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FACTORS CONSTRAINING DEVELOPMENT OF SMALL SIZED CONSTRUCTION CONTRACTORS IN MAFIKENG.

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870399

A RESEARCH REPORT SUBMITTED IN PARTIAL FULLFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF SCIENCE IN BUILDING

AT THE UNIVERSITY OF THE WITWATERSRAND IN JOHANNESBURG

Research Supervisor: Prof. Samuel Laryea

MAY 2018

DECLARATION

I declare that this research report is my own, unaided work. It is being submitted for the MSc (Building) Degree at University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in any other University.

_____

(Signature of candidate)

Signed in Mafikeng (North West Province) this _____ day of _____ 2018

ABSTRACT

In this dissertation, the factors constraining the development of small sized construction contractors in Mafikeng were examined. Although it is submitted that small sized construction contractors play an important role to the economy of developing countries like South Africa, they however face lots of challenges constraining their development. These challenges vary from the unfriendly legislation regulating their establishment to corrupt nature of government officials assigned to facilitate their development.

It is imperative mention that, Small construction contractor sector is not well developed in South Africa. As a result, there is not much in terms of literature in this area. Therefore this study is done to add to body of knowledge about small construction contractors. As stated above, the study set to examine the factors constraining the development of small sized construction in Mafikeng. It is revealed that, development of small construction contractors in Mafikeng is constrained by internal factors such as entrepreneurial skills, marketing and technology and external factors such as access to finance, corruption, legal and regulatory framework and the political environment.

The study makes use of primary and secondary sources of data. Interviews and questionnaires were also administered to get first-hand knowledge about the challenges faced by those concerned in the sector. As a summary of the study therefore, it is submitted that external and internal factors constrain the development of small construction contractors in Mafikeng.

Keywords: Small Medium size Enterprise (SMEs), Small Firms, factors, growth, development, Mafikeng

DEDICATIONS

I dedicate the memories of this study to my wife and children who better understand my life philosophy that says, “A true leader finishes what he started for the brighter tomorrow despite positive or negative tribulations”.

ACKNOWLEDGEMENTS

This dissertation undertaken for a master's is not my sole effort. Its realisation has been made possible by the contribution of many people in one way or the other.

To this end, I give honour, thanks and praise to the ONE and ALMIGHTY GOD for His grace and for seeing me through my studies.

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The support I received from the University of the Witwatersrand, specifically from the School of Construction Economics and Management is acknowledged. Furthermore, I also thank my employer, the Department of Public Works and Roads for granting me bursary to further my studies and utilization of the resources varying from fees, computer, printers, telephone and time.

My fellow brother, MBeng Ewube John for his outstanding support and research guidance throughout the study. And lastly, my family for standing by my side throughout the study, even when I had to take majority of our time to the study, they remain patient, encouraging and supportive

My dear wife, Retabisetsoe Diko, deserves a special thank you for having faith and being there for me and taking care of my children while I was away. There is no one like you. Appreciations also go to my children, Ntsika Diko and Onele Diko for being lonely during my studies.

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LIST OF ABBREVIATIONS

ABE:	Affirmable Business Enterprise
APP:	Affirmative Procurement Policy
BEE:	Black Economic Empowerment
BBBEEA:	Broad-Based Black Economic Empowerment Act 53 of 2003
CIDB:	Construction Industry Development Board
EPWP:	Expanded Public Works Programme
GG:	Government Gazette
GN:	Government Notice
HDI:	Historically Disadvantaged Individual
MFMA:	Municipal Finance Management Act 56 of 2004
NCDP:	National Contractor Development Programme
NSBA:	National Small Business Act, number 102 of 1996
PFMA:	Public Finance Management Act 1 of 1999
PPPFA:	Preferential Procurement Policy Framework Act 5 of 2000
RDP:	Reconstruction and Development Programme
SAICE:	South African Institution of Civil Engineers
SDA:	Skill Development Act, number19 of 1998
SMME:	Small, Medium and Micro Enterprises
SME:	Small and Micro-Enterprise
SSP:	Skill Support Programme
WPNSDPSBSA:	White Paper for National Strategy for the Development and Promotion of Small Business in South Africa

DEFINITIONS

Survivalist enterprise - Survivalist enterprise are the enterprises that generate income less than the minimum income standard or the poverty line. This category is considered pre-entrepreneurial, and includes hawkers, vendors and subsistence farmers (Quartey et al., 2010).

Micro enterprise - Micro enterprise are the enterprise with turnover less than the VAT registration limit (that is, R150 000 per year). These enterprises normally lack formality in terms of registration. They include, for example, spaza shops, minibus taxis and household industries. Their employees are no more than 5 people (Quartey et al., 2010).

Very small enterprise - Very small enterprises are enterprises employing fewer than 10 paid employees, except mining, electricity, manufacturing and construction sectors, that have 20 maximum number of employees. These enterprises operate in the formal market and have access to technology (Quartey et al., 2010).

Small enterprise - Small enterprise are the enterprise that have 50 maximum number of employees. Small enterprises are generally more established than very small enterprises and exhibit more complex business practices (Quartey et al., 2010).

Medium enterprise - Medium enterprises are the enterprises that have 100 maximum number of employees, except mining, electricity, manufacturing and construction sectors that have 200 maximum number of employees. These enterprises are often characterized by the decentralization of power to an additional management layer (Quartey et al., 2010).

CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

Small Businesses have a vital role to play in reconstructing and developing South Africa under the democratic era (Fori,1996). The Small Medium Micro Enterprise (SMMEs) remains a leading drive of job creation, poverty alleviation and economic growth in South Africa and particularly in rural areas like Mafikeng in the North West Province.

Small businesses are the dominant type of business that represent over 90 percent of all businesses in the developed economies, providing around half of all employment and turn-over (Alistair, 2014). Although the small business are the largest employer in the labour market, the individual contribution to the gross domestic product is significant low due to the firm size. However, substantial impact of the small firm is drawn from the collective large number they produce (Alistair and Ullah, 2014).

The state of emerging contractors remain unsustainable despite South Africa receiving democracy in 1994 (Thwala and Phaladi, 2009).Under the leadership of the African National Congress (ANC), the South African government continue to strive to correct the imbalances caused by the apartheid system that denied black owned enterprises to access the construction market. South African government introduced Black Economic Empowerment (BEE) programme, forcing companies to sell shares to the black owned companies and individuals in order to access government projects; secondly, developed Contractor Development Programmes that give a certain amount of construction project to the black owned contractors in order to develop their entrepreneurial and engineering skills, thirdly creating special conditions on the bid document that forces well-established contractors to joint venture or sub-contract a portion of the works to the small firms and lastly introduced Expanded Public Works Programme as a strategy to create employment opportunities, skills and small firms development as a contribution to economic growth and the distribution of country's wealth (Stephen, 2008).

1.2 STATEMENT OF THE PROBLEM AND RATIONALE FOR THE STUDY OF THE SMMES

The majority of Mafikeng residents are not formally employed (Statistics SA, 2011). The primary source of employment is mainly government institutions. These institution requires some level of tertiary education or qualification that they do not have. Due to job scarcity some tends to work on temporary programmes like Expanded Public Work Programme (EPWP) and some start their own small businesses with an intention of being relevant to the economical main stream. However, many of these small construction businesses experience a slow growth rate and some close their businesses completely due to lack of management and technical skills, lack of finance, limited trading market, in-conducive business environment(Matela, 2013). Therefore the main question intended to be addressed by this study is: In what ways are the above factors constraining the development of small contactors in Mafikeng and how these constraints can be addressed.

1.3 AIM AND OBJECTIVES OF THE STUDY

1.3.1The aim of the research:

The aim of the study was to examine factors constraining development of Small Construction Contractors in Mafikeng.

1.3.2 Objectives of the research:

- To examine the nature of small construction firms operating in North West Province generally and Mafikeng specifically.
- To identify factors affecting growth of small construction contractors in Mafikeng
- To examine constraints that contribute to the business failure of small construction contractors in Mafikeng
- To recommend suggestions that will support development of small construction contractors in Mafikeng

1.4 RESEARCH QUESTION

What are the factors constraining development of Small Contractors in Mafikeng? And suggest how can these constraints be addressed?

1.5 SCOPE OF THE RESEARCH

1.5.1 Geographical

The study focuses on the Small Construction Contractors of Mafikeng in the North West Province. The empirical research is based on the results received from Small Construction Contractors doing civil engineering and general building works with CIDB grading of 2CE/GB and 3CE/GB respectively.

1.5.2 Field of study

The study focuses on the factors constraining Small Construction Contractors of Mafikeng in the North West Province and recommend suggestion to support development of Small Construction Contractors.

1.6 BENEFITS OF THE STUDY

The study will have the following benefits:

- Potentially stimulate provincial support towards emerging contractors in construction
- Reduce SMMEs barriers of not fully participating on major activities when they are in joint venture or sub-contracting with the developed contractors
- Improve provincial economic growth
- Increase job creation and automatically reduced poverty to the people of the province
- Maximize provincial benefit on SMMEs capabilities

1.7 ORGANIZATION OF THE REPORT

1.7.1 Chapter One – Introduction

The chapter entails introduction to factors that affect SMMEs development in South Africa that are in a joint venture or sub-contracting with the developed contractors in the North West province.

1.7.2 Chapter Two – Literature Review

In this chapter the existing literature on challenges hindering SMME contractors in construction industry that in joint venture or sub-contracting with the developed contractor in the North West Province and also suggest strategies to overcome those challenges facing SMMEs.

1.7.3 Chapter Three – Research Design and Methods

The description of the place where the study is performed, the purpose of each equipment and the instrument used, step by step methodology of the study, how the data was collected and the summary of the work plan.

1.7.4 Chapter Four – Data Collection and Results

This chapter encloses the results obtained after the compilation of the data collected. It is made of the surveys and interviews using the pre-designed questionnaires for easy of understanding and interpretation of the data gathered.

1.7.5 Chapter Five – Discussion of Results

In this chapter the results from the survey and interviews in chapter 4 are discussed with respect to literature review. The success of the research is determined and it assists on the conclusion and recommendation of the study.

1.7.6 Chapter Six – Conclusion and Recommendation

This chapter conclude on whether the research was of great benefit and succeeded and if the objectives of the project were met. It also indicates whether there must be further research done on the topic and why.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

Micro and small businesses are major contributors to the economic landscape of developing countries today. In the South African context, the new government has committed to increase the participation of black owned companies in the construction industries. Under the Black Economic Empowerment policy (BEE), government is ensuring that small and medium companies gain access in the construction sector.

It is also important to mention that, one objective of the BEE being the increase participation of blacks in the mainstream. The democratic government has committed to the economic growth and transformation of Historically Disadvantaged individuals (HDIs). One of the ways that this has been achieved is by encouraging small and medium contractors in the construction industry. The reason being that, small and medium industries are regarded as a vehicle of social change and economic empowerment (Construction Industry Development Board, 2004).

Small businesses are the dominant type of business than represent over 95 percent all businesses in the developed economies, providing around half of all employment and turnover (Alistair, 2014). Although the small business are the largest employer in the labour market, the individual contribution is significant low due to the firm size. However, substantial contribution of the small firm is drawn from the collective large number they produce (Alistair and Ullah, 2014).

The purpose of this chapter is to make a review of the available literature in relation to the factors constraining the development of construction SMMEs in the Mafikeng region. For this goal to be achieved, the socio-economic profile as well as the state of SMMEs in Mafikeng and reasons to invest in Mafikeng will be put forward. This is followed by a definition and classification of SMMEs. Thereafter, the small business growth theory as well as factors affecting small business development are advanced. It is also imperative to mention here that, institutions and programmes governing SMMEs development as well as support programmes and legislation and policies regulating SMMEs development form part of this chapter.

2.2 SOCIO-ECONOMIC PROFILE OF MAFIKENG:

The area known as the Mafikeng Local Municipality (NW 383) is situated in the North West Province and is 25 kilometres south of the Botswana Border. It is the Capital City of the North West Province and used to be known as the City Council of Mafikeng. The Municipality is considerably a local municipality as compared to other four local municipalities located within the area of Ngaka Modiri-Molema District Municipality. Those neighbouring local municipalities which border the Ngaka Modiri-Molema District Municipality are: Ramotsere Moiloa Local Municipality, Tswaing Local Municipality, Ditsobotla Local Municipality and Ratlou Local Municipality.

The total area of the Mafikeng Local Municipality is approximately 3 703 km. It is divided into 28 wards consisting of 102 Villages and suburbs. The population of the municipality is estimated at 271 501 people. Approximately 75% of the area is rural. The rural areas are in the southern and western part of the municipality and are under tribal control (Stats SA Community 2007:49).

The untapped business market in Mafikeng continues to flourish as the municipality still offers lucrative business packages for industrial, residential and business developments. Mafikeng is a city of opportunities in the sector of agriculture, manufacturing, cargo and aviation management. The Mafikeng Airport is situated 5 km west of the Mmabatho CBD and boasts a landing strip of 4.6 km, one of the longest runways in the world. The airport is designed to accommodate large aircrafts and is not only ideal for both business and leisure activities but has been used on many occasions to host international as well as national air shows.

Most economic activities are concentrated in the Southern region between Potchefstroom and Klerksdorp, as well as Rustenburg and the Eastern region, where more than 80% of the province's economic activity takes place. Mafikeng is the region which has the highest employment opportunities in the province.

In relation to the educational levels, the Stats SA Community (2007:31) has provided the following figures. 28% of residents in Mafikeng have completed primary school education, 25% have attained secondary schooling, 17% have no schooling at any level and only 8% have attained higher education levels. With regard to employment in the Mafikeng area, 41.2% of the residents are unemployed.

The government sector is the largest employer of residents in the Mafikeng area, closely followed by the finance and business sectors, social services and the trade sectors at 16.2%, 15.2% and 14.2% respectively. It is also important to point out here that, as concerns the poverty levels, 29% of residents in Mafikeng are living below the minimum living income level.

2.3 STATE OF SMME CONTRACTORS IN MAFIKENG:

Under this head, a summary of SMME contractors in Mafikeng in terms of locality of the business, products and services they render, duration of business, monthly turn-over, number of employees etc. It is important to note that the above information should be presented in table form under each head. This will show or bring out the % in each case. (Look at Mafikeng investment study 2008: 28, 31, 32, 33 etc.). This literature will give all the materials under this head and relate it to the factors constraining the development of SMMEs.

2.4 ORGANISATION AND STRUCTURE OF SMME IN MAFIKENG AREA:

Relationship between SMME and the Municipality

What is information has been established in terms of SMME based in the Mafikeng area? (Mafikeng investment study: 2008:21) is relevant to answer the following questions

2.4.1 Challenges to SMMEs Development in Mafikeng area:

Under this head, the challenges affecting the development of SMME in Mafikeng have to be scanned briefly.

2.5 MAFIKENG ECONOMY:

The town was given the name Mahikeng by the Barolong boo Ratshidi who settled in the area during the early nineteenth century. The Barolong spelling of using an H was later changed to an F in order to comply with a more standard Setswana spelling. As a result, the town became Mafikeng. The name in English means "place of rocks". In Setswana, Lefika means rock and Mafika is a plural. The eng at the end of Mafikeng denotes place of. It was previously a seat of government for the Bechuanaland protectorate until 1965.

The total population of Mafikeng is 764,351, which is equivalent to 24% of the total population in North-West. 34% of the total population is found in the Mafikeng Local Municipality, thus giving it the largest population density in the district A mere 14% of the total population is situated in the Ratlou Local Municipality With a total area of 106 512 square kilometres, North West is slightly smaller than the US state of Pennsylvania. It's the country's fourth-smallest province, taking up 8.7% of South Africa's land area and with a population of 3.5-million people.

Two-thirds of the people speak Setswana, the language of neighbouring Botswana, with the rest speaking Afrikaans and isiXhosa.

The untapped business market in Mafikeng continues to flourish as the municipality still offers lucrative business packages for industrial, residential and business developments projects. Mafikeng is a city of opportunities in the sector of agriculture manufacturing, cargo and aviation management. The Mafikeng Airport situated 5 km west of the Mmabatho CBD boasts a landing strip of 4.6 km.

Most economic activity is concentrated in the southern region between Potchefstroom and Klerksdorp, as well as Rustenburg and the eastern region, where more than 80% of the province's economic activity takes place. Mafikeng is the region which has the highest employment opportunities in the province. Portions of two of South Africa's eight UNESCO World Heritage sites fall within the borders of North West: the Vredefort Dome, the world's largest visible meteor-impact crater, and the Taung hominid fossil site, which has been incorporated into South Africa's Cradle of Humankind.

Mining contributes 23.3% to the North West economy, and makes up more than a fifth of the South African mining industry as a whole. Ninety-four percent of the country's platinum is found in the Rustenburg and Brits districts, which produce more platinum than any other single area in the world.

Employment along the Platinum Corridor, from Pretoria to eastern Botswana, accounts for over a third of total employment in North West. North West is sometimes referred to as the Texas of South Africa, with some of the largest cattle herds in the world found at Stella land near Vryburg. The Marico region is also a cattle country, while the areas around Rustenburg and Brits are fertile, mixed- crop farming land. The province is an important food basket in South Africa. Maize and sunflowers are the most important crops and the North West is the major producer of white maize in the country.

2.6 REASONS TO INVEST IN MAFIKENG:

The construction sector plays a pivotal role in the development of the provinces infrastructure, which is necessary to create an enabling environment for economic growth and development. Currently the North West Province offers investment opportunities relating to road, rail and air transport, and bulk water and electricity transmission infrastructure and mining, agricultural activities and tourism opportunities.

2.7. SMALL CONSTRUCTION CONTRACTORS DEFINITION AND CLASSIFICATION

It is easy to identify what constitute a Small, Very Small and Micro Enterprise, but at the same time this does not apply when it concerns the definition of Small, Very Small and Micro Enterprise. One of the reasons adherence for this difficulty is the overlapping characteristics present in Small, Very Small and Micro Enterprises.

Despite the above challenges, the following definitions have made an attempts to clarify the concepts of Small, Very Small and Micro Enterprise and will look at it from Economic and Statistical dimension in order to choose one that suit the study best.

2.7.1 Statistical definition

A firms differ according to the number of employees, annual turnover and along industry type (Amra, Hlatswhayo& McMillian, 2013). SMMEs are also defined as supporting agencies for various industries. Definitions of SMMEs also vary between different countries in the world, where these different countries use different standards and different criteria to measure the size of firms (Amra, 2013). In a South African context, a SMME definition is based on size and structure, as well as the contribution of SMMEs to the economy, therefore it differs from other definitions, as stated in the beginning. (Berry, Von Blottinitz, Cassim, Kesper, Rajaranam, & Van Seventer, 2002).Quartey et al., (2010) uses a statistical definition to describe SMMEs. The definition emanate from the National Small Business Act 102 of 1996 which classifies SMMEs according to five categories and the categories are as follows:

The “statistical” definition, on the other hand, is used in three main areas: (1) quantifying the size of the small firm sector and its contribution to GDP, employment and exports; (2) comparing the extent to which the small firm sector’s economic contribution has changed over time; and (3) in a cross country comparison of the small firms’ economic contribution. Therefore, for the purpose of the study, statistical definition will be used as it better suit the criteria of the research.

2.7.2 Survivalist enterprise

Survivalist enterprise are the enterprises that generate income less than the minimum income standard or the poverty line. This category is considered pre-entrepreneurial, and includes hawkers, vendors and subsistence farmers (Quartey et al., 2010).

2.7.3 Micro enterprise

Micro enterprise are the enterprise with turnover less than the VAT registration limit (that is, R150 000 per year). These enterprises normally lack formality in terms of registration. They include, for example, spaza shops, minibus taxis and household industries. Their employees are no more than 5 people (Quartey et al., 2010).

