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ABBREVIATIONS

AMPS	All Media and Product Survey
BMR	Bureau of Market Research
CSS	Central Statistical Service
DBSA	Development Bank of Southern Africa
DIB	Demographic Information Bureau
DRA	Development Research Africa
GDP	Gross Domestic Product
HSRC	Human Sciences Research Council
NAFCOC	National African Chamber of Commerce
OHS	October Household Survey
PSLSD	Project for Statistics on Living Standards and Development
RDP	Reconstruction and Development Programme
SAARF	South African Advertising Research Foundation
SALDRU	Southern Africa Labour and Development Research Unit
SARB	South African Reserve Bank
TBVC	Former independent states Transkei, Bophuthatswana, Ciskei, Transkei
UNDP	United Nations Development Programme

FOREWORD

In early 1994, the United States Agency for International Development (USAID) commissioned a series of activities and studies known as "MAPS"—a Manual for Action in the Private Sector designed to assist AID in planning and implementing strategies to assist South Africa in its efforts to achieve rapid and sustained economic growth with broad participation in the benefits of that growth, especially among those groups who have been historically disadvantaged because of the policies of apartheid.

In South Africa, the MAPS exercise was modified significantly to reflect the unique circumstances of the country and its recent political transition. The exercise included several components: 1) gathering over 100 existing studies related to the economic empowerment of previously disadvantaged groups in South Africa into an annotated bibliography, 2) a sectoral "map" of the economy, 3) this Benchmark Study and 4) implications and recommendations to USAID of the above.

USAID recognized early on that the bibliography and benchmark exercise could be of usefulness not only internally but could contribute to the important process of dialogue currently taking place in South Africa. Government agencies, business associations, non-governmental organizations and private companies and others could find these useful.

It is with this spirit of respect for and cooperation with those currently involved in the efforts to promote economic growth with a broader and fairer participation in the benefits of that growth, that this work is being made available to the broader community.

Kevin X. Murphy
President,
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May 18, 1995

EXECUTIVE SUMMARY

The following study provides benchmark data for measuring the current condition and future improvement of previously disadvantaged groups in the South African economy. It is presented as objectively as possible, with limited commentary, so that it can serve as a tool for all groups regardless of their political or economic positions. As such it can contribute to a more informed dialogue by providing a clear snapshot of where things stand today and the great challenges that lie ahead.

The study examined many data sources and relied on 12 leading sources of information. These included the recently released October Household Survey of the Central Statistical Service, perhaps the most useful source of information. It also included the Project for Statistics on Living Standards and Development (survey of 9,000 households), the All Media Products Survey (14,000 households), the Bureau of Market Research, the Development Bank of South Africa, the Breakwater Monitor of the UCT Business School measuring affirmative action among a labor pool of 1 million, the Salary and Wage Movement Survey, McGregor's Online Information (for black directorships), databases in the Registrar of Companies, the Receiver of Revenue and the Industrial Councils, the Gemini survey of 5,000 micro-enterprises (1990), and the World Bank survey of 620 enterprises.

Benchmarks are provided for quality of life, employment, quality of employment, and business and asset ownership. Quality of life indicators show wide disparities among ethnic groups. Life expectancy varies from a low of 58 years (colored males) to a high of 77 years (white females). Infant mortality levels have declined substantially, if unevenly, in recent decades from 165 down to 54 per 1,000 among blacks and much lower levels for others. Literacy, housing, and standard of living indicators also show great discrepancies and, taken together, give a clear picture of the challenge that lies ahead. Finally, income per capita varies from R27,847 among whites to R11,212 for Asians, R7,650 for coloreds and R3,686 for blacks.

The assumption of this study is that improvement in economic participation is a key to improved living standards. The most basic form of participation is having a job. Here one finds that while blacks make up a majority of the formal sector workforce, they are under-represented relative to their percentage of the economically active population. Furthermore, they make up most of the ranks of the unemployed (4.0 million out of 4.6 million total).

Employment "quantity" fails to capture employment "quality." Section 5 presents the discrepancy in relative salary levels. More importantly, Figure 5.1.1. presents the "glass ceiling" for blacks at about wage category 12-13 of the Peromnes job categories, a point which is also the entry point in the economy for most whites. The graph demonstrates that the vast majority of blacks are stuck in very low skilled and unskilled jobs. However, recent data shows that blacks who obtain technical, professional and managerial positions will be likely to receive similar wages to those of their colleagues from other ethnic backgrounds.

Discrepancy in job positions and hence salaries occur in nearly all industries (Table 5.3.1). Among all ethnic groups, blacks have the lowest distribution of monthly income (Figure 5.3.1). White women are disadvantaged relative to white men, but black women and men have similar incomes (Figure 5.3.4.).

Managerial employment data for over 1 million people reveal that blacks have had a hard time breaking into managerial positions and are very under-represented relative to the broader population (Figure 6.2.1).

Estimates on formal sector entrepreneurship are based on the CSS findings of approximately 800,000 people self-employed. In the formal sector, black-owned businesses tend to be in wholesale and retail trade, catering and accommodation, personal services, construction and transport industries. In the informal sector, most self-employment and business ownership is in the service industry.

In terms of asset ownership, 26% of blacks have savings accounts but less than 2% have retirement annuities or pension plans. Less than 1% reported having investments. However, about 11% have motor vehicles. Good data is not available on franchise ownership or the value of housing stock owned.

The study concludes by providing a set of proposed indicators for measurement of progress over time and the sources where such data can be obtained on an on-going basis. These indicators of quality of life, employment, managerial participation, and business and asset ownership give a clear picture of the challenges facing those in whose hands rests the future of the South African economy. The indicators provide clear measures against which future progress can be made. It is recommended that this study be repeated annually so that progress can be clearly measured.

1. INTRODUCTION

1.1 Background to the research

USAID is developing a strategy for a program to assist the private sector of South Africa. The objective of the program will be to increase the economic participation of previously disadvantaged groups in South Africa. The program will have a major focus on small, medium and micro-enterprises (SMME) in the business sector.

BMI was asked to perform the necessary research in order to provide USAID a foundation for the strategy, as well as to provide a basis to evaluate the effectiveness of the program over the implementation period. The research was based on available sources of economic and social data, as well as the opinion of a group of South Africans, who are considered knowledgeable in their respective fields.

1.2 Objectives of the Research

There are two major objectives of the research: 1) to describe the extent of participation of previously disadvantaged groups in the South African economy, and 2) to present benchmark data and baseline indicators to measure the future progress in increasing this participation of these groups.

Economic participation refers to the ability of a person, or group of persons, to contribute to the production of goods and services, and to benefit from that activity by receiving salaries, owning capital, improving their economic position and deriving monetary reward, social status, and psychological satisfaction from that activity.

Previously disadvantaged refers to the particular demographic and socio-economic groups in society which have had the lowest income per capita, employment rates, literacy, life expectancies and the highest infant mortality rates. In the South African situation these groups are racially segmented and involves the so-called black, colored and asian sub-groups.

The economic participation of previously disadvantaged groups in South Africa are expressed in terms of:

- Employment
- Managerial employment
- Business ownership
- Other indicators useful for tracking participation in the private sector economy.

1.3 Methodology

The research was conducted utilizing 12 principal sources of information described in section 1.4 below. The data were collected from either institutional sources responsible for collecting, processing and publishing statistics, or publications containing statistical data. The study sought to identify and utilize secondary sources of data. Simultaneously a number of experts were consulted in order to obtain their input, to compensate for the lack of reliable and recent statistical information.

A major limitation to the study was the poor statistical base of quantitative information in South Africa. Some information was outdated and some unavailable. There were also inconsistencies and contradictions between the different data sources.

The study was based on two major assumptions:

The first assumption was that, while the categorization of the population of South Africa into different racial groups is contradictory to the elimination of all forms of racial discrimination, it still will be a necessity in order to measure the progress in correcting the imbalances which are a result of past policies. It is therefore imperative to continue to collect statistics along racial lines, so comparisons can be made in order to monitor change and the process of social integration. Unfortunately many institutions no longer collect data disaggregated by race and were unable to supply information related to racial groups.

Secondly, the study is based on the assumption that there is a high correlation between black economic participation and other socio-economic goals, such as health, education, and a proper standard of living.

The study utilized analytical frameworks developed over time by BMI as well as the MAPS methodology and analytical frameworks developed by J.E. Austin Associates. In addition, the study employed several persons who are very familiar with the business sector of the South African economy to provide expert opinion of the analytical results and overcome some of the shortcomings in available data.

1.4 Sources of Information

This study was done with one eye on the future. For those interested in measuring progress later, it is important to discuss the sources of information.

Quantitative data on the socio-economic situation of the population is primarily obtained through major national household surveys or through a national population census. In South Africa the Central Statistical Service (CSS) is responsible for the gathering of statistical information utilizing these methods. Unfortunately the population of the so-called 'independent homelands', Transkei, Bophuthatswana, Venda and Ciskei (TBVC states) were excluded in the past. Other shortcomings in the data provided by CSS were unreliable data and outdated information. In other cases desired information was not available.

To compensate for these shortcomings a comprehensive sample survey was undertaken of 9000 households through the whole of South Africa (including the TBVC states) in 1994. This survey was called the Project for Statistics on Living Standards and Development (PSLSD) and performed by the Southern Africa Labour and Development Research Unit (SALDRU) of the University of Cape Town with World Bank assistance. The objective was to provide policy makers with data required for planning strategies, especially important for implementation of the Reconstruction and Development Programme (RDP). The data of the PSLSD was analyzed for this research by Data Research Africa (DRA).

Partly as a result of the experience gained with the PSLSD, and to make information available for the RDP, the CSS has improved their major annual household survey, the October Household Survey (OHS). This is an annual sample survey of 30,000 households, for the first time undertaken in 1993. The OHS 1994 now provides a wide range of quantitative data on employment, unemployment, the informal sector and other information on the socio-economic conditions of the population. With the inclusion of the TBVC states, and the use of experience gained through the SALDRU study it seems as if the OHS is now the most reliable source of information for the future, although there are still some measuring problems with the informal sector. From 1994 onwards time series can be used to monitor the progress in South Africa.

The commercial All Media and Product Survey (AMPS) provides a wide variety of information on income, occupations and other living standard measurements. The annual survey is conducted by the South African Advertising Research Foundation (SAARF) and is based on a nation-wide probability sample of more than 14,000 households. The information only refers to persons of sixteen years and older.

The Bureau of Market Research (BMR) of the University of South Africa provides survey information on both personal and household income and expenditure for all population groups. Though it can be a helpful source of information for benchmarking purposes, it should be noted that the frequency of their research is limited, the TBVC states were excluded in the latest report on household expenditure, and the lead time of the research can be long.

The Development Bank of Southern Africa (DBSA) provides useful information on the socio-economic conditions. They source most of their data from CSS, but they compensate for the shortcomings of the CSS data through the models they developed and the inclusion of TBVC data. An organization with which they co-operate is the Demographic Information Bureau (DIB). DIB has built up a data set for use as a planning tool. For this purpose they consulted sources such as the South African Institute for Race Relations (SAIRR), the Urban Foundation, the Development Bank of South Africa, and the Bureau of Market Research (BMR) of the University of South Africa, as well as CSS. They are considered a reliable source of information and the Development Bank of Southern Africa, among many other institutions make use of their services. The TBVC figures are included in the DIB data set.

The *Breakwater Monitor* of the Graduate School of Business of the University of Cape Town monitors the process of affirmative action. Participation in providing information is voluntary and those corporations participating have subscribed to affirmative action. The project started in march 1992, and at present 113 corporate and utilities supplying organizations are participating in the project, representing almost 1 million employees. The findings do not cover the small and medium business sectors. Nevertheless, it is a valuable source of information for benchmarking purposes.

Proprietary information on affirmative action and salary levels is further obtainable from private sector organizations like FSA-Contact (Pty) Ltd. and PE Corporate Services. FSA-Contact publishes a *Salary and Wage Movement Survey*, based on information from ninety private-sector companies. Another private organization, *McGregor's Online Information* supplies statistics on black directorships of JSE-quoted companies.

The sources of information on small business ownership in the formal sector are limited to the data sources of the CSS, which are outdated and do not supply a racial breakdown of business ownership. There are a number of existing databases which could be helpful in gathering quantitative data on small business. However the databases of the Registrar of Companies, the Receiver of Revenue, the Industrial Councils and business organizations all have limited coverage or are incomplete. This explains why there are no register based surveys available. Organizations like the National African Chamber of Commerce (NAFCOC) should be the most appropriate source of information for benchmarking purposes, but at present they can not contribute for this purpose. The apparent lack of quantitative data has been identified in the White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa.

A number of reasonably large sample studies of small business and the informal sector have been performed in South Africa, conducted by university institutes or contracted researchers. The data collected is usually qualitative and the findings can hardly be extrapolated onto a national level for quantifying purposes. Examples of these surveys are the GEMINI survey of 5000 micro-enterprises (1990), the World Bank research of 620 enterprises (1993) and several studies performed by CASE and BMI.

1.5 Organization of the Report

The following chapter, *chapter 2*, discusses the available demographic data and a number of quality of life indicators, as well as the sources of information for these indicators. The indicators relate to health, knowledge, housing and the standard of living.

In *chapter 3* the available sources of data on economic participation are discussed and the available information on the rates of participation is presented.

Chapter 4 discusses the structure of the economy. First the contributions of both the formal and informal sector to the Gross Domestic Product are given, then the contributions of the different sectors to the GDP and the number of people employed in those sectors are quantified.

The aspects of economic participation through employment are treated in *chapter 5*. These aspects are the occupational categories in which the economically active population is employed, and the quality of employment. The latter is expressed in terms of salaries and wages earned.

Chapter 6 discusses the issues of economic participation of the different population groups at the managerial level. It first describes the available sources of information and the compatibility of the different job grading methods. Thereafter the findings of the different data sources are presented.

In *chapter 7* the data on business ownership and self-employment in both the formal and informal sector is treated. In addition, this chapter presents the scarce available data on asset ownership of the black population.

Finally *chapter 8* gives recommendations for future periodic measurement of indicators on the economic participation of the previously disadvantaged.

2 QUALITY OF LIFE INDICATORS

2.0 Key Findings and Indicators

The quality of life indicators show huge discrepancies between blacks and the other ethnic groups. There is a ten year difference in life expectancy, the ultimate quality of life index. While significant progress has been made in infant mortality rates, there remains a sevenfold difference between blacks and whites. Almost 90 percent of whites age 14 and over have completed standard 6, while less than half of blacks have reached this level of literacy. There is more than a sevenfold difference in personal disposable income between these two groups.

	Blacks			Whites		
	All	Male	Female	All	Male	Female
Life Expectancy (at birth in years)		61	67		69	71
Literacy (%14 years+ and completed Standard 6)	45.6			89.7		
Infant Mortality (# per 1000 live births by race)	54.3			7.3		
Personal Disposable Income per Capita	R 3,686			R27,847		

2.1 Introduction

The quality of life of the population of a country can be expressed through a variety of indicators. Internationally accepted indicators include life expectancy, infant mortality rates, literacy and educational status, Gross Domestic Product (GDP) per capita, maternal, employment levels, and maternal morbidity and mortality rates. The United Nations Development Programme expresses the quality of life for the population of a country through a Human Development Index (HDI), which is a composite of three basic components of human development: longevity, knowledge and income. Longevity is measured by life expectancy, knowledge is measured by a combination of adult literacy and mean years of schooling, and the income component is measured through the real GDP per capita, adjusted for the local cost of living.

The HDI offers an instrument to measure the relative socio-economic progress of different countries and facilitates international comparisons among countries. The overall HDI of South Africa is 0.650, which places it between countries like Nicaragua and China. But there are huge disparities between blacks and whites. Based on the scarce reliable data, the HDI for whites has been calculated as 0.878, while for blacks it is 0.462. If white South Africa were a separate country, it would rank 24, just after Spain. Black South Africa however would rank 123, just above Congo. There are also significant gender differences, these are almost entirely due to disparities within the black community - the HDI for black males is 0.530 while for black females it is 0.426 (UNDP, 1994).

In this chapter a number of indicators of the quality of life of the different population groups are discussed, which are helpful in identifying the disparities between the different population groups, and monitoring the progress in correcting these imbalances. Indicators such as life expectancy and literacy rate, will respond slowly to corrective actions in society. Therefore a number of indicators are introduced which respond more directly to changes in society, such as housing, facilities available in dwellings and disposable income. Because the composition of the South African population plays an important role in understanding the problems of South Africa, the available demographic data is discussed in the next section.

2.2 Demographic Data

The quality of whatever indicator depends strongly on the currentness and the reliability of the information which has been used to determine those indicators. In the case of South Africa censuses and the registration of vital statistics have been incomplete, especially with respect to the black population. A further complicating factor is the fact that earlier statistics excluded the population of the self-governing territories, the so-called TBVC - states.

The available population estimates for South Africa vary significantly between 40 million and 43.5 million for mid-year 1994. The CSS figures, based on the 1991 Population Census, are almost always far below other estimates. CSS estimates the mid-year 1994 population at 40,435 million. Table 2.2.1 gives the estimates of the CSS for the population as per October 1994, as used for the October Household Survey 1994. The CSS points out that higher population figures may occur as a result of illegal immigration. It is estimated that South Africa has 1.5 to 2.0 million illegal immigrants.

Table 2.2.1 The Population of South Africa as per October 1994 according to the Central Statistical Service

	Urban		Rural		Total		Total
	Male	Female	Male	Female	Male	Female	
Black	5 817 991	5 201 232	9 498 827	10 426 216	15 316 819	15 627 448	30 944 267
White	2 333 712	2 395 523	246 877	216 386	2 580 590	2 611 908	5 192 498
Colored	1 388 013	1 500 470	307 524	276 953	1 695 538	1 777 421	3 472 960
Asian	493 621	505 445	20 136	19 349	514 057	524 794	1 038 851
Total	10 033 636	9 602 667	10 073 364	10 938 905	20 107 000	20 541 572	40 648 572
	19 636 303		21 012 269		40 648 572		

Source: CSS October Household Survey 1994; Estimates based on CSS Population Census 1991 Data.

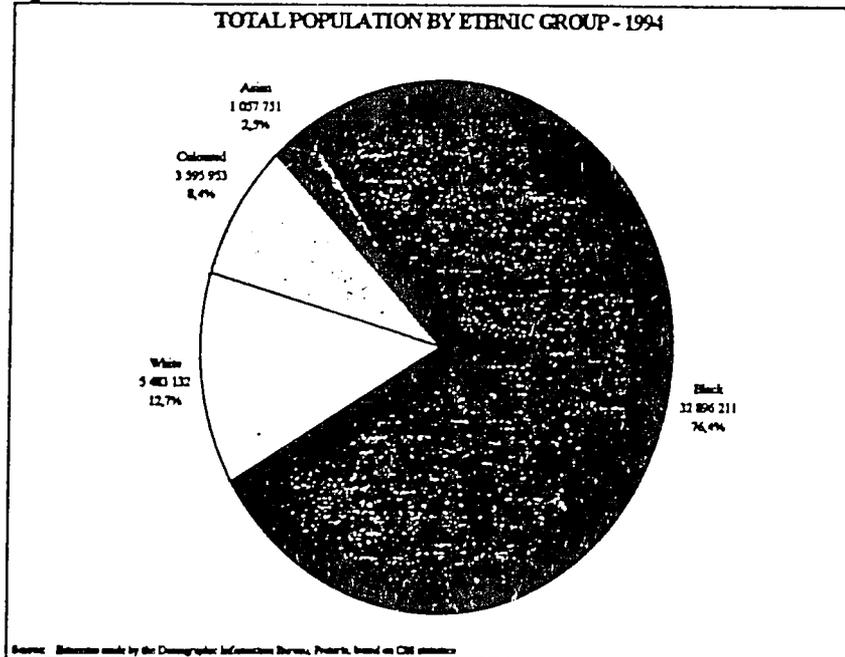
The DIB recently recalculated the population figures, after evaluating the adjustments done for undercount in the 1991 Population Census. The adjusted statistics can be found in table 2.2.2. The DIB estimates the annual population growth between 1990 and 1995 at a rate of 2.26%. Figure 2.2.1 on the next page shows the breakdown of the population by race in percentages.

