

Creating Jobs through the IDC's UIF Fund

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ABSTRACT

Unemployment is one of the social ills facing South African society and unless a concerted effort to drive job creation and save existing jobs is accelerated, poverty, inequality and unemployment will continue to ravage our nation for a long time.

The study explores the job creation and job saving objectives of the IDC's UIF fund in Gauteng and investigates the types of jobs created. The UIF is a fund established by government to fund enterprises that commit to job creation and to save existing jobs.

The research adopted a qualitative research methodology with data collected through document analysis and by interviewing the funds' beneficiary enterprises.

The findings reveal that the performance of these enterprises in creating and saving jobs has had a minimal net job creation effect. The study revealed that the size of enterprise had no bearing on job creation as 77.8% of enterprises across all stages of development have experienced negative jobs growth. It also found that the IDC's UIF fund has not evolved with the changing nature of work in its definition of jobs created as it has not taken into account the jobs created through externalisation. The study further revealed that start-up enterprises struggled to create good jobs in line with the decent work agenda as more than one characteristic of the decent was not met in an enterprise.

Government and policy makers need to address the hurdles that stand in the way of accelerating job creation and job saving endeavours, failing which, the intervention strategies it employs will be fruitless.

The study further sought to understand the role played by the IDC in the realisation of the IDC's UIF fund objectives. The research found that the IDC's role is limited to financial support and has not been extended to non-financial support needed by enterprises.

DECLARATION

I, Masodi Xaba hereby declare the following:

I declare that this research report is my own work except where I have referenced the work of others. It is submitted in fulfilment of the 25% requirements of the degree of Masters of Management in the field of Public and Development Management in the University of Witwatersrand. This report has not been submitted before for any degree or examination in this or any other university.

Signature: _____

Date: 30 March 2015

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DEDICATION

This degree is dedicated to my late mom, Moji Rosalia Xaba who was an academic. She implanted a philosophy that said “Never start something and you don’t finish it”. Today I am proud to say I started this degree and I’ve finished it. Thank you, Mmawe for the life you’ve given me. May your Soul Rest in peace.

Nonkosi, Shwabade, o wa shwabadela inkomo ne mpondo zayo. Apho ku nga zalwa nge mivalo, ku valwa nga makhanda a madoda, si ngo nxa si ya khathala.

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ABBREVIATIONS

UIF	:	Unemployment Insurance Fund
IDC	:	Industrial Development Corporation
SME	:	Small Medium Enterprise
ED	:	Enterprise Development
PIC	:	Public Investment Corporation
SRI	:	Social Responsibility Investment
DDG	:	Deputy Director General
Stats SA	:	Statistics South Africa
DTI	:	Department of Trade and Industry
SBIR	:	Small Business Innovation Research
WPC	:	Work Place Challenge Programme
IIF	:	Innovation Investment Fund
INDLELA	:	Institute of National Development of Labour Education and Learnership assessment
ILO	:	International Labour Organisation
ARRA	:	American Recovery and Reinvestment Act
ICT	:	Information Communications Technologies
PPPFA	:	Preferential Procurement Policy Framework Act
BEE	:	Black Economic Empowerment
ECF	:	Employment Creation Fund
TES	:	Temporary Employment Services
DFID	:	Department for International Development
NGO	:	Non-Governmental Organisation
EPWP	:	Extended Public Works Programme
MSME	:	Micro, Small and Medium Enterprises
MENA	:	Middle East North Africa
MEDA	:	Micro Enterprise Development Assistance
SLA	:	Service Level Agreement
SETA	:	Skills Educations Training Authority
TUP	:	Training of Unemployed Persons

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1 Chapter 1: Introduction

1.1. Background

South Africa is facing structural unemployment with a surging unemployment rate of 24.7% (Stats SA, 2013). The 2008 world economic crisis worsened the situation with more companies closing down, resulting in workers losing their jobs at a time when the country was experiencing a jobless economic growth of 6% (National Treasury, 2012). Jobs are critical to poverty eradication and human dignity (Gual, 1998).

Most governments have realised that the formal economy has been stagnant in creating the much needed jobs. Lack of job opportunities, especially for young people, has become a major issue. Some nations are experiencing rapid population growth, and a rising female labour force participation whilst job creation is lagging behind (Ianchovichina, Estache, Foucart, Garsous & Yepes, 2012). Emerging trends where machines and technology are replacing workers, offshoring and outsourcing are also impacting on the job creation efforts of countries (Chichilnisky, 2004). Gual (1998) also analyses the role that technology and globalisation play to either the benefit of job creation or destruction.

In addition, the emergence of such trends has impacted on the Unemployment Insurance Fund (UIF)'s contributions by employers and workers and an increase in the UIF claims from the unemployed due to closure of businesses and loss of jobs. The UIF has a considerably large pool of financial reserves made from worker contributions.

The 2008 world economic crisis affected the South African small medium enterprise sector immensely, leading to a threat of enterprises exiting the sectors and abandoning their businesses and discouraging those that wanted to start their businesses from doing so, mainly because running those businesses became unaffordable. The lack of funds to sustain their businesses or their inability to meet

the lending requirements of private lending institutions became a major consideration in continuing with their business operations. Losing their business meant that jobs were lost and unemployment increased.

1.2. Context

The South African government is faced with a serious challenge of a persisting and growing unemployment problem. In 2013 the rate of unemployment was recorded at 24.7% (Stats SA, 2013) and by July 2014 it was recorded at 25.5% (Labour Force Survey, 2014). Government has enacted legislation and availed funding to address this challenge through the establishment of various enterprise funding and active labour market programmes aimed at assisting enterprises in financial distress and new start up enterprises resulting in creating and saving jobs.

1.2.1. Job Creation

Unless jobs are created poverty and unemployment will continue to surge at unprecedented proportions. The labour market institutions have to be reviewed in the context of allowing employers room to create the much needed jobs. In his study Gual (1998) places firms at the centre of job creation and also looks at the nature, quality as well as the location of the jobs as key to job creation strategies. In the same vein, Gallagher (1986) theorises that individual firms, and not “the economy” in reality generate jobs, and create economic growth.

The role played by entrepreneurs in job creation is influenced by factors such as different time periods, region, industry, quality of the venture, and the types of the entrepreneurship an entrepreneur finds (Liu, n/d). Praag & Versloot (2007) contend that the risk of high probability of dissolution of the firms makes the jobs created under said negative circumstance less secure and as a result they are not valuable and long-lasting. The resultant effect of such actions would be business failures and job losses. In his research Osterman (1998) stated that as jobs created grew in numbers, the insecurity of jobs increased. He attributes this in the main to the changing nature of work due to an emergence of contingent work, “temp to perm” and the temporary nature of work. Connely & Gallagher (2006) have found that sectors such as Information Communication Technology (ICT) have experienced a

growing trend of workers opting for contingent work as independent contractors with fixed-term contracts rather than working for an organisation as permanent workers.

However, Acemoglu (1996) focused on the types of jobs created being good or bad jobs based on a definition of good job he shares with (Pages, Pierre, & Scarpetta, 2009). They define good jobs as those jobs that are composed of a minimum wage, health care and pension benefits. If any one of these features does not compose the compensation of employee holding a job, then the job is a bad job. Amongst the outcomes of the meeting of a group of experts held in June 2011 at the International Labour Organisation (ILO) in India, it was found that the level of education possessed by a job incumbent plays a critical role in the creation of good and bad jobs. .

1.2.2. Enterprise Development

Governments are earnestly looking at enterprise development as a job creation machine (Chichilnisky, 2004). However, entrepreneurs have challenges to start businesses or finance their innovative business ideas. Among the challenges are a regulatory framework, infrastructure and access to funding. This study will look at enterprise development as a job creation mechanism, in particular enterprise development funding programmes.

Enterprise development is a policy that stimulates a firm's development philosophy to support innovative ideas born either out of necessity or opportunity to progress into commercially grown businesses by implementing various financial and non-financial business support programs (Block & Philipp, 2007). Entrepreneurs are those individuals who are self-employed or the owner-manager of an incorporated business they started, and are in the process of finding and distributing useful resources.

1.2.3. The current Enterprise Development (ED) funding landscape

The South African enterprise development funding environment has many players in its fold, among which are private sector banking institutions and government institutions. The banking institutions have a profit motive in funding enterprises whereas government is driven by a social motive in funding enterprise development. Hence, it is on those bases, that the Industrial Development Corporation's

Unemployment Insurance Fund (IDC's UIF) was launched and implemented in 2010 at the height of the world economic slowdown.

The IDC's UIF fund is a debt instrument financed through multiples of R500 million bonds issued by the UIF under the auspices of its Social Responsibility Investment (SRI) programme. The decision to fund an industrial development programme of the IDC is informed by the UIF's 2009-2014 five year strategic plan on job creation. The interest rate charged to the IDC by the UIF's SRI is at a low 5% rate and can be passed on to the beneficiary enterprises by the IDC at affordable concessionary interest rates of 6%. To date R4 billion has been transferred to the IDC's UIF fund calculated at an initial 5% of the total reserves of the UIF for a period of 5 years.

The objective of the fund is to create and save jobs for the unemployed and save ailing enterprises respectively. In return this will ensure that the UIF grows and maintains the pool of UIF contributors. To achieve this objective, the IDC's UIF fund invites applications for funding from enterprises that meet the criteria as laid out in their application processes.

The viability of the enterprises to meet the criteria is enhanced by the technical support that the IDC renders as a partner to the funded enterprise. Failure to meet the operational requirements when trading can lead to the funding being cancelled (IDC, 2012).

1.3. Problem statement

Unemployment is rearing its stubborn head regardless of government interventions to eradicate it. The world economic recession of 2008 hit the developed and developing worlds immensely, resulting in firms and businesses closing down and employees losing their jobs. This in turn, has had an adverse effect on the UIF worker and employer contributions and financial reserves as more workers and businesses could not contribute to the UIF due to layoffs and UIF claims increasing as workers' unemployment insurance claims escalated. Furthermore, trends in technology and the globalisation of markets have created a gap between skills

demanding by firms and those possessed by the labour force, leading to a mismatch of skills (Gual, 1998). This is worsened by the low levels of skills in the majority of South Africans. The African youth's state of skills has decreased in the last 10 years (Stats SA, 2014).

In addressing the job loss and unemployment challenge, governments have adopted enterprise development policy for the promotion of job creation. The policy promotes the establishment of new businesses and the support of existing businesses. These in turn, are expected to create and save jobs. However enterprises do not always have funds to do so. Worse off is the situation in rural areas where corporates have not invested and located their firms and industrial development is almost non-existent.

Governments have thus intervened by availing funding to realise these objectives through the establishment of enterprise development funding programmes. With its massive reserves and a growing unemployment insurance claiming pool, the UIF became the ideal institution to expand its focus to include job creation and it thus became the ideal source of funding for initiatives that could promote entrepreneurship that is conditional to creating jobs.

With this research study I explored the job creation and saving outcomes, what types of jobs are being created and investigated and the role of the IDC in enterprise development.

1.4. Purpose statement

In an effort to support enterprise development and job creation, government has launched enterprise development funding programmes by investing billions of rand. The Industrial Development Corporation's (IDC) Unemployment Insurance Fund (UIF) (IDC's UIF fund) is one such programme. It finances ailing enterprises and develops new ones that commit to creating the much needed jobs whilst at the same time increasing the pool of UIF contributors.

The purpose of this study is to investigate if the fund is creating additional jobs and what types of jobs these are, in light of South Africa being a signatory to the Geneva Convention on decent work.

The importance of this study is to assist the UIF in improving its investment approach in support of its job creation and job saving strategy as well as to promote the creation of decent work.

1.5. Research Question

Primary Question

- a) Newly founded and existing enterprises in different development stages are being funded by the IDCs UIF fund on the understanding that they will create additional jobs or save jobs in the labour market. Are the funded enterprises creating additional jobs or saving jobs?

Secondary question

- b) What types of jobs are being created and saved by the funded enterprises and what's the duration of these jobs?

1.6. The structure of the report

Chapter 1 gives the background and context to the problem of unemployment and the interventions of enterprise development that have been deployed to address it. It unpacks the argument that this research is located in, that of job creation through enterprise development funding programmes. It further gives the rationale and purpose for such a study.

Chapter 2 focuses on the evidence to support the argument on creating jobs as it reviews literature on enterprise development, job creation, saving jobs and the type of jobs created. It further maps out the analytical framework used in the research.

Chapter 3 describes the methodology that is used to unravel the use of enterprise development funding programmes to create jobs in the economy. The research design and methods are founded in the literature review in the previous chapter, which seeks to guide addressing the primary and secondary research questions.

Chapter 4 interprets results emanating from the research. It starts with profiling the recipients of the funds and groups them according to the stages of development of enterprises and the range of amounts received to create jobs. It then gets to unpack the results of the secondary question to define the causal relations between the two questions.

Chapter 5 focuses on analysing the findings of the research in respect of the problem the study is investigating. It discusses and explains the results in line with the literature review undertaken in earlier chapter.

Chapter 6 summarises and concludes on the job creation capability of the IDC's UIF fund, the IDC's enterprise development role and makes recommendations. It also reflects on a further need for a broader national research that will build on this study to enhance the UIF's investment approach going forward. It gives recommendations and implications for the public sector investment fraternity.

1.7. Conclusion

The purpose of this chapter was to give a background to the unemployment problem in South Africa. It contextualised the job creation and enterprise development policy interventions worldwide whilst at the same time it offers the reader the perspective on the problem that this study sought to address. It also introduces the IDC's UIF fund to the reader, giving the rationale and the research problem.

2 Chapter 2: Literature Review and theoretical framework

2.1. Introduction

Worldwide, most governments have implemented enterprise development programmes and active and passive labour market programmes to address the unemployment crisis. These programmes require funding for them to realise their objectives. Governments have limited resources at their disposal to address competing citizen constitutional demands and provide social amenities. Hence, the need to explore different funding sources to meet the citizens' basic requirements.

In reducing unemployment, governments mostly provide a mixed bag of incentives in the form of business tax credits and the subsidisation of business loans to stimulate job creation among others. However not all strategies adopted have yielded new additional jobs that government envisaged like in oligopolistic industries where declining costs as a result of business incentives introduced will have a small or no impact on their output and employment decisions (Harrison & Kanter, 2007, p. 426).

For a government to realise its objectives with enterprise development funding programmes, it requires a robust institutional framework. It is incumbent upon policy makers to create an enabling environment for jobs to be created. Barriers to job creation should be eliminated through institutional arrangements and robust marketing of the programmes they employ.

2.2. Challenges for job creation

South Africa is a country with a history of segregation and job reservation that led to the majority of its people being left out from participating in the mainstream economy. During the apartheid era, there were two education systems, one for the blacks and another for the privileged white community. These disparities led to the society we have become today. With all efforts to address the ills of the past in the

new dispensation, today's society still has a backlog of challenges to address. Since employment is a means to eradicating poverty and firms are at the heart of creating the much needed jobs to reduce unemployment, government has to put in place remedial policy interventions and create an enabling environment for firms to do so.

According to (Pages, *et al.*, 2009) a region's investment climate affects firms' entry, survival and growth. Difficult and uncertain business environment driven by the cost of doing business and uncertain access to finance, corruption and a highly regulated labour market environment, are some of the constraints identified as inhibiting economic development and growth. In the main they raise issues of an unstable macroeconomic situation, the instability of economic and the regulatory policies as the biggest obstacles to employment growth.

It is worth noting that small firms face different challenges to large firms in the creation of formal jobs whilst at the same time they do have similarities in other constraints. Among the challenges cited by Pages *et al.*, (2009) are the following:

2.2.1. Lack of requisite skills.

South Africa's unemployment is structural more than it is frictional. Most firms in specific industries find weak productivity as a result of the shortage of skills to due to weak investment and innovative capacity of firms. Skills shortages are found to be more pronounced among firms that are expanding, young firms, larger firms and firms that are partly or totally government owned. Firms that are expanding employment to meet productivity growth experience more skills shortage.

The Expert Group on The Challenges of Building Employment for a Sustainable Recovery (2011) sites skills enhancement as absolutely crucial in improving the employability and it is with this perspective that India has set an overall target of creating 500 million skilled workers by the year 2022. This is possible only if the working population is educated and acquires the requisite skills. The importance of a technical and vocational education system lies in the fact that it imparts necessary

skills which improves employability of the workers and thereby improves quality of life for the workers, and enhances industrial productivity.

