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The perceptions of beneficiaries about the contribution of micro enterprises as a poverty reduction strategy : a study of women beneficiaries in Johannesburg.

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The perceptions of beneficiaries about the contribution of micro enterprises as a poverty reduction strategy: A study of women beneficiaries in Johannesburg.

A report on a research study presented to

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School of Human and Community Development

Faculty of Humanities

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in partial fulfilment of the requirements for

the degree Master of Arts in Social Development

by

Rejoice Chipuriro

March, 2014

DECLARATION

I declare that this report is my own unaided work. I have acknowledged and referenced all sources used. This research report has not been submitted previously to attain any degree.

_____

Rejoice Chipuriro

Date: 17 March 2014

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ABSTRACT

Micro enterprises have become popularised globally as the favoured option for development and have played a key role in poverty alleviation. The main premise of using micro enterprises has been to build the capacity of the individual to be self-sustaining and to move away from the continued dependency on state welfare. Micro enterprises are also seen as a key tool to allow participation of the disempowered population. In South Africa micro enterprises have been hailed by government as playing a pivotal role in creating employment opportunities for the poor people. The study was conducted to gain a deeper understanding of how beneficiaries view the role played by micro enterprises in reducing poverty. This qualitative research was based on case studies of 12 female participants who were selected using convenience sampling based on their availability and participation in micro enterprise initiatives. An interview schedule was used and the interviews were tape recorded. The major findings that emerged were that beneficiaries perceive micro enterprises as meeting their basic needs like food and rates, to others they were a way of supplementing income. Most participants perceived micro enterprise rather as a hobby than an effective income generating activity. None of the beneficiaries had business skills, equipment or information and capital to grow their business beyond their residential areas. None of the micro enterprises were able to create employment for others. Various factors such as lack of capital, low literacy levels, poor business management skills and non-entrepreneurial mind-set amongst others have resulted in this failure. Beneficiaries of this study perceived the income from their micro enterprises not enough to qualify their micro enterprises as a poverty reduction tool. The main conclusion drawn from the study is that whilst profit generated through participating in micro enterprises meet the beneficiaries' basic necessities, it is insufficient income to meaningfully reduce poverty.

Key words: Poverty, beneficiaries, micro enterprises, poverty reduction strategies, social development.

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List of Acronyms

ANC	African National Congress
ABCD	Asset-Based and Citizen-Led Development
CIPRO	Companies and Intellectual Property Registration Office
DA	Democratic Alliance
DFID	Department For International Development
DoSD	Department of Social Development
DTI	Department of Trade and Industry
FAO	Food and Agriculture Organisation
ILO	International Labour Organisation
NGO	Non- Governmental Organisation
PISCES	Programme for Investment in the Small Capital Enterprise Sector
SAMAF	South African Micro finance Apex Fund
SEFA	Small Enterprise Finance Agency
SETA	Sector Education And Training Authority
SMME	Small, Medium and Micro enterprise
UNDP	United Nations Development Programme
USAID	United States Agency for International Development

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The world has experienced increased population growth within the context of limited resources. This has plunged the majority of countries especially in the developing world into poverty. According to the United Nations Development Programme (2007), the effects of globalisation have widened the gap between the rich and the poor, which is reflected on a global level between the developed and developing countries.

In Africa the roots of mass poverty can be traced back to the period of colonialism, urbanisation and industrialisation. Roy and Wheeler (2006) stated that the livelihoods of indigenous people were disrupted during the period of colonialism. The result was that the majority of natives ended up in destitution as they were unable to cope with the pace and hostile ways of urbanisation and industrialisation. According to Rippenaar-Joseph (2009), the problem of mass poverty was inherited and has grown cumulatively from generation to generation.

In South Africa mass poverty has been attributed to the legacy of apartheid when development was based on race and in favour of the white minority. The majority of the population consisting of black people were excluded from participating in the economy. Berry et al., (2002, p. 1) argue that "Since 1994, South Africa has been faced with the challenges of re-integration into world markets as a global economy, while at the same time positioning itself to realise the high expectations of its populace regarding a successful transition towards a more democratic order."

Despite of the programmes implemented by the African National Congress (ANC) government post 1994, the results on the ground reflect an increase in the number of people who are experiencing mass poverty. The government is yet to reduce this unequal access to resources which is widening the gap between the rich and the poor. Due to this imbalance in accessing resources, South African is listed as having one of the most unequal wealth and income distribution in the world. According to Schreiner (2001), such inequality contributes to under-development as the country is not able to maximise all the potential of its people.

Micro enterprises have emerged as one of the strategies that the South African government is using to solve the burgeoning problem of mass unemployment.

Harvey (2003), indicates that the opportunity of increasing income levels through joining self- help savings groups and participating in micro enterprises has become the focus of many governments around the world and it remains the preferred option out of this vicious cycle of poverty which has imprisoned the lives of many.

1.2 Statement of the problem and rationale for the study

Many societies often assign lower status to women and children in comparison to men, particularly patriarchal society such as South Africa. This position is mainly influenced by cultural norms that view women as inferior and subservient to men. In patriarchal societies parents prefer to send the boy child to school at the expense of the girl child, which equates to women's generally lower literacy levels. South Africa has of late experienced an increase in teenage pregnancies which means the affected girls have to drop out of school before they complete high school to look after the baby. This has a profound effect on these young women such as "shortage of skills and the occurrence of illiteracy which enhances their lack of self-confidence, leading to a feeling of helplessness", (Siegel, 2005, p.7).Without the required literacy the majority of these women cannot access any formal employment. They do not have the luxury of a stable income. In many patriarchal societies, mainly in Africa women cannot own any means of production including land or assets. As such women are more exposed to suffer the brunt of poverty.

To bridge this gap, women have engaged in micro enterprises as a way of generating income in the informal sector. Traditionally women have been known to work around the home to raise income and at the same time fulfil their domestic duties of caring for the family and home. A study done by Chigudu (1991), on women in Zimbabwe confirmed that women's micro enterprises required low skills and were linked to their domestic chores such as cooking, baking, sewing, plaiting hair. Schreiner (2001), noted that very few of the micro enterprise run by women have improved from being small sole proprietorships into full-fledged businesses that expand beyond their locale and create employment for other people or increase household income.

It is thus important to conduct a study on beneficiaries' perceptions regarding the contribution of micro enterprises as an anti - poverty strategy in order to stop the vicious circle of poverty.

Prior studies conducted have reflected mainly on the role of micro enterprises in providing income, employment and how to strengthen micro enterprises. People who operate micro enterprises are often invisible to the rest of the world including policy makers as they are mainly the poor. They face the daily struggle for survival to set aside time to sit in conferences to discuss their own micro enterprises. In many instances micro enterprise operators are not aware of such consultative forums. Poor people are hardly invited to attend and voice their concerns in the consultative forums as more influential community members discuss their fate with policy makers (Hall & Midgley, 2004). Since their voices are rarely considered there is no accurate reflection on how the poor, mainly women, perceive their micro enterprises in relation to raising their standard of living. This study was conducted to bridge this gap in research by reflecting on the beneficiaries' perceptions regarding the contribution of micro enterprises as a tool for reducing poverty.

As mentioned earlier, most researchers interview participants who are readily available and these tend to be community leaders or more influential members of the community. Chambers (1997), noted that poor people are difficult to reach and they are often ignored. This is more so for women who have to stay at home looking after children and attending to house chores whilst men attend community forums. On the rare occasions that they attend they fear to voice their opinions the presence of men.

Hence prior studies have failed to reach out to the women to capture their perceptions regarding micro enterprise as a tool for poverty reduction. Little has been done to explore whether or not women perceive their micro enterprise as a successful tool to reduce poverty nor the challenges they face and their solutions to these impediments to business success. It is with this in mind that this study embarks on unravelling the perceptions of women in Johannesburg on the contribution of their micro enterprise as an anti- poverty strategy.

The findings from this study will inform the women on the status of their micro enterprises are as an anti-poverty strategy. According to Pitcoff (2004), a successful

micro enterprise is one which is able to generate profit and this is achieved when its income revenues are greater than its expenses.

Non- profit organisations in Johannesburg will receive information on how their targeted beneficiaries view the micro enterprise intervention. It will reveal areas which needs increased focus in terms of improvements for optimal output and impact. According to Pitcoff (2004), women engage in self- help groups aiming to get the best profits. However women's perceptions need to be explored to see whether they are realising significant income from micro enterprises which is sufficient to reduce household poverty.

Social Work is a helping profession. As such Lesser and Pope (2007), stipulate that social workers should be aware of the challenges faced by their clients. Poverty is one serious challenge faced by most social workers' clients. Midgley and Tang (2002), pointed out that social workers should be furnished with accurate information that will help in their planning for community development projects as well as opportunities for advocacy with relevant stakeholders and government to help their clients to be effective micro entrepreneurs.

1.3 An overview of the research methodology

The study is qualitative, and exploratory and descriptive in nature. A case study design was chosen to explore the perceptions of women regarding the contributions of their micro enterprises as a poverty reduction strategy. The main concerns addressed were the view of women regarding the contributions micro enterprises have played in improving their household income, the challenges they face in operating the micro enterprises and what help would they require to improve their micro enterprises to make them more profitable. A total of 12 women were selected to participate in this study. The women are beneficiaries of an NGO in Johannesburg which runs a women empowerment centre. The participants were selected using purposive sampling which was based on their availability, willingness and engagement on micro enterprise initiatives. In depth interviews were conducted and tape recorded using a semi-structured interview schedule. Thematic content analysis was used to analyse and interpret the data collected.

1.4 Defining concepts

This report identifies a number of key words which are defined according to the meaning rendered for this particular study.

a) Poverty

In this study, poverty is understood as the inability people have to meet their basic needs such as accommodation, food, and clothing. According to the White Paper for Social Welfare (1997), poverty is depicted by the inability to make choices, utilise opportunities, exclusion from meaningful participation in one's community and being unable to provide adequately for one's family resulting in loss of a dignified life. Lack of income can result into deprivation which is another sign of poverty where people cannot improve their circumstances.

b) Beneficiaries

The term beneficiary often connotes people including the communities that benefit form or utilize resources offered by a project to achieve the projects' stipulated outcomes. According to Nyamugasira (2010), project beneficiaries are people who benefit as a result of participating in project activities and enjoy the goods and services rendered by the project. In this particular study 12 women who participate in an Empowerment Centre for women were identified as beneficiaries.

c) Micro enterprises

With reference to this study micro enterprise definition is guided by the National Small Business Act (1996). It regards micro enterprise as an initiative that is informal meaning it has no licence, tax registration, formal business premises, or compliance with labour registration. It has between one to five employees, usually the owner and family members. Turnover is below the vat registration level of R300 000 per year. There is basic business skills and training. Examples include spaza shops, home based businesses and mini taxis.

d) **Poverty reduction strategies**

Poverty reduction strategies are specific measures established aimed at enabling the poor to create wealth as a means of ending poverty. Poverty reduction was institutionalized in 1944, with the establishment of the World Bank. The focus of poverty reduction from the 1950s-1980s was to integrate poor populations into the economy through better macro-economic performance. Economists had identified the poor as part of a huge "informal" sector that remained "essentially invisible, in government plans and budgets, in economists' models, in bankers' portfolios, and in national policies" (Robinson, 2001, p. 12).

e) Social development

According to Midgley (1995, p. 7), social development is "an approach to promoting people's welfare that is well suited not only to enhancing the quality of life for all citizens but to responding to the problems of distorted development". In addition, Chambers (1997) states that social development is people centred and promotes participation of people as equal stakeholders who are capable of contributing towards their own development

1.5 Significance of the study

The study highlights important findings relating to the perceptions of beneficiaries on the contribution of their micro enterprises in reducing poverty. It was interesting to find that though women participated in these micro enterprises they viewed them as insignificant in the fight against poverty, though they help cover basic household expenses such as food water, electricity and clothing. These perceptions if considered can influence policy and project implementation at organisational level to be pro poor and to incorporate ideas and encourage participation from the project beneficiaries on how to improve their livelihood. The study contributes to the theoretical knowledge of social development in South Africa, where the majority of marginalised poor micro enterprise owners are left out in the planning for socio-economic development agenda. The research findings generated provide that missing link between policy makers and those beneficiaries who are directly affected by flawed economic and social development policies.

1.6 Limitations of the study

A number of limitations could be attributed to this qualitative study as discussed in detail below.

The study was limited to a specific and small number of women who participate in micro enterprise activities with an NGO, in Johannesburg. Stake (1995), states that case studies are used to probe in depth the experiences of a delineated population so as to understand the phenomenon under study. This is linked to the challenge of researcher bias as the interpretation of the phenomenon relies on the researcher. The background of the researcher might have influenced how they observed and interpreted data collected. In this case subjectivity of research findings is one of the limitations to this research. Babbie (2007) highlights that qualitative research tends to be subjective as it involve observation, interaction, and interviews of specific cases. Most of the findings were based on the interpretations of the researcher.

Another limitation is that beneficiaries who participated in the NGO micro enterprise might have given socially desirable answers in their responses as they are vulnerable. The researcher was introduced to them by the director of the NGO so they might not have fully disclosed information for fear that it might later be relayed to the director. The researcher explained the principle of confidentiality and assured participants about the purpose of the study to avoid obtaining socially desirable responses.

Another challenge concerning the NGO was that although the Director shares on their website that they have 300 beneficiaries operating three main micro enterprises in sewing, beading and soap making, at their Empowerment Centre this was not the case on the ground. It was a challenge in that all the micro enterprises had ceased to be productive for a year at the time this study was conducted. The interviewer had to interview women who participated in the micro enterprise but were working as voluntary pre-school teachers at the NGOs pre-school. The women had samples of their bead work and bags on site. As a last resort the interviewer was linked to a group of women who are beneficiaries of the Empowerment Centre but were now operating their individual micro enterprises to make up for this shortfall. This changed the initial proposed research from the initial three micro enterprise project

beneficiaries to individual proprietors of micro enterprises who also form part of the beneficiary group for the Empowerment Centre.

Lastly, the researcher though she is not a South African, she managed to conduct her interview in English as the participants were bilingual. The community members are conversant in English as well as Afrikaans. Language is important and so is cultural sensitivity when conducting research, however the researcher did a pre- test which showed her that her questions were easy to understand and no sensitive issues were asked. Only one participant was uncomfortable to discuss the actual income she obtained but hinted that it barely covered her food and electricity for herself and her three small children.

1.7 Organisation of the research report

Chapter One contains an overview of the study. In Chapter Two the relevant literature and theoretical frameworks are presented. In Chapter Three, the research methodology applied during the research study is described. The analysed data are presented and discussed in Chapter Four. Lastly Chapter Five attends to the main findings, conclusions and recommendations.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews available and applicable literature in relation to micro enterprise at the global, regional and national level. Comparisons and contrast are made on the micro enterprise as a poverty reduction tool. Challenges that hinder the effectiveness of micro enterprises from reducing poverty levels amongst the poor are discussed in detail. The literature also looks at recommendations that have emerged through various studies which can improve the role played by micro enterprise as a poverty reduction tool.

Micro enterprises have become popularised globally as the favoured option for development. Micro enterprises have played a key role in poverty reduction. The main premise of using micro enterprises has been to build the capacity of the individual to be self- sustaining and to move away from the continued dependency on state welfare. Micro enterprises are also seen as a key tool to allow participation of the disempowered population. In South Africa micro enterprises have played a centre stage in the amelioration of poverty in the post- apartheid era both in government and private sector. Despite the prevalence of micro enterprises as a favoured poverty alleviation tool, research has shown that there are fundamental flaws in the handling of micro enterprises. These flaws have rendered the effectiveness of micro enterprises in poverty alleviation null and void.

2.2 Micro enterprises within the social /economic development paradigm

Social development aims at improving people's lives in a holistic manner. This means allowing people to participate in the social, economic and political arena by contributing to the change processes. According to Midgley (1995), social development is a people centred approach that promotes inclusive participation of people in redressing challenges of distorted development leading to an improved quality of life for everyone. Social development focuses on empowering the disempowered. In post-apartheid South Africa, the target for social development was

the previously disadvantaged groups the majority of which were black South Africans.

