

**A SOCIOLOGICAL ANALYSIS OF THE PROBLEM FACED BY
THE DEVELOPMENT OF THE SMALL SCALE BUSINESS
INDUSTRIES AT ESIKHAWINI IN KWAZULU -NATAL
PROVINCE.**

BY

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**A SOCIOLOGICAL ANALYSIS OF THE PROBLEMS FACED BY THE
DEVELOPMENT OF THE SMALL SCALES BUSINESS AT ESIKHAWINI IN
KWAZULU- NATAL PROVINCE.**

**DISSERTATION PRESENTED IN FULFILMENT OF REQUIREMENTS FOR THE
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SUPERVISOR: PROF H. GLASS

Declaration

I Mbongiseni Cosmos Msomi hereby declare that this study is my own work and all sources used have been indicated and acknowledged by means of complete references.

Signature

Date

Mbongiseni Cosmos Msomi

December, 2002

Acknowledgements

I highly appreciate the assistance I receive from a number of people. Although I may not be able to mention each person by name.

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Dedication

I would like to dedicate this to my daughter Silindokuhle, My aunts Simangele and Thembelihle for their financial support, I also dedicate this study to my parents for their encouragement and support they gave me throughout this study.

Abstract

This study focuses on the problems facing the development of the small-scale business industries at Esikhawini in Kwazulu Natal Province.

The first chapter brings forth the primary information about the small-scale business as it started in other countries does. It came to South Africa with the missionaries from Europe. Via the Mediterranean Sea as their route until eventually reached Africa exchange of commodities begun. The African continent has generally poor infrastructure and because of illiteracy Europeans came to exploit African minerals and took Africans into slavery. All that missionaries introduced was their concern with literacy and religious instructions Missionaries failed to develop an African entrepreneur class.

In chapter two-literature review shows that there are many problems that hinder the development of the small-scale business industries that could not be developed the government. Other authors reveal that the government failed to attend some of the problems because of the lack of skills for running the small-scale business. The geographical location of the business, as some of the business is located far from the source of raw material is another factor. The competition among the small – scale business further made them not to support the communities. Thus resulted in the decline of the small-scale business industries.

Chapter three of the study reveals the purposive sampling method that was used in this study. It is because of its appropriateness to the study, that the data collection was done using self –administered questionnaires. The questionnaires comprises both close and open-ended questionnaires. They were distributed among the workers and the owners of the small -scale business industries

In chapter four the data collected was analyzed using tables and the pie charts, in the data analysis the researcher found that the small scale business industries at Esikhawini were owned by the single untrained people, which contributes to their decline. Most of them know nothing about the running of the business and there is a lot of competition among these business which is a further hindrance to the development of this industry.

In Chapter five, the researcher recommends and concluded that the problems facing the development of the small -scale business industries is the global problem, because it is not centered at Kwazulu-Natal Province only, but all the small-scale industries in the world suffer from similar problems. The researcher suggests that the government's intervention through forming a department that would deal with small-scale industries could make small-scale business industries to develop to some considerable level.

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CHAPTER ONE

HISTORICAL BACKGROUND ON THE DEVELOPMENT OF THE SMALL SCALE BUSINESS INDUSTRIES

The research discusses the problems facing the development of small-scale business industries at Esikhawini Area in KwaZulu-Natal Province. Small business industries were developed during the 18th century in Europe. During the early 19th century these came to be introduced in African, mainly to the north of the equator. The north of Africa was the first to experience industrial development, because of the Mediterranean Sea. European countries especially France used the Mediterranean Sea as the Sea route to north Africa.

The African continent has poor infrastructure, and because of illiteracy Europeans came to Africa to exploit African minerals to Europe and some African people, as they were regarded as cheap labor. The people who were working in the mines created by the Europeans needed to have something to eat the exchange of commodities started. This business was called the local business. The local business had an important role to play in the economic development. The slave business led to African competition, and also the difficulty of obtaining capital. Many governments in the northern Africa are in fact reluctant to see the growth of an independent entrepreneurial class, while some are beginning to recognize the need for indigenous African entrepreneurship. Few of them would

consider real ambitious programs that might involve a major reallocation of resources. Education to native Africans was introduced by the missionaries, who were mainly concerned with literacy and religious instruction. This led to the development of colonial governments. Apart from missionary activities this was primarily to support the localization and expansion of local business, but even these advances could not significantly accelerate the emergence of independent entrepreneurial class.

These new employers offer attractive material rewards, to prospective entrepreneurs that need to be motivated towards self-employment, which needs to be looked up as something better. These African businessmen who were successful have broadened their horizons through contact with travelers working with them for export (Ewing, 1968:62).

Dinwiddie (1974:8) argues that the experience abroad which itself motivated entrepreneurial initiative in the person was to show how other societies are organized, and reveal possible business opportunities which might be exploited at home, by other family members. The African businessmen are directly constrained by their own managerial inadequacies, and the difficulty in retaining profit for expansion, which means although these African business-men have the knowledge from abroad it was not adequate for them to maintain their small scale business industries (Dinwiddie, 1974:8).

The problems facing the indigenous African entrepreneurs in different African countries are strictly similar. Basically these are seen to be difficulties of raising capital and obtaining credit, the lack of appropriate knowledge, experience, skills and the presence of non-African competition. The first two of the problems the financial and the intrinsically personal problem one characteristic of African businessman, to progress. This is at all levels and in all countries. The lack of commercial and technical expertise, together with the collective reputation of Africans being slow in services and repay their debt, makes it difficult for African business-man to obtain either loans or credit through usual banking or trade channels. But no African government yet seems to have attained any proficiency in identifying these problems (Dinwiddy, 1974: 8-9).

The African business-man's failure to desire and maintain direct supervision over any aspects of their business, their failure to delegate significant responsibilities to subordinates or even to the extent that setting up a more fellow Africans, effectively limits their further expansion and directly leads to the financial crisis and personal stress. The financial assistance cannot in itself provide a solution to African business problems, and that is an essential feature of any business promotion programme. There must be a conscious attempt, and to identify, and counteract African entrepreneurial development (Ewing, 1968: 64-65).

Dinwinddy is (1974:10) government recognized, as has already been observed, that the development of entrepreneurship has also been severely limited, by the continued use or exploitation of alien business communities, which became firmly entrenched during the colonial period. This means colonial governments played a significant role in oppressing the development of small-scale business industries in African countries. African business has so far been more directly affected by competition in smaller concerns, mainly run by Europeans in West Africa.

The pioneers in African countryside had to do away with the policy of wait and see, that was introduced by the Asians, and the remained jealous guarding their family and friends for job opportunities. They are politically insecure and socially self enclosed to exploit the opportunities of the African state for business development. For the African business to develop government action was required in order to break into the Asia monopoly, and this itself has not enabled Africa to take off and take over where Asians left off (Ewing, 1968:73)

Dinwiddy (1974:10) emphasizes the point that apart from their managerial inexperience, Africans have to establish their own external business relationship with their suppliers, their customers, and commercial banks and with one another, so that their business would be able to prosper. They also have to establish a working relationship with their governments although that is a difficult task to do. In Ghana the indigenous entrepreneurs have suffered with

the rest of private sector from the repeated changes in successive government economic policies.

In other African countries, with less experienced civil servants, African businessmen have suffered from administrative inefficiencies and bottlenecks. They also need to grapple with the complicated licensing and procedures especially for importing goods which they consider being an unreasonably strict requirement concern. Some small businessmen in Africa are often hampered by petty regulations, which can only be tolerated by these governments because they are not usually enforced on them. Governments at times genuinely seeks the promotion of African entrepreneurial development which probably needs to pay attention to improving the general business environment.

All unnecessary restrictions to business activity must be removed, or select individual entrepreneurs for special assistance. Governments need to improve their public relations as well. This would create a climate, which is conducive to spontaneous entrepreneurial development of to the designed and implementation of successful business promotion programmes. (Ibid:10).

Although the African small scale business industries existed before industrial revolution, they faced a problem which made them fail to uplift the community life and this resulted in their development being low and none at all.

In South Africa indigenous people knew nothing about business. They depended on hunting and gathering for their survival. With the coming of Europeans who wanted to discover Africa, Africans came to learn of their trade. The Europeans reached Cape colony and made a refreshment station there, met Asian ships to get fresh food after a long distance travel. The exchange of commodities began, that was the start of business. There was the arrival of British and Dutch settlers. They built the Dutch East India and Company in Cape Town. This created job opportunities for Blacks, and there was a Land Act of 1913 that forced Blacks to leave their indigenous areas to search for employment in the Dutch East India Company.

Black people were put in the reserves. The reserves were the labour markets for British settlers, where the British got their cheap labour and conducted slave trade. This came as a result of the segregation policy initiated by the white settlement. Blacks were not allowed to use the same business with the white people, and they rather asked White men to buy for them. This led to the development of the small-scale business industries to support people in the reserves, as the White settlers confiscated land that belongs to Blacks and their livestock. The settlers allowed Blacks to cultivate land and surrender a share of their crop to the Government (Coleman, 1983:4). Many White settlers took the law into their hands and simply squatted on the state land. Squatting rights were sold or bought and as if they were legal titles. This resulted in the farmers

participating in the money economy and were supposed to pay a title deed to government (Ibid:5).

The labour movement began as a source of labour in the infant colony in all provinces. Europeans were not willing to use wage labour; they wanted to rely on slave trade (Coleman 1983:10).

There was the discovery of diamond that was discovered in Transvaal. As a result migrated from rural areas to search for jobs in Transvaal. This led to the development of townships like Soweto and others. Social upliftment was needed, small-scale business industries were created to meet some of the community needs. Their businesses was not successful, because they lacked the appropriate structures, and the White government oppressed their development using some acts and policies. In spite of this, small-scale business industries developed and there were a big companies operating in that area.

In Kimberley, the discovery of gold led to the labour movement, because Blacks did not have land to conduct their subsistence economy and support their families. People who lived in segregated areas needed something to fill their stomachs, and they could not go to the white settlers' stores to buy food. They supported each other but the development failed because they were not paid enough and that harmed the development of small scale business industries. In

KwaZulu-Natal province it came with the plantation of sugar cane. The Nguni people flocked to the area next to sugar cane fields and informally settled there. Locations like Umlazi and KwaMashu were created due to the sugar cane plantation, and these locations do not have any small scale business industries that have a backbone, because they have no financial support. Although the small-scale business industries have an important role to play to uplift the communities' living standards, they fail to meet full requirements because of problems that have made some of them to collapse.

The Esikhawini location came as a result of two giant companies namely, Allusaf and Richards Bay Minerals. Esikhawini is the labour market of these companies where the firms draw their labour forces. This small-scale business has failed to support the community, since it lacks all the necessary things to sustain them.

Today the government is busy preaching the gospel that people must develop themselves. The only way for someone to be independent and developed is through making something to rely on, like a business. To own a business one needs to have adequate funds and qualified staff.

Government is preaching, but fails to implement it like giving subsidy to the people of the small-scale business for them to develop, because these people or the owners of the small business are not trained to run their businesses. So the

government was uncertain as to whether business owners would be able to return their money. The owners of the small-scale business industries know nothing about trade. They are working to satisfy their family needs.

The insecurity of the small-scale business also led to the shortage of the funds to assist their development. Most of the small-scale business industries lack the fixed property that would serve; as security should they fail to pay back their borrowed money. For this reason, the banks fail to assist the owners of small businesses. Banks are afraid that they would operate at a loss by supporting them if the business collapses.

1.2 STATEMENT OF THE PROBLEM

The problem about the small-scale businesses is the location of the business itself. Some of the small-scale businesses are situated on the veranda of another shop, where people would have no interest of buying anything sold there, but to enter the "main shop". The small scale business industry, including those who do not have their own shelter or office to operate and tuck shops, have some health effect, as people are passing in front of it. These passer-bys bring dust and viruses, which may harm any customer that buys such products. Other products are perishable that they lose their quality, as people do regularly not buy them. The small-scale business industry usually sells the same products

that create competition among them. Some of them are disposed to sunlight or rain, which may have an effect to human life.

1.3 AIMS OF THE STUDY

- Broadly these indicate the important role which small-scale business industry plays, in uplifting the standard of living of the poor people around Esikhawini.
- On a larger scale this is also to explore the role played by the provincial government, in financially supporting small-scale business industries for their ownself sustainability.

1.4 MOTIVATION OF THE STUDY

- Government neglected the small-scale business industries, but they are persistent that people must develop themselves.
- Small-scale business industries can fight unemployment if their owners could be well-trained and business is formally located.