Table 2.2.1 Mid-year Estimates of the Population of South Africa from the Demographic Information Bureau

	Urban		Rural		Total		Total
	Male	Female	Male	Female	Male	Female	
Black	6 256 503	5 777 592	10 339 141	10 522 975	16 595 644	16 300 567	32 896 211
White	2 410 932	2 512 772	274 197	246 231	2 724 129	2 759 003	5 483 132
Colored	1 426 595	1 534 893	329 400	305 065	1 755 995	1 839 958	3 595 953
Asian	508 230	518 530	21 261	19 730	529 491	538 260	1 057 751
Total	10 641 260	10 343 787	10 963 999	11 094 001	21 605 259	21 437 788	43 043 047
	20 985 047		22 058 000		43 043 047		

Source: Demographic Information Bureau; Estimates based on CSS Population Census 1991 Data.

Figure 2.2.1



The challenges to the South African economy become apparent when the age distribution of the population is considered. More than half of the black population is younger than 20 years (50.47%). For the total population the percentage of people younger than 20 years is 46.7%. Figure 2.2.2 compares the age distribution of the black and white population groups and table 2.2.2 gives the age distribution in numbers and percentages.

Figure 2.2.2

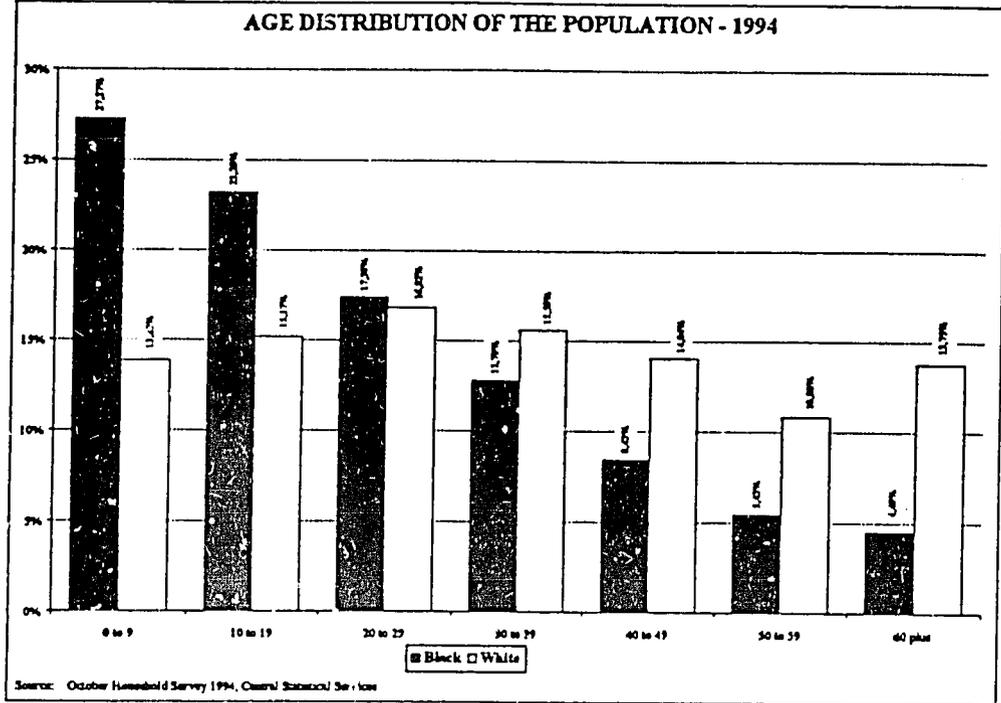


Table 2.2.2 Age Distribution of the Population

Age	Total	% Whites	% Blacks
0-4 years	5 142 896	12.76 %	14.11 %
5-9 years	4 867 100	12.07 %	13.16 %
10-14 years	4 611 925	11.44 %	12.22 %
15-19 years	4 206 468	10.43 %	10.98 %
20-24 years	3 791 488	9.40 %	9.42 %
25-29 years	3 305 746	8.20 %	7.97 %
30-39 years	5 434 751	13.48 %	12.79 %
40-49 years	3 787 891	9.40 %	8.43 %
50-59 years	2 517 522	6.24 %	5.43 %
60-64 years	882 197	2.19 %	1.90 %
65+ years	1 768 908	4.39 %	3.59 %
TOTAL	40 316 995	100.00 %	100.00 %

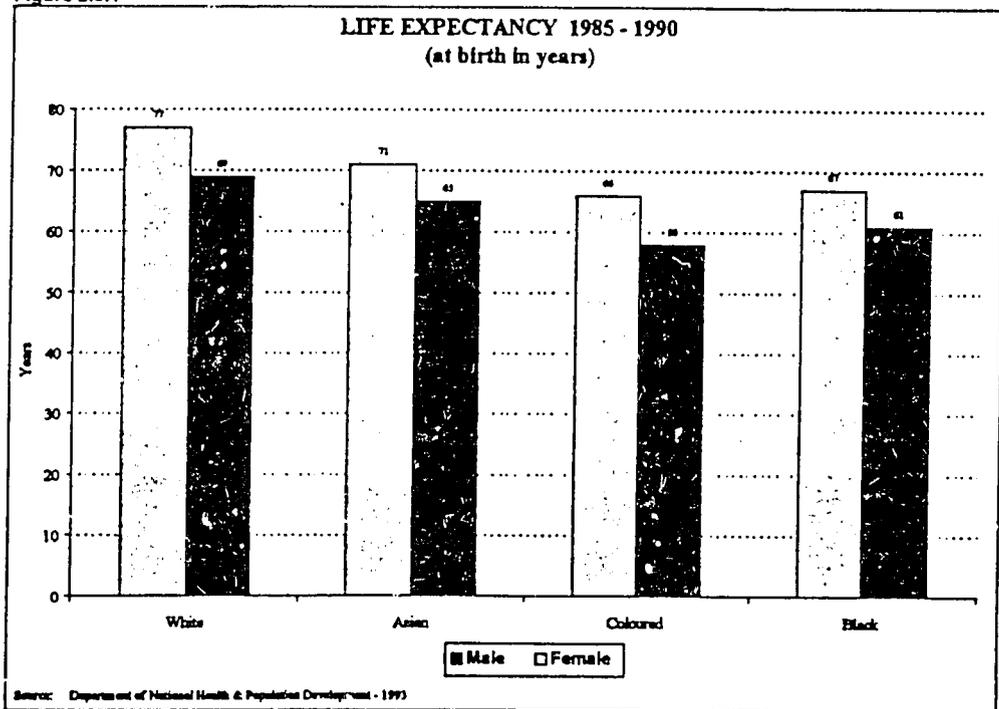
Source: October Household Survey, 1994, Central Statistical Service.

2.3 Health Indicators

The level of economic development of a country has a strong influence on the health status of its population according to the Department of National Health & Population (DNHPD, 1993). Therefore, there will be a positive correlation between the income levels of a population group and the health status of that group. Important health indicators are life expectancy and infant mortality. Information on these indicators are easily obtained from the Department of National Health and Population Development. It should be noted that concern has been expressed regarding the poor quality of routinely collected health statistics in South Africa which make it "impossible to analyze adequately the health needs of the population or to utilize mortality data for health planning" (South African Medical Journal, quoted in SAIRR, 1994).

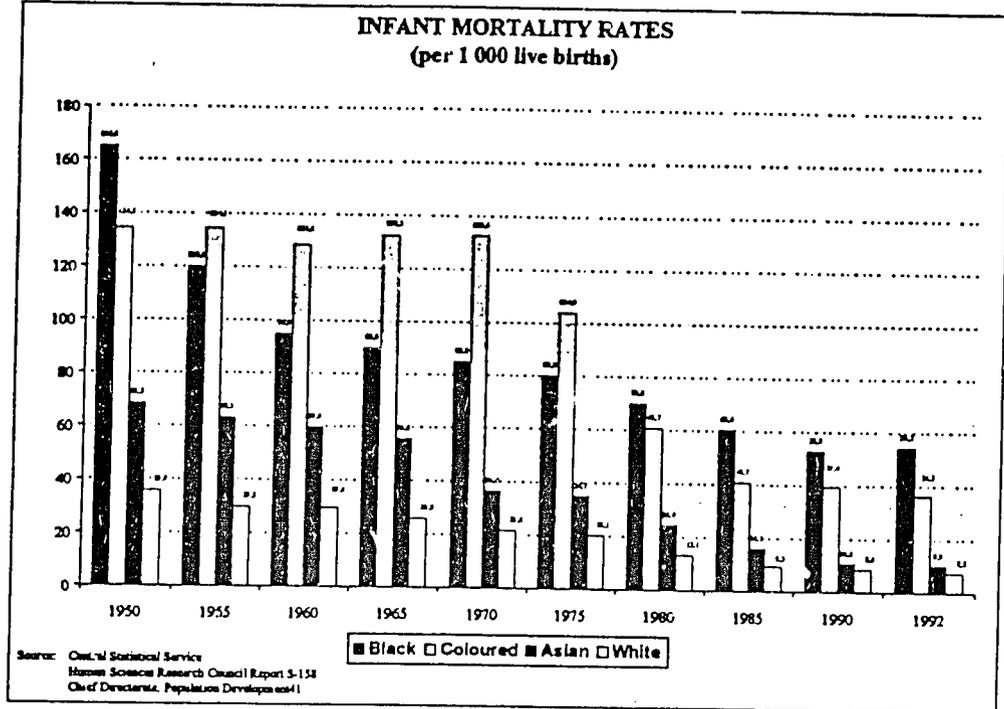
Figure 2.3.1 presents the life expectancy rates during the period 1985 -1990 for the different population groups. This shows a discrepancy of about 10 years between the white and black populations. In general, whites can expect to live 12 percent longer, a major difference in what is the ultimate physical indicator.

Figure 2.3.1



The data on infant mortality are presented in Figure 2.3.2. These data indicate that there is a seven-fold gap between whites and blacks in infant mortality rates. However, there has been a drastic fall in infant mortality rates among black, especially in the 1950's and a dramatic decline among coloreds in the 1975-85 period. South Africa has made significant progress in lowering infant mortality rates, but the large discrepancies among some groups reveals that much remains to be done.

Figure 2.3.2



2.4 Knowledge Indicators

Knowledge expands a person's basic capacity to choose, and opens further options for a fulfilling life. Education in South Africa has long been of such poor quality that vast numbers of people have been denied these choices (DBSA, 1994). The two most important knowledge indicators are the literacy rate and the years of schooling, or education level achieved. Figure 2.4.1 shows the literacy rate for the different population groups, measured as the ability to read, write and speak at least one language at an age of 7 years and older (Population Census, 1991). However, literacy rate can also be defined as the number of people above a certain age which have enjoyed a certain number of years of education. Defining literacy in this way results in a larger discrepancy between the races as can be seen in figure 2.4.2. It shows the percentage of people of 14 years and older that have completed at least standard six.

Sources of information on educational levels are the October Household Survey 1994, the Population Census 1991, the All Media and Products Survey and the PSLSD. The latter source was chosen because of its currency and because of its compatibility with census data, thus ensuring that time series are possible in future. However, with the inclusion of data on education in the October Household Survey from 1994 onwards, the OHS is recommended as a reliable source for benchmark data on this topic. Table 2.4.1 shows the levels of education achieved, by race and gender, for all ages. Tertiary is defined as Standard 10 plus teaching, nursing, technikon or some university courses. The information in table 2.4.1 can also be calculated from the data which is made available in the OHS 1994.

Figure 2.4.1

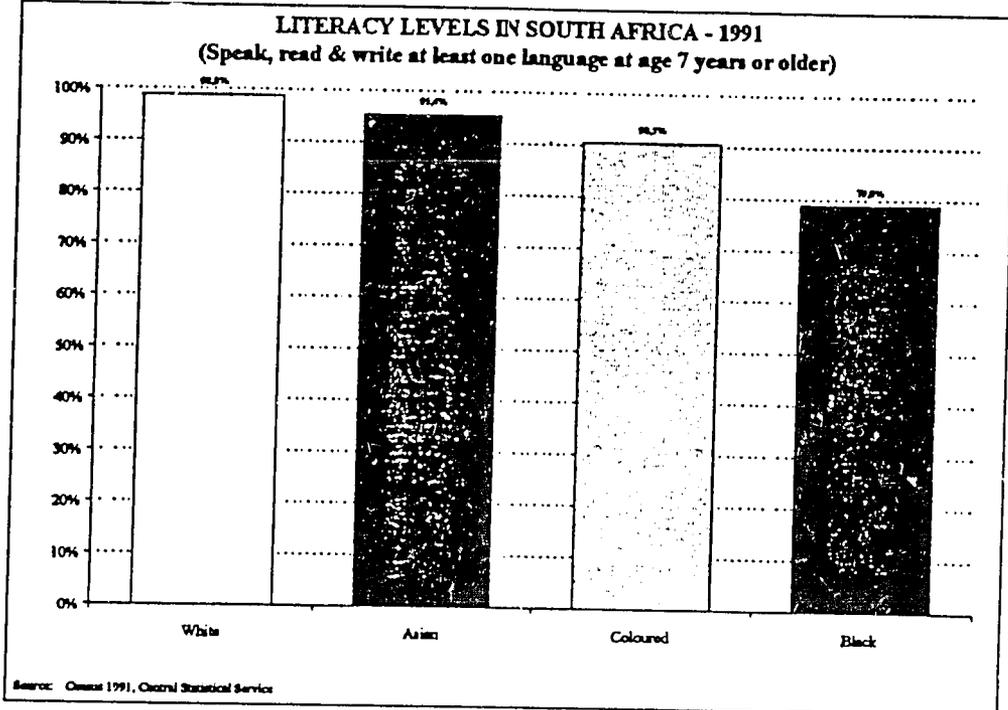


Figure 2.4.2

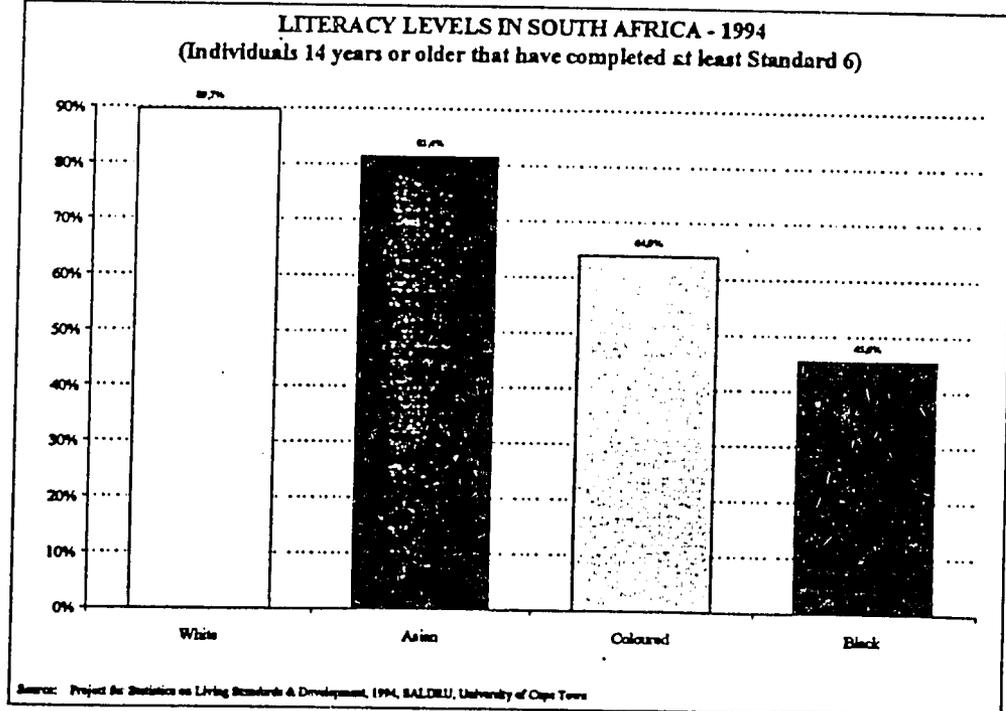


Table 2.A.1 Levels of education achieved by race and gender - 1994

Educational level	black		Colored		Asian		White		All	
	female	male	female	male	female	male	female	male	female	male
No education	28.9%	28.7%	18.9%	19.2%	16.9%	14.4%	15.6%	13.2%	26.2%	25.5%
At least standard 6	30.9%	28.0%	43.0%	44.7%	57.1%	63.9%	68.7%	71.9%	37.2%	35.8%
At least standard 10	6.0%	6.1%	8.4%	10.2%	21.9%	30.0%	39.6%	47.2%	10.7%	12.2%
Tertiary	1.4%	1.1%	1.9%	1.6%	3.8%	5.1%	10.5%	16.5%	2.6%	3.2%
University	0.0%	0.2%	0.2%	0.3%	1.2%	4.2%	5.3%	9.2%	0.8%	1.4%

Source: Project for Statistics on Living Standards and Development, 1994, SALDRU

2.5 Housing Indicators

The housing characteristics and living conditions of the different population groups show disparities between the blacks and the other population groups. Reliable sources of information on housing indicators are the OHS 1994 and the PSLSD, 1994. Table 2.5.1 gives the type of dwelling by race. *Western* refers to houses or parts of houses, maisonettes, and flats. *Traditional* refers to dwellings which are huts or mud-huts. *Shack* refers to huts, mud-huts or other such units on a single building site. *Hostels* are barrack-like buildings, usually for migrant workers, common in mine compounds or black townships. The category *Outbuildings/Other* refers to what South Africans call 'Maid's quarters', that is a room behind the main house, used by the staff (maid or gardener); households using more than one dwelling on a site, i.e. a mud-hut, partly completed brick building or shack; and caravans and wendy houses.

Table 2.5.1 Type of dwelling by race

Type of Dwelling	Black	Colored	Asian	White	All
Western	46.3%	89.9%	83.0%	99.7%	60.8%
Traditional	14.3%	0.1%			10.3%
Shack	14.9%	3.7%	0.8%	0.2%	11.0%
Hostel	7.0%	1.3%	0.4%	0.1%	5.1%
Outbuilding/Other	17.2%	4.9%	5.8%		12.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Project for Statistics on Living Standards and Development, 1994, SALDRU

While virtually all whites live in western dwellings, a minority of blacks do. Some 28 percent of blacks live in shacks or traditional dwellings.

Both the Project for Statistics on Living Standards and Development as well as the October Household Survey 1994 gathered information on the availability of basic facilities, such as electricity and water. Table 2.5.2 shows the sources of water for the different households, and table 2.5.3 shows the main source for lighting per race. In the table on water sources 'other' refers to flowing rivers or streams, dams, water carriers and wells.