2.2.2. New Technology

According to Gual (1998), technological progress and globalisation affects jobs and their nature within an economic area.

2.2.3. Widespread corruption

Corruption is a disincentive for the expansion of micro and small firms to grow into medium and large enterprises. Small firms are found to complain more about bribes they have to pay as a percentage of sale or government contracts than do larger firms.

2.2.4. Regulatory constraints

There are differences in how the regulations are enforced towards small firms versus large firms. Government inspections concentrate more on large firms giving comparative advantage to micro and small firms producing similar goods and services, allowing them to gain market share at the expense of large firms.

2.2.5. Risk and uncertainty of “Doing Business”

This pertains to the risk associated with an unstable macroeconomic situation and the changes in economic policy.

2.2.6. Access to funding

Funding is the biggest challenge that affects the cost of production of firms facing expansion or starting a business that creates jobs. The collateral required when applying for funding has to be taken in the context of upliftment of society by and large. The South African paradigm on The Black Economic Empowerment laws that were enacted to redress the socioeconomic ills of the past are impeded by the lack of funding with the previously disadvantaged who continue to find it difficult to participate in economically beneficial opportunities.

Funding is among the constraints cited in most literature on creating jobs and enterprise development as the most challenging aspect for enterprises to create jobs even when they have expansion plans. To address the lack of funding, the South African government launched several funds, among which is the IDC's UIF fund.

The main objective of funding enterprise development is to address the country's unemployment challenges and to promote job creation. This literature review on job creation through enterprise development funding programmes is undertaken to give an insight into the thematic issues, enterprise development funding programmes, job creation and the type of jobs created in the global and South African context. South Africa's unemployment rate is a worrying statistic which requires immediate attention as it has already become a cause for concern. Enterprises have to be encouraged to create additional jobs, the type of jobs that can give the incumbents a decent living.

In most instances, governments are proactive in job creation initiatives, however, they are not intrinsically imbedded in the enterprise operations that render it difficult to do so. As outlined in Gual (1998), firms are at the center of job creation. It is therefore government's role to create an enabling environment for creating jobs.

2.3. Job Creation in Industrialised Countries

Governments' position on the importance of small business to the economy started in the United State of America with the case of Silicon Valley (Lerner, 1996). Most governments use enterprise development to create jobs that will generate income for the poor. In the case of East Germany during the reunification, 90% of government subsidy went into investment subsidy programmes whilst only 10% went into employment subsidy programmes. This resulted in a positive relationship between entrepreneurialship and the notion of increased stock of jobs per sector (Fritsch, 1996).

Whereas Harris & Kanter (2007) cite outcomes of enterprise development as not always creating new jobs as envisaged, but rather generating a vast repository of knowledge and growth of the high tech sectors. Stel and Storey (2004) similarly also cite a negative relation between the birth of new firms and job creation in the United Kingdom in the 1980s. However, Gallagher's (1986) UK study on job creation found results that are contradictory to Stel & Storey (2004). Harris and Kanter (2007) found that job creation is heavily biased towards the small firms. He found that it is firm expansions that are creating the new jobs in the economy rather than firm births and in particular, expansions from the small cohorts.

The United States of America (USA) enacted the American Recovery and Reinvestment Act (ARRA) in 2009 to save and create jobs during the economic downturn of 2008. This legislation holistically measures the aggregate impact of all variant job creation programmes on which the fiscal stimulus was injected. Through the ARRA the USA has been found to have created an average of seven hundred and fifty thousand (750 000) jobs (Executive Office of the President Council of Economic Advisors, 2012; Bohn, 2013). However, in their analysis of the ARRA 2009 outcomes, Conley & Dupor (2013) found differing results with fewer job creation numbers as the American jobs market grew significantly by total employment of between 82000 to 1.55 million jobs over a twenty four-month period following all government job creation and promotion interventions. Conley & Dupor (2013) included more initiatives than the ARRA population in their analysis.

From a public policy perspective, it was found important that policy instruments used for job creation be aligned to an area's enterprise development potential. Where 'firms birth rate' is low, the strategies implemented should offset the 'enterprise gap' created by areas that have high 'firm birth rate' potential (Small Business Service, 2004; UK HM treasury, 2002).

2.4. Job Creation in Transitional and Developing Countries

In Denmark, through the Micro Enterprise Development Assistance (MEDA) Scheme, lump-sums or periodic amounts are given to beneficiaries to set up businesses. Most unemployed persons do not respond to their unemployment situation by immediately opting for self-employment. The longer they stay unemployed, the more they tend to consider alternative forms of income generation activities, i.e. self-employment (Lion & Martini, 2006).

The Middle East North Africa (MENA) region's job creation drive has been through infrastructure investment that resulted in job creation in the construction industry in the short term (Ianchovichina, *et al.*, 2012). According to Bercherman, Olivas & Dar (2004, p. 43) most of these are public works programmes that offer low wages, short term jobs in construction, rural development and community services, to name a few. Public works programmes are widely used by countries in all stages of development.

In Baptista, Escaria & Madruga (2007) very young and very small firms in Portugal tend to outperform larger counterparts in terms of employment creation even if they are corrected for the higher probability of exiting. However, van Stel & Storey (2004) contradict that as they point out that new firms only directly contribute a very small proportion of the stock of jobs in the economy. Positive effects of enterprise development on employment in a region are being realised only after eight years following a lagged period of a negative job creation spell (Escaria & Madruga, 2007; Baptista *et al.*, 2007). In Germany the positive effects of enterprise development in job creation are realised after a shorter period of six years (Fritsch & Mueller, 2004).

India has implemented a Job Guarantee Scheme which ensures that every adult in a rural area, who desire to work and is willing to do manual unskilled labour, is given a job at a minimum wage (Herring & Edwards, 1983).

2.5. Job Creation Strategies/ Programmes

Unless there are financial resources, enterprise development programmes will be challenged to yield the desired outcomes. Sweden, Denmark and Germany have ensured funding enterprise development programmes through different funding mechanisms (Dar & Tzannatos, 1999). Among the mechanisms implemented are the following:

- I. Business tax incentives which are regarded as one of the levers for entrepreneurial and venture capital investment (Da Rin, Nicodano & Sembenelli, 2006); Cumming (2007) similarly writes on Australia's publicly sponsored venture capital funding for entrepreneurs through the Investment Innovation Fund (IIF);
- II. Employment trusts established for job creation and economic development through the use of Unemployment Insurance Fund reserves (Davidson & Pottiez, 1998);
- III. Wage subsidies used to facilitate the employers' absorption of more workers and ensure that those in employment are kept employed (Jaenichen & Stephan 2007). India's job guarantee schemes is a wage subsidy which is implemented to target and promote the inclusion of those hard to place workers (Herring & Edwards, 1983); and
- IV. McCutcheon (1995) study is on public job creation initiatives in the form of Extended Public Work Programmes (EPWP).

Governments do support the use of investment subsidies over employment subsidies as both economic development and employment creation instruments due to the former's success coupled with continued employment of the workers (Fuest & Huber, 2000). The promotion of self-employment among unemployed individuals has been found to be a promising tool (Dar & Tzannatos, 1999).

In the case of East Germany during the reunification, 90% of government subsidies went into investment subsidy programmes, whilst only 10% went into employment

subsidy programmes as illustrated in the 1993 net cost to government of US\$ 17754.7 million versus US\$2208.4 million respectively (source: OECD 1996). These resulted in many people employed in these established businesses. This is at the backdrop of the notion of manufacturing investment being the engine of economic development and job creation (Fuest & Huber, 2000, p.176).

2.5.1. Job creation through Enterprise Development

Governments are committed to the promotion of entrepreneurial activity for job creation (Lindic, Bavdaz & Kovacic, 2012). Through the implementation of business start-up subsidies they hope to yield a “double dividend” where the subsidised self-employed person becomes an entrepreneur who will create jobs thus reducing the rate of unemployment (Caliendo & Kunn, 2011). In many industrialized countries, the state actively promotes entrepreneurship as a way out of unemployment (Block & Philipp, 2007). Birch (1989) is one of the early writers on entrepreneurship and job creation and he found that the performance of large firms in creating jobs pointed to a decline in job creation, whilst small firms have created the largest number of jobs in the United States during the period 1980 to 1987 where 14 million jobs were added to the economy by small enterprises.

In defining an entrepreneur, one came across many definitions but it suffices to select one that captures and covers the scope of this research: Entrepreneurs are those self-employed individuals who started businesses and create jobs or are the owner-manager of an incorporated business (Praag & Versloot, 2007). Acs (2007) observes that there are those enterprises that are mainly in existence to support the owner in most instances, leading to no jobs being created other than to curb off the owner’s unemployment situation, thus creating an own account firm.

Acs (2007) also found that high growth start-up created by entrepreneurs with opportunity driven motives does help to create jobs, whereas entrepreneurs driven by necessity or own account entrepreneurs exit and lose employment when not

contracted. Block & Philipp (2007) support this finding as their research found that opportunity driven start-up businesses were sustained beyond five years compared to only 50% of necessity driven start-up businesses surviving up to five years thus impacting on the initial jobs created being sustained.

The importance of small companies to the economy started in the United States of America with the case of Silicon Valley (Lerner, 1996). Since then policies developed by governments are sensitive to business size, resulting in enterprise development as a job creation strategy which has grown and has enjoyed endorsement and implementation by most countries.

2.5.1.1. Enterprise Development funding programmes

There are various techniques for promoting enterprise development. These are support programmes that are both financial and non-financial in nature. The focus of this study will be on job creation as a result of government enterprise development funding programmes.

Among the funds used to create jobs are venture capital funds, bank finance, and angle finance. Venture capital funds are used as a form of intermediation fund suited to support the growth of entrepreneurial companies in high-tech industries (Da Rin, Nicodano & Sembenelli, 2006). According to (de Bettignies & Brader, 2007) venture capital funds are beneficial to the enterprise for the managerial competency which they bring, though that comes at the price of the owner having to dilute the shareholding. An emerging trend in the funding space is one where governments are sponsoring public sector led venture capital within the framework of active labour market programmes, utilising reserves of the Unemployment Insurance Fund contributed by the employed to promote enterprise development (Davidson & Pottiez, 1998). In the main, policies are designed to respond to challenges of funding entrepreneurial development, in particular business start-ups and early stage development firms establishment, hence government's support for the establishment of the venture capital markets as a policy variable for job creation.

The Brazilian model of uses the UIF reserves to fund job creation initiatives through borrowing from the Brazilian Development Bank, who in turn lend to the entrepreneur at a low rate of interest (IDC, 2009). Development banks are seen as doing more than just lending to build large infrastructure projects, they also lend to companies that would not undertake projects if it were not for the availability of long-term, subsidized funding from a development bank (Rodrik, 2004; Yeyati *et al.*, 2004). According to Amsden (2001), development banks may provide firms with capital conditional on operational improvements and performance targets. In such circumstances, it is expected that firms who borrow from development banks should increase the capital investments and overall profitability after they get a loan.

The Australian government created the Innovation Investment Fund (IIF) to fund enterprise development by forming partnerships with Private Equity funders. They are licensed to ensure that business start-ups and early stage businesses in the high tech industries are funded by assessing the fund's propensity to take risks in every business (Cumming, 2007).

Most of the initiatives that governments set up are mainly to assist small businesses with services ranging from setting up companies, legislative compliance, supporting enterprise development other than financial support. The need to create jobs in ailing economies is met with the establishment of various enterprise development funding programmes to promote entrepreneurship with one of the criteria and conditions attached to the approval of grants and loans being job creation (IDC, 2009).

In India commercial banks are the dominant channel of lending funds to micro, small and medium enterprises (MSME) as pronounced and prioritised in the legislation. Banks are required to have a target of 40% to lend to the MSME in priority sectors (Thampy, 2010). The South African government on the other hand established institutions that focused on developing and financing enterprises that have not succeeded in accessing funding from the private lending sector due to stringent criteria, i.e. The National Empowerment Fund, The Jobs Fund, and the Gauteng Enterprise Propeller.

2.5.2. Employment Subsidies

Subsidies are informed by the government's policy objectives, thus the choice of subsidy dominating in a country should generate employment. This can either be for investment with an indirect employment creation outcome or for employment creation where employers are subsidised for creating vacancies or absorbing their on-the-job trainees who are unemployed after the period of completing the training (Fuest & Huber, 2000, p.176).

Efforts of the Irish Government on job creation through employment subsidy grants show a positive impact in additional jobs created in those manufacturing firms where subsidies were used. However, they were unable to distinctly differentiate whether the subsidy would also be used to fund the jobs the firm would anyway have created without the subsidy, resulting in a deadweight spending effect (Girma *et al.*, 2008).

Picard (2001) warns of government's lack of information over private firms as a cause for job creation subsidy inefficiencies. The gains that firms derive from when subsidised are directly related to the non-additional jobs that duly receive subsidies or what is termed "windfall gains". In order to overcome this problem, some governments propose discretionary subsidies in which the amount of subsidy to each firm is conditioned by its level of additional employment assessed by a civil officer (see for instance, the Regional Selective Assistance in UK). But this assessment process is particularly difficult and costly as it requires identification of additional and non-additional workers in every funded firm. Moreover, this assessment process adds uncertainty to the potentially subsidized projects and may lead to collusion between civil officers and representatives of private firms. (Girma, *et al.*, 2008).

2.5.3. Job creation through tax incentives

In the Small Business Innovation Research (SBIR) programme in the USA, the government incentivises the corporations to create jobs by exempting them from

paying the corporate capital gains tax (Lerner, 1996). In encouraging the private sector to participate in a country's economic development goals, governments give tax incentives to reduce the cost of doing business with the hope of inducing investment or expansion resulting in growth in employment (Harrison & Kanter, 2007).

Whilst there is criticism of the legislation on business incentives which is seen as robbing other businesses of the tax revenue, the state is foregoing (Harrison & Kanter, 2007). Da Rin, Nicodano & Sembenelli (2006) cite a differing view that the tax incentives are good for stimulating business that creates jobs. They affirm in their study that business tax incentives are regarded as one of the levers for entrepreneurial and venture capital investment.

Wage subsidies facilitate the employers' absorption of more workers and ensures that those in employment are kept employed. The wage subsidy can be implemented to target and promote inclusion of those hard to place workers (Jaenichen & Stephan, 2007).

2.6. South African job creation initiatives

South Africa is engaged in several job creation initiatives in an attempt to address the 24.9% unemployment rate (Stats SA, 2013). Statistics SA uses data from the Unemployment Insurance Fund (UIF) database of registered new claimants who lose their jobs monthly and those who are captured as new UIF contributors to report on the country's unemployment rate. According to McCutcheon (1995), political and social change to address the unemployment problem is what is required. He alludes to a South African economy that is not only barely growing, but less employment is being created per unit of expenditure. Among the job creation initiatives the South African government has embarked on, are the following:

2.6.1. Extended Public Works Programme

Through public spending on infrastructure and funding of enterprise development, the South African government created jobs for job seekers through a public job creation initiative: the Extended Public Works Programme (EPWP) (McCutcheon, 1995). The jobs in this programme are of a short term nature and pay low wages but are geared toward participants gaining the necessary industry skills that will lead to their employability.

2.6.2. Jobs Fund

South Africa's job creation efforts are visible through the Jobs Fund. The objective of the Jobs Fund is to co-finance projects by public, private and non-governmental organisations that will significantly contribute to job creation (National Treasury 2012). The jobs fund is a challenge grant that is given to applicants on an investment match for match criteria. This involves the use of public money to catalyse innovation and investment on behalf of a range of economic stakeholders in activities which contribute directly to enhanced employment creation in South Africa. The Job Fund's interventions will seek to overcome some of the barriers to job creation that have been identified. The projects that are being funded are expected to create +/-65000 jobs at the end of the three year funding window (Development Bank of Southern Africa, 2013)

2.6.3. Employment Creation Fund (ECF)

The Employment Creation Fund (ECF) is a job creation fund created through an agreement with the European Commission (EC) and United Kingdom's (UK) Department for International Development (DFID). The ECF fund is implemented by the Department of Trade and Industry on behalf of government. The fund provides gap and risk funding to the three spheres of government, their agencies, private sector enterprises, non-governmental organisations (NGOs), community-based organisations, industry associations, co-operatives, and non-profit organisations within the borders of South Africa (Department of Trade and Industry, 2013).