1.5 GEOGRAPHIC AREA OF STUDY

The Esikhawini area is located between Empangeni town in the northern KwaZulu-Natal province. It is very close to the N2 road to Durban. In terms of kilometers, it is about 22km south east of Empangeni, and

160km in the north of Durban and 22km south east of Richards Bay.

Esikhawini was established in the 1977 and the area is predominantly occupied by Blacks, who are Nguni speakers. The population is about 60000 and the area is in to the north coast.

1.6 RESEARCH METHODOLOGY

The researcher will use the survey research method in his study. This researcher will use both the closed and open-ended questionnaires.

- The researcher will use the close-ended questionnaires to avoid the unnecessary answers from the respondents. The open ended questionnaires will be used for the respondents to express their views about solutions to their problems
- The researcher will use the descriptive method as the method to describe the problem facing the development of the small scale business, as it is appropriate to elicit the information to the respondents
- The researcher will distribute 50 questionnaires to the respondents for data to be collected. These questionnaires will be self administered.
- In analysing the data, the researcher will use both quantitative and qualitative methods to analyse this data.

1.7 THE VALUE OF THE STUDY

This study, hopefully, will bring to the Government's attention, of the need to assist the development of the small scale business industries, because those businesses form a basis of the economy in the country. The Government must see to it that all the owners of the small-scale business industries get proper training, to sustain small business industries development. The Government must try all possible means to bring about security to those, who wish to start small business, so that big companies like (banks) would assist them financially. Small-scale business industries are the only tools to fight the unemployment rate as the well as crime rate in the country. It would also bring about the upliftment of communities.

CHAPTER TWO

2. THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 THEORETICAL CONSIDERATIONS

- **Traditional Development Theory**

The study is based on the traditional development theory of Deldwin (1989: 88-89) under the classical view. His monumental work was an enquiry into the nature and causes of wealth of nations. His main concern was with the problem of economic development and he wanted to discover the economic growth came about and what factors and policies impede it.

According to Deldwin (1989: 92-95) division of labour was the key to increase productivity and development of the small-scale business industries of the under developed countries. He observed that workers specialize in specific activities rather than undertake several production tasks that is not known by the entrepreneurs of the small-scale business industries. He noted that collectively they could produce more with the same effort.

Deldwin (1989:99) said the division of labour can not take place on large scale unless workers can use specialized machinery and equipment. He also emphasised the need for an economy to accumulate stocks of the

capital goods in order to enjoy the benefits of higher per capital income levels.

- **The Ability to Accumulate Capital**

Capital in turn depends upon willingness of the people in the economy to devote a portion of the productive recourse over which they have control of the production of the capital goods rather than the consumption goods. That is their willingness to save and invest rather than to consume their entire income. This was done by owners of small-scale developments.

ENKE (1963: 214 -216) argues that the matter of the limitation of division of labour is the size of the market. If the market is too small demand will be insufficient to buy the goods produced under the mass production methods. Rising income levels tend to expand the market for most commodities new customers also could be found in other countries.

If the small-scale business industries are able to develop it tends to be self-sustaining and gives some initial capital stock and adequate market possibilities. The division of labour also increases saving and investment and the benefit of labour division is an increase of the flow of new and better ideas for producing commodities (ENKE, 1963: 217).

- **Hirschman Hypothesis of Labour Productivity**

Hirschman (1971: 108-117) in his theory of labour productivity contends that the poorer efficiency of labour is caused by the unsuited modern techniques that make the price ratio and the market size not to favor good economic sense from the entrepreneurs' viewpoint. The entrepreneurs in the small-scale development fail to adopt modern techniques when his input coefficients would be comparable with those of an entrepreneur using the same technique in the advanced countries.

Hirschman (Ibid) emphasizes the point that the poorer efficiency entails addition of labour requirements to run any technique. The labour coefficient would be high in the underdeveloped country if one compares it with that of the advanced countries, using the same technique. The magnitude differentials between the two firms evidently depends on the magnitude of the efficiency differential. This may in turn depend on the characteristics of the technique chosen and in particular, on its capital intensity.

The small firm in less developed countries should adopt more capital-intensive technique than a simple comparison of factor price ratio between

small firm in less developed countries and industrial countries. Hirschman (Ibid) emphasizes that the labour in the small-scale business industries in less developed countries is always inferior in some constant degree, whatever the capital intensity of the technique. His assumption of a constant degree of inferior of labour co-efficiency differentials between the small in the less developed countries and the one in the advanced countries, whatever the capital intensity of technique might be.

He further expresses his different viewpoint regarding this relation between capital intensity and labour efficiency. His contention is that labour performance in both advanced and less developed countries is almost identical when capital intensive techniques are used while it diverges considerably for labour intensive techniques (Hirschman, 1971: 135-136).

His viewpoint on certain types of factory operations and industrial technologies perform a crucial function in raising labour productivity especially in the small-scale business industries in less developed countries at the level of individual factory operations. Labour efficiency will be in machine paced operations and provide for steadiness of pace and regular brief rest periods, which the inexperienced self paced worker has difficulty in observing. As a result productivity in the small-scale will tend

to be less unless developed countries will tend to be comparatively higher in industrial operations that are primary machine paced. (Ibid, 140-142).

In this theory he also looks at the production process as a whole with the application of modern technology which helps management to co-ordinate efforts and consequently this too tends to improve labour productivity. The degree, to which modern technology facilitates co-ordination varies from one industry to another. It is likely that to be higher in process entered as opposed production centered industries.

When he formalizes his argument he further assumes that process centered industries are made up of machine-paced operations and therefore can be equated with capital intensive technologies defined in this way. These are best suited to promote both efficiency of labour and co-ordination efforts.

He concluded by saying that the labour in the small industries of less developed countries and advance countries differs when capital intensive techniques are used, while they diverge for labor intensive techniques (Hirschman, 1971: 149-152).

2.1.2 Theory of Derived Development

Low (1975:189-193) said that for the development to take place the small industries need to follow four steps of development, that is, motive force, the process, goals and consumption-oriented development.

- **The Motive Force**

Low suggested that the entrepreneur is not the main propelling force in the development of the small and large industries. He said the reason why some countries remain static while others get advanced is the difference in national endowment with entrepreneurial qualities. The mistrust of industrial ventures, the remnants of a feudal past have all contributed. The role of entrepreneur in the small industries of less developed countries will expand as the countries progress and they could become a dominant role and make development of a country much more easier (Low, 1975:189).

Low said the development process today seems to be predominantly a social national and also nationalistic one to the greater or lesser degree. The government is its most conscious active agent for intensely felt

popular demands which gives it a wide spread desire for higher living standards which lie behind these demands, which must always exist. These are made into a real force by the dawning realization that progress is possible. Government actions and mass impulses today seem to be the most characteristic motive force of economic development.

• **The Process**

If we give government policies and mass impulse into being as the main motive forces and analysis of their origin and functioning it should lead us to the understanding of the characteristic process of development. There are two aspects of development processes. The first has to do with low the process which is started. What are the stimuli that cause the economy to break out of mould stagnation or to accelerate from a very low rate of growth? The second aspect relates to the character of the continuing development process and how low might it keep going (Ibid: 191).

Trade has been a strong motive of industrial development. There is, however, the danger of being cut off from foreign supplies through depression and the consequent loss of export markets. The industries need to combine pressure and widening of horizons that have started off or accelerate the development drive. If one tries to separate the multiplicity of forces into two categories there would be a problem in

development and one would need not to classify them but to understand them.

- **Goals**

The entrepreneur does not play the first fiddle in derived development neither could his profit rank first among the goals of his process. However, his profit is not a national objective as formulated by government nor people. Neither government or people are primary movers, the forces of development drive is almost inevitable directed towards higher consumption that results in a higher living standard (Low, 1975: 191-193).

- **Consumption Oriented Development**

Consumption oriented development is based upon production. It draws its motive power from the pool of supply, as the development process is predominantly oriented towards consumption. It relies on demand that is inevitable and the one of the facts that the process is based on not on innovations. We can find it reflected in the pacific of saving in the secular tendency towards inflation in the failure of the market process to be fully effective in distributing resources. The profit and business success is upon social security and equality of income (Low, 1975: 189-197).

2.1.2 The Balance Growth Theory

Enke (1959: 256-271) in his theory of balance growth argued that the inducement to invest is limited by the size of market. This is not money demand nor the number of people in the physical sense, but the reduction in any cost of production tends to have that effect.

So the size of the market is determined by the general level of production capacity by means of capacity to produce the level of productivity on the use of capital as the capital can inhibit to start the small size of market. The people engaged in the new industry would not wish to spend all their income on their own product like the people who did not want to give up some of their present consumption in exchange for an annual pair of new shoes. These things would be available for a shoe worker to make up the balance in their own consumption needs. The lack of buying power cramps the inducement to invest in any industry.

Every increase of production and distribution without miscalculation among all kinds of produce in the proportion with private interest, would dictate or create and this constitutes its own demand. However, the increase of one product alone does not create its own demand. An

increase in production over a wide range of consumables, so balanced as to correspond with the pattern of consumer's preferences does create its own demand.

The ordinary price incentives many bring about small degrees of balance growth through the action of creative entrepreneurs produce inputs spurts of industrial progress and the production of desired effect, and whether the balance growth is enforced by government planning.

They need also to balance the imports and exports of goods because the weakness of the market incentive for private investment in the domestic economy of low income area could affect domestic as well as foreign capital, as the domestic saving could tend to be unproductive. The private investment is governed by the pull of markets demand (Enke, 1959: 256-271)

A balance of increase in production generates external economies by enlarging the size of market for each industry even if we abstracted from political and other risk factors. There is no guarantee that emanates individual businessman would automatically induce a flow of funds from rich to poor countries. An individual foreign investor may not have the

power even if he had the will to break the deadlock caused by low productivity.

There is a lack of real buying power and deficient investment incentives in the domestic economy of a backward area. International investment on private business account is attracted by market and particularly for the poorer countries. The big markets in the past were markets for export to the greater industrial centers and the investment was induced by the investing countries' own demand.

2.1.3 Import Substitution Theory

Harris, (1986: 118-130) argued that the cheapened foreign exchange made the domestic currency more expensive and it was almost impossible to export manufactured goods. The local business must adopt the import substitution in order to eliminate the competition of import goods. The balance of payments problems leads to the introduction of import controls.

The underdeveloped countries import the components and engage themselves in the final assembling process. This is in the hope of proceeding to industrialized level from the top downwards. The import substitution would lead to the development of the domestic markets and

the government needs to control the influx of the goods from outside countries. Prebisch supported the import substitution by saying that the underdeveloped countries demand for industrial imports increases much more rapidly than does the foreign demand for its exports which means the import substitution could try to balance the scale between the import and exported goods (Harris, 1986: 118-130).

The import substitution will increase the domestic production that will be related to the objective of expanding employment outside agricultural sector and it may be contended that industrialization is necessary to provide employment opportunities for the unemployed.

They will absorb manpower that would otherwise become redundant when agricultural productivity rises through the adoption of more advanced techniques. This will make industries of the underdeveloped countries to move from low profit to precocious maturity.

The import substitution theory is the theory that was made to protect the infant industries that is industries that are just starting and unable initially to compete but were made to protect all industries in the less developed countries and it will be the remedy for unemployment (Harris, 1986: 118-130).

2.1.5 The Theory of Mass Production and Advanced Technology

The mass production of Van der Merwe (1995: 127-129) was going hand in hand with George Taylor (Van der Merwe: 121-126) who introduced the theory of scientific management for the industry to have the mass production it needs to apply an advanced technology.

An advanced technology is a method of production, which has been subjected to automation. South Africa represents an inevitable progress in high-technology manufacturing. It is driven by a demand-oriented economy. It makes increase productivity possible, but through its versatility it reflects the design and need a refined and higher quality product and it also with important societal implications.

The development of the productive forces in South Africa has been influenced by similar developments internationally and the productive output dictated by market requirements and multinational company involvement in the South African economy. The exterior market constraints and the demand for surplus value accumulation have forced production to respond by the rapid transformation, which is associated with the capitalistic ideology. It has resulted in the change of production

methods from manual labour to mechanization. So everything is taken from hands by machine. It was also accelerated by the lack of trade unions to resist the mechanization of work.