Table 2.5.2 Access to sources of water by race

Source of water	Black	Colored	Asian	White
Piped water - internal	27.4%	76.0%	97.7%	98.4%
Piped water - yard tap	25.1%	17.5%	0.6%	0.1%
Piped water - public tap	16.9%	3.2%	0.2%	
Borehole	11.0%	0.5%	0.3%	1.2%
Other	19.6%	2.8%	1.2%	0.3%
Total	100.0%	100.0%	100.0%	100.0%

Source: October Household Survey, 1994, Central Statistical Service.

Table 2.5.3 Main source of energy for lighting by race

Energy source	Black	Colored	Asian	White	All
Electricity public supply	37.4%	84.0%	98.9%	99.0%	55.3%
Electricity from generator	0.4%	1.0%	0.0%	0.5%	0.5%
Candles	38.3%	9.1%	0.4%	0.1%	27.2%
Paraffin	21.8%	5.2%	0.6%	0.1%	15.5%
Other	2.3%	0.7%	0.1%	0.2%	1.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: October Household Survey, 1994, Central Statistical Service.

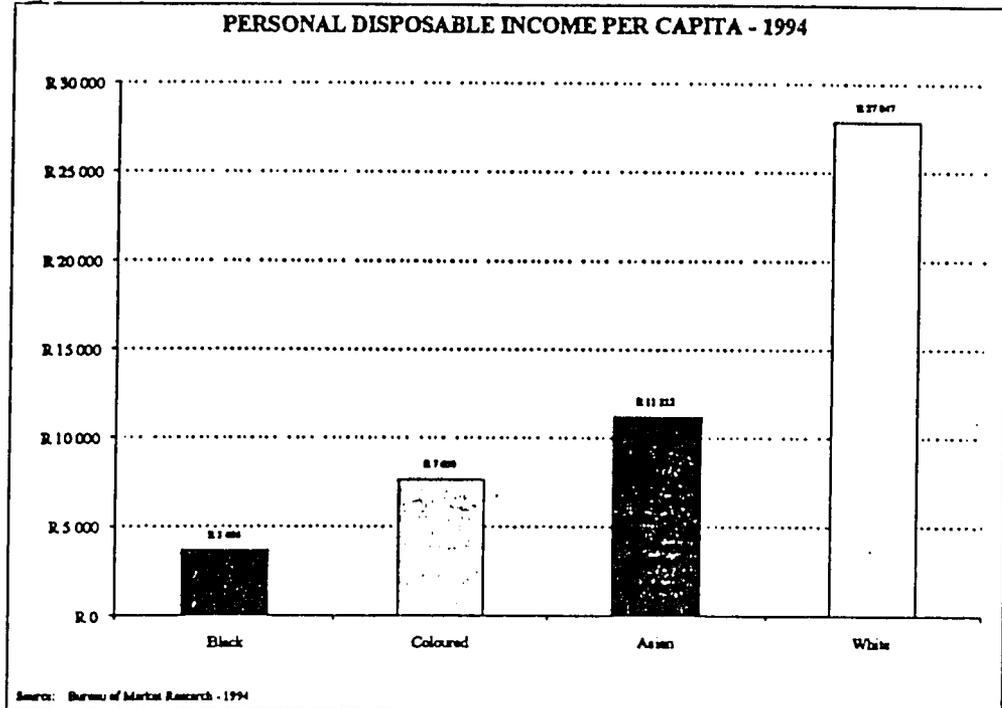
While virtually all whites and asians enjoy piped water and electricity, only a fraction of blacks enjoy these basic amenities. Changes in these indicators should provide early signals of positive results in black economic empowerment.

2.6 Standard of Living Indicators

The UNDP uses GDP per capita as measurement for the standard of living in order to determine the Human Development Index (HDI). Unfortunately there is no breakdown by race of the GDP per capita available for South Africa. Therefore the disparities between the population groups have to be measured through the use of other indicators, such as the personal disposable income per capita. The estimates of personal disposable income per capita by population group (BMR, 1994) is shown in figure 2.6.1. Information on personal disposable income can be obtained from the Bureau of Market Research.

Whites have between seven to eight times the disposable income of blacks. Coloreds and asians also lag far behind.

Figure 2.6.1



The Bureau of Market Research also produces statistics on household expenditure, which reflects the disparities in disposable income between the races in South Africa. Whites are responsible for 53.5% of the estimated total expenditure of R279.1 billion in 1993. Table 2.6.1 shows the market share by population group for certain expenditure groups.

It is interesting, if not surprising, to note that while whites account for most of the total expenditure, blacks are the majority in terms of the market for food and clothing. Economic policies and increased competitiveness which results in lower prices for these products will have a strong income distribution effect in favor of previously disadvantaged groups.

Table 2.6.1 Market share in household expenditure by race - 1993

	Black	Colored	Asian	White	Total
Percentage of population	76.4%	8.4%	2.5%	12.7%	100.0%
Total expenditure	34.9%	7.7%	3.9%	53.5%	100.0%
Food	50.6%	10.1%	4.5%	34.8%	100.0%
Clothing and footwear	55.7%	7.2%	3.6%	33.5%	100.0%
Housing and electricity	18.4%	8.2%	4.3%	69.1%	100.0%
Furniture and equipment	43.1%	6.1%	3.9%	46.9%	100.0%
Medical and dental	22.5%	7.2%	4.4%	65.9%	100.0%
Income tax	11.2%	4.8%	3.6%	80.4%	100.0%

Source: Bureau of Market Research

Another indicator to measure changes in living standards of the previously disadvantaged is the Living Standards Measure (LSM) of the *All Media and Product Survey* (AMPS). The South African Advertising Research Foundation (SAARF) have developed the LSM as a measure to distinguish living standards using variables such as possessions and place of dwelling, rather than disposable income. These variables allow for the grouping of population segments based on similar living conditions. Subsequently the variables were weighted and the data disaggregated by race. Annually the SAARF performs the survey, based on a nation-wide probability sample of more than 14,000 households. Table 2.6.2 shows the variables and the weighting of the different variables.

Table 2.6.2 Variables for Living Standard Measure regression analysis

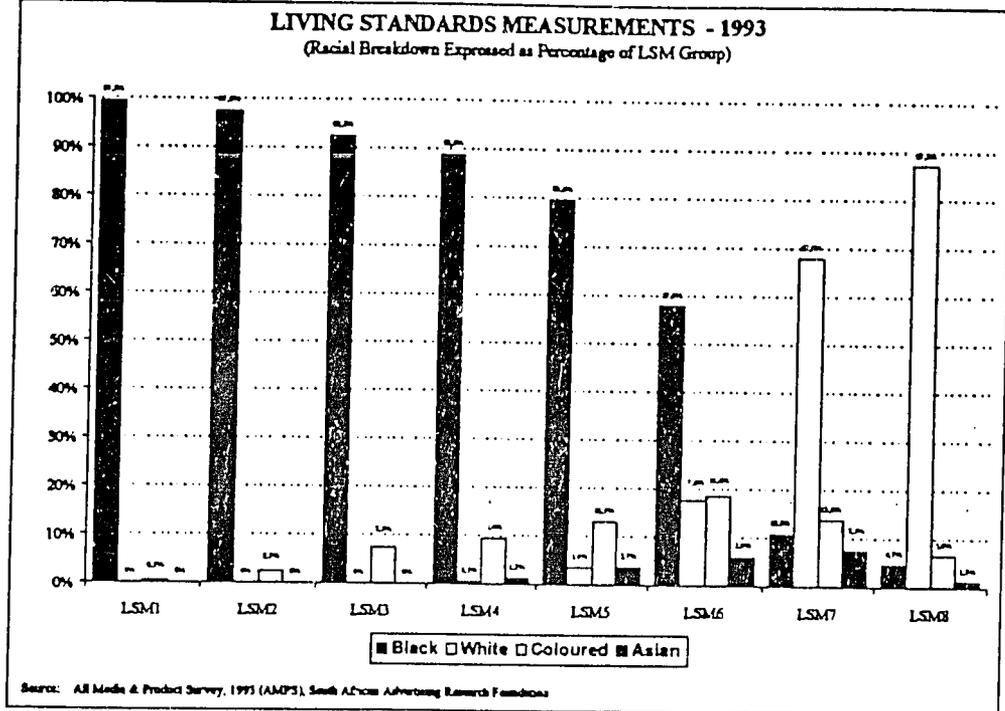
Variable	Attribute	Weight
1.	Fridge in household	0.32
2.	Water or electricity	0.56
3.	Vacuum cleaner	0.31
4.	Not shopping in supermarket	-0.54
5.	No car in household	-0.42
6.	Television set	0.29
7.	Microwave oven	0.27
8.	Rural dweller (outside PWV and West Cape)	-0.32
9.	Stereo set	0.24
10.	No domestic servant	-0.29
11.	Washing machine	0.28
12.	Sewing machine	0.17
13.	Metropolitan dweller	0.15

On the basis of these variables the population is divided into 8 standard of living groups. The following is a brief description of the different groups and the number of adult South Africans which fitted in those groups per 1993:

LSM 1	Traditional have not's	3 845 000
LSM 2	Self-centered non-earners	3 242 000
LSM 3	Institution dwellers	3 242 000
LSM 4	Urbanized singles	3 072 000
LSM 5	The young aspirers	3 074 000
LSM 6	Emerging market	3 071 000
LSM 7	Established affluence	2 989 000
LSM 8	Progressive affluence	1 422 000

The LSM is a good indicator to measure progress in South African society. It complements other statistics available from public sector sources. It is commercially useful to private enterprise and to potential foreign investors and others contemplating doing business in South Africa. The AMPS is annually performed and is a reliable source of information. It documents the living standard disparity among racial groups. A racial breakdown of the different groups is given in figure 2.6.2.

Figure 2.6.2



The categorizations and definitions used to create the LSM groups may be somewhat subjective. Nevertheless, these indicators measure the demand side of the economic equation from the household perspective. This is an extremely useful complement to the production or firm side of the equation and provides another perspective on economic participation. One would expect a shift to the right over time, and these would be early indicators of that positive change is occurring.

3. ECONOMIC PARTICIPATION THROUGH EMPLOYMENT

3.0 Key Findings and Indicators

Employment as a percent of the economically active population does not show a wide disparity between blacks and whites. For all blacks, over 53 percent are employed, while in the white population, the rate is only slightly over 60 percent. Blacks account for the majority of formal sector employment (over 60 percent), but are under-represented relative to their proportion of the economically active population. By contrast, blacks are dramatically over-represented among the unemployed, with over 40 percent being unemployed. Blacks account for 87 percent of the unemployed

	Blacks			Whites		
	All	Male	Female	All	Male	Female
Employment rates (% of economically active)	53.5	61	46.6	60.9	72.3	32.2
Formal Sector Employment (# employed)	4,707,300			1,808,100		
Informal Sector Employment (# employed)	1,128,900			513,300		

3.1 Availability of Data and Inconsistencies of the Information

There is a lack of reliable data on the levels of economic participation, unemployment and employment in both the formal and informal sectors of the economy. The measurement of economic participation is first of all complicated because of a deficiency of reliable demographic statistics. Establishing a reliable unemployment rate is impossible if there is no certainty about the size of the total population. Another problem is formed by the theoretical issues involved in defining economic participation. Therefore these issues are discussed in the next section.

The four major sources of data on economic participation are: the October Household Survey 1994, the Population Census 1991, the estimates of both DBSA and the DIB, based on projections using census data, and the PLSDS. Initially CSS data was not useful because the TBVC states were not included in the data. This shortcoming has been rectified in the October Household Survey 1994. The information on economic participation of the OHS compare favorably with the estimates of the DIB and DBSA. Therefore it seems as if the OHS is at this stage a valid and useful source of information, though there are still some measuring problems, resulting in inconsistencies in the informal sector data.

The information with respect to the informal sector, which the CSS presents in the OHS 1994, is inconsistent with previous findings. In the OHS 1993 the number of employers and self employed in the informal sector was quantified at 2,250,643, whereas this number is stated to 1,259,683 in the OHS 1994. The contribution to the Gross Domestic Product was quantified at R 32,772 million in 1993, and in the 1994 findings it is brought back to R 25,744 million even though in 1993 the TBVC states were excluded. These differences are the result of adjustments to the OHS 1993, which are now assumed to have been incorrect.

Problems in obtaining quantitative data on the informal sector are caused by response problems and improper questionnaire design. The latter was the case with the PLSDS, where an unusual questionnaire design seems to have resulted in a considerable underestimate of the informal sector (Gilbert, 1995).

3.2 Defining Economic Participation

The population of a country can be divided into two distinct groups, which will be defined as the Economically Active Population and the Not Economically Active Population.

The *Economically Active Population*, also referred to as the *Labour Force*, consists of employed and self-employed persons in both the formal and informal sector, and unemployed persons. This definition is consistent with the International Labour Organization (ILO) recommendations.

The *Not Economically Active Population* consists of children, students, retired persons and all other persons who can not be classified as employed, self-employed or unemployed. Normally persons active in the marginal sector are also considered to be in this group.

The *Employed* are persons of 15 years and older who worked for five or more hours during a week period for wage, salary, profit or for family gain.

The *Unemployed* are persons of 15 years and older, who are not employed or self-employed, and are available for employment or self-employment, and have taken steps to seek employment in the previous four weeks or have the desire to take up employment or self-employment (the so-called 'expanded definition').

Persons working in the *Informal sector* includes those working in informal or unregistered enterprises as employer or workers, excluding housewives and students.

It should be noted that unreliable statistics on the informal sector occur as a result of improperly defining the participants. This, in turn, results in double counting of persons active in both the formal and informal sector, and the inclusion of persons not belonging to the economically active population, such as housewives and students.

3.3 Economic Participation by Population Group

The participation rate indicates the proportion of the potential economically active population, that is actually economically active. Table 3.3.1 gives a breakdown by race and gender. Table 3.3.2 shows the findings of the OHS with respect to employment and unemployment of the economically active population.

Table 3.3.1 Economic Participation Rate by Race and Gender - 1994

		Working Age Population	Economically Active Population	Participation Rates
Male	Black	8 898 317	5 427 756	61.0 %
	White	2 010 856	1 454 462	72.3 %
	Colored	1 133 869	827 372	73.0 %
	Asian	360 402	265 567	73.7 %
	Total	12 403 443	7 975 157	54.3 %
Female	Black	9 626 859	4 406 167	46.6 %
	White	2 066 765	1 026 844	32.2 %
	Colored	1 221 511	685 971	54.5 %
	Asian	375 676	142 909	38.0 %
	Total	13 290 811	6 321 891	47.6 %
Total	Black	18 525 176	9 913 922	53.5 %
	White	4 077 621	2 481 306	60.9 %
	Colored	2 355 379	1 493 343	63.4 %
	Asian	736 078	408 476	55.5 %
	Total	25 694 254	14 297 048	55.6 %

Source: October Household Survey, 1994, Central Statistical Service

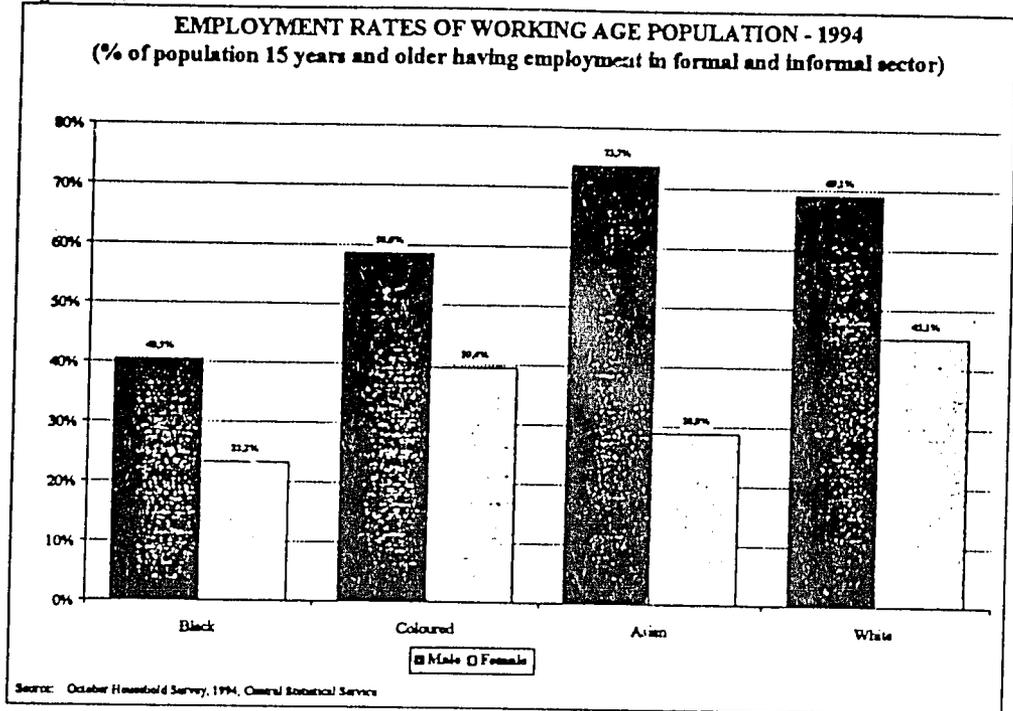
Table 3.3.2 Employment and Unemployment by Race and Gender - 1994

		Economically Active Population	Employed - formal as well as informal sector	Unemployed	Unemployment rate
Male	Black	5 427 756	3 603 671	1 824 085	33.6 %
	White	1 454 462	1 388 759	65 703	4.5 %
	Colored	827 372	664 089	163 283	19.7 %
	Asian	265 567	265 567	35 399	13.3 %
	Total	7 975 157	5 886 687	2 088 470	26.2 %
Female	Black	4 486 167	2 232 506	2 253 661	50.2 %
	White	1 026 844	832 626	94 218	9.2 %
	Colored	665 971	480 840	185 131	27.8 %
	Asian	142 909	108 313	34 596	24.2 %
	Total	6 321 891	3 754 285	2 567 606	40.6 %
Total	Black	9 913 922	5 836 177	4 077 745	41.1 %
	White	2 481 306	2 321 385	159 922	6.4 %
	Colored	1 493 343	1 144 929	348 414	23.3 %
	Asian	408 476	338 480	69 995	17.1 %
	Total	14 297 048	9 640 972	4 656 076	32.6 %

Source: October Household Survey, 1994, Central Statistical Service

It seems likely that many of the previously disadvantaged have been discouraged and have given up hope for employment, and are forced into the marginal sector. As such they may not be included in the economically active population. For this reason the percentage of the working age population which are employed is considered a better indicator of the extent of unemployment of the different population groups, than the unemployment rate. Figure 3.3.1 shows these percentages.

