

Business Survival: The Constraints Experienced by South African SMEs in the Financial Sector

Michael C. Cant

Professor in Marketing Management, Department of Marketing and Retail Management,
University of South Africa (UNISA), Pretoria Tel: +27 (012) 429 4456
Email: cantmc@unisa.ac.za

Cindy Erdis

Senior Lecturer in Marketing Management, Department of Marketing and Retail Management,
University of South Africa (UNISA), Pretoria. Tel: +27 (012) 429 4615,
Email: edisc@unisa.ac.za

Catherine M. Sephapo

Lecturer in Marketing Management, Department of Marketing and Retail Management,
University of South Africa (UNISA), Pretoria Tel: +27 (012) 429 3739
Email: sephacm@unisa.ac.za

DOI: 10.6007/IJARBSS/v4-i10/1255 URL: <http://dx.doi.org/10.6007/IJARBSS/v4-i10/1255>

Abstract

In developed countries, SMEs have historically played a vital role in creating jobs, spurring innovations and creating new products, and thus contributed to economic growth (Kim, 2011). South Africa, as a developing country, should not overlook the importance of promoting, nurturing and supporting small businesses. In South Africa five out of seven new small businesses will fail within their first year of operation (Entrepreneur, 2014). It can therefore be seen that these small businesses experience challenges that limit their success. The purpose of this study was to establish the business constraints experienced by SMEs in South Africa. The study found that the main constraint that SMEs encountered is the lack of financial support. The findings showed that only 56.9 per cent of the respondents had received financial support from banks by means of a loan. Only 1.7 per cent of the respondents indicated that they received financial support from government.

Keywords: Small businesses, Business constraints, Challenges, South Africa

1 Introduction

According to the National Credit Regulator (2011:7), a healthy Small Business Enterprise (SME) sector largely contributes to the economy of any given country, by creating more employment opportunities, causing higher production volumes, increasing exports and initiating modernism, as well as developing entrepreneurship skills. However, it is said that five out of seven new SMEs fail within the first year of operation (Entrepreneur, 2014). This would mean that only two out of seven new SMEs will survive in their first year. Although SMEs can be considered as

the backbone of the economy, it is clear that they are faced with a number of challenges that may prohibit them from succeeding. In South Africa, SMEs contribute to 30 per cent of the country's gross domestic product (GDP). A country's gross domestic product is the overall worth of all "final" goods and services, which were produced within the borders of the country during a year (Liberta, 2014). SMEs are also considered to contribute roughly 70 to 80 per cent to overall employment and less than four per cent to export earnings (South Africa Web, 2011).

According to Mboniyane and Ladzani (2011:551), an SMEs can be regarded as "a separate and distinct entity including cooperative enterprises and non-governmental organisations managed by one owner or more, including its branches or subsidiaries if any are predominantly carried out in a sector or sub-sector of the economy mentioned in the schedule of size standards". This schedule of size classifies businesses as small or medium depending on the number of employees, turnover and balance sheet. Table 1 illustrates the classification of SMEs in South Africa based on the definition provided.

Table 1: Classification of SMEs in South Africa

Type of entity	No. of employees	Turnover	Balance sheet
Small	1 – 49	Maximum R13m	Maximum R5m
Medium	51 – 200	Maximum R51m	Maximum R19m

Source: Olawale & Garwe, (2010:730).

The importance of SMEs to the economy is emphasised among many researchers (Smit & Watkins, 2012; Mboniyane & Ladzani, 2011; Olawale & Garwe, 2010). The activities of SMEs are seen to be of vital importance for the promotion of economic growth, job creation and the mitigation of poverty (Smit & Watkins, 2012:6325). Despite the considerable significance of these entities, South Africa has been ranked 35th out of 54 profiled countries in terms of the level of early-stage entrepreneurial activity directly related to per capita income (Dalberg, 2010). This can be attributed to a number of reasons. According to Kim (2011), barriers do exist for SMEs, specifically in Africa. Many African countries lack the governmental capacity necessary to properly support the development of local SMEs (Kim, 2011). For example, in Ethiopia, SMEs are heavily taxed resulting in difficulties for these SMEs to emerge from the local sector (Kim, 2011).

According to a report done by business environment specialists, SBP (2014), three quarters of SMEs in South Africa feel that become more difficult to operate their business in 2013. Six per cent of the SMEs surveyed indicated that it became easier and 19 per cent indicated that it has not changed (Fin24, 2013). The statistics provided in Table 1 provide an ominous future for aspiring entrepreneurs; however, some SMEs do thrive against the odds. The purpose of this study is to establish the business constraints experienced by the identified thriving SMEs in the financial intermediation, insurance, real estate as well as business services sector and aims to establish the business constraints they have experienced during their business operation. A brief description of this sector will now be provided.