2.7.4 Very small enterprise

Very small enterprises are enterprises employing fewer than 10 paid employees, except mining, electricity, manufacturing and construction sectors, that have 20 maximum number of employees. These enterprises operate in the formal market and have access to technology (Quartey et al., 2010).

2.7.5 Small enterprise

Small enterprise are the enterprise that have 50 maximum number of employees. Small enterprises are generally more established than very small enterprises and exhibit more complex business practices (Quartey et al., 2010).

2.7.6 Medium enterprise:

Medium enterprises are the enterprises that have 100 maximum number of employees, except mining, electricity, manufacturing and construction sectors that have 200 maximum number of employees. These enterprises are often characterized by the decentralization of power to an additional management layer (Quartey et al., 2010).

Table 2.2: Summary of SMME Classification as per Small Business Act (1996)

Part A	**Part B**	**Part C**	**Part D**	**Part E**
Sector as per Standard Industrial Classification	**Class or Size**	**Total Fulltime Equivalent of Paid Employees**	**Total Annual Turnover**	**Total Gross Asset Value (Fixed Property Excluded) '000 (Rm)**
Construction Industry	Medium	100	20 000	4 000
	Small	50	5 000	1 000
	Very small	20	2 000	0.40
	Micro	5	0.15	0.10

Source: (Quartyet, al., 2010)

2.8 SMALL BUSINESS GROWTH THEORY

Audrech, (2012) have proven that, the growth of the business cannot be determined by duration its establishment, the firm might be long established but remain small and the other might recently registered and grow rapidly due to different factors and conditions.

2.8.1 Small Business growth model

All businesses pass through growth stages and these stages are different (Scott and Bruce. 1987). The rate of change from one stage to another vary from business to business. Small businesses vary widely from either size or capacity for growth (Church hill and Lewis). Scott and Bruce, (1987) revealed that the growth of a small business is not dependent only on sales, total assets or number of employees. It is also dependent on internal factors such as aspiration of the management, owner vision, and attitude and also depend on external factors such as the entry of the new competitor into the market, change of technology etc.

Greiner, 1978 believes that, small business passes each growth phase through crisis.

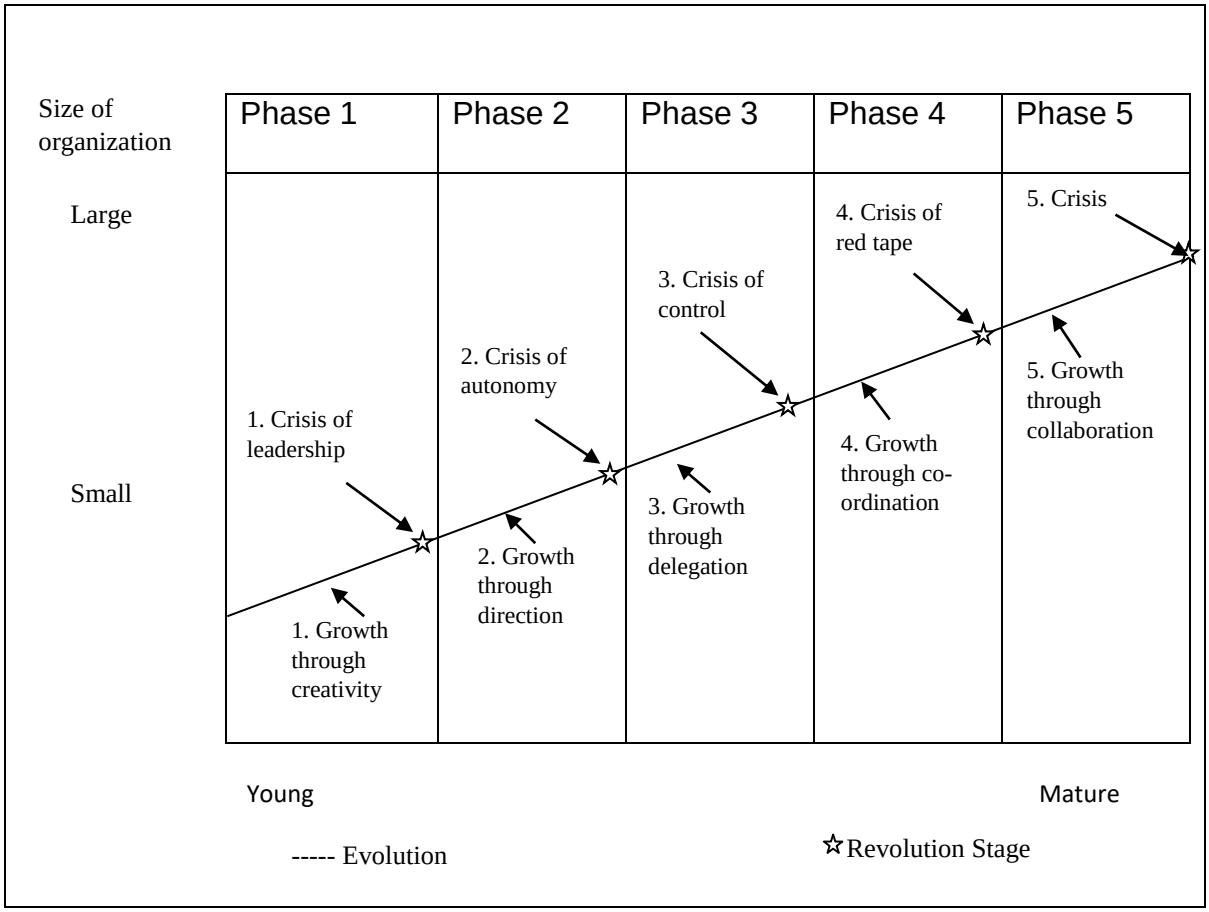

Figure 2.1: Greiner Model of the five stages of growth (Greiner, 1978)

2.8.2 Five Stages of Growth in Small Businesses

a) Stage 1: Inception

Inception stage is when the owner decide to open a business due to his/her unique reasons. Those reason might be entrepreneur ambitions, identified market gap, business skills, job scarcity etc. Mostly the skill of the founder determines the type of business and the way in which the business is run. The owner at this stage strive to develop commercial acceptance of its product and establishing market place in the market. The owner has a burden of financing the business or is being assisted by the close friends and family as normally there are limited or no funders to finance the business (Churchill and Lewis, 2007)

The owner does everything – supervisory, planning, controlling and financing the business, but if the company survived on this stages graduate to stage two (Scott and Bruce, 1987).

b) Stage 2: Survival:

When the company is at this stage, it mean the company has demonstrated that it is indeed in a workable business entity with customer that ate satisfied with the service rendered on product procured (Scott and Bruce, 1987). The company is still fairly small with limited number of employees supervised by sales manager in general foreman with no authority to make decision without owners concerns. The business at this stage require more finance and owner uses more creditor finance, e.g. bank overdrafts, short term loans. The level of competition is very uncertain. Most company remain longer at this stage, earning marginal returns but once they decide to grow either by choice or due to intense competition, they graduate to the next stage (Scott and Bruce, 1987).

c) Stage 3: Growth or Success

At this stage the company is profitable but very unlikely to benefit the owner by generating cash, most the profit generated goes back to the company to increase working capital.

The owner to decide whether to exploit the company accomplishment and expound or keep the company stable and profitable. This stage stretches both managerial and financial resources. The business have to finance growth. The most likely crises at this stage is the entry of larger competitors. (Scott and Bruce, 1987).

d) Stage 4: Expansion

If the company requires to be successful on this stage, it has to ensure that, budgetary controls, regular management reports and decentralisation authority accompanied by formalised accounting systems are the order of the day (Scott and Bruce, 1987).

e) Stage 5: Maturity

The environment in which the company operate is very formal, company is well structured, systems are in place and the company is in the verge of graduating from being small business to an established business.

The key issues facing management are expense control, productivity and funding growth opportunities.

Table 2.2: A Model for Small Business Growth (Source: Scott and Bruce, 1987)

	Stage 1: Inception	Stage 2: Survival	Stage 3: Growth	Stage 4: Expansion	Stage 5: Maturity
Stage of industry	Emerging, fragmented	Emerging, fragmented	Growth, some larger companies, new entries	Growth, shakeout	Growth/ shakeout or mature/ declining
Key issues	Obtaining customers, economic production	Revenues and expenses	Managed growth, ensuring resources	Financing growth, maintaining control	Expense control, productivity, niche marketing if industry
Top management role	Direct supervision	Supervised supervision	Delegation, co-ordination	Delegation	Delegation
Management style	Entrepreneurial, administrative	Entrepreneurial, co-ordinate	Entrepreneurial, individualistic	Professional, administrative	Watchdog
Organization structure	Unstructured	Simple	Fuctional, centralised	Functional, decentralised	Decentralised fuctional/product
Product and market research	None	Little	Some new product development	New product, ennovation, market research	Production innovation
Systems and controls	System bookkepping, eyeball control	System bookkepping, personal control	Accounting systems, simple control reports	Budgeting systems, monthly sales and production reports,	Formal control systems, management by objectives
Major source of finance	Owners, friends and relatives, suppliers leasing	Owners, suppliers, banks	Banks, new partners, retained earnings	Retained earnings, new partners, secured long-term debt	Retained earnings, secured long-term debt
Cash generation	Negative	Negative/breakeven	Positive but reinvested	Positive with small devidend	Cash generator, higher devidend
Major investments	Plant and equipment	Working capital	Working capital, extended plant	New opening units	Maintenance of plant and market position
Product-market	Single line and limited channels and market	Single line and market but increasing scale and channels	Broadened but limited line, single market, multiple channels	Extended range, increased markets and channels	Contained lines, multiple maekets and channels

2.8.3 Businesses in Construction Industry

The South African construction industry has experienced a decade of considerable growth and success, particularly as results of the government considerable infrastructure spending. According to the report from Department of Agriculture and Land Reform (2008:7), the construction industry managed to increase its contribution to South Africa's GDP by 18% between 2003 and 2008. However, the global financial recession of 2008 has, as in most sectors, put dampener on growth, but the industry was one of only few sectors to have increased its contributions to the GDP during the recession. For example in the 3rd quarter of 2009, it increased its contribution to GDP by 8.4% from what it was in 2008 (statistics South Africa, 2009: 41). However the growth in the construction industry cannot be considered in terms of the number of contractors moving from lower to upper grades in terms of CIDB register of contractors. In fact, 89% of all registered contractors that can be categorized as SMEs fall within level one of the Construction Industry Development Board's classification system as indicated in table1 (CIDB, 2015: online).

Table 2.3: CIDB National Register of Contractors: February 2015

Grade	Civil Engineering (CE)	Electrical Engineering, Building(EB)	Electrical Engineering Infrastructure (EP)	General Building (GB)	Mechanical Engineering (ME)	Total grades	Percentage
1	30731	1793	6303	64388	6380	109595	89.11
2	1566	165	169	2093	274	4267	3.47
3	857	53	107	631	107	1755	1.43
4	910	118	211	847	170	2256	1.83
5	695	120	233	625	172	1845	1.50
6	796	63	172	689	136	1856	1.51
7	403	40	77	321	60	901	0.73
8	138	9	35	108	34	359	0.29
9	64	2	25	40	30	161	0.13
Total						**122995**	**100.00**

Source: CIDB, 2015

In terms of the 2004 CIDB Regulation, made by the Minister of Public Works and in terms of the CIDB Act, 2000, construction SMEs in the lowest level of the CIDB National Register of contractors are restricted in terms of size of the projects for which they may tender (CIDB Regulation, 2004: online). Construction SMEs registered in grade one, which is the lowest level, may only tender for a project up to value of R200, 000. Contractors in grade nine may tender for unlimited value (CIDB, 2004: online). The bottom structure contain only an elite few that have the benefit of completing multimillion rand projects , as the contractors in the lower level are restricted to tendering for small non-complex projects (Cameron, 2007: online). For this reason, the CIDB has continuously expressed its concern over the high concentration of lower level contractors that fails to move up the grades (Cameron, 2007: online). The situation in the North West Province is particularly a source of concern as the CIDB (2010: online) noted that the number of grade one contractors in the province is disproportionately high at 90% of all contactors registered in the North West (Table 2). When compared with other provinces, for instance, the percentage in the North West is significantly higher as grade one contractors constitute 58% and 62% of the total number of registered contractors in the Gauteng and Limpopo respectively.

Table 2.4: CIDB North West Provincial Register of Contractors: February 2015

Grade	CE	EB	EP	GB	ME	Total grades	Percentage
1	1619	52	370	4436	349	6826	89.91
2	80	9	14	187	8	298	3.92
3	26	1	2	60	12	101	1.33
4	48	2	4	77	13	144	1.90
5	38	5	8	29	8	88	1.16
6	34	1	5	34	8	82	1.08
7	18	2	3	17	1	41	0.54
8	7	0	0	4	1	12	0.16
9	0	0	0	0	0	0	0
Total						**7592**	**100.00**

Source: CIDB, 2015

Based on the evidence above development of Small SMMEs in construction industry have a vital role to play in reconstructing and developing South Africa under the democratic era (Fori 1996). The Small Medium Micro Enterprise (SMMEs) remains a leading drive of job creation, poverty elevation and economic growth in South African and particularly in rural areas like North West Province.

2.9 FACTORS AFFECTING SMALL BUSINESS DEVELOPMENT

Tshivase, (2013) has revealed factors affecting emerging contractor's sustainable development and growth in Limpopo province are lack of strategy for business, poor productivity or efficiency, lack of access to capital, lack of project management skills, entrepreneurial skills, adverse political environment and lack of transparency in bidding process. Nxaba, (2014) have identified initiative to address challenges facing rural based SMMEs such as provision of good infrastructure, business management skills, business equipment and land. Thwala,(2008) revealed that SMME contractors in Swaziland fail simply because of limited access to finance, high cost of capital and weak support programmes from government. Moloi, (2013) revealed that organisations have to concentrate on the benefits of internal environment by applying business processes and external environment process will always be influential to the organization therefore organization should learn to adapt in response to the external environment change.

Furthermore, Thwala ,(2012) revealed that SMME contractors in Free State province does not succeed due to the lack of managerial skills, financial management, environmental and expansion factor. The study also revealed that SMME contractor lack information about SMME development and mentorship programmes available from government institutions. Ntuli and Allopi, (2014) discovered that SMME contractor lack construction related education, poor communication skill specifically communicating in English. Government need to play a major role in contractor development and create a conducive environment in the construction industry. Sawer, Prerius and Oerlemans, (2008) revealed that the strategies and capabilities SME contractors does no succeed due to lack of partnership with the large organizations. Sebone and Barry (2009) revealed some critical success factors on SMME contractor namely business management related, financial issues, capacity to train staff and lack of skilled manpower. Wells, (1985) found that construction activities are closely related to the economic growth due to the fact that construction is the major component of investment in any developing country. The above factors are examined hereunder in great details.

2.9.1 Lack of entrepreneurial skills

Skills development and training ensures that people who live in rural areas, where opportunities are available or could be developed are able to participate and benefit from development through business opportunities. An entrepreneur who lacks skills and experience is always unlikely to succeed in business, as the lack of skills not only includes actual operational skills that are necessary to run a successful business, but extends also to the basic knowledge of what construction business is all about, and how to benefit from a business development strategy.

2.9.2 Lack of technical skills

Lack of engineering skills is a critical challenge that affect rural SMMEs in construction industry as if affect day to day business. SMMEs are expected to have a basic engineering skills in order to understand operations for production, profit and quality of work.

2.9.3 Lack of finance

Lack of finance is viewed as a major challenge on rural SMME development (Kristen &Rogerson 2002). Another financial factor is that the most common form of funding is the use of personal savings or borrowings from friends and relatives for start-up capital. Issues of inadequate access and high interest rates are causes of the low usage of formal bank loans, which is exacerbated by complex application processes, lack of warranty, and poor credit history (Matule 2013).

According to Nichter and Goldman (2009) policies favour large enterprises while small enterprises face problems and difficulties to their development as a consequence of lack of finance. SMMEs usually have difficulties to develop as a consequence of lack of collateral, high transaction cost and the inability to deal with the complex financial instituions formalities. The financial institutions consider SMMEs as risk enterprises as such, face difficulties in obtaining loans. Most SMMEs start their business with finances raised internally but faced a challenge of obtaining loans from from financial institutions. This only send a signal of the difficulty awaiting the business ahead.

2.9.4 Competition

Competition has been identified as another challenge impeding the development of SMMEs in the North West Province. Many construction companies in the region and South Africa as a whole produce goods and services identical to those of other countries. Procedures and cost of starting a business forces enterpreneurs to avoid investments or join the informal economy. These barriers results in weaker competitons, unfair competition and adversely affect investment(World Bank 2012).

Furthermore, the altitude of consumers towards local products being associated with lack of confidence in the quality of these products is a negative phenomenon in the development of these enterprises , making imported products to be much desired.

2.9.5 Corruption and bureaucracy

In developing countries in general and South Africa in particular(in this context Mafikeng), SMMEs face serious challenges in developing administrative and operational procedures to deal with government regulations, such as costly and timely procedures to obtain licences and permits to establish business. This has a serious implication to the development and growth of the business. It is not uncommon to senior managers of SMMEs spending more time trying to negotiate with corrupt government officials than working for the business. As pointed out by Ahwireng-obeng and Piaray (1999: 78), bureaucratic corruption and red tape can significantly increase business cost. This only goes to emphasis corruption as a factor restricting the growth of SMMEs.

2.9.6 Technology

SMEs tend to have low productivity and they are weak in terms of competition which is the result of using inefficient technology, not maximizing machinery utility and not improving in technology due to the limitation of funding and most SMEs are mainly users of technology, not adaptors of technology (OSMEP, 2007).

The World Bank (2009) claims that investments in technology are required in order to build up existing capacity and to improve the quality and productivity of production which will generate in higher value-added products that will improve the competitiveness for firms.

2.9.7 Markerting

According to Brush et al. (2009) marketing is another obstacle for companies to grow since many businesses confront challenges establishing effective distribution channels, communicating product features, pricing products and services in an attractive way, implementing sales and marketing efforts to win and retain customers and undertaking constant product development in order to sustain sales. SMEs generally do not have the knowledge or information about other markets, thus, this limit their ability to market their products to larger groups of customers and expand their business.

2.9.8 Impact of unemployment

Unemployment is also one of the factors restricting the development and growth of SMMEs in the North West Province. As pointed out by Viviers et al, (2014:4), unemployment impacts on enterpreneurship process.

Where there is high level of unemployment, people resort to enterpreneurship for survival (Wickham 2001:63). This of course means the business is bound to fail even before it is started. The reason being that, the people lack the necessary skills to manage the business. The problem is further compounded by the fact that, the high unemployment means consumers have little disponsable income to spend on goods and services which acts as a limitation to the SMMEs market.

2.9.9 Interest rates

Interest rates also play a limiting role the development and growth of SMMEs in the North West Province. The view has been echoed by Ligthelm and Cant (2002:5). Low interest rates facilitates access to capital. South Africa's 15% interest rate limits consumption rate and the amount the amount that can be raised through it (Viviers et al, 2001:14)

2.9.10 Inadequate infrastructure in the rural areas

Infrastructure is one of the most critical factors for the economic development in that it interacts with the economy through the production processes and changes in the quality of infrastructure available will greatly impact the production and performance of an organisation's level of output, profits and employment (Lawrence and Goldman, 2016)The deficiency in infrastructure in the North West Province in the form of roads, offices and a suitable business environment leaves much to be desired. This has a limitation on the ability of SMMEs to grow.

2.9.11 Lack of resources

Resources of vital important on promoting sustainable business on the rural SMMEs in the North West province. The resource could be finance, plant and equipment, labour. Financial, business management skills and marketing difficulties were indicated as constraints, as several rural construction businesses are small in scale and hence experienced financial, business management skills and marketing problems. (Tshivase 2013).

