


# SOUTH AFRICA'S SMALL BUSINESS LANDSCAPE



## Approach:

- Objectives + methodology of FinScope small business SA 2010 survey
  - Key findings
  - Discussion
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# OBJECTIVES

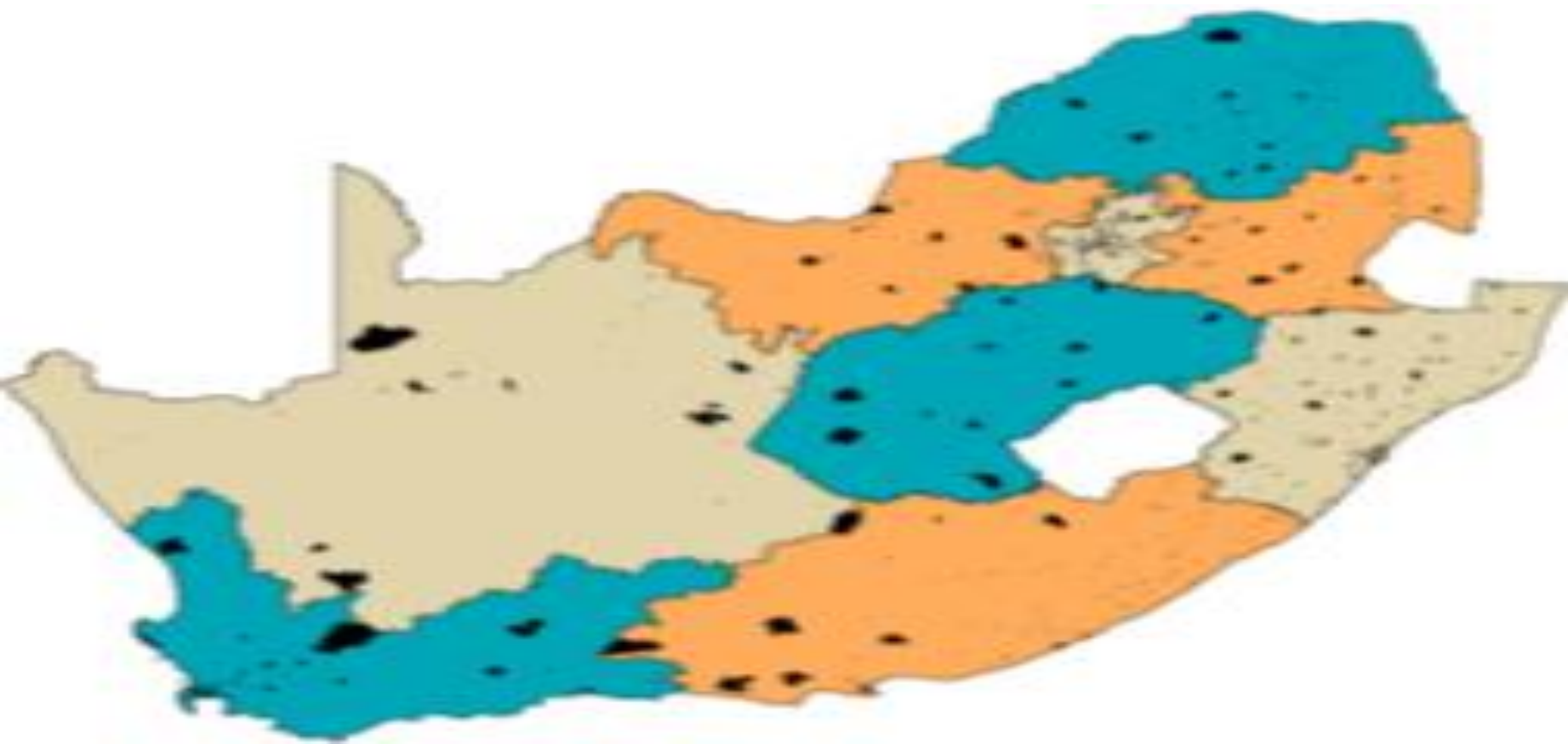
- Size of small business sector
- Serve as a baseline against which impact of intervention can be assessed over time.
- Refine learnings from an earlier pilot survey in Gauteng 2006
- Apply new datatools
- Determine levels of financial access (formal and informal)