Figure 3.3.1



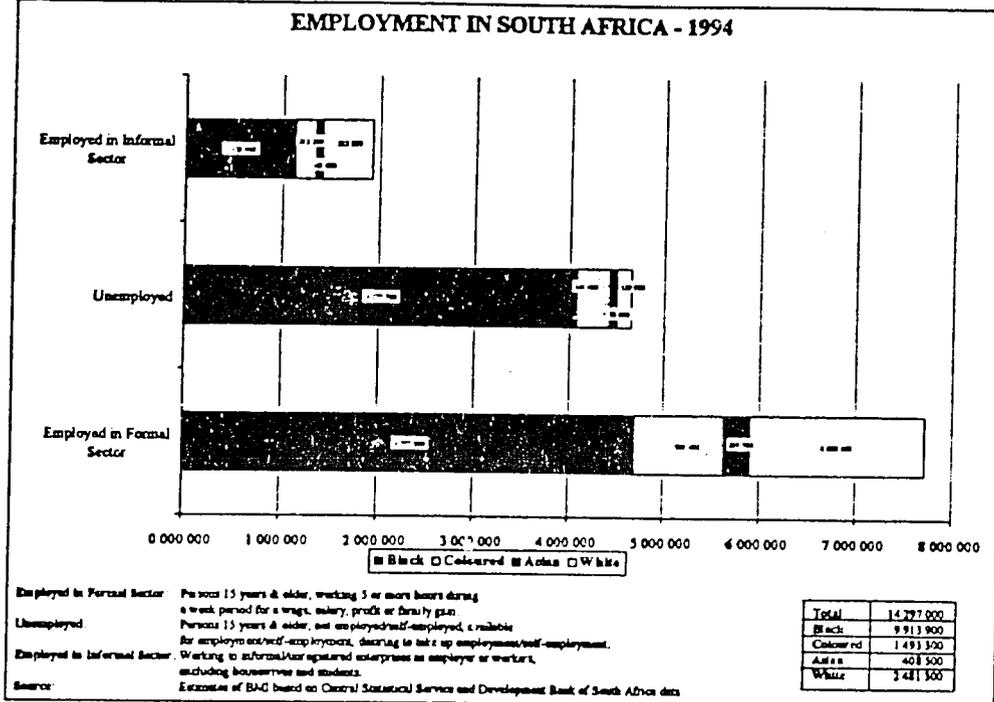
Employment in the formal sector has remained virtually constant over recent years. Also it is also known from sources other than the OHS, that the number of people employed in the formal sector does not exceed 8 million. A credible estimate of the number of people employed in the formal sector is 7,716,500. The OHS established that 9,640,972 persons are employed in both the formal and informal sector. The OHS does not break down the total number of people employed in the informal sector, and it seems likely that, due to response problems, people employed in the informal sector were not classified as working in that sector. On the basis of these facts an estimate can be made of a breakdown of the economically active population for each of the different population groups as given in table 3.3.3, whereas the same information is shown in graphical form in figure 3.3.2.

Table 3.3.3 Economically Active Population Composition by Population Group, 1994

	Black		White		Colored		Asian		Total
	No.	%	No.	%	No.	%	No.	%	No.
Formally Employed	4 707 300	47.5%	1 808 100	72.9%	931 400	62.4%	269 700	66.0%	7 716 500
Unemployed	4 077 700	41.1%	159 900	6.4%	348 400	23.3%	70 000	17.1%	4 656 000
Employed in Informal Sector	1 128 900	11.4%	513 300	20.7%	213 500	14.3%	68 800	16.9%	1 924 500
Economically Active Population	9 913 900	100%	2 481 300	100%	1 493 300	100%	408 500	100%	14 297 000

Source: Estimates of BMI based on October Household Survey 1994, Central Statistical Service and information supplied by David Vijoan, Centre for Policy and Information, DBSA, 1995

Figure 3.3.2



4 ECONOMIC PARTICIPATION: FORMAL VS INFORMAL SECTORS

4.0 Key Findings

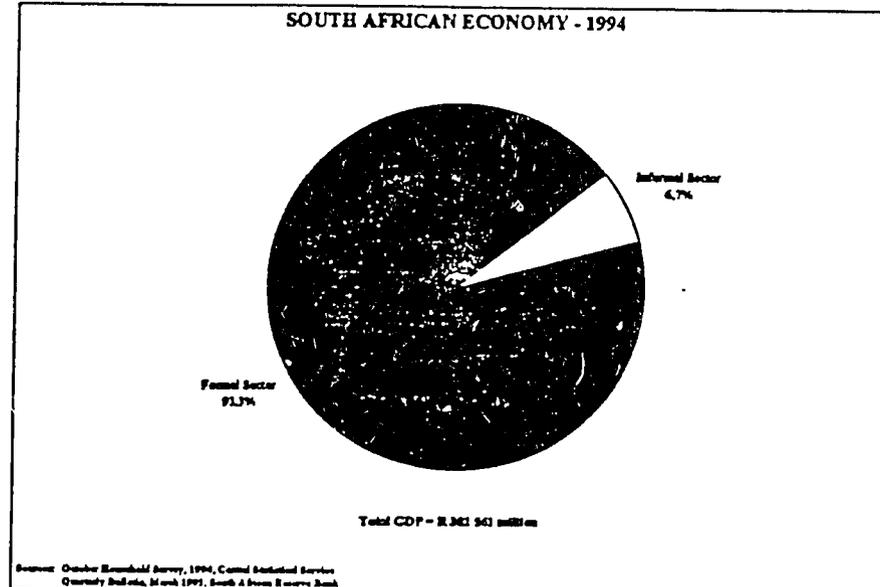
It is generally accepted that the informal sector of the economy generate between five and ten percent of GDP. Almost two million people are employed in the informal sector. Assuming these figures are approximately correct, productivity in the informal sector is only about one quarter per worker that of the formal sector. The largest employment category for blacks, considering both the formal and informal sector, has been that of "community, social and personal services" where over two million are employed. Nearly one million work in "wholesale, retail, catering and accommodations" sector. Half a million are involved in "mining and quarrying" where they are over-represented. Despite the rapid growth of black participation in the "transport, storage and communication" sector, they account for less than 44 percent of the jobs in this sector.

4.1 The Contribution of the Informal Sector

In this chapter data is presented on the sectoral contributions, both of the formal and informal sector to the Gross Domestic Product and employment.

The Economics Department of the South African Reserve Bank uses data of the Central Statistical Service to assess domestic economic development. Since 1989 the Gross Domestic Product at constant prices has been decreasing, only to pick up some momentum during 1993, increasing by 1 percent, to further increase by 2.5 percent in 1994 (SARB, 1995). There is no specific sector to which the growth can be ascribed. The South African Reserve Bank has determined that the Gross Domestic Product at factor cost amounts to R 383,561 million for 1994. The October Household Survey 1994 (CSS) estimates the contribution of the informal sector to the GDP at 6.7 percent or R 25,744 million for 1994 (figure 4.1.1).

Figure 4.1.1



Other estimates of the contribution of the informal sector indicate that it should be at least 10%. The 1993 estimate by the CSS itself, placed the contribution of the informal sector at 9.2 percent of GDP for 1993. However, compared with other Sub-Saharan countries, the informal sector in South Africa plays a smaller role, due to a well developed formal sector. For this reason it seems likely that the contribution of the informal sector to the GDP should be between 5 and 10 percent.

Almost two million people find employment in the informal sector. This is more than 13.5 percent of the economically active population, and almost a quarter of the people who are active in the formal sector. Given the estimated value of informal sector production in 1994, equivalent to 6.7% of GDP, it can be concluded that marginal contributions to output are much higher in the formal sector. Employment creation in the formal sector is to be considered more desirable than in the informal sector. But, as table 4.1.1 shows, the formal private sector as a whole has not contributed to the increased employment during the past years.

One implication of this might be that programs targeted exclusively at the informal sector might have important employment and social impact, but the long term economic impact might be quite modest. In addition, it might be that the current distinction between formal and informal will tend to disappear in the few years.

Table 4.1.1 Employment created in the Formal Sector
in terms of average annual employment growth rate and jobs created for selected periods

Sector	Average annual employment growth rate		Number of jobs created
	1970 - 1992	1991 - 1992	1980 - 1993
Agriculture, forestry and fishing	-0.9	-1.0	- 141 500
Mining and quarrying	0.8	-7.8	- 144 100
Manufacturing	1.3	-2.5	6 700
Electricity, gas and water	3.2	-4.7	- 800
Construction	0.9	-4.5	2 800
Wholesale, retail, catering and accommodation	1.3	-0.7	21 200
Transport, storage and communication	0.6	-3.5	-129 700
Finance, insurance and business services	4.3	6.1	186 000
Total Private Sector	0.9	-2.9	- 189 300

Source: National Productivity Institute

4.2 Sectoral Breakdown of the Economy

Table 4.2.1 shows the contribution to the GDP of both the formal and informal sector by different sectors. Table 4.2.2 indicates the full-time equivalent of employment in the various sectors as per June 1994. The percentage indicates which part of the total employment is taken up by the black population.

Table 4.2.1 Contribution to the Gross Domestic Product of the formal and informal sector by kind of activity - 1994

Sector	Formal Sector R millions	Informal Sector R millions	Total R millions
Agriculture, forestry and fishing	17 637	293	17 930
Mining and quarrying	33 167	1	33 168
Manufacturing	88 095	1 671	89 766
Electricity, gas and water	15 623	128	15 751
Construction	9 734	2 531	12 265
Wholesale, retail, catering and accommodation	49 222	12 426	61 648
Transport, storage and communication	25 861	3 115	28 976
Finance, insurance and business services	62 508	903	63 411
Community, social and personal services	3 146	4 427	7 573
Other activities	7 708	246	7 954

Source: South African Reserve Bank and Central Statistical Service

Table 4.2.2 Formal and Informal Employment by Sector - 1994

Sector	Total employed	Blacks employed	% Blacks of total employed
Agriculture, forestry and fishing	1 277 346	989 033	77.4 %
Mining and quarrying * (see note)	609 000	513 000	84.2 %
Manufacturing	1 614 596	868 978	53.8 %
Electricity, gas and water	95 046	46 675	49.1 %
Construction	437 167	246 993	56.5 %
Wholesale, retail, catering and accommodation	1 675 448	965 051	57.6 %
Transport, storage and communication	520 789	256 923	43.7 %
Finance, insurance and business services	587 331	136 910	23.3 %
Community, social and personal services	3 055 753	2 085 615	68.3 %
Other activities	100 322	58 695	58.5 %

Source: October Household Survey 1994, Central Statistical Service

Note: Because of the exclusion of hostels from the OHS 1994 the findings with respect to the mining sector contradicts the Labour Statistics of the CSS. Therefore the data on the mining sector are estimates of BMI.

5 ECONOMIC PARTICIPATION THROUGH QUALITY EMPLOYMENT

5.0 Key Findings and Indicators

While there is a significant wage gap between white men and women, this is not evident in the black population. The wage gap between blacks and whites seems to be closing over time, but black monthly income is lower than any other group. Also there is a glass ceiling for blacks at job categories above the "lower level clerical staff" (Peromnes level 15). If the program to empower blacks is successful, one would expect this line to shift to the right over time.

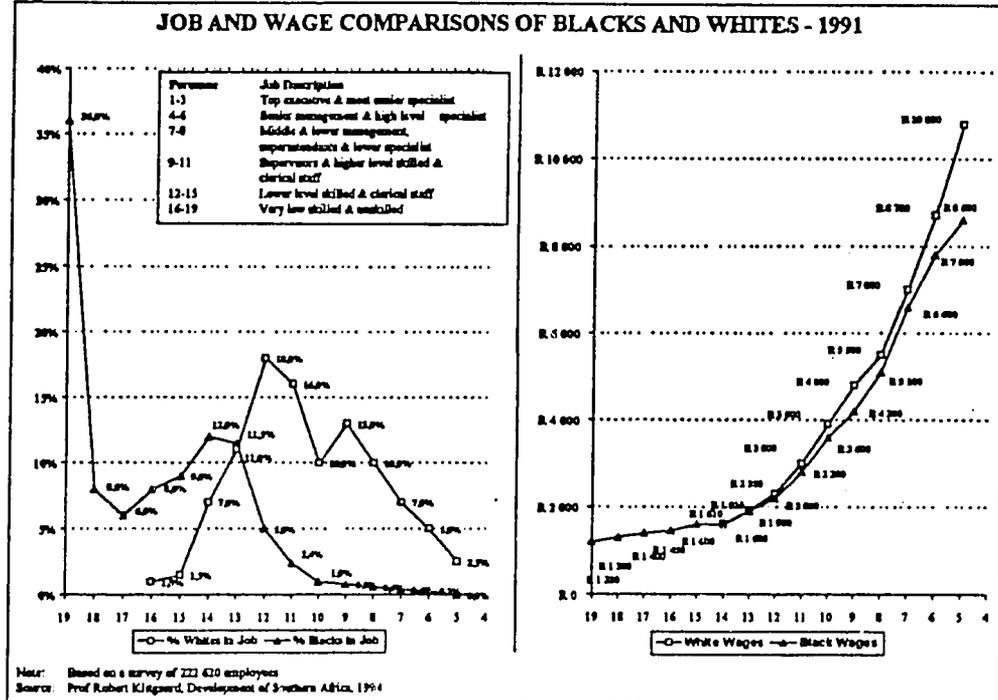
5.1 Introduction

The previous section dealt with employment quantity and sectoral employment, but did not address the issue of quality of jobs. CSS gathers data on employment, salaries and wages for the different sectors through quarterly sample surveys. These salaries and wages are not matched with occupational categories or the level of employment. The statistics which CSS supply are average wages and salaries for the whole sector. Average wages by racial breakdown by sector can not be used as an indicator for unequal remuneration practices, because there is no link with the occupational levels.

The October Household Survey does match monthly earnings with occupational categories, segmented by race. But there is no sectoral division and the occupational categories are too broad to enable useful comparison. Sources of information which do match occupational levels with income are the staff remuneration surveys from commercial organizations such as FSA - Contact (Pty) Ltd and PE Corporate Services. This is proprietary information and the level of detail was thought to be too high for the purpose of this research.

The distribution of jobs by race remains unequal as is demonstrated in figure 5.1.1. Few blacks have penetrated into supervisory and managerial jobs. However, statistical analysis of time series data, shows that the wage gap between black and whites of the same sex on the same kind of job is closing. The gap was found to be 40% in 1976, 24% in 1985, and 11% in 1992 (Klitgaard, 1994).

Figure 5.1.1



5.2 Employment by Occupational Categories

The Central Statistical Service collects information on occupational categories in which the economically active population is employed. The classification of CSS is not compatible with other methods, such as Permones and Paterson, as discussed in section 6.1. The categories used by CSS are not effectively grouped in accordance with skills level or job grade, but represents the type of work. However, the information gathered by CSS is the only available data on the level of employment for the economically active population as a whole, and even with limitations, it is considered a useful benchmark. Table 5.2.1 gives the findings on the occupational categories in which the population finds employment.

Table 5.2.1 Employment by Occupational Category (Formal and Informal Sector) - 1994

Main Occupational Group	Total employed	Blacks employed	% Blacks of total employed
Legislators, Senior Officials and Managers	531 498	167 282	31.5 %
Professionals	622 105	299 403	48.1 %
Technicians and associate Professionals	832 786	370 665	44.5 %
Clerks	1 170 106	404 042	34.5 %
Sales and Service Workers (includes market workers)	1 007 583	610 867	60.6 %
Skilled Agricultural and Fishery Workers	132 742	45 264	34.1 %
Craft and related Trade Workers	1 183 110	603 801	51.0 %
Plant and Machine Operators and Assemblers	1 131 276	822 347	72.7 %
Elementary Occupations	2 917 033	2 458 271	84.3 %

Source: October Household Survey 1994, Central Statistical Service

5.3 Employment Quality

The CSS gathers data on salaries and wages in two different ways: through the labour statistics, which are quarterly sample surveys, and the OHS. The labour statistics permit comparison between the different sectors. Table 5.3.3 gives the statistics on average salaries and wages by sector, comparing the monthly salaries of black and white employees. No recent statistics on the agricultural sector are available with respect to wages, and the mining sector has not supplied data segmented by race since 1985.

Table 5.3.1 Average salaries and wages per month for white and black employees by sector - June 1994

Sector	Whites	Blacks	Total
Mining and quarrying	N/A	N/A	2 727
Manufacturing	5 249	1 458	2 769
Electricity, gas and water	6 920	2 884	4 906
Construction	4 273	884	1 361
Wholesale, retail, catering and accommodation	3 690	1 220	2 192
Transport, storage and communication	6 269	2 108	4 003
Finance, insurance and business services	5 581	2 767	4 744
Community, social and personal services	5 112	2 606	3 500

The data collected by CSS on the monthly income of employees in both the formal and informal sector demonstrate that there is a discrepancy between the income of the whites and the other population groups. Figure 5.3.1 depicts the distribution across income brackets for the different population groups. The income brackets are those as given by the CSS in the data provided. Though it is probably the best way to collect the data, it should be noted that the information can be misconceiving because of the width of the brackets. This is demonstrated by figure 5.3.2, which depicts the income distribution for the different genders. Two disturbing factors occur here: the width of the brackets still permit significant income differences within the brackets, and the differences between the different races blur the image further. The latter is proven through figures 5.3.3 and 5.3.4 which present the income differences between the genders for white and black employees.

Figure 5.3.1

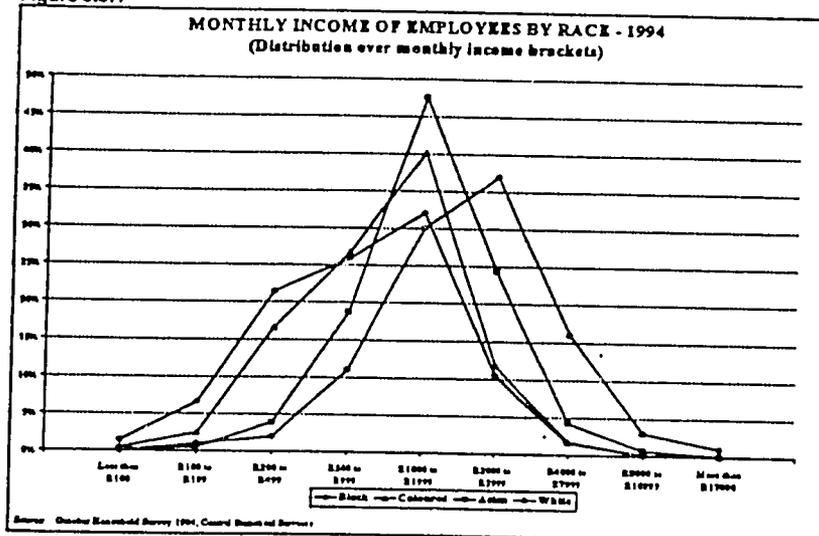


Figure 5.3.2

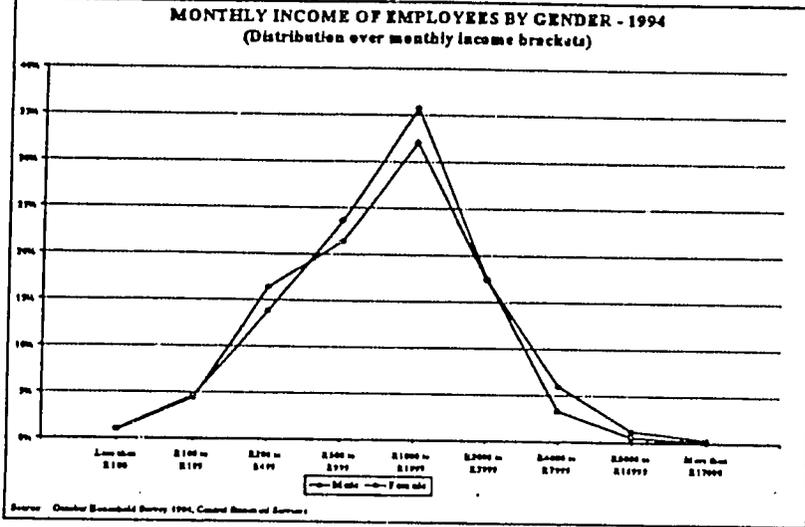


Figure 5.3.3

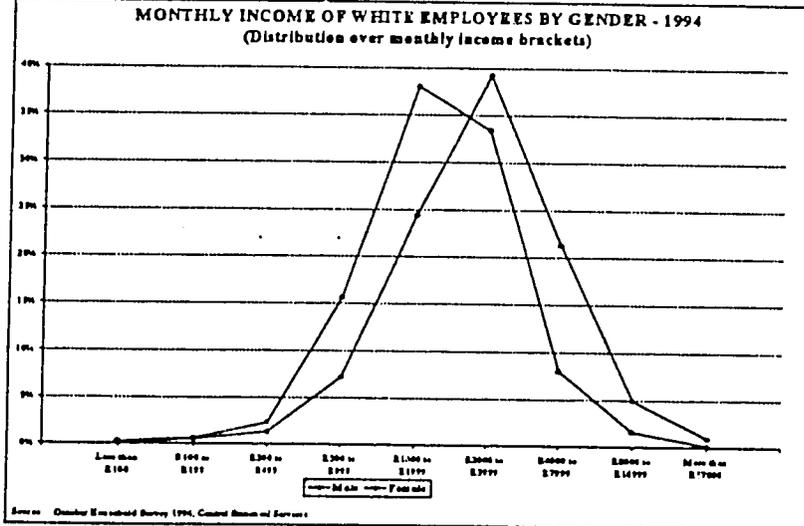
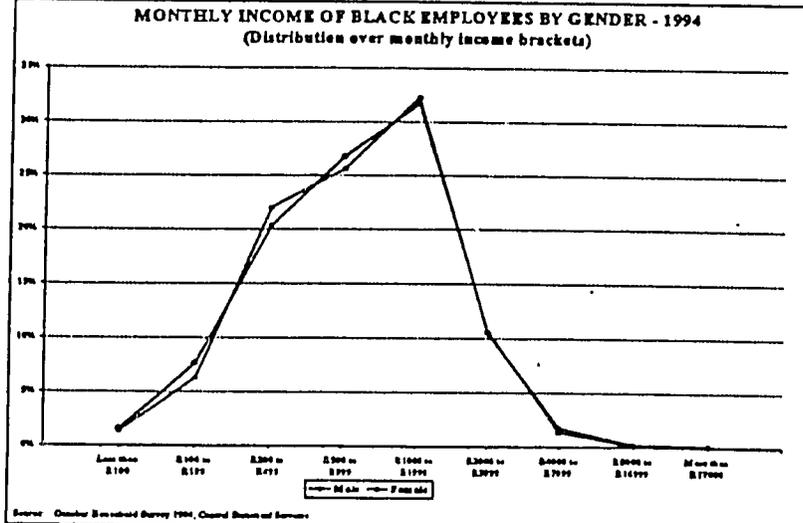


Figure 5.3.4



The CSS collects data on weekly hours worked per worker, both in the labour statistics and the October Household Survey. The statistics reveal very little discrepancy between the hours worked for the different races. For this reason, the information is not presented.