2.9.12 In-conducive business environment

SMMEs are struggling to survive to in-conducive environment that they operate in (Thwala 2012). The political interference that influence who win or not the tender affect the sustainability of small business as it violate section 217 of South African constitution upon the fairness, competitiveness, affordable, transparency. The other challenge is the legislative requirement e.g. Tax law, Health Safety, Labour law.

In addition to the above,the political enviroment also plays an important role in the development and growth of SMMEs. This is so because the political climate of a country can act as a catalyst of a business in positive or negative way. In a coutry like South Africa, SMMEs are faced with an unfriendly enviroment in relation to politics. The number of strikes and uncertainties in the system only work against the SMMEs. Thembi et al (1999:104) pointed out that, " the political and legal requirements of doing business in a country can be a possible enhancer or stumbling block to the development of enterpreneurship".

The importance of SMMEs to the economy of developing countries need not be overemphasised. This makes it imperative to have government policies that support SMMEs including regulations that enable them (SMMEs) to operate efficiently and regulations that reduce their administrative cost (Harvie and Lee 2005). Although there have been initiatives to promote and support SMMEs in order to enchance their development and reduce poverty in the country, there is still lack of laws and clear administrative procedures such as accessibility to assistance from the government.

2.9.13 Taxes

Taxes is one of the important determinants of the growth and development of SMMEs. According to Robertson et al (2003:11), one of the key factors inhibiting SMMEs development is taxation. The importance of taxation is that, it affects the earnings or profit of the SMMEs. If tax the rates are very high they affect the profit incentives of SMMEs. This is particularly true of a country like South Africa with high Value Added Taxes (VAT) and Corporate tax (Viviers et al, 2001:4) The issue of taxation is further complicated because most SMMEs do not have resources to compile and file tax returns. As such, they have to make use of hired experts which further drained on the profit margins of the SMMEs.

2.9.14 Limited trading market

Lack of market demand for SMMEs in construction is one of the constraints that make it difficult for business owners to operate in the North West province. Most tenders on general building and civil works are most favouring those with CIDB grading of 6CE/GB and above (CIDB i-Tender 2014).

2.10 INSTITUTIONS AND PROGRAMMES GOVERNING SMME DEVELOMENT

The small business development is not an individual responsibility but is collective effort of many stakeholders striving for a common goal. Emerging Contractor Development Model show most of the key stakeholders required in developing a small business (Hauptfleisch 2006:5).

It have be alluded previously that government of the Republic of South Africa tries to create an enabling environment for Small Medium Micro Enterprise in construction through legislations and programmes.

SMME development require an effective model that coordinate and integrate all the possible support that include capacity development, technical and managerial skills, financial support, mentorship etc. Integrated Emerging Contractor Development Model is the better strategy that combines all the roll players required for contractor development as illustrated on the figure below:

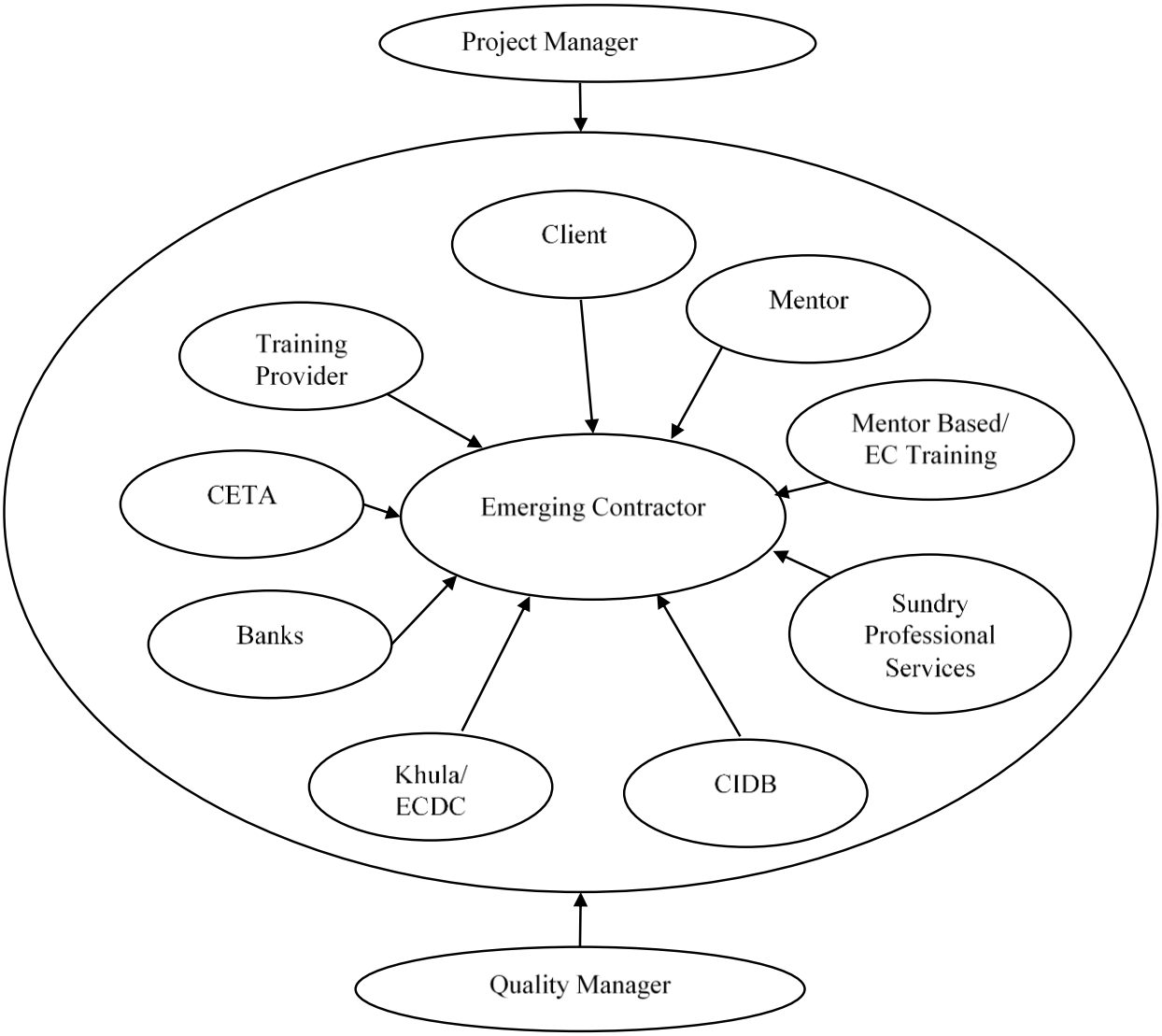

Figure 2.2: integrated Emerging Contractor Development Model (Source: Hauptfleisch 2006:5)

2.10.1 Client (Government Institutions)

North West province is classified as one of the rural province with high rate of un-employment and poverty. North West province is also subjected to the inadequate infrastructure ranging from roads, housing, water, schools, hospitals and public transport. Government have to use these infrastructure challenges as the opportunity to develop SMMEs and that will enable rural areas to compete with more affluent areas in order to attract investment and promote sustainable economic development (DTI, 2008).

2.10.2 CITA for skill development

Nxaba (2014) cited that one of the serious challenges facing SMMEs is the lack of business skills. Their lack of business skills results in the quick death of their businesses. McGarth declares that these skills development challenges are as a result of the incongruity of the education and training needs and the actual needs of the economy. Therefore, even if there is training provided around business development, it is often inappropriate (McGarth, 2005). If skills development for SMMEs is provided like classroom training, it could prove fruitless for small business (Nxaba, 2014).

2.10.3 Construction Industry Development Board (CIDB)

Legislation applicable to public sector construction procurement are those applicable to procurement in general, the CIDB Act, the Regulations to the Act and the prescripts issued by the CIDB. Section 2 of the Act establishes the CIDB as a juristic person and regulatory board for the construction industry and construction procurement in particular. The Act sets out the powers and functions of the board, it requires a register of contractors to be created for efficient procurement practices and to facilitate public sector construction procurement (Anthony, 2012).

In terms of section 5(1) (vii) the CIDB must promote and implement policies aimed at procurement reform. Section 5(1) (viii) provides that the board may promote and implement policies and programmes aimed at standardisation of procurement documentation, practices and procedures. The board is empowered in terms of section 5(4) (b) to initiate, promote and implement national programmes aimed at the standardisation of procurement documentation, practices and procedures. Section 5(3)(c) of the Act further places an obligation on the CIDB to promote standardisation of the procurement process within the framework of the government procurement policy in order to advance the uniform application of policy in the construction industry (Nxaba, 2014).

2.10.4 Banks and other funding institution

Nxaba (2014) cited that completely owned by the Industrial Development Corporation (IDC), Small Enterprise Finance Agency (SEFA) has been launched by the South African government to address funding constraints to SMMEs (Municipal

Focus, 2012). This initiative is as a result of the acknowledgement by government that lack of finance is one of the biggest challenges stifling growth of small businesses.

Similarly, as part of initiatives in the New Growth Path to create employment opportunities, government is looking at developing and growing the SMME sector, but challenges to SMME funding have constrained this ambition (Municipal Focus, 2012). SEFA, according to Municipal Focus (2012) will service small businesses in need of funding up to R3 million – with its lending instruments include direct lending to small businesses, wholesale loans to financial intermediaries and credit guarantees for businesses requiring bank finance.

Beck and Demirguc-Kunt (2006) state that SMMEs the world over identify access to finance as the biggest challenge to their development. Some studies, according to Beck and Demirguc-Kunt (2006) have identified that SMMEs are more constrained than large firms and are less likely to access finance for their development and sustainability.

2.11 SMMEs SUPPORT PROGRAMMES

The SMME supporting framework of the National government as put on the White Paper of the National strategy for the development and promotion of small business in South Africa mentions twelve elements that indicate the government's commitment to SMME promotion (Nxaba, 2014). As briefly highlighted in the above, the White Paper later became the National Small Business Act of 1996. No other document on the same subject matter has been published after this one. This Act identifies the SMME support framework as consisting of the following: the creation of the legal framework that would enable small businesses to function, streamlining regulatory conditions, helping small businesses to access information and advice, helping small businesses to access market and procurement, assisting small businesses to access finance, building the physical infrastructure, providing training in entrepreneurship skills and management, encouraging joint ventures between government and business as well as business to business, assisting in building capacity, giving financial incentives. Though these elements have been slightly touched in the above as challenges facing small business, it is worth clarifying their significance of application:

Creating an enabling legal framework recognises the importance of small business sector in economic reconstruction and development as well as facilitation of policy implementation, the government passed amongst others, a Transaction and Procurement Act, a Small Business Finance Act, and a National Small Business Act 1996 (Act). The latter was established to provide guidelines for organs of state in order to promote small business in the country. The Act was also intended to incorporate an appropriate legal framework for co-operatively organized small business which fell outside existing legislation on co-operatives. The Act stipulates all the types of SMMEs.

Streamlining regulatory conditions, the government, as a regulatory body, has, according to the Act, committed itself to putting appropriate regulations through the Department of Trade and Industry, which is tasked with monitoring the regulatory reform process. Through the Act, it has to look particularly at existing regulations pertaining to taxation, labour, zoning, health and occupational conditions, and how they can be made more suitable for small business, to look at small business constraints by the Competition Board as well as making sure that provincial and local tiers of government reduce restrictive legislative and regulatory conditions. Government has committed to facilitate feasible avenues of legal assistance to small business, facilitate matters of business registration and licensing and simplified tax returns forms.

Access to information and advice is a government initiative encouraged the formation of country-wide network of national local service centres (LSCs) where prospective entrepreneurs get mentorship and business advice from the business experienced advisors. Basically it’s the transfer of business skill, information and experience to small start-up enterprises.

Through access to marketing and procurement the South African government promotes the small business growth through encouraging the Competition Board to prevent and reform restrictive practices suffered by small enterprises and to make the Competition Board more accessible to SMMEs, motivate the big business sector to systematically expand its links with small enterprises, simplify tender procedures among all public-sector and parastatal tender authorities in order to make it easier for small enterprises to compete and eliminate gender bias, adjust public procurement practices at central, provincial and local government levels in order to

facilitate the granting of some proportion of contracts to black-owned or controlled enterprises, encourage/facilitate small-enterprise export-support programmes and to promote reasonable access to raw materials and quality services at affordable prices.

By access to finance, the South African government, through the Act is committed to assisting small enterprises by establishing links with commercial banks and other SMME financiers like, Small Business Development Corporation (SBDC), Get Ahead, Informal Business Enrichment Centre (IBEC), The Informal Business Training Trust (IBTT), the Development Bank of Southern Africa (DBSA), the Independent Development Corporation (IDC) and other small-business financiers (Nxaba, 2024).

2.11.1 Government Support and Programme for SMME Development

North West province is classified as one of the rural province with high rate of un-employment and poverty. North West province is also subjective to the inadequate infrastructure ranging from roads, housing, water, schools, hospitals and public transport. Government have to use these infrastructure challenges as the opportunity to develop SMMEs and that will enable rural areas to compete with more affluent areas in order to attract investment and promote sustainable economic development (DTI, 2008).

2.11.2 Expanded Public Works Programme (EPWP)

The Expanded Public Works Programme (EPWP) is a major national initiative to directly promote employment generation and stimulate economic growth through training. Together with skills development it is the primary active labour market policy pursued in South Africa (DTI, 2008).

The North West Province champions the contractor development programmes e.g. Vukukuphile or Re-phelele through the Department of Public Works and in promoting the following contractor development programmes but less has results seen from the SMMEs (Public Work Annual Report, 2013). The strategic plan of the North West Department Public Works and Roads has identified the following areas of performance as key to sustainable development of contractors: Job creation and labour intensive programmes:

It is expected that the Department will align and comply with the Construction Industry's BEE Charter and EPWP guidelines. BEE and local resource: The Department is proposing to use current actual procurement expenditure from the Supply Chain Management (SCM) unit to determine the achievable targets on an annual basis. Furthermore, the Department wants to expand the EPWP guidelines to all of its projects in construction and maintenance.

Training Programmes: The Department is considering the development of the Community Training Strategy which will facilitate the development of appropriate skills within the community.

The Annual Performance Plan (APP), the Operational Plans (OP) and the Infrastructure Plan (IP) are vehicles for the success of the above key performance areas (KPAs). Appropriate budgets need to be made available in support of various targets set within the implementation plans (Public Work Annual Report, 2013).

The emerging contractor development strategy need to be aligned with the infrastructure budget priorities within the APP (i.e. type and value of current and capital works). The strategy should respond to: Type of work to be performed by the Department within various Local and District Municipalities; Operational skills required to be developed over the short and medium term; number of contractors to be developed per CIDB grading level per local / district municipality area; The B-BBEE targeting strategy (B-BBEE Codes Scorecard and operational strategy for the development of emerging contractors); and Financing requirements for the programme beneficiaries (this require facilitation by the Department with various financiers or use the financiers who have entered into a memorandum of agreement with the CIDB)

Note: The above strategy should not only rely on the Department's infrastructure budget, but consideration should be given to the work opportunities available from other client bodies. The co-ordination of efforts will be a crucial factor in achieving the effective targeted strategy for empowerment in general.

The strategy should also promote the participation of women, youth, people living with disabilities and rural people.

2.11.3 Provision of access to finance

Nxaba (2014) cited that completely owned by the Industrial Development Corporation (IDC), Small Enterprise Finance Agency (SEFA) has been launched by the South African government to address funding constraints to SMMEs (Municipal Focus, 2012). This initiative is as a result of the acknowledgement by government that lack of finance is one of the biggest challenges stifling growth of small businesses.

Similarly, as part of initiatives in the New Growth Path to create employment opportunities, government is looking at developing and growing the SMME sector, but challenges to SMME funding have constrained this ambition (Municipal Focus, 2012). SEFA, according to Municipal Focus (2012) will service small businesses in need of funding up to R3 million – with its lending instruments include direct lending to small businesses, wholesale loans to financial intermediaries and credit guarantees for businesses requiring bank finance.

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2.11.4 Provision of conducive environment

Nxaba (2014) cited that, a conducive environment which is required by the SMMEs is undoubtedly crucial for their successful operations. As a result, the National Small Business Act, 1996 makes provision for the South African government. Nieman (2006) further states that an enabling environment is essential to SMMEs as it provides levels of support which play a role to their proficient operations.

According to Rogerson (2006), SMMEs are often subjected to legislative requirements (e.g. tax laws, labour laws and laws related to small business registration). These laws are said to be tedious to SMME owners, especially owners who are still at an early stage of their businesses establishment. This burden often forces SMME owners not to comply with the relevant laws, thus preventing the graduation of these SMMEs to the next advanced stage of business development.

2.11.5 The micro-economic reform strategy

The micro-economic reform strategy places small business development, the need to ensure equity (through broad-based black economic empowerment (B-BBEE) and gender initiatives), prioritising the growth sectors, special geographical focus (particularly rural areas where poverty and unemployment is high), and the need for strong co—ordination of support measures, at the heart of micro-economic reform (Nxaba 2014)

2.11.6 Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

The core objective of AsgiSA is to alleviate poverty and unemployment by 2014. AsgiSA stipulates a number of focus areas that need to be closely monitored and supported through relevant policies, strategies and programmes. These are areas of importance in the acceleration of small business promotion and enterprise growth, and include: access to procurement opportunities to small enterprises, easing the regulatory burden on small enterprises, access to finance (particularly venture capital) and easing the cash-flow problems experienced by small enterprises doing business with government (Nxaba 2014).

2.11.7 Broad-Based Black Economic Empowerment strategy (B-BBEE)

Equity in the public procurement context refers to substantive equality. This means that the socio-economic circumstances of construction contractors should be taken into account when contracts are awarded (Nxaba, 2014). This is referred to as preferential or targeted procurement. Regulation 5 of the Construction Industry Development Regulations provides that in terms of a targeted development programme, potentially emerging contractors in particular grading designations allocated specifically for the purpose of development programmes on the Register of Contractors, may be identified. When contractors apply to be placed on the Register of Contractors, their status as potentially emerging construction enterprises and their status in terms of a best practice recognition scheme is considered. Provision is therefore made for equity to be implemented in construction procurement qualification criteria. Regulation 6(d) further provides for a contractor's B-BBEE status to be considered when applying to be placed on the Register of Contractors (Anthony, 2012).

Objectives of the B-BBEE strategy bear relevance to small business development. These include attaining and maintaining a significant increase in the number of new black enterprises, increasing the number of black people who own and control existing and new enterprises in the priority sectors of the economy which government has identified in its macro-economic reform strategy, and increasing and promoting economic community enterprises and co-operatives (DTI, 2005). Other than that, as increasing enterprises owned by blacks, the B-BBEE strategy also aims to increase procurement from black-owned enterprises, and to strengthen the supply capacity of black-owned firms. That entails, setting preferential procurement measures to increase levels of preference to black-owned enterprises. Also, through the Department of Trade and Industry, the B-BBEE strategy aims to co-ordinate incentive grants that target SMME initiatives, and to establish an administration (Nxaba, 2014)

2.11.8 Construction Education and Training Authority

The Skills Development Act (Act 97 of 1998) provides for the creation of a Sectorial Education and Training Authority (SETA) for each of the various economic sectors. The Construction Education and Training Authority (CETA) is responsible for the construction industry. A levy, expressed as a % of salaries and wages paid by employers, is placed in a fund that is applied in terms of stated guidelines, to ensure that education and training take place in the industry.