2 Financial Intermediation, Insurance, Real Estate and Business Services Sector

Since the focus of this study is on the financial intermediation, insurance and real estate sector, it is important to understand the types of entities that operate within this sector. This sector has grown dramatically over the past few decades and is one of the leading contributors to the South African economy (Government of Mauritius, Not Dated). The importance of this services sector in the country's economy has grown to such an extent that it has become a leading contributor to GDP as is evident from the massive boom the country has experienced in the residential property market, as well as the demand for financial services that continues to increase. The sector can be categorised as (Government of Mauritius, Not Dated):

- Financial intermediation: This comprises of central banks, offshore banking, financial leasing, as well as financial, monetary and credit granting entities.
- Insurance: This comprises of life insurance companies, general insurance companies such as car or home insurance and pension funding.
- Real estate: This comprises of actual and imputed rent of owner occupied dwellings and activities of agencies involved in the sale of properties.
- Business services: This group covers activities of a few large business enterprises such as engineering firms, advertising agencies, computer firms, accounting firms and own account professional workers such as lawyers and accountants.

South Africa's financial services sector is supported by a sound regulatory and legal framework which by its very nature is cumbersome and complex. The role of this sector is of importance to the development and growth of the South Africa economy. Table 2 provides an overview of the role of the financial intermediation sector in terms of its contribution to GDP and contribution to employment.

Table 2: An overview of the role if the financial intermediation sector in South Africa

	June 2000	June 2010	Relative size 2010
			<i>Share of GDP</i>
Size*	R68.6bn	R203.8bn	10.5 %
Assets	R 1 890bn	R 6040bn	252%
Of which:			
Banks	R 730bn	R 3040bn	127%
Long term insurers**	R 630bn	R 1440bn	60%
Short term insurers	R 50bn	R 90bn	4%
Pension funds (public and private)	R 470bn	R 1480bn	62%
			<i>Share of formal employment</i>
Employment***	286000	356 353	3.9 %
			<i>Share of corporate taxes</i>
Tax contribution[†]	n/a	R21 bn	15.3%

Source: Department of National Treasury (2011:3).

*Size of gross value added in nominal rand of the financial intermediation and insurance component of the finance, real estate and business services sector

**The long-term insurer assets figure includes pension funds managed by an insurance company

***Financial intermediation, insurance, pension funding and auxiliary service

As can be seen from Table 2, in 2010 the financial intermediation sector contributed 10.5 per cent to the country's GDP, employing 3.9 per cent % of those employed in the country and contributed 15.3 per cent of corporate income tax. Compared to the 2000 fiscal year, the sector has grown, and therefore contributed to the economic growth of the country. Given the need for higher economic growth and job creation in South Africa, it is therefore essential to ensure that the financial systems remain competitive and that security for stakeholders be made a priority through regulation that follows global best practices (Department of National Treasury, 2011:3).

Next the objectives of the study will be provided.

3 Objectives of the Study

The primary aim of this study is to identify the business constraints that SMEs experienced during the course of their business operation in the financial sector. Secondary objectives include the following:

- To determine the extent to which SME owners received financial support.
- To establish where SME owners receive financial support from.
- To determine skills that SME owners have within the financial intermediation.

4 Literature Review

The following section will seek to provide an analysis of previous research concerning the challenges SMEs face under various economic conditions. South Africa is a developing country and although SMEs are considered to be the pillar of many economies, they may face varying challenges as a result of the country's economic position. It must be stated that these types of challenges are not limited to South Africa but are applicable to many SMEs worldwide in differing levels of relevance and importance.

