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Small-Scale
Enterprises in
Mamelodi and
Kwazakhele
Townships, South
Africa:
Survey Findings

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7250 Woodmont Avenue, Suite 200, Bethesda, Maryland 20814

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**Small-Scale Enterprises in
Mamelodi and Kwazakhele Townships
South Africa:
Survey Findings**

by

**Carl Liedholm
Michael A. McPherson**

Michigan State University

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EXECUTIVE SUMMARY

This paper outlines the findings of surveys of small enterprises conducted in two black South African townships — Mamelodi and Kwazakhele — in October and November 1990. The surveys consisted of a complete census of township businesses, as well as two supplementary questionnaires given to a smaller subsample of businesses. Previous studies have been few in number, and none has attempted a complete census of such firms in the townships.

The business census provided information on the size and importance of small township businesses. Some 7,752 small enterprises are estimated to exist in the two enumerated townships. Although this is certainly a large number, small enterprises seem to be less concentrated in the townships than in comparable areas in other countries. These businesses provide employment for approximately 16,400 persons in the two townships. More than one quarter of all households in the townships are engaged in some form of small-scale activity.

The small enterprises in the townships are dominated by women. Females make up 53 percent of the small enterprise labor force, and two-thirds of all small firm proprietors are women. One finding of the surveys is that female-run firms have a significantly lower average annual growth rate than do firms with male proprietors.

Some characteristics of the township businesses differ markedly from those found in urban small enterprises in other countries. The proportion of firms in Mamelodi and Kwazakhele involved in manufacturing activities, 16.9 percent, is smaller than in comparable areas elsewhere. The size distribution of firms is also different: there were comparatively fewer one-person enterprises as well as fewer firms with 10-50 workers in the townships. It was also notable that the average annual growth rate of small enterprise employment is almost 24 percent, a higher rate than that found in other countries. Many of these distinctive characteristics might be at least partially explainable by the restrictive regulations that the South African government imposed on black enterprises prior to the 1980s.

The most commonly cited primary problems perceived by proprietors involved market difficulties, along with finance troubles. Although the absolute proportion receiving assistance is low, a higher proportion of township proprietors have received credit or training than in similar areas in other countries. Revolving savings societies, known as *stokvels*, are a prominent part of the small enterprise landscape in the townships. These *stokvels* generate sizable pools of funds, with the typical member making annual contributions of about R 1,060 (\$425.00). Most of these funds are used for business purposes.

Small enterprises are an important aspect of the economic life of the two South African townships surveyed, and this survey has provided important insights concerning these activities. Building on this large and dynamic base of indigenous entrepreneurship should be a component of any development strategy for South Africa.

SECTION ONE

INTRODUCTION

This paper outlines the findings of surveys of small-scale enterprises in two black townships in South Africa. These surveys, which were conducted in the townships of Mamelodi and Kwazakhele during October and November of 1990, were unique in that an attempt was made to obtain a complete baseline listing or census of all the small enterprises in these areas. Previous investigations of such firms in South African black townships have been few in number — the studies of Davies (1987) and du Plessis and Levin (1988) are among the rare exceptions — and have been based on limited samples.

Small-scale enterprises have been defined in this study as nonfarm enterprises engaging less than 50 individuals. Any market-oriented production, commerce, or service activity is incorporated in this definition including the one-person vendors one sees on the roadside as well as the more organized, "modern" small-scale factories. For home-based enterprises to be included in the survey, at least 50 percent of the activity must be for the market.

The surveys are described briefly in Section Two. A descriptive profile of the enumerated enterprises derived from the baseline census survey then follows. Additional insights concerning problems and constraints facing these enterprises, obtained from two supplementary surveys administered to a sample of these firms, are provided in Section Four. Section Five offers some conclusions.

SECTION TWO

SURVEY DESCRIPTION

These surveys were conducted in two South African townships: Mamelodi, which is on the eastern outskirts of Pretoria, and Kwazakhele, which is part of the jurisdiction of the Port Elizabeth municipality. The population of Mamelodi was 126,610 according to the 1985 census, but current estimates are higher (*South African Township Annual*, 1989). Kwazakhele's population was 116,582 according to the 1985 census, but is currently estimated to be approximately 110,000 (M. Levin and A.P du Plessis, 1990).

The geographical areas to be covered in the two townships were derived from maps obtained from the town councils and the areas defined by them. In the case of Mamelodi, the boundaries reflect the council's map of 1988 and thus exclude the shack area that has developed east of the township as well as the hostel area. These particular areas were thus not covered in the Mamelodi survey. Most of each township is made up of residential areas, although recognized commercial areas along with a small industrial park exist in each township. To facilitate the survey process, the geographical areas of these townships were subdivided into blocks, each of which was then completely enumerated. All establishments or households, including those in backyard shacks or in the shacks that have sprung up in open areas within the defined township borders, were included.

The information generated in these areas was obtained by three different questionnaires. A comprehensive baseline survey provided basic firm-level data for all the enterprises located in the selected townships, while two brief supplementary surveys provided detailed information on a smaller sample of businesses. The enterprises enumerated in both of the supplementary questionnaires were drawn from those interviewed in the baseline survey.

Although it was modified to match the South African township situation, the format of the baseline questionnaire was the same as that used by researchers at Michigan State University in many other countries. This questionnaire is designed to collect large quantities of basic firm-level information very quickly and in a relatively small amount of space. This design makes it easy to enter and verify the data and to quickly generate simple statistics that summarize the characteristics of those businesses surveyed. Included in the baseline survey are questions on the type and size of the enterprise, its employment composition (including gender and part-time aspects), its location, and its approximate contribution to family income.

A second questionnaire generating more detailed data was administered to a random subsample of firms that had been given the baseline survey. These data were collected from 256 firms. This supplementary survey dealt with issues like demand for credit, perceived competition, past periods of firm growth, and problems faced by the firm. A third questionnaire explored the topic of revolving savings societies in the townships, which are known as *stokvels*.¹ If in the course of the baseline interview it was revealed that the entrepreneur was a member of such a society, the *stokvel* questionnaire was given after

¹ The term *stokvel* comes from the rotating cattle fairs which occurred in the region which were known as "stock fairs."

the baseline survey had been completed. Of the businesses interviewed in the baseline survey, approximately 20 percent were members of a *stokvel* or a similar revolving credit-society.

Field enumeration of the areas was carried out by a total of 12 people, who were divided evenly between Mamelodi and Kwazakhele. Many of these enumerators had some experience in survey work, and all were familiar with the township to which they were assigned. Each team of six enumerators worked under the guidance of a supervisor.

The baseline survey was completed by enumerators going door to door in the townships and recording the presence or absence of economic activities in the home. Also, every nonresidential business premise was visited. Each evening the questionnaires were checked by the supervisors for completeness and accuracy, and then handed over to the coder, who was responsible for making certain that the proper numerical business code had been assigned to each surveyed firm. The coder also was responsible for final checks of accuracy. Once the questionnaires had been checked, they were turned over to the data entry person. Although some difficulties were experienced, especially during the early phase of this exercise — more specifically, there was some enumerator confusion between a household with no economic activity and a household where no one was at home, as well as an occasional unwillingness to cooperate (not infrequently in somewhat larger establishments) on the part of some respondents — the quality improved as the survey progressed.