To ensure that the previously disadvantaged groups benefited in the development of the new South Africa the newly elected ANC government put in place their Reconstruction and Development Policy when they came into power in 1994. This policy looked at wealth redistribution. It sought to extend public services to every South African citizen and this meant access to hospitals, schools, housing, employment opportunities, social security and welfare services (Patel, 2005).

In 1997 the government produced the White Paper for Social Welfare. This paper detailed how every citizen had a right to participate actively in their own development. The main premise of this white paper was to move away from the welfaristic approach of the then Department of Social Welfare towards a developmental approach. The government changed the name of Social Welfare Department to the Department of Social Development to reflect the change in mandate. Whilst the Department's duties continued to assist with grants there was a move to support individual economic endeavours. With reference to the White Paper for Social Welfare (2007, p. 58) "citizens should be given an opportunity to participate in promoting their well-being and contributing to the growth and development of the nation".

Thus, the first principle in social development highlighted in the White Paper for Social Welfare is the need for people's inclusion and participation in the development process. According to Patel (2005), within the premises of social development clients are not viewed as passive recipients of welfare services but as active stakeholders who can contribute towards solutions. Therefore in mapping out solutions there is need for beneficiaries of such services to be actively engaged in solving social and economic conditions that derail people's capacities to be productive. This means policy makers in government, and experts from donor agencies should seek home grown solutions to challenges of poverty when they develop or plan poverty reduction strategies (Hall & Midgley, 2004).

The second principle in social development which is also closely linked to beneficiary participation is that development needs to be driven from the grassroots level.
Ife (2002) supports this notion and states that there should be a bottom up approach to social development instead of a top down approach where decision are made at management level and forced down onto the beneficiaries. Governments and NGOs have been notorious for this error of wanting to be in control of the development process. Such programmes as community job creation are engineered in government offices and used as election propaganda to garner voter support but bringing no lasting solutions to the challenges faced by the disempowered masses.

Donor agencies have been known to create and fund micro enterprise projects for women without any market surveys. Most women who engage in these activities find out after all their work that there are no markets for their products. NGOs plunge in to help without assessing market needs for their overseas grown solutions. According to de Beer and Swanepoel (2000), beneficiaries need to be given power in identifying their needs and making decision on how to solve these needs. Freire (1970) also argues that active participation is an ingredient for meaningful development and for this to take place communities should be valued as equal stakeholders.

Freire (1970) highlights the importance of dialogue by emphasising that without dialogue there is no learning. He states that the poor can only be empowered through reflective participation or else they risk transformation through manipulation.
Chikadzi (2009), reiterates the value of the consultation process for both beneficiaries and their funders whether government or aid agencies. It means funders are able to engage beneficiaries and to evaluate their capacity to run and maintain the projects long after the funders pull out. The beneficiaries are also able to reflect on their strengths and weaknesses opportunities and threats in their environment that can hamper their micro enterprise initiatives. If done properly, activities are sponsored to build people's skills and problem solving capacities, which are required to run successful micro enterprises.

When solutions are handed down to people without their active involvement it does not help them to become aware of their inherent problem solving capacity. Yet

without training the mind to overcome adversity, development cannot take place. Development only comes about when people exploit opportunities to solve problem. Marais and Botes (2007), in their study of community development projects in South Africa identified a pattern in which many development projects cease immediately after the donor pulls out.

Another principle of social development as highlighted by Ife (2002) is self- reliance. The author argues that external aid should be kept to a minimal and offered on short term basis. This means that there should be clear contractual agreement between those who support and the supported so that both parties are aware of their roles towards the emancipation process, the duration of support be it skills or funding and the expected outcomes. These should be assessed through regular monitoring and evaluated at the end to see if progress has been made.

Self -reliance can be drawn out of contractual agreements where beneficiaries are required to commit to contribute towards their own development. Burkey (1993), suggest that one such way is through material, labour or financial contributions. When beneficiaries are made to contribute money and their labour or land for production, it entails responsibility which births ownership. When they own the project it means that even if funding is withdrawn they are emotionally and materially committed to their initiatives and they will continue even in the absence of external support (Chikadzi, 2009).

Self- reliance on a higher dimension entails the confrontation of the social structures that hinder the poor from accessing resources. This trend has mainly grown in India where poor people engage in Participatory Rural Appraisal and outline structural obstacles which they confront as a way to development. According to Oakley and Masden 1984cited in Chikadzi (2009), meaningful development occurs only when the poor are actively involved in making decisions that affect resource allocation resulting in them having control to the means of production. This entails that giving hand outs, food parcels and grants is not a developmental approach to poverty eradication. Social development entails that beneficiaries also partake of the resource allocations and are given access to alter their status quo through having a power over institutions such as the Department of Social Development.

According to Ife (2002), when the poor have influence over institutions it gives them a voice and they can lobby successfully for distribution of resources from these institutions to also benefit them. They are able have improved access to capital, skills, and information which helps them to make meaningful contribution to the economy. As stated by Burkey (1993, p. 58), "We cannot conceal the fact that the practice of participation and empowerment challenges established interests of the existing order. It seeks to confront those forces which oppose the poor's access to the means of production and development."

Social development in South Africa places value in the adoption of micro enterprises as a tool to reduce dependency on government grants and donor funding. Micro enterprises are also appreciated as a means to move beyond remedial social welfare onto social development. They are also regarded as a tool for the marginalised to participate in the country's economic sector. Poor people in South Africa have taken up micro enterprises as a way to bridge the income gap caused by unavailability of jobs on the formal market. According to the Department of Trade and Industry (2003), micro enterprises have emerged in the last few decades as a productive alternative to the unemployment problem and as a strategy to foster development. However the author argues that majority of these micro enterprise offer self-employment for survival, poor working conditions and no social security. The informal nature of micro enterprises which bears little indication of productivity, economic growth or the improvement of the welfare of people engaging in micro enterprise initiatives have led many to question their authenticity as a framework for social development in South Africa.

2.3 History of micro enterprises and their rationale as a tool for poverty reduction.

People have engaged in micro enterprise activities since time immemorial and it is difficult to establish the actual dates of initiation of micro enterprises since early primitive societies had micro enterprises as a key feature of their economic activities.

While micro enterprises have characterised societies dating back to prehistoric period, Korten (1990) highlights that their wider use as a tool for development and especially poverty alleviation began to be seriously taken into account in the early

1970s. They began with international organisations such as ILO, USAID, DFID, and CARE International. One of the most successful and renowned micro enterprise programmes as mentioned by Mwenda and Muuka (2004) is the Grameen bank of Bangladesh. In 1983 the bank pioneered micro credit to mostly women entrepreneurs and brought banking to the rural areas. Micro finance has now been seen as an anti-dote to poverty mainly for those who do not have collateral to approach banks and other registered money lenders.

According to Raheim (1996), the value of supporting self-employment as an economic development strategy was first published in the 1972 study undertaken by the International Labour Organisation (ILO) in Nairobi, Kenya. The study was primarily concerned with the problem of unemployment among low-income urban dwellers in developing countries. However, most unemployed people were seen to be engaging in productive self-employment in what was described as the informal sector of the economy. The discovery of the informal sector by the ILO suggested that self-employment was a viable means of making a living.

Since the publication of the ILO report, a great deal of research has been undertaken into the informal sector and into ways that governments can stimulate small-scale, micro enterprise activities among the poor. Although the issue has remained controversial, many policy makers realise that supporting productive self-employment is a useful economic development strategy.

Ashe (1985) noted that the United States government became interested in the ILO study and in the possibility of using micro enterprises as a development strategy. It government started funding micro enterprise projects through the United States Agency for International Development (USAID). In 1978 USAID sponsored the Programme for Investment in the Small Capital Enterprise Sector (PISCES) in Africa, Asia and Latin America.

Research undertaken through the PISCES project found that micro enterprises were an important employment alternative for low income people, particularly women. For some women, it was their only employment option. Their businesses were usually small scale, and labour intensive instead of capital intensive, and they relied extensively on local markets. These micro enterprises also provided goods and

services for the poor and were a major means of acquiring technical and entrepreneurial skills (Ashe, 1985).

2.4 Micro enterprise development in South Africa

Post - apartheid South Africa was characterised with high unemployment and the exclusion of the majority of the black population from participating in the formal economy. This was the result of the apartheid era were skills development and participation in the economy was limited to the white minority as development was delineated according to race. The government realised that there was need to reverse the effects of apartheid and also to change the focus from the residual welfare, imminent from the apartheid era to social development which was inclusive of all races. This was the response by the ANC led government to the escalating economic hardships that were being faced by the majority of the previously disadvantaged black population. Micro enterprises are seen as vision and mission of white paper for promoting social development so that people are empowered and become more self- sustaining and not reliant on government.

Amongst other strategies the government introduced the Small, Medium and Micro enterprise (SMME) as a solution to the problems of high unemployment. The Department of Trade and Industry (2003) stated in its Strategy Paper on Small Business Development that micro enterprises played a crucial role as a tool for poverty reduction, as they were an avenue for self-employment for the masses that could not be absorbed into the formal economy. According to Nieman (2001), government targeted those who had been previously excluded from the main stream economic activities during apartheid.

Peberdy and Rogerson (2000), agree that many people who cannot obtain jobs in the formal economy join the informal sector as a way to make ends meet. These people engage mainly in survivalist activities such as petty trading through spaza shops, stands on the roadside selling assortment of fruits, sweets and providing simple services such as motor mechanics, brick laying, hair plaiting, catering and plumbing. “Survivalist businesses mainly represent a set of activities by people unable to secure regular formal employment or access to the formal economic sector, while micro enterprises often involve the owner, family members and at most four paid employees. Agupusi (2007, p. 7) notes ”very small enterprises usually

apply better business skills and are more organised, with greater potential for growth into the formal economy".

Micro enterprises are a favoured option by unemployed people as they are easy to start; they require little expertise and very little capital. However, as identified by Chikadzi (2009), there is hardly any innovation and people rely on skills that they have acquired through other family members teaching them or at technical colleges.

Government initiatives to promote micro enterprise activities included the establishment of South African Micro Finance Apex Fund (SAMAF). With reference to Agupusi (2007, p. 6), "SAMAF is modelled on the Grameen Bank in Bangladesh. It provides loans of up to R10, 000 to micro and survivalist enterprises in poor areas. Its main focus is poverty alleviation." The government also set up the Small Enterprise Finance Agency (SEFA) in 2012 in terms of the Industrial Development Corporation Act of 1993. SEFA was introduced as a solution to the limited success experienced in fostering a strong and large Small Medium and Micro enterprise (SMME) sector, weak micro enterprise and small business performance. It was also intended to ease the poor uptake of previous financial initiatives by government such as Khula and SAMAF products. In addition SEFA was also meant to tackle poor visibility of micro enterprise initiatives, inter department service duplication, and reducing high costs of delivering financial services to SMMEs. Micro enterprises have also been popularised with NGOs and the Department of Social Department initiatives (Department of Trade and Industry, 2003).

2.5 Rationale for the adoption of micro enterprises as a tool for poverty reduction in South Africa

There are various reasons for the adoption of micro enterprises in South Africa such as the use of micro enterprises as a means to move beyond remedial social welfare to social development, they are also a tool for the marginalised to participate in the country's economic sector.

Micro enterprises are one of the strategies aimed at eradicating poverty by promoting the economic, social and political positions of individuals and communities (Theron, 2005). Micro enterprises are an important employment alternative for low

income people particularly women. Micro enterprises provide goods and services to the poor thus they are a viable approach to economic and social development.

Agupusi (2007, p.7) indicated that micro enterprise development in South Africa emerged in reaction to high unemployment and, “as a way to narrow the gap between the first and second economies”. This became more apparent with the recent recession which resulted in massive loss of jobs in the major economic sectors mainly mining and construction which also employed low skilled people. Micro enterprises were envisaged to contribute towards skills development and economic growth through supplying goods and services on one hand and on the other end as consumers. Micro enterprises were expected to create jobs throughout their supply chain. Berry et al (2002, p.1) argue that “Whilst there is a general consensus on the importance of micro enterprises in South Africa their economic rationale to date has neither been well argued nor thoroughly investigated.”

2.6 Micro enterprises as a move beyond remedial approaches

Generally, the social work profession has fostered a remedial and maintenance-oriented approach to social welfare. Although social work has campaigned to maintain traditional social welfare policies and programmes Raheim (1996), notes that due to economic challenges most governments reduce spending on welfare as it is seen as a waste of scarce resources. Moreover governments are least likely to restore budgetary reductions and thus there is high probability that consumption-based social services will face greater pressure in the future.

According to Midgley (1995), micro enterprise development among social work clients forms an important element in new thinking about social welfare. Micro enterprises are useful tool in moving from a welfare oriented approach to a more holistic social development approach through promotion of beneficiary participation. Beneficiaries of social welfare services become increasingly self- reliant as they generate their own income through self-employment initiatives. This weans them off grant dependency and they become active members who contribute towards the development of their own communities. Instead of being labelled “beneficiaries” which denotes their dependency they become equal stakeholders in determining their own development and restoring their dignity.

Raheim (1996), states that social workers have an important role to play in facilitating the successful adoption of self-employment strategies. They have the skills to work with needy people and to foster the empowerment of their clients. Arguments have been raised however of the effectiveness of social workers in driving the agenda for the economic emancipation of poor people. These arguments emanate from the view that to be effective one needs to have strong business skills, which is not included in social work curricular and one needs to be aware of the macro issues that impede the effectiveness of micro enterprise activities if any meaningful impact on poverty is to be derived from entrepreneurial activities.

These arguments are a basis upon which future responses to this professional dilemma can be built to render social workers more effective as change agents in the economic arena. This is critical as micro enterprise development involves social work in economic development in a dynamic way. Schenck, Nel and Louw (2010) uphold the same view and point out that given the urgent need for economic and social progress, the profession stands to reap considerable benefits by engaging in this field. While conclusions are yet to be drawn on the impact and benefits of micro enterprise programmes for low-income people, lessons learned from some of these programmes have important implications for social work practice and the future development of social welfare policy.

2.7 Micro enterprises - creating capacity for marginalised to assist themselves.

Many poor people do not have the required skills to participate in the formal economy hence they are forced to join the ranks of the unemployed. Unemployment has been the major driving force for most people to participate in micro enterprise activities in the informal sector. However, Shepherd (1998), point out that a critical issue is how to raise encourage innovation which is part of entrepreneurism to those poor people who are usually illiterate to make their micro enterprises profitable and improve their well- being.

South Africa has lately experienced a surge in the numbers of NGOs that are actively mobilising the poor to participate in micro enterprise activities via group work. Group work efforts through organised micro enterprise activities can be a platform for social justice advocacy. Klugman (2011) defines social justice advocacy

as efforts to promote equitable distribution of resources whilst encouraging people to participate in policy formulation and implementation which impacts their livelihood.

Therefore social workers and community development workers who engage the poor in micro enterprise initiatives play a role in raising the community members' awareness of their unacceptable status quo and how as groups they can change their circumstances. Through facilitating community dialogue, social workers can raise the consciousness of the poor and also direct their efforts towards sustainable solutions. (Freire, 1970).Examples can be through urban agriculture projects that make use of small backyard spaces to grow vegetables for sale and consumption. If vegetables are grown by the family and consumed it increases the disposable income that can be channelled elsewhere to meet other needs.

In the same regard, the community development workers or social workers can link these individuals or groups of entrepreneurs to access micro finance to kick-start or expand their enterprise activities. Some organisations such as FAO and CARE International organise farmers into savings clubs which teaches saving principles and lend small loans to members who then repay with smaller interest that keep the funds going. This instils financial discipline and accounting skills required in successful and profitable trade. Chikadzi (2009), suggests that NGOs should play the advocacy role and link beneficiaries with government programmes that finance micro enterprises and support entrepreneurs with relevant business skills training, coaching and provision of equipment for expansion.

2.8 Micro enterprises are easily adaptable to rapidly changing environment

Micro enterprises are defined by their simple management and decision making structure. They are mainly sole proprietorship or family owned businesses employing less than five employees usually consisting of family members (Agupusi, 2007). In this regard it is easy to change focus to avert foreseen threats or to take advantage of sudden opportunities in the environment due to the simplistic nature of operations. Any change of focus has little if any impact on the larger environment.