4.1 The South African SME Sector

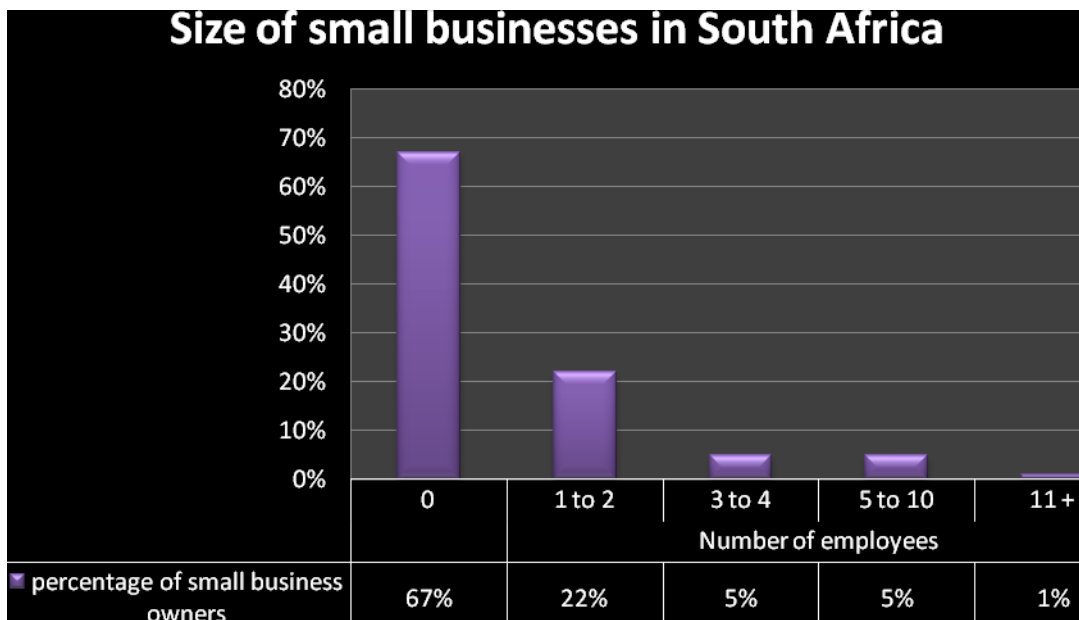
According to IT Web (2011), the importance of SMEs in a South African perspective includes that:

- SMEs are the engine of growth of the economy;
- SMEs are essential for a competitive and efficient market which will contribute to more competitive prices;
- SMEs are critical for poverty reduction; and

- SMEs play a particularly important role in developing countries as main stream business can create only a certain number of jobs and in selected sectors.

It has been greatly debated that SMEs are pivotal to employment creation and economic growth, particularly in countries such as South Africa that have a high rate of unemployment, estimated at up to 40 per cent (Smit & Watkins, 2012:6325). According to Finscope in Dalberg (2010), the SME sector has an estimated 5.6 million SMEs operating in South Africa, creating a total of 11.6 million employment opportunities – that is six million jobs excluding the SME owners themselves. However, the South African SME sector is considered to be heavily skewed towards micro-enterprises (Dalberg, 2010). Two in every three business owners operate their own business and do not have any employees and only 300 000 of the country’s businesses employ five or more employees (Dalberg, 2010). Figure 1 provides an overview of the size of SMEs expressed in terms of the number of SMEs in South Africa against the number of employees employed

Figure 1: Size of small businesses in South Africa



Source: Dalberg (2010).

As is evident from Figure 1, only one per cent of SMEs employ 11 or more employees, while 67 per cent of SMEs have no employees implying that 67 per cent of SME owners run or operate their entity themselves (Dalberg, 2010).

Smit and Watkins (2012:6325) note that the majority of South African SMEs are micro and/or survivalist entities which imply limited growth and economic development and only a token contribution to poverty alleviation. For any contribution to economic development employment need to be increased – and that is mainly in the hands of SMEs in developing countries.

4.2 Research on the Constraints that SMEs Experience

There are many factors that hinder the achieving of success by small businesses. According to Abor and Quartey (2010:224), the lack of managerial skills places significant constraints on SME development while regulatory constraints also pose serious challenges to SME development. Although wide-ranging structural reforms have led to some improvements, prospects for enterprise development remain to be addressed at firm-level (Abor & Quartey 2010:224). The high start-up costs for firms, including licensing and registration requirements, can impose excessive and unnecessary burdens on SMEs (Abor & Quartey 2010:224).

Dalberg (2010) stated that SMEs frequently lack the collateral and financial records, such as financial statements that are mandatory for loan applications from commercial banks or financial services providers, thereby affecting their ability to obtain funding. This challenge is apparent in the fact that 75 per cent of applications for credit by new businesses are rejected, while only two per cent of new SMEs are able to access loans, and only two per cent of businesses seeking private equity are successful (Dalberg, 2010). Drodskie in Mbonyane and Ladzani (2012:553) found that numerous SMEs within the informal settlements of South Africa struggle to obtain capital and a guaranteed income. These SMEs end up with a poor credit record which leads to poor cash flow, often resulting in the SME entrepreneur not receiving the financing needed to start the business in the first place (Mbonyane & Ladzani, 2012:553).

The challenge of access to financial capital affects a number of areas within the sphere of business success. Franco and Haase (2010:505) link the challenge of financial capital with that of a lack of innovation which then affects SME development. From the resource-based point of view, the survival and performance of a firm strongly depends on the ability to obtain distinctive capabilities that lead to competitive advantage (Franco & Haase, 2010:505). This would mean that it is essential that SME owners embark on research to assess their consumer need, the environment in which they operate and the competitors they compete against. The knowledge gained from the research would then be used to develop and improve their product offering within the market.