SECTION THREE

DESCRIPTIVE PROFILE — ENTERPRISE CHARACTERISTICS

Magnitude

What is the magnitude of small-scale activity in the two South African townships? The baseline survey actually enumerated a total of 5,253 small-scale enterprises in the two townships, of which 2,736 were located in Mamelodi and 2,517 were located in Kwazakhele. The enterprises in the two townships combined provided employment (including the proprietor and family workers) for 11,150 individuals.

These figures, however, understate the true magnitude of such activities in the two townships. This arises because the figures do not reflect the activity in those households or nonresidential establishments where no respondent was present when the enumerators made their visit. In the baseline survey, this amounted to approximately one-third of the households or nonresidential establishments in the two areas. If one assumes that the nonenumerated households were no different than the enumerated households, then the total number of small enterprises would increase to 7,752, of which 3,987 would be in Mamelodi and 3,765 would be in Kwazakhele.² These businesses provide employment for approximately 16,400 persons in the two townships. These findings would thus indicate that small-scale enterprises are an important contributor to the economic life of the townships of Mamelodi and Kwazakhele.³

² Evidence from a recent survey in Kenya (Parker, 1991) would indicate that the characteristics of those households or enterprises enumerated and those where no respondent was present are reasonably similar. A return visit to a sample of these households where no information could be collected the first time around indicated that the percentage of small-scale activities in these households were somewhat smaller (25 percent) than those of the enumerated households (29 percent) in Kenya, but the difference was not statistically significant. The procedure used to "blow up" the South African figures was as follows: First, the percentage of households with small-scale activities in each of the two townships was computed — in Mamelodi, this figure was 31.9 percent, while in Kwazakhele, it was 24.1 percent. Next, given the above assumptions about the similarity between respondents and nonrespondents, this percentage was multiplied by the total number of households or businesses where no respondent was present in order to produce an estimate of how many small enterprises would have been enumerated had all households and businesses been open. Finally, this estimate was added to the number of enterprises actually enumerated to obtain the estimated total number of small enterprises in each township. This is equivalent to inflating the number of enumerated firms in Mamelodi by 45.7 percent, and the number in Kwazakhele by 49.6 percent. It should be noted that, given the previously mentioned enumerator confusion between households with no activity and households where no respondent was present during the early phase of the survey, only data from the latter part of the survey was used in this "blow-up" exercise.

³ The survey also collected information on other small-scale activities in which the proprietors may be involved. In the baseline survey, 18.9 percent of the proprietors indicated that they were engaged in a second small-scale enterprise activity. There were 994 of these secondary small-scale activities actually enumerated. If these secondary businesses are accounted for, then following the "blowing up" procedure described in footnote 1 would lead to an estimate of 9,213 small enterprises in Mamelodi and Kwazakhele combined.

Yet there are indications that small enterprises are not as prevalent in these townships as in comparable areas elsewhere in Africa. A measure that can be used to reflect this relative concentration of activities is enterprise density: the number of primary small enterprises per 1,000 people in the population. For Kwazakhele, the only township for which population and enterprise figures were strictly comparable, the density amounts to 36 enterprises per 1,000 people. This compares with enterprise densities of 77 per 1,000 in Maseru, Lesotho and 74 per 1,000 in Maradi, Niger (Fisseha, 1990a; Fisseha 1990b). Measured against these standards, Kwazakhele's small enterprise density is only one-half that of comparable African urban areas.

As in the other countries studied, most of these enterprises did operate the year round.⁴ Indeed, over 90 percent operated for 12 months each year. The frequency of activity within the month was not determined.

Another indicator of significance, however, would be the contribution the primary small-scale enterprise activity made to the overall income of the households in the two townships. Approximately 35 percent of the proprietors claimed that this activity contributed more than one-half of their household income; another 23 percent felt that it contributed about one-half. Yet, small-scale enterprises in Mamelodi and Kwazakhele contributed less to household income than in Maseru, Lesotho, where over 75 percent of the proprietors claimed that such activities generated the majority of their household income (Fisseha, 1990a).

COMPOSITION

One of the most striking findings from the census survey is the dominance of trading activities. This result can be gleaned from the sectoral breakdown of small enterprise activities that are presented in Table 1. In the two townships combined, approximately 70 percent of the enterprises are engaged in wholesale and retail trade including restaurants and hotels (ISIC Division 6). The ubiquitous street vendors account for approximately one-half of the enterprises in this category. *Spaza* (Zulu word for camouflage) shops, which are grocery stores operated from the home, are also important contributors.

The paucity of manufacturing activities in the two townships is a related finding of importance. Indeed, only 16.9 percent of the enterprises in the two areas are engaged in any form of manufacturing (ISIC Division 3). Dressmaking, shoe production and repair, and beer brewing are the only activities found in any abundance. It is significant to note that the manufacturing percentages in the two townships are low even by international standards. In a recent survey (Fisseha, 1990a) conducted in nearby Maseru, Lesotho, for example, manufacturing accounted for 36 percent of small enterprise activity, while in a similar study in the city of Maradi, Niger (Fisseha, 1990b), the comparable percentage was 32 percent. The manufacturing percentages in the two townships are thus only about one-half those found elsewhere.

⁴ In Lesotho, the average firm operated 11.5 months per year (Fisseha, 1990a).

TABLE 1
 AGGREGATED SECTORAL DISTRIBUTION OF SMALL ENTERPRISES
 IN MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990
 (in percentages)⁵

BUSINESS SECTOR	ISIC CODE	MAME LODI	KWAZA KHELE	COMBI NED	TOTAL # OF FIRMS
Food, Beverage, Tobacco Prod.	31	3.4%	3.7%	3.6%	187
Textile, Wearing Apparel and Leather Production	32	6.1%	7.5%	6.9%	360
Wood and Wood Processing	33	1.2%	1.3%	1.3%	67
Paper, Printing, Publishing	34	0	*	*	1
Chemicals, Plastics (*)	35	*	.2%	.1%	6
Non-Metallic Mineral Proc. (*)	36	.5%	1.1%	.8%	42
Fabricated Metal Prod.	38	1.1%	1.2%	1.2%	64
Other Manufacturing	39	2.8%	3.4%	3.1%	162
TOTAL MANUFACTURING		15.2%	18.4%	16.9%	889
CONSTRUCTION	50	.8%	.4%	.6%	31
Wholesale Trade	61	.2%	.3%	.2%	13
Retail Trade	62	54.7%	63.9%	59.0%	3101
Restaurants, Hotels, Bars, and <i>Shebeens</i>	63	15.2%	6.7%	11.1%	584
TOTAL TRADE		69.9%	70.9%	70.3%	3698
TRANSPORT	71	2.2%	3.2%	2.7%	141
FINANCE, REAL ESTATE AND BUSINESS SERVICES	83	4.3%	.1%	2.3%	120
SERVICES	93-5	7.4%	6.8%	7.1%	374
TOTAL, ALL ENTERPRISES		100. %	100. %	100. %	5253

SOURCE: SURVEY DATA

⁵ An asterisk (*) means that the percentage of businesses in the sector was less than 0.1 percent.