2.9 Major pitfalls of micro enterprises

As good as the notion of micro enterprises sounds and looks on paper, reality on the ground is far from this rosy picture. Micro enterprise initiatives are riddled with a lot of

challenges which have undermined their ability to catapult their owners out of the pit of poverty. Mago and Toro (2013) listed some of the following challenges faced by micro enterprises in South Africa. At the fore front is low literacy levels amongst entrepreneurs which lead to poor business management skills. Another challenge is that most micro enterprises have fragmented information on government financial and non-financial assistance programmes. The current programmes offered by government to assist micro enterprises have failed to take off and there is poor uptake of the services that they offer. Due to the complexities of the challenges of micro enterprises this section will discuss some of these challenges impeding the effectiveness of micro enterprises as a poverty reduction tool.

2.10 Lack of business management skills

Many people who run micro enterprises in South Africa are those who have low education levels and this affects their ability to acquire or grasp business concepts and business skills. Agupusi (2007) concurs with this notion and states that lack of proper pricing, recording of business expenditure and income as well as marketing skills hampers leads attributes towards the high failure rates of most micro enterprises. A stakeholder interviewed in Alexandra Township, South Africa, by Agupusi (2007) commented that entrepreneurs in the community had challenges from not keeping proper accounts, not having bank accounts and spending their capital on personal needs led to collapse of many micro enterprises. Most poor people have little financial resources to pay for them to acquire such skills and hence they hit and miss as they learn from their experiences whilst running the micro enterprises.

2.11 Limited access to markets

Markets are the driving force behind the supply and demand chain that is the life blood of any business whether large scale or small scale. Those who hold a huge market share thrive and similarly lack of access to markets spells premature death for any aspiring enterprise. The level of knowledge on markets determines the enterprise ability to penetrate those markets and to exploit opportunities offered in the market place. Moyi (2003), highlighted that most micro enterprise owners face the challenge of limited information on markets, available funding in both the private

and state sector, so they tend to miss on a lot of opportunities. In the same way, Shirley (2008), stated that without information on the local, national and global trends in business and economic environment it is difficult for micro enterprise to compete and thrive.

In these days of high technology and globalisation most markets are virtual and those who can manipulate the virtual marketing space gain an unlimited market which supersedes physical national boundaries and geographical constraints. Most poor people do not have the wherewithal to access internet nor the know-how on virtual marketing thus they are left out of the global competing space, their local space is also penetrated by competitors who have more knowledge and resources to exploit wider range of markets.

2.12 Unequal playing field between micro enterprises and big business

Most enterprises operate in hostile macro environments without support from their governments. Bigger companies gain more clout as they have enough capital and market knowledge to import cheaper raw materials, buy better machinery (Bowen, Morara & Mureithi, in press). They are capable of hiring competent labour to make their work of higher quality and at cheaper costs and hence can price lower and out price micro enterprise competition. Established companies also have access to government tenders as they usually meet the stipulated requirements to qualify hence more money comes in and they continue to be a success and a threat to the survival of micro enterprises.

2.13 Competition from foreign business

In this era where technological advancements have blurred the notion of national boarders and opened the world to global markets, the effect of globalisation have been most felt at grassroots micro enterprise level. Economic adjustment policies and globalisation have imposed severe challenges on local enterprises such that their businesses have suffered due to increased costs and competition (Kuzilwa, 2005). Inversely this has in turn brought in an influx of cheaper imports posing severe competition on local enterprise. Foreign based businesses and especially China are flooding the South African market with cheaper products mostly in the textile industry.

The opening of national boarders to foreign immigrants who engage in enterprise activities has also meant that there is more competition even to the local hawkers. According to Peberdy and Rogerson (2000), many foreign traders especially from Africa, come on temporary resident permits as it is more difficult to obtain business permits and start trading without official registration. There is a lot of corruption and loose government immigration control to the disadvantage of locals. Poorly restricted cross border movement along South Africa's boarder also affects the local economy. Immigrants have found conducting business in South Africa both attractive and easy by bribing or bypassing Customs and immigration officials. Most nationals from neighbouring countries and also a large Somali and Nigerian population operate unregistered survivalist enterprises such as spaza shops, hair salons, internet cafes and motor mechanics businesses. Local business operators have of late been taking the law into their own hands and reacting with violence to business threats posed by foreigners in economically incited xenophobic attacks.

Chambers (1997) argues that when a state fails to control globalisation and has no regulation over the market it affects the poor who own micro enterprises as they cannot be absorbed into these complex markets and neither can they benefit from the economy. Whilst it is good to have competition in the market place, it should be regulated so that everyone, especially the near invisible micro enterprise can partake in the economy and get smaller tenders from government as well. This will help them to grow and contribute to creating goods, services and employment for the growth of the economy.

2.14 Limited access to significant capital

Limited access to capital is a challenge many micro enterprise owners have to deal with. Roggerson (2006) highlighted that lack of information and low education levels affect the ability of micro entrepreneurs to apply and receive funding from credible financial service providers. Most capital accessible to them comes from NGOs, relatives, friends or the Department of Social Development. Unfortunately these sources of finance have low capital available for entrepreneurs which often limit their ability to grow into fully fledged business entities. An example can be a bakery cooperative which needs sophisticated equipment to compete and to produce large quantity and good quality bread. Such cooperatives can access funding from

government or NGOs. However, Chikadzi (2009) argues that the money allocated is too little that the cooperative will not afford to purchase new equipment. They have to rely instead on donations which mainly come from their competition in the form of obsolete and out dated equipment which will not be up to scratch for the job. Most big companies donate obsolete equipment to NGOs as a cheaper option to dumping and also for BEE scores and tax purposes. Thus lack of meaningful funding to assist with meaningful microloans can be a contribution to failure of micro enterprises that are supported by NGOs.

2.15 Problems of rescuers who need rescuing

Underfunded NGOs who are struggling to survive can only give limited help. The non- governmental organisations (NGOs) employ welfare professionals such as social workers who are not trained in business, marketing and they are expected to help people to run successful businesses. There is also a huge business skills gap on the part of the social worker and NGOs resulting in the case of the blind leading the blind. Closely linked to this aspect is the point raised by Nyamugasira (2010) which indicates that some NGOs lack leadership, vision and organisational capacity to effectively assist groups or individuals engaging in micro enterprise initiatives. Most NGOs are not able to monitor, implement and collect data for use in analysis within a changing environment and to adjust to this changing environment particularly in rethinking strategies that can be of use to micro enterprise initiation, growth or sustainability.

Edwards (1993), indicates that most NGOs activities regarding micro enterprise activities are usually project based and not context based. This means that they are short term in nature. For example the funding can be for a three year project cycle and they often exit even before the beneficiaries are able to proceed on their own. In most of these micro enterprise projects beneficiary participation is imposed despite rhetoric that NGOs encourage participation. Donors have pre-packaged projects that they prefer to fund and NGOs adapt their activities to suit the needs of the donors. This is mainly in pursuit of survival in the face of scarce funding rather than meeting the identified needs of beneficiaries. Nyamugasira (2010) highlights that such actions minimises impact of any intervention and reduces project implementation to salary making mechanism. Most common in these categories are sewing projects poultry

project, bead making and bread making project. There are no real markets that can sustain such operations and income generating activities are not informed by any market research therefore there is no meaningful participation.

Jackson (1996) argues that such instrumentalist approaches to poverty alleviation can lead to poor people being used as a means to other ends. When definitions of beneficiaries participation are based on the values of outsiders or activities are imposed then the concept of micro enterprise initiatives as instruments for poverty alleviation and community development may be devoid of meaning and thereby rendered redundant.

Further criticisms have also been stated against income generating activities' (IGAs - another term used by NGOs for micro enterprise initiatives) ability to address poverty and improve household income. Korten (1990) warns that some of these strategies are overly simplistic. One of the reasons for this view is that power structures that maintain poverty or deprivation can only be confronted to a limited extent. These power structures are maintained by national and international systems against which local entrepreneurs are powerless to tackle. The solution offered by such projects only scratches the surface thus it is not sustainable. Most projects will not look at trade issues as most of the money come from the West and these are the ones who create trade imbalances.

2.16 Government policies

The South African government like most governments has preoccupation with macro level issues. This sentiment was echoed by the United Nations Development Programme (2007), which highlighted that in spite of recent efforts by international lending institutions to shift attention to micro finance and micro enterprises as a viable alternative to economic development, macro level finance still predominates in national and international programmes and institutions.

Rahman (1995), states that discussion regarding financing of sustainable development remains focused on macro level policies such as taxation, foreign capital flow and private investment while there is inadequate discussion about micro level policies such as micro-finance and loans targeted for micro enterprise. Kuzilwa (2005), explains that an environment which enables the expansion of financial

services for the poor should have an even balance between policies directed at improving the supply of services (financial sector reform), and those directed at developing the demand for services (micro enterprise development).

Mitchell (2004) adds that the micro policy environment has little support for micro enterprises and they cannot grow or compete with established businesses therefore trade liberalisation kills the infant industry.

2.17 Way forward

Despite these seemingly huge challenges, there are ways in which the government and other stakeholders can engage in to solve these imposing issues surrounding the growth of micro enterprises. These are discussed in detail below.

2.17.1 Mentoring micro entrepreneurs

Poor people operate their micro enterprises with very little capital which often counts from their personal savings. They tend to avoid risk associated with product diversification or trying new ways of doing things because of fear of failure. Mentorship programmes are a tool that can be used to add value to what the poor are already doing. Mentoring ensures the transfer of knowledge and skills which reduces risk of business failure (Mago & Toro, 2013). Mentors should be those who are already running successful small businesses as they can identify with the challenges in the business environment and have overcome these challenges. Through mentorship entrepreneurs are empowered to stand up and access what they require for their enterprises to thrive such as microfinance, access into markets, product development according to the market demand and profitable pricing. This will increase their inherent problem solving capacities and whilst at the same time doing away with the mind-set that the government or donors are the answer to their poverty.

2.17.2 Levelling the playing field

To ensure that micro entrepreneurs are not priced out of the local market, government should implement policies that prevent unfair competition and corruption through the strengthening of public institutions and civil society organizations (Agupusi, 2007). Examples can be removing of high entry barriers with the long-term

idea to build a strong basis of local entrepreneurs to participate fully in the economy. The Government need to take a proactive approach to creating an environment in which micro enterprises thrive through relevant legislature that protects and promotes entrepreneurship. Government can also intervene by cutting red tape in the registration of micro enterprises and making support services readily accessible. If the informal sector activities are registered then they can join the formal sector and compete albeit at a smaller level. This exposure will enhance professionalism which will propel micro enterprises to greater levels of success as the owners will take their initiatives seriously.

2.17.3 Protectionism

The business environment is fiercely competitive and only the fittest can survive, this includes companies with bigger financial muscles and aggressive marketing For micro enterprise owners who have little to no business strategies, capital and requisite skills to survive such competition on their own is nothing short of impossible. The state should intervene to protect the smaller players from corporate giants. Measures such as differentiated tax should be enacted to protect micro enterprises whilst giving them the opportunity to learn and grow (Department of Trade and Industry, 2003).

2.17.4 Policy implementation

In drafting policy, consideration should be on the constraints currently faced by small businesses. Currently most people participate in micro enterprises as a last resort and would rather get formal employment which is perceived to be a source of stable income. According to Hall and Midgley (2004), the government should consider the people's views regarding the uptake of micro enterprise to identify and address gaps through establishing relevant policies.

Social workers also have an important role to play in helping policy makers develop and maintain a realistic perspective regarding the limits of micro enterprise as an economic development strategy. Raheim (1996), states that social workers or community development workers need to explain that the creation of micro enterprises involves a great deal of effort and that the income benefits accrued

through self-employment are seldom large. The idea that micro enterprises offer a panacea for poverty and deprivation must be dispelled.

Indeed, social workers need to emphasize that extensive social support is needed to improve the well-being of the poor through micro enterprise development. Also, it must be stressed that self-employment is only one strategy that may work well for a small number of clients. According to Raheim (1996), micro enterprises are not a viable economic independence strategy for everyone. Micro enterprises must also be used in tandem with other economic development efforts. When the advantages and limits of micro enterprise development as a social development strategy are recognized and when the necessary supports are created to assist low-income entrepreneurs, micro enterprise can then complement other approaches for alleviating poverty.

2.17.5 Strengthening organisational capacity

This is an important prerequisite for Non- Governmental Organisations (NGOs) in implementation of successful micro enterprise activities. Nyamugasira (2010), states that the helping professionals who are employed by NGOs need to have business skills, marketing skills and any skill that will be helpful to make meaningful contributions towards improving the enterprises that they work with.

2.17.6 Improving access to information using simple mobile technology

Examples can be through connecting micro and small enterprises and small holder farmers to markets through the use of simple mobile technology such as SMSs which send updates on current commodity prices. Moyi (2003), points out that government can support the development of mobile money services to help reduce the cost of banking and increase savings. Such support with access to provide and coordinated up to date information can be of great assistance especially to rural small holder farmers who have no access to internet for internet banking and marketing. This encourages more people to start and grow enterprises if they have relevant timely information regarding their field of operation.

2.18 Concluding remarks

Considering the arguments contained in this chapter, micro enterprises are currently the viable route to reducing poverty. They are a means through which the poor can supplement their income in the informal economic sector. They provide opportunities for individuals to apply their entrepreneurial skills to generate income alleviate poverty and enhance their welfare. However, the realities and challenges experienced daily by the entrepreneurs and the structural deficiencies in the system render them ineffective as a poverty reduction strategy. The research methodology is discussed in the following chapter.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the research questions, the aims and objectives of this study. It highlights the research design and methodology applied in the study. Particular reference is made to the study population and sampling frames and procedures used during data collection and explains the method used in data analysis.

3.2 Research Questions

The following three questions guided the study:

3.2.1 How do micro enterprises as a strategy for poverty reduction contribute to reduction of poverty?
3.2.2 What are the challenges faced in implementing micro enterprises as a tool for reducing poverty?
3.2.4 What are the lessons learnt that can enhance micro enterprises as a strategy for poverty alleviation?

3.3 Primary aim and secondary objectives of the study

The primary aim of the study was to explore the perceptions of micro enterprise beneficiaries about on the success of micro enterprises as a means to alleviate poverty.
The secondary objectives of the study were:
3.3.1 To probe the perceptions of micro enterprise beneficiaries on the success of micro enterprises as a poverty reduction tool.
3.3.2 To explore the challenges micro enterprise beneficiaries face by following the micro enterprise strategy to reduce poverty.
3.3.3 To investigate the views of micro enterprise beneficiaries on how the micro enterprise strategy can be improved to contribute more successfully to the reduction of poverty.

3.4 Research Approach and Design

The study utilised qualitative research hence it is exploratory and descriptive in nature. Neuman (2000) describes qualitative research as a process of gathering data on the study population's activities, by considering the participants' description of their reality, as they go about their natural habitat. Thus qualitative research incorporates words and observations as sources of primary data. The qualitative research approach was selected because it facilitated the researcher's in depth understanding regarding the perceptions of beneficiaries on the role played by micro enterprises as a tool for poverty reduction. The study helped to see from the beneficiaries view how they experience managing their micro enterprises on a day to day basis and the challenges they are facing and having to deal with and overcome. The researcher had to solely rely on beneficiaries' knowledge and experiences. This is echoed by Mouton (1996) who states that researchers use qualitative methods if they want to get a rich picture and deeper understanding of the phenomenon they are studying.

A case study design was chosen to explore in depth the perceptions of women who are engaged in micro enterprises on the role played by micro enterprises as a poverty reduction tool. The case study investigated the challenges faced by these women as they operate their micro enterprises as well as exploring what could be done to enhance the effectiveness of micro enterprises in reducing poverty. According to Babbie (2007), a case study is descriptive in nature and seeks to explore or explain a phenomenon under study in detail. The case chosen was the women beneficiaries of Empowerment Centre. This case study utilised semi structured interviews as its main data collection method, in order to explore, described and understand the day to day circumstances which moulded the perceptions of the Empowerment Centre beneficiaries regarding micro enterprises. The advantages of using case studies according to Babbie (2007) are that it is a flexible data collection method, and it can be conducted in any social setting. Cresswell (2009), also points out that the disadvantages of the case study design is that it takes too long and one can end up with unreadable documents which pose time limits on the researcher as they sift through large volumes of data.