2.11.9 National strategy for the development and promotion of franchising in SA

This strategy seeks to promote the contribution of franchising to the economic empowerment of historically disadvantaged entrepreneurs through increasing their participation in franchising. This entails: creating an entrepreneurial culture through franchising, promoting associations and connections between big and small enterprises so as to encourage the establishment of new franchise enterprises. For this to materialize this strategy proposes to stimulate entrepreneurship by putting processes to stimulate a culture of entrepreneurship through franchising. This strategy also proposes a framework to franchise opportunities using a comprehensive database of franchise opportunities, especially on affordable

opportunities that will attract entrants from previously disadvantaged communities (DTI, 2005).

Although there appear to be a lot of effort that has been made in this regard, much is left to be desired as SMMEs still face growth challenges.

2.11.10 Strategic framework on gender and women's economic empowerment

This strategy proposes various initiatives aimed at providing various kinds of support to women-owned enterprises (Nxaba, 2014). This involves entrepreneurial education and training through "women enterprises programmes" and young women in entrepreneurship programmes". This strategy also proposes the escalating of business information for women through "business symposia" and "information business fairs/forums". Furthermore, this strategy proposes developing rural women entrepreneurs through "economic capacity development" and co-operatives capacity-building programmes (DTI, 2005).

2.11.11 National youth enterprise strategy

The youth enterprise strategy outlines the key objectives to be attained through its implementation: to target youth and enhance their entrepreneurial quest, to nurture entrepreneurial talent among youth so that they feature in the South African socio-economic life, and to make micro-finance readily available to prospective young entrepreneurs (DTI, 2005).

2.11.12 Co-operatives policy and development draft strategy

Through the Department of Trade and Industry, this strategy seeks to ensure that all policies, strategies and support programmes which are developed to support SMMEs are aligned and available to support co-operative entrepreneurship, and stimulate the participation of co-operative enterprises in the economy. Support programmes which provide business skills and access to finance and access to markets will be designed across government and its agencies to promote co-operatives sector (DTI, 2005).

2.12 LEGISLATION AND POLICES REGULATING SMME DEVELOPMENT

2.12.1 White Paper on the Development and Promotion of SMMEs

The main objective of this Act is to regulate, stimulate and promote small business activities in South Africa. In brief, the Act states that SMMEs represent an important vehicle to address the challenges of job creation, economic growth and equity in South African society through the diversification of the economy, enhancement of the country's productivity stimulation of investment and the flourishing of entrepreneurship (Nxaba, 2014).

2.12.2 National SMMEs Act 102 of 1996

The Act was passed in 1996 in order to simplify the regulatory procedures of the small business sector and make the environment conducive for SMMEs. As mentioned in the above, the objectives of the Act were to establish both the National Small Business Advisory Council and the Ntsika Enterprise promotion agency. The Act also encourage all the government departments to instill and promote the culture of entrepreneurship (Nxaba, 2014).

2.12.3 National SMMEs Amendment Bill of 2003

The purpose of this Act was to amend the National Small Business Act. Those amendments involved the creation of a voice for small businesses, especially during the closure of National Small Business Advisory Council. The amendments also entailed that the mandate of Ntsika Enterprise Promotion Agency is focused and to remove the overlap of its functions with other organizations (Nxaba, 2014).

2.12.4 National SMMEs Amendment Act 29 of 2004

This Act amends the National Small Business Act, 1996, so as to repeal all provisions pertaining to Ntsika Enterprise Promotion Agency, and provides for the establishment of the Small Enterprise Development Agency (SEDA). The Act makes provision for the incorporation of the Ntsika Enterprise Promotion Agency, National Manufacturing Advisory Centre and other designated institution into SEDA and to provide for the necessary transitional arrangements to this effect (Nxaba, 2014).

2.13 SUMMARY AND PROBLEM STATEMENT

The focus on this chapter was to examine and discuss factor affecting Small Construction Contractors in Mafikeng and the chapter have revealed that major challenges facing SMMEs are access to finance, lack of business skills, lack of engineering skills, access to the market, legislation, environment where the SMMEs operated, infrastructure and shortage of resources. Secondly the study outlines the strategies to overcome the challenges faced by rural SMMEs. Lastly the study discusses the contractor development programmes in the North West Department of Public Work.

CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

Research is broadly divided into and characterised by two approaches: research method and research methodology. Research method is a variety of techniques that people use to study a given phenomenon. They are planned, scientific and value neutral. On the other hand, Tuli (2010) cited that, research methodology is define as how the research will be conducted in order to justify the methods used for the research.

The structure for research methodology chapter is as follows: the section 2.2 is a the research approach, which provides a discussion of and justification for the methodology adopted in the research; section 2.3 discusses the purpose of the research as it influence the research method choice; section2.4 discusses the guidance from similar studies, section2.5 intensively discusses how data will be collected and analysed, including the basis for data selection; section 2.6 provide details on how data will be treated; the seventh section provides detail about the measures undertaken to ensure that the research is valid and reliable and the last section of this chapter is the summary.

3.2 RESEARCH DESIGN

The design of this research project is not only informed by the theoretical underpinning but more importantly by the actual research question. The literature review identified the factors constraining the development of small construction contractors in Mafikeng. These factors can either be classified as internal or external. The objective of this research is to make a contribution to the understanding of why small construction contractors in Mafikeng fail to succeed.

3.3 RESEARCH STRATEGY

The aim of the study is to develop a better understanding of factors affecting growth of Small Contractors in Mafikeng. The research philosophy behind the study is traditional positivist epistemological position (positivism).

The data will be developed from surveys using questionnaires and interviews through focus groups. Since the research is mixed method, an evaluation and analysis of existing knowledge e.g. journal articles, previous research and dissertations, policies, Infrastructure plans and strategies of the Northwest Department of Public Works and Roads CIDB regulation will be used. It is a mixed method in that, it review existing literature concerning SMMEs and also administer questionnaire and interviews to those concerning with SMMEs.

The mixed method of research has been chosen for this study because it involves collecting, analysing and integrating quantitative (experiment, surveys) and qualitative (focus groups and interviews). It is particularly important in that it provides a better understanding of the research problem than if either the qualitative or quantitative method is used alone.

Furthermore by using the mixed research method, the researcher gains in breadth and depth of understanding and corroboration while offsetting the inherent weaknesses in each of the approach.

3.3.1 Qualitative Research Method

It investigates the why and how of decision making not just the what, where and when. This mode of investigation has some advantages. According to Wolcolt,(1990) the qualitative method of research has two advantages. Firstly, it produces an indepth comprehensive information and, secondly, it uses subjective information, participatory observation, to describe the context or natural setting of variables under consideration, as well as the interaction of the various variables in the context.

Qualitative research studies involve considering human action from a view of behaviour (Babbie and Mouton, 2001). It investigates the why and how of decision making not just the what, where and when. There are different methods of collecting qualitative research data such as focus groups, individual interviews and in-depth interviews. Structured questions will be used for set interviews going door-to-door to the SMMEs key informant e.g. Department of Public Works and Roads officials, CIDB officials, Consultants of the North West province. Matela, (2013) cited that, advantages of structured interviews are that they allow the interviewer to gain a broader understanding of the research problem, and to probe and ask all relevant questions.

3.3.2 Quantitative Research Method

Quantitative research is a systematic and objective process that investigates a particular problem by using numerical data. Quantitative research methods include self-administered questionnaires and telephonic surveys (Babbie& Mouton, 2001). This mode of inquiry is widely used in the natural and social sciences. The phrase 'quantitative research' is often used in the social sciences in contrast to the qualitative method. The objective of the quantitative method of research is the development of mathematical models, theories and hypotheses pertaining to natural phenomena.

This study uses both interviews and questionnaires as a means of generating data. The reason being that, it is based on the mixed method of research. Interviews are particularly important for getting the story behind a participants experience. The interviewer can pursue in-depth information around the topic.Interviews may be useful as afollow up to certain respondents to questionnaires

Questionnaires are important in that they allow for feedback from a large number of participants , where it is impractical to collect feedback using other more resource intensive methods.

Interviews and questionnaires complement each other in a mixed research method. While questionnaires can provide evidence of patterns amongst population, qualitative interviews data often gather more in-depth insights on participants attitudes, thoughts and actions (Kendall,2008).

3.4 GUIDANCE FROM SIMILAR STUDIES

My research design was also influenced by observations of other researchers with similar studies. A study by Archary (2009), which sought to determine the role of government support programmes in SMME development in South Africa, used a qualitative research method because the purpose of the study was exploratory. Another study by Musengi-Ajuly (2009), which aimed to examine whether there is a need to differentiate between family and non-family businesses and whether this should be along ethnic groupings when providing small enterprise support, also employed a qualitative research, with interviews as the primary data collection method.

The study also used purposive sampling to select respondents for the interviews. In my view, both of these studies are similar to my study, and provided valuable lessons about the methodology that I could use.

3.5 POPULATION AND SAMPLING

3.5.1. Population

The targeted population of the study will be SMME's in construction industry residing in the North West Province that are registered to the database of Provincial Tender Board in Mmabatho Office, Construction Industry Development Board (CIDB), Public Works - Emerging Contractor Development Programme, Municipality Development Programme and Contractor Development Key informants (Public Works Infrastructure Programme Manager and Consultants involved in the contractor development programmes). The population of this study has been divided into two: Construction SMMEs with CIDB grading of 2 and 3 and Contactor Development Key informants.

Participants: are defined as the Small Construction Contractors selected to participate on the study

Contractor Development Key Informants: are defined as the Infrastructure Programme managers from either Municipality or Public Works in Mafikeng and also consultant representatives involve in contractor development in Mafikeng.

3.5.2 SAMPLING

Matela (2013) cited that, in order to study a population that is large, a researcher may draw out a subset of the population, commonly known as a sample, to make a generalization about that population.

Firstly, the probability sampling method using stratified sampling is found most suitable for the research. A probability sampling method is any method of sampling that utilises some form of random selection. In order to have random selection method, you need to set up some process or procedure that assures that different units of the population have equal probabilities of being chosen.

The selection criteria adopted to form a target population is as follows:

3.6 INSTRUMENT

The study will use two types of instrument to collect the data as it has been indicated above that the population of the research is divided into two, (1) Construction SMMEs with CIDB grading of 2 and 3 in Mafikeng (2) and Contractor Development Key informants (Public Works Infrastructure Programme Manager and Consultants involved in the contractor development programmes).

Data collection Instrument to be used on the study will be structured survey with designed questionnaire and the instrument to be used for contractor development key informants will be structured interview with designed questionnaire.

3.7 DATA COLLECTION RESULTS

According to Creswell (2003), data collection is a series of interrelated activities aimed at gathering information to answer research questions. The research approach uses specific tools to collect data and the approach is mostly informed by the previous similar research studies. The tools commonly used for mixed research include, survey, interviews, document analysis, direct observation, physical artefact and audio-visuals (Leedy and Ormrod). Surveys and interviews is found to be the most appropriate data collection tool for this study.

3.8 DISCUSSION OF RESULTS

Matele (2013) cited that, qualitative data analysis is a process that includes defining, categorising, theorising, explaining, exploring and mapping data to facilitate the discovery patterns and relationships of information. Microsoft Word and Excel programmes will be used to present the graphics.

3.9 VALIDITY AND RELIABILITY

The concepts of validity and reliability always associated with quantitative research measurements; they are also considered important in qualitative measurements but applied differently from quantitative research. Matele (2013) cited that, qualitative terms, „reliability" is the extent to which measures allow for replication of instruments, responses and analyses however and whenever conducted; while validity refers to the extent to which the measure gives accurate information even when alternative methods are used (Kirk and Miller, 1986:19).

Merriam (1998) suggests a number of strategies that can be adopted to promote validity and reliability of measurement instruments, including triangulation, audit trails, maximum variation, and peer review, amongst others.

To ensure validity and reliability of this study, the triangulation strategy will be used. Triangulation refers to the multiple uses of sources of data or data collection methods to corroborate findings. As already indicated under the data collection section that the study will use surveys and interviews as the primary source of data. I will then use document analysis to verify the information. Using multiple sources in document analysis will enable me to crosscheck accuracy of information. The primary data collection method involves surveys and interviews which will be corroborated by document analysis.

3.10 ETHICAL CONSIDERATION

While in the above section some measures ensuring a rigorous conduct of the fieldwork are explained, and even some measures for addressing potential ethical problems are mentioned, some brief review of the research in terms of adherence to a reasonable ethical code of conduct is given. There are five ethical aspects to be considered on my study:

3.10.1 Ethical Clearance

Application for ethical clearance will be done through University of the Witwatersrand as the institution that has enrolled me for Master's degree. It is important to mention here that, a consent letter can be found in the appendix of the text.

3.10.2 Consent of Participants

The participant will be ask to sign a consent agreement prior the participation on the study. The consent form signed by the participants is appended in the text.

3.10.3 Voluntary Participation

It will be explicitly communicated to the participants that, they are not forced to participate on the study and the study is only for the educational purposes.

3.10.4. Confidentiality of Information Provided

It will be communicated to the participants that, their information will be kept confidential and it will not be accessible by anyone except for this study concerned. The information given by participants is secured by Information Department of the University

3.10.5 Victimization of Participants

The participants will be assured that, their participation will not result on victimization as the study is only for educational purposes.

CHAPTER 4: DATA COLLECTION AND RESULTS

4.1 INTRODUCTION

This chapter provides data collection and results for Construction Small Medium Micro Enterprise owners in Mafikeng. For this objective to be achieved, it is important to highlight the Socio-economic profile of Mafikeng and the structure of SMME in the Area, it shall then proceed to present the analysis of data and the results.

4.2 PRESENTATION OF RESULTS AND DISCUSSION OF FINDINGS

A total number of 25 questionnaires were distributed to construction SMME in the Mafikeng area, and 17 were return fully and correctly filled in. In the same light, a total number of 3 different sets of questionnaire were distributed to officials of Contractor Development Directorate in the Department of Public Works and Roads and 2 were return fully and accurately filled in the results from SMME owners and government officials' one represented in table, format. The variable in the questionnaires one shown in frequently table and % followed by explanations and discussion: The analysis of the questionnaire is done in two different groups. First is the responses of the questionnaires from the SMMEs and then those of officials from Department of Public works.

4.3 CHARACTERISTICS OF THE RESPONDENTS

- Under this head, the focus of the study with SMME development in Mafikeng area is explained. The survey was limited to SMMEs that operated in the construction industry. The reason being that, it is the focus of the study. In each case, the frequency and percentage is given.
- With regard to funding, what is the % of those interviewed who have received / not received any form of funding. In terms of location, the % of those interviewed, what % of those who operate in urban areas and what % operate in rural areas?
- In terms of ownership of those interviewed, what % is owned by blacks, by whites. Also sex ratio, owned by males, females, same applies to technology usage. Profit making finance availability training, lack of marketing all in %.

4.4 Results from Interviews

This section describes the results from the interview. It should be noted that, a total of 11 interviews were conducted, all the respondents gave different reasons as to why SMMEs in the Mafikeng region are not growing. The owners or managers of SMMEs were interviewed.

Table 4.4.1: Access to finance

Factor description	**Frequency**	**Percentage**
Prefer not to say	0	0%
No of companies with challenge of access to finance	11	100%
No. of companies without challenge of access to finance	0	0%
Total	11	100 %

The information in table 4.4.1 shows the respondents response in relation to access to finance. The majority (100%) of the respondents reported that they faced a challenge in relation to access to finance. On the other hand, 0% of the respondents reported their position as regards finance. It is also important to mention here that, 0% prefer not to say.

Table 4.4.2: Influence of Politics

Factor description	**Frequency**	**Percentage**
Prefer not to say	0	0
No of companies with challenge of laws and regulation	6	54.5%
No of companies without challenge of laws and regulations	5	45.5%
Total	11	100 %

The information in table 4.4.2 reveals that (54.5%)of the companies consider the influence of politics as a factor affecting their development .The table further indicates 45.5% indicates politics as not being a challenge. While 0% prefer not to say.

Table 4.4.3: Marketing

Factor description	Frequency	Percentage
Prefer not to say	0	0
No of companies with challenge of laws and regulation	7	63.6%
No of companies without challenge of laws and regulations	4	36.4%
Total	11	100 %

The data in table 4.4.3 above indicates the majority (63.6%) of the companies consider marketing as a challenge to their development. A further 36.4%of the companies reported that market is not challenge while 0% prefer not say.

Table 4.4.4: Corruption

Factor description	Frequency	Percentage
Prefer not to say	0	0
No of companies with challenge of corruption	8	72.7%
No of companies without challenge of corruption	3	27.3%
Total	11	100 %

The information in table 4.4.4 reveals that 72.7 % of the respondents view corruption as a challenge to restraining. Furthermore, 27. 3% respondents responded that corruption is not a challenge while 0% prefers not to say.

Table 4.4.5: Business knowledge and skills

Factor description	Frequency	Percentage
Prefer not to say	0	0
No of companies with challenge of business knowledge and skills	9	81.8%
No of companies without challenge of business knowledge and skills	2	18.2%
Total	11	100 %

The data in table 4.4.5 describes business knowledge and skills. According to the information above, 81.8% of companies viewed lack of business knowledge and skills a factor impeding their development. Whilst 18.2% responded that business knowledge and skill is not a challenge. In addition to the above, 0% prefer not to say.

Table 4.4.6: Technology

Factor description	**Frequency**	**Percentage**
Prefer not to say	0	0
No of companies with challenge of technology	11	100%
No of companies without challenge of technology	0	0%
Total	11	100 %

The information in table 4.4.6 relates to technology. According to the data above, all of the respondents (100%) responded technology is a major challenge facing their growth and development of their industry. While 0% prefer not to say.

Table 4.4.7: Laws and Regulations

Factor description	**Frequency**	**Percentage**
Prefer not to say	0	0
No of companies with challenge of laws and regulation	6	54.5%
No of companies without challenge of laws and regulations	5	45.5%
Total	11	100 %

The data in table 4.4.7 describes laws and regulation as a challenge impeding the development of construction SMMEs in the Mafikeng region. According to the information above, majority of the respondents (54.5%) responded laws and regulation as a factor constraining the development of the SMMEs while 45.5% regarded laws and regulations not to be challenge. In addition, 0% prefer not to say.

Table 4.4.8: Communication

Factor description	Frequency	Percentage
Prefer not to say	0	0
No of companies with challenge of laws and regulation	7	63.6%
No of companies without challenge of laws and regulations	4	36.4%
Total	11	100 %

The information in table 4.4.8 concerns communication. According to the information above, 63.6% of the respondents responded communication as challenge facing the development of construction SMMEs in the Mafikeng region. A further 36.4% responded communication as not being a challenge while 0% prefer not to say.

Table 4.4.9: Competition

Factor description	Frequency	Percentage
Prefer not to say	0	0
No of companies with challenge of laws and regulation	10	90.9%
No of companies without challenge of laws and regulations	1	9.09%
Total	11	100 %

The data in table 4.4.9 above describes competition as a challenge restraining the development of construction SMMEs in the Mafikeng region. According to the information above, majority of the respondents (90.9%) responded competition as a challenge facing construction SMMEs in the Mafikeng region while 9.1% viewed competition as not being a challenge. In addition, a further 0% prefer not to say.

4.5 Results from Questionnaire

Table 4.5.1: Gender of respondents

Gender	Frequency	Percentage
Preferred not to say	0	0
Male	14	82.4
Female	3	17.6
Total	17	100

The information in table 4.5.1 indicates that majority are males (82.45) as compared to females (17.6%). On the other side 0% of respondents reported they preferred not say.

Table 4.5.2: Race of the respondents

Race	Frequency	Percentage
Preferred not to say	3	17.6
Black	14	82.4
White	0	0
Coloured	0	0
Indian	0	0
Other	0	0
Total	17	100

The above table 4.5.2 indicates that majority that participated in the study were black (82.4) as compared to those who preferred not to say (17.6%). It is interesting to note that no white, coloured, Indian and other were part of the study (0%).