A review of the more disaggregated sector data indicate that small-scale entrepreneurs in the two townships are engaged in a wide panoply of activities (see Appendix Table A). One finds modern furniture producers and tupperware distributors as well as traditional healers and flavored ice vendors. Apart from the dominant street vendors that made up almost 36 percent of all enterprises,⁶ the 10 most prevalent specific activities are taverns (*shebeens*), *spaza* shops, hairdressers, taxi/bus services, dressmaking, room renting, beer brewing, shoe production and repair, traditional healers, and knitting.

SIZE

Nearly all of the enterprises in the two townships are extremely small. Using number of workers (including the proprietor, family workers, and trainees) per enterprise as a measure of size, the average size of enterprise in the Mamelodi and Kwazakhele townships combined was 2.1 workers per enterprise. This figure is typical of the results found in similar studies elsewhere. Comparable average sizes in other countries are 1.9 workers per enterprise in Maseru, Lesotho; 1.8 in Maradi, Niger; and 1.8 in Zambia (Liedholm and Mead, 1987 and Fisseha, 1990a, 1990b).

The average size of enterprises appears to vary according to business sector, as shown in Appendix Table B. Construction firms had the most workers on average, 4.94, followed by manufacturing firms (2.39 workers). The smallest sector in terms of employment was trade, with an average of 2.06 workers per firm.

What is somewhat unusual about the South African results, however, is the size distribution of these enterprises. Compared to other countries, there are relatively fewer at the extreme upper and lower ends of the small enterprise size distribution. For Mamelodi and Kwazakhele combined, 46.6 percent are one-person enterprises, 25.8 percent have two workers, 24.8 percent have 3-5 workers, 2.8 percent have 6-10 workers, and only 0.5 percent have from 11-50 workers. These results are presented in Table C of the Appendix. In Maseru, Lesotho, by comparison, 76 percent are one-person enterprises and 2.6 percent have from 11-50 workers (Fisseha, 1990a). The enterprises in the two South African townships are thus relatively more concentrated in the range of 2-10 workers compared to other countries.

The paucity of enterprises at the upper size range is of particular concern. In Eastern and Southern Africa, there is a "missing middle" in the size distribution of firms, with a great paucity of firms in the range of 11-100 persons (Liedholm, 1990). Nevertheless, even in these areas, rarely does the percentage of small enterprises in the 11-50 range fall below 1 percent; typically the figure ranges from 1-3 percent (Liedholm and Mead, 1987). Because of an occasional unwillingness to be interviewed, there may be some partial undercounting of the larger enterprises in the South African townships, but probably not enough to account for the magnitude of the difference.

What types of enterprises were among the largest of the small enterprises in the two South African townships? Of those enterprises with more than five workers, 26 percent were in manufacturing, 61 percent were in trade and commerce, and 7 percent in services (see Appendix Table D). Among the 10 largest specific firm types were welding, auto repair, construction, *shebeens*, *spaza* shops, and grocery shops.

⁶ The distinction between vending and retailing is not always straightforward. In this survey, vending is defined to be those commercial activities conducted from mobile or roadside stands.

GROWTH

Are the small enterprises in South Africa's townships growing over time? Survey results reveal a small enterprise sector that is vibrant. Indeed, the average rate of employment growth of small enterprises in the two townships is 23.9 percent per year, a rate that is significantly higher than in comparable areas elsewhere. A recent survey in the Kibera slum area in Nairobi, Kenya,⁷ for example, reported annual employment growth of 20.2 percent, while studies in Colombia, India, and Nigeria all recorded rates around 15 percent.⁸

Although the overall growth rate seems high in the townships, not all firms participated in this growth. Of the firms in the sample, 49.4 percent demonstrated no employment growth at all. This is, however, a lower proportion than in Kibera, Kenya, where the percentage of firms showing no employment growth was 59.6 percent.⁹

Growth rates do vary substantially by sector. For example, firms involved in wood and paper processing grew at an average of 43.3 percent per annum, while fabricated metal processing firms grew at 38.1 percent. Construction firms grew rapidly, also, with an average rate of 33.1 percent. At the low end of the spectrum, firms in textile production grew at only 13.0 percent, and wholesale trading firms at 11.1 percent. Detailed information on growth rates by sector can be found in Table 2, and in Appendix Table E.

The survey also provides evidence of an inverse relationship between average growth rate and initial firm size.¹⁰ Those firms which started out with only one worker grew at a rate of 26.1 percent per year, while those firms which began with eight or more workers actually decreased in size at an annual rate of 7.5 percent.

⁷ Survey results can be found in Parker (1991).

⁸ Rates reported are from Liedholm (1990). The rate for Colombia, 15.4 percent, includes only small enterprises involved in metal-working. The comparable figure from the South African survey is 38.1 percent.

⁹ A more specific comparison follows:

	South African townships	Nairobi area, Kenya
% of firms with no growth	49.4	59.6
% of firms shrinking	2.3	2.8
% of firms growing	48.3	37.6

¹⁰ This negative correlation is significant at the 99 percent confidence level.

TABLE 2
FIRM GROWTH RATES AND PROPRIETOR GENDER BY SECTOR
MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990

BUSINESS SECTOR	% OF FIRMS RUN BY WOMEN	SECTORAL GROWTH RATE ¹¹
Food, Beverage, and Tobacco Production	72.2%	19.4%
Textile, Wearing Apparel, and Leather Production	63.1%	13.9%
Wood and Wood Processing	13.4%	43.3%
Paper, Printing, and Publishing	100.0%	27.3%
Chemicals and Plastics (*)	16.7%	129.0%
Non-Metallic Mineral Processing (*)	0.0%	23.8%
Fabricated Metal Production	6.3%	38.1%
Other Manufacturing	4.3%	20.2%
TOTAL MANUFACTURING	43.2%	21.1%
CONSTRUCTION	0.0%	33.1%
Wholesale Trade	69.2%	11.2%
Retail Trade	69.9	25.1%
Restaurants, Hotels, Bars, and <i>Shebeens</i>	62.2%	28.6%
TOTAL TRADE	68.7%	25.6%
TRANSPORT	11.3%	21.8%
FINANCE, REAL ESTATE, AND BUSINESS SERVICES	60.8%	2.0%
SERVICES	66.8%	21.9%
TOTAL, ALL ENTERPRISES	62.1%	23.9%

* means that there were less than 10 firms in the sector

SOURCE: SURVEY DATA

¹¹ Average annual growth rates are calculated as follows:

$[(A - B)/B]/C$, where

A = number of workers at time of survey

B = number of workers at firm start-up

C = number of years firm has been in existence

There is also an inverse relationship between the growth rate and firm age,¹² as is demonstrated in Table 3. Firms which began within the last year grew at 46.0 percent. Those firms that are 11 years old or older grew at only 6.5 percent per year. Both of these findings are in accord with findings in other countries.¹³ Most of the firms in the townships are quite young. Indeed, over 50 percent of the firms are three years old or younger, and only 6.6 percent are older than 20 years. The same pattern was reported for small enterprises in Maseru, Lesotho.¹⁴

TABLE 3
AVERAGE ANNUAL GROWTH RATE IN EMPLOYMENT
BY FIRM AGE

FIRM AGE	AVERAGE ANNUAL GROWTH RATE OF EMPLOYMENT
1 Year Old and Less	46.2%
2 Years Old	28.8%
3 Years Old	24.7%
4 - 10 Years Old	17.1%
11 Years and Older	6.5%
ALL AGES	23.9%

SOURCE: SURVEY DATA

LABOR COMPOSITION

Small-scale enterprises provide an important source of employment in most developing countries. Those operating in the two South African townships are no exception.