The new technology has resulted in the change in the employment profile with new labour divisions. There has been an increase in the service sector and the decline in the manufacturing sector. It has led to the wage differential between skilled and other workers. Management power increases as few people are required to control the production process. The impact of technology is influenced by the structure of the organisation and the way in which it was organized. The introduction of automated production process is often seen as a way of increasing control over workers and new technology and needs re-organization and worker disorganization that may create new problems for management (Allias, 1995: 121-124)

2.1.6 Modernization Theory

According to Bauzon (1992: 36-38) the modernization theory flourished within the liberal democratic framework. This did not have the evolutionary bent of its practitioners who conformed with their belief that the democratic countries of the west indeed attained the zenith of civilization, that the rest of the countries of the world must accumulate. It

was further believed that the laissez-faire economic system was the driving force for the small-scale business industries to develop. This is the force behind that democratic system that allowed individuals to be more productive in the pursuit of their interest. For the individual like the small-scale business industries they need to have a collective progress that would reflect the overall progress that the society needs from the little offer of the invisible hand like government.

Enke (1936: 194-202) supported the modernization theory by giving the stages of the economic growth of the small-scale business industries to develop. There to follow five distinct phases namely; the traditional, the take off, the drive to maturity, the mass consumption and post mass consumption. This stage could lead to the development of the small-scale business industries.

The modernization theory was troubled by the criticisms that modernization theorists put a lot of emphasis on the endorserious factors like culture as an impediment to the development of the small-scale business industries. But the group of the cultural sensitive and historical minded. Scholars made a significant departure from their earlier counterparts. This group collectively reflected on this as revisionist modernization theorists. They asserted that modernization was rather the

result of interactions among a multitude of various companies that are unique to each policy: this variable makes it difficult for the small-scale business industries to develop. But the government could bring about a positive change in their perspective of industry and society. The government could intervene in the natural process by recycling some of the sequences involved in the development of the small-scale business industries.

The government was more aware that the small-scale business industry need to be pragmatic about managerial problems, which means their managers, was not well trained. The modernists said the best way of solving these problems was through a shift from the broad theoretical concerns to more pragmatic matters involving the implementation of development policy that was supposed to be followed by the small-scale business industries. That, they argued, would prove whether anything takes place (Enke, 1963: 194-202).

It had become obvious that the development strategies formulated by the modernization theorists were not working for the small-scale developments. If this was the cause it would deep the economic crisis that would exacerbate rather than reduce the problems facing the development of the small-scale a business industries. The large failure of

the modernization theory is traceable to six factors. It is believed that all small-scale business industries followed an unlined path to the same level of development. There is an assumption that the development is primarily a function of endogenous factors. There is also the assumption that the state is a reflection of a community of wide consensus. Its theoretical orientation, which ignores conflictual processes.

2.1.7 Dependency Theory

The dependency theory emerged largely in response to the failure of the modernization theory, which dominated scholarly discourse on the development of the small-scale business industries. The dependency theories emerged and occurred at the time when there was change in the economy, that was brought about by change in the economy. Thus brought about new awareness about the impact of external factors of economic development (Larrian, 1989: 111-113).

Larrian and Kindleberger (1989: 116-117), held the belief, which was common that the periphery nations links with the core nations and was the primary cause of the problems facing the development of the industries, particularly the development of the small-scale business industries, from the base of the economy of a country. Instead of assisting in the development of the industries in the periphery nations, as

the modernization theorists had hoped would occur, the core nations had engaged themselves in virtual expectation of whatever surplus might have been accumulated in the periphery nations. The dependency theory focused on the unequal terms of trade that characterized the relationship between the periphery as the source of material, on the one hand and the core as an exporter of manufactured goods, on the other hand.

This compounded by the observation that the state had not been an autonomous form of external control, that is, it was as seen merely a handmaiden of foreign capitalists. Thus, the result is not only a retardation of economic growth but also a distortion of development of the small-scale business industries.

The small-scale business industries of the peripheral nations were supposed to buy semi-finished goods from the core nations and make the final touches of the product. These semi-finished goods are too expensive and that was taken from the peripheral nations, which means that peripheral nations were alienated from their raw materials.

The dependency theorists proposed that they call for a diversification of the export based on the peripheral countries as well as the acceleration of industrialization through the policy of import substitution. This would allow

growth of certain domestic industries. It was thought at the same time that precious capital be conserved for further domestic investment. It was also advocated that the state in a manner reminiscent of state, should extend more control of the domestic monetary policy and assert independence from foreign and donors and investors. The assumption was that these external actors could have become very dominant in the domestic policy making (Ibid: 21).

The dependency formulation suggests that external constraints to development had been over-emphasized mainly. The international division of labour based on the comparative advantage, and that almost no attention had been given to domestic impediments, such as an unequal land-tenure systems and inflation's that had been brought about by structural rather than monetary factors. The assumption here is that as the core countries developed and specialized in the industrial production, internal political and social structures in peripheral areas were simultaneously affected and there was no development taking place.

This perspective of trying to fight for development of the industries in the peripheral nations becomes known as structuralism. They are both internal and external structural factors in explaining the development of the industries (Kindlerberger, 1958: 57). A business and society are inter-

dependant. This is because if there are problems facing the business people also do suffer because the business will fail to fulfill the needs of the society.

The problem facing the development of the small scale industries in a world wide phenomenon which the literature reviewed indicates that even European countries experience similar problems that African countries are facing (Young; 1977: 62). Choosing the site is the most common problem facing the development of the small-scale business industries. Like other people they choose the location of the place where there are no specific requirements that are related to the company's needs and the customers. The transportation means is also important when choosing the site of an industry and the owner must make sure that the area is not allergic to any family members that would result to a development of such ailments (Boswell 1973: 121). This implies that when you want to start a small industry you need to consider the future planning by making a research about the site of your plan and see whether the view development will take place in that particular place (Young; 1977: 63).

At this juncture we shall analyse the various studies in small-scale industries at both international and local levels. At international level, we shall discuss fully small-scale industries in United Kingdom, Japan, Italy and France. At the local level, we shall focus on African countries, namely, Tanzania, Ghana, Swaziland, Port Elizabeth in South Africa, which of course, is the focus of this research.

The selection of the above countries is based on different historical backgrounds that influenced the small-scale industries in the above countries. Undoubtedly, the different ideological backgrounds of the respective countries had much influence on the success and failures of the small-scale business industries and it is for this reason that they are of peculiar interest to us in this research.

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2.2 THE PROBLEMS FACING THE DEVELOPMENT OF THE SMALL SCALE BUSINESS INDUSTRIES IN:

2.2.1 UNITED KINGDOM

The literature review focuses on European countries that are well developed because their government supported the development of the small-scale industries. These were chosen in order to see what South Africa would do for development to take place.

- **The Regional Problem**

The regional problem was the problem affecting both small and the large industries. The depopulation of the rural areas where there are people who manage to use their traditional skills to make something that could be useful to them (Carter; 1971: 33). The depression was also a regional problem that resulted in the high rate of unemployment and affected the exportation of goods (Ibid: 54) which means Britain was not able to utilize her natural resources because of the setbacks caused by the great depression.

- **The Political System of the United Kingdom**

The United Kingdom was dominated by two political parties that were fragmented and prohibited the development of the small scale business industries by preventing the policies of successive development which was led by government that caused delight and confusion amongst rivals and members of the country. The British small scale business industries blamed both parties that the affected the development even the way of the organization of things in Britain (Burns; 1986: 54). During the 19th Century the different political ideologies made Britain look like an underdeveloped country because her economy was not developing as political parties were lacking political tolerance. That resulted in the immigration of the skilled labour force.

- **Management Problems**

The management of the British small scale business industries was said to be ineffective and that here was a certain class domination, because of the poor management training (Burns; 1986: 54) that culminated in the conflict in the industrial relations unions, and the exploitation and the oppression of the workers (Ibid: 54). This

resulted in the poor performance in production of the small-scale business industries.

- **Inadequate Funding**

The United Kingdom's small-scale business industries lacked funds for them to develop. Although their production was at a higher demand, they lacked funds which brought the industries into a crisis situation (Chisnall 1987: 2). This situation led to so many problems in the country.

- **Flexibility**

Flexibility was another problem facing small-scale business industries in the United Kingdom. This was caused by rapid changes that could make managers to take decisions (Chisnall; 1987: 3) which means that the managers failed to take flexible decisions and redefined their targeted markets and developed attractive rangers that would appeal to the buyers (Ibid: 3). Therefore small-scale business industries need to avoid heavy investment in production equipment by adopting a policy of sub-contracting and this was Chisnall's decision for small industries to be flexible.

- **Specialization**

According to Chisnall (1987: 3), workers lacked the specialization skill which led to small-scale business industries failing to satisfy the needs of their customers, like the quality goods and have a direct contact with their customers. In order for them to react quickly to their demands workers of the small-scale business industries need to improve on the job specialization that could increase quality in production.

- **Marketing Know-How**

The small-scale business industries in the United Kingdom were facing the problem of lack of marketing skills (Chisnall; 1987: 5). This seems a dangerous situation, as the market needs a person who would be able to attract customers. The marketing person is expensive to hire.

- **Teething Problems**

Most of the United Kingdom small-scale business industries suffered teething problems in their first two years that pushed them into financial liquidation. This was caused by failure to make proper publications and initial prices to the advertisers (Chisnall; 1987:

37). This was for the small-scale business industries to survive. They needed to negotiate with the trade users so that there would be flow of project and demand.

2.2.2 JAPAN

After the second oil crisis in 1948, Japan shut down a number of large-scale factories, and turned its eyes on the small-scale factories. The initial investment became low and it became necessary for Japan to depend on borrowed capital, especially for commercial financing. When this happened and materials, machines were leased customarily. That follows is that a business starts as a processor and operates under a processing fee system. As long as production is divided into separate small production processes, the processing fees remain low (Kiely, 1975: 17:19).

Under these circumstances, the differences of skills, that the technologies of small dependent factories enterprises needs, determine the differences in efficiency of production and of the use of raw materials. Many owners of the small and medium scale enterprises are self-made by men who accumulated knowledge and forged ahead on the road to self-reliance.

There are small-scale enterprises that Japan are that traditional industries and engaged in the production of the consumer goods and services. The native industries depend on traditional technology, machines and tools. Traditional industries output occupied a quarter of the gross industries production. Eighty percent of gross national expenditure has been for personal consumption and most of it for the consumption of traditional goods. That make the small-scale enterprises to compete on global market but fail to develop, because their position is low. Japan needs to form an inter-linkage between traditional and non-technologies by which traditional technology would finally be modernized. This is the transition from a stage in which technology determines management to one in which management decides the orientation and level of the technology (Kiely, 1975).

For this reason, the process of technological improvement in Japan is characterised by the interaction of management ability and potential of the technology. The smaller enterprises in Japan depends on management's technological ability. In Japan there was no management ability, as the managers still rely on the traditional way of production, and fail to employ people with particular skills. They referred to the skilled workers as an expensive inboriers.

Japan small scale enterprises were forced to renew their equipment in search of high efficiency as they faced a serious problem of shortage of labour and economic development, for their small scale enterprises. To develop they needed to confront increased cost in both labour and materials. The charges and intensification in competition forced them to renovate their operations that were too difficult to the Japanese small-scale managers because of poor investments.

The production in the factories was broken down into more than two boxers' micro processes, each of which became a separate job performed by a worker at home. More over, as far as possible, no machine was used except those traditional tools and methods that demand little in terms of skill; these methods resulted in less products and in the development of the small-scale enterprises (Kay, 1975: 57-61).

The simplification of work and the low processing costs did not lead to the independence of the micro processes, but rather promoted side jobs at home. The working at home contributed to the undeveloped of the small-scale enterprises in Japan, because the

manager failed to visit all the people that were under his/she control.

The origin of the modern urban industry was transformed into an industry that depends on the labour of the lower class urban citizen working at home. The reason is that they were trying to cover the cost of the machines that were needed. That is why they were searching for cheaper labour. Kay (1975:75) stresses the point that the shortage of raw material was caused by greater reproduction and the conversion to and dependence on important material changed this situation. There was thus a sharp fluctuation in the price of raw materials which brought about speculation and hampered distribution.

Japan was facing the problem of the mass production of inferior quality goods, which were seen in almost all the traditional industries and technologies. The situation was the same for new technologies that have been transformed into traditional type of technologies. When the change of raw materials occurred, that is the addition and development of new technologies, the old structures of the business had been reformed. To protect the common interest in each sector of business, the master -

apprentices system of common had been formed into a democratized system. This was to ensure that the produce would meet the needs of its intended market (Kay; 1975: 79-84).

2.2.3 ITALY

According to Bannock (1981: 39) the main problem facing the development of the small -scale business industries in Italy was the finance problem. The entrepreneur had to have enough money to support his own personal needs and the family until he would begin to generate adequate income from the business. This meant that in Italy there was no government aids for the people who wished to start small business needed to generate the finance to pay rent, buy premises and also pay their employees. This was a risk stage of starting small businesses where everything was not yet well-organized (Boswell; 1973: 35).