Among other objectives, the ECF supports projects and programmes that have a positive impact on employment creation, be it skills development, capacity building, public employment creation, rural development and the business environment (Department of Trade and Industry, 2013).

2.6.4. The Employment Tax Incentive Bill

The latest development in job creation initiatives is the enactment of the Employment Tax Incentive Act of 2013 which is targeted at promoting youth employment. The Employment Tax Incentive is a tax incentive aimed at encouraging employers to hire young and less experienced work seekers so that they acquire the experience to enter the job market (South African Revenue Service, 2014).

2.7. Saving Jobs

South Africa has intervened in cushioning the effects of 2008 world economic downturn and jobs destruction by implementing a Social Plan aimed at preventing job losses, a decline in employment and at promoting productivity of South African firms, industries and government departments at all three spheres of government. The Social Plan has been implemented through the following programmes and schemes:

2.7.1. Turnaround Solutions

Productivity SA drives the Turnaround Solutions programme focused on training workers in enterprises that are in distress due to the economic crisis and may benefit from short term relief and re-absorb the affected workers at the conclusion of the training layoff. This programme helps in avoiding and preventing job losses, managing the retrenchment process where job losses are unavoidable, integrating retrenched persons into the mainstream economy where possible and identifies jobs that can be saved and institutes processes to enable those rescues. The Programme is generally applied in companies, with fifty or more employees facing the threat of large scale retrenchments.

2.7.2. Training layoff schemes provided by SETAs

This scheme is provided through Skills Education Training Authorities (SETAs) and other government entities focused on training and retraining workers in agreement with workers by suspending work obligations and using that time to be trained. At this time the worker does forego his/her normal salary for training allowance. Participation in the programme is voluntary as an alternative to retrenchment.

2.7.3. The Training of the Unemployed Persons (TUP) scheme

The Training of the Unemployed Persons (TUP) is funded by the UIF through the SETAs for persons that have already been retrenched. It is a programme designed to assist the unemployed people who never worked and contributed to the Unemployment Insurance Fund. SETA accredited private training providers are appointed to render the training to targeted community groups enrolled for the programme on behalf of the Department of Labour.

2.7.4. Workplace Challenge Programme

The Workplace Challenge (WPC) programme of Productivity SA is sponsored by the Department of Trade and Industry (DTI). The programme is a means for South African organisations to improve their competitiveness. This area of work is sometimes called Continuous Improvement Programme, or Lean Manufacturing, or Best Operating Practice, or World-class Competitiveness. Businesses enrol in this programme over a two-year period in industrial clusters, under the guidance of a dedicated Workplace Challenge Programme Change Facilitator. This programme involves small groups of enterprises in a process of implementing the basic principles of Continuous Improvement. The basics include a World-class Management System, Goal Alignment, Cleaning and Organising Teamwork, and Leadership, as well as basic Cost / Productivity Improvement Techniques, Delivery / Speed Improvement Techniques and Quality Improvement Techniques. The cluster participants are also facilitated to share their lessons learnt and to learn from one another (Productivity South Africa, 2013)).

2.8. Types of jobs

In the pursuit of ensuring a decent work agenda the International Labour Organisation (ILO) has set four strategic objectives for decent work. First is the promotion of standards and rights at work to ensure that worker's constitutionally protected rights to dignity, equality and fair labour practices are safeguarded by appropriate legal framework. Second is the promotion of employment creation and income opportunities, with the goal not being just that of creating jobs but the creation of jobs of acceptable quality. Third, the provision and improvement of social protection and social security which are regarded as fundamental to the alleviation of poverty, inequality and the burden of care responsibilities, and lastly, the promotion of social dialogue and tripartism (Cohen & Moodley, 2012).

The South African labour market is highly regulated, with unions playing a critical role in negotiating wages and jobs for its members and the unemployed. Industries are subjected to collective bargaining that results in uniformity across sector wage agreements. Government on the other hand sets wage determinations in each sector which introduces minimum wages per sector. In understanding the type of jobs being created, Schmitt (2005) focused his study on looking at good jobs and bad jobs.

The Civil Engineering minimum wage determination is at R 43.16 per hour at task 9. These jobs bore characteristics of good jobs as they have health care benefits and pension benefits whereas bad jobs only have wages less than the minimum wage with no health care and no pension benefits (Department of Labour, 2014).

According to Charles, Hamilton & James (1990), jobs created by small firms are less desirable because they tend to exist for a shorter period of time, pay lower wages, and have less generous fringe benefits in terms of health insurance, vacation, and pension plans. In addition, they argue that small firms tend to have poorer working conditions, provide less job training, and have higher job turnover rates.

In fulfilling a decent work agenda driven by the ILO, decent work should be what all member countries strive to create. In the creation of jobs, the quantity of employment

cannot be divorced from its quality (ILO, 2000b, p.4). Similarly, Acemoglu (1996) also purports the creation of good jobs which are characterized by minimum wages, social security and health benefits. The ILO is concerned not only with the creation of jobs, but with the creation of jobs of acceptable quality. The extent to which employers implement the South African country programme on decent work is thus a subject of other researcher's work e.g. Cohen & Moodley (2012). This study will however, limit its focus on the four characteristics of a good job i.e. minimum wages, social security and health benefits, and rights of workers to representation.

2.8.1. Minimum wage

(Pagés, *et al* 2009, p.37) found that a higher share of workers have found themselves in jobs that did not pay enough to lift them and their families out of poverty. They attribute this to a lack of education and training. In addition Pagés & Stampini (2007) cite duality in the labour market as a feature that should only appear in unskilled labour markets as a result of labour market institutions or the payment of efficiency wages in the formal sector if segmentation is caused by minimum wages.

Schmitt (2005) cites education level as the leverage to being in a good job, as good jobs fell dramatically for workers in lower levels of education. Because of the desire to earn a better salary, workers or the unemployed tend to hold on to their unemployment situation for longer in anticipation of better and good jobs being created. However, Acemoglu (1996) found that the minimum wage has the same overall effect but works somewhat differently. He states that the reason why bad jobs are profitable for enterprises is that they can pay low wages whereas good jobs, due to rent-sharing, are forced to pay high wages. Accordingly, Acemoglu (1996) found that a binding minimum wage increases the wage that bad jobs have to pay making them less profitable and increases the proportion of good jobs.

Acemoglu (1996) showed that if different types of jobs have different creation costs, then those which cost more to create will have to pay higher wages due to rent-

sharing, therefore, there will naturally be good and bad jobs in this economy. Acemoglu (1996) regards this as inefficient because good jobs cost more to create but firms do not necessarily receive the full marginal product of their investments because with higher productivity, they also have to pay higher wages. He alludes to this as *ex post* rent-sharing. Good jobs will be forced to pay higher wages and as a result firms will only create a few jobs because they make higher profits from bad/low wage jobs.

In an equilibrium with a high proportion of good jobs, the value of being unemployed is high, therefore bad jobs cannot attract workers unless they pay unprofitably high wages, and as a consequence, most firms create good jobs. Conversely, when there are many bad jobs, the value of unemployment is low, thus workers are willing to take bad jobs and in equilibrium, there are only a low proportion of good jobs (Acemoglu,1996).

South Africa's labour market minimum wage is regulated by sectoral determinations (SD) wherein each sector has its minimum wages. There are sectors where skilled labour drives their production hence wages are determined by the demand and supply of requisite skills.

2.8.2. Health care benefits

Health care and pension benefits are factors of total employee compensation that are a cost to the company and enhance the prospects of creating a good job. Most workers who are engaged in low paying jobs do not enjoy benefits in the pay packages which also pay very low wages.

The changing nature of work has led to most employers outsourcing the support functions in the main with the human resource function of managing workers being outsourced to labour brokers or to the externalisation of work or casualization of work. Outsourcing and subcontracting arrangements have become a new phenomenon for engaging the services of workers. This has given rise to a growing casualization of labour resulting in an unregulated and insecure labour force.

According to (Connely & Gallagher, 2006; Benjamin, 2008) more recent trends on the use of workplace flexibilization, which emphasizes the efficient outsourcing or triangular employment relationships involving temporary employment services (TESS), are being adopted as a device to deprive employees of security of employment. Benjamin (2008) also noted a more recently employed strategy of businesses established under the Cooperatives Act as a pretext to employ workers outside of the provisions of labour legislation.

The Department of Labour as the custodian for labour market policy and stability is mandated to create an enabling environment for job creation and monitor the compliance to the labour laws.

2.9. Analytical Framework

Essential to job creation and saving strategies are the labour market institutions that govern the employment of workers and the creation of jobs, global trends i.e. the firm's adaptation to the changing nature of work, and the funding of the enterprises to survive, expand or the establishment of businesses as well as the external environment that influences the job creation process. Gual (1998, p.3) cites the relationship between trends, globalisation and the institutions when creating a framework on job creation. The researcher customised Gual's framework in this study to the relationship between enterprise funding, job creation and the nature of jobs within an institutionalised environment.

Figure 1: Funding, Global trends, institutions and the job creation process

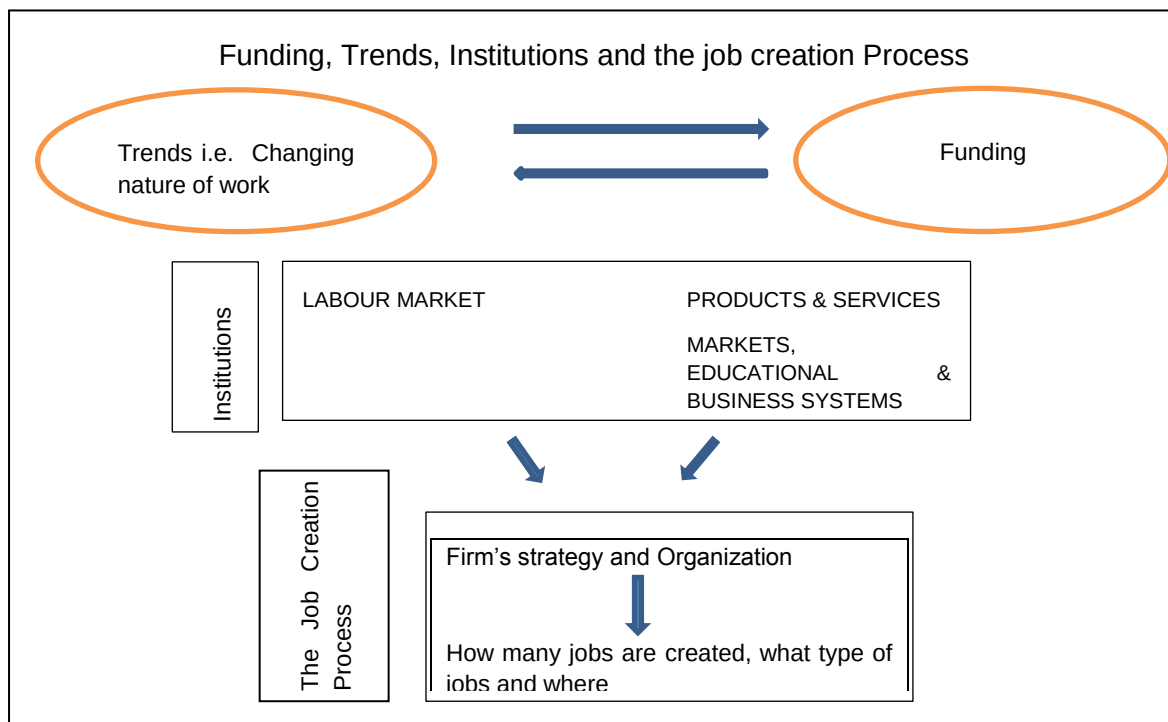


Figure 1 is the model that depicts the causal relationship between enterprise development funding, job creation and the type of jobs as well as the labour and market institutions. When enterprises cannot raise funds for the expansion plans which require both machinery and human capacity there consequences such as job losses and the premature exiting of enterprises which could have survived had funding been injected into their businesses. Hence business survival and job creation and saving are realisable through funding, a functioning labour market and the subsequent market opportunities. The products and services must have a market to consume them. The adaptation of firms to global trends in the labour market impacts on the number and nature of jobs created. The phenomenon of the changing nature of work allows the researcher to probe the matter.

This model posits that funding leads to the expansion, survival or establishment of businesses, which leads to job creation or job saving that in turn leads to determining the quality of the jobs created. At the centre of this job creation process is the firm existing within the economy that is governed by institutional frames. The external

forces have an impact on how jobs are created. These frames give structure and flow to how jobs and production relate. The changing nature of work and trends will alter the job creation process whilst the lack of funding will affect job creation and saving as well as the quality of those jobs. Gual's (1998) model of job creation framework further considers both external economy factors and internal firm factors that will have an influence on its performance to create jobs. The factors are education, business systems and markets. They will impact on the ability of firms to create jobs. The products produced by the firms have to get markets and the firm requires a set of skills that will match its production requirements. The technological changes and innovations demand that jobseekers be reskilled to take up the jobs in the changing labour market. It therefore stands to reason that this research was guided by this framework.

2.10. Literature Review Conclusion

South Africa's reality on the ground is that the rising unemployment situation and the lack of jobs at all levels of skills required by the economy compel government, policy makers and economists to seek urgent solutions that address the problem of unemployment. Social unrest and crime have engulfed us as a nation thus pointing to a critical need for creating jobs for people to fend for themselves rather than to resort to criminal acts and social unrest.

Much as we commend our government on prioritising enterprise development as a strategy for job creation, this outcome remains to be monitored and evaluated for its effectiveness. However, it cannot happen without government putting enablers in place to realise the enterprise development objectives. In response, government established funding agencies that would select beneficiaries of the funding using criteria that are sensitive to the economic and social disparities of the past dispensation through the Black Economic Empowerment legislation. Government's Preferential Procurement Policy Framework Act (PPPFA) of 2000 in its current form is not assisting emerging entrepreneurs with access to business opportunities in government as its criteria are prohibitive to the realisation of Black Economic Empowerment. Funding agencies are found at a national and decentralised

provincial level as provinces seek solutions for their own economic development challenges. The Industrial Development Corporation (IDC) is one such national government agency involved in many industrial development initiatives aimed at building industries and creating jobs. The IDC is involved in the manufacturing, mining, Information Communications Technology (ICT), retail and biofuel technologies sectors, to name a few.

The performance of the IDC's UIF fund in creating additional jobs and determining the type of jobs being created will form the subject of this case study research. The fact that the IDC's UIF fund is a debt instrument and evaluates its decision to award funds to beneficiaries who demonstrate capability in creating additional jobs as a criteria, allows this study to interrogate the linkages and findings of earlier studies on enterprise development funding programmes that create jobs and what type of jobs these are. The researcher will look for what the outcomes were and check for similarities and contrasts.

The purpose of this chapter has been to review the literature on job creation and job saving initiatives through enterprise development funding programmes and the type of jobs created and saved. It further, established the analytical framework. Key thematic issues emerging in the literature are job creation, job losses, enterprise development, job additionality, good jobs, bad jobs and job composition.

The next chapter will focus on the research methodology.

3. Chapter 3: Research Methodology

3.1 Research strategy

In addressing the research question the study is probing, which is “ Are there an additional number of jobs created by the IDC’s UIF fund, and the secondary question arising out the primary question being “What type of jobs are being created through the fund”, the researcher adopted a qualitative research strategy. It is descriptive and inductive (Bryman, 2012, p.36), which afforded me an opportunity to understand the policy maker’s perspective on the objectives of the fund and the performance of the fund with the beneficiaries. This strategy allows the researcher to observe the fund’s job creation outcomes by data triangulation.

It is often associated with the tradition of empiricism or testing via observation using principles of the natural sciences (Bryman, 2012, p. 27). It afforded the researcher an opportunity to understand the policy maker and other participants’ perspective on the objectives of the fund. Due to the measurable nature of the research question posed and the case being studied, the research employed limited elements of the quantitative research methodology (Bryman, 2012, p. 32). Remenyi (2012, p. 5) supports this approach when he states that the reality is that virtually all academic research projects in the social sciences require both quantitative and qualitative data. This research case study has constructs which are considered objective and measurable (Bryman, 2012, p. 32). The use of quantitative evidence can bolster findings when it collaborates with findings from qualitative evidence whilst on the other hand, qualitative data are useful for understanding the rationale and/or theory underlying relationships revealed in quantitative data (Eisenhardt, 1989). The qualitative research findings should guide the generation of IDC’s UIF fund related job creation theories and improve the UIF investment approach in future.

