

FACTORS THAT AFFECT THE GROWTH AND DEVELOPMENT OF SMALL, MICRO AND MEDIUM-SIZED BUSINESS ENTERPRISES IN THE VAAL TRIANGLE REGION OF GAUTENG PROVINCE IN SOUTH AFRICA

Professor Maurice Ndege (Ph.D. in Civil Engineering)
Executive Dean: Faculty of Engineering and Technology
Vaal University of Technology
Van der Bijl Park, Gauteng Province

ABSTRACT

A review of the literature shows that small, micro and medium-sized enterprises (SMMEs) that conduct business in the Vaal Triangle region of Gauteng Province are characterized by a high rate of failure. This study was conducted in order to identify and quantify factors that are responsible for the high rate of failure in SMMEs in the Vaal Triangle region. The study was based on a stratified random sample of size $n=133$. Stratified random sampling was used for collecting data by using a structured, pre-tested and validated questionnaire of study. Five strata were used (central, east, west, north and west) for conducting the study in the Vaal Triangle. A combination of quantitative and qualitative methods of data collection and analyses were used in the study. The variables used for quantitative analysis were socioeconomic variables that were associated with the viability of SMMEs operating in the Vaal Triangle region of Gauteng Province. Statistical analyses were performed by applying standard methods such as descriptive analyses, graphical methods of presenting data, exploratory methods, one and two-sample tests on the mean and proportion, Pearson's chi-square tests of associations among pairs of categorical variables, and factor analysis. Eigen values estimated from factor analysis were used as a measure of effect. Based on results obtained from factor analysis, 28 of the 133 businesses (21%) were found to be not viable financially. The study also showed that viability in small and medium-sized enterprises in the Vaal Triangle area was adversely influenced by three factors. These three factors were: difficulty in securing loans, lack of training opportunities, and shortage of entrepreneurial skills, in a decreasing order of strength. Results obtained from in-depth interviews showed that difficulty in securing loans on favourable terms from micro lending institutions was a key obstacle among SMMEs operating in the Vaal Triangle region of Gauteng Province. A recommendation has been made to the Department of Trade and Industry that SMMEs operating in the Vaal Triangle region should be supported by instituting comprehensive mentorship and monitoring and evaluation programmes.

Keywords: SMMEs, Vaal Triangle, Entrepreneurial skills, Access to loans, Factor analysis.