Table 4.5.3: Age distribution of respondents

Age group	Frequency	Percentage
Preferred not to say	2	11.8
Younger than 20 years	0	0
20-29 years	0	0
30-39 years	7	41.2
40-49 years	6	35.3
50-59 years	1	5.9
60 or older	1	5.9
Total	17	100

The information in table 4.5.3 reveals that (41.2%) of respondents who participated for the study fell between the age groups of 30-39 years. The table also revealed 0% for the age group 29 years or younger. It is also interesting to note that table 4.2.3 indicated 35.3 % for the age group 40-49 years and 11.8% for those who preferred not to say. On the other side only 11.8% of respondents are above 50 years or more.

Table 4.5.4: Educational level of respondents

Educational Level	Frequency	Percentage
No schooling	2	11.8
Matric(National Senior Certificate)	4	23.5
Senior certificate	5	29.4
Diploma	2	11.8
Degree	4	23.5
Total	17	100

The data in table 4.5.4 shows that (29.4%) of respondents had obtained senior certificate. Only 11.8% had obtained diploma. It is worth to note that 23.5% had tertiary qualification as their highest level of education. On the other side, 11.8% have not had no schooling whilst 23.5% of respondents had obtained matric certificate in the study.

Table 4.5.5: Ownership of the company

Position	Frequency	Percentage
Owner	15	88.2
other	2	11.8
Total	17	100

Information from table 4.5.5 reveals that majority of respondents are owner of the company as compared to 11.8% for other.

Table 4.5.6: Role played in the company

Role/job title	Frequency	Percentage
Assistant project manager	3	17.6
Project coordinator	1	5.9
Project manager	4	23.5
Senior Project manager	5	29.4
Project leader	0	0
Program manager	1	5.9
Portfolio manager	0	0
Project implementation manager	1	5.9
IT manager	0	0
Business analyst	0	0
Project management consultant	0	0
Other	2	11.8
Total	17	100

The data from table 4.5.6 shows that the majority (29.4%) respondents indicated senior project manager as their role. Only 5.9% revealed project coordinator as compared to 17.6% for assistant project manager. The table further indicates 11.8% of respondents for other such as director of the company and 0% for project leader, portfolio manager, business analyst and project management consultant. On the other side, only 5.9% respondents for program manager and project implementation manager.

Table 4.5.7: Domain of position for the company

Domain position	**Frequency**	**Percentage**
General manager	13	76.5
Commercial management	0	0
Financial management	0	0
Project, programme or portfolio management	4	23.5
Total	17	100

Information from table 4.5.7 indicated that majority (76.5%) of respondents reported their position as general manager. Only 23.5% of respondents indicated project, programme or portfolio management. On the other side 0% of respondents reported their position.

Table 4.5.8: Experience in Construction Company

Experience in construction	**Frequency**	**Percentage**
Less than 5 years	6	35.3
5-10 years	6	35.3
10-15 years	3	17.6
15-20 years	1	5.9
20-25 years	1	5.9
More than 25 years	0	0
Total	17	100

The information from table 4.5.8 indicates that the majority (70.6%) of respondents reported having 10 years and below experience. Only, 5.9% of respondents who reported 15-20 years as compared to 17.6% for 10-15 years. The table further revealed that 5.9% of respondents reported 20-25 years and 0% for 25 years and more.

Table 4.5.9: Formal training in Construction Company

Formal training in construction	Frequency	Percentage
Built environment training	11	64.7
Other	2	11.8
None	4	23.5
Total	17	100

The data from table 4.5.9 reveals that the majority (64.7%) of respondents reported obtaining built environment training. The table further indicates 23.5% of respondents who reported none. On the other side 11.8% of respondents indicated other such as formal training in general construction.

Table 4.5.10 Prior working in Construction Company

Prior working in construction	Frequency	Percentage
Studying	4	23.5
Work as what	4	23.5
Business	5	29.5
Unemployed	4	23.5
Total	17	100

Information from table 4.5.10 indicated that 29.5% of respondents reported doing business such as developing business plan and supplying variety of product in the market before working in Construction Company. The table further revealed 23.5% of respondents who indicated studying and 23.5% of respondents who revealed work as what (Farm manager, engineer training MBSA). On the other side 23.5% reported unemployed before working in the construction company

Table 4.5.11 Category of company

Category of company	Frequency	Percentage
Established company	1	5.9
Emerging company	16	94.1
Total	17	100

Established companies here will mean those that are already doing will in the construction sector while emerging companies are the new ones. Information from table 4.5.11 indicates that majority (94.1%) of respondents reported emerging company as their category. On the other side only 5.9% indicated established company.

Table 4.5.12: Company with CIDB

Company registration with CIDB	Frequency	Percentage
CIDB grading: 2 CE or GB	8	47.1
CIDB grading: 3 CE or GB	0	0
Other	9	52.9
Total	17	100

The data revealed that, sample of companies taken in 2015 registered as CIDB grading 2 and 3 CE or GB were either downgraded to 1 CE or GB and others were upgraded to 4 and 5CE or GB. Therefore, the data from table 4.5.12 revealed that 52.9% of respondents indicate other form of company registration such as 1GB, 1CE, 4CE, 4CE or PE, 5CE, 5GB. Table 4.2.12 further reported 47.1% of respondents that the company registered with CIDB: 2 CE or GB. On the other side 0% of respondents indicate that the company registered with CIDB grading: 3 CE or GB.

Table 4.5.13 Company experience in construction

Company experience in construction	Frequency	Percentage
Less than 5 years	4	23.5
1-5 years	6	35.3
5-10 years	3	17.6
10-25	4	23.5
More than 25 years	0	0
Total	17	100

Table 4.5.13 above indicates that 35.3% reported having 1-5 years company experience in construction as compared to 0% of respondents for more than 25 years. The table further revealed that 23.5% are companies with 10-25 years of construction experience. On the other side only 17.6% of respondents reported that they have 5-10 years of construction experience.

Table 4.5.14 Full time employees in the company

Full time employees in company	Frequency	Percentage
0	6	35.3
1-5	7	41.2
6-15	3	17.6
50-100	1	5.9
More than 200	0	0
Total	17	100

Information from table 4.5.14 shows that 35.3% of respondents revealed that they had no full time employees in the company. Only 5.9% of respondents reported they had 50-100 full time employees whilst 17.6% revealed they had 6-15 full time employees. On the other side 41.2% reported having 1-5.

Table 4.5.15 Current annual turnover

Current annual turnover	**Frequency**	**Percentage**
Less than R1 million	6	35.5
Between R1 and R10 million	5	29.4
Between R10 and R100 million	0	0
More than R100 million	0	0
Total	17	100

Table 4.5.15 above shows that 35.5% of respondents indicated an annual turnover of less than R1 million whilst 29.4% reported between R1 and R10 million. However, 0% of respondents indicated an annual turnover of between R10 million and more.

Table 4.5.16 Average contract size you worked on

Average contract size	**Frequency**	**Percentage**
No	11	64.7
Yes, the result of the project has international aspect	5	29.4
Yes, the resources working on the project are international	0	0
Yes, the supplies in the project are international	1	5.9
Total	17	100

Information from table 4.5.16 shows that the majority (64.7%) of respondents reported no whilst 29.5% revealed yes, the result of the project has international aspect. On the other side only 5.9% of respondents indicated yes, the supplies in the project are international whilst 0% reported yes, the resources working on the project is international.

Table 4.5.17 Assesses individual experience (Category 1 filling of tender document)

Assesses individual experience (Category 1 filling of tender document)	**Frequency**	**Percentage**
No experience	2	11.8
Little experience	3	17.6
Some experience	3	17.6
Experience	6	35.3
Very experienced	3	17.6
Total	17	100

Information from table 4.5.17 indicates that the majority 35.3% of respondents reported that they had experience whilst 11.8% had no experience. However, 17.6% of respondents revealed having some experience. On the other side 17.6% of respondents reported they had little experience whilst 17.6% indicated very experienced.

Table 4.5.18: Assesses individual experience (Category 2 planning and organising site)

Assesses individual experience (Category 2 planning and organising site)	**Frequency**	**Percentage**
No experience	1	5.9
Little experience	4	23.5
Some experience	5	29.4
Experience	6	35.3
Very experienced	1	5.9
	17	100

Table 4.5.18 above indicates that 35.3% of respondents reported that they had experience whilst 29.4% had some experience. However, only 5.9% of respondents revealed having no experience. On the other side 23.5% of respondents reported they had little experience whilst 5.9% indicated very experienced.

Table 4.5.19: Assesses individual experience (Category 3 dealing with suppliers and sub-contractors)

Assesses individual experience (Category 3 dealing with suppliers and sub-contractors)	**Frequency**	**Percentage**
No experience	1	5.9
Little experience	4	23.5
Some experience	4	23.5
Experience	6	35.3
Very experienced	2	11.8
	17	100

Table 4.5.19 above indicate that 35.3% of respondents reported that they had experience whilst only 5.9% revealed having no experience. However, 11.8% of respondents revealed very experienced. On the other side 23.5% of respondents reported they had little experience and 23.5% indicated some experience.

Table 4.5.20: Assesses individual experience (Category 4 Record keeping of cash flow and finances

Assesses individual experience (Category 4 Record keeping of cash flow and finances)	**Frequency**	**Percentage**
No experience	2	11.8
Little experience	3	17.6
Some experience	4	23.5
Experience	6	35.3
Very experienced	2	11.8
	17	100

The information from table 4.5.20 indicates that 35.3% of respondents reported that they had experience whilst only 11.8% revealed having no experience. However, 17.6% of respondents revealed little experienced. On the other side 23.5% of respondents reported they had some experience whilst 11.8% indicated very experienced.

Table 4.5.21 Assesses individual experience (Category 5 Reading and understanding technical drawing and documentation)

Assesses individual experience (Category 5 Reading and understanding technical drawing and documentation)	**Frequency**	**Percentage**
No experience	2	11.8
Little experience	2	11.8
Some experience	3	17.6
Experience	8	47.1
Very experienced	2	11.8
	17	100

Information from table 4.5.20 indicates that 47.1% of respondents reported that they had experience whilst only 11.8% revealed having no experience. However, 17.6% of respondents revealed some experienced. On the other side 11.8% of respondents reported very experienced and 11.8% indicated little experience.

Table 4.5.22: Company worked with another company as joint venture

Company work another company (Joint venture)	**Frequency**	**Percentage**
No experience	6	35.3
Little experience	5	29.4
Some experience	3	17.6
Experience	2	11.8
Very experienced	1	5.9
	17	100

Table 4.5.22 indicates that 35.3% of respondents reported having no experience working with another company as joint venture. Only 5.9% of respondents revealed they were very experienced whilst 11.8% reported obtaining experience. However, 29.4% of respondents reported they had little experience whilst 17.6% revealed having some experience.

Table 4.5.23: Type of client working for

Type of client work with	Frequency	Percentage
Public Department	15	88.5
Private Entity	2	11.8
	17	100

Information from table 4.5.23 shows that the majority (88.5%) of respondents indicated working with Public Department as compared to Private Entity (11.8%).

Table 4.5.24: Partners company classification

Partners company classification	Frequency	Percentage
Established company	7	41.2
Emerging company	10	58.8
	17	100

Table 4.5.24 above reveals that 58.8% of respondents reported established company as partner's classification whilst 41.2% indicated emerging company.

Table 4.5.25: Worked for main contractor before

Work as a main contractor before	Frequency	Percentage
Yes	6	35.3
No	11	64.7
	17	100

The information from table 4.5.25 shows that the majority (64.7%) of respondents reported no they had never worked with the main contractor as compared to (35.3%) of respondents who indicated yes.

Table 4.5.26: Get in touch with the main contractor

Get in touch with main contractor	Frequency	Percentage
Nominated sub-contractor by the client	4	23.5
Condition on the tender to use local SMMEs	8	47.1
Local data base (Municipal data base)	1	5.9
Referred by some one	2	11.8
Website	1	5.9
Newspaper	1	5.9
Total	17	100

Table 4.5.26 above indicates that 47.1% of respondents reported getting in touch with main contractor through the condition on the tender to use local small medium enterprises. Only 5.9% revealed through website. However, 23.5% of respondents reported they were nominated sub-contractor by the client. Fewer proportion indicated through local data base (Municipal data base) whilst 5.9% of respondents reported newspaper.

Table 4.5.27: Describe your relationship with most recent joint venture

Relationship with most recent joint venture partners	**Frequency**	**Percentage**
Many problems	5	29.4
Some problems	10	58.8
No problems	0	0
Good	1	5.9
Excellent	1	5.9
Total	17	100

Information from the table 4.5.27 shows that the majority (58.8%) of respondents indicated that some problems occurred in the relationship with most recent joint venture. However, 29.4% reported many problems whilst 5.9% revealed the relationship was excellent. On the other side 0% reported no problems whilst 5.9% indicated the relationship was good.

Table 4.5.28: Different ways of working that played a role in the relationship

Relationship not good, different ways of working played a role	**Frequency**	**Percentage**
Often	6	35.3
Not so often	5	29.4
Rarely	3	17.6
Almost never	0	0
Never	3	17.6
Total	17	100

Table 4.5.28 above indicates that 35.3% of respondents reported often when relationship was not good different ways played a role and 17.6% indicated never. However, 29.4% of respondents revealed not so often when relationship is not good different ways played a role. On the side 0% of respondents reported almost never whilst 17.6% indicated rarely.

Table 4.5.29: Most common problem

Problems encountered	Frequency	Percentage
Financial	10	58.8
Labour	3	17.6
Work	1	5.9
Quality	1	5.9
Safety	0	0
Other	2	11.8
Total	17	100

The information from table 4.5.29 shows that the majority (58.8%) of respondents reported financial as the most common problem. Fewer proportion indicated quality as the most common problem. However, 17.6% of respondents revealed labour whilst 5.9% indicated work as most common problem. On the other side 0% reported safety whilst 11.8% revealed other problems such as exploitation and time constrain affects construction companies.

4.6 CHAPTER CONCLUSION

It is a truism that SMMEs in the Mafikeng region face numerous challenges for them to survive. These challenges vary from political, economic, and social to financial. An analysis of the above position has been advanced in the data above.

This chapter discussed the socio-economic background of the Mafikeng region, organisation and the structure of SMMEs. It further reported on the findings and presented an analysis of the data.

CHAPTER 5: RESULTS DISCUSSION

5.1 INTRODUCTION

This chapter presents the discussion of results gather from the questionnaires distributed to construction SMMEs in the Mafikeng region. As mentioned earlier, a total number of 25 questionnaires were distributed to construction SMMEs in the Mafikeng area, and 17 were returned fully and correctly filled in. Furthermore, a total of 3 questionnaires were distributed to officials of contractor Development Directorate in the Department of Public works and roads and 2 were returned fully and accurately filled in.

The discussion of result is based on the gender of respondents, age, race, and educational background, location of company, experience in business, ownership, role played in company, company turnover and challenges faced by construction SMMEs in the Mafikeng region.

5.2 ANALYSIS OF COMPANY GROWTH

For any business to continue production, it has to be certain about the status of the company. It is making profit in terms of employment and turnover. Are the employees satisfied with their jobs? These questions will determine the way forward for SMMEs. The discussion that follows is an analysis of companies' growth in terms of employment and turnover.

5.2.1 Growth in term of company income

The paragraph that follows describes the annual turnover of construction SMMEs in the Mafikeng region for the period 2014 -2017

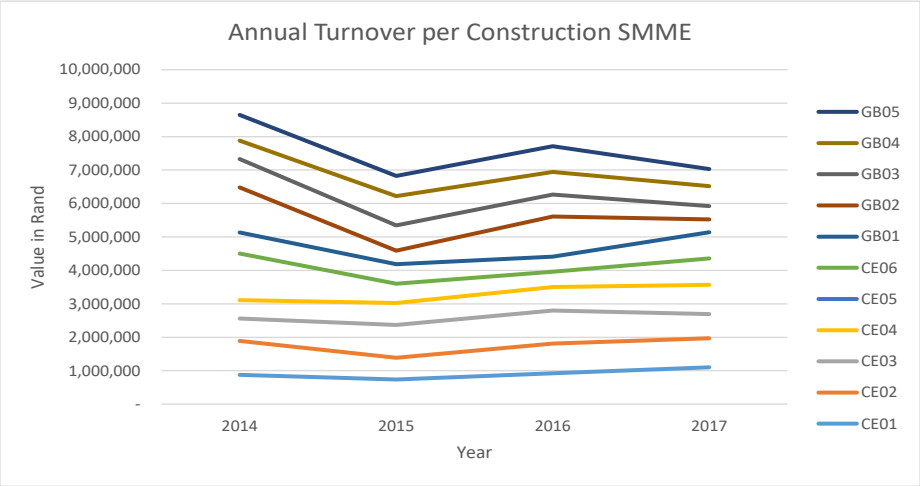

Figure 5.2.1: Growth in terms of the annual turnover during year 2014 – 2017

5.3 DISCUSSION AND ANALYSIS OF RESULTS

5.3.1 RESULTS DISCUSSION SUMMARY

Table 5.3.1: Factors constraining construction SMMEs in Mafikeng

Company Name	**Factors Constraining Growth of SMMEs in Mafikeng**								
	Access to finance	Politics	Marketing	Corruption	Business Knowledge and Skills	Technology	Laws and regulations	Communication	Competition
CE01	✓	✓	✓	✓	✓	✓	✓	✓	✓
CE02	✓	✓	✓	✓	✓	✓	✓	✓	✓
CE03	✓	✓	x	✓	✓	✓	x	x	✓
CE04	✓	x	✓	✓	✓	✓	x	✓	✓
CE05	✓	✓	x	✓	✓	✓	✓	✓	✓
CE06	✓	x	✓	✓	✓	✓	x	x	✓
DB01	✓	✓	x	x	✓	✓	✓	✓	✓
DB02	✓	x	✓	✓	x	✓	x	x	✓
DB03	✓	✓	✓	x	✓	✓	✓	✓	✓
DB04	✓	x	x	✓	x	✓	x	x	✓
DB05	✓	x	✓	x	✓	✓	✓	✓	x

Notes: The table above

✓	The tick (✓) indicate companies affected by the above factors
x	The X indicate companies not affected by the above factors

5.3.2. INTERVIEWS RESULTS

This section presents the survey of results gathered from the interview conducted with SMMEs in the Mafikeng region. It is imperative to mention here that, a total of 11 interviews were conducted, and all of them fully and correctly responded, making the response rate 100% (i.e. 11/11).

The discussion of result is based on the factors constraining the growth of construction SMMEs in Mafikeng. The list include: access to finance, political influence, marketing, corruption, business knowledge and skills, technology, laws and regulation, communication and competition.

5.3.2.1 Access to finance

Descriptive analysis shows that out of the 11 respondents, majority of the respondents (100%) reported that access to finance is a major factor restraining the growth and development of their business. On the other hand, 0% of the respondent reported their position in relation to finance while a further 0% prefer not to say .From the figures above, it is abundantly clear that access to finance is a major factor impeding the growth of construction SMMEs in the Mafikeng region.

Since businesses need finance to maintain the day- to- day management, payment of employees and other contingent events, the absence thereof is of dire consequence to the expansion of the business.

5.3.2.2 Political influence

The majority of the respondents 6 (54.5%) consider political influence is another factor affecting their development and 5 (45.5%) of the respondents claiming political influence not being a factor, while 0% prefer not to say. The above analysis is to the effect political influence can act as a business enhancer or stumbling block to the success of a business. The statistics above reveal that, the political environment in Mafikeng is not friendly to the growth and development of SMMEs. This is because of the SMMEs do not fine the political environment friendly in doing business.