3.2. Research design and methods

3.2.1. Research Design

The type of research design is a case study research that confines itself to the IDC's UIF fund as a unit of analysis. A case is defined as a phenomenon of some sort occurring in a bounded context (Miles & Huber, 1994, p.25). In line with the primary research objective of determining if the funded enterprises are creating additional jobs and what types of jobs these are in each sampled enterprise, the case study research design was used.

Zonabend (1992) alludes to case study as being done by giving special attention to completeness in observation, reconstruction and analysis of the case under review. A case study is done in a way that incorporates the views of actors in the case under study. Flyvberg (2006); Yin (1984) observed that for researchers, the closeness of the case to real life situations and its multiple wealth of details are important for the development of a nuanced view of reality and for the researcher's own learning processes in developing the skills needed to do good research.

According to Flyvberg (2006), people are experts in a number of every day social, technical and intellectual skills. Common to all experts is that they operate on the basis of several thousand concrete cases in their areas of expertise. Context dependent knowledge and experience are at the very heart of expert activity. Such knowledge and expertise lie at the heart of the case study as research and for teaching intimate knowledge and experiences. The IDC's UIF's objectives are clearly in support of creating and saving jobs.

The qualitative case study research design ensures that an issue is not explored only through one lens, but a variety of lenses which allow multiple facets of the phenomenon to be revealed and understood (Baxter & Jack, 2008). A research design has a distinct meaning and according to Bryman (2012, p. 715) it is defined as the "framework for the collection and analysis of data". Bryman (2012, p. 46) states that, "A choice of research design reflects decisions about the priority being given to a range of dimensions of the research process", and this of course has had an effect in how the lower-level methodological procedures, such as sampling and statistical packages, were influenced. Tellis (1997) found that governments have

used case study techniques for evaluative situations when determining whether programmes were efficient or if the goals of a particular programme were being met. It is for these reasons that this fund, which has been in existence since 2010, is being explored using a case study design.

3.2.2. Research Method

A combination of document analysis and interviews formed the basis of the main methods used in this research. Increasingly as the limitations of single methods are being appreciated, the use of multiple methods and different kinds of evidence are seen as giving a more adequate account (Gillham, 2005).

The research analysed the policy and strategy documents and performance reports as well as assessed secondary data to provide and quantitatively understand the number and type of jobs saved and created. Aggregated beneficiary entrepreneurs' performance reports of the IDC's UIF fund were utilised to determine and evaluate its performance with regard to the fund's objective of the target number of jobs created and saved.

The interviews were used to generate data for analysing the number of jobs created and saved as well as the types and quality of jobs created in terms of the enterprise stage of development and the funding injected into the business by the IDC's UIF fund. Interviews as a data collection method are better exploited when they are applied to the exploration of more complex and subtle phenomena (Denscombe, 2008 p.174).

3.3. Population and Sample

3.3.1. Population

The IDC's UIF is a South African national fund operating across the nine provinces. It is designed to fund start-ups, early stage development and existing enterprises in financial distress and in need of saving their businesses and workers' current jobs.

The IDC has more than 30 funds that are targeted at industrial and economic development in South Africa and the African continent. For this study, the researcher chose the IDC's UIF Fund which is a debt instrument given to 243 beneficiaries as a repayable loan facility. My population is all those 83 Gauteng based provincial transactions. The selection of an appropriate population controls extraneous variation and helps to define the limits of generalizing the findings (Eisenhardt, 1989).

3.3.2. Sampling

In this research, a non-probability purposive convenience sample was used. A convenience sample is one that is selected because of its availability to the researcher (Bryman, 2012, p.201). The study used the IDC's UIF Fund as the sampling frame. The research sampled twelve respondents of whom nine are beneficiaries and four are industry experts working on addressing labour market issues in particular job creation and reducing unemployment.

- **The beneficiary enterprises:**

The researcher accessed the complete IDC's UIF fund database of all Gauteng-based funded deals across all sectors from the IDC, who in turn introduced the researcher to the beneficiaries. Researchers need to find a gatekeeper through whom he/she would be introduced to the necessary people in the organisation (Remenyi, 2012, p.31). A random selection of the sample of nine (9) respondents, made up of three (3) start-up enterprises, three (3) early-stage development enterprises and three (3) existing large businesses was then done. The classification of these respondents was based on the IDC's definition for classifying applicants' enterprise stages. It was also important that the researcher chose enterprises that were involved in businesses that were labour intensive versus capital equipment intensive. These were selected to give a perspective about the sustainability of the jobs created and saved as an obligation under the conditions of funding.

The other basis for selecting the respondents was that they have been in the IDC's UIF funding agreement for at least a period of two years for one to see the effects of

the fund on their job creation and job saving commitments and their enterprise's sustainability.

Furthermore, the enterprises were chosen on the basis of the stages of development of an enterprise, i.e. start-up, early-stage development or large existing enterprises with loan commitments ranging from R2 000 000 to R75 000 000. The nine beneficiary enterprises are diverse in their use of funds. These enterprises operate in different industries that absorb different types of skills ranging from professional skilled services to manual unskilled labour.

Other than the beneficiary enterprises, the researcher selected other stakeholders in the enterprise development and labour market space with recognised industry experience to give further insights and expert opinions about job creation and enterprise development funding. These are:

- **The IDC's UIF fund manager:** The IDC's UIF manager for the fund was interviewed to give a perspective on enterprise development and the development fund industry in South Africa. He shared views on broader government objectives with such funds as well as the intention of the IDC's UIF formation.
- **Policymakers:** The Deputy Director-General (DDG) of the Department of Labour responsible for Public Employment Services and the Commissioner of the UIF were interviewed. They were important in outlining government's policy interventions in addressing unemployment and the decent work agenda.

In addition, the researcher used the fund's founding documents, policy documents and performance reports for analysis. The performance reports were able to provide the researcher with data for the enterprise commitments as a variable for assessing the sustainability of the jobs created whilst assessing the type of jobs created in these enterprises.

3.4. Data collection method and analysis

Data was collected through the use of document analysis using secondary data sourced from the database of the IDC's UIF fund beneficiaries at the IDC and the service level agreement between the IDC and the UIF. These reports are tabled periodically to the Public Investment Corporation (PIC) with whom the disbursed funds were invested by the UIF. The UIF has undertaken this funding of enterprise development in line with its job creation strategy. The research also used interviews of respondents to strengthen the data collection efforts.

3.4.1. Data collection

The research used secondary data derived from IDC's UIF fund database for beneficiary-funded transactions and interviews with IDC's UIF fund beneficiary entrepreneurs. The different sources of data are another form of triangulation. According to Remenyi (2012, p. 95) the researcher is attempting to view the situation through a number of different lenses.

3.4.1.1. Documents

The IDC's UIF fund has collected data on a quarterly basis to report to the UIF and the PIC about the fund's performance. Service Level Agreements (SLA), performance reports, policy and strategy documents were the source of data for the research. According to Bryman, (2012, p. 554) documents are windows onto social and organisational realities. The research used aggregate performance reports of the fund beneficiaries compiled by the IDC on a quarterly basis. These reports contain statistical information on the number of jobs created, saved, location and sectors where these jobs are created and the amount of funds already disbursed. Due to the numeric data found in these reports, Prior (2003) notes that the relatively straight-forward enumeration strategies have their place in content analysis and have been very successful in social research.

The UIF has transferred a total of R4 billion in bonds to the IDC as the IDC's UIF fund implementing agent with the primary objective that jobs must be created and saved where necessary. To that effect, the IDC has signed service level agreements (SLAs) for the realisation of the UIF amended mandate on job creation. The IDC subsequently considers applications for funding from entrepreneurs of different sizes in need of starting business, growing their businesses, recapitalizing their business or saving their businesses from financial distress. In line with the service level agreements (SLAs), the beneficiary enterprises are committed to creating jobs, hence the researcher's use of the IDC /UIF SLA in forming a baseline for the research.

3.4.1.2. Interviews

In addition, the researcher undertook interviews to support and complement the data sources. Gillham (2005) argues that the validity of an account of a research interview is not so much in whether it gives a true picture of the person but whether it is a balanced account of the interview that took place. The interviews took the form of unstructured interviews to allow the experiences of the respondents to emerge in the findings (Bryman, 2012). The interview guide was questionnaires prepared for the enterprises as informed by the literature documented and surveyed in Chapter 2. These were used to probe and determine the performance of the fund against the set objectives. The questionnaires further sought to answer the primary research question in terms of the number of additional jobs created, jobs saved and the secondary question on the type of jobs created. Under these circumstances, a triangulation approach in sourcing the data was used (Bryman, 2012).

Enterprises were questioned to provide the research with the data on the origin and organisation of their businesses, access to funding, their expansion and business start-up objectives and plans, the number of jobs created/saved, how the funds received from the IDC's UIF fund are used, the requirements for doing the job and the compensation package. These were intended to determine if room was made to honour the fund's job creation and job saving conditions for granting the facility to the beneficiary.

The question on whether the beneficiaries understand the funder's objectives has a bearing on the additionality of jobs in an enterprise. It was important in determining their understanding of broader government objectives of reducing unemployment. In addition, it addressed the critical importance of a double dividend expectation about entrepreneurs making money in their business and simultaneously empowering others through creating jobs. The question of whether additional jobs have been created ascertained if there was dead-weight spending effect in an enterprise and if the objectives of the funder were realised.

On the questions of the type of jobs created and requirements for doing the job, the objective was to establish if these enterprises accommodated the absorption of a pool of the unemployed potential employees that were unskilled and uneducated. It further sought to determine if the jobs created were good jobs that met the decent work criteria.

The questionnaire used requested contact details of the participants, should the researcher need to get clarity from them. Data analysis was run concurrently with data collection. Once all interviews were completed, the information was transcribed and themed, categorised and coded according to thematic content and keywords in context, using a computerised coding system (Brymans, 2012, p. 576). Connectors between themes and categories were useful for understanding the thinking of the respondents around funding of enterprise development programmes and for the production of the research report (Hiemstra, n.d).

3.5. Data Analysis

The research used descriptive statistics to calculate the number of jobs created and saved based on the sample of 9 deals approved in Gauteng from inception of the fund up to August 2014.

IDC's UIF fund policy and strategy documents formed the data set analysed. Before undertaking the analysis of results, the researcher sought to check the internal consistency of the measures. In interpreting the data, it had to pass the validity and credibility test as the participants have varying experiences in businesses they own or manage. They come from different quarters of the enterprise development landscape and their roles inform their expectations of the findings.

Emerging themes identified to enable internal consistency of the measures are: job creation, job losses, enterprise development, job additionality, good and bad jobs as well as decent work and contingent work.

These factors assisted in the interpretation of the data as the data was grouped into the themes utilising mind maps and tables. The importance of the analysis was to strengthen the case for funding the creation and saving of jobs through enterprise development funding programmes and the emphasis for good jobs to be created. The data sets mined were coded for ease of use when searching the data and identifying emerging patterns requiring further investigation. Coding assisted the comparison, the contrast and the linkages that the researcher needed to make about enterprise development funding programmes and job creation. Keywords in context such as job creation, job losses, enterprise development, job additionality, good and bad jobs as well as decent work and contingent work were used to identify codes.

3.6. Validity, reliability and credibility

It is paramount that the research findings are valid and reliable because if not, they can arouse suspicion by the UIF who might question use of the funds. However, as (Remenyi, 2012. p 71.) puts it: "if a case study has been used as part of a qualitative or interpretivist approach to research it may be more appropriate to refer to issues of credibility, transferability dependability and usability".

3.6.1. Credibility

The sample respondents are chosen from the Gauteng population of IDC's UIF fund beneficiaries. The broader population of beneficiaries is located across all nine provinces, some of whom are in diverse parts of South Africa where there is little economic activity and the locations are unenterprising. Using Gauteng for defining the population for the case study where the job creation prospects of funded businesses are greater due to the enterprising nature of Gauteng as a location may not be representative of the generalised findings of the study, though the results are found to be consistent with the data presented. However, some of the cases chosen were closely related to the testing of alternative constructs which is the search for negative cases. Where patterns and trends have been identified, our understanding of those patterns and trends is increased by considering the instances and cases that do not fit within the pattern. These may be exceptions that prove the rule. They may also broaden the "rule," change the "rule," or cast doubt on the "rule" altogether (Patton, 1999).

To address the deficiency, the use of secondary data in this study allowed the researcher to save time as the data has been unobtrusive and required fewer resources. The researcher provided a description of the data collected and as detailed as possible in the findings to ensure that there are no alterations to the data (Merriam, 1995).

The credible and dependable service level agreements (SLA) and the performance reports were useable and formed the basis for crediting and using the findings since the study has both elements of measurement in counting jobs and classification in terms of the types of jobs created. This respectively allowed me to establish the compliance level of beneficiaries with their conditions of funding. The study therefore also employed quantitative research where relevant.

3.6.2. Internal Validity

The IDC's UIF Fund funding program presented the researcher with a huge task of engaging the participants in validating the data to maintain trust between the

researcher and the participating enterprises. By triangulating, the researcher removed the doubt on the findings, thus building trust with the research readers (Bryman, 2012).

As the primary instrument of this research, the researcher acknowledges that a bias could exist as the researcher is an interested party in enterprise development policy matters. The researcher is self-employed and could become an applicant for IDC's UIF Fund in the future. The research ensured that the researcher maintained the balance and objectivity required through subjecting one to constant self-examination and thoughtful reviews throughout the data collection and analysis process. The researcher undertook member checks and triangulated with all interviewees to ensure that the interpretation of their reality was consistent with that reality (Merriam, 1995).

Member checks assist in validating for plausibility of the interpretation of the interviews. What the analysed documents revealed was somewhat different from what emerged from the experiences of the beneficiary entrepreneurs based on the implementation on the ground. The researcher consulted peers to review the data and comment on the plausibility of emerging findings, in particular the research supervisor.

3.6.3. Reliability

Reliability is determined by the consistency of the results from an instrument being used to measure an entity (Leedy & Ormrod, 2010). The interviews with the nine (9) entrepreneurs revealed data which was inconsistent with the reports which the IDC programme management office shared with the researcher regarding the job creation commitments since the IDC's UIF funding was received.

Though the majority of transactions are with Gauteng-based enterprises, the researcher cannot conclusively state that this study gives a good representation of the fund's overall performance, hence the results of this study cannot be transferable to the other eight provinces. Other than this research, it would be important that the

Unemployment Insurance Fund (UIF) undertakes its own research on the IDC's UIF Fund performance to ensure IDC's accountability and value for money to all stakeholders. The ability of the funder to undertake their own research will ensure consistency and place reliance on the findings of the research done and will also be assisted by the data triangulation, peer review/examination and audit trails undertaken.

3.6.4. Limitations of this study

One of the obvious limitations of the research is that it is a case study operating within boundaries incapable of providing a generalising conclusion (Yin, 2003). The sample is drawn from Gauteng-based firms due to their proximity and convenience for the researcher. It is not representative of all the beneficiaries and applicants of the funds as the IDC's UIF Fund is a national programme with beneficiaries in all nine provinces. The other limitation is that the Johannesburg sample enjoys different economic, structural and environmental dynamics from most of the other provinces, as a result the findings may not be deemed to be generalisable and representative of the population; however, they will be found credible.

The research also found that the focus of this study was only on a small aspect of a huge discipline that has many facets to it. Those facets require further investigation i.e. other funding mechanisms for the SME sector, exploration of job creation through other programmes which when all added together, give an aggregated quantity of jobs created in an attempt to address the unemployment challenge facing the country. Matching or improving the prevailing skills levels to address the type of jobs to be created for the South African unemployed is another area of interest which I am not researching in this study.

3.7. Conclusion

In this chapter the research demonstrates a pragmatist research philosophy adopted. It outlines how the researcher went about the research in terms of the

research methodology, research design, research methods employed and sample choices made. The use of a realist approach to the research being the qualitative case study research strategy and design, allowed the researcher to understand the entrepreneurs' views, perceptions and actions in their business operations. As stated in Flyvberg (2006), the proximity to reality, which the case study entails and the learning process which it generates for the researcher will often constitute a prerequisite for advanced understanding. The researcher also reflected on how data was gathered and analysed to make meaningful findings.