As is the case with all types of businesses, the performance of the business is largely tied to with the prevailing economic conditions. If the economy contracts the same will happen with most businesses, and the opposite is also true. Therefore, SMEs success is largely linked to the prevailing local economic conditions, and if there is an economic downturn, SMEs will usually also experience difficulty (Smit & Watkins, 2012:6326). Olawale and Garwe (2010:731) concur that the external business environment can prohibit SMEs from growing. Changes in the business environment can either have a positive or negative effect on the growth or failure of SMEs in much of Africa.

Crime and theft are ranked as the third highest obstacle to growth for business owners (Dalberg, 2010). According to the South African Police Service Crime statistics in Olawale and Garwe (2010:732), incidences of all major categories of crime have decreased, however, business related crime is on the increase. These crimes include robbery, break-ins and vandalism, and employees being injured or traumatised (Mbonyane & Ladzani, 2012:553). This issue is of a serious nature and can and will impact negatively on the growth of the SME as the business incurs costs of improving security or repairing damage and compensating affected employees (Mbonyane & Ladzani, 2012:553).

The challenges mentioned above impact SMEs globally and locally, however, the role of the government in creating a favourable operating environment for SMEs cannot be ignored. Where challenges exist, it is imperative that government try to provide sustainable solutions for struggling SMEs in order to assist with their survival in the business environment. The methodology employed in this study will now be discussed.

5. Methodology

The aim of this study was to determine the business constraints that SME owners experienced during the course of their business operation in the financial sector. The study conducted was part of a larger study whereby SMEs were classified and selected in accordance with the Standard Industrial Classification (SIC) codes. There are nine broader economic activities according to SIC, namely:

- agriculture, hunting and fishing;
- mining and quarrying;
- manufacturing;
- electricity, gas and water supply;
- construction;
- wholesale and retail trade;
- transport, storage and communication;
- financial intermediation, insurance, real estate and business services; and
- community, social and personal services.

The questionnaire used to target SMEs in the broader study was designed to capture detailed profiles of the selected entities. The final questionnaire comprised of five sections namely: section 1 which focused on business location and profile; section 2 which focused on human resource aspects; while section 3 looked at SME use of external service providers; section 4 tackled business finances; and section 5 intended at recording business constraints experienced by SMEs. For the purpose of this study, the focus was on the financial intermediation, insurance, real estate and business services sector. A non-probability quota sampling technique was used. Primary data was collected by means of a web-based questionnaire, hosted on Lime-Survey and a total of 25 usable questionnaires were received and used for analyses. Once the data had been captured, data was exported into an Excel spread sheet where further data cleaning was conducted. After data had been cleaned, it was then exported from Excel to SPSS where data processing and analyses were conducted.

The results of the study will now be provided.

5 Results

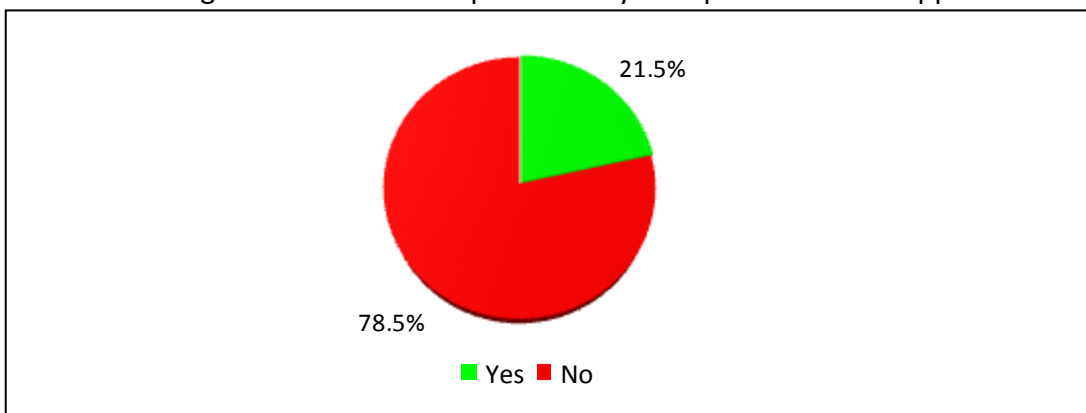
Many SME business ventures are viable ideas, and given the chance might be successful in the South African economy. However, an essential component needed when starting a new business venture is that of acquiring a sufficient cash injection into the venture (Burns, 2012). To successfully operate a business numerous resources are needed to allow for the production

of the products or services offered to the market. Among the many challenges that SMEs face, access to funding may be considered the biggest challenge. The results will therefore present the SME access to capital and identify the various key challenges that they have experienced in the operation of their entities.

