ii. Since this study was focusing only in one region while this programme is implemented across the country, there is a need to further evaluate the impact of this support nationwide to get a more balanced pictures.
- iii. Investigation on exit strategies appropriate for this model.
- iv. How rural communities and youth benefit from such support programmes.

5.4 Conclusion

This last Chapter of the study provided a summary of the study to fulfil the objectives and what the study hoped to achieve. It further provides recommendations on what this Small Business Support Programme need to address in order to improve the implementation and challenges revealed by the study. It is hoped that the findings of

this study will add to a body of knowledge and enhance understanding of interventions to assist SMEs. Lastly, through the findings, this chapter outlined research areas to be further explored within this Programme and broader SME development paradigm.

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APPENDICES

Appendix A: Letter of informed Consent

Appendix B: Questionnaire

Appendix C: Ethical Clearance Approval

Appendix D: Turnitin Report