The lack of experience also had contributing factors to the problems facing the development of the small-scale industries in Italy. This subjected them to the sinking of capital and left them with little amount, the lack of security coupled with risk-taking (Bannock; 1981:40-41). Italian industries also had management problems as managers of small-scale business industries

personalized the industries. They failed to elaborate management structures that made them to lose access to capital markets for public issues and placement of securities which made them fail to obtain government subsidy (Ibid: 43).

- **Social Value**

The social value also plays a major role in the problems facing the development of small-scale business industries in Italy. The communities undermine each other in that they fail to support those who own small businesses. Everybody needs to prove himself by building his own business and that led to competition. The education system, which reflect and reinforces social values had prepared children for employment in large firms in the government and other institutions and did nothing to encourage the idea that they might work for themselves (Bannock; 1981:48-49). Social value made people in Italy to be interested in public sectors rather than to start unprofitable businesses.

2.2.4 FRANCE

According to Bates (1971: 15) he/she argued that there were three special difficulties facing small firms in France. Small firms in France failed to demonstrate their chances of success in order to persuade

potential lenders. The second problem was that the existing lending and financial institutions might not cater for the special problems involved the small firms finance. The third problem was that the firm owner and their advisers may not know how and where to get the money to expand on the right quantities, at various stages of development of their firms. The small firms in France failed to combine their production that made them to fall into the state of liquidation as a result of production batch. They did not have the ability to achieve economies from large-scale production. This combined with other factors meant that productivity was relatively low and costly.

According to Chisnall (1987: 47) the argument given is that this is coupled with a higher selling prices with relatively low returns in the firm profits. French small-scale business industries also had problems in the area of ownership, control and management, which caused special problems. Family firms failed to ensure adequate succession of competent ownership and control (Bates; 1969: 13). Management could have been tricky when the founder died. It is often found that it was this particular inability to choose someone to succeed him. That is not an easy duty on the firm because the

firm may not be prepared to pay an adequate salary to an outsider that could result in the downfall of the firm (Ibid: 14).

The French small firms were dominated by giant firm that resulted in big competition among the two and the small firms usually had inadequate resources with which to withstand fierce and unfair competition as they failed to advertise their production. This was because the advertising was too expensive for them (Burns; 1986: 21). This means that in France to have a small firm was a risk because the competition was high and the small firms could be supported as a result of giant firms which had better products than the small firms.

2.2 PROBLEMS FACED BY SMALL-SCALE BUSINESS INDUSTRIES IN SOME AFRICAN COUNTRIES

In this the researcher started by looking at the problems facing the development of the small-scale business industries in other African countries. The reason for this was that to look at the problems of small-scale business industries, after these countries obtained their independence. These countries are as follows: Ghana, Swaziland, and Tanzania

2.3.1 GHANA

- **The Raw materials Problem**

The raw material problem was the basic problem for the development of the Ghanaian small-scale business. Firstly they were affected by the place in which they operated. Some times the place where the industry was located lacked the infrastructure such as water and electricity, and that caused them to use expensive electricity. This was caused by the shortage of raw materials in the place where industry was located. They went abroad to buy expensive tools (Seibel, 1987: 2). That was also prevented by government import policies that increased the import duties for the goods entering the country. They also used scrap metal or asked the customers to bring their own materials. In order for Ghanaian small-scale business industries to prosper and fight the raw material problem, they required their customers to pay in advance so that material could be purchased and continued with their production. For the Ghanaian small-scale business industries to survive given the shortage of raw materials' they also needed an importing licenses from their government.

• **Tools Problem**

The Ghanaian industries had also the tool problems to process their production. They brought tools from Nigeria. This made production to go on at a slower pace. At times they shared machines with several other workshops for production to take place. They did not know how to service machines and they used the expertise of people from abroad. They needed persons from abroad to service for them, which was quite expensive for them. In Ghana it was difficult to get spare parts for machines. If it is available near small firms they are usually expensive. They ordered the machines and tools which was another problem (Siebel, 1987: 5).

• **Financing Problem**

Financing problem was also another problem facing the Ghanaian's small-scale business industries. In Ghana for someone to start a business it is compulsory for him to apply for a government loan. The government loan is time consuming for production to take place sometimes it fails to consider all people who have applied for a loan. Some people lose hope of having the business, because of delay on government loan policies (Seibel, 1987: 6-7).

- **Unions Problem**

Ghanaian failed to support the unions that fought against everything that prohibited the development of the small -scale business industries. The owners of the small-scale business industries emphasized that the unions did not help them in solving or preventing the difficulties of obtaining the raw materials. The main aim of the Ghanaian small-scale business industries was to fight for the better prices for their people, and prevent the price competition among the small-scale business industries. They managed to do that by trying to maintain the same prices for all the small-scale business industries (Seibel, 1987: 11).

- **The Problem of Getting Start**

Ghana was the first country on the African continent to get its independence. After their independence they experienced a prolonged economic decline and persistent political instability. These two factors hindered the development of the formal sectors and increased the development of the informal sectors. This was because of political and financial mismanagement even in the informal sector which declined and led to the loss of political legitimacy. The next government tried to prevent the downfall of the economy by using the privatization campaign

that made Ghana to seek an agreement with World Bank (Seibel, 1987: 15).

2.3.2 SWAZILAND

- **The Population Distribution**

The area of Swaziland is mostly mountainous and the population is dispersed all over the area Fair, (1969: 21).

- **Transformation Problem**

The Swaziland small-scale business industries had the problem of transformation, as they relied on the traditional low productivity methods especially in agriculture which relied heavily on subsistence farming. They needed to be transformed from subsistence farming to commercial farming methods, but the change was too low (Fair, 1969: 36).

Fair (1969: 20) has stressed that in Swaziland people relied on the traditional type of agriculture so much that they moved from one place to another with their cattle and they had little opportunity to settle and develop their small industries. They felt that their traditional economy was strong enough to support their families but there was no trading in their traditional economy.

- **Shortage of Skilled Workers**

The shortage of skilled workers also prohibited the development of small-scale business industries in Swaziland. They exported primary products. They had only semi-skilled workers. They depended on foreigners like skilled Europeans because subsistence living discouraged the acquisition of skills. European skilled workers were very expensive and this made it difficult to develop the domestic market, as the economic change was initiated by foreigners with the imported techniques (Fair, 1969: 38). Some of their semi skilled workers migrated to the area where there were job opportunities. That also prohibited the development of the small - scale business industries in Swaziland (Fair, 1969: 39).

- **Natural Resource Problems**

Swaziland had the problem of inadequate resources. There were the places where they could get their raw materials. In agriculture the soil was impoverished and in various places the resources were imported through the exploitation of primary products, which meant that the small industries were faced with a difficult problem of the availability of raw materials. This is why imports were higher than the export in Swaziland (Fair, 1969: 64).

- **The Problem of Transport**

The problem of transport in Swaziland plays a vital role in prohibiting the development of small-scale business industries. There are no well-constructed roads and railways in Swaziland. They rely on South Africa for their importation and exportation of their production and raw materials are transported using the South African roads. Some of the raw materials are delayed in South Africa and this in itself retards the process of production (Fair, 1969: 68).

2.3.3 TANZANIA

- **The Block Farming**

Block farming was a method that was used for farming in Tanzania this tell us that Tanzania was a Agrarian Society and it uses a primitive method of farming. The population was scattered and the family worked together. This type of farming was only for subsistence farming from hand to the mouth and for family use only. They knew nothing about the trade and they used beer for entertainment. In this type of farming there was no development of the small-scale business industries as its yields were less than what was expected (Omari, 1976: 135-136).

The government intervened and introduced new farming method was that called the communal economic activity. It transformed block farming to the commercial agriculture. This communal economic method also retarded the development of the small-scale agriculture because there were poor programmers, mismanagement of funds and poor mechanism in dividing up the earnings as people began to put less emphasis on communal farming. They started to complain and preferred block farming (Omari, 1976: 129-130). The question may be asked as to how the small-scale business industries could develop if there was no clear direction of development to be followed.

The problem resulted in the shortage of food because the communal farming prevented people from farming their land and people were getting new sites because of government transformation of the place people as it was busy cutting building materials. There was no time for cultivating. Those who were able to set time they did not do much. As a result the harvests were below the normal target in a family. Some of the families moved out of their homes already having planted some crops which they had to leave behind for wild animals. The consequence of the food shortage was the collapse of local markets which was centrally held to the collapse of small scale development in Tanzania (Ibid: 135).

- **Migration**

The migration process was also a problem facing the development of small-scale business industries in Tanzania. However, the migration of Tanzania was said to be internal in the sense that people were moving from one district to another. The reason for migration was wide based on superstitious belief among Tanzanians. Once they discovered that that a person was a witch they tended to disassociate themselves from such a person and even decided to move and settle in a new place altogether, and not the participate in all communal activities with them. So how could the development of the small- scale business industries take place as people were moving from one place to another. They needed to adapt themselves to that new environment (Omari, 1976: 134).

The religious experience also contributed to the migration process. The Christian Church, had been preaching strongly the Gospel of communism as people were told that there was no freedom of religion as they believed in the non-existence of God but this was a misinterpreted communalism, which means living together in communal groups. In order to get away from such subjection some people decided to move to other areas (Ibid: 134-135). This hindered the development of the small-scale business industries in Tanzania.

- **Mafyeko Complex**

This was a sort of migration that forced adult men out of their homes. It was used during colonial period. All adult men were forcefully moved from their homes to the thick forest. While there they were involved in cutting down trees. The main purpose of that was to kill tsetse flies and it was in these forests where poll tax was collected. Those who were unable to pay their dues were arrested. The mafyeko complex served as the checkpoint for those who had not paid taxes. So how could the development of small scale business industries develop in such situations as men were arrested with their financial support. People had no money as they failed to pay roll tax (Omari, 1976: 130).

- **The Lack of Co-ordination at the local level**

The lack co-ordination at the local level was brought by the political instability in Tanzania when the president talked about the program of developing small industries and local markets. Political leaders just as ministers wanted to confuse the masses, since some of them were against the system of development. Sometimes they misinterpreted the views because they did not understand the philosophy of Ujamaa and missed some of the important points. This caused the confusion among the masses and brought about political instability. Farmers decided to go back to their subsistence farming (Omari, 1976: 128-129). The class

division was also a contributory factor to the problem, which faced the development of small-scale business industries in Tanzania. There were two classes that emerged, the peasants and the capitalists. The capitalist class wanted their ideas to dominate the peasant class and the peasant class ignored the ideas of the capitalistic class because the suggestions of peasants for industrial development were not taken in to account (Omari, 1976: 124-125).

- **Finance Problems**

The government of Tanzania tried to implement the development programs that were instituted to help small -scale business industries but the great obstacle for this was the finance problem. The government failed to make the budget for other items in order to get the amount of money required. This caused conflict them and the peasants considered this as a political suicide (Omari, 1976: 126-127). This led to the mismanagement of development funds. The ministers used the funds for their benefits and the political decision had come to cause an administrative problems. This also contributed to the migration process. There was no development of the small-scale business industries in Tanzania because of people who wanted to fulfill their needs using the state funds (Omari, 1976: 127-128).

2.3.4 SOUTH AFRICA-PORT ELIZABETH

The small Black businesses in Port Elizabeth had problems where the formal sector in this context heavily concentrated on cartels practices. Too many firms had become used to an easy life with the contracts awarded according to arrangements with large firms and at a cost that was pushed ultimately on to the consumer. This meant that Black small business was dominated by large firms in Port Elizabeth. (Pakes, 1995: 1-3).

Most large corporations preferred to deal with other large businesses and ignored the small business developments. The attitude of big business had been to try to maximize profit by trying to do everything on their own without contracting small business to prevent a delay in payment. Their main aim was to sell out to big businesses which had created an economy with few independent players and that led to small companies to have a lack of innovativeness and interrelations with big businesses. (Pakes, 1995: 6-8).

The other striking constraint is the lack of civil order that adversely affected the business environment, like theft, violence and gangster life which were major constraints facing more established retail and construction businesses. All businesses in Black enterprises were confronted with labour issues that were different from those in White

business towns like shortage of skilled labour, accommodation and finance problems (Pakes, 1995: 10).

- **Problem with Suppliers**

Another problem facing the development of the small Black business in Port Elizabeth was the supplier problem. The non-experienced and unreliable delivery caused delays in production and their lack of credit facilities where they need to pay cash for their materials make them to lack quality in their production (Pakes, 1995: 31-32).