6 ECONOMIC PARTICIPATION THROUGH MANAGERIAL EMPLOYMENT

6.0 Key Indicators

The data give evidence of the discrepancy in quality of job and participation in managerial employment among ethnic groups. There are very few blacks in managerial level positions. Fewer than 4 percent of corporate directorships are held by blacks. Those few who attained managerial levels seemed not to suffer wage discrimination, however.

Table 6.0.1 Employment by Occupational Category

	Blacks	Whites
	All	All
Average Salaries and Wages (Rand by Sector)		
Manufacturing	R1,458	R5,249
Electricity, gas and water	R2,984	R6,920
Construction	R 884	R4,278
Wholesale, retail, catering & accommodation	R1,220	R3,690
Transport, storage and communication	R2,108	R6,296
Finance, insurance and business services	R2,767	R5,581
Community, social and personal services	R2,606	R5,112
Employment in first 3 Occupational Categories (#)		
Legislators, Senior Officials and Managers	167,282	
Professionals	299,403	
Technicians and Associate Professionals	370,665	

6.1 Available Information and Compatibility of Data

Black management can be found on a number of levels. Top managers will be found as directors in the corporate sector. Information on the number of directorships held by blacks is available from *McGregor's On Line Information*. But also black management on the other levels in the corporate sector needs to be promoted and monitored. The most appropriate source for this purpose is the *Breakwater Monitor*, a project by the Graduate School of Business of the University of Cape Town. Information is gathered from 113 organizations at present, representing more than a million employees. The Breakwater Monitor uses Paterson method to grade jobs.

Another source of information on managerial participation is FSA-Contact (Pty)Ltd's 1994 survey on affirmative action, a section of the *Salary and Wage Movement Survey*. Information is gathered from 90 companies, municipalities, co-operatives and parastatals. FSA uses Peromnes job grades which breaks down employment into 19 levels. Both the Breakwater Monitor as well as the FSA information base only cover employment of organizations or companies who are subscribers to the survey. For this reason they are only as an indicator of corporate trends, but can not be considered as representative for the whole economy.

Information on managerial participation for the whole economy can only be obtained from the CSS. The October Household Survey gathers information on occupational categories. The standard classification of occupations used by CSS and the PSLSD are not compatible with the grading methods of Paterson and Peromnes . It should be noted that both CSS as the PSLSD includes teachers and nurses in the group of professional, semi-professional and technical occupations. From table 6.1.1, which represents only the two top categories of occupations, it becomes apparent that the job categories of the CSS are very broad, and do not indicate sufficient job grading.

Table 6.1.1 Standard Classification of Occupations of the Central Statistical Service

Group 1: Professional, semi-professional and technical occupations	Group 2: Management, executive and administrative occupations
<ul style="list-style-type: none"> - engineer, engineering technician, architect and related occupations - natural science occupations - medical, dental and related health services occupations - educational and related occupations - humanities and related occupations - art, sport and entertainment occupations - professional, semi-professional and technical occupations 	<ul style="list-style-type: none"> - legislative, executive and related managerial occupations (government sector) - managerial occupations (excluding government sector) - administrative occupations

In order to facilitate comparison between the different job grading methods, table 6.1.2 has been composed.

Table 6.1.2 Comparison of Different Job Grading Methods

Paterson	Peromnes	Breakwater	FSA	Description (Roukens de Lange)
F (Upper)	1+	Management & Professional		Top executive & most senior specialist
F (Lower)	1			
E (Upper)	2			
E (Lower)	3			
D (Upper)	4-5		Senior management	Senior management & high-level spec.
D (Lower)	6		Other management	
C (Upper)	7-8	Skilled & Supervisory	Specialist & Supervisory	Middle & lower management, superintendents & lower spec.
C (Lower)	9-11			Supervisors & higher-level skilled & clerical staff
B	12-15	Semi-skilled	All other staff	Lower-level skilled & clerical staff
A	15-19	Unskilled		Very low skilled & unskilled

Note: Paterson Upper is 4-5, Paterson Lower is 1-3.

6.2 Economic Participation on Managerial Level

In 1995 only 290 directorships of a total number of 7200 positions are filled by blacks according to McGregor's On-line Information.

In the September 1994 analysis of the Breakwater Monitor 417,079 black, 302,468 white, 84,788 colored and 32,996 indian staff members were included. The distribution over the Paterson band of these staff members was as follows:

Table 6.2.1 Staff by Level - Breakwater Monitor

Paterson Band	Staff
F	799
EU	806
EL	2 927
DU	8 561
DL	29 689
CU	51 117
CL	130 821
B	304 506
A	289 921
Non Executive	122
Ungraded	18 052

The distribution of the staff members over the different job levels by race is mapped out in figure 6.2.1. According to the Breakwater Monitor only 3 percent of the 42,782 managers in the survey were blacks. The distribution of the managers by race and by sector is given in table 6.2.2.

The findings of FSA - Contact on affirmative action are presented in figure 6.2.2 on the page 33.

Figure 6.2.1

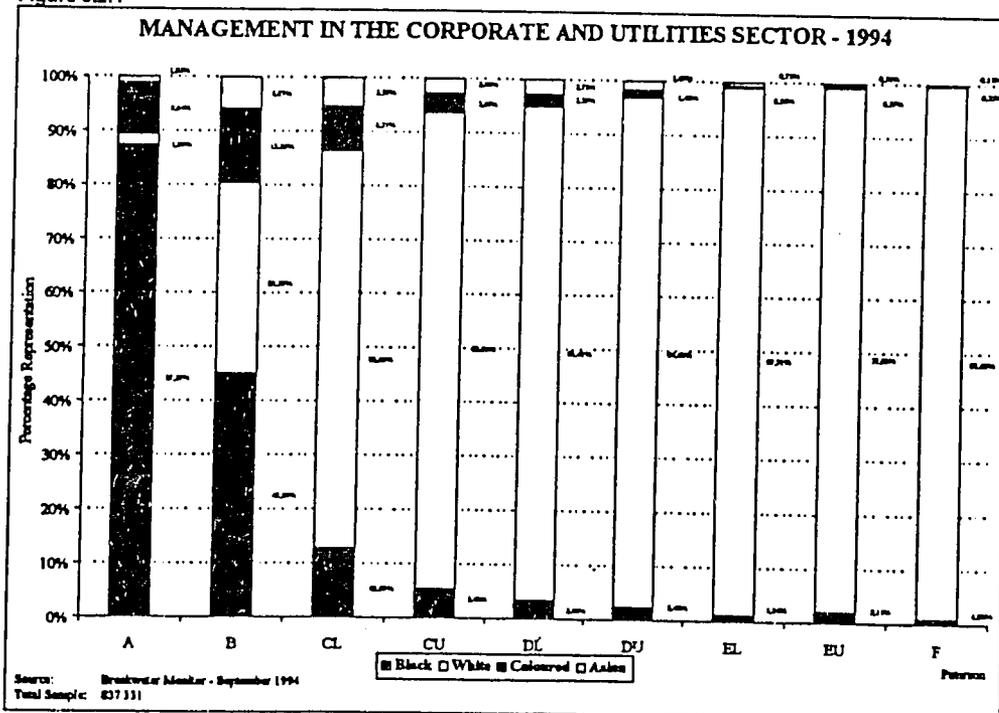
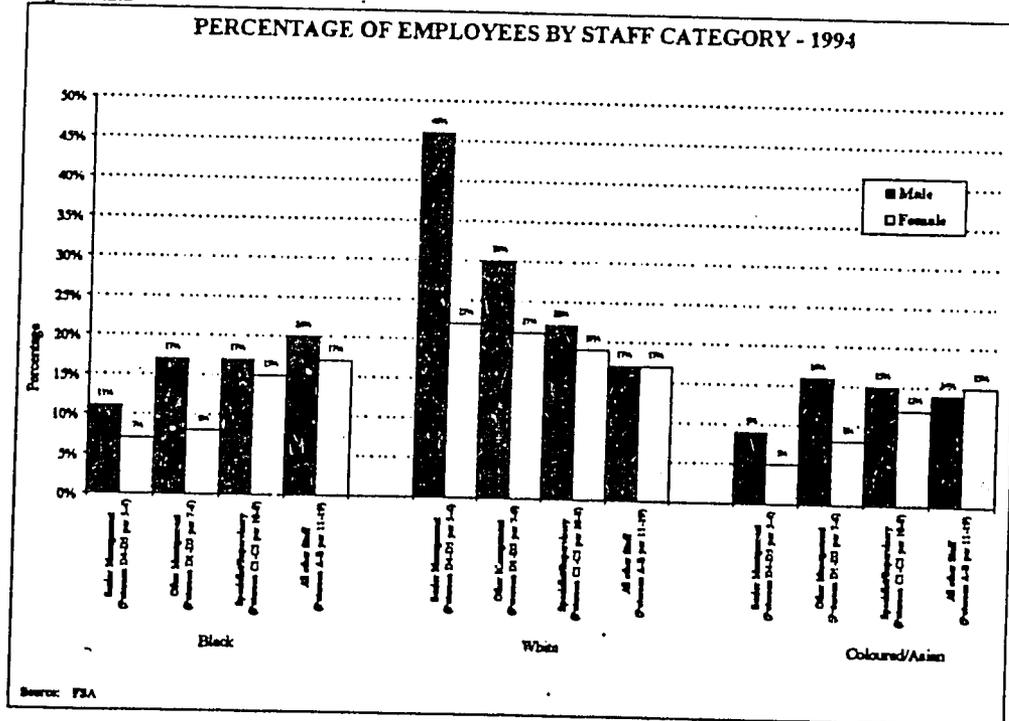


Table 6.2.2 Management by Sector and Race - September 1994 Source: Breakwater Monitor

Sector	White	Black	Colored	Asian	Staff
Banking	96.75%	1.10%	0.92%	1.24%	9 945
*Building & Construction	89.29%	3.80%	2.51%	4.41%	1 475
Development*	82.06%	15.78%	0.83%	1.33%	602
Financial Services	93.56%	2.47%	2.39%	1.58%	2 716
Financial Field Staff	66.75%	21.23%	6.14%	5.88%	391
FMCG*	83.70%	6.15%	3.32%	4.83%	2 442
Industrial	85.19%	1.13%	1.02%	2.67%	2 660
Industrial Food	85.19%	4.89%	1.36%	8.56%	736
Media	92.26%	3.19%	2.16%	2.39%	878
Mining	97.92%	1.27%	0.63%	0.18%	3 316
Motor	91.61%	2.77%	2.92%	2.70%	1 406
Oil	81.59%	5.94%	8.33%	4.14%	1 716
Paper & Packaging	85.22%	1.39%	1.49%	1.89%	1 004
Retail	87.56%	3.89%	4.16%	4.29%	2 307
Service and Head Office	95.12%	1.30%	0.81%	2.76%	615
Utilities	93.72%	2.80%	1.63%	1.85%	10 573
Total	82.7 %	3.0 %	2.0 %	2.3 %	42 782

* Development refers to parastatals and non-profit organizations, and FMCG refers to Fast Moving Consumer Goods.

Figure 6.2.2



The Breakwater Monitor began in September 1992, to develop the data base of companies and reporting has expanded over the two year period. As a result, conclusions based on trend analyses are not yet representative for the corporate sector. It is however anticipated that longitudinal analysis will be very useful in coming years.

7 ECONOMIC PARTICIPATION THROUGH ENTREPRENEURSHIP

7.0 Key Findings and Indicators

Black business ownership is mainly in the sectors of "wholesale and retail trade, catering and accommodation", "community, social and personal services" and "construction". Proportionally, blacks own a larger share of businesses in the "transport, storage and communications" sector with 65 percent. Blacks are vastly under-represented in owning "finance, insurance and business services" which could represent an area for potential growth. In terms of asset ownership, blacks are under-represented in all categories for which data was available.

	Blacks
Self-employment in the Formal Sector (# by race and sector)	
Wholesale, retail, catering and accommodation	111,625
Community, social and personal services	51,581
Construction	44,784
Self-employment in the Informal Sector (# by race and sector)	
Wholesale, retail, catering and accommodation	201,532
Community, social and personal services	634,984
Construction	34,775
Asset Ownership of Blacks (# of blacks)	
Savings Accounts	4,647,000
Households with Vehicles	625,000

7.1 Available Data and Information Issues

The statistical base of the small, medium and micro-enterprise (SMME's) in South Africa is very poor, for which reason most figures on this sector are estimates. The Department of Trade and Industry estimates the number of SMME's at more than 800,000, and in addition to that, the number of people involved in some type of survivalist activity at 3,5 million people (DTI, 1995). These estimates derive from the estimates which have been made in the past by the Small Business Development Corporation (SBDC). The economic research department of the SBDC derived their estimates from CSS statistics. The estimates of the SBDC are given in table 7.1.1. The SBDC never supplied a breakdown of business ownership by race.

Table 7.1.1 Business Entities in South Africa, Estimates by the Small Business Development Corporation - 1993

Type of business	Number	Percentage formal only	Percentage all entities
Holding Companies	85	0.0001 %	0.00003 %
Listed Companies	654	0.0008 %	0.0002 %
Registered Unlisted Companies	180 000	22.0 %	5.5 %
Close Corporations	200 000	24.5 %	6.0 %
Sole Proprietors and Partnerships	430 000	53.0 %	12.0 %
Informal Sector	2 500 000	-	75.5 %

Recent survey findings indicate that the number of informal businesses is significantly lower than previous estimates. The Project for Statistics on Living Standards and Development found that there were 1,097,700 businesses or self-employed in the informal sector, and the October Household Survey 1994 resulted in an estimate of 1,259,683..

There is no register based data available on black business ownership or small business in South Africa. The databases on small business which exist are those of organizations like the Small Business Development Corporation, the Bureau of Market Research and the different chambers of commerce. These databases have very limited coverage of SMME's and the resulting data is therefore incomplete. Also the Registrar of Companies and the Receiver of Revenue can not supply information on the occurrence of black business ownership.

Sources of information which are available at present for benchmarking purposes are the Population Census 1991, the OHS 1994 and the different sectoral censuses of the Central Statistical Service. The sectoral censuses are not very recent. The latest census on trade date from 1983, and the censuses on construction and manufacturing were performed in 1988. However, because of the limited dynamics of the economy since 1988, the data on the manufacturing and construction censuses can still be considered as indicative for the present size distribution of businesses in those sectors.

Another source of information on black business is the Project for Statistics on Living Standards and Development. Data Research Africa was commissioned to extract information on small business from this database. The report is included as Appendix B. Though the data supplied by the PSLSD are helpful to gain insight in business activities, it can not be recommended for benchmark purposes for two reasons. First, the questionnaire design probably resulted in an underestimate of the small business sector (Gilbert, 1995), and second there is reason to believe that it will not be repeated in the future. However, since the October Household Survey has been improved in order to meet the information requirements which caused the PSLSD to be undertaken, it should serve for future benchmarking purposes.

7.2 A Sectoral Breakdown of Business Ownership in the Formal Sector

Sources of information on business ownership in the formal sector, broken down by race, are limited to the Population Census 1991 of the CSS. It is from this source that the estimate of a number of 800 000 small businesses in the formal sector has derived. From the data gathered on self-employment it is possible to make a breakdown by sector, race and gender. The results of this exercise are included as Appendix A. Figure 7.2.1 indicates black business ownership and self-employment by sector compared with the total number of businesses and self-employed. Figure 7.2.2 gives a breakdown by gender.