5.3.2.3 Marketing

From the figures above, there were 7(63.6%) of the respondents of the companies consider marketing as a challenge to their development and 4 (36.4%) of the companies reported that market is not challenge while 0% prefer not say. The above is to the fact that, marketing is a major challenge facing the growth and development of SMMEs in the Mafikeng region. Reason being that, small contractors in Mafikeng find it difficult in establishing effective distribution channels. Furthermore, the lack of capital makes it difficult to create an effective means of communication and publicity of their business. All these have a negative impact on the growth of the business.

5.3.2.4 Corruption

Furthermore, majority of the respondents 8 (72.7%) view corruption as a challenge restraining the growth and development of business and 3 (27. 3%) respondents responded that corruption is not a challenge while 0% prefer not to say. The implication of the above analysis is that, corruption greatly increase the cost of doing businesses as managers or directors SMMEs spent most of the time running after corrupt government officials instead of developing new methods to improve products and services. This makes it difficult for small contractors in Mafikeng to remain in business.

5.3.2.5 Lack of business knowledge and skills

The number of companies 9 (81.8%) viewed lack of business knowledge and skills a factor impeding their development, while 2 (18.2%) responded that business knowledge and skill is not a challenge. In addition to the above, 0% prefer not to say. The information above is very clear as to why small contractors in Mafikeng fail to keep their business running. Skills development is critical to success of every business. Most of the small contractors establish business without any knowledge of the requirements of the business. This is obvious as they are heading a failure.

5.3.2.6 Technology

All of the respondents 11 (100%) responded technology is a major challenge facing their growth and development of their industry. While 0% prefer not to say. This a major challenge facing small contractors in Mafikeng.

The world is moving in a fast pace through technology. Failure to equip your business with technology means you will be out of the race. Small contractors in Mafikeng tend to have low productive and are weak in terms of competition with other industries dealing with the same goods and services. This is as a result of their continue dependence on inefficient and outdated machinery which do not have the capacity to meet modern day business demands.

5.3.2.7 Laws and regulations

(54.5%) of the respondents responded laws and regulation as a factor constraining the development of the SMMEs while 5 (45.5%) regarded laws and regulations not to be challenge. However, 0% of the respondents prefer not to say.

5.3.2.8 Communication

Majority of the respondents 7 (63.6%) responded communication as a challenge facing the development of construction SMMEs in the Mafikeng region and 4 (36.4%) responded communication as not being a challenge while 0% prefer not to say.

5.3.2.9 Competition

On the other hand, 10 (90.9%) of the respondents responded competition as a challenge facing construction SMMEs in the Mafikeng region while 1 (9.1%) viewed competition as not being a challenge. In addition, a further 0% prefer not to say.

5.4 QUESTIONNAIRE RESULTS

This section presents the survey of the results from the questionnaire. It is important to recall that, a total of 25 questionnaire were distributed to respondents, and 17 questionnaires were collected back; making the response rate 68 % (i.e. 17/25).

Descriptive analysis shows that, out of the respondents, there were more males than females. Majority of the respondents are males (82.45) as compared to females (17.6%).

It is interesting to point out that, majority that participated in the study were black (82.4%) as compared to those who preferred not to say (17.6%). It is interesting to note that no white, coloured, Indian and other were part of the study (0%).

Furthermore, the analysis reveals that (41.2%) of respondents who participated for the study fell between the age groups of 30-39 years. It also reveals 0% for the age group 29 years or younger. It is also interesting to note that 35.3 % for the age group 40-49 years and 11.8% for those who preferred not to say. On the other side only 11.8% of respondents are above 50 years or more.

There are 29.4% of respondents who had obtained senior certificate. Only 11.8% had obtained diploma. It is worth to note that 23.5% had tertiary qualification as their highest level of education. On the other side, 11.8% have not had no schooling whilst 23.5% of respondents had obtained matric certificate in the study.

In addition, the survey reveals that majority of respondents (88.2%) are owner of the company as compared to 11.8% for other. The majority (29.4%) of the respondents indicated senior project manager as their role. Only 5.9% revealed project coordinator as compared to 17.6% for assistant project manager. It further indicates 11.8% of respondents for other such as director of the company and 0% for project leader, portfolio manager, and business analyst and project management consultant. On the other side, only 5.9% respondents for program manager and project implementation manager.

Also majority (76.5%) of respondents reported their position as general manager. Only 23.5% of respondents indicated project, programme or portfolio management. On the other side 0% of respondents reported their position. The analysis further indicates that, majority (70.6%) of respondents reported having 10 years and below experience. Only, 5.9% of respondents who reported 15-20 years as compared to 17.6% for 10-15 years. It also reveals that 5.9% of respondents reported 20-25 years and 0% for 25 years and more.

Information gathered from the questionnaire reveals that the majority (64.7%) of respondents reported obtaining built environment training as compared to23.5% of respondents who reported none. On the other side 11.8% of respondents indicated other such as formal training in general construction. The description indicates 29.5% of respondents reported doing business such as developing business plan and supplying variety of product in the market before working in Construction Company as compared to 23.5% of respondents who indicated studying and 23.5% of respondents who revealed work as what (Farm manager, engineer training

MBSA). On the other side 23.5% reported unemployed before working in the construction company.

The majority (94.1%) of respondents reported emerging company as their category. On the other side only 5.9% indicated established company. 52.9% of respondents indicate other form of company registration such as 1GB, 1CE, 4CE, 4CE or PE, 5CE, 5GB. Table 4.12 as compared to 47.1% of respondents that the company registered with CIDB: 2 CE or GB. On the other side 0% of respondents indicate that the company registered with CIDB grading: 3 CE or GB.

The survey indicates that 35.3% reported having 1-5 years company experience in construction as compared to 0% of respondents for more than 25 years and 23.5% for 10-25 years. On the other side only 17.6% of respondents reported they had less than 5 years whilst 17.6% had 5-10 years.

Information shows that 35.3% of respondents revealed that they had no full time employees in the company. Only 5.9% of respondents reported they had 50-100 full time employees whilst 17.6% revealed they had 6-15 full time employees. On the other side 41.2% reported having 1-5.

The analysis shows that 35.5% of respondents indicated an annual turnover of less than R1 million whilst 29.4% reported between R1 and R10 million. However, 0% of respondents indicated an annual turnover of between R10 million and more.

The majority (64.7%) of respondents reported no whilst 29.5% revealed yes, the result of the project has international aspect. On the other side only 5.9% of respondents indicated yes, the supplies in the project are international whilst 0% reported yes, the resources working on the project is international.

The discussion point's majority 35.3% of respondents reported that they had experience whilst 11.8% had no experience. However, 17.6% of respondents revealed having some experience. On the other side 17.6% of respondents reported they had little experience whilst 17.6% indicated very experienced. It is important to mention that 35.3% of respondents reported that they had experience whilst 29.4% had some experience. However, only 5.9% of respondents revealed having no experience. On the other side 23.5% of respondents reported they had little

experience whilst 5.9% indicated very experienced. It also important to point out that 35.3% of respondents reported that they had experience whilst only 11.8% revealed having no experience. However, 17.6% of respondents revealed little experienced. On the other side 23.5% of respondents reported they had some experience whilst 11.8% indicated very experienced.

Majority of the respondents 47.1% reported that they had experience whilst only 11.8% revealed having no experience. However, 17.6% of respondents revealed some experienced. On the other side 11.8% of respondents reported very experienced and 11.8% indicated little experience. Furthermore 35.3% of respondents reported having no experience working with another company as joint venture as compared only 5.9% of respondents revealed they were very experienced whilst 11.8% reported obtaining experience. However, 29.4% of respondents reported they had little experience whilst 17.6% revealed having some experience.

The majority (88.5%) of respondents indicated working with Public Department as compared to Private Entity (11.8%). The survey also reveals 58.8% of respondents reported established company as partner's classification whilst 41.2% indicated emerging company. The information shows that the majority (64.7%) of respondents reported no they had never worked with the main contractor as compared to (35.3%) of respondents who indicated yes.

It is also interesting to point out that 47.1% of respondents reported getting in touch with main contractor through the condition on the tender to use local small medium enterprises. Only 5.9% revealed through website. However, 23.5% of respondents reported they were nominated sub-contractor by the client. Fewer proportion indicated through local data base (Municipal data base) whilst 5.9% of respondents reported newspaper.

In terms of relationship the majority (58.8%) of respondents indicated that some problems occurred in the relationship with most recent joint venture. However, 29.4% reported many problems whilst 5.9% revealed the relationship was excellent. On the other side 0% reported no problems whilst 5.9% indicated the relationship was good. Furthermore, 35.3% of respondents reported often when relationship was not good different ways played a role and 17.6% indicated never. However, 29.4% of respondents revealed not so often when relationship is not good different ways

played a role. On the side 0% of respondents reported almost never whilst 17.6% indicated rarely.

The majority (58.8%) of respondents reported financial as the most common problem. Fewer proportion indicated quality as the most common problem. However, 17.6% of respondents revealed labour whilst 5.9% indicated work as most common problem. On the other side 0% reported safety whilst 11.8% revealed other problems such as exploitation and time constrain affects construction companies.

5.5 CHAPTER CONCLUSION

The objective of this chapter was to discuss the result gather from the questionnaires distributed to those related to SMMEs construction companies in the Mafikeng Region. This has been achieved by presenting each of the findings as reported by the respondents. The responses advanced have identified some of the challenges faced by construction companies in the Mafikeng Region which will be the topic of discussion in the next chapter.

CHAPTER 6: CONCLUSSION AND RECOMMENDATION

6.1 INTRODUCTION

From the preceding chapters, of this discussion, it is clear that SMMEs are vital entities society and do have an important role to play in the economic development of a country. Despite the vital role of SMMEs in building a competitive private sector and contributing significantly to employment creation, innovation and economic development in general, SMMEs are facing more challenges in developing countries.

The objective of this study was to establish the factors constraining the development of small contractors in Mafikeng. This has been achieved by reviewing the definition and stages of growth of small contractors. A number of factors constraining the development small contractors in Mafikeng has been identified. Just as the literature shows access to finance is one of the main barriers to SMMEs development. In addition to the above, are corruption, political influence, lack of knowledge and skills, technology and competition. This said, the purpose of the present chapter is to examine some of the challenges restricting development and survival of construction SMMEs. In addition to the above, possible recommendations will be put forward to the challenges so identified as well as indicating areas for further research to make SMMEs become more efficient, sustainable and profitable in society.

6.2 CONCLUSIONS

From the questionnaire distributed to respondents, most of them cited the following factors as impeding the effectiveness of construction SMMEs in the Mafikeng region.

6.2.1 Access to finance:

The majority of SMMEs owners faced the daunting task of getting financial assistance from the government, municipalities or its agencies. This point is further amplified by the SEDA Report (2008:15) which states that, “access to finance has been identified as a major barrier hindering the success of small business, contributing to about 80% of SMMEs failure”. This only goes to show the seriousness of financial problem as a major challenge to SMMEs.

Furthermore, cash flow is another challenge limiting the success or survival of SMMEs is that of cash flow problems. According to the SEDA Annual Report (2012:5), SMMEs find it difficult to obtain finance from financial institutions. In addition to the above, late payment by clients is also a challenge faced by SMMEs. This has been pointed out by the SEDA Report (2012:2). With clients not paying their SMMEs in time, it impact negatively on the smooth running of the business as they cannot pay their employees and plan ahead in time.

6.2.2 Corruption

Corruption in Mafikeng has negative impact on the development and growth of small business. From the interview conducted with owners of SMMEs in the Mafikeng region, many of the respondents pointed out that corruption is major challenge.In developing countries in general and South Africa in particular(in this context Mafikeng), SMMEs face serious challenges in developing administrative and operational procedures to deal with government regulations, such as costly and timely procedures to obtain licences and permits to establish business. This has a serious implication to the development and growth of the business. It is not uncommon to senior managers of SMMEs spending more time trying to negotiate with corrupt government officials than working for the business. As pointed out by Ahwireng-obeng and Piaray (1999: 78), bureaucratic corruption and red tape can significantly increase business cost. This only goes to emphasis corruption as a factor restricting the growth of SMMEs.

Directly link to corruption, is political influence which has been identified as another challenge facing the success of SMMEs in the Mafikeng region. Those who are well connected politically will always be awarded tenders due to their allegiance to those in powers. The reverse is true with SMMEs who are not in support of the party in power. This has a serious implication on the development and growth of small businesses in the province in general and the Mafikeng region in particular.

6.2.3 Lack of business knowledge and skills

This is also another challenge facing SMMEs. Most respondents indicated that, they have not attended any formal training relating to their business. The outcome of this is obvious. They are bound to fail for entering a business without training.

According to Funchall et al. (2009:182), “confidence in ability to perform tasks successfully through training and skills augmentation drives competiveness forward in SMMEs so that they feel empowered to meet standards required to acquire market shares. The absence of business knowledge and skills is a major barrier to the growth and development of SMMEs in the Mafikeng region in majority construction contractors lack the basic business knowledge and skills required in their line of business.

6.2.4. Technology

Technologicaldevelopment has also been identified as another barrier to the growth and development of SMMEs in the Mafikeng region. SMMEs tend to have low productivity and they are weak in terms of competition which is the result of using inefficient technology, not maximizing machinery utility and not improving in technology due to the limitation of funding and most SMEs are mainly users of technology, not adaptors of technology (OSMEP, 2007).

The World Bank (2009) claims that investments in technology are required in order to build up existing capacity and to improve the quality and productivity of production which will generate in higher value-added products that will improve the competitiveness for firms.

6.2.5 Communication

Another challenge impeding the growth and development of SMMEs in the North West Province and the Mafikeng region in particular is that of communication. This problem is further complicated by the lack of finance. SMMEs do not have the ability and capacity to effectively market their products in the form of advertising. Selling their images and services over medium like television and radio is expensive and because of the lack of finance, they are bound to fail.

In addition to the above, laws and regulation is another challenge facing SMMEs. From the interview conducted with owners of SMMEs in the Mafikeng region, most of the respondents pointed out that laws and regulations dealing with registration, establishment and operation of their business are not friendly.

They (owners of SMMEs) cited these laws and regulations are rigid, confusing and somehow difficult to comply with. As a result, it becomes difficult to establish a SMME for fear of not respecting the law.

6.2.6 Competition

Competition has been identified as another challenge impeding the development of SMMEs in the North West Province in general and Mafikeng in particular. Many construction companies in the region and South Africa as a whole produce goods and services identical to those of other countries. Procedures and cost of starting a business forces enterpreneurs to avoid investments or join the informal economy. These barriers results in weaker competitons, unfair competition and adversely affect investment (World Bank 2012).

Furthermore, the altitude of consumers towards local products being associated with lack of confidence in the quality of these products is a negative phenomenon in the development of these enterprises , making imported products to be much desired.

6.2.7 Marketing

A major challenge confronting SMMEs is that of poor marketing strategy. Given the fact that, most of the personnel are poorly trained, they lack the require skill to market their product. Bearing in mind that they operate in corporate environment, they should try to market their product and stand out among their competitors. The issue of poor marketing by SMMEs has also being highlighted by Zimmer et al. (2005:22).

In addition to the above, the Mafikeng area is relative remote rendering access to national markets difficult for SMMEs. This is problematic in that they cannot market their product or services adequately causing them to wind up.

6.3 RECOMMENDATIONS

In response to the challenges identified above, the following are some of the recommendations:

6.3.1 SMME support agencies approach:

From the questionnaires distributed to the respondents, most of them claim that they are not getting the necessary interventions and assistance from the government, municipalities and other stakeholders. This exposes them to failure. Most business support agencies responsible for financial and non-financial challenges seem to be doing very little. A holistic approach from support agencies can contribute more if there are specific rather than a blanket approach to solve the SMME challenges. Though their challenges may be similar, each SMME need specific intervention.

6.3.2 Financial Support

Since the survival of any business depends on ready financial institutions are willing to assist in the form of loans, commercial banks should relax the rigidity towards SMMEs as this will have the effect of turning them into profitable ventures. Also the government, municipalities and /or agencies should develop a platform to assist SMMEs financially.

One of the main causes of cash flow delay is as a result of not collecting payments from clients in time. If SMMEs are not paid in time by their client, then they are not operating at a maximum. To this end, it is suggested that, persistent follow up will exert pressure on clients to make payments on time as this will also reduce the chance of some client exploiting the debt collecting system of the SMME. Furthermore, it is important for SMME to avoid check payments and deal strictly with cash and or bank guarantee.

6.3.3 Training and skills support

As pointed out earlier, lack of necessary skills and training is the main cause of most businesses. To this end, it is recommended that owners and employees of SMMEs should acquire the basic training require for the smooth functioning of Small contractors.

This training and skills could take the form of workshops, seminars or practical hands on the line of business being operated. Furthermore, owners of small contractors should the necessary research as to identity the basic challenges and risks involved in the intended line of business.

6.3.4 Marketing Support

Marketing also plays a pivotal role in the existence of small contractors. The business on how well it is marketed. The government should assist SMMEs who produced goods that are destined for foreign consumption with marketing. This has been the case with the Export Marketing and Investment Assistance (EMIA) where subsidized cost of SMMEs that export their products. This is beneficial to the small contractors in that it help them to compete with other businesses.

6.3.5 Enabling environment

For small contractors to function smoothly, the environment in which they operate should be friendly. Rules and regulations governing the establishment, existence and operation of SMMEs should specific. The government, municipalities and its agencies should create an enabling environment where SMMEs should feel a sense of belonging.

The location of any business is paramount to its survival. As such, small contractors should be located in areas that are accessible to its clients and the community. Being located in remote areas making difficult to access the market and its existence and contribution to the community will be minimal because of its location.

6.3.6 Fraud and corruption

For SMMEs to be established, they have to meet or fulfil certain conditions. South Africa like any other country has mandatory as well as regulatory requirements that every business has to comply with. However, this has developed into corrupt practice that hinders success of SMMEs. It is submitted here that, government and those involved in the formalization of SMMEs should develop specific requirements tailored towards SMMEs.

6.4 FURTHER RESEARCH

This research examined the factors constraining development of small contractors in Mafikeng. From the arguments herein advanced, it has exposed the challenges or factors impeding the developments of small contractors in Mafikeng. What is evident is that, the one-size-fits approach that has been adopted to bail out SMMEs from their predicaments has not been very helpful. This is so because although, SMMEs face similar challenges, they however have differences.

It is herein submitted that, this research has succeeded in creating public awareness about the factors constraining the development of small contractors in Mafikeng. It is important here that, the suggestion contained in this research will be useful not only to government, but equally to politicians, policy makers and stake holders in the domain SMMEs.

Although successful in creating awareness of the challenges facing developments of small contractors, it is however the opinion of the researcher that, the discussion has in no way exhausted all the challenges of small contractors. To this end, it is hoped that, the topic should be explored for further research so as to improve on the challenges limiting the success of small contractors in Mafikeng.

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APPENDIX A: RESEARCH PARTICIPANTS (SMALL CONSTRUCTION CONTRACTORS IN MAFIKENG) REQUEST LETTER

My name is Sifiso Isaac Diko Master's student at the University of the Witwatersrand in Johannesburg

I am writing to invite you to participate in a research study. The purpose of the study is to develop a better understanding of factors affecting growth of Small Construction Contractors in Mafikeng.

Your participation will assist owners of contractor development in particular the North West Department of Public Works and Roads to improve their assistant towards construction SMME development.

The participation in this study is voluntarily and optional, however it is very crucial and encouraged participation as it reveal day to day SMMEs developmental challenges.

Participation will be conducted through survey questionnaire and is expected to take about 25 minutes of your time.

Kindly be assured that your personal and company particulars and details will be kept confidential by the researcher and identifying information will not be included in the final research project for publication.