- **The Effect of colonialism on the development of industries**

Colonialism played a major role in suppressing the development of industries in the third world countries (Haviden, 1993: 2). Resource evidence suggests that African countries had enough materials available to develop their small -scale and large industries. For instance, Britain was extracting food and raw materials cheaply and selling some surplus back to South Africa. (Haviden, 1993: 2).

This surplus from Britain was sold in South Africa at a higher price among South African markets, which unfortunately found themselves working at a loss. The colonial government believed in the trusteeship under which a

colonial ruler would protect what they had to be the basic interest of the local people (Ibid: 21). This was also a problem in the development of the small-scale industries because the local people failed to develop in terms of their needs. The mother country used to dictate to them how much to produce. Maybe the production of produce of 15 was less important for the indigenous people and that resulted in the loss of raw materials and this caused a back log in the development of the small scale industries.

These industries wanted to use a shift in the agricultural system. However, British officials regarded it as wasteful and inefficient and would seek to impose permanent cultivation based on some ideas derived from the English Agricultural Revolution (Merdith, 1960: 22).

This implies that the development of the small-scale industries was determined by the British officials in South Africa who needed to band her with Britain's decision. South Africa was forced to produce what they did not consume and consume what they did not produce. The British government used the public funds in the form of loans and grants to benefit British economy by making the colonies better customers and suppliers.

As colonies were supposed to export only the unprocessed primary production to Britain this made the exportation to grow very fast and colonial government rely on expatriate private enterprise (Haviden, 1960: 152). In this state of affairs one would ask the question how could the small industries develop in South Africa if she had to export the unprocessed raw material to other countries like Britain as she exported crops and minerals. It implies that there were no adequate resources in Britain for the British government encourage their businessmen to come and invest in the new colonies as they were depending on a narrower range of exported commodities. (Ibid:158).

- **The effects of tradition on the industrial development**

The small scale industries developed from the traditional society with such *understanding of traditional society and social structure*. This was the understanding a tradition society's economy and culture one could anticipate the changes to bring about a shift to modern form (Russel, 1981:17).

There was a need for transformation from one form to another that hindered the development and it makes the production to flow at a lower pace (Stanley, 1965: 1). The rural areas are characterized the food processing industries under a tradition that it becomes difficult to bring

about social changes or to integrate the traditional society with the modern form of development in the rural areas (Russel, 1981:18). For the development of the small-scale business industries in the rural areas they needed to improve their life first. That in itself needed its own attention to happen (Stanley, 1965: 2), as people in the rural area knew nothing about gaining of profit. They worked for themselves and their families to survive. The small industries in the rural areas were controlled by families, which were characterized by very limited investment resources for their total purchase of raw materials. They failed to control the difference between price of production and the costs to produce.

Their profits depends on keeping the production lost low and the production volume high (Malcomal, 1984: 18). The food processing small industries in rural areas is called seasonal industries, because they operate according to certain seasons (Ibid:18). The industries are not well organized, a household manufacturing enterprise often produces directly for a known customer which means they are producing on their customer request. This is why they lacked holding powers.

After they had finished a production they would sell and they produce in order to have money to purchase their raw materials for the next production, and buy food for their families (Stanley 1965: 73). This meant

that they were working at a loss because there was no profit out of the production they had made, as they failed to control between the price of production and the volume of production. The scarcity of labour made them to employ children with less wages as children are the cheapest labour whose needs are not well-catered for (Stanely, 1965: 80).

The exploitation of child labour made the home worker or traditional industries to be unproductive. Through this the young labourers used other means of paying themselves like stealing company's materials and selling them for their own benefit. This made the small industry to work at a loss (Russel, 1981: 48 and Stanely, 1965:81) agreed that even political and social change contributed to problems facing the development of the small-scale business industries. The political instability in places where people were forced to join one political party made people to leave their small industries and try to find a better place to live and protect their families. The small-scale business industries in the rural areas also faced problems of development. They were conducive to the development of infrastructure. They relied on the influence of the elders of the family members (Ibid: 83) this family members had a strong barrier against business as they were not exposed to new developments in towns and cities. This could result in drawing individuals out of household

industries into centers of employment and it appeared more likely to break up traditional value patterns.

This would be coupled with the influence of their fellow workers on general opinions and beliefs, and greater accessibility to the uniform standards of quality production (Maccomarl, 1984: 24). The labour force increased the problem of industrial development in the rural areas because they employed women in the industrial labour. These women were unable to leave the home to work in factories. Women labourers had also the problem of maternity leave that they were supposed to take. That in itself prohibited the development of small -scale business industries. (Stanely, 1965: 86) traditionally said it was an embarrassment to find a married woman employed in a public or private sector, it was seen as if her husband failed to support the family. This is why men disallowed their women to participate in factory workers. (Stanely 1965: 87) argued that the family and the birth rate had enormous impact on the problem facing the development of small-scale business industries. It is very difficult to have had a rapid economic growth in a traditional family, because family members were not allowed to go away for extra earning opportunities. The business at home needed to support a number of unemployed people if the owner of the business did not see the profit.

He would think that it is because he was supporting all the family members (Ibid: 89).

- **Demographic factors of African small-scale development**

African countries rely mostly on agricultural production. The over-populated African countries utilize their production to support their population rather than gaining profit through exportation (Singer, 1964: 192). He argues that the development of small-scale business industry cannot take place in the places with poor natural resources determine the well being of the industry. The employment of temporary migrant labour also reduces the development of small-scale business industries. It prevents the establishment of permanent industrial labour force. It also prevents the acquisition of skill and labour organization and leads to grave social problems in towns where male migrants from different groups live without. This is their families as they are thrown together in an unfamiliar environment (Storey, 1987: 119)

It could be argued that migrant labourers come to Africa not to develop Africa but to destroy African natural resources. As they come when they leave they take some of the African material with them to develop their own countries (Ibid:120, Gouverneur, 1971: 34) emphasises that immigrants came to Africa to steal skill because Africans taught them how

to do the job. After a certain period they leave Africa with their unskilled labour. This is why African industries are said to be undeveloped not because they fail to develop themselves. Their material for development was abused by migrant labours. The scarcity of population had a low demand on transport facilities. There is no construction of roads and railways as these people in subsistence economy and their demand on economic production is very low. This in itself prohibits the small-scale business industry development (Singer, 1964: 193).

The African overpopulation has achieved an ecological low level equilibrium between population and resources that resulted in the un-unified market and price system. They rely on the localized markets and local prices, which may differ very sharply from prices in other localities (Ibid: 194). The increase in population through abandonment of birth control as a result of rural customs (Cole 1987: 67) emphasises that the age composition of the population is very high and is dependent on children below producing age. The resources which might otherwise boost the development of capital in the small-scale business industries have to be diverted to the feeding and clothing of high proportion of dependants. Failure to support children will result in high death rate, high proportion of these children die before they complete their productive period (Singer, 1964: 194-195).

- **The Political Problems**

When the modernisation arrived there was an inevitable creation of conflicts between guardians and tradition and those who sought to change the controversies took on different complexions. Some rich people were against that but the pressure to this end put a premium on the adaptability of political and social structures resulting in conflicts. The balance of social and political objectives and economic growth in the small-scale business industries is always a delicate one and involves difficult choices (Ibid: 55).

- **The Private Sector**

The private sector was another ingredient. It prohibited the development of the small-scale business industries. The owners of small business industries had a negative attitude towards the development of the private sector as an instrument of economic development (Singer, 1969: 212).

The domestic private sector also served to attack direct investments from abroad which could greatly stimulate the development of small-scale development of small-scale business industries. The attitude represented a considerable obstacle to greater flow of foreign funds and technology (Pearson, 1969: 65).

- **The size and geographical area**

The size of the nation and the geographical area also affected the development of the small-scale industries. If the size was too large the population became sparsely scattered and this made the markets to lack the necessary support. However, if the size was too small the population became densely populated which left no space for industrial development (Robinson, 1963: 134). This meant that large size could possess a larger quantity of natural resources or greater diversity in their supply. The contradiction in living standard trends and productivity levels would be found if trying to correlate the positive with the geographical areas in size of population. This was in the determination of the size of the market as it relied on both supply and demand aspects (Singer, 1964: 219).

- **Technological changes**

The technological changes also had a negative effect in development of the small-scale business industries. During the introduction of scientific technology the craft workers were needed to transform from craft to technological skills. This caused some problems in small-scale business industries. The choice of a technique was a very serious problem in the small-scale business industries (Gouverneur, 1971: 18) has argued that

the entrepreneur of the small-scale business industries failed to choose techniques that could increase their production.

The entrepreneur was unable to achieve the optimal combination of factors that would minimize the cost of his equilibrium output (Storey, 1987: 14). (Gouverneur, 1971: 19) states that the small-scale business industries are run by the individual. The technique is too expensive for them to work with, and they lacked subsidy from government, which created many problems for their need to increase the production. On the other side of the problem, family dependants liked the underdevelopment countries if the optimal technique was it in not available to the entrepreneur. The entrepreneur was compelled to choose from among the various sub-optimal techniques available that could be termed nearest to the optimum (Ibid:21). The technology needed for production was too expensive for entrepreneur to afford. That in itself caused the confusion in the small-scale business industries, and resulted in them failing to increase production as the new technology needed flexible specialization that the small-scale business industries did not have in their industries.

- **Labour Division**

The new technology led to high division of labour and high fragmentation of work in the work place (Storey, 1987: 15). Work was rationalized and the workers were exploited and this is associated with Tylorim (year) who introduced the scientific management and Henry (year) for who initiated mass production. This also prohibited the development of small-scale business industry. It could be argued that people in the small-scale business industries worked together with their entrepreneurs. They knew all the work in the industries with no job specialization and job description. Everything was determined by the owner of the industry that made them to be jacks of all trades (Gouverneur, 1971: 26). This means that before the introduction of technology the work in the small-scale business industry was continued even when some of the members were absent from the industry. The labour division led to the alienation from their productions which means due to the introduction of technology there are those people who have the power to own the means of production. Workers are working for those people without fulfilling their needs. Even the products belong to the capitalist society who may use it in any way they want.

The workers were alienated from their fellow workers like before the introduction of new technology. Workers were working as a team with

their entrepreneur. This created so many problems in the small-scale business industries (Storey, 1987:53). The new technology needed a well trained worker. This work has job specification that makes development for the small-scale business industries much difficult than before. Even machines that are needed are expensive that made labourers to be less efficiency of labour means that the running of a technique would require more labour for a given quality of production (Gouverneur, 1971: 27). It could be argued that even the labourers in the small-scale business industries were unable to produce a quality product as they had a problem about the technique that could meet their way of production. Even if they had a technique they would need an additional member to the work for who is used to the modern technique (Ibid: 27)

The additional member would be paid large amounts of money and that itself in has prohibited the development of small-scale business industries. This is because both the technology and the labour with the skill to operate are expensive, besides the material problems and the transportation means (Storey, 1987: 57). This also could result the creating more social problems.

- **Lack of required skills**

The entrepreneur of small-scale business industries had lack of required skill of how to run an industry (Gouverneur, 1971). This was a problem to the development of their industries because they wanted to develop them into a large industry. Their main aim was to satisfy their family needs and gain the pride that they owned some industry (Storey, 1987: 62). He argues that the entrepreneur has both the internal as well as the external conflict knowledge. The internal conflict was that he would make his business meet a modern standard. The external conflict was between him and the family that he would go for training in order to get the required skill on how his family would survive. This also hindered the development of industries run by entrepreneurs. The lack of required skills prevented the development of small industries because the population is often handicapped by ignorance of many of the basic data pertinent to any form of labour in the course of the industrialization process. They needed to have sound information regarding the elementary dimensions of the economy (United Nations, 1955: 38). This information would result in an increase of the speed and the benefits of the small-scale business industrial development.

- **Problem of human power**

The problem of human labour lies on the heart of the small-scale business industrial development process as it affects and it is affected by the supply of labour. As owners fail to understand what are the requirements of the labour requirements for the successful small-scale business industrial development (United Nations, 1955: 38). The United Nations has argued that for the small-scale business industry to develop its needs to have the following in their human power:

The manager was technical and supervisory. He also had skilled and unskilled labourers, but the most small-scale business industries have unskilled and semi-skilled labourers which retarded the development in the small-scale business industries (Argarwala, 1975:23). The government needs to try some policies of maintaining an employment service and in arranging and staffing adequate educational and training facilities. The United Nations, (1955: 39) argues that small-scale business industries for them to develop and employ immigrants. As a country has quantitative labour shortage and is difficult to recruit labour in the early stage of development because most people need employment and the immigrant could easily claim that he knows that particular work. Agarwala, (1975:22) argues that the shortage of skilled workers makes certain areas to be closed from time to time and this makes small industries to produce

less. So it is important for small-scale business industries to employ people with certain skills or train their employees to meet the standard of industrial development, although payment would be the problem.