The small-scale enterprises' labor force can be divided into four major types: proprietors (or owner-operators), family members, hired workers, and trainees or apprentices. The combined figures for Mamelodi and Kwazakhele are summarized in Table 4A. Proprietors, not surprisingly given the small size of most enterprises, are the dominant labor type, followed by family and hired labor. Compared with other countries, however, the relative use of family and hired labor is somewhat greater than elsewhere. In Maseru, Lesotho, for example, family labor was only 2 percent, and hired labor was less

¹² This correlation, too, is significant and negative at the 99 percent level.

¹³ Liedholm, 1990.

¹⁴ Fisseha, 1990a.

than 10 percent (Fisseha, 1990a). The small number of apprentices is typical for Southern and Eastern Africa (Liedholm and Mead, 1987).

Children and part-time workers in Mamelodi and Kwazakhele represent a small share of small-scale employment (see Table 4B). Nevertheless, they are somewhat higher than found elsewhere in the region.

TABLE 4
LABOR FORCE COMPOSITION IN SMALL
SCALE ENTERPRISES IN
MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990

A. Worker Composition

Worker Type	Average Number Per Firm	Percent of Total
Proprietors	1.06	50.0%
Unpaid Family	.63	29.7%
Hired	.40	18.9%
Trainees	.03	1.4%
TOTAL	2.12	100.0%

B. Other Worker Characteristics

Worker Type	Percent of Total Workforce
Females	52.8%
Children	5.1%
Part-time	7.3%

SOURCE: SURVEY DATA

GENDER

Numbers and characteristics of small enterprises in the townships differ substantially depending on the gender of the workers and the proprietor. Females account overall for just over half of the small-scale enterprise labor force. Female participation in these activities in South Africa is somewhat lower than elsewhere in the area. In Maseru, Lesotho, for example, female owners and workers account for over 80 percent of the total.¹⁵ Approximately two-thirds of the small enterprises in the townships have

¹⁵ Fisseha, 1990a.

female proprietors (see Table 2). Firms run by women tend to be smaller in employment, with average employment at 1.71 workers, compared to 2.63 for male-run firms.

Certain sectors tend to be dominated by one gender or the other. Specifically, firms in sectors involving trade and commerce tend to be run predominantly by female proprietors, as are service-oriented, textile manufacturing, and food processing firms. Firms involved in fabricated metal production, wood and wood processing, and transport tend to have male proprietors. This pattern of specialization by gender is not unique: a similar pattern has been reported for Lesotho's small enterprises, and the townships are broadly similar in this respect to urban-based firms in Niger.

Interestingly, female-run firms grow significantly more slowly than their male-run counterparts. Specifically, firms run by women grew an average of 20.6 percent per year, compared to a rate of 30 percent for those run by men. What explains this dramatic difference? It may be that the fastest-growing sectors are those that are traditionally dominated by male proprietors. Indeed, the four fastest-growing sectors — chemicals and plastics (129 percent), wood and wood processing (43.3 percent), fabricated metal production (38.1 percent), and construction (33.1 percent) — are all dominated by male-run firms. The growth rate in textiles, a female-dominated sector, is just 13 percent. For more examples of this tendency, the reader is referred to Table 2.

However, this is only part of the explanation for the differences in growth rates between male- and female-run firms. It is also often true that within the same sector female-run firms grow more slowly than those run by men. Male-run food processing firms grow at a rate of 34.7 percent, while firms in this sector run by women grow at only 13.6 percent. Among retailing firms, male-run firms grow faster than female-run firms (34.2 percent to 21.7 percent), and the differential is even wider in the restaurant, hotel, and bar subsector: 41.7 percent to 24.1 percent.¹⁶

Businesses run by women are more likely to provide income to the family that is supplemental to another source than are male-run businesses. Only 29.3 percent of female-run firms provide more than 50 percent of the family income, while 44.3 percent of male-run firms make such a contribution.

BUSINESS PREMISES

Where are the small enterprises to be found? The vast majority of the enterprises in the two South African townships are operated out of the home. Indeed, over 70 percent of the enterprises are located there, typically operating without any outward sign of activity (see Table 5). One must clearly penetrate the privacy of the household if the full extent of small enterprise activity is to be illuminated. Another 11 percent operated along the roadside.

¹⁶ In each case, the means of the male-run firms and the female-run firms are different at the 99 percent confidence level.

TABLE 5
FIRM LOCATIONS

FIRM LOCATION	PERCENT OF FIRMS
Home or Homestead	71.1
Traditional Market	2.2
Commercial District	7.0
Roadside	10.7
Mobile	9.0

SOURCE: SURVEY DATA

DIFFERENCES ACROSS TOWNSHIPS

The basic characteristics of small enterprises do not differ markedly between the two townships studied. There are, however, a few differences that should be noted. Small enterprises appear to be a relatively more important source of family income in Kwazakhele than in Mamelodi. In Kwazakhele, 44.0 percent of firms provide more than 50 percent of such income, while this proportion for Mamelodi firms is 25.7 percent. Kwazakhele firms are also somewhat larger than their counterparts in Mamelodi, with average number of workers 2.24 and 2.02, respectively. Another significant difference is that a smaller proportion of firms (61.8 percent) in Kwazakhele are located in the home than in Mamelodi, where almost 80 percent of firms are home based. Finally, the distribution of firms by subsector is slightly different across the townships. A slightly higher percentage of firms in Kwazakhele is involved in manufacturing than in Mamelodi. There are relatively more retailing and vending firms in Kwazakhele, while Kwazakhele has fewer restaurants, bars, and hotels than does Mamelodi (see Table 1, and the Appendix Table A).

SECTION FOUR

PROBLEMS AND CONSTRAINTS

What are the major problems and constraints faced by small enterprises in the townships? How were firms able to overcome these difficulties? To provide answers to these questions, a secondary questionnaire was administered to a small sample of firms identified in the baseline survey. In all, 256 firms were enumerated in the supplementary survey. In most respects, these firms were representative of the firms in the baseline study.¹⁷

The supplementary survey provided information about the most important problem faced by businesses at three distinct periods in the life of the firm: at start-up, during periods of growth (if any), and at the time the survey was conducted. It should be noted that these problems are the perceptions of the proprietors interviewed, and may or may not reflect the actual underlying problems.¹⁸ A surprisingly high percentage of proprietors reported having no business problems at the various stages in the lives of their firms. When the business began, some 40 percent of the firms in the sample did not have problems. Of firms experiencing a period of major growth, over half did not have problems during that time. At the time of the survey, almost one-third mentioned no problems.