3.5 Population, Sample and Sampling Procedures

The study population is essential in guiding the researcher in enlisting the common characteristics of the units of study. According to Mouton (1996, p. 135), the study population is “the sum total of all the cases that meet our definition of the unit of analysis”. In this study the population consisted of women beneficiaries involved in micro enterprise initiatives in Johannesburg. These women are beneficiaries of an empowerment project at the Empowerment Centre. This empowerment centre is run by a Non- Governmental Organisation based in Eldorado Park, Johannesburg. It is a Christian Community Based Organisation whose mandate is to rehabilitate drug addicts in Eldorado Park. The women empowerment project consists of a total of 300 female beneficiaries engaging in three main micro enterprise activities. These micro enterprises activities include sewing handbags, bead making and soap making. According to information obtained from the organisation leadership prior to the research, the three micro enterprises had 100 women in each of the initiatives.

When starting the research study, the reality was that the Empowerment Centre had ceased production due to challenges faced by the management of the NGO. Therefore, the researcher could not entirely rely on the beneficiaries who operated these non- functional micro enterprises. For sampling purposes the researcher obtained a list of other beneficiaries that the NGO serve in their Empowerment Centre who were now running their own micro enterprises. According to Babbie (2007), sampling is a process in which individuals are systematically selected to participate in a research project. Mouton (1996, p.110) explains that “in selecting a sample the aim is to get a sample that is as representative as possible of the target population”. Eventually, out of the availed names, the researcher inquired on those who were easily accessible and willing to be interviewed. The NGO then contacted beneficiaries who were residing closest to the centre and who were engaging in micro enterprises and were willing to share their experiences.

In this study, 12 female participants over the age of 21 were selected to participate in the study using convenience sampling. Babbie and Mouton (2001), add that convenience sampling involves selecting individuals that are easiest to access, and who are readily available. These women were also chosen because of their participation in micro enterprise initiatives at the Empowerment Centre and their

availability during the field work. Out of the twelve participants, eight were individual project beneficiaries operating their own micro enterprises from their different homes in Eldorado Park. The remaining four participants included four beneficiaries participating in micro enterprise project run and managed directly by the NGO. For this study the beneficiaries are separated into two groups and for the sake of differentiation, the first group was named direct beneficiaries. These were the four women who are employed by the NGO in their Empowerment Centre's pre-school and micro enterprise projects. The other group of participants consisted of the remaining eight women whom for the purpose of this study were labelled the indirect beneficiaries, are those who run their own micro enterprises from home. They have been labelled indirect as their association with NGO is limited only to support services they receive from the Empowerment Centre such as counselling, family support services and health education services.

Mouton (1996), states that in qualitative designs the idea of sample size is not restrictive and can be left to the researcher's own determination as the aim is to analyse in depth the phenomenon under study. Thus the only representation should be that the population under study bear similar characteristics for a valid analysis of the data. The size of the sample was determined using the researcher's own discretion. The researcher chose a number that she could manage in terms of interviewing and data that she could sufficiently analyse without being overwhelmed. The experiences of women working on the NGO run micro enterprises were believed by the researcher to be different to those managing and running their own micro enterprises. That is why the two different groups of women were separated as different units under study and data was analysed accordingly.

3.6 Research Instrument

A semi structured interview schedule (see Appendix D) was used to collect data during a face to face interview. This ensured that all participants responded to similar questions and provided for some uniformity of data collected. The advantages of using a semi structured interview schedule is that it facilitates the generation of rich and in depth data which enables the researcher to have access the in depth information paramount to qualitative inquiries (Babbie & Mouton, 2001). Another advantage is that the semi structure in the interview schedule allows for flexibility

which means the interviewer can probe and follow up on interesting issues during the interview process. Flexibility of an interview may lead to participants diverting and including unnecessary information, which will require the researcher to be a skilled interviewer and draw back the participant to concentrate on pertinent issues. As analysis is often at the discretion of the researcher, semi structured interview questions can solicit responses which are difficult to analyse or to compare and contrast answers.

However, the instrument has disadvantages and the main one is linked to the inability to guarantee honesty of participants. According to Babbie (2007), this amounts to participants giving favourable responses rather than the truth. Another challenge highlighted by Mouton (1996), is that cause and effect cannot be inferred.

3.7 Pre- testing the research instrument

The researcher conducted a pre- test of the semi structured interview schedule before commencing the actual data collection. To pre- test the research instrument tool, the researcher identified an ex- beneficiary of the Empowerment Centre, who is now employed by the NGO but also runs her own micro enterprise with her family. As commended by Royse (1995), the pre- test was informal and the participant possesses the same characteristics as those for the main investigation.

Cresswell (2009), noted that during pre-testing of the research tool, the researcher would be exposed to the feasibility of conducting the research in the same area. This was assessed by the researcher through reviewing the responses to the pre-test of the semi structured interview. The researcher also noted the time it took to complete the semi structured interview. She had to remove some questions that were not necessarily relevant to reduce the number of questions so that a few questions were asked which solicited a deeper response. In this study a pre- test was done mainly to ascertain trends and for modification of questions to suit the cultural context and correct ambiguous questions.

3.8 Method of Data Collection

The researcher used in depth face to face interviews to collect data from selected beneficiaries participating in micro enterprise initiatives. All the beneficiaries were interviewed within their communities' open spaces outside their enterprise premises

which are their homes. This method of data collection is described by Opdenakker, 2006, p 3) as “Face to face interviews are characterised by synchronous communication in time and place. Due to this synchronous communication, as no other interview method face to face interviews can take its advantage of social cues. Social cues, such as voice, intonation, body language of the interviewee can give the interviewer a lot of extra information that can be added to the verbal answer of the interviewee on a question.”

Another advantage of face to face interviews as highlighted by Opdenakker (2006) is that it is easy to administer and one can create a good rapport, it is instant and responses are spontaneous, it can also be tape recorded for an accurate account as was the case in this study.

The main disadvantages of using face to face interviews in data collection is that it can be a costly and time consuming exercise where the researcher has to travel long distances to conduct the interviews. The interviewee can also react to nonverbal cues emanating from the interviewers and give socially desirable answers. It is easy to go off the course if the interviewer does not concentrate on directing responses to reflect the semi structured interview schedule (Opdenakker, 2006).

During the face to face interviews the researcher informed participants on the study and explained the study background. The participant information sheet (Appendix A) was discussed and explained to the possible participants. According to Babbie (2007), researchers should obtain informed consent from study participants as an act of ethical consideration. Individual permission to conduct the interviews was sought from each enlisted participant. The informed consent from (Appendix B) was explained and the participants signed the informed consent form. The consent form to tape recording of the interview was also explained to and signed by every participant (See Appendix C).

3.9 Method of Data Analysis

Data analysis involves the interpretation of data. The study used thematic content analysis. Mouton (1996, p. 168) argues that “qualitative analysis focuses on understanding rather than explaining social actions and events within their particular settings and contexts and remaining true to natural settings which the actors and the

concepts they use to describe and understand themselves". Data analysis in qualitative studies reflects the opinions of the researcher on how they interpreted the data collected.

During this study data was analysed continuously during interviews and at the end of each interview session. After interviewing participants, the researcher listened repeatedly to the tape recordings and transcribed the data. The next phase involved preparation of data which included the cleaning and organising of the data for analysis. She then engaged in a detailed analysis of the data collected by checking data for accuracy. To do this the researcher listened to the tape recorded interviews repeatedly and compared it with the field notes. Data were documented according to emerging patterns, which were grouped into similar themes and sub themes. These themes built into the overall explanations of the perceptions of beneficiaries regarding their experiences with micro enterprises as tools for poverty reduction.

According to Mouton (1996, p. 111) "data are analysed by identifying patterns and themes in the data. Data analysis should logically lead to a set of findings and conclusion that is based on the data collected. This validates the data analysis process."

3.10 Trustworthiness of the study

A good qualitative research should be trustworthy. For research to be trustworthy it should reflect the views of the participants with precision. According to Babbie and Mouton (2001, p. 276) the principles of good qualitative research are found in the concept of trustworthiness, which refers to the neutrality of the findings or decisions.

a) Credibility

This is one of the aspects of trustworthiness and in this study the researcher ensured credibility of the results by conducting in depth interviews with the beneficiary and during this process she reflected back what the participants said for them to correct any errors in the interviewer's understanding of the issues discussed. This ensured that there was compatibility between the issues raised by the participants and the interpretation of the same by the researcher. Another way to ensure credibility and strengthen research is through triangulation. According to Babbie and Mouton (2001, p. 277) triangulation is about collecting "information about different events and

relationships from different points of view. This means asking different questions, seeking different sources and using different methods". The researcher took field notes, conducted member checking with the participants and compared it with the tape recordings. The researcher assessed the overall quality of data by reflecting on the participants responses during interview and corrected any errors.

The credibility of the researcher was also enhanced by the verification process followed by the NGO and her training in interviewing as a qualified and practising social worker. Participants were reassured by the NGO that the researcher's credentials were verified. It is suggested by Babbie and Mouton (2001, p. 278) that "if credibility can be demonstrated this is sufficient to demonstrate dependability". The participants play a role in the definition of the research credibility, so it was important that they have a rapport with the researcher and to trust that she had a sound background in research to be able to correctly represent their ideas.

b) Transferability

Transferability means the extent to which the results of qualitative research can be generalized or transferred to other contexts or settings. As this is a qualitative study, the purpose was to contextualise the findings. The context and findings were described in detail if the case needed to be transferred to a different location. According to Cresswell (2009), transferability can be enhanced by giving a full description of the research context and the assumptions that were central to the research.

c) Confirmability

With reference to Babbie & Mouton (2001, p. 278), confirmability of the data collection refers to the "degree to which the findings are the product of the focus of the inquiry and not of the biases of the researcher". To ensure confirmability of data, the researcher had to reflect on her own biases to ensure that it did not interfere with the data collection and analysis processes. When taking field notes, the researcher wrote down her feelings and thoughts and later reflected on it. Collected data were cross - checked with participants during interviews to ensure that they both understood the issues raised in the same way. In this way participants were able to verify data and eliminate interviewer bias.

3.11 Ethical Considerations

The researcher obtained verbal permission from the Director of the NGO, who is responsible for the overall management of the Empowerment Centre to do the research study. The director verified the researcher's credentials by checking her letter from the employer stating the researcher's social work background and her University of Witwatersrand student identity card. After the verification process the researcher was introduced to the project coordinator who proceeded to link her with the beneficiaries of the Empowerment Centre micro enterprise projects. This study was approved by the University of the Witwatersrand's Human Research Ethics Committee (non-medical) and granted a clearance certificate protocol number H13/05/11.

Participants were not manipulated into participating in this study. Selection of study participants was based on research requirements and not on the vulnerability or compromised positions of participants as advised by Polit and Beck, (2004). All the participants were aged above 21 years and selected based on their participation in the micro enterprises their willingness and availability for interviews

The researcher obtained signed consent by participants agreeing that they understood what the research was about and agreed to volunteer personal data relating to their experiences in running micro enterprises. The principle of respect for human dignity is explained by Polit and Beck (2004), as the right of participants to the full disclosure of the intention and procedure of the research, potential benefits or side effects so that they can make informed, voluntary decisions about participating in the study. For full disclosure, the researcher described the nature of the research, the person's right to refuse participation, the researcher's responsibility and the likely risks and benefits. The participants signed an informed consent, included in Appendix B, which also explained all the ethical aspects of the study.

The participants were assured that the information they were sharing with the researcher was to be kept confidential and was to be used only for the purpose of the study. They were assured that none of their names would be attached to the data collected. They would remain anonymous even when giving feedback to the NGO, none of their names and identities would be disclosed.

The researcher ensured that her study entailed no harm to the participants. Cresswell (2009) highlights the importance of protecting human beings from psychological. In this regard the researcher used the pre- test interview to check if her interview schedule contained any sensitive issues. None of the questions seemed threatening and the participants enjoyed sharing their experiences on an open space outside their flats.

3.12 Concluding remarks

This study is a qualitative research which utilised semi-structured interviews to collect data from a sample of 12 women who are beneficiaries of an Empowerment Centre and run micro enterprises in Eldorado Park. A qualitative design was chosen in this case because the nature of the study required a richer understanding of the perceptions of beneficiaries of micro enterprises regarding the micro enterprise as a tool for reducing poverty. Emerging data was grouped into themes and sub themes during data analysis. The researcher followed the research protocol by obtaining ethical clearance and signed consent by all the participants indicating that there understood the purpose and ethical issues of the study. They also signed consent forms allowing the researcher to record on tape the interviews.

The following chapter presents and discusses the analysis of the data collected from beneficiaries who participated in this study.

CHAPTER 4

PRESENTATION AND DISCUSSION OF ANALYSED DATA

4.1 Introduction

This chapter presents the profile of the participants and the analysed data according to the research questions and research objectives. During the discussion, the researcher indicates how the participants responded to the different research questions. Several responses which were similar were grouped to form themes and these emergent themes are expanded under the relevant research question.

4.2 Profile of the participants

Table 1 Profile of participants (N=12)

Demographic factors	Sub- Categories	Number of participants
Gender of participants	Female	12
	Male	0
Age of Participants	21-30 years	3
	31-40 years	3
	41- 50 years	3
	51-60 years	2
	+ 60 years	1
Type of micro enterprise	Beading and Sewing	4
	Catering and baking	4
	Petty trading i.e. selling ice cream, koeksisters,	3
	Processing peanut butter	1

The interview participants were all female beneficiaries of an Empowerment Centre. The youngest participant was 23 years old the majority were in their mid-30s to late 40s. Only one was a pensioner aged 68 years old. Of these women, only three were married and the rest were single mothers. In terms of their skills, one had a first year

university experience, two had passed matric and the rest had not reached matric level. Of those women four were preschool teachers who had received basic training in Early Childhood Development Care, and this was through the specific NGO which runs the Empowerment Centre. The same four women were employed at the Centre's Pre School and engaged in micro enterprises also run by the NGO as part of the Empowerment Centre project. The remaining eight women were beneficiaries of the Empowerment Centre but running their own separate micro enterprises from their homes. Of these eight women only three had regular external sources of income, the one being a government pension, the other a child support grant and the last one worked full time at a local bank. The remaining five relied on their micro enterprises and family for income. For this study the analysis is presented according to the two different groups of beneficiaries, the direct beneficiaries who are employed by the NGO in their Empowerment Centre pre-school and micro enterprise and the other group whom for the purpose of this study we shall call the indirect beneficiaries who run their own micro enterprises from home whose association with the NGO is limited to support services they receive from the Empowerment Centre such as counselling, family support services and health education services.

4.3 The role of micro enterprises in reducing poverty

The first objective of the study was to understand the perceptions of beneficiaries of micro enterprises on the success of their micro enterprise activities in alleviating poverty. Several themes relevant to the objective emerged, namely, micro enterprises as a means for basic sustenance; an alternative option to being unemployed; a way to supplement income, gain skills and a hobby. The first three themes showed an inclination towards the direct financial benefits of engaging in micro enterprise activity. The last two themes mainly show other non- financial benefits enjoyed by the participants in relation to their micro enterprises. All the themes are discussed in detail below.

4.3.1 Micro enterprises allow for basic sustenance

The study engaged two groups of beneficiaries, direct beneficiaries and the indirect beneficiaries as explained in Chapter Three, point 3.5. All the participants in the indirect beneficiary group indicated that micro enterprises helped them in meeting

their basic needs, such as paying for groceries, clothes, school fees, rent, electricity and water.

However, the majority of the indirect beneficiaries highlighted that they were not gainfully employed and without appropriate support systems, such as family members who are employed, an employed spouse and social grants, they would not make ends meet. This prompted them to start their micro enterprise initiatives as a means of survival. In this regard all eight participants in the indirect beneficiaries group stated that they have experienced an increase in their income.
One participant stated "*whatever I make is just for a loaf of bread to put on the table for the children, to survive you understand, like I said if my children wants this then at least I can buy it for them"*.