The small-scale business industries need to recruit the migrant labourers on the short-term contracts. The advantage of the short term contract is that there would be a high production resulting from continuous practice and stable service and this could reduce labour turn over (United Nation, 1955: 39) and the wage rate should be in line with the workers productivity and industry's profit. The United Nations 1955: 40 argues that professionals they are paid for their skills and not for the production they have made that leads to the economic rigidity especially in the small-scale business industries.

They highlight the disadvantage of employing immigrants on a short-term contracts or on a temporary base. They contend that these people are expensive, if they were be a working for their mother country. They would take some of the production with them for their mother country and they will not give a strong training to the worker because they know that they are not employed on full time basis by the industry. They want to finish up and go and look for greener pastures that could result in our workers becoming semi-skilled because of time constraints. On the structure of a

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small-scale business industry like the foreman, supervisors and technicians. This lack has resulted in the poor planning of production, poor choice of materials, the incorrect assignment of machines, the lack of balance between parallel movements of component, the inadequate maintenance of equipment and the bad staff relations. Due to the ineffective management these are all weaknesses have resulted from the shortage of a particular type of human power (United Nations, 1955: 41).

Gouveneur (1971: 36) emphasises that the training of workers in a small-scale business industry cannot easily be compressed into a short period of time. The training policy appropriate to a programme of small-scale development needs to concentrate on the key sectors and ensure that all locally available skills are supplemented where necessary with temporary immigrants' skills. This could be done on the best advantage in those segments of the programme upon which small-scale business industry investment and operators are likely to depend. Agarwala (1975:225) argues that it is difficult to train people in the small-scale business industry, because the number of the small-scale business industries is owned by the illiterate. That retards the training and the shortage of key personnel in the small-scale business industries where they may slow down or bring to a virtual halt a whole development programme. The problem of the supervisors and managerial personnel remains and with it

the risk of the bottleneck in the growth and low efficiency in the small industries programme of development (Gouverneur, 1971: 39).

- **Raw material and natural resources**

The choice of site is determined by the availability of raw materials and natural resources. Some people are seeing the need that a particular industry is needed to that area without looking at the availability of natural resources. And raw materials are usually an important determinant of the feasibility and success of processing and manufacturing industries and the speed with which industrialization is likely to be able to process. The lack of natural resources is likely to be an effective barrier in the small industry development (United Nations, 1955: 43).

Sometimes the locally produced raw materials are necessarily restricted either by the limitations of land area or by the uniformity of climate. Like in other places they could remove something that could be useful from a certain industry and build a house. That trouble industries that use that raw material even the climate could retard the development of the small-scale business industries that depends on cotton for their production to take place. There can be a drought or floods that can prohibit the plantation of cotton that results in the shortage of raw materials (Cole, 1987: 79).

The United Nations (1955: 44) emphasises that for the small-scale business industry to develop it needs to use the domestic raw materials because their price is as low as possible. The shortage of local raw materials increases the foreign exchange that is required for the development of industries. This increases the existing loss of the primary activities, which may be a system pyramiding. This succeeds in retarding the whole process of small-scale business industrial development (Agarwala, 1975: 228).

The United Nations (1955: 44) further emphasises the disadvantage of depending on imported raw materials. The flow of imported raw materials is often steady and unreliable than that of suppliers especially if the imports come from distant places. The industries need to carry a larger stock but increase both in capital requirements and in the unit costs of the firm. Which means the imported raw materials could retard the production process. In order to maintain a balance production and the emerging pattern of demand firms need to develop production and the emerging pattern of demand. They further needs to develop one type of activity and without special reference to activities that might in other circumstances been regarded as complementary (Ibid: 45).

If the small-scale business industries imported their raw material there is also a problem of transport. The transport cost on the imported product doubles the price by the time it reaches and the site. This makes raw materials lose a proportion of their weight in the course of manufacturing. They usually import low raw materials because of transport costs (United Nations, 1955: 46).

Sometimes a person could choose the right site and the raw material could be there, but only to find that the people of that particular area do not need those particular industries in their area. That in itself prohibits the development of small-scale business industries. A community might refuse to support the industry in their area may be because the society has a negative attitude about the owner of the industry (Gouverneur, 1971:42).

There are those people from subsistence farming who get employment in factories in the village and their families remain behind. Their work is usually seasonal. They tend to be drawn back at home and help at home with the harvest. In some cases they wish only to accumulate a fixed sum of money and return at home when this is achieved (United Nations, 1955: 39). This retards the development of a small-scale business industries because the owner needs to teach the new employees how the

work is done each and every day that could even lead to the loss of raw materials.

The infrastructure could also retard the development of small-scale business industries like electricity. Water could be a problem that faces a development of small-scale business. The owner could find a good place with raw materials in rural areas where there is no electricity and enough water that could make the industry relying on the expensive water and electricity (United Nations 1955:43).

The trade union and governments' policy should provides the industrial workers with greater job security and higher income as government say the wage rate should be in line with workers productivity in the small-scale business industries (United Nations, 1955: 40). This also contributes to the problem faced by the small-scale business industries because the owners are struggling to get profit by exploiting their work by not balancing the wages earned by the workers and production they make. And before the introduction of trade unions workers are not worried about their oppression. The main aim for them is to earn a living and support their families (Cole, 1987: 80).

This has made the workers to challenge their employers, which would not happen in those days. Before all this resulted in some industrial action that prohibited the development of the small-scale business industries.

There are some social problems that could prohibit the development of the small-scale business industries with specific reference to the hawker. The development of hawkers could be retarded by the crime rate because they lack security, very often they are being robbed by the people who want to earn a living using their sweat. Governments have failed to subsidise hawkers because they lack security and hawkers are working at a loss, as their competition rate is high among themselves. This would make them fail to pay back a governments' money even if the government could make some shelter for them. Some of them end up failing to pay that little amount.

During weekends hawkers send their children using that opportunity to try and satisfy their needs by making their week budget using their mothers' profit from the products

2.3.5 SPECIFIC PROBLEMS FACING THE MANAGEMENT OF THE SMALL BUSINESS

- **Problems of Planning**

One of the problems for the manager of a small business is the lack of time for planning for if he has no plan and has not made up his mind where to go, then his staff would not know where to follow him. Every business must have its own objective made clear, the short term and the long term aims. Its management should decide why they are in the business, where they want to be in next twelve months and where they want to be in two to five years time. Unless he has these aims defined the direction of the business may be erratic.

Some objective of management could think of it is to remain in the business profitably and to plough back into the business to allow continued expansion to improve the manager's living standard in order for him to cover depreciation. That would mean the best use of working capital as well as human resource and physical assets of the company. That would create a workable and efficient organization and commit it to paper. This needs that he would maintain management at its highest peak of performance and secure the future succession and promote

consumer satisfaction in the chosen field of activity (The National Development Foundation of South Africa, 1960: 12).

- **The problem of policy making**

The policies of a business are natural consequences to the laid down business plans. The policies are the principles on the basis of which the business intends to carry out its objective policies, which may from time to time have to change. They are also the backbone of the manager and his executive in their daily activities.

Some of the small businesses have such policies laid down for instance; credit facilities are different for different customers, prices are not the same for the same article to various buyers. The small business manager judges his way through the till. At least he has so many balls in the air then he drops one. From this mess the small business manager may get himself involved in a compromise, misses out his credit control, loses angry customers. A laid down policy on prices, credit deliveries, channels of supply is respected and accepted by most buyers. Similar policies for staff payments, salary increases, holidays, leave of absence, promotion and development makes life much easier and happier on the work place (Ibid, 1960: 13)

- **Problems of Expansion**

This is a real problem of the defining objective. But the problem is mostly concerned about the environment of expansion and how it appears to the small business as it has two parts namely whether to expand in line with the General Economic Rhythm and to allow to effect such expansion which minimum of dislocation to the day to day operations.

The first danger arises since most small businessmen in South Africa refuse to accept that there is a problem associated with desirability of expansion. The advantages in terms of material gain are taken for granted as a result management concerns itself only with the second part of the problem the ways and the means of expansion. There are many small businesses, which have collapsed through unwise expansion, and as a reason for the failure the post mortem has a diagnosis of insufficient capital. Inadequate management but inference shows that whilst it was right for that business to have expanded, the expansion had not been carried out in the correct manner. It could be true that the business should have remained for its former size and should have concentrated upon greater efficiency without expansion in terms of numbers of people employed and capital investment (The National Development Foundation of South Africa, 1960: 14-16).

The small business could have a promising line of approach when the expansion problem is to ignore for the moment. The difficulties associated with expansion and determine whether in its expansion state the enterprise that is likely to be more profitable. In other words not knowing how it could get there. The next decision is whether the risk implied in the act of expansion justifies the expected gain or is it worth setting. In making these decisions the management should remember that the true cost of any change is not the actual sum to be spent but the difference between this and the best alternative use to which the money can be put (Longernecker, 2000: 9-11).

- **The influence of big business**

It is worth nothing that in decisions of this nature the manager of the small business has a much freer hand than his counterpart in a larger concern. Pressure from many sources including the state may cause the big business to expand and the small business should not feel bound to follow suit. The small man must avoid imitative thinking and thus retain the greater flexibility, which is frequency. His real strength enabling him to weather rapid changes in trading patterns the factors which cause a big business to contract in size may be ground for expanding small businesses like the economic recession which makes large productions runs impracticable and favors the smaller enterprise (Longernecker, 2000: 15).

- **Problem of Organization**

In the growth of business problems thrust themselves on the owner or manager as he has the small group of executives to who he can give general directives on their functions at time to time of their appointment. He is certain to find, however, that these directives are invariably given verbally in a small business, they leave certain gaps and give rise to the overlapping and misinterpreted information like the accountant who withdraws further credits facilities from the customer without telling the sales manager. Fearful of losing the service of his best salesman he tells him that his salary will be increased. In this case, the sales manager is resentful and the accountant is full-injured innocence. They both come to the owner or the manager to settle their argument and to have the correct principle established. This would result in the lack of clarity in expression (Ibid: 22).

- **Problems of Administration**

The small organization must tick and undoubtedly to its actions and indeed the whole philosophy of the owner or manager. If the manager is an enthusiastic person, he is likely to engender enthusiasm in his staff but if he fights against adversity confidently and cheerfulness his staff would do like wise. The manager must be fair in dealing with his staff, the staff

in turn will tend to adopt a similar attitude to their fellows (Thompson, 1967: 22)

Every person in a workplace is looking for appreciation of his or her effort. If this is given they will accept it with a good grace every criticism, which is inevitable from time to time.

- **The Absence of Trade Union on the Small-scale Business Industries**

The absence of trade unions of the small-scale business industries contributes to the problems facing the development of the small-scale business industries. Trade unions play a major role in anything affecting the workers, like the working hours with little remuneration. This brings about a hostile relationship between the workers and the owners of the small-scale business industries who exploit their workers, as they are not allowed to join trade unions that will fight for their rights.

The workers are exploited and alienated from their production. They try to pay for themselves on the illegal and sell it, in order to supplement their wages. That in itself results in the decline of the small-scale business industries as the workers and the management are working for their own survival. Management focuses on the maximization of profits and workers

focuses on their survival that retards the growth and development of small-scale business industries.

The services of the workers in small-scale business industries depend on the management. The contract and the earning of the worker are in land of the management. The determination of employees service in the small-scale business industries is something that happens even without any identification. This makes the employee focus on the development of themselves, rather than on the industrial development, so that when their contract lapses they will be having something to survive on. So, how development could take place if the workers and management have different interests in the industry?

The management of the small-scale business industries might fail to give job description the day before the workers start working. They also change the working style and the working hours without informing the workers. The workers are told what to do, and they need to follow instructions without any questions. Because it is there any worker who questions that change, his/her service could be terminated. That make workers to have an attitude to the management and even to the work they are doing which results in the decline in the development on the small-scale business industries (Whitehead, 1989: 17-19).

The working conditions also play a very important role in the decline of the development of the small-scale business industries. The workers of the small-scale business industries sometimes work in dangerous conditions, and they have no alternative because they are working for their survival and there is no trade union to protect them. They might plan to complain of working conditions that increase the absenteeism of the workers and the voluntary retrenchment. That has also the negative effect on the development of the small-scale business industries. It retards the development as the manager is supposed to employ a new worker, and teach him or her what is expected from him or her that is time consuming (Longnecker, 2000: 29-33).