The most frequently cited primary problems involved finance, market difficulties, work space or location inadequacies, and transport.¹⁹ These problems are summarized in Table 6.

¹⁷ Firms in the supplementary file were larger, on average, than firms in the baseline survey, with 2.56 workers to 2.12 workers, respectively. Firms with male proprietors were slightly over-represented in the supplementary survey. On a sectoral basis, the percentage of firms engaged in service activities was a little higher in the supplementary survey, and the percentage engaged in commerce a little lower.

¹⁸ For example, a lack of operating funds could actually result from poor management practices.

¹⁹ The problem categories used were generally defined as follows:

- A. Finance: includes lack of operating or investment capital, and shortages of credit;
- B. Tools/Machinery: tools or equipment are either unavailable or expensive to procure or maintain;
- C. Market: problems such as not having enough customers, having too many competitors, lack of product publicity and lack of knowledge about what customers want are included here;
- D. Government Policy: usually involves troubles obtaining a business license, or movement controls;
- E. Space/Location: unavailability or inadequacy of business premises, or high rent;
- F. Transport: includes problems involving lack or expense of transport;
- G. Labor: labor unavailability and worker dishonesty are typical problems in this category;
- H. Inputs: includes lack or expense of raw materials, and of electricity or water; and
- I. Miscellaneous: includes poor health and lack of training.

TABLE 6
TYPE OF PRIMARY BUSINESS PROBLEMS CITED
AT DIFFERENT POINTS IN LIFE OF THE FIRM
(in percentages)

Problem	At Start-Up	During Growth	Currently
Finance	28.8	20.4	27.8
Tools/Machinery	4.5	5.8	2.8
Market	34.6	31.1	26.7
Government Policy	10.9	6.8	10.2
Space/Location	5.1	9.7	10.8
Transport	6.4	9.7	9.7
Labor	1.3	4.8	1.7
Inputs	3.2	2.9	2.2
Miscellaneous	5.1	8.7	8.0

Note: Includes only those firms reporting having problems. Only the most important problem cited is included.

SOURCE: SURVEY DATA

As Table 6 demonstrates, problems involving finance as well as those involving market difficulties are prevalent during each of the three periods of firm life. Interestingly, problems involving market issues become less constraining to firms as time passes. At the same time, problems with inadequacy or unavailability of shop space seem to affect more firms over time.

It may be instructive, then, to consider the particular primary problems contained within the broad groupings of credit and market problems. These problems, as well as others, are presented in detail in Table F of the Appendix. At start-up, 16.7 percent of problems cited involved a lack of operating funds (working capital). The percentage of proprietors listing a shortage of operating funds as the primary problem of the firm fell to 10.7 percent during growth periods, and to 10.2 percent at the time of the survey. On the other hand, lack of investment funds (fixed capital) seems to be a problem that is listed by an increasing proportion of proprietors as time passes. Some 7.7 percent of the firms listed this as their major problem at start-up, 7.8 percent during periods of growth, and 10.8 percent when the survey was conducted.

Lack of customers was the most frequently cited market-related problem at both start-up (14.7 percent) and at survey time (12.5 percent). Not surprisingly, this percentage dipped to only 2.9 percent of proprietors during growth periods. An increasing number of competitors is another oft-cited problem, with 5.1 percent of proprietors considering this to have been their business' primary problem at start-up, 7.8 percent during growth periods, and 7.4 percent at the time of the survey.

Governmental rules and regulations did not loom as a primary problem for most township enterprises. Some proprietors did report difficulties in obtaining licenses for their businesses, but many of these were *shebeens*.

Although most existing enterprises did not cite rules and regulations as the primary problem facing them, it should be noted that the regulations imposed by the South African government on black enterprises prior to the mid-1980s were extremely restrictive. Blacks were prohibited from engaging in manufacturing, wholesaling, and financing activities; were not allowed to form companies or partnerships; could not own nonresidential business premises; and could neither operate nor sell outside of the townships (Davies, 1987). Consequently, most black businesses were confined by law primarily to small-scale convenience retailing — the type and size of enterprises still found in great abundance.

Although many of these restrictions were removed during the 1980s, one might speculate that some of the underlying distortions they caused are still reflected in the current pattern of the small-scale enterprise activity in the two townships. The lower density of enterprises, the paucity of manufacturing activity, the relative lack of enterprises with more than 10 workers, and the unusually high current enterprise growth rate are among the distinctive characteristics that might be at least partially explained by this earlier regulatory environment.

Are the types of problems currently confronting small enterprises different according to the sort of business involved? Appendix Table G indicates that problems involving funds or credit are more frequently cited by manufacturing and service-oriented firms than by firms involved in commerce. Commercial firms tend to be more constrained by market problems than either manufacturing or service firms. A final point is that a higher proportion of manufacturing firms cite shop inadequacy or unavailability than do commerce or service-oriented enterprises.

The survey provided some additional information on the increasing competition in the small enterprise sector. Over 75 percent of firms reported that in the last five years the overall demand for products like theirs had increased, as had the number of firms in their line of activity. Interestingly, only 55 percent reported that their own volume had increased over the same period. These facts would seem to indicate that much of the increased demand for the products of small enterprises was being met by the entrance of new firms.

Information was also generated on some of the possible avenues around these problems and constraints: access to credit and savings institutions and access to business training. With respect to credit, a comparatively high percentage of proprietors seem to have received business loans. Almost one-fifth²⁰ of the proprietors in the sample reported having received loans for business purposes, compared to only 6 percent of proprietors in Maseru, Lesotho. Liedholm and Mead (1987) report that no more than 1 percent of credit to small enterprises comes from government or commercial sources in any of the five countries they consider.²¹ While a higher proportion of proprietors in the townships seem to have access to credit than elsewhere, there would still appear to be substantial unmet demand for credit. Indeed, the survey found that even at an annual interest rate of 35 percent, 56.6 percent of the proprietors indicated a desire to borrow funds for their businesses.

²⁰ Disaggregating by gender, 15.8 percent of firms run by women received business loans, while 21.1 percent of male-run firms had received such assistance.

²¹ These countries are Bangladesh, Nigeria, Sierra Leone, Tanzania, and Haiti.

One informal source of funds, however, was available to small enterprises in the townships. Almost 20 percent of firms interviewed in the baseline survey were found to be members of revolving savings groups, known as *stokvels*. To get information on *stokvels*, a third questionnaire was administered to those proprietors found to be *stokvel* members. The 1,017 firms belonging to *stokvels* were similar in practically every respect to those firms in the baseline survey.