Another participant who sells red cakes in tins for R80 per tin had this to say regarding her micro enterprise, *"It is a success because there is an income every month. I have my regular customers but I think I am too shy to broaden out".* She also said, *"Profit can be around R800 per month because it is a very expensive thing to make but very nice to eat."*

The retired participant highlighted how she is grateful for the extra income that she raises through selling her samosas. She said, *"I stay opposite the flats and if people need orders for samosas well that I do, so I make orders that is not all the time but now and then you have a party or a birthday or something then they come to me and order maybe 10 dozen samosas and I make it for them that is how I make an extra bit of cash because I am a pensioner."*

All the women who participated in the indirect beneficiary group were petty traders and sole owners of their micro enterprises. Their micro enterprises ranged from catering, baking cakes, making samosas, selling ice-cream, biscuits and koeksisters.

From the above it is clear that the indirect beneficiaries appreciated that their micro enterprise initiatives at least gave them a lifeline to meet their basic needs. This shows how specific types of micro enterprises afford people to survive by being self-employed, although it does not necessary creates gainful employment. In a country

like South Africa where there is an unemployment rate of about 25% and all people are not able to secure a job in the formal job market, micro enterprises might be a way to bridge this gap.

In contrast the majority of the participants from the direct beneficiaries group, indicated that they had not recently realised any change in their incomes as they had not received any orders over a period of a year. Upon probing on this issue one participant said, *"Yeah we used to make an income. For now the project is standing still you see…I don't know why, but it's a long time since we have done beads. It was say last year when we had to do the AIDS badges. For the bags it has been a long time now a year before last I think…It was successful but I don't know what is happening now. The people that used to supply us I don't know what went wrong. Will just have to find out when that lady comes again what is happening."* The NGO had challenges raising order for a year and the women felt the pinch on their income.

All women in the direct beneficiaries group relied solely on the NGO to give them bulk orders for the awareness beads and conference bags and the products are sold on their behalf. They reported that they had never tried to market their own products. One participant said, "*I don't know anything about marketing so I cannot really explain to you about marketing*." This shows that women participating in NGO supported micro enterprises are usually the poorest of the poor with little to no business skills and depend solely on the NGO to support their micro enterprises. There is little to no innovation on their part. As a result very little progress is made.

One of the women was blunt about the matter and simply said*…"Not really, not really. No it's not working*. *The transport the sponsors we no more getting, those are the things why it is not working*"
Another woman from the same direct beneficiaries group said, "*I feel sad because when this thing was still running we had at least an income when we got short of money, the money we got helped us but now I don't know what is wrong we just have to wait and hear from the person who was busy with this thing what is going on*"

From the finding discussed, it seems that micro enterprises are likely to be a critical vehicle to creating opportunities for people who are not part of the formal job sector

to earn a living as specified by the indirect beneficiaries group. There is a notable difference though between the direct beneficiaries group which recorded challenges within their NGO structure that grounded production for almost a year and resulted in loss of income for the beneficiaries. However all the participants in the direct beneficiaries group agreed that when their micro enterprises were running they earned an income from the sales.

4.3.2 Micro enterprises as an alternative option to unemployment

Seven out of the eight participants in the indirect beneficiary group were either retired or retrenched due to economic challenges which forced their companies to downscale or close down completely. Only one participant was employed by a local bank. Only two women in the indirect beneficiaries group had a post matric qualification and one other woman dropped out of University in her first year. As a result of their low skills these women engaged in micro enterprise as an alternative option to unemployment.

One participant in the indirect beneficiary group said that since she started to trade "*she is able to stand on her own feet*"… Another participant in the same group had this to say, *"I am a grandmother of 68 years old, I have three grandchildren, I have been working all my life but now they say I am too old, that is why I decided to take on the micro enterprises*". Making samosas has enabled her to gain an income despite being out of informal employment. These women have moved from relying on scarce public resources and now contribute positively to their own families' well-being.

The other four women in the direct beneficiaries group were involved in craft mainly beadwork, and sewing bags through an NGO and in turn gained skills in craft and sewing. None of the four women in this group had passed matric, thus they also had low literacy levels. Ashe (1985) through a study conducted in Tanzania also noticed that most micro enterprises run by women were usually labour intensive, small scale in nature and relied on local markets within their residential communities.

According to Ashe (1985), micro enterprises are usually the only option for women particularly those with low levels of education as they cannot compete in the formal job market. It is also a way of getting an income for women who stay at home and look after the family.

Linking micro enterprise with poverty reduction, Midgley (1995), highlights that micro enterprise are a tool for moving clients from consuming limited resources to supplying goods and services to their communities. This is paramount in social development where the aim is to outgrow dependency on government grants into being independent and proactive in expanding their income. In addition micro enterprises allow clients to engage in self-employment, which in turn results in self-respect and promotes self-reliance.

Authors such as Agupusi (2007), and Roggerson (2006), observed that increased unemployment ravaging most countries and their economic inactivity has led the majority of people mainly in the developing world to engage in informal business and petty trading activities. However, Shepherd (1998), point out that a critical issue is how to promote the poor micro enterprises to grow their activities into meaningful employment and profit generating activities and move beyond survivalist stages.

It is clearly demonstrated from above that all the participants in the direct beneficiaries group, who were interviewed perceived micro enterprise to be a better option than to remain unemployed. Low literacy was a common factor in the indirect beneficiary group as well as in the direct beneficiaries group which reduced the women's ability to penetrate the formal sector. Hence micro enterprises were an alternative to formal employment and provided that extra income to their households.

4.3.3 Supplement income

The study engaged a total of eight indirect beneficiary participants and out of these participants only three women received a stable income, one was a 68 year old pensioner and one a bank employee whilst the remaining one received a child support grant.

The bank employee pointed out that she started selling ice cream to the children in the block of flats within her community to supplement her income. She indicated that

she can now pay for her electricity and water bills from the ice cream profits. The pensioner said“ *We basically live on the pension, like I said the samosas is now and then with parties or weddings or something when they come and ask me it's not a stable income as I only make for special occasions*”. This clearly shows how the profit from her samosas supplements the small pension that she receives and helps make ends meet.

The direct beneficiaries group consisting of 4 women were employed by the NGO as pre-school teachers earning only a small stipend. During the interviews it emerged that despite of them receiving a regular income, which apparently was too little to cover their basic needs, they relied on their micro enterprises to make ends meet.

One participant, from the direct beneficiaries group, who is a pre-school teacher employed by the NGO said she joined the bag making micro enterprise project to supplement her salary.

One of the key determinants for a good remuneration is the level of your skills. As highlighted before only three out of the 12 participants from both direct and indirect beneficiaries' groups completed matric. The rest of the women never completed high school. In this regard, they would get low remuneration which is equal to their low skills. Engaging in the micro enterprise for these lowly paid unskilled labourers helps to bridge the gap and to make ends meet. That extra income from the micro enterprises assist in paying the bills for water, electricity and stretches their salaries to meet more substantial needs such as paying rent.

4.3.4 Gain skills

The study revealed that none of the women in the indirect beneficiaries group had any business skills. They engaged mainly in survivalist micro enterprise, with little to no inclination towards any business growth. Pricing and marketing of products was a specific skill that these women in the indirect beneficiaries group lacked. Majority admitted that their prices were not calculated based on cost of production but on the type of client and the client's ability to negotiate. It made calculation of profit difficult.

The four women in the direct beneficiary group did not have business skills such as marketing pricing and calculating production costs and tracking their profits. However, they received training and skills in sewing and beadwork through

participating in the micro enterprise. The NGO hired trainers who taught them to make high quality beaded crockery, red and pink awareness ribbons and conference bags.

One of the pre-school teacher said that the main benefit she enjoyed since joining the micro enterprise was that she received new skills in craft and she can produce high quality bags and beads. The skills came at no cost to her as the NGO paid for the trainers. The NGO employed trainers who helped with quality control to improve products to meet their customer's requirement. Relating to skills the other pre-school teacher had this to say*, "I learnt both sewing and beading so that if there is no sewing to do I can do beading and if there is no beading to do I can do sewing, I don't rely on one activity" …I had fun learning the things I didn't know before, and its good for me at the end of the day".*

In this regard engaging in micro enterprise requires skills in business management and marketing, which can be gained if women are diligent and as they engage in their micro enterprise they can learn on the job. Women in the indirect beneficiaries group stated that as they engaged in their micro enterprises, they learnt which skills they needed to acquire to improve the performance of their businesses. On the other hand the participants in the direct beneficiaries group mentioned that they learnt skills in sewing and beading that they did not have prior to joining the micro enterprise initiative.

4.3.5 Micro enterprise as a hobby

The participants in the indirect beneficiary group all highlighted that they viewed their micro enterprise as a hobby. Staying at home was seen as a source of boredom and so the women took to their local markets what they enjoyed making to keep themselves constructively occupied.

One participant from the indirect beneficiary group, referring to her samosa micro enterprise had this to say*, "I am motivated by passion, I used to do it for my family and I enjoyed the compliments, then friends started asking me to make samosas for their functions. Honestly, I didn't think they would love my samosas, let alone pay me for it, as the orders kept on increasing I thought to myself why not keep on doing it to supplement my income…."* This participant now a pensioner could not help to share

how her extra income helped her to pay for her granddaughter's karate lessons. Her proudest moment came when her granddaughter, at 12 years, was invited to New York City in the United States of America for her black belt in Karate. At O.R. Tambo International airport her granddaughter hugged her and thanked her stating how she was going to New York because she (the pensioner) had paid for her lessons. This has been the best she could ever achieve for her precious granddaughter all through the income from her samosa micro enterprise. She also said of her samosa micro enterprise, "*Its so nice and calming you are sitting there and folding the samosas, I enjoy it."*

For this pensioner her micro enterprise started out of passion and she took it part time as a hobby. Making samosas had a therapeutic, calming effect on her as she sat calmly folding the samosas.

Another participant from the indirect beneficiaries group said, *"I joined the micro enterprise project because being at home is boring you do the same thing every day, I am proud to do it."*

A participant from the direct beneficiaries group, who is a pre-school teacher said that the NGO director who started the Empowerment Centre was recruiting school drop outs for the beadwork and bag making micro enterprise project. She was only 16 and a single mother at the time. She highlighted that joining the micro enterprise not only brought the extra income, it helped to stand on her feet and to keep of the street and out of trouble. She was able to treat her son and herself to some goodies once in a while from her sales of the beaded cutlery set she made.

Another pre-school teacher from the direct beneficiaries group highlighted that, there had been no particular difference in income since she joined the bag making micro enterprise. This came as a contrast to what the other members in the direct beneficiaries group had said. Upon further probing she said that the group had last produced bags almost a year ago. They lost their machines to one staff member who has since left the project. During the interview she said*…"there is no difference for me really it's just like sitting at home. I am still coming here because I like what I am doing...It's like a hobby now for me than making money out of it, really it's a hobby. I know I need money at the end of the day but if there is no money coming out of it there is nothing I can do, you understand my point*?"

According to Chigudu (1991), most women's projects are limited and operate the most unprofitable micro enterprises. She highlighted that it was common to find sewing projects for women that have been operating for more than a decade still relying on one sewing machine.. This was reflected in this study where the beneficiaries of the NGO' s bag making micro enterprise project where all the women were now depending on 2 sewing machines to make their bags.

All 12 participants in both indirect and direct beneficiary groups demonstrated how their micro enterprise went beyond making money but emerged out of their passion. They did not deliberately start with the intention of making a profit but started out as a hobby for them. According to Chigudu (1991), women usually attend to their micro enterprises at the same time as they attend to their house chores which cost their micro enterprises as they receive less attention in comparison to the domestic duties.

4.4 Challenges faced by women regarding their micro enterprises

The second objective explored the challenges micro enterprise beneficiaries faced by following the micro enterprise strategy to reduce poverty. These challenges are explained in detail below.

4.4.1 Lack of funding

The first challenge raised by all the participants in both groups was the lack of sufficient funding for them to expand their current micro enterprises.

In the indirect beneficiaries group none of the participants had obtained a loan to start up their micro enterprise. They bridged this gap by raising their own funds from personal savings, or from their family members. Lack of funds as a challenge to enterprise growth and development was echoed by one participant who used to make peanut butter. She highlighted that it was difficult to meet the demand as she used traditional methods of grinding the peanuts and could only make 100 bottles per week. It was labour intensive and tiring though it produced good quality peanut butter. To make more bottles she had to raise enough capital to purchase a machine

which would take less time and produce more bottles. However she could not access this fund and failed to meet the demand. Her business folded.

It was clear from the interviews that none of the participants in both groups had ever approached any registered financial institution such as banks the Department of Trade and Industry or illegal loan sharks for financial support/loans. All the participants relied mainly on family or own savings and reinvested profits to finance their business.

One participant in the indirect beneficiaries group said even though she struggled to raise money the bank was a non-starter as she had no job; she also had no family to rely on. This participant had this to say, *"No I don't pay so much to go to the bank to make a loan, no I don't make so much to go make a loan by the bank".*

The direct beneficiaries group highlighted that they had not managed to produce anything in the last year due to a lack of funds to purchase raw materials and equipment. One of the women interviewed said "*I can tell you right now the real challenge we are facing is financial, because with money you can do things, you can do wonders believe me."* Such organised groups can register as cooperatives to access funding from government or NGOs. However they have no knowledge of these government programmes that support cooperatives and have never attempted to find out. They rely instead on donations which mainly come in insignificant amounts. Lack of meaningful funding to assist with microloans can be a contribution to failure of micro enterprises that are supported by NGOs.

A participant in the direct beneficiaries group responding to the question available options for funding said, "Wow Mashonisa, I don't wanna go to Mashonisas they will break me in with the little money that I am getting so I don't wanna go to them." She said the thought of going to a Mashonisa (the street name in South Africa for a loan shark or illegal money lenders) unnerved her. The word Mashonisa loosely translated means "to sink", and these illegal money lenders literary sink people deeply into debt with their huge interest rates which keep people entrapped and unable to fully recover debt.

Another participant in the direct beneficiaries group added that, *"Banks, I mean if you don't have a stable job the banks don't borrow you money, you need to have a stable*

income or permanent job, something that will secure them to borrow you money. I couldn't walk into a bank knowing that I am unemployed they would be like hey is there something wrong with this woman. This is how I grew up in South Africa, I know that no bank gives you money without a stable job. Even you, will you give me money knowing that I have no stable income, you would think twice, neh? Exactly my point."

Roggerson (2006), highlighted that without collateral, proper education, knowledge of the business environment and requisite business skills, micro entrepreneurs' have limited chances of receiving funding from credible financial service providers. They do not know the rules of the game and therefore they cannot participate in it. In turn they relied on, relatives, friends and NGOs or the Department of Social Development for capital. Unfortunately these sources of finance have low capital available for entrepreneurs which often limit their ability to grow into fully fledged business entities. To support this notion, Chigudu (1991), pointed out that the majority of women are intimidated by banks and their requirements. Access to loans or credit from formal institutions is hampered by transaction costs, collateral requirements, cumbersome application procedures, and cultural constraints.

Chigudu (1991), also identified the lack of funding as a challenges experienced by women who participate in NGO funded micro enterprise projects. The author also states that most donors gave more attention and financial resources towards men driven development projects than those projects targeting women.

4.4.2 Lack of business skills

During the interviews, only two out of eight participants in the indirect beneficiaries group indicated that they incorporated all their costs when pricing their product. One participant from the indirect beneficiary had this to say concerning her prices, *"Prices are not fixed…we help each other out if business is slow and so forth, I charge according to the customer, whether or not they can pay higher."*

Another participant in the indirect beneficiary group said*, "Maybe I'm stupid, but I am one of those people that cannot put their prices up, I charge R20 a dozen and R20 it will remain"*. Chigudu (1991), states that such an attitude by women in which they

take a softer approach in relation to making money and are typically not forceful or competitive inhibits their success in a field that has the survival of the fittest.

As supporting evidence, a participant from the indirect beneficiaries group said*," You know I was taught, my parents taught me you got to help, your child is my child and that's how we live, and I mean I know they also struggling why would I want to charge them more to please myself, it doesn't work that way, not for me anyway."* Because they sell to friends, family and neighbours they don't charge for profit.