5.1 Access to Capital

One of the secondary objectives of this study was to determine whether SMEs receive financial support. Respondents were therefore asked to indicate whether they had received any business financial support in the past. As figure 2 demonstrates, just over a fifth (21.5%) of the respondents indicated that they had received financial support in the past. The majority (78.5%) of the respondents indicated that they have not received financial support in the past.

Figure: 2 Percentage distribution of respondents by receipt of financial support



Those who received financial support were requested to specify the type of financial support they received. The overwhelming majority (56.9%) indicated that they received a bank loan. Furthermore, almost 13.8 per cent of them had received loans from members of their immediate family (see Table 3). Those individuals, who received financial support from the Department of Social Development, loaned from a friend or a relative amounted to 5.2 per cent respectively.

The process of acquiring a loaned from a bank in South Africa can be lengthily. According to Standard Bank (2013), many SMEs lack the assets for collateral in order to acquire financial support from a reputable bank. Due to the high failure rate of SMEs in South Africa, banks might be reluctant to provide loans to SMEs. Although 56.9 per cent of the respondents indicated that they have received financial support from a bank, it is important to view the results in their entirety. The sample of people who did receive financial support was only 21.5 per cent of the population, which would indicate that these individuals probably had assets which they could use as collateral. It should be considered that not all individuals who start SMEs have collateral and are required to seek alternative funding channels. Other alternatives funding avenues as identified by the respondents include family members, grants from the department of Social Development, friends, donations from religious organisations, grants from the Department of Health and the National Empowerment Fund.

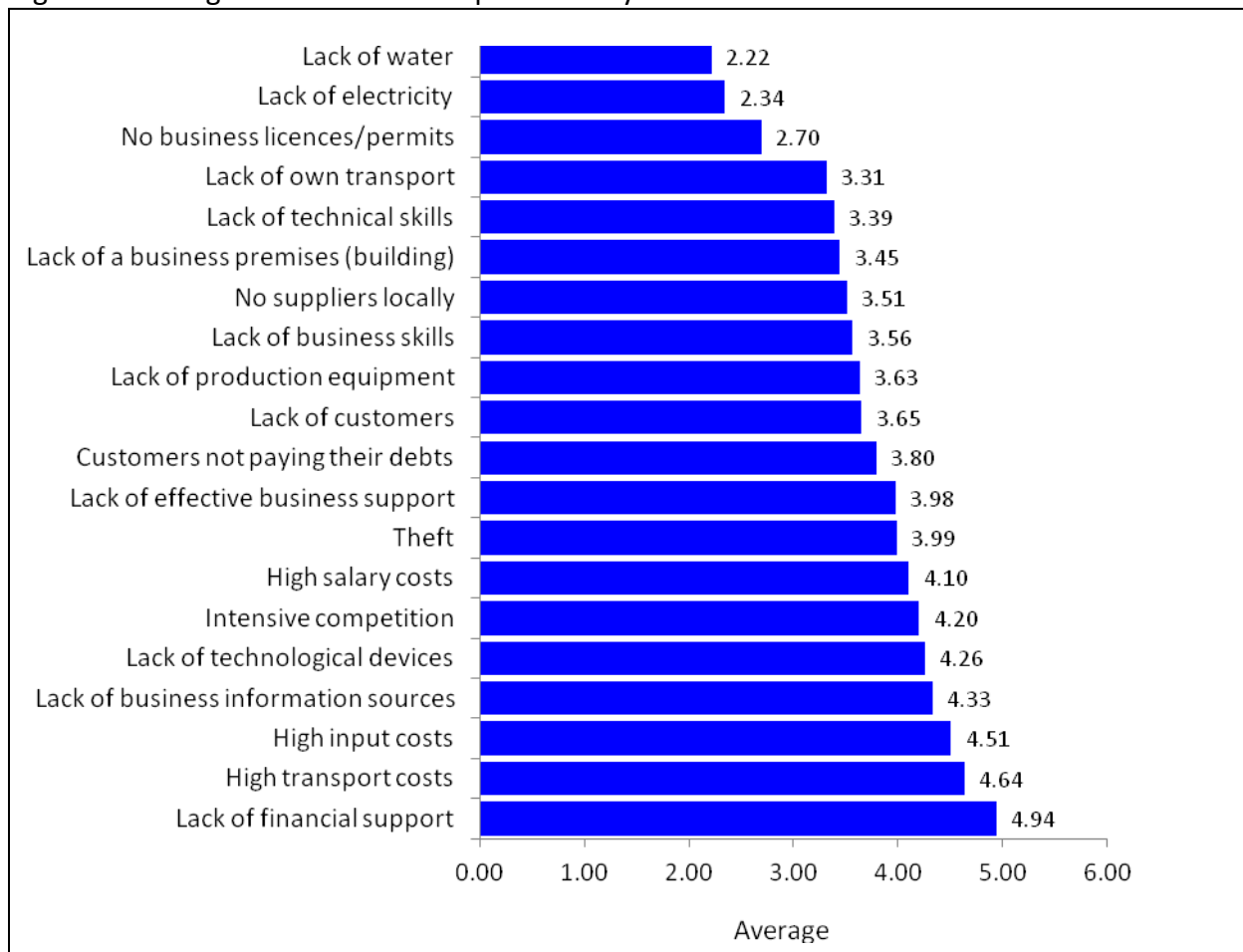
Table 3: Percentage distribution of sources of business finance