The next chapter tables the data collected through interviews and documents.

4. Chapter 4: Data Presentation

The researcher herein presents the data as collected to support the purpose of the study which was to determine whether the IDC's UIF funding of enterprises is creating additional jobs and saving existing jobs. It also sought to determine the types of jobs these were. The research collected data mainly through interviews and from official documents sourced from the IDC. The respondents are entrepreneurs who founded their businesses through opportunities driven by innovation and passion or through necessity. In addressing the question of how they got into the businesses, they were able to shed light on their views about the job creation objectives and their effort in doing so.

The data is presented in the following manner:

First, the research interprets the demographic profile of the participants in terms of the industry they are in, second, business development phases, thirdly, the roles of the respondents within their organisation, fourthly, the size of their loans fifth is the number of jobs created, saved and lost since the funds were injected into the business by the IDC and lastly the types of jobs created and their duration *in lieu* of policy makers striving for an inclusive labour market. The views of the chosen experts' are integrated into the discussions in support of or in contrast to the findings.

4.1. Demographic profile

The sample was that of IDC's UIF fund beneficiaries who are enterprises based in Gauteng. Data on the ownership and role of the interviewed respondents were collected. The representatives of the respondent enterprises interviewed were eight men and one woman. All nine enterprises have been beneficiaries of the fund for more than two years. The participants were as indicated in table 1:

Table 1: Enterprise size, Industry and position

RESPONDENTS	INDUSTRY	STAGES OF DEVELOPMENT	POSITION HELD
Company 2	Textile (2)	Start up	CEO
Company 9		Large enterprise	CEO
Company 1	Forestry and Wood Products (1)	Large enterprise	CEO
Company 3	Chemical & Allied Industries (2)	Start up	CFO
Company 5		Early stage development	HR MANAGER
Company 4	Metal, Transport & Machinery Products (2)	Early stage development	CEO
Company 7		Start up	CEO
Company 6	FOOD / Agro (1)	Large enterprise	CEO & HR MANAGER
Company 8	Healthcare (1)	Early stage development	CEO

Table 2: Loan Amounts and Period in IDC books since approval

Enterprises	Loan Size Rand	Period in IDC Books (years)
Company 2	R 2 600 000	3.9
Company 9	R20 000 000	4.6
Company 1	R50 000 000	2.10
Company 3	R6 050 000	4.3
Company 5	R75 000 000	3.0
Company 4	R4 825 000	2.10
Company 7	R33 816 000	2.6
Company 6	R188 23 750	2.0
Company 8	R10 000 000	2.7

4.2. Presentation of findings

The findings presented here are based on the research question that the study was pursuing, which focused on:

- Job creation and jobs saving
- Types of jobs created and saved
- The duration of these jobs; and
- The role of enterprise development

Responses to the questions were categorised and themed accordingly and are presented in report form. It was important that the research also interprets the

findings on jobs additionality and jobs saved quantitatively as well, as the responses were numerical data which is easier to report in that way.

4.2.1. Job creation and jobs saving

The job creation and job saving objective is the driving purpose for the Unemployment Insurance Fund (UIF) to partner with the IDC in extending loans to enterprises. The unemployment situation in the country has increased to alarming proportions and the public and private sector big businesses have reached points of saturation in creating more employment opportunities in the depressed South African economy. The commissioner of the UIF and the Deputy Director General (DDG) for Public Employment Services at the Department of Labour cited a Reitz case study where the IDC's UIF funded an abattoir to the tune of R600 million and 950 direct jobs were created and an unspecified number of indirect jobs were created, through chicken breeding and retail as the abattoir supplied the retail shops like Woolworths, Nandos, etc. This venture revived the socio-economic situation of the rural area and the community which has begun trading and increased the UIF contributions.

The two questions on whether the beneficiaries understood the funder's expectations and if there was any restructuring within the enterprises sought to ascertain the level of commitment of the enterprises to job creation and job saving. Data collected in response to the job creation and job saving objective reveals that since the funds were injected in the businesses all enterprises created and saved jobs. However, it has not been a smooth ride to create and save jobs; hence, the results have yielded a minimal positive net job creation effect against the IDC's UIF agreed fund targets.

The Development Fund Manager indicated that the IDC's UIF fund is one of the more popular funds within the IDC since inception, and in terms of expectations of achieving the original objective of job creation and job retention, applicants that are able to create new jobs at a cost per job ceiling of R450 000 and are able to save jobs, qualify to use the fund. The average cost per job at the time of the interview

was R250 000, which meant that the IDC has been able to perform even better than the ceiling they set for themselves.

The IDC had agreed with the beneficiaries on the target number of jobs to be created and saved.

Table 3: Job creation and saving performance

IDC JOB CREATION AND SAVING TARGET AGREEMENT			ENTERPRISE PERFORMANCE		
Enterprises	Job Creation targets	Job saving target	Created/ saved/ lost		SURPLUS / DEFICIT
START-UP					
Company 2	-	150	182		+32
Company 5	915	-	692	106	-223
				586 through L/B	
Company 7	140	396	60		-476
EARLY STAGE DEVELOPMENT					
Company 3	19	-	19		19
Company 4	17		60	-43	17
Company 8		146	50		-96
LARGE EXISTING					
Company 1	1000	4839	5500		-339
Company 6	175	-	100		-75
Company 9	141	-	292		-45

4.2.1.1. Jobs additionality

Of the nine enterprises funded and sampled, seven enterprises committed to creating jobs and two were committed to saving jobs and among these, there were two who had committed to achieving both the saving of their current jobs and creating additional jobs. Table 3 above illustrates the companies' agreed targets in terms of their development stages. Of the three start-ups funded and sampled, jobs were initially created by all but in one of the start-up enterprises, the jobs were not sustained as they relied on government contracts which had an average lifespan of

two years. Once the contracts expired, workers were laid-off and the enterprise remained with skeletal staff, rendering the workers unemployed and forcing them to claim UIF benefits.

The other factor at play was the 2008 world economic meltdown. This had an adverse effect on the clients of these businesses, resulting in their businesses shrinking significantly. The business decline happened irrespective of these business owner/managers having been in their respective industries for more than 20 years and understanding the industry and business dynamics. This affected one large enterprise and one start-up enterprise, leading to job losses in the companies. Instead of retrenching and destroying all the jobs, the one start-up enterprise opted to dispose of the business through sale (*voetstoots*), selling both assets and staff. The participating enterprises also experienced fluctuations in job creation and jobs saving.

Two early-stage enterprises had presented their business cases for funding additional manufacturing capacity to be achieved through creating additional jobs. They needed to expand their businesses to other markets and meet the demand for the products. The need to procure machinery was linked directly to additional jobs they created thus the notion of technology or automation being a threat to jobs did not apply, instead the machinery needed operators; hence, additional jobs being created. Two of the early-stage enterprises relied on government contracts for their business sustainability. When their contracts expired, they laid off workers to alleviate their overhead expenses.

Business continuity is important as an indicator of jobs saving; hence, two of the enterprises that relied on government contracts have diversified their markets to ensure sustainability when the contracts are terminated. The two-early stage development enterprises who had committed to creating jobs have realised their targets, whilst one has not achieved their target for saving jobs as there was still a deficit of ninety-six jobs. The target was realised amidst job flow fluctuations.

The one start-up enterprise whose business is not reliant on government contracts has also experienced job losses due to stiff competition and new entrants entering an oligopolistic market they enjoyed. Their market share had shrunk significantly, thus rendering them unsustainable with large overheads. Whilst two start-up enterprises were committed to creating jobs, one was committed to saving jobs and only the one committed to saving jobs has achieved the target and in addition created jobs, resulting in 32 more jobs created.

The large existing enterprises have been in existence long before they approached the IDC and the reasons for approaching the IDC's UIF were informed in the main by their business expansion goals. Job creation in large enterprises took place to a great extent indirectly through externalisation. In the instance of two of the large enterprises, their workers were not part of their enterprise's payroll as they were recruited through labour brokers. As such it is not reflected in the reports that the IDC receives from the beneficiaries. Of the very two enterprises, one's business model is that of sourcing business and only coordinating the realisation of the finished good according to specification and giving their client after sales support.

Manufacturing of its final good is outsourced, and thus, the enterprise's maximum job creation impact is at those factories to which the manufacturing function is outsourced. The enterprise's success in acquiring business deals has indirectly afforded its service providers to create 47 additional jobs and saved 141 jobs. Hence, its service provider factories have realised growth in job creation numbers. However the beneficiary's job creation efforts did not reach the targets as expected in their IDC agreed targets.

One of the early-stage development enterprise employed casual labour for capacitating its regular low level work instead of employing more permanent employees.

On the question of why they approached the IDC, two start-ups indicated that their request for funding from the IDC was motivated by the need to acquire more machinery to increase their productivity and increase additional manufacturing capacity through creating additional jobs. They also indicated that it was driven by the need to expand their business to other markets and meet the demand for their products. Two large enterprises said they approached the IDC because they needed cheaper funding relative to what they could get from commercial banks. One early-stage development approached the IDC for funding because a contract was awarded to the enterprise which needed to be rolled-out. The other enterprises wanted to fund the operations and save current jobs.

4.2.1.2. *Saving jobs*

Business continuity is an important indicator for saving jobs. Of the four enterprises that committed to saving jobs, one start-up enterprise saved and created jobs as it exceeded the target and the other lost jobs. One large enterprise which had committed to saving jobs as well as creating additional jobs has saved jobs though the target for additional job creation was not fully achieved. It has a shortage of 339 jobs. Two early-stage development enterprises indicated that they relied on government contracts for their business sustainability. They have however, learnt to diversify their product line with both enterprises expanding their markets into the private sector and exporting business into Africa. When their contracts expired, they laid off workers to alleviate their overhead expenses. One of these two has not achieved its target for saving jobs as there is still a deficit of ninety-six jobs. Other entities did not feel the impact of the world economic meltdown as their products were manufactured with local components and sold in the local markets.

In an interview with the Commissioner of the UIF, his view was that since the IDC's UIF fund is funded by workers' contributions, therefore the funds should be used to the benefit of the workers. Where jobs are under threat of being lost due to an enterprise being in financial distress, the priority should be to save that enterprise through funding it with a view to saving jobs.

4.2.1.3. Job losses

Five enterprises have not achieved their job creation and saving targets. Workers were laid off in two early-stage development enterprises that had initially exceeded their job creation targets, but they have since laid-off the excess workers, ensuring that they maintained the agreed IDC target in line with their agreement, whilst the other has underperformed in terms of its agreement. The workers have since joined the unemployed masses and accessed the UIF benefits.

The world economic meltdown of 2008 had an impact on two large enterprises, one early stage development enterprise and a start-up enterprise. Of the two large enterprises, one was affected indirectly as their clients felt the impact, resulting in their businesses shrinking significantly. The other felt that customers' purchasing power was greatly reduced as a result of how buyers were sourcing funds to purchase their products which the enterprise distributes through retail customers. With regard to one early-stage development enterprise, the price of importing components for their products had escalated to unaffordable proportions.

The economy was cited as a hindrance to creating and saving jobs. Two enterprises, one large and one start-up, whose businesses were reliant on government contracts for their business sustainability, have shed jobs. They attribute this to the expiration of their contracts. Instead of instituting retrenchments and destroying all the jobs, the start-up enterprise opted to dispose the business through sale (*voetstoots*), selling both assets and staff. In this case, there was an admission that the fund's expectations were not met. One start-up enterprise whose business is not reliant on government contracts had also experienced job losses due to stiff competition and new entrants entering an oligopolistic market they had enjoyed. Their market share has shrunk significantly, thus rendering them unsustainable with large overheads.

One large and one start-up enterprise cited cheap imports of goods as a major competition and a threat to sales and job creation. This phenomenon was seen as a deterrent to business growth as competitors were not playing on a levelled playing field. The establishment and promulgation of the Cooperatives Act No. 14 of 2005 by

the South African government has resulted in businesses registered as cooperatives not honouring the spirit of the Labour Relations Act No. 66 of 1995 and the Basic Conditions of Employment Act where pricing of products is influenced by the cost of labour and being factored in a skewed manner. Cooperatives were cited as normal businesses that were disguised under the law to get competitive advantage over companies registered under the Companies Act No. 71 of 2008 as amended and the Close Corporations Act No. 69 of 1984. They are exempted from complying with labour laws, thus pay lower salaries to owners/ employees. The Deputy Director-General for Public Employment Services at the Department of Labour also raised this issue and acknowledged this as a loophole that businesses have exploited. They are converting from companies to cooperatives to evade statutory compliance to labour laws as the workers in cooperatives are owners of the business and are classified as such. Four of the enterprises alluded to labour laws that are too stringent and were a hindrance to job creation and jobs saving. These are two start-up enterprises, one early-stage development enterprise and one large enterprise.

4.2.2. Types of jobs created and saved

The basis for determining the types of jobs created and saved emerges from the literature informing this study. The types of jobs are classified as good jobs or bad jobs. According to the ILO, jobs must be decent for them to meet the criteria for a decent work agenda. All nine enterprises acknowledged the importance of skilling their employees when they recruited them. The data that emerged from the interviews under the category 'the types of jobs created' has emerged with the following themes: workforce skills profile, the recruitment methods and criteria, and the composition of total compensation package.

4.2.2.1. *Workforce skills profile*

Of the nine enterprises, five enterprises created opportunities for unskilled workers and two enterprises absorbed semi-skilled workers with the remaining two enterprises creating skilled jobs. For all nine respondents, they indicated that

respective industries and the type of businesses they have established played a major role in the skills composition and requirements. Table 4 depicts the profile of skills prevailing in the enterprises according to their stages of development. Two large enterprises and one early stage development indicated that they preferred employing unskilled workers who could read and write, and had a positive attitude. They then trained the workers and ensured their growth and promotional prospects were undertaken in their areas of responsibilities.

Table 4: Workforce skills profile

Workforce skills profile			
Enterprise Stage	Skilled	Semi-skilled	Unskilled
Start-up			
Company 2	58%	11%	31%
Company 5	15.82%	30.56%	53.61%
Company 7	50%	25%	25%
Early Stage Development			
Company 3	35%	15%	50%
Company 4	20%	40%	40%
Company 8	30%	60%	10%
Large Existing Enterprise			
Company 1	37.36%	43.67%	18.98%
Company 6	30%	10%	60%
Company 9	20%	30%	50%

4.2.2.2. Recruitment methods

On the question of recruitment methods used following the funding by the IDC's UIF fund, a combination of recruitment methods was used at different times for different tasks and levels of jobs within an enterprise. Five of the enterprises recruited workers through word of mouth referrals from the factory floor for their unskilled workforce where a friend of a friend brings the resource needed for that particular task for lower level employment. All three large enterprises implemented this practice often, whilst two early stage development enterprises also adopted this method of recruitment. Others used media advertising to attract candidates.

On the recruitment of semi-skilled and skilled resources, four enterprises used recruitment agencies to directly employ workers permanently. Of these, two were large enterprises, one an early-stage development enterprise and one a start-up enterprise. A total of five enterprises used labour brokers to contract workers indirectly. These were one start-up, two early stage development enterprises and two large existing enterprises. Two other enterprises contracted the workers through use fixed term contracts. One start-up and one early stage development enterprise used casual labour to offset the unexpected increased market demand.

Three enterprises used advertising in the broad public media to attract skilled workers it required and their Human Resources departments conducted further interviews. These were two large existing enterprises and an early stage development enterprise. Four enterprises used in-house on-the-job training and promoted workers through the ranks to skilled jobs. These were one large enterprise, two early-stage development enterprises and one start-up enterprise. Of these, one large enterprise also used learnerships from its learnership programme to channel the learners into fulltime employment and placement within once they have completed the learnership. Only one early-stage development enterprise knew of and used the Department of Labour's public employment system to recruit employees. All remaining eight indicated that they were not aware of the existence of such a system.