Stokvels generate a surprisingly large pool of funds. The average member's monthly contribution was R 88.35, which amounts to R 1060.20 per year (approximately \$425.00). Just under 80 percent of *stokvels* received contributions on a monthly basis from their members, although some contributed as frequently as daily and some only once a year. *Stokvel* funds were received once a year by over half of the proprietors interviewed. Almost two-thirds of *stokvel* members used the funds for business purposes. The other members interviewed used the funds for personal purposes, particularly for the payment of funeral expenses as necessary. The average *stokvel* society had almost 27 members. The typical *stokvel* had been in existence for just over five years.

Although *stokvels* seem to provide an important pool of capital for township businesses, 56 percent of proprietors stated that their *stokvels* were not sufficient in meeting the credit needs of their firms. Nevertheless, the vast majority of those interviewed expressed confidence that their *stokvels* would still be in existence two years hence.

Few of the proprietors interviewed had received any training for running their businesses. Still, a higher percentage (15.5 percent) of proprietors had had training than in Maseru, Lesotho (9 percent).²²

²² Broken down by the gender of the proprietor, 15.3 percent of female proprietors had received some business training, compared to 18.0 percent of male proprietors.

SECTION FIVE

SUMMARY AND CONCLUSIONS

The surveys of small enterprises conducted in two black South African townships — Mamelodi and Kwazakhele — in October and November 1990 have generated an array of new insights on these activities. Previous studies have been few in number and none has attempted a complete census of such firms in the townships.

The survey provided information on the size and importance of small township businesses. Some 7,752 small enterprises are estimated to exist in the two enumerated townships. Although this is certainly a large number, small enterprises seem to be less concentrated in the townships than in comparable areas in other countries. These businesses provide employment for approximately 16,400 persons in the two townships. More than one quarter of all households in the townships are engaged in some form of small-scale activity.

Women play an important role in township enterprises. Females comprise 53 percent of the small enterprise labor force, and some two-thirds of all small firm proprietors are women. Interestingly, female-run firms had a significantly lower average annual growth rate than did firms with male proprietors.

Several of the characteristics of the township businesses differed markedly from those found in their counterparts located in other countries. A smaller proportion of firms in Mamelodi and Kwazakhele are involved in manufacturing activities than in comparable areas elsewhere. The size distribution of firms is also different: there were comparatively fewer one-person firms as well as firms with 10-50 workers in the townships. It was also notable that the average annual growth rate of small enterprise employment is almost 24 percent, a rate which is higher than in other countries. Many of these distinctive characteristics might be at least partially explainable by the restrictive regulations that the South African government imposed on black enterprises prior to the 1980s.

The most frequently cited primary perceived problems involved funds or credit shortages, along with market difficulties. Nevertheless, a higher proportion of township proprietors have received credit or training than in similar areas in other countries, although the absolute proportion receiving such assistance is quite low. Revolving savings societies, known as *stokvels* are a prominent part of the small enterprise landscape in the townships. These *stokvels* generate sizeable pools of funds, with the typical member making annual contributions of about R 1,060 (\$425.00). It also seems to be the case that the majority of these funds are used for business purposes.

Clearly, small enterprises are an important aspect of the economic life of the two South African townships surveyed, and this survey has provided some important insights concerning these activities. Building on this large and dynamic base of indigenous entrepreneurship should be a component of any development strategy for South Africa.

The present survey provides some initial glimmerings of the types of interventions that might be most effective in enhancing the role of such enterprises. Expanded credit programs would appear to be one such intervention point, especially since lack of operating (working) capital is the most pressing constraint cited by the proprietors. Yet, further probing would be required to distinguish the true from

the specious need for this capital as well as the particular characteristics of those firms with this true credit need. Attention also needs to be focused on the types of institutions that can most effectively provide this assistance; the role of *stokvel* societies should not be overlooked in such an institutional assessment.

The identification of effective, nonfinancial intervention points is an even more difficult task and some additional studies are needed to illuminate them. One fruitful approach would be to undertake subsector studies designed to identify effective intervention points. Subsectors with growth potential or strong linkages with the modern, large-scale sectors of the South African economy would be particularly worthy of study. The shoemaking and construction subsectors are two likely candidates. Such studies, used in conjunction with the present survey, will lead to a more complete understanding of small enterprises in the townships. Such an understanding can greatly strengthen the ability of assistance agencies to provide cost-effective interventions in ways that will enhance the contribution of these businesses to the development process in South Africa.

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APPENDIX TABLES

TABLE A
 SECTORAL DISTRIBUTION OF SMALL SCALE ENTERPRISES IN
 MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990
 IN PERCENTAGES¹

SECTORAL GROUPS	ISIC CODE	MAME- LODI	KWAZA- KHELE	COM- BINED
Butchery	3111	.5	.1	.3
Dairy Products Manufacturing	3112	.2	1.1	.6
Flour Mill	3116	0	*	*
Bread, Biscuits, and Cakes	3117	.3	.8	.5
Other Foods Manufacturing	3121	.1	*	.1
Beer Brewing	3133	2.4	1.6	2.0
Other Beverage Making	3134	0	*	*
Dressmaking	3221	2.6	2.5	2.6
Tailoring	3222	.4	1.0	.7
Knitting	3223	1.4	1.5	1.4
Shoe work and Repairs	3240	1.2	2.3	1.7
Other Leather Work	3233	.3	.1	.2
Other Textile Manufacturing	3224	.3	.1	.2
Sawmilling	3311	0	*	*
Grass, Cane, and Bamboo Work	3312	.1	0	*
Coal and Wood Production	3313	.3	0	.2
Wood Carving	3319	.1	.2	.1
Carpentry	3320	.3	1.0	.6
Furniture Making	3321	.1	.1	.1
Other Woodworking	3322	.3	*	.2
Printing	3420	0	*	*
Plastic Work	3513	*	.2	.1
Chemical Production	3520	0	*	*
Pottery Work	3610	.1	0	.1
Glass Work	3620	*	*	*
Brick Making	3690	.1	.9	.5
Tile Making	3691	.1	.1	.1

TABLE A (CONTINUED)
 SECTORAL DISTRIBUTION OF SMALL SCALE ENTERPRISES IN
 MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990
 IN PERCENTAGES

SECTORAL GROUPS	ISIC CODE	MAME- LODI	KWAZA- KHELE	COM- BINED
Other Masonry Work	3699	.2	.1	.2
Blacksmithing	3811	0	*	*
Tinsmithing	3814	*	.2	.1
Other Metalworking	3818	.3	.2	.3
Welding	3819	.8	.8	.8
Jewelry Work	3901	0	.2	.1
Art and Artifact Production	3904	.1	0	*
Bike Repair	3910	*	*	*
Auto Work	3911	1.6	1.1	1.3
Electrical Repair	3912	.2	*	.1
Radio and TV Repair	3913	.3	1.3	.8
Clock, Watch, Jewelry Repair	3914	.1	.4	.2
Other Repairs	3915	.2	.4	.3
All Other Manufacturing	3909	.3	0	.1
TOTAL MANUFACTURING		15.2	18.8	16.9
CONSTRUCTION	5000	.8	.4	.6
Liquor Distribution	6100	.1	.3	.2
Wholesaling	6110	.1	0	*
Vending Foods	6201	8.2	13.9	10.9
Vending Drinks	6202	2.4	4.4	3.3
Vending Farm Products	6203	8.4	20.7	14.3
Vending Garments	6204	.4	7.6	3.9
Vending Wood-Based Products	6205	*	.9	.4
Vending Hardware	6206	0	.2	.1
Vending Art and Artifacts	6207	*	.1	.1
Vending Ice Blocks	6209	.2	0	.1