Type of financial support received	%
Bank loan	56.9
Loan from family member	13.8
Grant from the Department of Social Development	5.2
Loan from a friend	5.2
Loan from a relative	5.2
Donation from the church	1.7
Grant from the Department of Health	1.7
Loan from my workplace	1.7
Loan from the government	1.7
Loan from the Industrial Development Corporation	1.7
Loan from the National Empowerment Fund	1.7
Loan from the social club	1.7
Other	1.8
Total	100.0

5.2 Other Constraints Experienced by SMEs In South Africa

The primary aim of the study was to establish and explore the business constraints experienced by SMEs in the financial sector in South Africa. Literature has identified a number of challenges that prohibit SMEs from flourishing including the difficulty of attracting and retaining customers, as well as growing the SME (Corp, 2012). Respondents were requested to rate on a scale of 1-7 the severity of problems they encountered during the course of their business operation. Average scores were calculated from the resultant ratings on the scale. Subsequently, the problems were ranked from the highest to the lowest, depending on their respective average scores.

Figure: 3 Average distribution of respondents by business constraints encountered



As seen from Figure 3, a lack of financial support was rated as the most serious constraint facing respondents. This item received an average rating score of 4.94, compared to an average rating of only 2.22 accruing to lack of water. With an average of 4.64, the problem of high transport costs, occupies second position on the rankings with high input costs (ranking of 4.51) in third position. An interesting aspect that should be highlighted in the results is the lack of water. Although the average is low, this variable still affects the operation of SMEs. According to the Water Project (2014), South Africa is facing a severe water crisis as more people moving into cities from rural areas creates pressure for cities to meet the increasing demand for water. Climate changes have also affected the supply of water, which results in cities having to impose water restrictions onto communities (The Water Project, 2014). Although SMEs have limited control over this variable, it does still prove to be a challenge.

What was interesting in the overall business constraints identified is that the majority of the constraints were operational constraints. This means that the constraints were specific to the resources needed for the day to day running of the SME. Lack of business skills received an average score of 3.56. These business skills could include the management of the entity, the knowledge of how to plan, monitor and execute activities to achieve operational and business

objectives. The key aspect in this regard that was not specifically mentioned by the respondents was knowledge to create a business plan.

Respondents did not seem to perceive this as a challenge. As the sample had already started their SME, it can be assumed that they had developed a business plan when starting their businesses, however, an important component of a business plan is identifying one's target market. Lack of customers received an average rating of 3.65 which would indicate that this component of the business plan may have not been done with as much precision as was needed when the business was started.

Aspiring entrepreneurs need to conduct comprehensive research and clearly identify the target market under various economic conditions. This means that they should carefully consider their product or service offering and determine whether consumers will need it even when they are reducing their spending as a result of environmental factors such as inflation. Furthermore, it can be seen that challenges that SME owners will face in their endeavour are not only money related or operational, but are also strategy related as identified by FinScope (2010). Strategy-related challenges include not having enough customers, not having a defined product offering with a unique selling proposition. These challenges require business knowledge and skills in order for them to be resolved. SME owners therefore need to clearly understand the challenges they are facing and address them appropriately in order to successfully overcome them.

In the discussion thus far, the challenges faced by SMEs are identified. These challenges can be resolved by means of various actions such as research or access to a capital injection from funding. Some challenges, such as the lack of business management, require business skills in order to address and resolve the challenge. The discussion will now focus on the various skills SME owners have within the financial intermediation sector.