- **Retrenchment and Unemployment**

The retrenchment and unemployment also have some negative effect on the small-scale business industries. If the workers are being retrenched, they have lack of capital recourse, and they are unable to support the small-scale business industries. These dependants need to be supported when they are not employed. The retrenchment and unemployment increases the crime rate and the small-scale business industries are the most affected area by the retrenchment and unemployment. As most of the small-scale business industries have no legal protection and insurance,

that makes managers of the small-scale business industries to lose temper and forget all about their industry. The retrenched workers done this in order for them to survive, that contributes to the problems facing the development of the small-scale business industries (Whitehead, 1989: 25-27).

- **Migration and Immigration**

The migration and immigration also contribute to the problem facing the development of the small-scale business industries. If we look at the migration, people that are needed for development to take place are moving out of the country to look for better job opportunities. In the place we have people who have some skills and help in the small-scale development. The reasons for that may because of geographical area and the lack of infrastructure. To lose such people, the small-scale business industries fail to develop. The immigration also contributes to problems facing the development of the small-scale business industries. People from outside who simply come and live in our country retard the development. These people have some skills and they sell their production at a very cheap price that affected our own price. The reason behind that is that these people are fighting only for survival not for development. This why their production is cheaper (Thompson, 1967: 23-25).

- **Small Firms in the Modernization Process**

A great deal of the literature review on the economical development of the small firm; shows that there are so many reasons that prohibit the development of the small firms in the modern process. One of the reasons was the unbalanced growth and polarized development. These are the small production units as typical of the expression of the traditional background or substance sector. This school of thought maintains that small firms have a very low level of productivity and that makes them to develop as reservoirs of low cost labour to satisfy the growth needed by the modern capitalistic sector, which consists of large and medium-sized firms.

The imbalance growth in the income and consumption structure was created by unemployment that is caused by the destruction of many craft industries. This is difficult in operating sophisticated technologies in industrial environments with inadequate experience. The increase in the import of raw materials available locally was not exploited to the full. This also contributes to the underdevelopment of firms in the modernization process.

It was suggested by Mattis (1983: 156-158) that technologies be developed that require low capital investment per product and labour unit

that would use local human resources, whose use could be easily introduced all over the local small-scale especially in rural areas. These would guarantee higher productivity compared with the traditional process of production with the assistance of international organizations that are interested in the problem facing the development of the small-scale firms (Mattis 1983: 156-158)

2.3.6 THE TRANSFORMATION OF TECHNOLOGY IN THE PROCESS OF INDUSTRIALIZATION

Industrialization, especially the process from technology transfer to self-reliance, should be a process accompanied by transformation. This may be called the adolescent period of technology transplantation. The degree of technology transformation ranges from a single machine in operations to the change of an entire system. One of the most rudimentary examples could be found in the first British workers, consequently, because Japanese workers were shorter, they could use it only by looking upwards and stretching their heads, which made them become tired quickly and diminished their efficiency and decreases level of production (Kindleberger, 1958: 80-81)

2.3.7 VOCATION EDUCATION AND DEVELOPMENT

Japan tried to develop their small-scale enterprises by introducing vocational education, but that was a failure because the lack of full financial backing by the central government created a heavy syrden for the inhabitants of each of various districts. When the time to set up new schools came government was able to take care of only two thirds of the necessary expenses and it halved the budget for the second final year. This vocation technical education was included in the national education system (Siropolis, 1977: 133-137).

2.3.8 THE ROLE OF NON GOVERNMENTAL ORGANIZATIONS IN SUPPORTING AND DEVELOPING THE SMALL-SCALE ENTERPRISES SECTOR.

Non-governmental organizations are responsible and preoccupied by seeking numerous solutions for numerous problems facing humanity. These problems include environmental problems, after energy for oil, internal and external immigration problems of poverty starvation and illiteracy. All these are problems that prohibit the development of the small-scale business industries. The new global system and the objective tendency towards democratization also affect the development of the small-scale business industries. The notion of the public right in utilizing

the benefits of that has become part of the public awareness. Since the small-scale business sector is relatively independent sector, it forms one of the important elements towards democracy, as it demands mobility work and production with the least possible control. The lending programs have not succeeded in creating real development although they have provided considerable support for the beneficiaries and achieved profits at certain levels.

There is an obvious shortage in lending to the agricultural sector and rural areas. Most of the lending process is directed towards the cities and more specifically towards non-agricultural fields. Problems facing women entrepreneurs are men's negative attitudes to women's work, that women are in a hurry to make profit and they fail to make quality production, and they also increase competition among men's entrepreneurs. Social problems stem from the fact these women are mothers for children and housekeepers, which impedes their involvement and consequently affects the progress of their investment work. The women have difficult access to the raw material resources, because of political and social circumstances that prevent women from reaching these resources directly. This in itself prevents the development of the small-scale business industries owned by women.

The most difficult problem facing this factor is the lack of up to date data, which covers this sector and facilitates the possibility of formulation its clear features. There is no sufficient interest in this sector in spite of the interest in other productive sectors (Stephen, 1996: 23-25).

2.3.9 MANAGERS' PROBLEMS

- **Inadequate records**

There are some small-scale business industries that have the problem of inadequate records. Small industries are often binding themselves with unsuccessfully government contracts. In this way these industries then hire a consultant who not only costs them a lot of money but gets them into some disastrous subcontracting. This makes them to be unable to establish an adequate recording system. However, a firm simply has no basis for estimating its cost and correcting the problem. Another firm could have a good production line but fails to keep revenue and expertise records. The partners never know where they are in terms of finances and during the bankruptcy proceedings. The accountants admit that there they are unable to reconstruct even the simplest form of income statements from the records they find. In fact the office records consists of piles of unsorted papers jammed into an old fashioned safe.

- **Cumulative losses**

Half of the small-scale business industries have cumulative losses. These consist of insignificant final leaks. The owners are unaware of these little problems, which collectively lead to the large losses of these leaks could have been detected by the owners if they had a suitable reporting system. However among all small-scale business industries suffering this problem there are no suitable reports. The reports are either too cumbersome for analysis or take too long to get the manager for timely action.]

- **Lack of tax knowledge**

Some of the small-scale business industries overlook some benefits in their financial planning. They fail to take depreciation and write off their equipment. Other industries have low bidders on large contracts but had fail to include social security and unemployment taxes in their comparative capacities when the company fail to pay these taxes. It eventually runs into trouble with the government.

- **Expansion beyond resources**

Some of the small-scale business industries have grown rapidly and their bookkeeping systems are not designed to handle dramatic growth.

Management simply tries to save money on its bookkeeping system by taking shortcuts all with disastrous effects.

- **Inadequate cost analysis**

Small-scale business industries do not have adequate cost analysis for control purposes. In some instances operating reports are skimpy, while in others are overly detailed. The former fails to provide the industry with sufficient information, while the latter make such analysis difficult, as at the industry does not have clear-short cut bases for controlling operations. And due to its poor cost data reporting, such facts are difficult reporting, such facts were to uncover and were not used as basis for cost control.

- **Lack of productive development**

Most of small-scale business industries have a lack of productive development. They tend to retain models of absolute production lines, when they do change to a more up to date product. It is usually after they have continually chases the market instead of leading it. Over time customers begin to realize that these industries offer the latest products in the field and they begin switching their patronage and but the firms are unable to maintain their market niches. As a result, the industry loses sales. Bankruptcy in this case is about a short time away.

- **Lack of product diversification**

Most of the unsuccessful small-scale business industries lack product diversification and engage in no product research at all. This has direct contrast to the successful industries which strongly emphasize product diversification, as some products lines begin to lose markets. The successful firms are unable to substitute other products for them. This results in the maintenance of overall sale revenue as conversely the unsuccessful firms find out that, as sales decline has no new product to offer. They find themselves engage in a game of "catch up".

- **Lack of information about customers**

Most of the unsuccessful small-scale business industries lack information about their customers. One finds that one company has been shipping goods to customers without making credit investigation. Sometimes customers are bankrupt and have not made any payment in over a year and the company continues to ship goods to them.

- **Failure to diversify markets**

Some small-scale business industries fails to diversify markets and this winds up selling their goods to mere handful customers. A loss of any one would have had some tremendous effect on the overall revenue. One company contracts all of its output to just one buyer and when that particular buyer decides to cancel the terms of contract the business goes bankrupt.

- **Lack of market research**

The small-scale business industries usually undertake major ventures without conducting any marketing research, while others adopt a sample solution to their marketing problems by contracting their entire output to a single buyer. The changes in market conditions leave them in a very poor position.

- **Continued policies of bankruptcy**

The small-scale business industries usually take over the assets as well as the policies that would lead to an industry to become bankrupt industry. Additionally to that it also undertakes a substantial took up that expensive. That in itself leads to their decline of the small-scale business industries. Although expensiveness is not the base for believing that the

potential sales warrant such an expansion. As a result the new company would never be able to achieve its break-even point.

- **Legal problems**

As the company tries to save its money on the legal fees, however when long term drawn-out and patent infringement proceedings become necessary, that comes when the company is ill-prepared to deal with them.

- **Lack of administrative co-ordination**

The small-scale business industries are unable to co-ordinate with their manufacturing and selling activities. Largely this is due to the record keeping system, which does not tell the management which lines are most profitable and which are marginal to them. Furthermore in these industries that expand operations, it is found that there is poor communication that makes them to fail to pay adequate attention to administrative problems that result in poor overall co-ordination and inefficient operation.

- **Absentee management**

There are some small-scale business industries that have a long period of profitable operation. Then they go through a number of years of absentee management. The owner stays away constantly. Operation gradually deteriorates. Financial records are neglected and the bookkeeper fails to make several years of tax payments. Given such developments the industry fails.

- **Internal conflict**

The internal conflicts between the partners results in a company's ultimate failure of the industry. Individuals fight among themselves, make allegations about various kinds scandalous misconduct. These actions eventually result in the failure of the industry to continue operations.

Steinhoff (1975: 29) emphasizes the problem of credit cards on the small-scale business industries. Their use without proper investigation of the customer involved whether he would be able to pay or take a justified ability to pay as he/she goes along. If not the unjustified credit is overused by many people and results in personal bankruptcy and ruins the firm's credit standing.

- **Government Regulations**

According to Harper (1987:25) the government has also failed (as means of encouragement) to subsidize all small-scale business industries. Indeed, instead of assisting these industries, the government makes them to pay more taxes than large-scale industries do (Baumbach, 1988: 23). This suggests that small-scale business industries, from the point of view of the government responsiveness, have largely had their needs and aspirations neglected (Ibid: 23).

- **Lack of Quality Control and Planning**

A person goes to business for maximum personal gain in terms of money and pride (Barker and Staude, 1994: 3). He often, as a consequence, enters business without any knowledge of proper business control, and this results in the failure to produce raw materials of quality. The customer complains that the production is not good, as a consequence the business will fail to compete adequately with other businesses (Fellow, 1995: 1). Obviously, then, for a business to succeed, the manager needs to ensure by all means, the quality in his production.

- **Lack of skilled managers**

Managers of small business are taking risks, because they want to be independent and achieve full personal benefits (Bekker, 1994:7). According to Lynas (1987: 5) many small businesses experience difficulties in attracting quality staff. And they have no ideas about specifying the types of persons who could meet the needs of the company, and who might have the vision to drive the company and enable it to achieve its growth potential. This means that the industry might be started by a person who lacks the broad, well-rounded experience desirable in modern industries (Baumback, 1988: 18).

- **Personal Recruiting Difficulties**

The managerial and the supervisory levels usually have the problem of attracting suitable employees for small industries, mainly because of unfavorable financial standing (Lynas, 1987: 5). That in itself retards development of small-scale business industries. Sometimes the managers, trying to maximize the business's profit employ teenagers. They hope in this way to minimize wage costs (Baumback, 1988: 19). In most cases, however, teenagers supplement their poor incomes through criminal means, such as stealing products and money, to the obvious detriment of the small-scale business industries.

- **Capital Shortages.**

The small business often experience serious problems securing finance for development (Lynas, 1987: 5). Financing of small-scale business industries is said to be more expensive than that offered to large-scale industries. Sometimes this is compounded by the rising inflation rate (Baumbach, 1988: 20). The shortage of capital makes the small-scale business industries employ mainly unskilled people (as in cases of teenagers, mentioned above) rather than buy the necessary machinery (Harper, 1987: 28). However, it is indeed true that small-scale business industries play a virtual role in providing job opportunities to the majority of the unemployed.