Figure 7.2.1

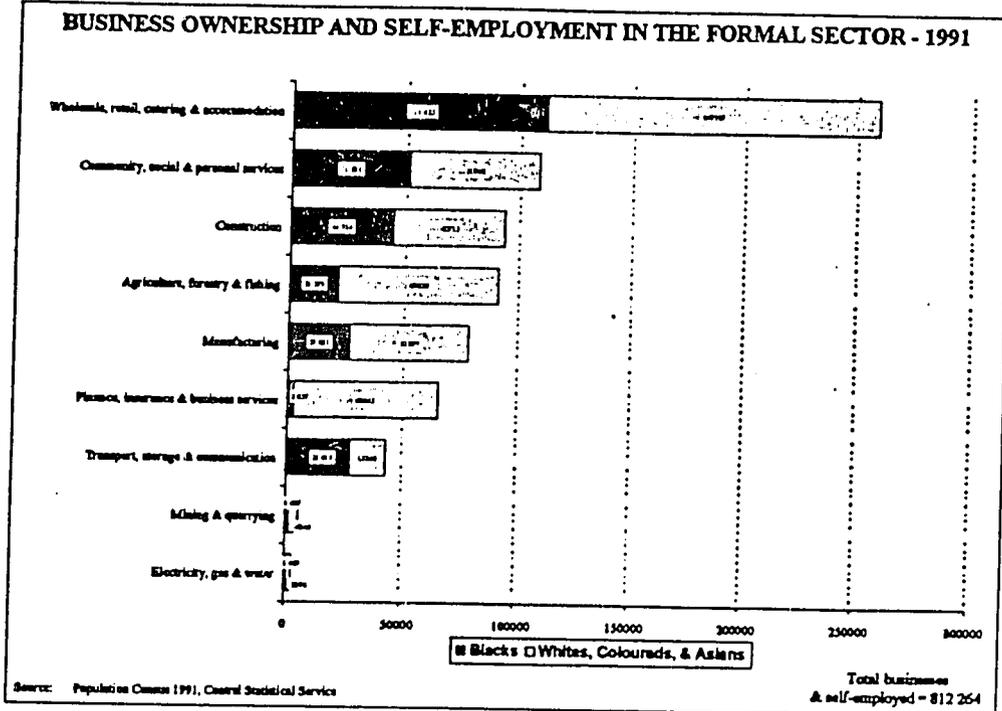
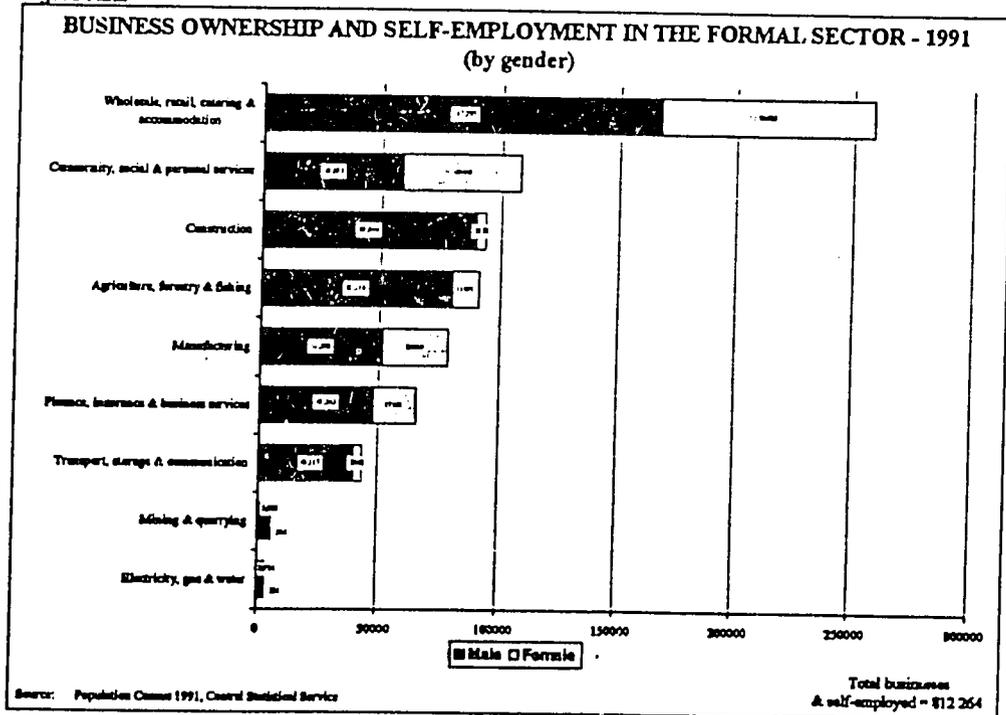


Figure 7.2.2



7.3 Business Ownership in the Informal Sector

The October Household Survey 1994 data permit a breakdown of business ownership in the informal sector, by sector, by race and by gender as presented in table 7.3.1. Figures 7.3.1 and 7.3.2 present the same data in graphical form.

Table 7.3.1 Self-employment in the Informal Sector, distribution by race and gender

SECTOR	total	white	colored	asian	black
AGRICULTURE, HUNTING, FORESTRY AND FISHING	18 938	1 862	1 460	1 065	14 531
male	11 851	1 184	836	930	8 901
female	7 087	678	623	155	5 631
MINING AND QUARRYING	371	-	-	-	371
male	58	-	-	-	58
female	313	-	-	-	313
MANUFACTURING	91 711	24 503	3 359	3 645	60 204
male	30 885	8 475	2 573	2 322	17 514
female	60 826	16 027	786	1 322	42 690
ELECTRICITY, GAS AND WATER	2 108	1 581	-	-	527
male	2 108	1 581	-	-	527
female	-	-	-	-	-
CONSTRUCTION	62 696	20 388	6 339	1 195	34 775
male	59 064	18 618	6 140	1 195	33 111
female	3 632	1 769	199	-	1 664
WHOLESALE, RETAIL TRADE, HOSPITALITY SERVICES	279 048	49 966	15 355	12 195	201 532
male	159 964	34 928	12 007	9 927	103 102
female	119 084	15 039	3 348	2 268	98 429
TRANSPORT, STORAGE AND COMMUNICATION	46 640	3 603	2 534	1 179	39 323
male	46 501	3 491	2 534	1 179	39 297
female	139	112	-	-	26
FINANCIAL AND BUSINESS SERVICES	17 944	14 266	491	824	2 363
male	11 908	9 810	293	593	1 212
female	6 036	4 456	198	231	1 151
COMMUNITY, SOCIAL AND PERSONAL SERVICES	732 961	35 554	59 875	2 548	634 984
male	44 531	13 059	2 058	1 392	28 022
female	688 430	22 495	57 817	1 156	606 962
ACTIVITIES NOT ADEQUATELY DEFINED	7 266	3 485	1 317	-	2 454
male	3 914	2 493	191	-	1 231
female	3 352	1 003	1 126	-	1 223
TOTAL ECONOMICALLY ACTIVE	1 259 683	155 219	90 730	22 670	991 064
male	370 784	93 640	26 632	17 537	232 975
female	888 899	61 579	64 098	5 133	758 090

Figure 7.3.1

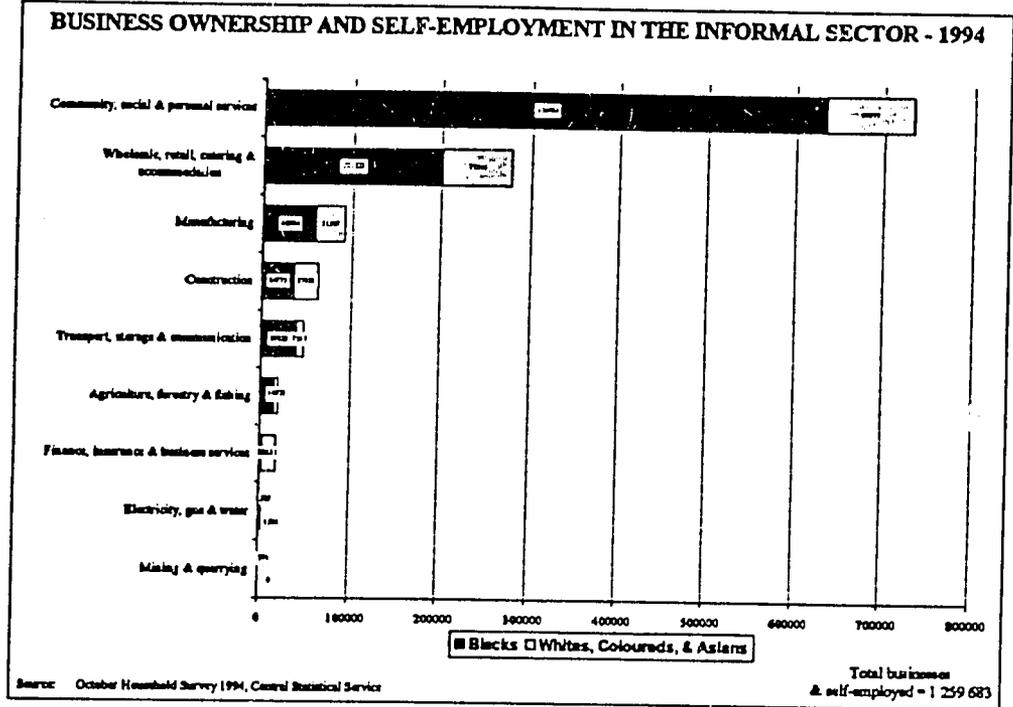
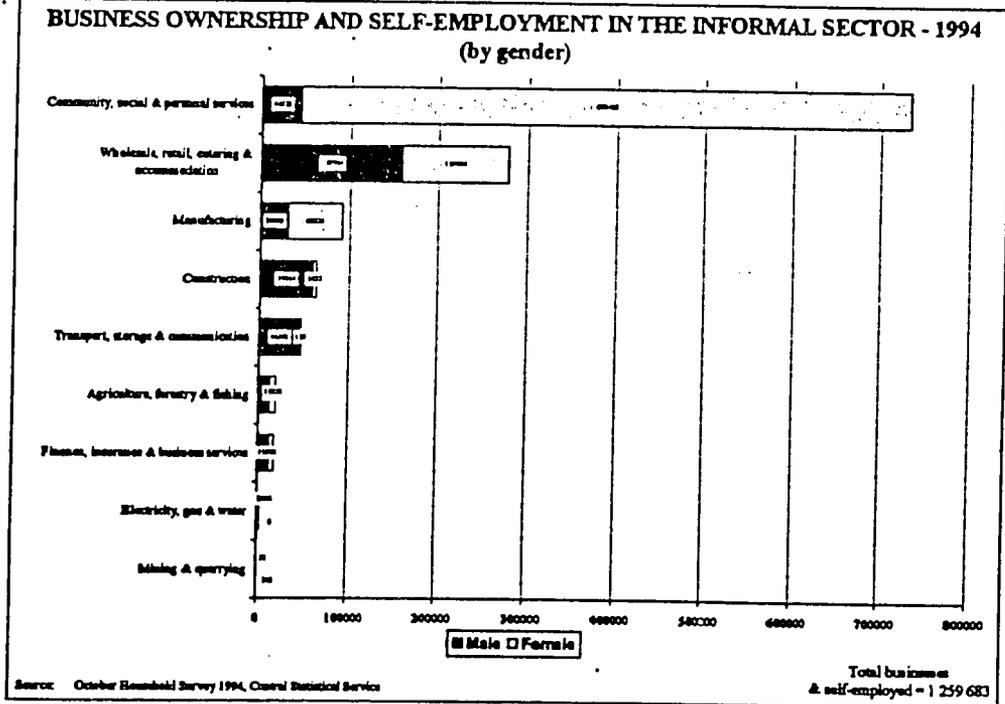


Figure 7.3.2



The PSLSD database allows a breakdown of small (informal) enterprise in the categories of survivalist, micro and small enterprise as defined in appendix B, page 50. Table 7.3.2 presents estimates of the number of different enterprises broken down by race, excluding white informal businesses. These estimates are based on a total number of informal businesses of 1 097 700, which is most probably an underestimate.

Table 7.3.2 Category of Enterprises by Race - 1994

	Survivalist	Micro	Small
Asian	9 869	23 824	7 000
Colored	33 734	28 720	1 962
Black	468 804	282 149	10 660
Total	612 607	334 693	18 622

Source: Project for Statistics on Living Standards and Development, SALDRU

7.4 Asset Ownership

The assets of substance which individuals normally own are:

- Fixed property
- Insurance policies
- Shares and other investments
- Deposits and savings accounts
- Motor vehicles

There is no data readily available on the ownership of any of these assets disaggregated by race. The principal reason for this is that financial institutions no longer maintain racial information on clients. Also the association of motorcar producers maintain that they can not supply information segmented by race. None of the larger sample surveys, such as the OHS or PSLSD, gathered information on this topic. The only available information related to the topic is that which is gathered by the All Media and Product Survey (AMPS).

The household surveys of AMPS gathers information on bank accounts held and on insurance policies held. The survey also establishes whether there is a motor vehicle in the household. The value these assets are not quantified, which limits the use of the information supplied for benchmarking purposes.

7.5 Asset Ownership by Blacks

Based on an estimated adult black population (16 years and over) of 17,800,000 AMPS has determined the ownership of assets as given in table 7.6.1.

Table 7.6.1 Asset Ownership by Blacks - 1994

Type of asset or financial product used	Number of blacks	% of black population
Savings account	4 647 000	26.1 %
Investments	135 000	0.8 %
Whole Life Policy	775 000	4.4 %
Endowment, Savings or Investment Policy	564 000	3.2 %
Retirement Annuity or Personal Pension Policy	310 000	1.7 %

Source: All Media and Products Survey 1994

According to the AMPS 1994 findings 11.4 percent of the black households have a motor vehicle. That would be 625,000 of the estimated total of 5,504,000 black households in South Africa.

7.6 Franchising

At present there are no statistics available. The executive director of the Association of SA Franchisers, Jack Barber, stated they do not keep any figures. Other organizations, involved in the promotion of franchising, such as Black Integrated Commercial Support Network (BICSN) and NedEnterprise could not supply any figures. The only source of information on the current state of franchising could be the consultancy firm Parker Gordon Associates who recently conducted a survey on franchising in South Africa among 120 franchisors. The results of the survey will include a racial breakdown of franchisees. The results of the survey were not made public yet at the time of writing this report.

8 FUTURE BENCHMARKING

8.0 Recommended Indicators and Sources of Information

In this report a number of indicators on the participation of the previously disadvantaged population in South Africa, and the available information on those indicators, have been discussed. In this chapter the recommended indicators to measure the progress in increasing the economic participation of the previously disadvantaged is presented, together with the recommended data sources.

It is recommended that as much as possible the same data sources be used for the annual measurement of the indicators. This would prevent differences which will occur due to different measuring methods or questionnaire design. Though the consistency and reliability of the available socio-economic data is still not optimal, it seems that progress has been made resulting in the improvements to the October Household Survey. In order to prevent inconsistencies in the data gathered, such as occurred between the OHS 1993 and OHS 1994 with respect to the informal sector, it is essential that the CSS does not alter their questionnaire design too much.

Table 8.1.1 presents the proposed indicators and sources of data to measure these indicators.

Table 8.1.1 Proposed Benchmarking Indicators and Sources of Data

Proposed Indicator	Source of Data
QUALITY OF LIFE Life Expectancy (at birth in years) Literacy (14 years+ and completed Standard 14) Infant Mortality (# per 1000 live births by race) Personal Disposable Income per Capita Educational Level (% distribution over level achieved by race) Type of Dwelling (% distribution over type of dwelling by race) Access to water (% of population with internal piped water by race) Electricity (% of population with public supplied electricity by race) Living Standard Measurement (% of blacks per LSM group)	Dept. of National Health and Population Development Project for Statistics on Living Standards & Dev. Dept. of National Health and Population Development Bureau for Market Research October Household Survey (OHS) October Household Survey (OHS) October Household Survey (OHS) October Household Survey (OHS) October Household Survey (OHS) All Media and Product Survey (AMPS)
EMPLOYMENT Employment rates (% of econ. active employed by race) Formal Sector Employment (# of people employed in formal sector) Informal Sector Employment (# of people employed in inf. sector) Unemployment Rates (% of economically active population) Monthly income of employees (% distribution over income brackets) Employment by Sector (# of people by sector and race) Average Salaries and Wages (Rand by sector and race)	October Household Survey (OHS) October Household Survey (OHS) October Household Survey (OHS) October Household Survey (OHS) October Household Survey (OHS) Labour Statistics October Household Survey (OHS) and Labour Statistics
MANAGERIAL PARTICIPATION Employment in top 3 Occupational Category (# of people by race) Employment in top 3 Occupational Category (% of blacks per category) Employment by Job Level in the Corporate sector (% of race per Paterson band) Black Managers by Sector (% of managers by sector)	October Household Survey (OHS) October Household Survey (OHS) Breakwater Monitor (UCT) Breakwater Monitor (UCT)
BUSINESS OWNERSHIP Self-employment in the Formal Sector (# by race and sector) Self-employment in the Informal Sector (# by race and sector) Asset Ownership of Blacks (% of blacks)	Population Census and Sectoral Censuses October Household Survey (OHS) All Media and Product Survey (AMPS)

Data is presently available for most of these indicators as presented in table 8.1.1. The exceptions are the indicators relating to small business and asset ownership. With respect to small business ownership it is essential that the data bases of business organizations, specifically the black business organizations, are improved so they can be used for monitoring purposes. Data on asset ownership by race is not available from the financial institutions, but can be monitored through sample surveys. Unfortunately there are no survey results available on the amount of assets held by the different population group, but only on the type of assets held. The reliability of the available data-bases will be tested against a full national census to be held in 1996.

8.2 Detailed Summary of Benchmark Indicators

Table 8.2.1 Benchmarking Indicators

Proposed Indicator	Current Indicators			Current Indicators		
	Blacks			Whites		
	All	Male	Female	All	Male	Female
QUALITY OF LIFE						
Life Expectancy(at birth in years)		61	67		69	71
Literacy (14 years + and completed Standard 6)	45.6			89.7		
Infant Mortality (# per 1000 live births by race)	54.3			7.3		
Personal Disposable Income per Capita	R3,686			R27,847		
Educational Level (% distribution over level achieved by race)						
No Education		28.7	28.9		13.2	15.6
At Least Standard 6		28.0	30.9		71.9	68.7
At Least Standard 10		6.1	6.0		47.2	39.6
Tertiary		1.1	1.4		16.5	10.5
University		0.2	0.0		9.2	5.6
Type of Dwelling (% distribution over type of dwelling by race)						
Western	46.3			99.7		
Traditional	14.3					
Shack	14.9			0.2		
Hostel	7.0			0.1		
Outbuilding/Other	17.2					
Access to water (% of population with internal piped water by race)						
Piped-Internal	27.4			98.4		
Piped-yard tap	25.1			0.1		
Piped-public tap	16.9					
Borehole	11.0			1.2		
Other	19.6			0.3		
Electricity (% of population with public supplied electricity by race)						
Electricity-public supply	37.4			99.0		
Electricity from Generator	0.4			0.5		
Candles	38.3			0.1		
Paraffin	21.8			0.1		
Other	2.3			0.2		
Living Standard Measurement (% of blacks per LSM group)						
LSM 1	99.5					
LSM 2	97.8					
LSM 3	92.5					
LSM 4	88.9					
LSM 5	79.6					
LSM 6	57.9					
LSM 7	10.8					
LSM 8	4.7					