Two enterprises, one large and one start-up, raised the issue of the illegal workforce that gave competitors a competitive edge as they exploit the labour by not complying with the labour laws and minimum wage requirements of South Africa. The DDG of the Department of Labour also pointed to the use of foreign labour brought in by the labour brokers in other projects for which they provide skilled resources. He cited the challenges of local community leaders fighting for territory when projects are being rolled out in their communities. These leaders demanded first right of deployment of their preferred local community candidates to the jobs. The DDG also alluded and supported an observation of a trend where existing workers of an enterprise own the process of employment of new recruits as they forbid anyone not

referred to by them from coming to work in the jobs. One respondent asked why the IDC has not made the use of Department of Labour's Public employment service a precondition to the beneficiaries of the IDC's UIF fund when they needed to recruit workers because the UIF is an entity of the department. The same view is shared by the DDG as he pointed out to the need to address the unemployment challenge. The department's database is made up of job seekers who completed internships, learnerships, public works programmes and the general unemployed.

4.2.2.3. Recruitment Criteria

Four of the enterprise's requirements for recruitment were employing experienced workers to the jobs created with two of these also requiring matric as an additional minimum qualification requirement. Two of these were start-up enterprises whilst the one large enterprise targeted matriculants and one early stage development. The other five enterprises did not require experience and they recruited unskilled workers and put them through on-the-job training to equip the new recruits with skills for their specific tasks in that work environment. Of these, two were early stage development, one start-up and two large enterprises. They opted to employ job seekers with positive and good personal attributes, positive attitude and willingness to work, drive and determination to succeed since qualifications were not that important. One of early stage development enterprises also subjected its unskilled workforce to industry-broad training offered by the Department of Labour's other apprentice trade and testing centre, INDLELA.

4.2.2.4. Composition of total compensation package

Good jobs should meet the objectives of a decent work agenda as guided by the ILO, like minimum wage, health benefits, social security and rights to representation. Enterprises were able to share with me the structure of the packages in terms of the characteristics of the decent work agenda. Table 4.4: below shows the level of compliance with a decent work agenda for their workers skilled, semi-skilled and unskilled workers in the respondent enterprises:

Table 5: Characteristic of good jobs

Interviewee	Minimum Wages	Health benefits	Social Security		Worker Representation
Start –ups					
Company 2	Above industry minimum wage	Industry bargaining council sick fund	UIF	Pension fund	Active Union representation
Company 5	R2000	None	UIF	No pension fund	Not unionised
Company 7	Above	Medical Aid	UIF	Pension fund	Active Union representation
Early Stage Development					
Company 3	Below industry minimum wage	Industry bargaining council sick fund	UIF	Provident Fund	Active Union representation
Company 4	Above	Industry bargaining council sick fund	UIF	No Pension fund	None
Company 8	Below industry minimum wage	None	UIF	No pension fund	Partial Union representation
Large existing enterprises					
Company 1	Above	Company Medical Aid	UIF	Pension fund	60% Active Union representation
Company 6	Above	Company Medical Aid	UIF	Pension fund	None
Company 9	Above	Company Medical Aid for skilled & semi- skilled only	UIF	Provident fund	None

From a policy point of view, the DDG of Public Employment Services at the Department of Labour also raised the weakness of the preconditions for the granting of the funds to the beneficiaries by the IDC.

4.2.3. Duration of jobs

The job's tenure in large enterprises is longer than in early stage development and start-up enterprises. It is worth noting that of the three start-up enterprises interviewed, two have recorded massive job losses since the funds were injected into their enterprises. The reasons cited by the two were entry of a new player in the market and the impact of the 2008 economic meltdown, respectively.

4.2.3.1. *Type of Contract*

On the question of the type of contracts the enterprises entered into with the workers, all nine enterprises have taken on workers permanently. However, four enterprises have configured the bulk of their workforce through the use of the externalisation and casualization of work. This is done by using the labour brokers to boost their worker numbers in meeting their production capacity. These enterprises have alluded to the use of labour brokers because they do not want to employ staff permanently for work that is seasonal when casual labour meets their short term demands. They engaged the services of labour brokers to avoid dealing with administrative tasks that go with recruitment.

The IDC has indicated that they have a formula that determines a permanent job for contracted and seasonal workers. At least a three-year employment contract is equated to meet the minimum requirements for a permanent job that would be statistically recorded as a created job.

4.2.3.2. *The average duration of employment*

Overall, there is an employment service period of more than four years in all enterprises. There seemed to be a different practice across the enterprises of different stages with regard to duration of employment. The question on the duration of employment on average revealed the sustainability of jobs created and saved.

Two of the large existing enterprises indicated that from experience, some of their lower-end unskilled workforce recruits were very much not controllable and had delinquent tendencies. They chose to employ them on short-term contracts of three months to monitor their behaviour, culture and work ethic before they were absorbed as permanent employees. A high churn rate was experienced in two of the enterprises for skilled jobs compared to low-end unskilled jobs. In the case of start-up enterprises, there have been job losses in the last two years, resulting in shortened job tenures. Workers performing the core functions of the business have been with their companies for the period of existence of these businesses, which ranges from four to five years. Early stage development enterprises have an average of 6 years job tenure with 60% of their workforce having started with the companies from origin whilst 40% have been under two years as they got retrenched due to contract expiration.

4.2.4. Enterprise development

On the question of whether an enterprise was content with IDC involvement in their businesses in terms of support and performance monitoring, the following themes emerged: financial support and non-financial support.

4.2.4.1. Financial support

Two of the large enterprises and one start-up enterprise indicated that the fund was affordable to them. Four of the enterprises had used the funding of the IDC before. All four had approached the IDC for funding to recapitalise or expand their businesses and of these one start-up, one early-stage development and one large enterprise- thought that they were in a fund that was similar to their previous fund because it was granted by the same institution. Five beneficiaries did not apply directly for the IDC's UIF fund but had broadly applied for funding from the IDC. Of these, two are start-up enterprises, two are early-stage development enterprises and one large existing enterprise.

Four enterprises felt that the current involvement of IDC in their businesses was sufficient. Of these two were large enterprises and the other large enterprise felt that the IDC was not supportive as it did not show interest in understanding their business. The other enterprises that viewed the IDC support as sufficient were one early-stage development and one start-up enterprise. Among the other five enterprises, they raised various issues which they felt the IDC should play a role in. Common among the issues were its lack of involvement in skills development in areas of business management, project management and assisting in resolving their challenges of non-payment especially where government is the client, as well as identifying market opportunities to grow their businesses other than financial management. Two large enterprises, one start-up and one early-stage development cited slow turn-around times in decision making of which one stated that it seemed as if one body made all the decisions, resulting in delayed turnaround times in processing their funding applications and draw-downs.

Two of the large enterprises and one start-up enterprise indicated that the fund was affordable to them. Six enterprises were convinced that no commercial banks would have considered their applications favourably under their trading circumstances. They expressed a view that the industrial developmental mandate of the IDC was appropriate for resuscitating the South African economy and their businesses. These comprised of all three start-up enterprises, two early-stage development and one large enterprise.

Furthermore, the fund extends a repayment holiday to beneficiaries and six of the nine had exercised the repayment holiday for a six to twelve month period. These were all three early-stage development enterprises, two start-up enterprises and one large and existing enterprise. This afforded them more time to build and recapitalise their businesses. Only three enterprises have honoured their obligations and are destined to settle their loans on time. Five of the nine enterprises indicated that the IDC's UIF fund was affordable as the lending rate was a concessionary rate of between 5% and 6%. However, one enterprise was dissatisfied that even when they had been loaned the funds at 9% in the beginning of the contract, when the lending

rate was reduced from 9% to 6% by the IDC's UIF fund, the IDC as the implementing agent did not reduce its lending rate for the enterprise.

Contrary to the dissatisfaction of the entrepreneur herein, both the UIF and the IDC have indicated that their entities have enabled borrowers access to cheap funding. The Commissioner and the Development fund manager share the extent to which the two entities have lowered the rate of borrowing from 6% to 5%, and further from 5% to 4% between themselves and passed it on to the beneficiaries at a blanket concessionary rate of 5% at the time of this research.

The UIF has also not measured the UIF contributions from beneficiary enterprises. As to how the funds were used, the commissioner has impressed on having funds channelled to the Small and Medium sized enterprises and to rural areas. He alluded to the decision to fund the IDC's proposed partnership, being the fact that the PIC funded big business with the UIF invested funds, resulting in most of its money sitting with companies who really do not need it and are cash flush, whilst jobs could be created through small and medium enterprises. He acknowledged that the enterprises accessing the funds were mainly based in Gauteng.

The IDC's development fund manager indicated that the fund might not meet the only other objective of getting approvals of deals at the end of the 2014/2015 financial year in March, as they have a balance of about R240 million which they had anticipated to commit by the end of the financial year. However, due to the general economic conditions, it has not been extended to beneficiaries.

4.2.4.2. Non-financial Support

One start-up and two large enterprises indicated that they were not aware they were being funded through this particular fund, the IDC's UIF fund. However, they did not want any more involvement by the IDC other than the reporting obligations they currently have. Three of the enterprises indicated that they last saw or heard from the IDC when they were given the funds. No one has visited the enterprises or

monitored what they were doing with the funds. These were one large enterprise, a start-up and an early-stage development enterprise. Two early-stage development enterprises were happy with the preparatory training given to the applicants during the financial application process however the IDC does nothing beyond that period in terms of training them in business expertise. The beneficiary enterprises viewed the IDC as very unsupportive beyond funding. They wished the IDC got involved and understood their businesses and challenges within their businesses so that they can advise accordingly. They saw the role of the IDC as very limited and only confined to funding but when the enterprises are in difficulty, the IDC is uninterested in assisting and all they want is their loan repayment.

The Commissioner of the UIF has expressed interest in monitoring the statutory compliance of the beneficiary through the UIF's labour activation programme unit. The view is that the UIF had not been explicit in defining what the IDC should do to ensure that beneficiaries of these funds complied statutorily. The DDG for Public Employment Services, Department of Labour also noted that the IDC is not supportive of the broader Department of Labour mandate in its funding pre-approval conditions.

4.3. Conclusion

The data presented in this chapter were as reported by the participants during the interviews. The structure of the data is in terms of demographics, job creation and additionality, saving jobs, types of jobs, the duration of jobs and the enterprise development role of the IDC within the IDC's UIF fund. The data has revealed that jobs have been created and saved for the unskilled population in the main though not as per the targets agreed to with the IDC's UIF fund. Employers are willing to absorb the unskilled and give opportunities to those with positive attitudes and a positive work ethic. The UIF is keen to inject more funding because the fund has yielded positive job creation outcomes.

The data has also revealed that the enterprises prefer to create entry level jobs with a view to paying minimum wages. However, they are contracting the workers through an external relationship. The next chapter analyses the data interpreted and presented in this chapter. This is also a discussion of this data as per the literature review on creating and saving jobs and the types of jobs created and saved to answer the research question.

5. Chapter 5: Data Analysis

This chapter discusses and analyses the data presented in the previous chapter. The discussion is on topical issues documented in the literature review. The chapter focuses on the issues pertaining to job creation through enterprise development funding programmes and the types of jobs being created through the fund. The background of the fund is given together with the analysis based on the secondary data. This contextualises the fund's performance as documented in the IDC performance reports and its role in enterprise development. It then shifts the focus to the primary data collected during interviews wherein the findings are analysed and the implications thereof are discussed, in particular on job creation and saving through enterprise development funding and the types of jobs created.

5.1. The Industrial Development Corporation's Unemployment Insurance Fund

The Industrial Development Corporation's Unemployment Insurance (IDC's UIF) Fund was launched and implemented in 2010 at the height of the world economic slowdown. A clear outcome is the creation and saving of the much needed jobs in the economy and in turn, creating a new pool of UIF contributors. Funding is provided as a debt instrument financed by the UIF through multiples of R500 million bonds totalling +/-R4 billion to fund enterprises that will save and create jobs in the course of their business activities.

The parties involved in the fund are the Industrial Development Corporation (IDC) and the Unemployment Insurance Fund (UIF). The IDC is a self-financing national development finance institution whose primary objectives are to contribute to the generation of balanced, sustainable economic growth in Africa and to the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens. The IDC achieves this by promoting entrepreneurship through the building of competitive industries and enterprises based on sound

business principles. The UIF is mandated to collect UIF contributions and to pay out claims.

To date R4billion has been transferred to the IDC's UIF fund calculated at an initial 5% of the total reserves of the UIF for a period of 5 years.

The criteria to consider applications are as follows:

- A maximum cost per job created of R450 000;
- R50 million cap per transaction;
- Jobs created and retained in South Africa;
- Only debt instruments are being considered;
- Transactions can be funded on a standalone basis or on a co-funding basis with the IDC or other institutions;
- Client is expected to make the first drawdown within seven months after approval; and
- Pricing to clients is at a fixed interest rate of 5% for a period of time, after which it reverts to a concessionary variable rate linked to prime.

Whilst the objective of the fund is to finance enterprise development by promoting business start-ups and early-stage development businesses, the programme outcomes are to save existing jobs, creating additional jobs and ensure business sustainability across industries and all sizes of enterprises. With jobs saved and new ones created, the UIF expects an increase in its number of UIF contributors as jobs are being created. To date only 40% of its approved funding has been taken up by the six poorest provinces, namely, Free State, Eastern Cape, Limpopo, Northern Cape, North West and Mpumalanga with jobs totalling 8714 created and jobs totalling 3200 saved. On the other hand, the three enterprising provinces of Gauteng, Kwa-Zulu Natal and the Western Cape provinces have to date collectively utilised 60% of the IDC's UIF fund to fund initiatives that collectively created 19849 jobs and saved 16733 jobs (Source: IDC's UIF fund progress report, August 2014).

Gauteng Province

The Gauteng province is the economic and administrative hub of South Africa and plays host to many emerging industries. The unemployment rate of this province is 23.7 % in relation to the entire country (Statistics SA, 2014). The IDC's UIF fund has seen its largest uptake in the Gauteng province. This uptake is not distributed across potential beneficiaries. The funds were injected mainly in large and existing enterprises thus the UIF's commissioner's wish to focus the fund more towards SMEs and rural areas. As cited in Birch, (1989) jobs were created in the main through small and medium enterprises. Baptista, *et al.*, (2007) study supports the commissioner's view as it found that very young and very small firms in Portugal tended to outperform larger counterparts in terms of employment creation even if they are corrected for the higher probability of exiting.

As at 29 August 2014, approximately R3.2 billion had been disbursed by the IDC's UIF fund, with the Gauteng province leading in up-take of the funds at R 1 373 billion from 81 transactions. Gauteng also leads in the number of jobs saved at 10027 and is second highest contributor to jobs created at 5690. Broadly interpreting the performance of the fund, Gauteng province shows the best performance in terms of uptake of the fund. To date a total of 243 enterprises accessed the fund. However the total net job creation effect directly derived from the IDC's UIF fund transactions is negligible in the context of surging unemployment in Gauteng. About 50% of the beneficiaries of these funds have not met the agreed target in terms of their job creation agreements.

5.2. Demographic profile

Nine Gauteng-based enterprises were interviewed for this study. Data on the roles and positions of the respondents was sourced and recorded. The enterprises interviewed are all owned and led by males. At ownership or management level, there was one female representation in these interviews and she held the position of

Human Resources manager. There was one black African male owned and managed enterprises interviewed.

5.3. Primary Data Analysis

Discussion and analysis of the themes attempt to respond to the primary and secondary research questions based on the following four categories:

- Number of jobs created and saved
- Types of jobs
- Duration of the jobs; and
- Enterprise Development

5.3.1. Number of jobs created and saved

The primary objective of the fund is to create and save jobs through funding enterprises in financial distress and in need of economic revival. The fund also funds enterprises that can demonstrate viable plans to create jobs. With the South African economy experiencing jobless growth, enterprises are being funded through the IDC's UIF to achieve a double dividend. Whilst they become profitable as businesses and owners generate income for themselves, enterprises should in turn afford the unemployed jobseekers employment opportunities so that they can earn an income too. Caliendo & Kunn (2011) arrived at similar findings wherein they state that the objective of entrepreneurial promotion should yield a "double dividend" in income generation and job creation to reduce unemployment. All of the participating enterprises experienced fluctuations in job creation and job saving. The ability of the beneficiaries to meet or exceed the job creation and saving target as per the cost per job formula enables the researcher to establish if this objective is being realised. The themes identified under the number of jobs created and saved category to answer the research question are jobs additionality, jobs saving and job losses.

5.3.1.1. Jobs additionality

Job creation opportunities are critical at all levels of employment. As statistically recorded in the findings, additional jobs were created by the funded beneficiary enterprises. Most of the employers have created jobs at the lower level of their workforce as employers tend to prefer training their own workers and promoting them systematically from within. Workers were recruited into low paying jobs for the employers to save on overheads. Acemoglu (1996) found that the reason why bad jobs are profitable for enterprises is that they can pay low wages whereas good jobs, due to rent-sharing, are forced to pay high wages.