# COMPLEX RANDOM SAMPLING

**5 676 interviews conducted**

**Sample representative at national, urban-rural + prov levels**

**Primary sampling unit: 1000 Enumerator Areas (Eas)**



Secondary sampling unit – households within selected Eas with members qualifying in terms of selection criteria

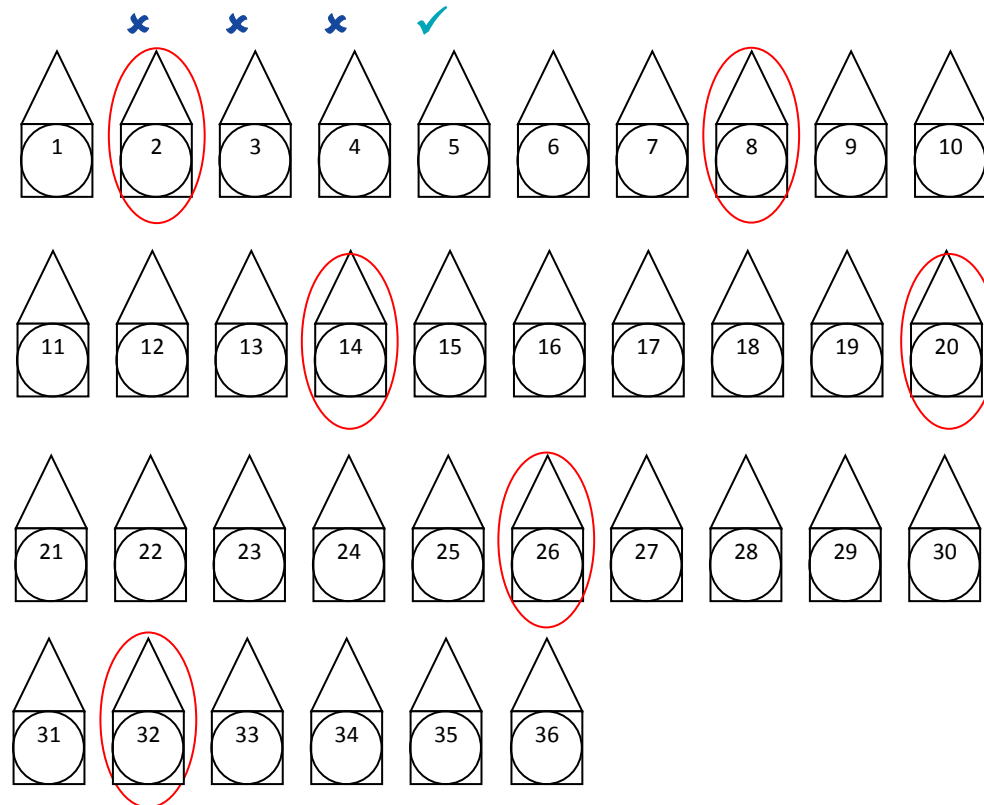


# METHODOLOGY CONTD.

Houses numbered, visited ,until a successful interview was achieved.

x No qualifier in the household, register completed and interviewer moves onto adjacent house

✓ Qualifier is found, interview is conducted and then interviewer moves onto next interview point



# KEY FINDINGS

- 6mn small businesses in SA - one in six adults in SA.
- Just over two thirds (67%) do not employ anyone other than the owner
- 17% have registered businesses
- 79% are traders (sell products); 62% in same form they bought it.
- 21% are service providers (eg. daycare, mechanical repairs, car wash, payphone, laundry, doctor, lawyer, engineer + accounting service.)
- 57% of sb owners aged between 35 + 59.
- Females more likely to be sb owners than males: 1 in 5 females compared with roughly one in 7 males.



# KEY FINDINGS

- 67% claim that their business is the only source of income. 26% receive some assistance through govt., family. 9% other income.
- Financial constraints – sourcing money + cash flow – cited by 39% as key obstacles to starting up; 34% cited business strategy issues (determining + finding what to sell, dealing with competitors, ID target market)
- Obstacles to growth of the business? Space, 16%; Access to/cost of finance 14%, competition 13.
- Reported usage of both formal + informal credit loans is low.
- 5% claim to be repaying goods/money borrowed in last 12 months.
- 39% claim to save for business purposes – 82% at a bank + 14% with a stokvel/burial society, umgalelo or savings club.