TABLE A (CONTINUED)
 SECTORAL DISTRIBUTION OF SMALL SCALE ENTERPRISES IN
 MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990
 IN PERCENTAGES

SECTORAL GROUPS	ISIC CODE	MAME-LODI	KWAZA-KHELE	COM-BINED
Vending Cosmetics and Jewelry	6210	.3	.6	.4
Vending Paraffin	6211	*	.9	.4
Vending Cigarettes	6212	.4	.8	.6
Other Vending	6208	1.2	1.7	1.4
Grocery	6213	1.0	1.2	1.1
Spaza Shop	6214	5.6	6.5	6.0
Bottle (Liquor) Store	6215	.3	.1	.2
Retailing Livestock	6216	.1	.4	.3
Retailing Farm Products	6217	1.5	.3	.9
Retailing Drinks	6218	12.2	*	6.4
Retailing Foods	6219	3.8	1.2	2.6
Retailing Garments	6220	.9	.9	.9
Retailing Leather and Shoes	6221	*	.1	.1
Retailing Wood-Based Products	6230	*	.3	.2
Stationers/Bookstore	6240	.1	0	*
Filling Station	6250	.1	*	.1
Pharmacy	6251	.2	*	.1
Retailing Hardware	6280	.1	.2	.1
Retailing Spare Parts	6281	.2	.1	2
General Trading/Dealing	6290	1.0	.1	.5
Other Retailing	6291	6.1	.7	3.5
Restaurant	6310	.1	.1	.1
Bars, Pubs, Shebeens, Taverns	6311	14.6	6.6	10.8
Catering and Hiring Tents	6312	.4	*	.2
SUBTOTAL, TRADE AND COMMERCE		70.0	70.9	70.4
Bus and Taxi Service	7113	2.2	3.2	2.7

TABLE A (CONTINUED)
 SECTORAL DISTRIBUTION OF SMALL SCALE ENTERPRISES IN
 MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990
 IN PERCENTAGES

SECTORAL GROUPS	ISIC CODE	MAME-LODI	KWAZA-KHELE	COM-BINED
Goods Transporting	7114	*	0	*
SUBTOTAL, TRANSPORT		2.2	3.2	2.7
RENTING FLATS OR ROOMS	8310	4.3	.1	2.3
Traditional Healers	9331	1.5	1.5	1.5
Laundry	9520	0	*	*
Dry Cleaning	9521	.4	.2	.3
Hairdressing and Barbering	9591	4.0	4.3	4.2
Photo Studio	9592	0	.6	.3
Funeral/Undertaker	9597	.1	.1	.1
Creche or Child-Minding	9598	.9	0	.5
Other Services	9599	.5	.1	.3
TOTAL SERVICES		7.4	6.8	5.6
TOTAL, ALL SMALL ENTERPRISES		100.0	100.0	100.0

SOURCE: SURVEY DATA

1. An asterisk (*) indicates that the percentage of businesses in the sector was less than .1%.

TABLE B
AVERAGE FIRM EMPLOYMENT
BY BUSINESS SECTOR

BUSINESS SECTOR	AVERAGE NUMBER OF WORKERS PER FIRM	NUMBER OF FIRMS
Food, Beverage and Tobacco Production	2.01	187
Textile, Wearing Apparel and Leather Production	1.96	360
Wood and Wood Processing	3.31	67
Paper, Printing and Publishing	4.00	1
Chemicals and Plastics	3.83	6
Non-Metallic Minerals Processing	3.45	42
Fabricated Metal Production	3.19	64
Other Manufacturing	2.75	162
TOTAL, MANUFACTURING	2.39	889
CONSTRUCTION	4.94	31
Wholesale Trade	1.92	13
Retail Trade	2.00	3100
Restaurants, Hotels, Bars and Shebeens	2.40	584
TOTAL, TRADE	2.06	3697
TRANSPORT	2.34	141
FINANCE, REAL ESTATE AND BUSINESS SERVICES	1.18	120
SERVICES	2.13	374
TOTAL, ALL ENTERPRISES	2.12	5252

SOURCE: SURVEY DATA

TABLE C
DISTRIBUTION OF FIRM SIZE BY BUSINESS SECTOR
IN PERCENTAGES

BUSINESS SECTOR	NUMBER OF EMPLOYEES				
	1	2	3-5	6-10	11+
Food, Beverage and Tobacco Production	51.9%	21.4%	23.5%	3.2%	0.0%
Textile, Wearing Apparel and Leather Production	51.4%	22.5%	24.4%	1.4%	.3%
Wood and Wood Processing	19.4%	20.9%	53.7%	4.5%	1.5%
Paper, Printing and Publishing	0.0%	0.0%	100%	0.0%	0.0%
Chemicals and Plastics	33.3%	33.3%	0.0%	33.3%	0.0%
Non-Metallic Mineral Processing	19.0%	14.3%	52.4%	11.9%	2.4%
Fabricated Metal Production	26.6%	17.2%	46.9%	7.8%	1.6%
Other Manufacturing	32.1%	23.5%	35.2%	9.3%	0.0%
TOTAL MANUFACTURING	42.1%	21.6%	31.3%	4.6%	.4%
CONSTRUCTION	12.9%	29.0%	38.7%	9.7%	9.7%
Wholesale Trade	61.5%	15.4%	15.4%	7.7%	0.0%
Retail Trade	50.0%	26.5%	20.7%	2.3%	.5%
Restaurants, Hotels, Bars, and Shebeens	33.9%	30.0%	32.7%	3.1%	.3%
TOTAL TRADE	47.5%	27.0%	22.6%	2.4%	.5%
TRANSPORT	28.4%	31.9%	36.9%	2.8%	0.0%
FINANCE, REAL ESTATE AND BUSINESS SERVICES	83.3%	15.8%	.8%	0.0%	0.0%
SERVICES	45.7%	24.9%	26.2%	2.7%	.5%
TOTAL, ALL ENTERPRISES	46.6%	25.8%	24.3%	2.8%	.5%