Agupusi (2007), states that most owners of micro enterprises do not show an entrepreneurial mind-set. This ignorance of basic business management skills affects the survival and growth of their enterprises. A service provider interviewed in Alexandra Township, South Africa, by Agupusi (2007), commented that entrepreneurs in the community had challenges from not keeping proper accounts, not having bank accounts and squandering all their business savings. This has resulted in the premature death of micro enterprises and the accumulation of debt. Roggerson (2006), points out that these women should be assisted through the provision of information relating to markets and external support systems in order to grow their micro enterprises from mere survivalist activities into ones that reduce poverty.

The pre-school teacher from direct beneficiaries group had this to say, "*We do not only do beading with spoons and ribbons, we were just about to be trained in beading baskets and making animal but to get that guy cost money you see, we have to fetch him and he charges per hour. We don't have money we are totally dependent on* the NGO director. *She is our only source of funding at the moment. To expand skills and diversify products is a costly exercise that requires financial investments which the poor women do not have".*

According to Chigudu (1991), women fail to identify the crucial need of having relevant information concerning financial literacy, pricing, budgeting and marketing. Many women facing challenges in their micro enterprises are quick to attribute it to lack of capital instead of ignorance on the economic environment which may cause them to miss opportunities Women need to invest time and resources to source for

business technical support including those offered for free by government. They should be pro- active instead of having an attitude of apathy for their own enterprises if they are to move from survivalist operations to meaningful entities.

Considering that only two women out of the twelve from both indirect beneficiaries and direct beneficiaries groups calculate their profits, relevant training should be foremost in financial literacy. This will help the women to price their outputs in such a way that they will realise profits and for them to stop any unprofitable activities. If women are to be successful business owners they have to be trained in handling the financial side of the business and not only making products. Promoting private sector engagement can be another way to increase the investment and skills transfer.

4.4.3 Poor marketing and networking

All eight participants in the indirect beneficiary group indicated that they sell to their friends, neighbours, churches and their surrounding communities.

The four participants in the direct beneficiaries group had never been exposed to selling their own products and knew nothing about marketing. One of the women in this project said "*the reason why we didn't get orders for our beads and bags this year is that the lady who used to do the marketing for us was not well she was always on and off ill and we only had one person doing the marketing for us and she is an elderly lady"*

Two women in the direct beneficiaries group and also two from the indirect beneficiary group claimed that they are too shy to venture out there and network or obtain orders for themselves. Another participant in the direct beneficiary group said she had never thought about seeking a market for the handbags though she had the skill to make her own bags she did not know how to source clients for the product.

When the researcher probed the issue of the rising demand in internet and social media marketing during her interview, one of the participants from the direct beneficiaries group said, "*to sell on the internet is fine but if you do not have it what*

do you do. It is a good idea coz everybody can see (worldwide coverage to market) but if you don't have access to the internet what can you do"

According to Mago and Toro (2013, p. 26), "small enterprise owners are often unaware of market opportunities or feel too inhibited to explore new avenues." This accounts for the reasons why the women in the indirect as well as direct beneficiaries group fear to venture into marketing their products as they lack self-confidence and the strategies to reach a wider clientele with their own products.

Emerging evidence suggested by Moyi (2003), shows that for micro enterprises to grow into profitable entities that can have impact in reducing poverty, they should have up to date information on the business environment such as any enterprise to move form mere survival into growth phase they need relevant and timely information about markets, suppliers and support systems. This is of paramount importance. Pitcoff (2004), support this view and highlights that most entrepreneurs have very little capital and so do not invest in information technology, thus their businesses never grow beyond their local community. If the community is also poor and cannot support their businesses their micro enterprises do not grow.

4.4.4 High levels of illiteracy

Most women who participated in the study had low literacy levels and this in turn related to their inability to understand the financial side of the business such as their income and expenditures. It was difficult for them to track in concise detail how much they made on a daily basis and how much it cost them to run their micro enterprises. Mitchell (2004), attribute a lack of growth in micro enterprise initiatives amongst women to their low levels of education and skills which limits their innovative ability required for successful entrepreneurial activities. Thus they recommend capacity building in the area of entrepreneurship and encouraging the development of the right mind-set of innovation and risk taking.

Chigudu (1991), supports the same notion and points out that women often lack diversity and do not engage in any business ventures that take them out of their traditional domestic activities. Common to the micro enterprises favoured by women

are crocheting, baking and sewing. Women rarely explore new territories and activities. They are more comfortable with in familiar activities. To change their status quo women need to invest in technological improvement, education and training.

This came out during the study in the direct beneficiaries group where one participant stated that their micro enterprise project was grounded and not functional because they relied solely on the NGO to supply equipment, training, raw materials to market the product on their behalf and later share the profits. Another woman in the same group explained that the NGO has not managed to get orders for the beads and bags. The six machines they had were confiscated by one of the staff who was training them in sewing and never brought back, she left NGO. The participants have not received any feedback from the NGO and they are still waiting. It has been a year now since they made anything and have started to work at the NGO's pre-school instead where they get a small stipend.

One of the women in the direct beneficiaries group had this to say, "*I am a bit sad because when it was going well we used to get that extra bit of income and now it's gone. There is nothing coming in now and I don't know why it stopped. They keep telling us they will bring the orders but nothing has materialised…it is really sad"*.

The focus, therefore, should be on developing human potential for entrepreneurship, recognising and embracing social and cultural differences between individuals. Developing, educating and inspiring the people of South Africa from an early age should be the cornerstone of all policy initiatives. Once the people are given an opportunity to think creatively and innovatively, employment and growth should follow.

4.4.5 Lack of machinery/ equipment

Another common challenge to the success of micro enterprises in this study is the limited access to resources and technology.

Participants in the indirect beneficiaries group engaging in catering and baking highlighted that lack of equipment such as proper kitchen storage, utensils and

stoves impeded their ability to expand. They worked from their small kitchens in the flats and complained of back aches from standing the whole day to meet larger orders. Lack of proper storage made it difficult for the caterers to buy in bulk or to produce huge quantities of perishable commodities. Another participant also indicated that lack of equipment had stopped her peanut butter processing business to grow and supply the rising demand as she used the old traditional way of using a hand grinder.

A participant in the direct beneficiaries group had this to say, " *If we can get the equipment we need then business can keep running again. Yeah the equipment is very important, without it there is no business like sewing machines for us who sew."* As highlighted in the first theme, lack of funding and capital prohibits any purchase of machinery and equipment required to make work easier and efficient for these sole traders. According to Roy and Wheeler (2006), most micro enterprises rely on inefficient labour-intensive manual processes rather than efficient equipment.

In addition Chigudu (1991) observed that it is common to find all the women sewing with one machine after being in a project for more than 10 years. This observation was echoed in an interview with one of the participants in the direct beneficiaries group engaging in sewing for the NGO. She stated that she has been involved in micro enterprise activities with this NGO for more than 10 years. At the beginning and mid interview she explained how they had lost the four out of six sewing machines the project had to their trainer. There are now only seven members remaining in the sewing project that are still keen to continue despite this challenge.

4.4.6 Lack of information on support systems, markets, sources of funding

With the exception of one participant in the indirect beneficiaries group, all the remaining 11 women who participated in this research did not know any local support systems including government initiatives through the Department of Trade and Industry that fund such as SAMAF that fund or coach micro enterprises. The department is encouraging formation and registration of cooperatives which then receive business skill training, financial literacy training and required funding. They also assist in accessing markets on products such as agricultural produce. Lack of

such information has led to the women not to benefit from such initiatives. However the participant who knew about such information argued that sometimes this information is deliberately withheld from the poorest in their community. She highlighted that information was disseminated amongst political allies only. This was perpetuated by councillors who sought to solicit votes through giving favours such as access to government loans and training to their supporters at the detriment of the rest of the community.

Moyi (2003), noted that poor entrepreneurs have limited market information due to lack of access to technology, and in this world were technology rules it means that they are left out in effective participation within external markets. Poor people experience difficulties accessing the internet and as a result they are usually limited to their surrounding community for markets. Their communities usually consist of poor people who cannot offer any meaningful markets. Schreiner (2001), agree that limited and fragmented information has impeded expansion of micro enterprises into new and bigger markets necessary for growth. Siegel (2005) argues that poor people need to group themselves for example in business hubs such as farmers markets and have similar pricing so that they do not out bid each other in the market place and also share ideas and relevant market related information.

The participants from the direct beneficiaries group highlighted that their project had not been productive for a year because of their reliance on project leaders whose NGO sourced raw materials, provided them with machines, marketed, priced and sold their work on their behalf. All the four women agreed that they lacked basic information on the resources needed for the success of their project such as raising capital to purchase raw materials, sewing machines and where to buy the raw materials and the costs. They did not have information regarding demand for their products within the existing or potential markets. One of the women had this to say, ”*You know if you sit alone and say tomorrow I am going to do this but not having the material you will not be able and not knowing which door to knock for help, those are the kind of things that stop a person to prosper.”* On asking if she knew about government assistance she said, *“No I am uninformed on this no one has told me where to go or how to go about it”.* In relation to institutional funding the respondent

said she did not know where to get loans or else she would have done so a long time ago.

A research study conducted by Bowen, Morara & Mureithi (in press) in Nairobi, Kenya showed that 90.9 percent of the micro enterprises targeted markets in Nairobi whilst only 7.1 percent had markets outside Nairobi. The study also confirmed that most micro enterprises have their markets within their locality. To avoid being stifled by competition, it is necessary that enterprises expand their operations by venturing beyond their local catchment area.

4.5 Propositions on improving micro enterprises as a poverty reduction strategy

During the interviews, it was evident that the beneficiaries of micro enterprise had limited propositions about improving their initiatives. During the research process it emerged that most of these women are striving for survival with little expectations for growth and development as long as they and their families survive from day to day. They are women with low levels of general literacy and their financial literacy was minimal. The direct beneficiaries group displayed an atmosphere of people who have resigned their lives into the hands of the NGO, they showed apathy and very low self-esteem. This behaviour could be attributed to some extent to the notion that these women were not used to being consulted for their opinions and ideas as a result being granted such an opportunity caught them unawares as they are not solution oriented. As a result there was little that was shared by participants from the group on the ways to improve their micro enterprises as they had already resigned themselves to whatever decisions the NGO made.

This objective aimed at exploring the perceptions of participants on how their micro enterprises could be enhanced to become successful strategies of alleviating poverty. Although participants in both the direct and indirect beneficiaries group did not have many expectations concerning their micro enterprises, they shared a few ideas on how they wanted to be helped to grow and develop their micro enterprises. These will be discussed as sub themes in detail below.

4.5.1 Wider dissemination of information

Participants in both the direct and indirect beneficiaries groups wanted to access government information and opportunities just like all the other citizens. They indicated that it was their right. According to the participants this is not the case in Eldorado Park. One participant said, *"A certain dude will get it because of the mentality where they involve politics. The DA councillor will make sure it is only DA people, forgetting that this is not about the DA or ANC it is about the people. Information is lacking and it is politicised."* The participants indicated that they would like government projects that assist micro enterprises to be made available at public places so that there was non-politicising of information. In particular one woman strongly expressed that government departments should be decentralised with agents in the community to assist people. The woman said, *"I would like to more workshops where different entities can come out… mobilise department of Trade and Industry, SETA, CIPRO and so on into the communities so people do not have to go all the way to Pretoria, to make it easy for people to access this information…All those departments should have offices in townships where people can be helped. They should have agencies in the community."* It emerged from the interviews that in South Africa information is not organised and there is no coordination especially amongst stakeholders such as government departments, NGO and their intended beneficiaries, hence, information needs to be coordinated and integrated (Mago & Toro, 2013).

Another participant had this to say, *"I would like the NYNC youth, whatever, to have a board like in Soweto there is a big board with information on available funding, you go to Lenasia you see it. So I would like such a board to be written so it is visible and you know where to go to."*

Mago and Toro (2013) also emphasised the importance and impact of information on entrepreneurship in South Africa. The level of one's knowledge is the determinant factor on how far they can achieve, so information on available opportunities is very important if micro enterprise owners are going to grow.

However, from the participants it has emerged that though the government extends information at department level this information does not always reach the intended beneficiaries as it is filtered through political lines and not disclosed to the community at large. Many people end up not benefitting from the information. Suggestions were made as to make public announcements more visible by using huge notice boards where everyone can read the information. The issue of decentralising the offices to the townships where the majority of the poor people reside was also raised as this can increase accessibility to institutions and information.

In line with these suggestions by the participants, Morduch (2007) highlighted that social and cultural norms are crucial to promotion of entrepreneurship as is the role of information in propagating the advantages of entrepreneurship to all levels of society and different cultural groups as well as identifying and promoting more entrepreneurial role models.

Roggerson (2006) suggests the need to improve access to information on markets and programmes that assist micro enterprises, business skills training, micro loans, favourable regulations and advise on policies relevant to businesses and procurement procedures with databases of potential suppliers. When people are aware of the support available in their environment then they can utilise these opportunities and participate fully in their own development. This is critical especially for the poor and unskilled micro enterprise owners who have little capital and skills to venture on their own without support. Information dissemination is thus a key determinant to the success of struggling micro enterprise.

The low rate of entrepreneurial activity in South Africa, and the extent to which it is powered by necessity rather than by choice can also be attributed to limited knowledge to the available support and therefor low motivation to venture into the unknown. People would rather seek jobs.

In the same light, the Mago and Toro (2013) listed the following as factors constraining entrepreneurial activity: bureaucracy, legislative compliance, restrictive labour legislation, and onerous administrative and requirements related to registering and starting a business.

Cash flow challenges to sustain the initial stages of the micro enterprise or to expand it are linked to limited availability of information on funding which also affects the capital available to purchase equipment or appropriate technology.

4.5.2 Business Mentorship

Participants in this study acknowledged their shortcomings relating to the micro enterprise. The majority said that they did not venture by choice into micro enterprise initiatives but they had to bring in the extra income generated to help make ends meet. They were struggling to keep their micro enterprises going. They mentioned how mentorship from other micro enterprise owners who had walked their path and succeeded would help them to improve their activities.

Nyamugasira (2010) highlighted that the poor need true partners who incorporate innovation into their ideas and not dictate to them which activities to engage in. Mentorship programmes are a tool that can be used to add value to what the poor are already doing. Mentoring ensures the transfer of knowledge and skills which reduces risk of business failure. Mentors should be those who are already running successful small businesses as they can identify with the challenges in the business environment and have overcome these challenges. Through mentorship entrepreneurs are empowered to stand up and access what they require for their enterprises to thrive such as microfinance, access into markets, product development according to the market demand and profitable pricing. This will increase their inherent problem solving capacities and whilst at the same time doing away with the mind-set that the government or donors are the answer to their poverty.

One of the participants stated that she needed someone to teach her marketing, she is currently relying on sister who is a marketer. Another woman from the NGO run micro enterprise had this to say, *"if you don't have markets your business won't succeed. I hope next year we will have a plan I don't know anything about marketing"*. .

The caterer interviewed said, "*I need someone who will be able to lift me up and say listen here this is how you go….someone who is wiser and longer in the business and is able to lift me up and I can see that this person is willing to show me the easy*

way to go up then I will do it …someone to say this is how you save money this is what we do because we all learn".

4.5.3 Marketing

Participants mainly in the direct beneficiaries group indicated that they were inexperienced in marketing and did not even know how to do it themselves. A participant in this group said, *"I do not know anything about marketing so I cannot really explain anything to you about markets."* They also highlighted how they depended on the project staff from the NGO to market their products. Marketing was rated as an urgent skill that they needed to be able to sell their own product and not rely on the NGO.

The NGOs employ welfare professionals such as social workers who are not trained in business and marketing, however, they are expected to help people to run successful businesses. Edwards (1993), indicates that most NGOs activities regarding micro enterprise activities are usually project based and not context based. Donors have pre-packaged projects that they prefer to fund and NGOs adapt their activities to suit the needs of the donors. Nyamugasira (2010) highlights that such actions minimises impact of any intervention and reduces project implementation to salary making mechanism. Most common in these categories are sewing projects poultry project, bead making and bread making project. There are no real markets that can sustain such operations and income generating activities are not informed by any market research therefore there is no meaningful participation. It therefore becomes a challenge to market and sell the finished product.