5.3 Respondent Skills: Financial Intermediation

As can be seen from Table 4, 17.2 per cent of the SME owners indicated that they have computer skills and skills to deal with financial or accounting related matters. Marketing and sales skills were possessed by 13.8 per cent of the respondents and 10.3 per cent of the respondents indicated that they had business management skills. Business management skills need to improve among SME owners as SMEs need to constantly keep up with the changing environment. SME owners need to be able to steer their entities in the right direction as business environments change. For example, if capital is lacking, SME owners need to find alternative cost effective methods to communicate to their target audience. If business skills are lacking, then they will not be able to develop tactics to mobilise and utilise the channels of communication to suit the business need, therefore running the risk to not reaching the desired target market.

Table 4: Skills that SME owners have in the financial intermediation have

Skills	%
Computer	17.2
Finance/accounting	17.2
Marketing/sales	13.8
Business management	10.3
General management	6.9
Events coordinator	3.4
General work	3.4
Insurance	3.4
IT networking	3.4
None	3.4
Public relations	3.4
Quantity survey	3.4
Secretarial & admin	3.4
Software developer	3.4
Statistics	3.4
Other	0.6
Total	100.0

6 Discussion

The results showed that 78.5 per cent of the respondents had not received financial support in the past. This was interesting because many SMEs found that the cost of starting their own entity was relatively high. For those that indicated that they had in fact received financial support, the respondents were asked to describe where the support came from. The majority (56.9%) of the respondents indicated that they received financial support from banks by means of a loan, while 13.8 per cent indicated that they received financial support from their family member. It was interesting to note that only 1.7 per cent of the respondents indicated that they received financial support from the government. This figure is particularly interesting since SMEs are considered to be the pillars for economic growth in developing countries such as South Africa. Young people in South Africa are encouraged to become entrepreneurs and start their own establishments, yet the key challenge (namely access to finance) is not as readily available to these aspiring entrepreneurs as it should be.

Among the major challenges experienced by SMEs, financial support was found to be the biggest challenge. High transport costs were the second largest challenge followed by high input costs. It was interesting to note that lack of customers was identified as a challenge. This is interesting because when developing ones business plan, it is essential to conduct a feasibility study and a consumer analysis in order to identify your market. However, not all SME owners are aware of this. Entrepreneurs should be aware of all that is expected of them in their journey of establishing their business, such as the importance of a sound business plan. Furthermore, SME owners who indicated that they lack consumers, the question that is posed

in this study is; did SME owners correctly conduct these research processes upon establishing their SME or is this lack of consumers attributed to a change in economic conditions? The lack of knowledge about research and key aspects of a business plan in this regard is of great concern and should be addressed by entities wishing to empower, rescue and develop SMEs in South Africa. Further research can therefore be conducted in this regard in order to determine whether training in terms of developing a business plan is a possible challenge to be overcome even before the SME is established.

7 Conclusion

This study revealed that SME owners are not sufficiently making use of various funding avenues offered by external sources. However, the majority indicated that they would like to receive assistance in obtaining finance. Lack of financial support or funding was found to be the main constraint facing SMEs. SMEs in South Africa experience a number of other challenges including attracting and retaining customers, as well as growing the SME. It was established that the role government plays in the success of SMEs cannot be ignored. As much as entrepreneurship is encouraged, these aspiring entrepreneurs should be well equipped to operate a successful business. Managerial training and research knowledge should be provided by government organisations in order to assist aspiring entrepreneurs. There are a number of organisations such as the Small Enterprise Development Agency (Seda) that offer these funding opportunities; however, the question that remains is - are aspiring entrepreneurs aware of such organisations? Awareness regarding the resources available to those who wish to establish their own entities should be increased. This can be done by using SME development hubs as platforms to enhance the knowledge of SME owners regarding the avenues whereby they can acquire funding, as well as other resources needed to develop and grow their SME.

8 References

Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International Research Journal of Finance and Economics*, 7(39), 118-228 [Online] Available from:

<http://www.smmeresearch.co.za/userfiles/file/Issues%20in%20SME%20development%20in%20Ghana%20and%20SA.pdf> [Downloaded: 2014-07-24].

Burns, S. (2012). 10 Things to consider when starting a business in a down economy. [Online] Available from: <http://www.forbes.com/sites/chicceo/2012/10/04/10-things-to-consider-when-starting-a-business-in-a-down-economy/> [Accessed: 2014-08-27].

Corp. (2012). 5 Biggest challenges facing your small businesses. [Online] Available from: <http://corp.co.za/5-biggest-challenges-facing-your-small-business/> [Accessed: 2014-08-20].