Table 8.2.1 Continued

Proposed Indicator	Current Indicators			Current Indicators		
	Blacks			Whites		
	All	Male	Female	All	Male	Female
EMPLOYMENT						
Employment rates (% of economically active)	53.5	61.0	46.6	60.9	72.3	32.2
Formal Sector Employment (# of people employed in formal sector)	4,707,300			1,808,100		
Informal Sector Employment (# of people employed in inf. sector)	1,128,900			513,300		
Unemployment Rates (% of economically active population)	41.1	33.6	50.2	6.4	4.5	9.2
Monthly income of employees (% distribution over income brackets)						
Less than R 100	1.5			0.0		
R 100-199	6.0			0.5		
R200-499	22.0			1.5		
R500-999	25.5			10.5		
R1000-1999	33.0			30.5		
R2000-3999	10.0			36.5		
R4000-7999	2.0			15.5		
R8000-16999	0.0			4.0		
More than R 17000	0.0			1.0		
Employment by Sector (# of black people by sector)						
Agriculture, forestry and fishing	989,033					
Mining and quarrying	513,000					
Manufacturing	868,978					
Electricity, gas and water	46,675					
Construction	246,993					
Wholesale, retail, catering and accommodation	966,051					
Transport, storage and communication	256,923					
Finance, insurance and business services	136,910					
Community, social and personal services	2,085,615					
Other	58,695					
Average Salaries and Wages (Rand by sector and race)						
Manufacturing	R1,458			R5,249		
Electricity, gas and water	R2,984			R6,920		
Construction	R 884			R4,278		
Wholesale, retail, catering and accommodation	R1,220			R3,690		
Transport, storage and communication	R2,108			R6,296		
Finance, insurance and business services	R2,767			R5,581		
Community, social and personal services	R2,606			R5,112		
MANAGERIAL PARTICIPATION						
Employment by Occupational Category (# of people by race)						
Legislators, Senior Officials and Managers	167,282					
Professionals	269,403					
Technicians and associate Professionals	370,665					
Employment by Occupational Category (blacks as % of total)						
Legislators, Senior Officials and Managers	31.5					
Professionals	48.1					
Technicians and associate Professionals	44.5					
Employment by Job Level in the Corporate sector (% of race per Paterson band)						
F	1.00			98.62		
E(Upper)	2.11			97.02		
E(Lower)	1.16			97.71		
D(Upper)	2.42			94.42		
D(Lower)	3.47			91.41		
Black Managers by Sector (% of managers by sector)						
Banking	1.1			96.5		
Building & Construction	3.8			89.29		
Development	15.78			82.06		
Financial Services	2.47			83.56		
Financial Field Staff	21.23			66.75		
FMCG	8.15			83.70		
Industrial	1.13			95.19		
Industrial Food	4.89			85.19		
Media	3.19			92.26		
Mining	1.27			97.92		
Motor	2.77			81.61		
Oil	5.84			81.59		
Paper & Packaging	1.39			95.22		
Retail	3.99			87.56		
Services & Head Office	1.30			95.12		
Utilities	2.80			83.72		

Table 8.2.1 Continued

Proposed Indicator	Current Indicator	
	Blacks	Whites
BUSINESS OWNERSHIP		
Self-employment in the Formal Sector (# by race and sector)		
Wholesale, retail, catering and accommodation	111,825	
Community, social and personal services	51,581	
Construction	44,784	
Agriculture, forestry and fishing	21,379	
Manufacturing	27,031	
Finance, insurance and business services	2,857	
Transport, storage and communication	28,019	
Mining and quarrying	407	
Electricity, gas and water	109	
Self-employment in the Informal Sector (# by race and sector)		
Wholesale, retail, catering and accommodation	201,532	
Community, social and personal services	634,984	
Construction	34,775	
Agriculture, forestry and fishing	14,531	
Manufacturing	60,204	
Finance, insurance and business services	23,631	
Transport, storage and communication	39,323	
Mining and quarrying	371	
Electricity, gas and water	527	
Asset Ownership of Blacks (# of blacks)		
Savings Accounts	4,647,000	
Households with Vehicle	625,000	

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**APPENDIX A BUSINESS OWNERSHIP AND SELF-EMPLOYMENT
IN THE FORMAL SECTOR BY RACE AND GENDER**

SECTOR		total	white	colored	asian	black
AGRICULTURE, HUNTING, FORESTRY AND FISHING		91 207	72.42%	2.77%	1.37%	23.44%
	male	87.84%	67.70%	2.57%	1.28%	16.29%
	female	12.15%	4.71%	0.21%	0.09%	7.15%
MINING AND QUARRYING		6 662	71.05%	2.65%	1.40%	24.91%
	male	90.02%	65.02%	2.35%	1.29%	21.34%
	female	9.98%	6.03%	0.28%	0.09%	3.57%
MANUFACTURING		78 328	50.39%	7.27%	7.84%	34.51%
	male	65.76%	40.84%	4.87%	6.18%	13.87%
	female	34.24%	9.54%	2.40%	1.66%	20.65%
FOOD, BEVERAGES AND TOBACCO		6 276	54.10%	9.95%	11.20%	24.74%
	male	72.17%	40.02%	7.07%	9.50%	15.58%
	female	27.83%	14.07%	2.90%	1.71%	9.16%
TEXTILE, CLOTHING AND LEATHER INDUSTRIES		27 663	18.96%	7.63%	9.66%	63.75%
	male	28.30%	10.08%	3.01%	6.12%	9.09%
	female	71.70%	8.88%	4.62%	3.54%	54.66%
WOOD AND WOOD PRODUCTS, INCL FURNITURE		7 061	48.49%	12.46%	9.26%	29.78%
	male	91.67%	43.31%	11.64%	8.72%	28.00%
	female	8.33%	5.18%	0.82%	0.54%	1.78%
PAPER & PAPER PROD PRINTING & PUBLISHING		6 989	77.81%	7.70%	11.00%	3.48%
	male	77.73%	58.89%	6.00%	9.97%	2.88%
	female	22.27%	18.92%	1.72%	1.03%	0.60%
CHEMICALS, PETROLEUM, RUBBER & PLASTIC PROD.		4 643	72.69%	5.60%	7.06%	14.65%
	male	83.87%	61.32%	3.98%	6.35%	12.21%
	female	16.13%	11.37%	1.62%	0.71%	2.43%
NON-METALLIC MINERAL PRODUCTS		2 869	57.58%	4.98%	4.84%	32.55%
	male	82.54%	43.46%	4.64%	4.25%	30.18%
	female	17.46%	14.12%	0.38%	0.63%	2.41%
BASIC METAL INDUSTRIES		3 704	69.20%	3.83%	4.02%	22.98%
	male	92.63%	63.47%	3.51%	3.89%	21.76%
	female	7.37%	5.72%	0.32%	0.11%	1.19%
METAL PROD. MACHINERY & EQUIPMENT		17 063	72.48%	5.74%	3.69%	18.09%
	male	91.85%	66.09%	4.91%	3.44%	17.42%
	female	8.14%	6.39%	0.83%	0.25%	0.67%
OTHER MANUFACTURING INDUSTRIES		4 062	81.98%	4.62%	7.80%	5.60%
	male	83.12%	68.58%	3.53%	6.96%	4.02%
	female	16.86%	13.38%	1.09%	0.79%	1.60%
ELECTRICITY, GAS AND WATER		3 186	56.99%	4.71%	3.45%	34.82%
	male	92.17%	50.96%	4.36%	3.33%	33.50%
	female	7.85%	6.03%	0.35%	0.13%	1.35%

SECTOR		total	white	colored	asian	black
CONSTRUCTION		93 496	38.10%	10.55%	3.45%	47.90%
	male	96.20%	36.04%	10.39%	3.36%	46.41%
BUILDING CONSTRUCTION	female	3.80%	2.06%	0.17%	0.09%	1.49%
		83 762	33.50%	11.23%	3.44%	51.83%
	male	96.44%	31.78%	11.07%	3.36%	50.22%
	female	3.56%	1.72%	0.17%	0.07%	1.60%
CIVIL ENGINEERING		3 637	87.10%	4.07%	3.19%	5.64%
	male	93.90%	81.83%	3.90%	3.00%	5.17%
	female	6.10%	5.25%	0.16%	0.22%	0.47%
		6 108	71.64%	5.11%	3.78%	18.16%
CONSTRUCTION, NEC	male	94.22%	67.14%	4.88%	3.54%	18.65%
	female	5.78%	4.81%	0.23%	0.25%	0.51%
WHOLESALE, RETAIL TRADE AND HOSPITALITY		268 812	41.86%	4.49%	10.51%	43.13%
	male	64.83%	30.99%	3.49%	9.10%	21.25%
	female	35.17%	10.87%	1.01%	1.41%	21.88%
		245 268	40.35%	4.59%	10.67%	44.39%
WHOLESALE AND RETAIL TRADE & ALLIED SERVICES	male	65.05%	30.21%	3.60%	9.27%	21.97%
	female	34.95%	10.14%	0.99%	1.39%	22.43%
CATERING AND ACCOMMODATION SERVICES		13 664	69.26%	2.69%	7.75%	20.30%
	male	60.75%	45.15%	1.36%	5.95%	8.29%
	female	39.25%	24.11%	1.31%	1.81%	12.01%
		43 378	24.18%	5.89%	5.34%	64.59%
TRANSPORT, STORAGE AND COMMUNICATION	male	92.48%	19.89%	5.52%	5.11%	61.96%
	female	7.52%	4.30%	0.37%	0.22%	2.63%
TRANSPORT AND STORAGE		41 068	21.60%	5.83%	5.38%	67.18%
	male	93.70%	18.24%	5.51%	5.17%	64.79%
	female	6.30%	3.36%	0.33%	0.21%	2.39%
		2 321	69.84%	6.94%	4.52%	18.74%
COMMUNICATION	male	70.87%	49.03%	5.77%	4.14%	11.98%
	female	29.13%	20.81%	1.12%	0.39%	6.81%
FINANCING, INSURANCE, REAL ESTATE AND BUSINESS		66 626	88.78%	2.50%	4.36%	4.36%
	male	73.78%	64.99%	1.82%	3.62%	3.35%
	female	26.22%	23.79%	0.68%	0.74%	1.02%
		6 948	83.34%	3.24%	5.43%	7.98%
FINANCIAL INSTITUTIONS	male	67.71%	56.72%	1.34%	3.77%	5.90%
	female	32.29%	26.63%	1.90%	1.66%	2.10%
INSURANCE		7 422	87.60%	3.52%	6.14%	2.74%
	male	77.82%	68.51%	2.88%	5.27%	1.17%
	female	22.16%	19.09%	0.63%	0.86%	1.58%
		62 166	89.56%	2.27%	3.98%	4.18%
REAL ESTATE AND BUSINESS SERVICES	male	73.89%	65.43%	1.72%	3.37%	3.36%
	female	26.11%	24.14%	0.54%	0.61%	0.82%

SECTOR		total	white	colored	asian	black
COMMUNITY, SOCIAL AND PERSONAL SERVICES		108 341	44.40%	3.86%	4.13%	47.61%
	male	54.36%	24.21%	2.09%	3.10%	24.96%
	female	45.64%	20.19%	1.77%	1.03%	22.64%
SANITARY AND SIMILAR SERVICES		642	50.92%	5.72%	6.27%	36.90%
	male	80.26%	37.64%	5.35%	5.72%	31.55%
	female	19.74%	13.47%	0.37%	0.55%	5.17%
SOCIAL AND RELATED COMMUNITY SERVICES		48 274	58.94%	4.24%	6.41%	30.41%
	male	57.47%	33.85%	2.06%	4.37%	16.58%
	female	42.54%	25.10%	2.18%	1.44%	13.83%
RECREATIONAL AND CULTURAL SERVICES		10 288	83.12%	3.35%	2.59%	10.94%
	male	59.37%	47.77%	2.68%	2.14%	6.78%
	female	40.62%	35.35%	0.67%	0.44%	4.17%
PERSONAL AND HOUSEHOLD SERVICES		47 020	20.29%	2.72%	2.10%	74.89%
	male	48.04%	7.94%	1.17%	1.31%	37.62%
	female	51.96%	12.34%	1.55%	0.79%	37.27%
ACTIVITIES NOT ADEQUATELY DEFINED		64 701	34.41%	6.31%	7.43%	51.85%
	male	67.67%	25.49%	4.76%	6.17%	31.25%
	female	32.33%	8.92%	1.55%	1.26%	20.59%
TOTAL		812 264	48.53%	5.23%	6.46%	39.78%
	male	72.42%	37.76%	4.20%	5.52%	24.95%
	female	27.58%	10.76%	1.03%	0.94%	14.84%

Source: Central Statistical Service 1991

APPENDIX B DATA REPORT

**A DEMOGRAPHIC AND SOCIO-ECONOMIC PROFILE OF
SURVIVALIST, MICRO AND SMALL ENTERPRISES,
BLACK PROFESSIONALS AND MANAGERS**

Report Prepared by:

Ranveer Persad
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Data Research Africa

1. Introduction

Data Research Africa, an independent research consultancy based in Durban, South Africa, was commissioned to extract from its data base information relating to a demographic and socio-economic profile and perceived quality of life of managers and professionals from 'previously disadvantaged' communities. In addition, information on the incomes, expenditures, demographic and socio-economic profile, perceived quality of life and the constraints facing those household members involved in micro and small enterprises who were from 'previously disadvantaged' communities.

The definition of 'previously disadvantaged' for the purpose of this report was all the people previously classified as 'African', 'Colored' and 'Asian'. While there were varying effects that apartheid had had on these three population groups, they composed the previously disadvantaged and are regarded (within this report) as part of the black community who were oppressed by apartheid regime.

The main database sourced in this report is the Project for Statistics on Living Standards and Development (PSLSD), a national socio-economic and demographic survey, which was funded by the World Bank and managed and processed in 1993 by the Southern African Labour and Development Unit. In total, over 8000 households were surveyed. It contains information on 702 black managers and professionals and 932 micro and small enterprises. Also sourced in this report is a survey done by Data Research Africa (1992) of micro-enterprises in eight different regions of South Africa. This survey which comprised some 615 interviews, focused on the impact of regulatory measures on these enterprises.

The report begins by discussing small business enterprises in South Africa. It defines what is meant by small business and uses that definition framework to analyze the data from the PSLSD. Using the DRA study, this section also discusses the constraints encountered by micro-entrepreneurs when starting and operating their businesses. The discussion then shifts to the profile of black managers and professionals before concluding.

2. Survivalist, Micro and Small Enterprises in South Africa

The growth and development of small, medium, micro and survivalist enterprises (SMME's) has been accorded a significant importance within the economic growth/development strategy of the Government of National Unity and more specifically the Reconstruction and Development Programme. It has been argued that "the importance of small enterprise development lies in its ability to instill an entrepreneurial culture, provide a viable alternative for youths looking in vain for blue or white collar jobs, generate new job opportunities, spread development to the regions, create an environment for innovation and spread industrial skills and know-how among a broad spectrum of the population" (Ministry of Trade and Industry 1994:5).

In South Africa, it is estimated that there are more than 800 000 small, medium and micro-enterprises which absorbs nearly half the employed workforce. In addition, there are about "3.5 million people involved in some or other type of survivalist enterprise activities." (ibid:8). It is a highly diverse sector with constraints and opportunities differing broadly across different types of enterprises.

It is perhaps important here, to distinguish between the different types of enterprises. Although there are widely differing definitions that have been noted by May (1992) in his analysis of micro-enterprise in South Africa, this report will use the definitions provided in a strategic discussion paper of the Ministry of Trade and Industry. The following definitions and distinctions have been noted in the paper:

1. *Survivalist Enterprises*: are activities by unemployed people with virtually no skills in the particular field, whose income falls far below a minimum income standard, where little capital is invested, which has limited opportunities for growing into a viable business and finally where poverty and the attempt to survive characterize the motivation behind the enterprise.

2. *Micro-Enterprises*: are very small businesses involving the owner and some family members and perhaps one or two paid employees who number less than five in total. It lacks 'formality' in the sense of formal business licenses, VAT registration or operating premises etc., has a limited capital base and very basic technical and business skills amongst its operators. Many of these businesses could advance into a viable small business and many exceed the minimum income level.

3. *Small Enterprises*: comprise the bulk of established businesses and employ between five and 100 people. The enterprise will usually be owner-managed or controlled by owner-community; it usually operates from business or industrial premises, be tax registered and meet other formal registration requirements.

4. *Medium Enterprise*: are difficult to demarcate in terms of small and big. It is still viewed as basically owner-managed, though the shareholding or community control base may be more complex. The employment of 200 and capital assets, excluding property, of about R10 million are seen as the upper limit.

In the PSLSD there was a total of 932 households from previously disadvantaged communities who had members involved in SMME's. After applying the enumeration variable rweight, a total of just under one million households were found to be involved in SMME's. Of those household members involved in SMME's, it was found that 59.1% were involved in survivalist enterprises, 38.5% were involved in micro-enterprises and 2.3% were involved in small enterprises (see Table overleaf).

Indicators	Survivalist	Micro	Small
Gender			
Female	62.4	49.0	9.1
Male	37.6	51.0	90.9
Age Cohort			
10-19	1.2	1.7	0.0
20-29	15.8	12.3	4.5
30-39	31.6	28.7	41.0
40-49	24.5	25.6	27.2
50-59	16.0	19.2	27.3
60+	8.9	11.7	0.0
Educational Levels %			
None	20.1	17.5	9.1
Sub A- Std 3	20.4	18.1	4.5
Std 4-5	19.1	14.5	9.1
Std 6-7	18.4	19.8	18.2
Std 8-9	15.6	20.6	22.7
Std 10	4.5	5.8	18.2
Post Secondary	1.1	2.8	18.2
Other Indicators			
Family Members Involved (Ave.)	1.0	1.8	1.2
Other Employees (Ave.)	0.0	1.6	10.5
Gross Sales (Ave. Rands)	681.78	1 375.82	117 771.43
Monthly Profit (Ave. Rands)	394.80	756.03	10 953.85
Equipment Value (Ave. Rands)	1 357.85	6 794.38	293 194.36
Total Monthly Income (Ave. Rands)	1 043.32	1 589.75	7 796.73
Sample %	59.1	38.6	2.3
Sample Size	661	369	22
Enumerated %	59.1	38.6	2.2
Enumerated	612 807	334 693	19 622

* Excludes those non-household members employed by enterprises

* Includes only those household members who spend the most amount of time in a specific enterprise.

The survivalist enterprises involved only one household member, were composed of mainly women (62.4%) with just over a third being men. Over half of the household members involved in these enterprises fell into the 30-50 age cohort. Over one third (40.5%) of those involved could be considered functionally illiterate (having less than a std 4), less than a twentieth had a standard 10 (4.5%) and only 1.1% had a post secondary qualification. There were three languages which were mainly spoken in these households. These included: Xhosa, Zulu and North Sotho. These enterprises generated an average of R681.78 from sales of goods and a monthly profit of R394.80. The average value of equipment or fixed capital was R1 010.11 and members monthly household income averaged R1 357.85.

The micro-enterprises involved an average of 1.8 family members and employed an average of 1.6 non-household members. There was an almost even split between males and females, 51:49 in this group. Here again as in the case of survivalist enterprises, over half of the sample fell into the 30-50 age cohort. Over one third of those involved in these enterprises (35.6%) could be considered functionally illiterate and only 2.8% had a post secondary qualification. Four main languages were predominantly spoken in the households of this group. These included: English, Xhosa, Zulu and North Sotho. These enterprises brought in an average of R1 375.82 from sales of goods/services, had a household monthly income of 1 589.75, equipment valued at an average of R6 794.38 and generated a monthly profit of R756.03.

There were only 22 small enterprises which involved an average of 1.2 family members and employed an average of 10.5 non-household members. These enterprises were dominated by men many of whom fell into the 30-50 age cohort. Just over a tenth of those involved in these enterprises could be considered illiterate, a fifth had a post-secondary qualification and a standard ten, respectively. There were three main languages spoken in homes which predominated in this group. These were English, Tswana and North Sotho. These enterprises brought in an average of R117 771.43 from sales, made an average monthly profit of R10 953.85, had equipment valued at an average of R293 194.36 and a monthly household income of R7 796.73.

Vast demographic and socio-economic differences can thus be found between the different types of enterprise, differences which give credibility to the definitions espoused by the Department of Trade and Industry. It appears that over half of the enterprises are survivalist in nature and just over a third were micro enterprises. There was a very small percentage/proportion of small enterprises. The gender profile is also quite interesting, since it appears that more women were involved in survivalist than any of the other types of enterprise which indicates that black women who are amongst the poorest group in our society use survivalist enterprises as a tactic for their survival. A high proportion of women were involved in micro-enterprises as well.

Having discussed the profiles of these enterprises, let us look at the types of business activities these enterprises are involved in. The following table illustrates there were also differences found between the types of activities performed across the different types of enterprises.