Participants in the indirect beneficiaries also stated that they could do better when it comes to marketing their products, whilst others admitted that they were too shy to market their products and that they had no marketing skills. It also emerged from this group that they hardly sold outside their residential areas, church, schools and family. They relied on their family and friends to market by "word of mouth" for them at their workplaces, churches and so forth. One participant involved in catering thought of doing business cards as she said that competition was stiff and you need to be known out there, however she did not know how to do it and her brother, who lives in the suburbs, was going to make them for her.

One participant in relation to how they can enhance their business indicated that they would like to gain marketing skills to sell their own baking products. She had this to say, *"I do not think I have the skill, so my sisters come and they bring the orders. One of my sisters is into marketing so she knows how to sell a product. I know how to make it but I do not know how to sell it. So someone should come and show me how to market because you can start small and end up big."* Training in marketing therefore emerged from both groups as a requirement for them to grow and expand their micro enterprise beyond their local communities. Another participant in the direct beneficiaries group supported the idea of marketing support. She said, *"Marketing the way I see it haibo, you must have marketing to have a business because at the end of the day if you do not have marketing your business will not succeed."*

Upon discussing the options for marketing such as the internet a beneficiary who makes bags through an NGO initiated micro enterprise stated that, "*to sell on the internet is fine but if you do not have it what do you do.it is a good idea coz everybody can see but if you don't have access to the internet what can you do".* This participant was eager to expand her market through social marketing, but was limited due to lack of access to internet facilities. Information is a basic requirement for enterprise creation, growth and survival, and that information and communication technologies are capable of easing information.

Pitcoff (2004), support this view and highlight that most entrepreneurs have very little capital that they do not invest in information technology, thus their businesses never grow beyond their local community as they cannot market their product and services on the internet and reach a wider market.

Moyi (2003), noted that in developing countries, where micro enterprises operate in business environments characterized by fragmented and incomplete information on markets hence there is need for micro enterprise owners to be assisted in proper marketing skills and optimise their businesses.

4.5.4 Access to equipment

As highlighted in the second objective, lack of equipment has led to the demise of most women's micro enterprises. Regarding equipment one participant had this to

say *"If we could have the equipment that we need really, then business can keep running again, the (sewing machines) those are really important if you don't have them then there will be no business"*.

Another participant who is into baking echoed the same sentiment upon being asked how her business could be enhanced. She said*," I want God to open someone's heart to just come and say here is all the equipment for your baking."* She went on to state that her husband had fixed her kitchen to suit her baking however since she did not make much money she could not buy the right equipment to transform her baking enterprise into a flourishing entity.

The caterer also stated that her micro enterprise growth hinged on the ability to have the right pots, crockery, cutlery and so forth, without which you could not cater for many people. Without the right cooking pots which take in appropriate heat, one cannot cook great food, and with a lot of competition on the market this can destroy your reputation. She claimed that she got most of her clients via referrals from her previous clients. Messing up will lead to her losing business. Thus she was adamant that in her field she needed access to equipment, which she is self- financing from her meagre savings out of her profits. However assistance in this area would mean a lot to the growth of her micro enterprise and for her to realise substantial profits and hire assistants as this is labour intensive.

Bigger companies have an added business advantage as they have enough capital to buy the requisite machinery in sufficient numbers (Bowen, Morara & Mureithi, in press)This makes their work of higher quality and reduces labour costs and hence can price lower and out price micro enterprise competition. Hence women who participated echoed that they need assistance in the form of equipment in order to improve product quality and even diversify product ranges due to availability of appropriate equipment. An example could be an aromatic manufacturer visited by the researcher who stated that he has low quality equipment thus he loses out from his oils and had he the proper equipment he would maximise his harvest of oils and use the gas to make scented toilet sprays. The right equipment can reduce loss and maximise efficiency which can also be translated to higher profits.

4.5.5 Access to loans

Financing a business is an ingredient for success. If a micro enterprise owner has access to capital they can buy in bulk and reduce production costs, they can buy the necessary equipment which makes them produce more efficiently and high quality products. However without proper financing it is difficult to improve and grow the micro enterprise out of their survivalist mode. Cash flow challenges to sustain the initial stages of the micro-enterprise or to expand it are linked to limited availability of information on funding which also affects the capital available to purchase equipment or appropriate technology.

One participant from the indirect beneficiaries group was very clear in her need for financial assistance, she had this to say regards areas in which she needed assistance, *"Money, a loan, yeah money".* She highlighted that she could see her business expanding and therefor she required financial assistance to take it further.

The challenge is that most formal financial institutions do not serve the poor. Chalera (2007), states that this is because of perceived high risks of default, high costs involved in small transactions, perceived low relative profitability, and inability of the poor to provide the physical collateral usually required by such institutions.

Micro finance has emerged alongside micro enterprise as a tool to reduce poverty as it promotes productivity through self- employment. According to the major contributor of micro finance Yunus (1997, p. 256), "micro finance aims at reducing poverty through granting credit for savings and self-employment for the poorest people. Women's access should be prioritised as they are very adept at saving, highly creative entrepreneurs, and consistent in ensuring that earnings go directly to meeting family needs."

However giving loans is not in itself sufficient, beneficiaries should be taught how to manage the money for the growth of the business. Agupusi (2007) found that most micro enterprise owners in South Africa had challenges from not keeping proper accounts, not having bank accounts and spending their capital because they cannot distinguish between business capital and profit.

This notion is supported by Robinson (2001, p. 22), who states "that there are two approaches to micro lending, the first one is the poverty lending approach. It is

concentrated on reducing poverty through credit often provided together with complementary services such as skills training, teaching of literacy and numeracy health, nutrition and family planning. Under this approach donor and government funded credit is provided to poor borrowers at below market interest rates. The goal is to reach to the poor with credit to help overcome poverty and gain empowerment."

The other approach is termed by Robinson (2001, p. 22), "is the finance systems approach which emphasises large scale outreach to the economically active poor both to borrowers who can repay micro loans from households and enterprise income streams and to savers. The financial systems approach emphasises on institutional self-sufficiency because given the scale of the demand for micro finance worldwide this is the only possible means to meet widespread client demand for convenient, appropriate financial services. This system discourages subsidies as a way of lending to the poor as it creates dependency."

Implementation of government's financing projects such as Small Enterprise Finance Agency (SEFA) introduced in 2012 should be closely monitored and evaluations used for improvement. A desk study by Mago and Toro (2013) revealed that there is poor uptake of government financial services mainly due to their poor coordination and inability to reach the targeted audiences. The authors state that they use English and the internet to market their services which fails to reach the poor illiterate people who have no access to the internet and cannot understand English.

4.5.6 Buying in bulk

The women involved in catering and baking bought their ingredients from retailer shops. This cut into their profits. They had no transport to reach the wholesalers. The women in the NGO did not know where the wholesalers were located. Whilst other participants lacked enough capital required to purchase in bulk.

One participant who raised this issue said, *"I buy my ingredients from Shoprite because I do not have money to go to a wholesaler. When money from the business comes in I must just feed my children with the money, so I do not have the money left to buy in bulk. The market is good and I am not meeting the demand because I cannot buy many ingredients."*

On probing into the issue of how the beneficiary could have their micro enterprise enhanced, the participant simply said, *"Just to buy in bulk that is all because my kitchen is big enough."*

The inability to purchase in bulk was a major concern to the women and they added that they would appreciate assistance or ideas on how they can manage this. When they buy in bulk it reduces the cost of production and they can in return give good prices to their customers and compete with other bigger producers as they can price competitively. However as many operate survivalist entities, like one of the participant said, as the money from the micro enterprise comes in it is split into meeting basic household needs such as food and a little is ploughed back into the micro enterprise. This limits the women from buying in bulk and enjoying lower production costs.

4.5.7 Preparing a business plan

Operating a successful micro enterprise should not be something that is left to chance. This means that like any other business there should be a plan detailing what the business is about, its services, sources and amounts of funding, supply chain, markets and growth plan. Without a plan then success cannot be guaranteed as there is no visible guide to lead the entity to success. Unfortunately most micro enterprise owners under estimate the value of a business plan and in this case are not even aware of the need for one. According to Chalera (2007), majority of micro enterprises are not run according to a business plan and the owners are usually informed that to obtain financial assistance from both the government and Banks they need to have an operational business plan.

However one participant from the direct beneficiaries group emphasised that the reason their micro enterprise was not succeeding as expected was that they had no business plan. She said, *"What will happen if you have the materials and funds but you don't have a plan the plan should come first*". Another participant in the direct beneficiaries group added that as a group they wanted to start their own production independent of the NGO since they were not producing anything. She said, "*We can start with making a plan after we have a plan then we can start other things. Having a plan is most important than having the things."*

However she also did not know how to make the business plan and this was an area that she felt needed to be addressed.

4.5.8 Registering companies

Many micro enterprises suffer the demise of operating informally. According to Harvie (2003), micro enterprises are not registered entities and they function in unregulated and informal business environment. These micro enterprises produce mediocre results and cannot compete in the formal economy. Registering companies was raised by one of the participant in the indirect group as the only way to grow micro enterprise initiative. She indicated that people had good ideas and good projects but these could not go further than their backyards if they are not registered as they will not be able to get any financial assistance nor get big orders for their goods and services.

The participant had this to say, *"First of all I think that people should focus more on making sure that they have a registered company. Because when you register that is the way our government is working. The minute you are registered and you have all your paper work in place there is no way that your business will stay where it is …I see it as a hindrance to a lot of people, people have good ideas, good plans, they are doing good things. I don't what people have a fear of registering companies."*

Upon probing why the participant felt that women had a fear of registering companies, the participant said*," Lack of knowledge, because it is not well marketed, they do not get enough information from government or whoever it reaches in Eldorado Park."*

As Harvie (2003), points out most of these micro-enterprises are concentrated largely in low-income low productivity activities, especially in petty trades and services and are run by women, who are a significant proportion of the poor. In drafting policy, consideration should be on the constraints currently faced by micro enterprises who want to register so that they are assisted to formalise their micro enterprises. According to Chambers (1993), policy should be developed as a solution to these existing constraints, and in anticipation of potential problems.

4.6 Concluding remarks

The eight participants in the indirect beneficiaries group all agreed that micro enterprises were helpful in meeting their basic needs which was seen as crucial for survival especially with the high unemployment being experienced in the country. The remaining four women in the direct beneficiaries group did not see their micro enterprises as having changed their level of income at all. These women were involved in the NGO led micro enterprise, which had ceased production for a year to the time this study took place. They lacked funding and orders for products as their marketing lady was elderly and often sick. They also had one of the project trainers confiscate four of their six sewing machines.

CHAPTER 5

MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter discusses the main findings of the research study, final conclusions are drawn and recommendations on how to improve the micro enterprise initiatives into more rewarding experiences for the women are made.

5.2 Main Findings

To ensure that these are articulated and understood clearly, the main findings will be discussed in accordance with the experiences of the two groups of participants, the indirect beneficiaries group and the direct beneficiaries group. Though they shared similar characteristics, these two different groups' experiences were not homogenous.

5.2.1 Indirect beneficiaries group

Firstly, the study found that many women engaging in micro enterprises' perception is that their enterprises helps them to make ends meet through paying for water and electricity bills, sometimes clothes and food. According to Todaro and Smith (2006, p.556), satisfaction of basic human needs such as food shelter health and protection should take precedence over all other development thoughts and efforts. The economic challenges experienced by members of their local communities in which these women's micro enterprises trade, means that their clients' are unable to purchase more products and services. Some participants were specific in that their income has shrunk significantly as their customers cannot make huge orders like they used to as they are affected by the higher cost of living. The women realised very little income to conclude that micro enterprises were an effective tool for reducing poverty.

Secondly, the women were driven by need to gain an income, however they equally enjoyed what they were doing and saw their micro enterprise as a hobby and a way out of a boring routine at home, they also started out making samosas or koeksisters for their families who liked it and this spread to their neighbours and friend and

before long they were welling to their community. This led to the finding that women stumble into micro enterprise without a business plan on how to succeed or expand. Circumstances such as a loss of formal income often force them to engage in micro enterprises to get that extra income. To them engaging in the micro enterprise is like a hobby. Few of the women ever calculated their costs and charged minimally. This is also interpreted by their lack of interest in expanding their market by advertising their services outside their immediate surroundings. As a result they reaped little result and also insignificant profits.

Thirdly, high levels of illiteracy were noted amongst the participants in the indirect beneficiaries with only two participants having passed Matric and one woman having dropped out of University in her first year. The remaining five women had not matriculated. This low literacy was translated into financial and business illiteracy. There were no business plans in place on how they want to expand their micro enterprises. None ever consulted banks for financial assistance and they did not have any information for other sources of funding. They stated that without stable income no bank would be keen on granting them loans as there was no collateral as well to secure the loans for the banks. This is a dilemma the poor face with registered financial institutions, when they borrow from loan sharks they are charged exorbitant amounts of money and as one participant put it, they clean you out.

Lastly, to avoid borrowing from money lenders and sinking in debt, these women relied on their families to raise capital for their micro enterprises. The amounts they often received was not sufficient to expand or purchase equipment such as good stoves, sewing machines and peanut butter processing machines, to mention but a few. Without funding the women struggled to expand their production because they engage in labour intensive exercises such as catering, in which without industrial stoves catering for functions such as weddings meant spending the whole day standing by your kitchen stove to cook for 5000 guest. The other participant made peanut butter by a hand grinder and could only produce a 100 bottles per week instead of meeting the demand for 600 per week. They often complained of back ache from standing for long hours and producing less than required by their markets. The little profits they received they used to plough back into the business after paying smaller bills such as electricity. Most of the women barely made it and were

surviving and not thriving with their micro enterprises, hence they did not qualify them as effective in reducing poverty.

5.2.2 Direct beneficiaries group

This study conducted showed that beneficiaries who participated in NGO led micro enterprise initiatives were not productive. Several issues were raised which could be attributed to the lack of productivity.

Firstly, funding was a challenge and they could not buy the raw materials. Lack of funding in this instance was the largest obstacle that halted production. Linked to this challenge could be the lack of both marketing and fundraising skills. Chikadzi (2009), states that in these days of dwindling donor funds most NGOs who do not have a fundraising plan or the skills to draw up one and use it to source funding are closing down. The economic down turn has affected business and government to the extent that most of these entities are also tightening their purses. Since most NGOs rely on donor funding, there has been increased pressure on fewer resources. Like in any other business lack of capital spells death of operations, as such this NGO had to cease operations as they could not obtain funds to produce the handbags, beads and soap.

Secondly, the study revealed a lack of skilled staff to impart skills to beneficiaries. If an NGO has no funds it cannot recruit and retain highly skilled staff with ability to do business coaching and marketing. The NGO had an ailing elderly lady who was doing marketing for them and had been unable to obtain orders in the whole year. Without the orders there was no production and without production there was no income, and without income there is no retention of staff. This forms a vicious cycle of poverty emanating from the NGO and being transposed onto the beneficiaries. Another dimension concerning marketing that came out of this study is that the NGO did not seem to have conducted a market survey before deciding on the products that they were making. An example is that the needs that they had produced were for awareness badges and for two main events which were the Cancer Awareness and AIDS Awareness badges. The bags too did not seem to have a huge market. demand. This meant that they produced twice or once a year and like the whole year they had not produced anything.

Thirdly, there was no meaningful beneficiary participation. The beneficiaries were kept in the dark and were uncertain about the future of the micro enterprise. Many had left and the few that had remained in the projects were collaborating to form their own group to pull resources together and commence production. The participants stated that they had not been informed on what had become of the micro enterprises except that they had not received orders. It looked like there was top down management with decisions being made at the top and then enforced at the bottom. Beneficiaries had no say on the identification of products, pricing and marketing. They received orders, made the products and received a portion of the profits to pay for their labour. It was ironic to find that the Empowerment Center connoted that beneficiaries were empowered and yet on the ground it was the reverse. The beneficiaries felt helpless and excluded from decision making, this has a disempowering effect as they cannot influence resource allocation.