# KEY FINDINGS

- Two-thirds of sb owners needed start-up money, most came from own sources, 37% claimed to borrow from other sources.
- Awareness of support for sb is low – 74% were unable to name any organisation that gives advice, 94% claim never to have used.
- 51% belong to informal church or religious organisations
- Two thirds have not completed secondary school education
- One in two started the business because they could not find jobs or because they lost their job.



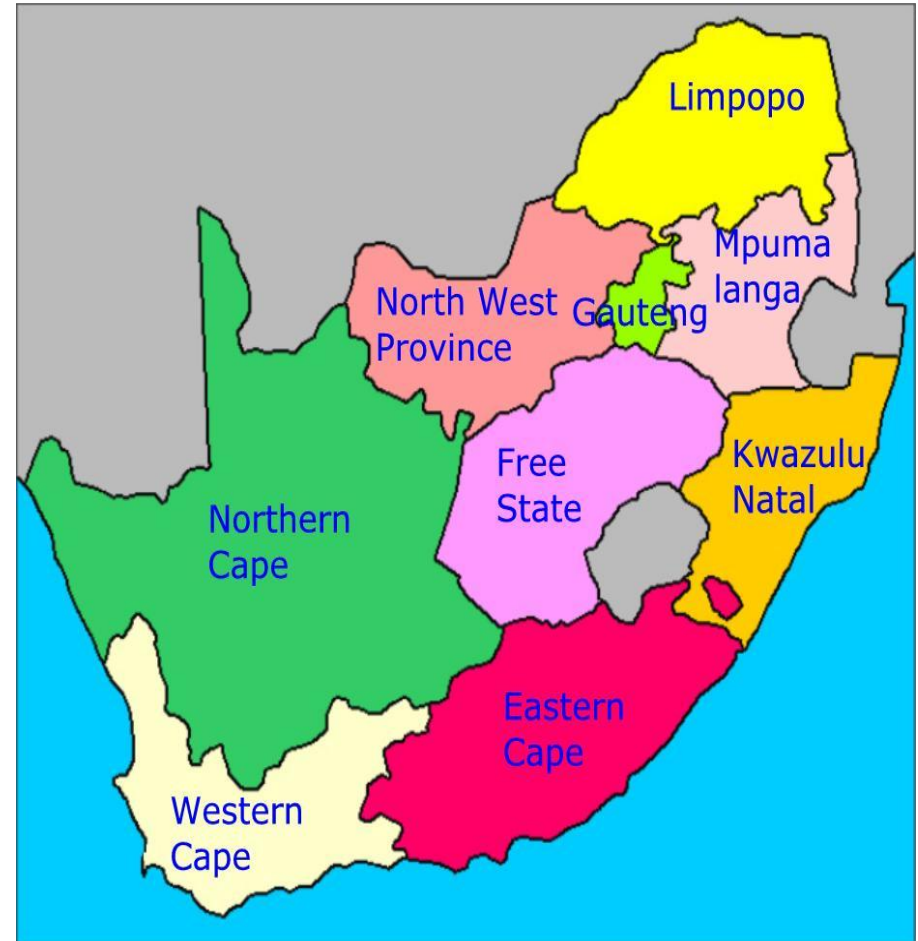
# Provincial....

Small business owners comprise 31% in NW province, 23% in FS, 20% in NC. Most sb owners reside in Gauteng but only 17% of pop in Gauteng are sb owners.

Gauteng more likely to be formally financially served (69.2%)

Free State: more likely to be financially excluded 54.8%.

Limpopo: significant role of informal financial sector (18,3%)



# ACCESS TO FINANCIAL SERVICES

- 46.9% use bank products
- 22% formal insurance products.
- 41.8% do not use formal or informal products for business purposes but rely on family and friends for borrowing, and saving money at home.
- 6.7% rely on private money lenders, burial societies, savings clubs/stokvels and stores for credit and savings.
- Urban areas: 1 in 2 are banked. Rural: 2 in 5.

- Thanks!
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