If you require any further information regarding to the study, please do not hesitate to contact me on telephone: 018 388 1498, cell: 076 471 7682, e-mail: sdiko@nwpg.gov.za

Thank you for time and participation to the study

Yours sincerely,

_____

MSc Student - Project Management in Constructions

Sifiso Isaac Diko

APPENDIX B: RESEARCH PARTICIPANTS CONSENT LETTER

I hereby consent to participate in the research project as explicitly explained by the researcher (Mr. S.I Diko). The aim and the objectives of the study have be explained and understood. I understand and agreed that my participation is voluntary with an option not to answer any question (s) that I do not feel comfortable to answer as well as an option to withdraw from the study at any time without any persecution. It has been confirmed that my responses or information provided during participation will be kept confidential by the researcher and the university concerned.

Name of the Participant .....

Capacity: .....

Date: .....

Signature: .....

APPENDIX C: SCHEDULED QUESTIONS AND ANSWERS FOR INTERVIEWS ON FACTORS CONSTRAINING CONSTRUCTION SMMEs IN MAFIKENG

1. What are the factors affecting growth of construction SMEs in Mafikeng?

2. What make your business fail and what can you do to revive it?

3. Does/did your company have growth strategy, if yes, what is that strategy?

4. Is the growth of your business constrained by lack of finance?

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?

7. Did you have any difficulties in finding finances either for start-up or expansion? or Is finance a challenge in your business development?

8. What is your level of education and experience in line with the business you are in?

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?

13. Does SMEs in Mafikeng face problems in attracting skilled labor and skillful business leaders?

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?

Interview:	**No.1**
Date:	**02 June 2017**
Company Name:	**Olerato Trading and Projects**
Name of Interviewee:	**Marton Boitumelo Mojaki**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**3CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Corruption - Most of the contractors are in this for wrong reasons.
    - Politics - Politics suffocates the growth, reason being them push stomach politics
    - Access to finance
    - Competition - the infrastructure is predominantly of higher projects and as for SMME's we struggle to access small project.
    - Business knowledge and skills -
    - Business strategy
    - Technology
    - Laws and regulations
    - Communication - communication of government of opportunities to SMME's

2. What make your business fail and what can you do to revive it?
    - Is obviously what I alluded above, wrong reasons only after failing you realize what this is all about, having speciality in the industry will make you to grow. I need to be specific of what I really want do
    - I started the business for wrong reasons - technology and research
    - Research is key to know the demand
    - Late payment by government,
    - Nonpayment of tax and lack of documentation
    - Research to know the demand
    - Work with professionals
    - Training - Collaboration with incubation institutions like CETA, SEDA and provide projects for the development of SMME's can assist in providing the necessary skills

- Integration between financial institution, enforced payment turnaround strategy between government and SMME's
- Research and market the business
- Strong policies in government should be in place
- Communication between government and emerging contractors
- Identifying companies strength according to their business plans and incubating them in the field that they in

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes - to invest in most important material or equipment to sustain it even when government does not procure business my way.
    - Having professionals to assist me in driving the business

4. Is the growth of your business constrained by lack of finance?
    - Yes - when I get project is very difficult to access funding from the banks and payment turnaround time by government affects the business cash flow.

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - I am very passionate this type of business, road construction speaks to me in real.
    - Having been a general trader for a long time one of my mentors advised to look into the construction world and choose what really makes me happy, when I think of its something that people will ever remember me of.
6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - Business plan really makes me sick, I have never done one before I have had business ideas approached some public servants and every time I make follow up nothing tangible was given is response
    - So it is deep down in my heart that I have to work hard and not wait for hand outs

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Not really because I worked hard got some finance from quotations procurement system and bought some few things that I have

8. What is your level of education and experience in line with the business you are in?
    - I am a drop out from Wits Technikon, I was doing business management and due to historical disadvantage I decided to come back home and help my parents.
    - Secondly, I have attended some courses regarding construction industry.

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - I do not have any technology except the computer

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - The challenges that we are facing is from companies from outside North West Province that are well established.
    - One other challenge is, everyone who comes to power brings his or her own people and then small town mentality kicks in, that he/she has been in the game and will suffocate local small businesses until they die
    - There are so many SMME's (CIDB grading 1 - 4CE? GB), therefore as a small player in the industry, you have to have your uniqueness (speciality) to be able to survive.

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes I do. When you go to our government offices the supply chain management personnel are not transparent on give opportunities information more especial when they do not know you.
    - It is alleged that the corrupt leaders give mandates to their supply chain management officers to push their own agenda

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - It is very difficult to know about any laws and regulation as there is no transparency and constant communication between SMME's and government

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?

- Yes, if you don’t make money it will be difficult to be able to attract skilled labour and skilful business leaders. When you have them, it is just for temporary as one can’t sustain them

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I choose the well established people and far most my church pastor

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - There is a difference between an entrepreneur and tender entrepreneur (if there is such). If they can differentiate the two they will be able to make it.
    - They need to be innovative and dominate the industry by coming up with new ideas.

16. What are your plans for the future, where do you see yourself and your business say in 5 years time?
    - My plan is to have 20% of earth moving equipment, working towards full team of road construction (plant and personnel's) in order to have capacity to do road earth works and surfacing (tar).

Interview:	**No.2**
Date:	**03 June 2017**
Company Name:	**Kgwatleng Trading Enterprise**
Name of Interviewee:	**Kutlwano Mere**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**2CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Corruption – due to lack of fairness in choosing the suitable bidder to do the work.
    - Access to finance – When the small contractor receive the job, it become very difficult to commence the work due to the lack of operational capital and challenge of not having suitable or required documentation by the financial institutions that lend finance.
    - Law and regulations – CIDB requirements and regulations limit and restrict the potential of small contractors as the determines how much value can a contractor of certain grading participate at, documents one need to comply with in order to participate in a bid.
    - Skills and education – Small contractor have challenge of attracting and maintaining skilled and experienced labour force due business instability on SMMEs
    - Competition – The CIDB grade 1-4 are so many to a point that it become very difficult to access any business.
    - Business knowledge – the management knowledge is a challenge on small contractor as sometimes we delay to take certain business decisions on time resulting to loss of profit and production.
    - Technology – as the small contractor we lack technology that can assist us to work effectively and maximise profit.
    - Innovation – small contractor lack new way of growing business and new methodologist of doing works.
    - Communication – SMMEs lack information about government opportunities e.g. funding programmes, skill programmes and business opportunities.

2. What make your business fail and what can you do to revive it?

- The factors stated above are exactly what failing our businesses as small contractors, however the following can always be stressed more:
- ✓ Access to finance to enable me as SMME to conduct and grow my business
- ✓ Lack of technology as the small contractor we lack technology that can assist us to work effectively and maximise profit.

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - No, we currently do not have any business growth strategy

4. Is the growth of your business constrained by lack of finance?
    - Yes – we are constrained by finance as the marketing and positioning of business depends or need finance.

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - Yes I am very passionate construction business.
    - My passion is driven by the understanding that infrastructure is primary or key economic drive of the developing countries

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - I know the business plan, however my company does not have it and I personally never used it.

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - It was very difficult to start from zero without any financial support, hence we had to start by sub-contracting before we can even imagine of bidding for works at own.

8. What is your level of education and experience in line with the business you are in?
    - I have Grade 12 and project management certificate coupled with 8 years of experience

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?

- I do not have any technology in the company

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Infrastructure projects are predominantly big. The competitors becomes those companies with higher grading e.g. CIDB grading 6 – 9 leaving no space for us as grade 2s to participate.
    - There are so many SMME's with CIDB grading 1 - 4CE/GB) resulting to unhealthy competition.
    - Evaluation of government bids concentrate on financial capacity and previous experience. And that disqualified SMMEs favouring the established companies

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes, sometimes I am tempted to say there is no fairness by looking at the quality of the works carried out by those getting business
    - I do not have a proof on hand, however I would stress that fairness is lacking

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - CIDB restrict small contractor as they focus on financial capabilities only without considering skills and knowledge

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, it does due to affordability as will cannot attract and maintains expertise to do work

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I choose people to work with based on academic records and experience on their field of works

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - The youth seems interested in entrepreneurship however there is lack of information between government and the public.

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - My plan is to run successful business that is well equipped with financial, human and plant resources in the province

Interview:	**No.3**
Date:	**02 June 2017**
Company Name:	**JJ Mafuko construction**
Name of Interviewee:	**M. Kgosiemang**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**3CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?

   There are many factors affecting the growth of SMEs in Mafikeng such as:
   - Knowledge and skill on how to deal with the day to day business
   - Marketing or branding of the company- if the company is not known by the public it become very difficult to get a business as there are so many fly by night companies.
   - Funding – when sometime receive business from government it become challenging to get finance in order to start and complete project as soon as possible
   - Late payment by government institution – late payment by government on project is killer of SMEs as the company cannot survive without cash-flow.
   - Government regulation – CIDB and department laws and polices sometime make access to business very challenging
   - Allege corruption – public always claim that the reason why most SMEs does not receive business is because they do not know any influential person within the system.
   - Politics – the political alignment and affiliation plays critical role on getting business

2. What make your business fail and what can you do to revive it?
   - My business fails because not having business which affects cash-flows
   - And lack of understanding the business operating under

3. Does/did your company have growth strategy, if yes, what is that strategy?
   - The desired strategy – is to have asset of my own not to rely on renting.

4. Is the growth of your business constrained by lack of finance?
    - Yes – It is very difficult to access funding from the banks and payment turnaround time by government affects the business cash flow.

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - The employment in South Africa is the challenge, I started a business after seeking employment for more than 7 years. However I remain passionate for wat I started as it is better than seating at home doing nothing.

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - No, I do not have a business plan. All I know is that business plan is the document used to apply for funding either at the bank or other financial institutions

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - The only times when I requested finance from the banks is when I have a project and I must confess it is very difficult to access finance as the institution always looking for guarantees and credit records.

8. What is your level of education and experience in line with the business you are in?
    - I do not have any tertiary education, however I have construction experience from projects that I have been doing

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - I do not have any technology and also not aware of the available technologies to have.

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Wow there is serious competition among SMEs. The reasons for competition is that, established company also bid for small job which make the coopetition very unfairly and unbalanced.
    - SMEs are many which make the competition to be hectic

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes I do. When you go to our government offices the supply chain management personnel are not transparent on give opportunities information more especial when they do not know you.
    - It is alleged that the corrupt leaders give mandates to their supply chain management officers to push their own agenda

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Yes, CIDB and Treasury regulations

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, sustaining professionals and skilled labour in the company is always a challenge as the business or project are not always available

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I normally consult owners of the developed companies

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - The youth of Mafikeng is predominantly occupied by the social issues such alcohol consumption and unemployment.
    - They look very distance from entrepreneurship

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - I am planning to have established company that will employ and develop youth in the province.

Interview:	**No.4**
Date:	**02 June 2017**
Company Name:	**Azanian Construction cc**
Name of Interviewee:	**Marton Boitumelo Mojaki**
Gender:	**Female**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**2GB**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Unavailability of business – without work business does not exist
    - Skills and training – SMEs are not equipped about engineering and construction industry
    - Corruption – unfair distribution of cake by giving business to the friends or political affiliation
    - Politics – favourism based on political affiliation
    - Lack finance – minimal or no finance for production and labour
    - Laws and regulations – Procurement regulation make it impossible for small contractors to access the business
    - Communication - communication of government of opportunities to the small contractors

2. What make your business fail and what can you do to revive it?
    - Small businesses basically fails because of the factors stated above
    - Minimal or no research and marketing of the business
    - Lack of strong policies in the business

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - No – I never thought of that.

4. Is the growth of your business constrained by lack of finance?
    - Yes – the business is struggling as there is no business

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - I chose construction business due to the passion I have on construction work.
    - I previously work as labour on construction road works for more than 5 years and my interest of entrepreneurship began than

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - No, I don't have a clue

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Not at all. Always when I have project to do, my mentor who is developed in business always loan me the funds required with 22% interest

8. What is your level of education and experience in line with the business you are in?
    - My level of education is matric

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - The technology I have in the business is the cellular phone and the computer

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - The challenges we have as small contractors is basically changes emanating from continuous change of leadership in government which affect sustainable SMEs development strategy and understand.

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes I do but I do not have any proof on hand. All what we see is some companies developing much faster than others and receiving more business than other.

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - It is very difficult to know about any laws and regulation as there is no transparency and constant communication between SMME's and government.

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, Small Contractor cannot afford to have and keep skilful labour force due to the nature of the business and sustainability

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I choose the well-established people and far most my church pastor

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - I run this business by my own and I learn along the way.

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - My plan is to market my business and ensure that this company is well known by the community of the North West and provide best quality works and professionalism.

Interview:	**No.5**
Date:	**03 June 2017**
Company Name:	**Boagolefa Trading and Projects**
Name of Interviewee:	**S. Sefako**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**2GB**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Finance
    - corruption
    - and lack of adequate management

2. What make your business fail and what can you do to revive it?
    - Financial constraints/access to finance
    - The business is concentrated in one place, it need to be expanded to other parts of the country

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - The business is concentrated in one place, it need to be expanded to other parts of the country

4. Is the growth of your business constrained by lack of finance?
    - Yes – business without cash-flow is nothing

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - Construction is the most accessible sector, yes - because of the underdevelopment of the sector.

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
- No

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Not Yes, Finance is a major setback

8. What is your level of education and experience in line with the business you are in?
    - Diploma in Construction

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - Few modern tools like TLB

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Yes, many companies producing same products

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Corruption is another factor constraining the growth of my business

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Administrative delays

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, due to affordability

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I choose them through experience from former companies

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - Positive, many are trying to set up their own businesses

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - The plan for the future is to expand the business. In 5 years, I wish to implement modern technology in running the business.

Interview:	**No.6**
Date:	**02 June 2017**
Company Name:	**Dehatshwane Construction cc**
Name of Interviewee:	**V. Koee**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**2G**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Access to finance
    - Competition - the infrastructure is predominantly of higher projects and as for SMME's we struggle to access small project.
    - Business knowledge and skills -
    - Business strategy
    - Communication - communication of government of opportunities to SMME's

2. What make your business fail and what can you do to revive it?
    - Late payment by government,
    - Non-payment of tax and lack of documentation
    - payment turnaround strategy between government and SMME's
    - Research and market the business
    - Strong policies in government should be in place
    - Communication between government and emerging contractors

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes - to invest in most important plan and property to sustain it even when government does not procure business my way.
    - Having professionals to work with

4. Is the growth of your business constrained by lack of finance?
    - Yes
5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - I have work as unskilled labour in different roads projects.
    -

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - I never done one before I have had business ideas approached some public servants and every time I make follow up nothing tangible was given is response

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - In deed I experienced challenges which are still continuing.

8. What is your level of education and experience in line with the business you are in?
    - Grade 11 and some courses for paving storm water and Health and Safety.

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - Cellular phone and nothing more

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - The challenges that we are facing is from companies from outside North West Province that are well established.

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes I do. It's just that, proving it is very difficult
12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - It is very difficult to know about any laws and regulation as there is no transparency in government

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, they are expensive due to the fact that they are coming from outside the province and there is no local tertiary institution that produces them.

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I choose credible and well reputable business orientated people.

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - Most young people donate their time on social life e.g. clubbing drinking without doing profitable business.

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - My plan is to expand this company to at least three metropolitan cities of South Africa.

Interview:	**No.7**
Date:	**03 June 2017**
Company Name:	**Tirokago Construction**
Name of Interviewee:	**Marton Boitumelo Mojaki**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**3GB**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - It is difficult to get opportunities, well established companies get more work
    - Politics
    - Finance

2. What make your business fail and what can you do to revive it?
    - If support would be given at a broad level by the government departments

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes

4. Is the growth of your business constrained by lack of finance?
    - Yes

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - I chose construction business in order to try develop the Mafikeng town and North West province as a whole

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - Yes, I do but I never used it

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Yes, financial constraints

8. What is your level of education and experience in line with the business you are in?
    - Diploma in Construction and 2 years' experience

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - I have a plant called TLB

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Yes, many companies providing the same work

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes, corruption.

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Administrative delays and claim payments

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes,

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - Through experience and interviews

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - Many of the youth is interested in business, however opportunities are limited

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - My plan is to grow the business.

Interview:	**No.8**
Date:	**04 June 2017**
Company Name:	**Olerato Trading and Projects**
Name of Interviewee:	**B. Gae**
Gender:	**Female**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**2CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Lack of opportunities, tenders given to big companies
    - Access to finance
    - Politics influence

2. What make your business fail and what can you do to revive it?
    - Lack of finance and
    - Less skilled workers, more exposure by attending courses

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes, targeting all available opportunities

4. Is the growth of your business constrained by lack of finance?
    - Yes

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - Need to start business and related to my qualification because I can utilise my skills and to also make money

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - Yes, is very useful as it can indicate target market and break even

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Yes, it is a major challenge

8. What is your level of education and experience in line with the business you are in?
    - It is relevant

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - Computer softwares and pricing /costing software

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Yes, many other companies doing the same work

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes, certain individuals with financial muscle are able to bribe their way in.

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Yes, CIBD ratings and experience

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, many skilled labour perceive Mahikeng as a rural area not advance.

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - Base on the knowledge, skills, experience, also unskilled with the intension of uplifting and skilling them

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - They are in a hurry to make money not interested in growing their businesses

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - To have a stable company in terms of skilled labour, professional employees and higher CIBD rating at least grade 6

Interview:	**No.9**
Date:	**04 June 2017**
Company Name:	**Morwa Motsau Civil**
Name of Interviewee:	**N. Nkomo**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**3CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Laws and regulations
    - Transparency in opportunities
    - Financial assistance
    - Corruption

2. What make your business fail and what can you do to revive it?
    - Late payment on jobs
    - Non-payment of tax and lack of documentation
    - High labour rate and laws
    - Financial constraints

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes

4. Is the growth of your business constrained by lack of finance?
    - Yes - when I get project is very difficult to access funding from the banks and payment turnaround time by government affects the business cash flow.

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - Lack of employment

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - No.

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Yes, banks always require impossible when asking for assistance

8. What is your level of education and experience in line with the business you are in?
    - Standard 8

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - Laptop and phone

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Yes, everyone want to be in construction.
    - Also big companies compete for small jobs

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes I do. I have that the state is captured

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Yes, CIDB, Procurement regulation and SARS requirement

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, quality is expensive

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - Interviews and recommendation from other business people

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - Youth have lost hope, limited business and employment opportunities demoralise them.

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - First of all, South Africa need leadership that understand economy, who can assist it to grow not to oppress it. That will assist small business to have a space and role to play. Therefore, we can be financial stable and expand our small businesses.

Interview:	**No.10**
Date:	**05 June 2017**
Company Name:	**Demantoa Construction**
Name of Interviewee:	**L. Sebego**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**3CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Finance and
    - Shortage of tenders

2. What make your business fail and what can you do to revive it?
    - Lack of management skills and finance, get proper consultants to consult and help with training

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes - getting more work and tenders

4. Is the growth of your business constrained by lack of finance?
    - Yes

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - It's my interest and I am passionate - the family was in construction

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - Yes I had one

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Yes, it is a challenge because it is difficult to get finance

8. What is your level of education and experience in line with the business you are in?
    - Matric and the degree

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - I have Computer programmes and apps

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Yes, pricing by cutting the cost

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - Yes, I don't take bribes

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Yes, minimum wages

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - Yes, if available they are very expensive

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - I work with people that are courageous and focused

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - People are interested in business all the need is support

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?
    - To expand my business and make it more profitable, extend by 50%

Interview:	**No.11**
Date:	**05 June 2017**
Company Name:	**L.S Dolls Trading**
Name of Interviewee:	**A. Kgasa**
Gender:	**Male**
Nationality:	**South African**
Type of Business:	**Construction**
CIDB Grading:	**3CE**

1. What are the factors affecting growth of construction SMEs in Mafikeng?
    - Competition
    - Insufficient plant and equipment
    - Political environment that come with favourism
    - Transparency
    - Government regulation
    - Lack of business management and technical skills
    - Turnaround time in making payment that affects cash flows

2. What make your business fail and what can you do to revive it?
    - All the above factors are the one that make difficult for us to survive as small players
    - Government need to have programmes or institution to mitigated all the constraints

3. Does/did your company have growth strategy, if yes, what is that strategy?
    - Yes – however the strategy is useless if the above challenges are not addressed.