Fourthly, the participants in this group had low education levels. Ife (2002), states that lack of education poses a barrier to meaningful participation. None of the women in this group had passed matric, which made it difficult for them to grasp the concepts in business management such as pricing, income and expenditure as well as drafting business plans. This could be the reason why the NGO did not feel encouraged to consult them as well.

Finally, the study revealed that NGO target the poorest of the poor to participate in their micro enterprise initiatives. According to Chikadzi (2009), this poses a dilemma where the project is made up of a group of uneducated, low skilled people with poor business skills. This is a recipe for disaster. Most NGO are donor driven and the donors prefer funding the poorest of the poor and view micro enterprise as a way of reducing poverty amongst this target group. However as noble as it sounds, it has not worked. Micro enterprises are meant to be business venture which brings in income, and like any other businesses, they are governed by business principles. Ignorance of these principles leads to failure and this has been the experience of the NGO.

5.3 Conclusions

Considering the issues discussed by the participants, micro enterprises are currently the viable route to reducing poverty. They are a means through which the poor can supplement their income in the informal economic sector. They offer the low skilled and unemployed people an alternative to formal employment through engaging in self- employment. This gives the breadwinners self -respect as they can be self-dependent and not be begging for assistance, which dents one's dignity. Micro enterprise also provides opportunities for individuals to apply their entrepreneurial skills to generate income

However, past research has shown that beneficiaries who participate in micro enterprise initiatives make no profit or very little from these initiatives it builds their experiences, self -esteem and dignity. The participants confirmed this by pointing out that the income they get barely covers the basic needs such as paying for water and electricity and occasionally food on the table.

All the beneficiaries interviewed in this study perceived that their micro enterprise initiatives were producing a minimal income and therefor there was little change in their general status quo as they continued to struggle for survival instead of thriving as enterprise owners.

Poverty reduction is a broad area that cannot solely be solved by engaging poor people in micro enterprises. Other intervention such as accessing government financial and technical support and training are required in order for any meaningful profit to be realised by the women who engage in micro enterprise initiatives.

The solution would be to work at a political level to lobby for government intervention to put in place legislation and measures that protect micro enterprises and promote pro-poor growth policies. The policy has to incorporate the micro enterprise owners' ideas from forum meetings in which women and the poorest are engaged in meaningful discussion on how to improve access to equipment, capital and markets. However at present there seems to be a lack of political will on the part of government to craft organised efforts to reach the grassroots. One participant alluded that information dissemination is along political lines in their community.

This study concludes that micro enterprises are the way to go in curbing high unemployment, imparting skills, and reducing poverty. However the realities and challenges experienced daily by the women running micro enterprises and the structural deficiencies in the government render them ineffective as a poverty reduction tool.

5.4 Recommendations

The following recommendations emerged from the findings in this study.

5.4.1 Knowledge

Strengthening organisational capacity

This is an important prerequisite for NGOs in implementation of successful micro enterprise activities. The helping professionals who are employed by NGOs need to have business skills, marketing skills and any skill that will be helpful to make meaningful contributions towards improving the enterprises that they work with. Most important as stated by Letts, Ryan and Grossman (1999), is the extent to which the NGOs employees have adaptive capacity which is explained as the capacity to learn as situations change. It can be accomplished when the leadership and beneficiaries go through a process of reflection together. If done correctly the building of capacities of NGOs to deal with the business challenges will be transferred to the end users who operate the micro enterprises themselves. If the women receive the training together with the project coordinators it encourages them to venture out on their own to explore the market opportunities and weans them off relying heavily on the project ’s staff to market their products.

Asset based community development approach

The Asset Based Community Development (ABCD) approach is one the emerging approaches on the role of NGOs and communities in development. According to the Asset Based Community Development Institute (2009), ABCD core principles consider local assets as the primary building blocks of sustainable community development. Proponents of the ABCD process concentrate on building the skills of

local communities and encourage formation of local associations. Local institutions including NGOs play a catalyst role enabling the community investments rather than carrying development initiatives for these communities. This does away with the traditional view of communities as beneficiaries of NGO led initiatives and services. Communities are viewed as equal partners as they identify local resources and developing their own action plans. NGOs are there to facilitate this process and also link communities with private sector and government. This enhances the NGOs relevance and sustainability whilst promoting community ownership. Such collaboration leads to improved livelihoods and ultimately development takes place.

Asset-Based and Citizen-Led Development is a similar concept by the Coady International Institute (2009). It is an approach to community-based development, based on the principles of: Appreciating and mobilising individual and community talents, skills and assets (rather than focusing on problems and needs). It advocates for community-driven development rather than development driven by external agencies. It builds on appreciative inquiry which identifies and analyses the community's past successes. This strengthens people's confidence in their own capacities and inspires them to take action. Regarding this approach social capital is as important as an asset. This is why ABCD focuses on the power of associations and informal linkages within the community, and the relationships built over time between community associations and external institutions. Another focus is on strengthening civil society by engaging people as citizens and strengthening local governance to be more effective and responsive.

In lieu of the apathy and inferiority displayed by the participants in the direct beneficiaries group, the ABCD could help build up people’s strengths and belief in their ability to drive the change they desire in their own lives rather than depend on outsiders to initiate and run the change process for them. Only when the beneficiaries start viewing themselves as equal stakeholders will they be empowered and experience development in its true sense.

5.4.2 Practice

Mentoring micro entrepreneurs

Mentorship programmes are a tool that can be used to add value to what the poor are already doing. Mentoring ensures the transfer of knowledge and skills which reduces risk of business failure.

The women indicated their need for on the job training by fellow successful micro enterprise owners who have “walked the path” so that they avoid the pitfalls of business which can mean the death of their micro enterprises if there are huge financial implications. Fear of losing their capital limit micro enterprises from diversifying and innovating. The loss of money to one who is already struggling will lead to incurring of debt to cover cost or the folding of their business. The poor tend to be inclined towards risk aversion. A mentor would help to guide the micro enterprise owners who mostly lack any formal business and financial literacy skills to effectively compete in the economy.

Nyamugasira (2010) highlighted that the poor need true partners who incorporate innovation into their ideas and not dictate to them which activities to engage in. Mentorship programmes are a tool that can be used to add value to what the poor are already doing. Mentoring ensures the transfer of knowledge and skills which reduces risk of business failure. Mentors should be those who are already running successful small businesses as they can identify with the challenges in the business environment and have overcome these challenges. Through mentorship entrepreneurs are empowered to stand up and access what they require for their enterprises to thrive such as micro finance, access into markets, product development according to the market demand and profitable pricing. This will increase their inherent problem solving capacities and whilst at the same time doing away with the mindset that the government or donors are the answer to their poverty.

Collaboration amongst stakeholders

It emerged from the interviews that in South Africa that information is not organised and there is no coordination amongst stakeholders such as government

departments, NGO and their intended beneficiaries. Lack of coordination can entail double dipping where the same people who are benefiting from subsidies from the department of Social Development are benefiting from similar projects in the department of Trade and Industry. Those who benefit this way may continue to do so as long as they are the only ones with information on these support systems. And as it also emerged, information is sometimes shared on political lines. To ensure that everybody, especially the unrepresented poor people enjoy the access to resources, such information on support systems should be coordinated and integrated, through collaboration of all stakeholders (Chambers, 1993).

Beneficiary selection

Most beneficiaries that are targeted for micro enterprise projects by donors and NGOs are the poorest of the poor. This selection criterion excludes other willing members of the community who do fall into this category. Chikadzi (2009) highlights that having only the poorest of the poor to participate in such initiatives means that you have a group of people with little education, low business management skills, and zero capital to contribute. Such a group is already doomed to fail. It is recommended therefor that there should be a healthy mix of the poorest with those who are willing to join the groups and have higher education, skills and capital so that the poor can benefit through skills transfer. This also incorporates the principle of non -discrimination in Social Development.

Beneficiary Participation

The women interviewed in the direct beneficiaries group were hardly aware of where the project was going and if they were going to start production again. It seemed that no communication was there between NGO management and the beneficiaries. In this regarded beneficiaries are seen as passive recipients of aid. According to Patel (2005), social development views clients as active stakeholders who can contribute meaningfully to solving their own problems. It is recommended that NGOs and their beneficiaries work together as equal stakeholders, sharing information and sourcing for solutions to challenges. Chambers (1997), emphasizes that when beneficiaries participate it also helps them to develop self- confidence, initiative, creativity and responsibility. The author states the importance of beneficiaries acquiring these personal attributes and points out that without these qualities, it is impossible to

engage in profit making micro enterprises. In this regard most participants indicated that they were shy to go out of their comfort zones and market their products.

Resource contribution was identified by Okurut (2008) as an important way to encourage meaningful beneficiary participation. When people contribute financially they also have a direct stake and say in the running of the project. This also fosters ownership and commitment to the success of the project. NGOs should encourage contribution as part of selection criteria if they are to recruit serious participants who are committed to improving their own lives. They should engage them in identifying their needs and contributing with ideas and capital to meet these needs. If assistance is to be given it should be kept to a minimum and for a fixed period.

Improving access to information using simple mobile technology

Technology has become the life blood that runs and links societies today. Improving access to information is made a lot easier when one has access to technology such as the internet. Poor people can have the same access at a cheaper cost that they can manage. Examples can be through connecting micro enterprises to markets through the use of simple mobile technology such as SMSs which send updates on current commodity prices. CARE International a non- governmental organisation has applied this technique to its agriculture projects in Kenya to assist small holder farmers' access information on weather forecast, prices of inputs and produce on the market on their cellular phones.

Moyi (2003), points out that government can support the development of mobile money services to help reduce the cost of banking and increase savings. Such support with access to coordinated up to date information can be of great assistance especially to the poor women who have no access to internet for internet banking and marketing. This encourages more people to start and grow micro enterprises if they have relevant and timely information regarding their micro enterprises.

5.4.3 Policy Makers

Policy implementation

In drafting policy, consideration should be on the constraints currently faced by small businesses. According to Chambers (1997), there are challenges pertaining the drafting of relevant policies that deal with mainly survivalist enterprises. This is because most survivalist and micro enterprises are not registered and as a result there is very little information available to inform policy formulation that is inclusive of and relevant to these micro enterprises.

It is crucial that prior to drafting and implementing policies, policy makers should engage in a consultative process to encourage dialogue between and the intended beneficiaries, in this case owners of micro enterprises and the policy makers. Freire 1969, cited in Burkey (1993), states that dialogue enhances reflective learning between the poor and the government, which is necessary when designing relevant policies that will truly emancipate the poor or else there is risk of structuring irrelevant policies that will not benefit the poor.

Social workers play a crucial role in helping policy makers to develop and maintain a realistic perspective regarding the limits of micro enterprise as an economic development strategy. Raheim (1996), states that social workers or community development workers need to explain that the creation of micro enterprises involves a great deal of effort and that profits obtained are usually minimal.

It must be stressed that self-employment is only one strategy that may work well for a small number of clients. According to Raheim (1996), micro enterprises are not a viable economic independence strategy for everyone. Micro enterprises must also be used in tandem with other economic development efforts. When the advantages and limits of micro enterprise development as a social development strategy are recognized and when the necessary supports are created to assist low-income entrepreneurs, micro enterprise can then complement other approaches for alleviating poverty.

Levelling the playing field

To ensure that micro enterprises remain competitive, there should be market regulation by government. According to Agupusi (2007), this can be achieved through implementing policies that prevent unfair competition and corruption. Examples can be removing of high entry barriers and administrative red tape in order to build the capacity of local entrepreneurs who can contribute to the growth of the economy. Government needs to create the necessary environment which enables full participation of micro enterprises.

Chikadzi (2009), echo the same sentiments and argue that there is need to work at a political level to lobby for government intervention to put in place legislation and measures that protect small business ventures by the poor. In their view this is where the interventionist nature of social development comes into play, as government purposefully intervenes in the economy to protect and promote pro-poor growth policies. However at present there seems to be a lack of political will on the part of government to craft organised efforts to promote these policies and eradicate poverty.

Levelling the playing field allows micro enterprises to equally participate in the economy alongside larger businesses. Roggerson (2006), points out that the key element required to level the playing field is through improving access to information on markets and programmes that assist micro enterprises. To add to this point, Pitcoff (2004), state that there is need for business skills training, extending micro loans, and advice on policies relevant to micro enterprises

Examples of relevant training required to level the playing field can be targeting low skilled women and training them in financial literacy and improved production practices. Promoting private sector engagement can be another way to increase the investment and skills transfer which levels the ground as people get same skills required to operate meaningful and profitable micro enterprises.

5.4.4 Further Research

Considering that the government of South Africa has put in structures to assist micro enterprises, it would be interesting to do a comparative study of these investments

versus the actual outputs. Thus further studies should take a look into analyzing the extent to which the South African government has been successful in re distributing the means of production and income. It would also be beneficial to look at this from a gendered perspective.

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Appendix A

Participant information sheet

Good day,

My name is Rejoice Chipuriro and I am a final year Master student in Social Development at the University of Witwatersrand. As part of the requirements for the degree, I am conducting research into the beneficiaries' perceptions on the success of micro enterprises as an anti-poverty strategy.

The study will help social workers and development professionals to understand the perceptions about the successes and challenges of micro enterprises as an anti-poverty strategy. This will assist in improving micro enterprises programmes as anti-poverty strategy. I therefore wish to invite you to participate in my study. Your participation is entirely voluntary and refusal to participate will not be held against you in any way. The interview will last approximately an hour. You may withdraw from the study at any time and you may also refuse to answer any questions that you may feel uncomfortable answering.

With your permission, the interview will be tape recorded. No one other than my supervisor will have access to the tapes. The tapes and interview schedule will be kept for two years following any publications or for six years if no publications emanate from the study. Please be assured that your name and personal details will be kept confidential and no identifying information will be included in the final research report.

By participating in this study you stand to benefit from an increased awareness concerning your micro enterprise and how you can improve on it. However there is a risk that the interviews might bring up unpleasant feelings of despair or frustration concerning your enterprise. Should you therefore feel the need for supportive counselling following the interview, I have arranged for this service to be offered free of charge by Ms Reed, a psychologist at Dorcas International, Florida. She may be contacted at (+27)11 672 9669.Please feel free to ask any questions regarding the study. I shall answer them to the best of my ability.

I may be contacted on tel. 071 0430506. You may also contact my supervisor Dr Edmarie Pretorius at Edmarie.Pretorius@wits .ac.za. Should you wish to receive a summary of the results of the study; an abstract will be made available on request. Thank you for taking the time to consider participating in the study.

Yours sincerely,
Rejoice Chipuriro.

Appendix B

Consent form for participation in the study

I hereby consent to participate in the research project. The purpose and procedures of the study have been explained to me. I understand that my participation is voluntary and that I may refuse to answer any particular questions or withdraw from the study at any time without any negative consequences. I understand that my responses will be kept confidential. The risks and benefit of participating in the study have been explained to me in the Participant Information Sheet and I am aware of the risks and benefits of participating in this study.

Name of participant: ……..

Date ……

Signature ……

Name of researcher …….

Signature ……

Date ……

Appendix C

Consent form for Audio- taping of the interview

I hereby consent to tape-recording of the interview. I understand that my confidentiality will be maintained at all times and that the tapes will be destroyed two years after any publication arising from the study or six years after completion of the study if there are no publications.

Name ……

Date ……

Signature ……

Name of researcher …….

Signature …….

Date …….

Appendix D

Semi structured Interview schedule

1. Can you please tell me a little bit about yourself?

2. How did it happen for you to join the micro enterprise initiative?

3. Tell me more about the micro enterprise initiative in which you are involved. How would you compare the quality of your life now and before you joined the micro enterprise?

4. In what ways did your involvement in the initiative transform your socio-economic status?

5. Do you consider the micro enterprise initiative you are involved in to be a success? If yes why?

6. What factors do you think contribute to this success?

7. If you consider the initiative to be struggling, what factors in your view account for that?

8. What would you say are some of the main challenges that you have encountered in running this micro enterprise?

9. What in your view should be done to enhance the success of micro enterprises?

10. Is there anything else that you would like to share with me regarding your involvement in running a micro enterprise?

Appendix E

Ethics Clearance Certificate