As Broom, D'Souza, Starzdin, Butterworth, Parslow & Rodgers (2006) have noted they allude to the notion of a bad job is better than no job. The unemployment situation that prevails in the country has perpetuated a lack of belief in oneself and the human dignity of those unemployed is eroded to the extent that work seekers take any job that is available through desperation. The concept of decent work is based on the understanding that work is not only a source of income but more importantly a source of personal dignity, family stability, peace in community, and economic growth that expands opportunities for productive jobs and employment (International Labour Organisation, 2010).

The size of firm did not play a role in the creation of jobs in these enterprises. All the nine enterprises across the three development stages encountered similar challenges in job creation. Seemingly all three large enterprises experienced negative job creation and saving outcomes as per the IDC definition of jobs created. For all enterprises, this is due to how the workers were contracted in the created jobs. However, if the definition was to be informed by the changing nature of work debate that has been ensuing in the labour market in the past two decades, a different picture of the job creation capacity of two of these large enterprises would yield positive job creation results. This is contrary to (Birch 1989; Baptista, *et al.*, 2007) who found that the size of a firm plays a role in jobs creation. Some 66.6% of early-stage development enterprises realised their job creation targets *albeit* there were fluctuations between job losses and job creation. It suffices to find similarities of job flows in the study by Faggio & Konings (2003), where they concluded that it is

generally accepted that flexibility of the labour market is an important feature of well-functioning market economies.

Jobs additionality as a concept is defined as creating additional jobs through the funds extended by governments over and above those the enterprise would anyway have created even if the government had not funded the enterprise (Picard, 2001). All nine enterprises required funding to either start a business or expand their operations. Job creation was a desired outcome as they all needed to capacitate their operations to meet their business objectives. This fund was ideal in achieving their goals. Job creation and saving was a condition of the IDC granting enterprises the funding which has not been fully realised as the enterprises have performed below par in relation to the funding received.

Enterprises that approached the IDC for funds for the reason of acquisition of machinery have actually created additional jobs as these machines required operators and indirectly produced additional jobs for low level work of packing. Contrary to the notion observed by Gual (1998, p. 4) that technology displaced workers who have not yet been absorbed by a lagging rate of job creation, there is a direct relationship between machinery acquired and additional jobs created. Thus there is a direct and positive relationship between machinery procurement and job creation and job saving. Though jobs have been created in the enterprises, the endeavours of the enterprises were not sufficient to meet the targets that they agreed to with the IDC. The net job creation effect was 626 jobs fewer than the 2407 jobs they collectively committed to create.

The changing nature of work has resulted in employers engaging the services of workers through contract mechanisms that are favourable to them and not the employees in many instances. Externalisation of labour has become the option chosen by enterprises (Benjamin, 2008). Though the IDC expects jobs created to be permanent, these enterprises have configured their workforce in a way that allowed them to contract workers through labour brokers and engaged their services through

casualization. The unemployed workers found opportunities to work as contingent workers since jobs have been created indirectly by the enterprises. These were jobs that did not exist prior to them being created. The projects being funded gave rise to the opportunity for employment of the incumbent employees. Both employer and workers need to appreciate the changing nature of work (Chenic, Angelescu & Gheorghita, 2012). They point to flexicurity as a strategy to adopt, where the employer's needs for a flexible workforce are to be reconciled with the workers' needs for security, a strategy that will benefit both parties in an employment relationship. In support of this finding Beck (1992, p.143) concluded that traditional divisions between blue and white collar jobs are being replaced by a new one between standardized full time employment and a risky fraught system of flexibility pluralized decentralised underemployment.

The IDC does not count outsourced jobs as jobs created simply because they are not on the payroll of the funded beneficiary enterprise. They do however note them separately. Fixed-term contract work is counted only if it is for a period of three years and more. Overall, jobs have been created in one form or the other and a few jobs have been created even when their duration was under three years. These jobs were needed by the jobholders as they were boost for themselves and to also to the economy. The UIF has been encouraged by the national performance of the fund to the extent that it is considering injecting more funding in future.

5.3.1.2. Jobs saving

The need to sustain jobs that have been in existence and were newly created should be viewed in how the employment relationship is structured. Enterprises that committed to saving jobs underperformed in this regard. Of the four enterprises that committed to saving jobs, only one which is a start-up, achieved that. The world economic conditions have impacted negatively on the enterprises' job saving performance. The business owners possess skills and knowledge acquired over a twenty year period in their respective industries but this did not assist in saving the businesses and jobs. This is contrary to Robinson & Sexton (1984); Dickson,

Solomon & Weaver (2008) who found strong evidence supporting the relationship between levels of general education and experience as well as several entrepreneurial success measures. The created jobs are still sustained in the enterprises that committed to creating jobs, hence the jobs are saved. However, the net job saving effect was negative by 400 fewer jobs that were not saved in all the enterprises that committed to saving jobs.

5.3.1.3. Job losses

Enterprises have a responsibility to grow and sustain their businesses. The fact is that the business owners/ managers in the enterprises have been in their respective industries for more than 20 years. These business owner/managers have technical competencies in their trades but lack the business expertise that would empower them to execute their roles effectively and successfully to preserve both their businesses and jobs. Large enterprises and start-up enterprises are struggling to save jobs, hence the job losses recorded.

As indicated earlier, the performance of the businesses is contradicted in the studies by (Robinson & Sexton 1984; Dickson *et al.*, 2008) who found strong evidence supporting the relationship between levels of general education and experience as well as several entrepreneurial success measures.

This was not the case for saving the jobs as the businesses downsized and others were sold off, leading to job losses. There is no job guarantee in businesses that were sold off. Praag & Versloot (2007) found that the risk of high probability of dissolution of small sized firms makes the jobs they create less secure as a result they are not valuable and long-lasting.

When jobs were lost, the burden of job losses eventually landed on the UIF as it had to pay unemployment benefits to those who lost their jobs bringing the much needed relief in times of no income, something which the UIF was hoping to address by

funding enterprises in financial distress to create and save jobs. Through the Department of Labour the workers who were laid off have to ensure that they are reemployed in the labour market by registering with the public employment system, a service not known to most of these enterprises. Seemingly, from the enterprises' responses, the world economic crisis of 2008 only had an impact on businesses that were serving the international market and those that were procuring manufacturing components abroad.

The status of businesses registered as cooperatives has given them legislative protection and competitive advantage above other businesses registered as companies and closed corporations. The cooperatives are not bound by the labour laws as the workers are members/owners of the business and make business decisions to suit themselves as owners and not as workers whilst working. Benjamin (2008) also observed this phenomenon. This has infringed on the capacity of the beneficiary enterprises to compete on a level playing field.

5.3.2. Types of jobs created and saved

A decent work approach to creating jobs should be the cornerstone of all government job creation and saving initiatives. Under this category on types of jobs created, the following themes have emerged: workforce skills profile, recruitment methods, recruitment criteria and composition of total compensation package.

Enterprises have complied with the bare minimum of legislative and policy requirements that government enforces. Legislative and statutory compliance together with lack of educated workforce were seen as hindrances to how they would want to engage the workers.

5.3.2.1. Workforce skills profile

According to the Quarterly Labour Survey (2014), the unemployment rate in South Africa is 24.1% with the youth unemployment reportedly sitting at 64.8% (OECD, 2013). The nature of the business and industry plays a role in the type of skills that enterprises need. Start-up enterprises recruited skilled workers as these skilled workers are the engines that drive the core business objectives. Early-stage development and large existing enterprises targeted unskilled workers, most were unskilled, followed by semi-skilled workers and lastly skilled, for all three stages of, i.e. start-ups, early stage development and large existing enterprises. Skilled and semi-skilled jobs in some industries are not necessarily professional jobs. They are jobs whose competency is acquired through experience and no formal education was necessary. Most job incumbents did not have an education but through routine and repetitive performance of tasks have gained the knowhow. The availability of a large pool of unskilled and unemployed jobseekers has benefited employers whilst at the same time it presented job opportunities for the jobseekers. Conley & Dupor (2013) had similar findings where jobs were created in the United State of America during the economic recession of 2008 through the American Recovery and Reinvestment Act (ARRA). This illustrates the effectiveness of government designed initiatives that accommodate the recruitment of the large pool of unemployed and unskilled job seekers in South Africa.

5.3.2.2. Recruitment methods

It is important that recruitment methods were inclusive and reaching out to the most vulnerable and needy unemployed and unsophisticated job seekers, ensuring that job opportunities were publicly availed. Large enterprises indicated that they used the referrals or word of mouth recruitment methods in the main. The researcher finds this method limiting the access of job opportunities by the general public as only those in the proximity and circles of workers currently employed in the enterprises know about the job opportunities. The employers have opted to use factory floor referrals to recruit and manage the situation internally. The recruitment method of word of mouth used in these enterprises indicates that management has succumbed

to the powers of the factory floor workers to avoid hostilities towards new recruits. The existing workers own the factory floor as they decide who gets employed in the factories. This is a way of managing work place dynamics.

Labour broking was used extensively to recruit workers by large existing and early stage development enterprises. This practice comes with costs that start-up enterprises would generally want to avoid as they were found not to be using it.

Casual labour was used by one large and one early-stage development enterprise in instances that these enterprises required gap filler resources to meet an increased product demand. Casual labour as a trend was not used in most of the enterprises as the IDC's UIF conditions of funding dictates that jobs that were to be created were to be permanent.

Labour brokers bring in foreign labour to compete for jobs for which South Africans have skills as stated by the Deputy Director-General at the Department of Labour and a start-up enterprise respondent. The skills mismatch is prevalent in the country where jobs are there but no matching requisite skills are available. The country is in dire need of addressing the unemployment crisis and bringing in skill at low level jobs is defeating the job creation objective meant to alleviate the South African unemployment situation. Tunisia is experiencing a skill mismatch similar to South Africa as found in the development policy review study by the World Bank (Antonio & Rijkers, 2014, p.172). However, the ILO in the report titled "Is education the solution to decent work?" found that overall, under-education is a cause for concern. This is particularly true in low-income countries where, on average, 51 per cent of youth in non-vulnerable employment are undereducated, rising to 69 per cent of youth in vulnerable employment in countries under study (Sparreboom & Staneva, 2014, p.27).

5.3.2.3. Recruitment criteria

Most of the IDC's UIF fund beneficiary enterprises do not enforce minimum education levels as they are willing to train the workers to undertake their new tasks,

except that the candidates must know how to read and write. This presents opportunities for the unskilled jobseekers to be absorbed by the labour market. Two start-up enterprises wanted experienced workers to ensure that they can get on with the job as soon as they are operational. They did not have time to train or nurture unskilled and inexperienced workers as it turns out to be time consuming and costly. At the same time the employers opted for the unskilled low level employees as they do not want to pay decent wages in line with the job requirements over time. Acemoglu (1996) points to the trend of employer recruiting workers into low paying jobs as they do not want to pay for skilled workers.

The current challenge that South Africa is facing is structural unemployment where the country is sitting with a large pool of unskilled and uneducated job seekers and the demand for skills in the labour market space is for skilled workers. Schmitt (2005) also found that being in a good job depended heavily on education level as good jobs fell dramatically for workers in lower levels of education. The country's youth unemployment rate is at 68.4% which translates to 28.2% in Gauteng. The lack of use and lack of knowledge of the Department of Labour's Public Employment system which has a large database of registered unemployed jobseekers points to the fragmentation of government resources. The IDC should have directed the beneficiary enterprises to use the system as a condition of the granting of funds.

5.3.2.4. Composition of total compensation package

There is inconsistency with complying with the ILO decent work agenda which is an indicator of whether jobs are good or bad as well as labour market laws governing employment. All beneficiary enterprises have complied with the UIF Contributions Act No. 4 of 2002, which is only one aspect of the social security package defined in the ILO decent work agenda. They also have not complied with the other three characteristics of a decent work agenda. These enterprises have infringed one or other law governing the labour market. The fact that these are UIF funds, an entity of the Department of Labour responsible for creating a conducive labour market environment and the custodian and signatory to the ILO convention on decent work,

does not auger well for the relationship of the two government entities. The IDC has not applied itself to the role it ought to play in this fund beyond its primary mandate of funding beneficiary enterprises.

Based on their industry specific bargaining councils and collective agreements as well as the decent work agenda, the compliance levels were that all three large enterprises were largely compliant with the decent work agenda and the labour legislative environment at 86.6%. However, they were not attuned to the worker's rights to representation and medical cover is selectively offered by the companies. There is 73,3% compliance in start-up enterprises with workers being subjected to the bargaining council's sick funds for health benefits and no pension fund provided. The fact that the companies do not offer medical aid but workers have some health care through the industry bargaining councils, should not be regarded as being provided for by the company, hence, the true statistics for start-up enterprises compliance level is 66%.

Early-stage development enterprises have a 40% compliance rate with pension contributions, minimum wages and workers' rights to representation being flouted. They also have workers covered by the industry bargaining councils' sick fund. If not added since it's not provided for by the employer, then the compliance levels are 46.6%. This is an indication of the level of noncompliance to the Department of Labour's policies and statutes by both the early-stage development and start-up enterprises. It further demonstrates how the enterprises have evaded complying without being detected.

The lack of monitoring by the IDC or supporting government departments is notable in this regard. (Pages, *et al.*, 2009) similarly found that government inspections concentrate more on large firms, giving comparative advantage to micro and small firms producing similar goods and services, allowing them to gain market share at the expense of large firms. Whereas Charles, Hamilton, & James (1990) found that jobs created by small firms are less desirable because they tend to exist for a shorter period of time, pay lower wages, and have less generous fringe benefits in terms of

health insurance, vacation, and pension plans. In addition, they argue that small firms tend to have poorer working conditions, provide less job training, and have higher job turnover rates.

5.3.3. Duration of jobs

The category on the duration of jobs identified types of contracts and the duration of employment on average as themes. The changing nature of work has eroded the job security of workers. Osterman (1998) concurs with the analysis that jobs created through this fund in these enterprises are insecure. However, the large existing enterprises sampled in this study have been operational for more than 12 years with average job tenure of 8 years amongst them. Based on the IDC formula that determines a permanent job for contracted and seasonal workers, jobs created in start-up enterprises were lost, with many jobs contracted through labour brokers. This renders the workers fixed term contractors. According to Osterman (1998) in America there was a slight worsening of employment stability in that the chances of holding the same job for a four-year period are worse. I found the enterprises having a level of job insecurity.

5.3.3.1. Types of contracts

All enterprises employed some workers as permanent workers to justify IDC's cost per job criteria. However most of the enterprises have contract workers for less than three years and have submitted the job creation numbers that include these jobs to the IDC as the numbers of jobs created, hence, the enterprises' interview data gathered differs from the IDC reports. This was done irrespective of the IDC requirements for contracts of at least three-year duration. Labour broking was used by more than a third of the enterprises to curb off their human resource administration burden and to evade the onerous labour laws should they not wish to continue with the employment relationship within a short space of time. This is now seen as a new phenomenon of the changing nature of work as observed by Benjamin (2008). Enterprises have used labour brokering and casual labour in their core functions on the factory floor. The enterprises stated numbers during interviews that are lower than those on reports of the IDC.

Employees and casual labour are contracted through labour brokers. This is a triangular relationship where recruitment, dismissals and employment function is performed by the intermediary, while the task side of the relationship is not outsourced (Cohen & Moodley, 2012). This is done to manage the overheads of the engaged enterprises. Similarly Connely & Gallagher (2006) concur that this form of contracting is for organisations to accomplish the goal of staffing without the burden of long-term financial obligations. Furthermore, job holders are paid by the labour broker whilst they can be physically found on the factory floor. Their employer is not the same as the factory site where they work in that the factory floor is far removed from the employer site. Cohen & Moodley (2012) state that in other instances the identity of the true employer is obscured and such employees are deprived of legal protection as a result.