4. Is the growth of your business constrained by lack of finance?
    - Yes – Business without cash flow nonexistence.

5. Why did you choose construction business? Are you passionate about this type business or you just need start a business? How did it come about?
    - I passionate about infrastructure development. Contribution to the countries development is always my dream.

6. Do you know what a business plan is? (Before starting your business, did you have a formal or written business plan? Do you feel it would have been useful to have it or have you ever needed one?
    - Yes I do and I have one.

7. Did you have any difficulties in finding finances either for start-up or expansion? Or is finance a challenge in your business development?
    - Due to current economic challenge, financial institutions are not that friendly to lend any loans

8. What is your level of education and experience in line with the business you are in?
    - Degree in education and some courses of construction works.

9. What type of modern tools/technology you apply in your business to keep it up to date and competitive in line with the current technological era?
    - Computer which have some programs,
    - I hire all technological construction plant and equipment as and when required

10. Is your business field facing competition challenges? What are those competition challenges and how do you manage them?
    - Yes.

11. Do you think corruption is one of the factors constraining growth of construction SMEs in Mafikeng? And what is your experience in that regard?
    - I don't think so, however there are always speculations.

12. Are there any governmental law and regulation restrictions that influence in the growth of your business? If there are, can you mention some of those obstacles?
    - Yes

13. Does SMEs in Mafikeng face problems in attracting skilled labour and skilful business leaders?
    - No, money talks.

14. How do you choose the people you work with and what type of people you consult about different issues regarding your business?
    - Reference from previous employers and business partners

15. What is your opinion on how Mafikeng youth (18 - 35 years) interested in becoming entrepreneurs?
    - Youth is ready when opportunities avail.

16. What are your plans for the future, where do you see yourself and your business say in 5 years' time?

I would like to see myself leading developed company employing most young South African and contributing on skill and economic development of t

APPENDIX D: SCHEDULED QUESTIONARE TO SURVEY FACTORS CONSTRAINING CONSTRUCTION SMMEs IN MAFIKENG

SECTION 1: SOCIOGRAPHIC

1 **BIOGRAPHICAL** (Please indicate by making an **X** in the relevant column. This is an optional question.)

1.1	**Gender**	*Prefer not to say*		*Female:*		*Male:*	
1.2	**Race**	*Prefer not to say*		*Black*		*White*	
		Coloured		*Indian*		*Other*	
1.3	**Company Age Range**	*3 - 6 years*		*7 - 9years*		*10 - 12years*	
		13 - 15years					
1.4	**Highest Qualification**						

2 **POSITION** (Please indicate by making an **X** in the relevant column)

2.1	Owner	
2.2	Other (specify)	

3 **ROLE / JOB TITLE IN THE COMPANY** (Please indicate by making an **X** in the relevant column)

3.1	Assistant Project Manager	
3.2	Project Coordinator	
3.3	Project Manager	
3.4	Senior Project manager	
3.5	Project Leader / Project Team Leader	
3.6	Program Manager	
3.7	Portfolio Manager	
3.8	Project Implementation Manager	
3.9	IT manager	
3.10	Business Analyst	
3.11	Project management consultant	
3.12	Other (Please specify)	

4 **IN WHICH DOMAIN IS YOUR POSITION?** (Please indicate by making an **X** in the relevant column)

4.1	General Management	
4.2	Commercial Management	
4.3	Financial Management	
4.4	Project, Programme or Portfolio Management	
4.5	Business Development	
4.6	Other	

5 **EXPERIENCE IN CONSTRUCTION** (Please indicate by making an **X** in the relevant column)

5.1	< 5 years	
5.2	5 - 10 years	
5.3	10 - 15 years	
5.4	15 - 20 years	
5.5	20 - 25 years	
5.6	>25 years	

6 **FORMAL TRAINING IN CONTRUCTION** (Please indicate by making an **X** in the relevant column)

6.1	Built environment training	
6.2	Other (specify)	
6.3	None	

7 **WHAT WERE YOU DOING PRIOR WORKING IN CONTRUCTION?**
(Please indicate by making an **X**in the relevant column)

7.1	Studying	
7.2	Work as what (specify)	
7.3	Business (specify the type)	
7.4	Unemployed	

SECTION 2: COMPANY BACKGROUND

8 **WHAT CATERGORY IS YOUR COMPANY?** (Please indicate by making an **X** in the relevant column)

8.1	Established company	
8.2	Emerging company	

9 **COMPANY REGISTRATION WITH CIDB** (Please indicate by making an **X** in the relevant column)

9.1	CIDB grading: 2 CE or GB	
9.2	CIDB grading: 3 CE or GB	
9.3	Other (specify)	

10 **COMPANY EXPERIENCE IN CONSTRUCTION** (Please indicate by making an **X** in the relevant column)

10.1	< 5 years	
10.2	1-5	
10.3	5-10	
10.4	10-25	
10.5	>25	

11 **NUMBER OF FULLTIME EPLOYEES IN YOUR COMPANY**

(Please indicate by making an **X** in the relevant column)

11.1	0	
11.2	1-5	
11.3	6-15	
11.4	50-100	
11.5	>200	

12 **WHAT IS YOUR CURRENT ANNUAL TURNOVER?** (Please indicate by makingan**X** in the relevant column

12.1	<R1 million	
12.2	Between R1 and R10 million	
12.3	Between R10 and R100 million	
12.4	> R100 million	

13 **WHAT IS YOUR AVERAGE CONTRACT SIZE YOU WORKED ON?**

(Please indicate by making an **X** in the relevantcolumn)

13.1	No	
13.2	Yes, the result of the project has international aspects	
13.3	Yes, the resources working on the project are international	
13.4	Yes, the suppliers in the project are international	

14 FIVE CATERGORIES THAT ASSESSES INDIVIDUAL EXPERIENCE

(**category 1**: filling of tender document)

14.1	No experience	
14.2	Little experience	
14.3	Some Experience	
14.4	Experience	
14.5	Very experienced	

15 **FIVE CATERGORIES THAT ASSESSES INDIVIDUAL EXPERIENCE?**

(**Category 2**: Planning and organizing site)

15.1	No experience	
15.2	Little experience	
15.3	Some Experience	
15.4	Experience	
15.5	Very experienced	

16 **FIVE CATERGORIES THAT ASSESSES INDIVIDUAL EXPERIENCE?**

(**Category 3**: dealing with suppliers and sub-contractors)

16.1	No experience	
16.2	Little experience	
16.3	Some Experience	
16.4	Experience	
16.5	Very experienced	

17 **FIVE CATERGORIES THAT ASSESSES INDIVIDUAL EXPERIENCE?**
(**Category 4**: Record keeping of cash flow and finances)

17.1	No experience	
17.2	Little experience	
17.3	Some Experience	
17.4	Experience	
17.5	Very experienced	

18 **FIVE CATERGORIES THAT ASSESSES INDIVIDUAL EXPERIENCE?**
(**Category 5**: Reading and understanding technical drawing and documentation)

18.1	No experience	
18.2	Little experience	
18.3	Some Experience	
18.4	Experience	
18.5	Very experienced	

SECTION 3: INTERATION- JOINT VENTURE

19 **HAVE YOUR COMPANY WORKED WITH ANOTHER COMPANY AS JOINT VENTURE IN THE PAST FIVE YEARS?** (Please indicate with X on the relevant column)

19.1	No experience	
19.2	Little experience	
19.3	Some Experience	
19.4	Experience	
19.5	Very experienced	

20 **WHAT TYPE OF A CLIENT WERE YOU WORKING FOR?**
(Please indicate with X on the relevant column)

20.1	Public Department	
20.2	Private Entity	

21 **WHAT WAS YOUR PARNERS COMPANY CLASSIFICATION?**
(Please indicate with X on the relevant column)

21.1	Established company	
21.2	Emerging company	

22 **HOW WOULD YOU DESCRIBE YOUR WORKING RELATION WITH YOUR MOST RECENT JV PARTNER?** (Please indicate with X on the relevant column)

22.1	Many problems	
22.2	Some problems	
22.3	No problems	
22.4	Good	
22.5	Excellent	

23 **IF WORKING RELATION WAS NOT SO GOOD, WOULD YOU SAY THAT DIFFERENT WAYS OF WORKING PLAYED A ROLE?** (Please indicate with X on the relevant column)

23.1	Often	
23.2	Not so often	
23.3	Rarely	
23.4	Almost never	
23.5	Never	

24 **WHAT WERE THE MOST COMMON CAUSE OF DISPUTE OR PROBLEMS IF ANY?**
(Please indicate with X on the relevant column)

24.1	Financial	
24.2	Labour	
24.3	Work	
24.4	Quality	
24.5	Safety	
24.6	Other (specify)	

25 **IF WORKING RELATION WAS GOOD, CAN YOU COMMENT ON WHAT WENT WELL?**

25.1	Comment.....	

SECTION 4: INTERATION- SUBCONTRACTING

26 **HAVE YOUR COMPANY WORKED WITH ANOTHER COMPANY AS JOINT VENTURE IN THE PAST FIVE YEARS?** (Please indicate with X on the relevant column)

26.1	No experience	
26.2	Little experience	
26.3	Some Experience	
26.4	Experience	
26.5	Very experienced	

27 **WHAT TYPE OF A CLIENT WERE YOU WORKING FOR?**
(Please indicate with X on the relevant column)

27.1	Public Department	
27.2	Private Entity	

28 **WHAT WAS YOUR PARNERS COMPANY CLASSIFICATION?**
(Please indicate with X on the relevant column)

28.1	Established company	
28.2	Emerging company	

29 **HAVE YOU WORKED FOR THIS MAIN CONTRACTOR BEFORE?**
(Please indicate with X on the relevant column)

28.1	Yes	
28.2	No	

30 **HOW DID YOU GET IN TOUCH WITH THE MAIN CONTRACTOR?**
(Please indicate with X on the relevant column)

30.1	Nominated sub-contractor by the client	
30.2	Condition on the tender to use local SMMEs	
30.3	Local database (Municipality database) in where the project is implemented	
30.4	Referred by someone	
30.5	Website	
30.6	Newspaper	

31 **HOW WOULD YOU DESCRIBE YOUR WORKING RELATION WITH YOUR MOST RECENT JV PARTNER?** (Please indicate with X on the relevant column)

31.1	Many problems	
31.2	Some problems	
31.3	No problems	
31.4	Good	
31.5	Excellent	

32 **IF WORKING RELATION WAS NOT SO GOOD, WOULD YOU SAY THAT DIFFERENT WAYS OF WORKING PLAYED A ROLE?** (Please indicate with X on the relevant column)

32.1	Often	
32.2	Not so often	
32.3	Rarely	
32.4	Almost never	
32.5	Never	

33 **WHAT WERE THE MOST COMMON CAUSE OF DISPUTE OR PROBLEMS IF ANY?**
(Please indicate with X on the relevant column)

33.1	Financial	
33.2	Labour	
33.3	Work	
33.4	Quality	
33.5	Safety	
33.6	Other (specify)	

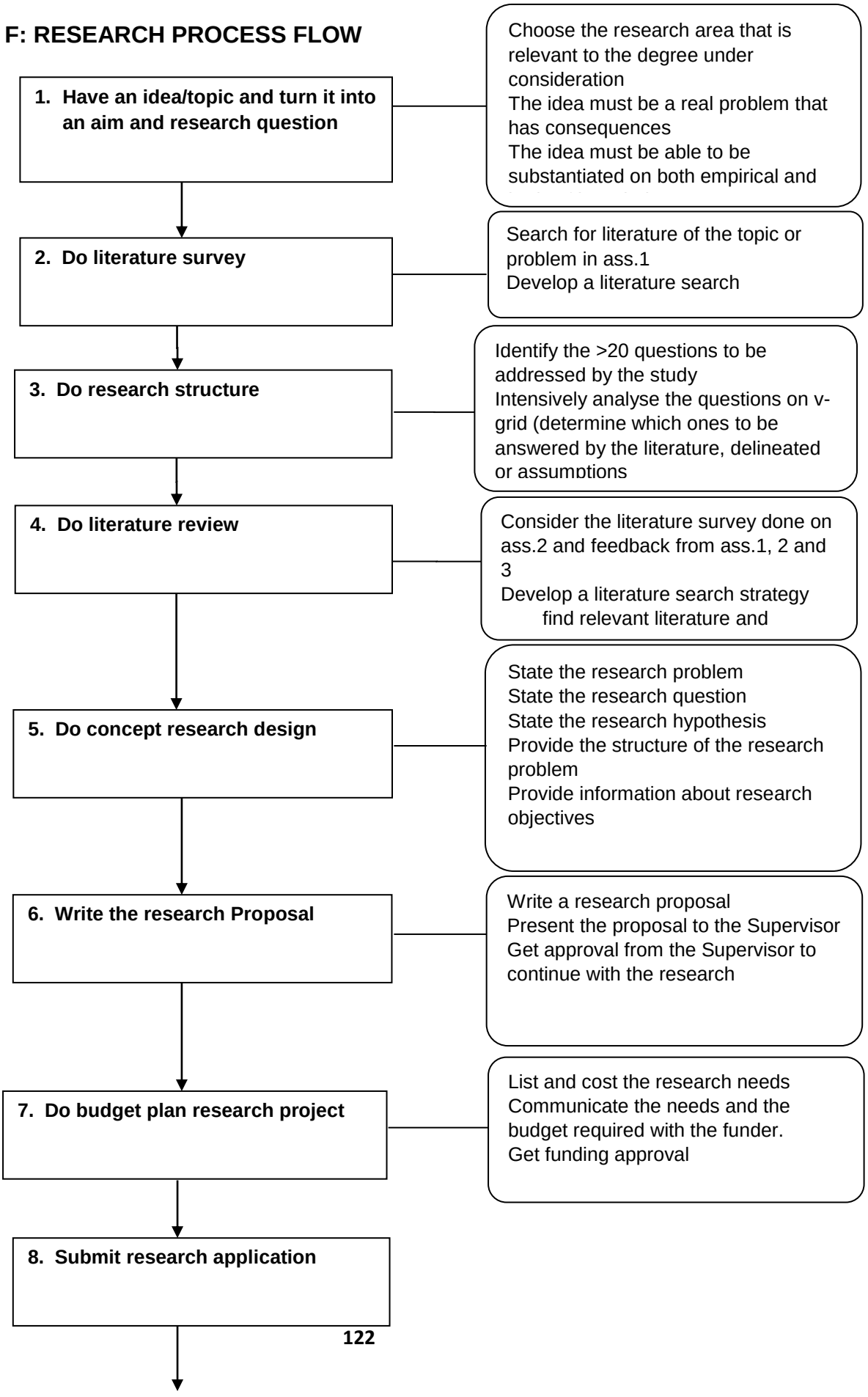
34 **IF WORKING RELATION WAS GOOD, CAN YOU COMMENT ON WHAT WENT WELL?**

34.1	Comment.....	

APPENDIX E: RESEARCH BUDGET

Item	Budget Item	Funder	Amount	Sub-total
1.	**Personnel/ institution**			
	Tuition fee	DPW&R	21,730	
	Material		2,000.00	
	Total Personnel Expense			**23,730.00**
2.	**Direct Expense**			
	Copying and printing	DPW&R	3,500.00	
	Editing		2,250.00	
	Postage		180.00	
	Total Direct Expense			**5,930.00**
3.	**Travelling Expense at an average of 15 trips**			
	Transportation	DPW&R	9,150.00	
	Accommodation		19,500.00	
	Meals		3,000.00	
	Total Travelling Expense			**31,650.00**
	TOTAL EXPENSES			61310.00
	OVERHEADS @ 5%			3,065.50
	TOTAL BUDGET REQUEST			**64,375.50**

APPENDIX F: RESEARCH PROCESS FLOW



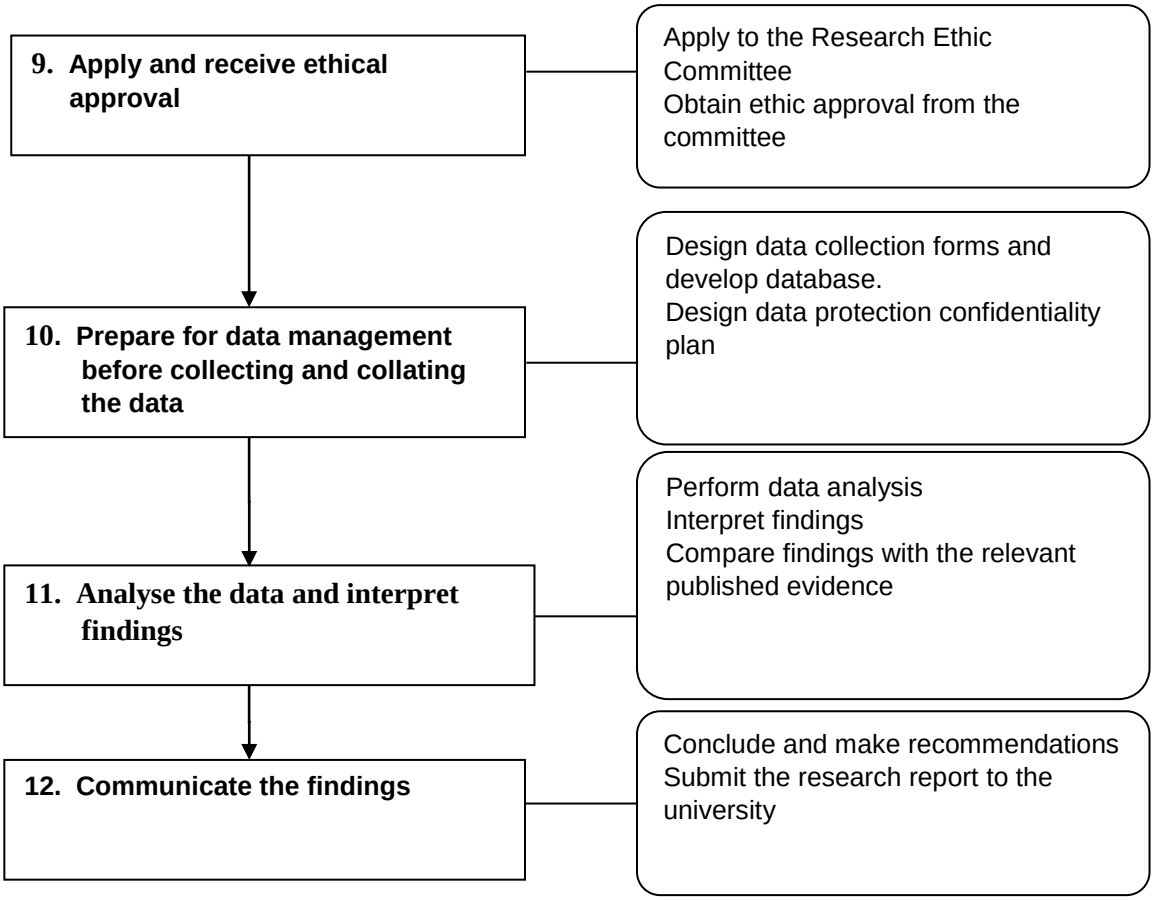


Figure 1: Research process flow (source: NIHR RD Info, 2008)