Dalberg. (2010). The Small and Medium Enterprise (SME) sector: Catalyst for growth in South Africa. [Online] Available from: http://www.dalberg.com/sites/dalberg.com/files/pdf/SME_Catalyst_for_Growth.pdf [Downloaded: 2014-07-24].

Department of National Treasury. (2011). A safer financial sector to serve South Africa better. [Online] Available from: <http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf> [Accessed: 2014-08-20].

Entrepreneur. (2014). Small Business. [Online] Available from: <http://www.entrepreneurmag.co.za/advice/starting-a-business/small-business-advice/small-business/> [Accessed: 2014-07-21].

FinScope. (2010). FinScope South Africa Small Business Survey 2010. [Online] Available from: <http://www.finmark.org.za/wp-content/uploads/pubs/FinScope-Brochure-final-28-09-2010.pdf> [Accessed: 2014-08-20].

Finweek. (2013a). Small business statistics “scary”. [Online] Available from: <http://finweek.com/2013/05/16/small-business-statistics-scary/> [Accessed: 2014-07-21].

Fin24. (2013). SA environment not SME-friendly – study. [Online] Available from: <http://www.fin24.com/Entrepreneurs/News/SA-environment-not-SME-friendly-study-20130222> [Accessed: 2014-07-24].

Franco, M. & Haase, H. (2009). Failure factors in small and medium-sized enterprises: qualitative study from an attributional perspective. *International Enterprise Management Journal*, 6, 4635-4647. [Online] Available from: http://download.springer.com/static/pdf/803/art%253A10.1007%252Fs11365-009-0124-5.pdf?auth66=1408621260_aa878f3bdccb3fe141ddd03bfdd27352&ext=.pdf [Downloaded: 2014-07-24].

Government of Mauritius. (Not Dated). Sectoral Profile: Finance, insurance, real estate and business services. [Online] Available from: <https://www1.gov.mu/lmisweb/downloads/finance.ppt> [Accessed: 2014-08-27].

IT Web. (2011). Importance of SME sector – or why ARC exists. [Online] Available from: http://www.itweb.co.za/index.php?option=com_content&view=article&id=45967 [Accessed: 2014-07-24].

Kim, Y. (2011). SMEs in Africa: Challenges and the role of government for the future. [Online] Available from: http://www.consultancyafrica.com/index.php?option=com_content&view=article&id=906:sme-s-in-africa-challenges-and-the-role-of-government-for-the-future&catid=58:asia-dimension-discussion-papers&Itemid=264 [Accessed: 2014-07-24].

Liberta. (2014). What is Gross Domestic Product. [Online] Available from: <http://liberta.co.za/blog/what-is-gross-domestic-product/> [Accessed: 2014-08-19].

Mbonyane, B., & Ladzani, W. (2011). Factors that hinder the growth of small businesses in South African townships. *European Business Review*, 23(6), 550-560. [Online] Available from: <http://www.emeraldinsight.com/journals.htm?articleid=1958525&show=abstract> [Downloaded: 2014-07-24].

National Credit Regulator. (2011). Literature review on small and medium enterprises' access to credit and support in South Africa. [Online] Available from: http://www.ncr.org.za/pdfs/Literature%20Review%20on%20SME%20Access%20to%20Credit%20in%20South%20Africa_Final%20Report_NCR_Dec%202011.pdf [Downloaded: 2014-07-21].

Olawale, F., & Garwe, D. (2010). Obstacles to the growth of new SMEs in South Africa: A principle component analysis approach. *African Journal of Business Management*, 4(5), 729-738. [Online] Available from: http://www.academicjournals.org/article/article1380715803_Olawale%20and%20Garwe.pdf [Downloaded: 2014-07-24].

SBP. (2014). Growth & competitiveness for small business in South Africa. [Online] Available from: <http://smegrowthindex.co.za/> [Accessed: 2014-08-27].

Smit, Y., & Watkins, J.A. (2012). A literature review of small and medium enterprises (SME) risk management practices in South Africa. *African Journal of Business Management*, 6(21), 1-9. [Online] Available from: http://www.academicjournals.org/article/article1380800208_Smit%20and%20Watkins.pdf [Downloaded: 2014-07-24].

South Africa Web. (2011). Small business in South Africa. [Online] Available from: <http://www.southafricaweb.co.za/page/small-business-south-africa> [Accessed: 2014-07-22].

Standard Bank. (2013). Khula guaranteed loans. [Online] Available from: <http://www.standardbank.co.za/portal/site/standardbank/menuitem.de435aa54d374eb6fcb695665c9006a0/?vgnnextoid=2b4f08f82045b210VgnVCM100000c509600aRCRD> [Accessed: 2014-08-20].