Casual labour was used by the one start-up enterprise and early-stage development enterprise when there was an increased market demand for products and the productivity levels needed to be increased. Cohen & Moodley (2012) noted that an increased reliance upon outsourcing and sub-contracting arrangement has given rise to casualization of the labour market and an unregulated and insecure labour force. Some of the enterprises find themselves not meeting the targets for job creation and job saving because they used the types of contracts that landed the employees in the labour broker books as they are paid in the payroll of the labour broker and not reflected in the beneficiary enterprise books. These jobs are placed outside the definition of what the IDC defines as jobs created, resulting in the enterprises not meeting their job creation targets. These enterprises also stand the risk of not qualifying for funding in the future should they need it.

Fifty percent of all enterprises have used labour brokers and of these two are start-up enterprises, two large and existing enterprises and one early-stage development enterprise. These enterprises are more concerned with avoiding their human resource administration task and tax compliance that goes with the recruitment and management of staff. The fact that almost all these enterprises give three month fixed-term contracts or probation terms to workers so that they can dispose of them

when assignments are completed or should they not meet the culture fit of the companies shows the extent of the level of job insecurity the workers find themselves in. It can also be concluded that most of the enterprises did not use casual labour as it was not beneficial to the attainment of the IDC's UIF fund objectives.

5.3.3.2. *The duration of employment on average*

Based on the stage of development of an enterprise, the average employment tenure of workers is relatively above the three years which the IDC propagates for both the large, existing and early-stage enterprises. It suffices to note that large enterprises approached the IDC for funding long after they have been in operation and already staffed. A high churn rate was experienced in two of the enterprises for skilled jobs compared to low-end unskilled jobs. In the case of start-up enterprises, there have been job losses in the last two years resulting in shortened job tenures. However, workers performing the core functions of the business have been with their companies for the period of existence of these businesses which ranges from four to five years.

The IDC definition of what comprises a permanent job is at least tenure of a minimum of three years. Jobs created in these start-up enterprises have not been of longer than two years. Praag & Versloot (2007) contend that the risk of high probability of dissolution of the firms makes the jobs created under the said negative circumstance less secure, as a result they are not valuable and long-lasting.

5.3.4. Enterprise Development

Under the category on enterprise development, the research identified financial and non-financial support as themes that emerged.

The decision to grant the applicants funding under the IDC's UIF fund is made by the IDC internally after assessing the job creation proposals of the applicants. The beneficiary enterprises in the main have honoured the spirit of their IDC funding agreements. The enterprises have the ability to exceed their job creation targets in terms of their business cases or models but they have not done so. Instead they have lagged behind in meeting their job creation and job saving targets. The monitoring and inspection role of the IDC has not lived up to expectations as observed by beneficiary enterprises to ensure that the targets are met.

There is a heightened expectation by the UIF and the Department of Labour to have the IDC play an effective monitoring role. This function has not been performed adequately. The IDC's industrial development role should be understood as just that. However, partnerships with other government departments broadly in areas in which it does not possess expertise should be entertained and supported.

The role of the IDC with regard to enforcing Department of Labour applicable legislation and promoting the use of government fora and services for the enhancement and reduction of unemployment during the funds application stages has been non-existent.

Many of the beneficiaries were not aware of the existence of the Public Employment Services. There was no adherence and commitment to upholding the labour laws among early stage development enterprises.

The beneficiaries went to the IDC to apply for funding and the development fund managers decided what fund to place them in on the basis of the jobs to be created. It can be concluded that this fund is not known to the market broadly. As things stood, there was still an underspent amount of R236 million by end of January 2015.

The underspending of funds affects the number of jobs that could have been created or saved. The delayed turn-around time cited by enterprises in getting approval of applications or draw-downs could have had an effect on the funds not spent in the time that was envisaged, thus impacting on the number of jobs created and saved. This is despite the Development Fund Manager's contention that the underspending is due to generally bad economic times. Acs & George (2002) found that more entrepreneurs are created at the time of a recession, though they do not survive at times of a boom as mostly have become entrepreneurs out of necessity. South Africa is also in recession as the effects of the 2008 world economic meltdown are still being felt with the unemployment rate not coming down; hence, government strategic adoption of the enterprise development in the time of recession.

5.3.4.1. *Non-financial support*

Most beneficiaries did not apply directly to the IDC for the IDC's UIF fund. They had gone there to broadly seek funding. Of these, the majority are not financed by the IDC for the first time and they therefore were of the view that they were in a fund that was similar to their old fund. The fund is not known to those who are outside the IDC. First time entrepreneurs are also left out of the benefit loop to access the funding as it is not marketed separately within the IDC.

The need to give beneficiary enterprises support other than financial support is clearly important for the survival of those enterprises that require the service. Two of the start-up enterprises have experienced job losses whilst one has been unable to meet the loan repayment obligations. The challenges they cited are attributable to lack of managerial and business expertise. There is a role to be played by the IDC in these enterprises over and above the financial support and providing financial management skills. Keuschnigg & Nielsen (2002) state that while the entrepreneur's effort certainly is critical for the venture to have any positive chance at all, the financiers also contribute with valuable business advice to further enhance survival rates.

5.4. Conclusion

This chapter sought to analyse the findings on creating and saving jobs through the IDC's UIF fund and also to establish the type of jobs created.

The fund is a progressive fund that was accessed by beneficiaries with the understanding that they will create and save jobs as they expand or save their businesses from financial distress. The analysis of the data gathered points to an average performance of the fund in meeting its objectives. The importance placed on providing enablers to creating and saving jobs should be noted. These range from strengthening of policy, legislation, enforcement and addressing implementation gaps that must be closed to ensure that jobs are created and saved and the critical importance of creating good jobs.

6. Chapter 6: Conclusion and Recommendations

The chapter consolidates and draws to conclusion this study by finding that no substantial jobs have been added and saved relative to the funding disbursed to beneficiary enterprises and that the jobs created are not good jobs as they do not bear all the characteristics of good and decent jobs.

This study was undertaken as a case study on creating jobs through the IDC's UIF fund. The data was collected from documents and through individual interviews with nine enterprises of different stages of development, two policy makers and a development fund manager. The data sourced answered both the primary and secondary questions being: Are there additional jobs created through the IDC's UIF fund and what types of jobs these are?

6.1. Conclusion

From the demographic analysis, evidence from the IDC database of beneficiary enterprises documentation and the sample selected, the researcher found that access to the IDC's UIF fund was mainly by white male owned and led enterprises. Women and Africans in general were broadly not applying for the IDC's UIF fund. The level of the fund's exposure to the rank and file citizens of this country is very minimal.

The job creation and job saving targets agreed to between the IDC's UIF fund and enterprises were not met by 66% of the beneficiaries where they experienced fluctuations in sustaining the jobs created and saved. Jobs were created and saved but there have also been job losses even after funds were injected into the businesses. This has yielded a minimal net job creation effect of 400 fewer jobs saved with large and existing enterprises being the worst performers in creating jobs.

The workforce recruited in the enterprises has been the unskilled workers in the main. This is an indication that the government enterprise development programmes targeted at job creation have yielded positive outcomes since the current unskilled pool of South Africans have been absorbed into the labour market. There is still a window of opportunity for the unskilled and unemployed job seekers to get employment as all the enterprises interviewed do not always emphasise academic qualifications as a requirement. However, the future of the South African economy rests with a skilled workforce. Currently the country has a skills mismatch that characterises the structural unemployment it faces. This has to be addressed by an improved education system that is responsive to the labour market demands. This argument is supported by The Expert Group on The Challenges of Building Employment for a Sustainable Recovery (2011) which cited skills enhancement as absolutely crucial in improving the employability in India. This is possible only if the working population is educated and acquires the requisite skills. They further cited importance of a technical and vocational education system lies in the fact that it imparts necessary skills which improves employability of the workers and thereby improves quality of life for the workers, and enhances industrial productivity.

The Department of Labour's public employment system and programmes are not in the public domain; hence enterprises do not know about the existence of such free services.

The South African government as a signatory to the ILO Geneva convention on decent work should ensure that the fund beneficiaries espouse the objectives of the decent work agenda as documented in the ILO – South Africa country programme (International Labour Organisation , 2010). South Africa is enforcing the decent work agenda through the enactment of the Basic Conditions of Employment Act 1997 as amended, and the Labour Relations Act, No. 66 of 1995. The minimum wages paid by the enterprises are compared against the sectoral wage determination of the industry an enterprise is operating in as well as that sector's collective bargaining framework. The researcher's findings informed the conclusion that start-up and early

stage development enterprises should be closely monitored on minimum wages to ensure that workers' rights are protected.

Most jobs created are entry level jobs. It is therefore important that workers have a union representation. Of those enterprises that do not allow for such, they should reconsider their position as it is the worker's right to have union representation and worker protection. Since non-standard jobs pay poorly, lack health insurance and pension benefits, and are of uncertain duration, the unions and labour laws would generally give them the protection. Farber & Waldfogel (1996) found that this is problematic for workers. The IDC should have sensitized the beneficiary enterprises of the importance of complying with all the laws administered by the department.

For the future, South Africa has to promote an education system that prepares scholars for the world of entrepreneurship where exploitation should never exist. The importance of education is further supported by Schmitt (2005) who also found that being in a good job depended heavily on education level as good jobs fell dramatically for workers with lower levels of education. Naong (2011) points to the promotion of entrepreneurial education for the unemployed youth as a remedy to addressing unemployment where youth and unemployed graduates should see themselves as future employers and not jobseekers.

The employment contracts entered into by enterprises and workers are initially of short fixed term. These contracts are structured in response to the changing nature of work. The jobs created have a high level of job insecurity as most are of a contract and casual nature. It can be concluded that the recruitment and employment of workers through the labour brokers is a prevalent practice that is seen as a desirable human resource recruitment method by employers though it has a high level of insecurity for workers as pointed out by Osterman (1998).

No clearly defined agreements as to what the IDC must uphold pertaining to the mandate of the Department of Labour were entered into except that UIF beneficiaries must contribute to the UIF.

The IDC assisted all enterprises that needed assistance in submitting their application with financial management and compilation of management accounts. There is a need for skilling enterprises in other areas as per their individual needs.

6.2. Recommendations

Enterprises that committed to saving jobs underperformed with regard to the job saving objective. The IDC needs to monitor the performance of these enterprises vigorously against the set targets. Government and policy makers need to address the hurdles that stand in the way of accelerating job creation and job saving through the interventions it employs as the net job creation and saving effect has not yielded a good return.

The IDC formula for calculating job creation and job saving does not recognise the indirect jobs created. The nature of work has changed significantly in the labour market worldwide; hence, the contingent contract worker and externalisation of work are trends which are here to stay (Benjamin, 2008). Flexicurity is a model that businesses should adopt by ensuring that the employer's needs for a flexible workforce are reconciled with the workers' needs for security, a strategy that will benefit both parties in an employment relationship (Chenic, *et al.*, 2012). For as long as jobs are going to be created or saved, the outsourcing and contracting recruitment methods for employing workers through labour brokers should be accepted and the number of jobs created through externalisation of one form or the other should be counted as jobs created.

Clear guidelines should be put in place to ensure that a beneficiary enterprise must enter into a job creation or saving agreement when outsourcing work. This must be reported on and the reports submitted to the IDC. In addition, these jobs should demonstrate that they can be sustained for a minimum of three years to qualify to be added to the job creation number and the IDC agreed targets with the beneficiary. The IDC should not find itself counting the jobs twice.

As at 31st January 2015, the UIF reserves were sitting at R102 billion made up of worker contributions. The economy is not growing as it should and thus jobs have been hard to come by. South Africa needs an urgent solution to the unemployment crisis ravaging this country with the youth being the hardest hit at an unemployment rate of 26% (Stats SA, 2014). The UIF should indeed invest and fund the IDC in terms of job creation and job saving through enterprise development funding. This is supported by the findings in the study by Acs & Armington (2004) where they found that “Higher levels of employment growth rates are found to be strongly and positively associated with entrepreneurial activity”. Findings in Baptista, Escaria and Madruga (2007) also revealed that very young and very small firms in Portugal tended to outperform larger counterparts in terms of employment creation even if they are corrected for the higher probability of exiting. The objective of entrepreneurial promotion should yield a “double dividend” in income generation and job creation to reduce unemployment (Caliendo & Kunn, 2011).

Those enterprises in need of assistance in other areas of business operations should be assisted by the IDC. As stated in the OECD reports, aided firms may ask to receive free assistance in developing their start-up and entry strategies. Private consulting firms or firms in the same business are paid by the government to assist the new entrepreneurs if requested (OECD, 1995, 1997).

The IDC should start a partnership with the Department of Labour to monitor and inspect compliance to the requirements for a decent work agenda and all the legislation administered by the department in all the IDC’s UIF beneficiary enterprises. The IDC should actually expand the partnership relationship with the Department of Labour to all other funds it administers. The IDC’s industrial development role should be understood as just that.

The evaluation panel that considers applications for the IDC’s UIF fund should strengthen their evaluation criteria so that broad Department of Labour applicable legislation as well as the programme offerings can be utilised for the beneficiary

enterprises. Among factors to be included in the criteria should be compliance to labour laws and the decent work agenda, as well as the use of the Department of Labour's Public Employment System for recruiting jobseekers.

The IDC's UIF fund should be marketed separately to create the awareness of its existence and its objectives to the broader qualifying South African public. A joint effort between the UIF and the IDC should be undertaken. The focus should be towards attracting female and black male applicants through aggressive marketing and promotional campaigns aimed at increasing the fund's uptake among blacks and females in particular (Stats SA, 2013). This could be done by taking the fund to the local townships of Gauteng i.e. the revival of the township economy strategy of Gauteng.

In conclusion, further research will be desirable as it is the researcher's view that the scale of the research was small and was located in one province. This study was a case study limited to Gauteng whereas the IDC's UIF fund is a national funding programme. It will assist both the IDC and the UIF to undertake the same research on a larger scale, either in more provinces or on a national scale to generate information that will be generalizable.

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APPENDIX

Appendix 1: Consent form

Dear Sir / Madam.

Hello, my name is Masodi Xaba. I am conducting research to explore the process of Creating jobs through the IDC's UIF fund. You are kindly being asked to participate in the interview I am conducting about your knowledge, experiences, and the role of the programme and how it has benefited you. Please note that your participation in this regard is purely voluntary, anonymous and does not have any immediate benefit to you whatsoever. We do not see your participation bearing any risks or discomfort for you. Be assured that the results of this research will be kept to the maximum confidentiality possible.

General Instruction

Contact details for enquiries

Ms Masodi Xaba: Project Coordinator @ 0784386460

Dikgang Motsepe: Research Project Supervisor

Appendix 2: Interview guide

Demographic Information

- Please indicate the name of your organisation/business.
- What is your position in the organisation at this present time?
- In which industry are you?
- What would your enterprise be classified as? Please circle your choice
 - Start-up enterprise
 - Early stage development enterprise
 - Large existing enterprise

SECTION 1: Questions on number of jobs created

1. How did you get into business?
2. When did you start your business?
3. What made you approach the IDC

4. What are your business growth/expansion goals?
5. How were you going to realise your business goals
6. Would you have raised the funds to fund your business operations had the IDC's UIF fund not approved your application?
7. Do you understand the funders' funding expectations/ outcomes?
8. How did you find meeting these expectations? Visa vi challenges?
9. Did you have employees in your business before you approached the IDC's UIF fund? How many?
10. Have you restructured your organisation in lieu of your business goals since your business was funded?
11. If so, what were the objectives of the restructuring?
12. What is number of employees employed in your business today?
13. Since the funds have been given, did you get more employees or did you reduce?

SECTION B: Types of jobs created

14. In the main, what do your workers do when they come to work?
15. What are the requirements for doing the job?
16. Where would you pack their type of work/ operations? Unskilled, semi-skilled or skilled?
17. What is the % spread of skilled, unskilled and semi-skilled workers in your business operations?
18. What type of jobs were created in line with the IDC's UIF fund?
19. What criteria do you use in recruiting employees?
20. Are your employees members of a trade union?
21. Is your industry/sector governed by a collective bargaining framework?
22. Do you compensate your staff on the basis the industry minimum wage?
23. Would you say they earn a living wage? Please explain.
24. What comprises the total compensation package of your staff?
25. Does your business and the employees contribute to the UIF?
26. What is the duration of their employment on average?
27. Is your business dependent on government contracts?
28. If yes, do you have business continuity plans beyond the contracts?
29. If No, do you have market a retained market? Please explain.

30. Are you content with the IDC's involvement in your business?

31. What would you recommend gets changed?

32. Is there anything else you would like to add at this time?