SOURCE: SURVEY DATA

TABLE D
DISTRIBUTION OF BUSINESS TYPES
BY FIRM SIZE CATEGORIES
IN PERCENTAGES¹

BUSINESS SECTOR	NUMBER OF EMPLOYEES				
	1	2	3-5	6-10	11+
Food, Beverage and Tobacco Production	4.0%	2.9%	3.4%	4.1%	0.0%
Textile, Wearing Apparel and Leather Production	7.6%	6.0%	6.9%	3.4%	3.7%
Wood and Wood Processing	.5%	1.0%	2.8%	2.0%	3.7%
Paper, Printing and Publishing	0.0%	0.0%	*	0.0%	0.0%
Chemicals and Plastics	*	.1%	0.0%	1.4%	0.0%
Non-Metallic Mineral Processing	.3%	.4%	1.7%	3.4%	3.7%
Fabricated Metal Production	.7%	.8%	2.4%	3.4%	3.7%
Other Manufacturing	2.1%	2.8%	4.5%	10.2%	0.0%
TOTAL MANUFACTURING	15.3%	14.2%	21.8%	27.9%	14.8%
CONSTRUCTION	.2%	.7%	.9%	2.0%	11.1%
Wholesale Trade	.3%	.1%	.2%	.6%	0.0%
Retail Trade	63.4%	60.5%	50.3%	47.6%	59.3%
Restaurants, Hotels, Bars, and Shebeens	8.1%	12.9%	15.0%	12.2%	7.4%
TOTAL TRADE	71.8%	73.6%	65.4%	60.5%	66.7%
TRANSPORT	1.6%	3.3%	4.1%	2.7%	0.0%
FINANCE, REAL ESTATE AND BUSINESS SERVICES	4.1%	1.4%	*	0.0%	0.0%
SERVICES	7.0%	6.9%	7.7%	6.8%	7.4%
TOTAL, ALL ENTERPRISES	100%	100%	100%	100%	100%

SOURCE: SURVEY DATA

¹ An asterisk (*) means that the percentage was less than .1%.

TABLE E
ANNUAL FIRM GROWTH RATES BY SECTOR
MAMELODI AND KWAZAKHELE TOWNSHIPS, 1990

BUSINESS SECTOR	SECTORAL GROWTH RATE	PERCENT OF ALL FIRMS ¹
Food, Beverage and Tobacco Production	19.4%	3.6%
Textile, Wearing Apparel and Leather Production	13.0%	6.9%
Wood and Wood Processing	43.3%	1.3%
Paper, Printing and Publishing	27.3%	* ²
Chemicals and Plastics	129.0%	.1%
Non-Metallic Mineral Processing	23.8%	.8%
Fabricated Metal Production	38.1%	1.2%
Other Manufacturing	20.2%	3.1%
TOTAL MANUFACTURING	21.1%	16.9%
CONSTRUCTION	33.1%	.6%
Wholesale Trade	11.2%	.2%
Retail Trade	25.1%	59.1%
Restaurants, Hotels, Bars, and Shebeens	28.6%	11.1%
TOTAL TRADE	25.6%	70.4%
TRANSPORT	21.8%	2.7%
FINANCE, REAL ESTATE AND BUSINESS SERVICES	2.0%	2.3%
SERVICES	21.9%	7.1%
TOTAL, ALL ENTERPRISES	23.9%	100.0%

SOURCE: SURVEY DATA

¹ Average annual growth rates of employment are calculated as follows: $[(A - B)/B]/C$, where
A = number of workers at time of survey
B = number of workers at firm start-up
C = number of years firm has been in existence

² * = LESS THAN .01%

TABLE F
TYPE OF PRIMARY BUSINESS PROBLEMS CITED
AT POINTS IN LIFE OF THE FIRM
IN PERCENTAGES

PRIMARY PROBLEM	AT START-UP	DURING GROWTH	AT PRESENT
Lack of Investment Funds	7.7%	7.8%	10.8%
Lack of Operational Funds	16.7%	10.7%	10.2%
Unavailable Credit	4.5%	1.9%	6.8%
TOTAL, FUNDS/CREDIT PROBLEMS	28.8%	20.4%	27.8%
Tools/Machinery Unavailable	1.3%	3.9%	1.1%
Tools/Machinery Expensive	.6%	0.0%	.6%
Repair Service Unavailable	0.0%	1.0%	0.0%
Repair Service Expensive	1.9%	0.0%	.6%
Spare Parts Unavailable	.6%	0.0%	0.0%
Spare Parts Expensive	0.0%	1.0%	.6%
TOTAL, TOOLS/MACHINERY PROBLEMS	4.4%	5.9%	2.9%
Not Enough Customers	14.7%	2.9%	12.5%
Lack of Product Publicity	4.5%	4.9%	1.1%
Don't Know What Customers Want	3.2%	2.9%	1.7%
Number of Competitors Increasing	5.1%	7.8%	7.4%
Shoplifting	.6%	3.9%	1.1%
Bad Debt From Credit	6.4%	7.8%	2.8%
Illegal Competition	0.0%	1.0%	0.0%
TOTAL, MARKET PROBLEMS	34.5%	31.2%	26.6%
Getting Business License	9.0%	6.8%	8.0%
Movement Requirements	0.0%	0.0%	1.1%
Movement Controls	0.0%	0.0%	.6%
Other Problems Caused By Gov't	1.9%	0.0%	.6%
TOTAL, GOV'T-RELATED PROBLEMS	10.9%	6.8%	10.3%
Shop Space Unavailable	2.6%	3.9%	7.4%
Rent Expensive	1.3%	1.0%	0.0%

TABLE F (CONTINUED)
 TYPE OF PRIMARY BUSINESS PROBLEMS CITED
 AT POINTS IN LIFE OF THE FIRM
 IN PERCENTAGES

Shop Space Inadequate	.6%	2.9%	2.3%
Poor Shop Location	.6%	1.9%	1.1%
TOTAL, SPACE/LOCATION PROBLEMS	5.1%	9.7%	10.8%
Public Transport Unavailable	.6%	1.9%	.6%
Public Transport Expensive	1.3%	0.0%	.6%
Public Transport Inefficient	0.0%	1.0%	0.0%
Need Own Transport Vehicle	4.5%	6.8%	8.5%
TOTAL, TRANSPORT PROBLEMS	6.4%	9.7%	9.7%
Skilled Labor Unavailable	0.0%	2.9%	1.1%
Unskilled Labor Unavailable	.6%	0.0%	.6%
Labor Unrest (Strikes)	0.0%	1.0%	0.0%
Worker Disloyalty	.6%	1.0%	0.0%
TOTAL, LABOR PROBLEMS	1.2%	4.9%	
Raw Materials Unavailable	1.9%	0.0%	.6%
Raw Materials Expensive	.6%	1.9%	.6%
Water/Electricity Unavailable	.6%	1.0%	.6%
Water/Electricity Expensive	0.0%	0.0%	.6%
TOTAL, INPUT PROBLEMS	3.1%	2.9%	2.4%
Personal Health/ Old Age	.6%	1.0%	1.7%
Poor Access To Training	0.0%	0.0%	.6%
Hadn't Learned Needed Skill	0.0%	0.0%	.6%
Management Problems	.6%	0.0%	1.1%
All Other Problems	3.8%	7.8%	4.0%
TOTAL, MISCELLANEOUS PROBLEMS	5.0%	8.8%	8.0%
TOTAL	100.0%	100.0%	100.0%

SOURCE: SURVEY DATA

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