TYPE OF ENTERPRISE	Survivalist	Micro	Small
Shop	3.8	18.9	22.7
Selling goods on street	29.4	25.1	0.0
Shebeen Operator	9.3	13.9	0.0
Herbalist	2.0	0.6	0.0
Sewing and selling clothes	15.1	5.6	4.5
Shoe repairs	2.5	0.3	0.0
Traditional healer	2.0	1.9	0.0
Transport goods to market	0.7	0.6	0.0
Tax operator	4.4	5.6	9.1
Food processing	2.5	2.8	9.1
Weaving cloth	2.0	1.7	0.0
Building/repairing houses	6.5	7.2	31.8
Selling wood	0.7	1.4	0.0
Child care	0.7	0.8	0.0
Self-employed artisan	9.4	5.0	4.5
Other	1.1	0.3	4.5
Clerical /sales	5.3	5.8	9.1
Services	1.1	0.8	0.0
Hotel & restaurant	0.9	0.6	4.5
Manufacturing	0.5	1.1	0.0

The table above shows that over half of those involved in survivalist enterprises were either selling goods on the street, sewing and selling clothes or were self-employed artisans. There was also a substantial percentage involved in selling liquor in shebeens. In terms of the micro enterprises, over half were either shopkeepers, selling liquor (shebeens), or selling goods on the street. The bulk of those involved in the small enterprises were involved in building/repairing houses, shops or food processing. Smaller percentages of members were involved in other activities across the different enterprises, as the table above illustrates. In terms of the involvement of the bulk of the household members in business activities, it appeared that there were three activities which were predominant in each of the different enterprises. There were also similar percentages of members who were involved in survivalist and micro across a range of specific business activities.

2.1. Constraints Encountered by Micro-Enterprises

Survivalist, micro and small enterprises often face considerable challenges when they start up their enterprise. In a study conducted by Data Research Africa (DRA 1992) which comprised a survey of some 615 micro-enterprises in eight different regions of South Africa, the obstacles and problems relating to starting and operating a micro were investigated (DRA 1992). As a specific focus, the study sought to investigate the effects of regulatory measures on micro-enterprises.

Although there were numerous problems cited, the DRA (1992) study found that when starting and operating their businesses, over half of the micro-entrepreneurs surveyed encountered the following problems:

Description of Problems	Start-up Problems	Operating Problems
No Shelter/Inadequate Premises	13.5%	13.1%
No Capital	22.5%	9.4%
Too few Customers	10.8%	16.8%
Arrested too often	9.0%	5.5%
Late and Slow Payments	5.2%	10.2%

The key problems faced by these micro-entrepreneurs when starting and operating their enterprises were lack of access to capital, inadequate premises and marketing problems (related to late and slow payments and having too few customers). Regulatory issues as regards licensing and confiscation of goods did not feature as key problems. However, a proportion of micro-entrepreneurs cited being arrested too often as being a problem when starting and operating their business.

Micro-entrepreneurs were questioned specifically about regulatory measures concerning licensing and interventions by government officials. The bulk of respondents said that they did not know how to get a license (35.7%), did not require any license (32.3%) and that licences cost too much (12.3%) on starting their enterprises (DRA 1992). The report goes on to say that "a bewildering array of licenses was put forward by respondents, suggesting that even amongst those who claimed to be in possession of a license, there was confusion as to what actually was required to operate a micro-enterprise" (ibid; 22). One respondent even cited a notice to appear in court as a permit to trade.

Over 60% of respondents in the DRA study said that the South African Police emerged as the government officials who caused micro-entrepreneurs the greatest problems when starting their businesses. Even when operating their businesses, the police in the form of the South African Police, KwaZulu Police, Traffic Police, Police Spies, homeland police and even the South African Defence Force were identified as government agencies which have caused problems for micro-entrepreneurs. It appears, as respondents had said in the survey, that these problems caused by the state security agencies related to the arrest of micro-entrepreneurs for not possessing licences, harassing and bribing those who did not have licences or confiscated the goods of entrepreneurs. Indeed, over three quarters (76.7%) of respondents cited these as the problems involving state security agencies.

The DRA (1992) reports concludes that regulatory measures were not regarded as an important problem for the majority of entrepreneurs at the time of the survey. Instead problems related to marketing, access to capital and inadequate premises emerged as the key constraints faced by micro-entrepreneurs.

2.3. Perceived Quality of Life

In the PSLSD, the perceived quality of life of household members reveals that members comprising the survivalist and micro enterprises had very similar perceptions across all but one of the questions asked. The greatest difference concerned the responses of those who were involved in small enterprises as the following table illustrates.

Quality of Life	Survivalist	Micro	Small
How satisfied are you with the way your household lives these days?			
Very Satisfied	4.9	7.8	9.1
Satisfied	19.4	22.0	31.8
Indifferent	10.7	9.2	9.1
Dissatisfied	37.7	37.0	45.5
Very Dissatisfied	26.5	23.4	4.5
Do you feel more, the same or less safe inside your home when compared to five years ago?			
More	16.3	15.0	36.4
The same	26.0	24.5	18.2
Less	57.7	60.2	45.5
Do you feel more, the same or less safe outside your home when compared to five years ago?			
More	9.1	8.6	18.2
The same	24.5	20.1	27.3
Less	66.2	71.0	54.5
Has any member of your household been a victim of crime, in the past 12 months?			
Yes	13.1	14.8	13.6
When you compare your situation with that of your parents, do you think you are richer, the same or poorer than they were?			
Richer	25.4	35.7	50.0
The same	19.2	19.2	13.6
Poorer	55.0	43.7	36.4
If there was a new government, do you think your situation will get better, stay the same or get worse?			
Get better	63.0	59.3	72.7
Stay the same	13.2	13.6	0.0
Get worse	16.0	18.7	9.1

The table shows that similar percentages of survivalist and micro entrepreneurs were either satisfied (less than 30%) or dissatisfied (more than 60%). What is important is that over half of these entrepreneurs were dissatisfied with the way their household lived currently. In total 40.9% of those entrepreneurs involved in small businesses were satisfied and a half said they were dissatisfied.

Although there was a similar percentage (between 55-61%) of members in survivalist and micro enterprises who said that they felt less safe inside their home, only over a tenth of members in survivalist and micro enterprises said that they felt more safe. Just over a third of those small business entrepreneurs said that they felt more safe inside their home and just under a half said that they felt less safe. Concerning safety outside the home, a similar set of responses were recorded in terms of the survivalist and micro enterprises. A slightly higher percentage of those small business entrepreneurs said that they felt more safe outside their home and lower percentages of survivalist and micro entrepreneurs who said that they felt the safe way. The critical point however, was that the bulk of those surveyed appeared to feel less safe both inside and outside their households.

Almost equivalent percentages of households who had members involved in all three types of enterprises said that a person in their household had been a victim of crime in the past twelve months.

The percentages of those households which said that they felt that they were richer than their parents constantly rises from survivalist to small businesses with by a quarter, a third and a half, respectively. Similarly the percentage of those who felt poorer than their parents drops across the three groups. It is not surprising to find that over a half those in the small entrepreneurs group felt richer than their parents.

It was also found that there appeared to be great expectations across all three types of enterprises concerning the possibility of a better situation when there is a new government. Just less than a fifth of those in the survivalist and micro-enterprises and less than a tenth amongst small entrepreneurs said that their situation would get worse once there is a new government.

3. Demographic Profile of Black Professionals and Managers

In the PSLSD there were two categories of occupations that we were concerned with. These included professionals, semi-professionals and technical occupations, who were grouped as the professionals and managers, executive and administrative positions which were grouped as managers.

There was a higher percentage of female professionals (57.2%) than male professionals (42.7%) and substantially larger percentage of male managers (73.4%) than female managers (26.5%).

DEMOGRAPHIC PROFILE	SAMPLE %		ENUMERATED %	
	PROF'S	MAN'S	PROF'S	MAN'S
GENDER				
% Male	42.7	73.4	37.5	74.0
% Female	57.2	26.5	62.5	26.0
AGE COHORT				
20 - 29	27.3	17.3	25.7	16.4
30 - 39	38.3	40.9	36.9	43.6
40 - 49	23.9	27.5	24.8	26.6
50 - 59	8.2	13.3	0.5	11.4
60 and above	2.3	1.0	3.0	1.0
Average Age in Years	36.2	38.3	-	-
MAIN LANGUAGE SPOKEN AT HOME				
English	17.9	50.5	15.8	49.4
Afrikaans	7.1	10.1	7.7	9.1
Xhosa	13.4	4.0	14.2	4.6
Zulu	19.4	9.0	20.4	9.8
Tswana	12.1	10.1	12.1	10.2
North Sotho	9.7	7.0	9.4	7.5
South Sotho	8.1	2.0	8.6	2.1
Venda	3.9	1.0	3.1	1.0
Shangaan/tsonga	3.8	2.0	3.8	2.0
Swazi	3.1	2.0	3.5	2.2
Ndebele	0.3	0.0	0.4	0.0
Other	0.8	2.0	1.0	2.1
HIGHEST EDUCATIONAL LEVEL ACHIEVED				
None	2.6	8.1	2.9	8.4
Sub A - Std 3	5.6	0.0	6.0	0.0
Std 4 - Std 5	2.3	2.0	2.8	2.2
Std 6 - Std 7	4.8	10.2	4.8	11.0
Std 8 - Std 9	11.2	18.3	11.1	16.9
Std 10	19.2	41.8	20.6	41.9
Post Secondary Qualification	53.7	18.3	51.6	18.8
AVE. HOUSEHOLD SIZE	5.3	4.5	-	-
Sample Size	85.8 (803)	14.1 (99)	84.1 (487 163)	16.9 (88 817)

Over a third of professionals and managers fell into the 30-39 age cohort which was consistent with their average ages. A significantly high percentage of professionals fell into the adjacent 20-29 and 40-49 age cohort. Just over a tenth of professionals and managers were over the age of 50.

There were three main languages spoken by the bulk of managers in their homes. These included English, Afrikaans and Tswana. In terms of professionals, there were five languages spoken by a tenth and more in each of the following cases: English, Xhosa, Zulu, Tswana and North Sotho. It was indeed surprising to find relatively high percentages of English and Afrikaans speakers across both groups.

Over half of the professionals have completed a post-secondary qualification. A fifth had completed standard 10 and just less than a tenth had less than a standard 3. In effect, just less than a tenth could be considered to be functionally illiterate. An equivalent percentage of functionally illiterate were found amongst managers. Although, two fifths of managers had a standard 10, less than a fifth had a post-secondary qualification. The bulk of the managers, however, had completed standard 4. It appears then that the professionals are more highly qualified than managers.

3.1. Employer, Economic Sector and Working Conditions

Over three quarters of the professionals were employed by the state, either in Central Government, Provincial Administration, a Local or Regional Authority or a Public Corporation. Only a tenth of professionals were employed in the private sector. In contrast, over two thirds of managers were employed in the private sector with the bulk of the remaining third of the sample employed by the state, as the following table (overleaf) illustrates.

EMPLOYER, ECONOMIC SECTOR AND TRADE UNION MEMBERSHIP	SAMPLE %		ENUMERATED %	
	PROFS	MAN'S	PROFS	MAN'S
EMPLOYER				
Central Govt	51.7	6.0	51.5	6.0
Provincial Administration	19.9	9.0	19.7	9.5
Local or Regional Authority	11.4	5.0	11.3	5.4
Public Corporation	3.6	7.0	3.5	6.9
Private Sector	11.4	70.7	12.0	70.0
Non-Profit Institution	1.0	0.0	1.0	0.0
Self-Employment	0.3	1.0	0.4	1.1
Other	0.1	1.0	0.2	1.1
ECONOMIC SECTOR				
Agriculture/Fishing/Forestry	0.8	1.0	0.8	1.1
Mining	1.6	2.0	1.8	2.0
Manufacturing	2.9	25.2	3.2	26.5
Electricity and Water	1.3	0.0	1.4	0.0
Construction	1.4	4.0	1.4	4.0
Wholesale and retail	0.8	25.2	0.8	23.9
Entertainment/Sport	0.5	2.0	0.6	2.0
Transport & Communication	1.9	3.0	2.1	3.0
Finance	0.6	9.0	0.8	9.1
Educational Services	56.8	3.0	55.2	3.0
Medical Services	20.2	9.0	20.7	10.0
Legal Services	2.8	4.0	3.1	4.2
Domestic Services	0.1	0.0	0.2	0.0
Armed Forces	5.6	2.0	6.0	2.1
Other Services	1.3	8.0	1.2	8.0
Other	0.3	2.0	0.4	1.1
TRADE UNION MEMBERSHIP %	38.4	25.2	36.5	25.6
PAY PERIOD TYPE				
Weekly	2.4	4.0	3.0	4.2
Fortnightly	0.6	1.0	0.8	1.0
Monthly	96.5	91.9	95.8	91.6
SAMPLE SIZE	603	99	467 163	88 617

Over three quarters of professionals were employed in the educational and medical service sectors which could imply that many were either teachers or nurses. From the data available, it is nevertheless difficult to confirm whether they were teachers and nurses. A smattering of smaller percentages of professionals occurred across other economic sectors. In the case of the managers, half of them were employed in the manufacturing and wholesale and retail sectors and just less than a tenth, in each case, were employed in the financial and medical sectors. Here again there was a spread of small percentages of managers across other economic sectors.

Just less than two fifths of professionals were unionized while only a quarter of managers were unionized. Most of the professionals and managers appear to be paid on a monthly basis. However, a small percentage appeared to be paid on a weekly basis.

Having discussed the demographic profile of professionals and managers, the discussion now turns to the working conditions and salaries of these people. Professionals appear to have shorter average working hours than managers on a daily basis. However, although only 4.9% of professionals and 12.1% of managers work overtime on a weekly basis, professionals work on average longer overtime hours.

WORKING CONDITIONS AND SALARIES	PROFESSIONAL	MANAGERS
WORKING HOURS		
Ave. Working Hours (Daily)	7.7	8.6
*Ave. Overtime Hours Worked (Weekly)	7.8 (4.9%)	5.6 (12.1%)
BENEFITS/PERKS		
% Employers who contribute to Pensions	82.0	78.7
*Transport Subsidy (Ave. in Rands)	311.63 (5.4%)	680.80 (21.2%)
*Food Subsidy (Ave. in Rands)	67.58 (6.3%)	45.5 (6.0%)
*Housing Subsidy (Ave. in Rands)	556.18 (12.6%)	528.12 (8.1%)
SALARIES/WAGES (Ave. in Rands)		
*Gross Salaries	2 384.32 (85.4%)	3 187.85 (80.8%)
*Deductions	553.08 (79.7%)	613.65 (72.7%)
*Nett Salaries	1 610.62 (89.2%)	2 097.06 (77.7%)
*Profit Share in Past Year (1993)	2 156.00 (0.0)	1 837.50 (4.0)
*MONTHLY HOUSEHOLD INCOME (Ave. in Rands)	3 564.38 (97.0%)	4 062.35 (96.6%)

* % Sample size indicated in brackets

Over three quarters of employers, in terms of both professionals and managers, contribute to their employees pensions. A small percentage of employers provided transport subsidies, food subsidies and housing subsidies. In the case of transport subsidies, a fifth of employers who employed managers provided an average subsidy of R680.80. The comparative transport subsidy for professionals was R311.63. Regarding food and housing subsidies not only were the subsidies provided to professionals more substantial in monetary terms (when compared to those received by managers) but there was also a higher percentage of professionals who received such subsidies.

It should be noted that the information on subsidies should be viewed against the background that they may indeed be a higher level of subsidization available to both professionals and managers. Indeed what the table may be reflecting is the actual use of those subsidies by professionals and managers.

Although professionals received greater subsidization, their comparative gross salary, deductions, net salaries and monthly household income were substantially lower than that of managers. These average salaries are illustrated in the table above. Very small percentages of both professionals and managers shared in the profits made by their employers' organization. As a result of the small sample sizes, the comparative average profit share noted in the table may be misleading since professionals appear to have received a greater amount of money.

3.2. Perceived Quality of Life

In rounding of this part of the report, the perceived quality of life of those households which had professionals and managers in them is discussed. The table below illustrates the responses to the set of questions posed.

PERCEIVED QUALITY OF LIFE	PROFESSIONALS	MANAGERS
How satisfied is this household with the way it lives these days?		
Satisfied	40.3	50.5
Neither satisfied nor dissatisfied	9.5	10.1
Dissatisfied	49.9	38.4
Are you ... safe inside your home when compared to five years ago?		
More	16.9	12.1
The same	24.2	22.2
Less	58.9	65.7
Are you ... safe outside your home when compared to five years ago?		
More	11.6	7.1
The same	24.4	15.2
Less	63.5	76.8
In the past 12 months, has any person in this household been a victim of a crime?		
Yes	10.1	13.1
No	89.9	86.9
When you compare your situation with that of your parents, do you think you are richer, about the same or poorer than they were?		
Richer	36.0	36.4
The same	27.2	26.3
Poorer	36.7	37.4
If we get a new government, do you think the situation of your household will get better, stay the same or get worse?		
Get better	54.2	38.4
Stay the same	13.1	15.2
Get Worse	24.4	32.3

There appeared to be a greater level of satisfaction amongst those households which contained managers about the way their household lives these days. There was a substantial percentage of households with professionals who were also satisfied although this needs to be balanced against the slight majority who were dissatisfied. Just over a third of households with managers were dissatisfied.

As in the case of those households which engaged in survivalist, micro and small enterprises, the bulk of the households with professionals and managers showed a great deal of insecurity when it came to safety inside and outside their homes. Less than 15% of managers and professionals, respectively, said that they felt more safe inside and outside their homes. Well over half of professionals and managers said that they felt less safe inside and outside their homes. Marginally over a tenth of professionals and managers, respectively, said that a member of their household had been a victim of crime over the past twelve months. In effect, these feelings of insecurity appear to permeate our society given the relatively high levels of political violence, crime and theft reported in the newspapers on a daily basis.

A similar set of responses from both professionals and managers households were received regarding the comparison of their household situation with that of their parents. Just over a third said that they were richer than their parents, just over a quarter said that their situation had remained the same and again just over a third said that they had become poorer than their parents. There were great shifts in the responses to the prospect of a new government.

Over half of the households with professionals said that the situation of their household would get better with the advent of new government while just over a third of households with managers said that same thing. A substantial percentage of households of both professionals and managers said that their household situation would either remain the same or would get worse.

4. Conclusion

Households with professionals or managers in them appear to have a higher monthly household income, greater range of benefits and more secure employment when compared to those who were involved in the survivalist and micro-enterprises. Although professionals and managers would have to face constraints imposed on them by their employers, survivalist and micro-entrepreneurs have to face obstacles and problems related lack of access to capital, marketing problems and the interventions of state security agencies which threaten their livelihood. Professionals and managers were younger and more highly educated than those involved in survivalist and micro enterprises. However, while it may be better to follow a career path in the professional and managerial world, the most wealthy group of people which emerged in the data could be said to be the small entrepreneurs.

It is possible that micro-enterprises may develop along the micro-small-median continuum. It is also possible that survivalist enterprises could develop along the same continuum. If this is to be realized then the specific sets of problems faced by these groups of enterprises need to be addressed. The key problem areas in terms of the data relate to low educational levels (and literacy), lack of access to capital, lack of effective marketing and user unfriendly regulatory measures. While these problems need to be effectively addressed, the positive attributes associated with these enterprises concern their viability as employment avenue which could generate income needed for survival and their potential to grow into viable innovative enterprises.

5. References

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