- **Lack of Demand**

According to Harper (1987: 30) small industries are a part of the local environment. They tend to employ and serve the needs of poorer people in their communities. If they do not, these people become less dependent on the small industry local sources of supply. They purchase more of their daily requirements in towns.

- **Raw materials and suppliers**

Albert (1981: 3) maintains that small-scale business industries must be located in the place where it will be able to find the necessary raw material; this will limit the transport costs. The government, in its efforts to save foreign exchange, has imposed import restrictions on imported goods (Harper, 1987: 31), business which needs to import their raw materials also have to pay high taxes.

2.3.10 PROBLEMS FACING 'UHURU' CHICKENS

A woman ran an ultra chicken. This woman emphasised that when people and the government think about the farmer in South Africa, they think of a white man. So if women came with something to develop themselves government fail to give them subsidies, like ultra chickens were not given the piece of land to turn it into the poultry farm, as farming poultry was dominated by men. When these women go to banks to ask for loans, the bank manager tell them that a Black women is waiting to go into farming does not stand much chance to be given a loan. Ultra chickens fail to buy food for the chickens from the source where it is made. They depend on the men, who are farmers, because competition sells them rejects they get from roadside. This causes chickens to be affected by diseases and die that make them to work at a loss.

They also have a problem of changing of temperature that they must solve before chickens get sick and they need 24 hours to do. The problem of water also retards the development of ultra chickens, as water is very expensive. The chickens need a lot of water every day (Drum, 2 November 2000: 16-17)

2.3.11 HYPOTHESIS

Small-scale business plays an important role in creating job opportunities for the community around Esikhawini.

Small-scale business is not playing an important role in creating job opportunities for the community around Esikhawini.

2.3.12 DEFINITION OF TERMS

Capital: In economics, generally this refers to all productive assets or stocks of goods and money from which further goods and money are produced, Adam Smith define capital as the as the "produced means of production " [Dewey, Donald, Modern Capital Theory, 1965: 14].

Profit: Means the excess of revenues over cost. It is also referred to as net earnings or income. It is computed before taxes and dividends are disbursed [Edwards, The theory of measurement of business income, 1961: 24].

Firms: The firms are divided into two. There is a small firm and large firms. Small firms referred to the one that has only a small share in the market, is managed in a personalized by its owners, and not through the medium of an elaborate management structures. It has no access to the capital market. Large firms may have majority share holders and freedom of action which remain profitable, but it is essentially a branch of large enterprise with access to capital and perhaps technical assistance from the parent company [Bannok , 1981 : 26].

Skilled labour: Means any classification of personnel, whose qualification includes at least a minimum training, and experience records, along with the necessary faculties to fully-specialized jobs [Prentice Hall Encyclopedic Dictionary of Business terms, 1995:].

Business: It is all about activities of making, buying selling or supplying things for money, it aim at making profit out of its production [Millard, 1987: 15].

Development: Means when a nation of lesser stature than the major countries, but one whose leaders and executives are beginning to use their resources and manpower to produce more, better goods and services [Prentice Hall Encyclopedic Dictionary of Business terms, 1995: 100].

Industries: Means the manufacturing place where production is being made, it has both employer and employees working together under management [Prentice Hall Encyclopedic Dictionary of Business terms, 1995: 172].

Small-enterprise: Means that in business rhetoric a company, firm or other commercial entity where private or public profit making through exchange e g money and goods [Prentice Hall Encyclopedic Dictionary of Business terms, 1995: 16].

Unskilled labour: Any classified personnel who have no qualification, training and no working experience to fulfill a specialized jobs [Prentice Hall Encyclopedic Dictionary of Business terms, 1995: 123].

Semi - Skilled Labour: Means a worker who take over much detailed work and free the more highly trained professionals for more complicated jobs. The emphasis is on the technical or mechanical details of the broader and possibly more theoretical fields. Extensive educational and practical experience is required. [Banki, 1981: 617].

Financial Constraints: Means if a company is unable to meet its current obligations and the company must sell productive equipment to meet its interest payments. It is in the financial distress or constrains, because the financial obligations require an alteration of operating policy, [Kolb, 1992: 561].

2.3.13 SUMMARY

The literature review clearly indicates that small-scale business industries forms the basic of the economy as the whole. However, the economy cannot survive as it is engulfed. The problems facing the development of the small-scale business industries need government participation,

because government is the only vehicle for the small-scale business industries to develop. Financial support, training of the staff, security and crime rate are the major problems to the development of the small-scale business industries. The small-scale business industries are the tool with which to fight unemployment and bring about upliftment of communities. That would fulfill our government hope gospel of independent development of its people.

CHAPTER THREE

3.1 RESEARCH METHODOLOGY

This chapter deals with the data collection method that is called a research design. The research saw the following as relevant to the study. The research used research method that guided the researcher in collecting data as well as in the engaging in analysis and interpretation of observation. The purposive sample research method was used to collect information from the respondents using the closed and open-ended questions.

3.2 Research Instrument

This is the approach that the researcher used is the survey. This method was chosen for its appropriateness in order for the research to elicit the information. It was comprised questionnaires which were given to the sample. The researcher is use of closed and open-ended questions was aimed at balancing questions, thus preventing the ensuring of bias on the part of respondents. The questionnaire consisted of 25 questions and covered the following theme.

Appendix A

- . Section a: Biographical information
- . Section b: Perception of Respondents
- . Section c: Future-benefit

Care was taken to keep the questionnaire as short as possible, to allow for both the volunteering of information and the answering of forced questions. The questionnaire was pre-coded and presented in a friendly format. It was structured to elicit the open-ended responses on an issue before the respondents were given a choice to choose from the same issue.

3.3 Survey Procedure

The field survey method was used to collect the necessary data during June, July, and August 2002. Respondents were purposively selected from the small-scale business industries at Esikhawini. These were in the small-scale business industries there within KwaZulu Natal Province.

3.4 The population study

This study covered both workers and the owners of small-scale business industries at Esikhawini. With regard to sex distribution both male and female were interviewed. The total number of the respondents

interviewed is 50. A sampling technique was used both for illiterate and literate respondents in the small-scale business industry.

3.5 Advantages of the purposive sampling

Purposive sampling method is one that is used by the research with a special purpose in mind, and it is an acceptable kind of sampling for special situations. But it is the type of sample where a researcher does not know whether the cases selected represent their whole population or not.

Purposive sampling is an acceptable kind of sampling for a special situation. The purposive sample is used by the expects in selecting cases with a special purpose in mind (Neuman, 1994: .206). It also has the advantage on the researcher's side because the researcher can use his/her research skill prior knowledge to choose respondents (Bailey, 1987: 94).

Neuman (1994: 207) argued that purposive sampling could be used for a population that is difficult to reach. It is also used when a researcher want to identify particular type of cases. For in-depth investigation, the researcher can generalize the findings of the study to the large population using the purposive sampling.

3.6 Disadvantages of Purposive Sampling

One of the disadvantages of purposive sampling is that the researcher would never know whether the selected cases represent the whole population or not. It is a dangerous sampling method, because it normally works with a special population, some of them are engaged in illegal activities, where it is difficult to get information from them (Neuman, 1994: 206-207).

3.6 Limitations of the Study

- a) The respondents did not always answer all the questions in the questionnaire as expected.
- b) The researcher decided to limit the scope of this study only at Esikhawini in small-scale business industries because of financial and time restrictions.
- c) Some of the respondents refused to supply this study with full information because of illegal citizenship.
- d) Most of the respondents are illiterate they know nothing about the research.

3.7 Ethical Considerations

Two concerns are particularly important in scientific research. First the researcher must provide adequate protection for his respondents. The study should ensure that it does not violate their privacy without their permission. Suppose that a researcher is studying the behavior of a group of operating employees in a ground cray to increase people is willingness to participate. It would then promise them that their identities would not be revealed. Having made such a guarantee the researcher is obliged to keep it.

Likewise, participation should be voluntary. All prospective participants should have the right to not participate or to withdraw their participation. After the study has begun, the researcher should explain all procedure in advance to the participants and should not subject them to any kind of experimental conditions that could harm the participant and also the data to be collected. The other issue involves how the researcher must use the proper procedures and methods and report faithfully and candidly that enables readers to assess for themselves (Moorhead and Graffin, 1998: 576).

3.8 Conclusion

In conclusion therefore it needs to be reiterated that in respect of the research methodology, the researcher saw that the methods used were very important and appropriate to the study. As indicated earlier on the questionnaires were handed to the respondents and filled in with the aid of the interviewer. The researcher used the purposive sampling method in the selection of population to avoid the large number or the whole population being involved in the study. The researcher chose the purposive sample technique to ensure that the groups were represented in the sample. Chapter four will provide a full analysis of data in this study.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATION

The main aim of this chapter is to analyze the research findings. This is in terms of the problems facing the development of the small-scale business industries, at Esikhawini in Kwa-Zulu Natal Province. The self-administered questionnaire was distributed to employees as well as to the owners of small-scale business industries

The data was analyzed as follows:

4.1 Age distribution of the respondents

Table 4.1

AGES OF RESPONDENTS	NUMBER	PERCENTAGE
25-30	27	54
30-40	16	32
40-50	6	12
50 and above	1	2
Total	50	100

Table 4.1 above shows that 27(54%) out of 50 respondents who have small-scale business industries are of the age between 30-40. While 6 (12%) are between the 40-50 age category and 1(2%) respondents in the age category of 50 and above.

By inference the researcher can draw from the above table is that these respondents in their twenties are likely to start small-scale businesses as a means to sustain life. As they are progressing towards fifty they are looking to the younger generation to support them. Traditionally the father retires at the age of fifty at work and his children's support him. That is, why there are 27 of the people aging from 25-30 who have small businesses and this could be a cause of the shortage of job opportunities.

4.2 Gender distribution of respondents.

Table 4.2

SEX	NUMBER	PERCENTAGE
Male	35	70
Female	15	30
Total	50	100

The above table 4.2 shows that 35 (70%) of the respondents are males, while 15 (30%) are females. Both males and females took a part in the small-scale business industries, although males are in the majority. This clearly indicates the traditional society where females are supposed to own nothing. They depend on males (husbands) for their survival. It is confirmed in the literature review (Drum, 2 November 2000: 16-17) that the women emphasize that when the people and the government thinking about the farm in South Africa, they think about white men. If women

come with something to develop themselves the government fail to give them subsidy, like the Ultra Chickens were not given a piece of land. Although females do take part in the small-scale business industries, but they were not well represented.

4.3 Distribution of respondents in terms of their marital status.

Table 4.3

MARITAL STATUS	NUMBER	PERCENTAGE
Married	12	24
Single	26	52
Widow	6	12
Divorced	6	12
Other	0	0
Total	50	100

Table 4.3 above shows that 26(52%) out of 50 respondents that participated in the small-scale business industries are single respondents, 12(24%) are married. The other 6(12%) are either widows or divorced respondents.

By inference we can draw from the above table that single people want to be independent from their family financially, so that they would be able to

get all what they need. Some of them are single parents with small families and they are running from the traditional extended family.

4.4 Distribution of Respondents according to race

Table 4.4

RACE OF RESPONDENTS	NUMBER	PERCENTAGE
BLACKS	45	90
COLOURED	5	10
Whites	0	0
Indians	0	0
Other	0	0
Total	50	100

Table 4.4 above reflects that majority of respondents that 45(90%) are Africans, Five (10%) are Coloureds. The above finding reveals that most of the respondents are black Africans followed by Coloureds. Other races were not represented. This came as the result of the apartheid, Group Areas Act called reserves, for the Blacks where whites used this as for the reserve it as the labour market to get cheap labour.

4.5 The Level of Education of Respondents

Table 5.4

LEVEL OF EDUCATION ATTAINED	NUMBER	PERCENTAGE
Not Educated	5	10
Standard 1-5	4	8
Standard 6-10	18	36
Senior Certificate	10	20
College Diploma	6	12
Technikon Diploma	3	6
University Degree	4	8
Total	50	100

Table 4.5 above shows that 18(30%) out of 50 respondents were of level of education from standard six to ten. Ten(20%) of the respondents hold senior certificates. Six(12%) of 50 respondents are categorized as holding the college diplomas. Five(10%) of the respondents hold university degrees, and 3(6%) of respondents have technikon diplomas. The inference on the above table reveals that the respondents who participate in the small-scale business lack proper training. This is revealed in the 36% of the respondents have education level from six to ten. Although others have some degrees and diplomas, seemingly their qualifications are not inline with the operation of the business. This problem is called

marketing knowing-how by (Chisnall, 1987:5). The small-scale business industries face the problem of lack of marketing skills.

4.6 Distribution of Respondents in terms of their employment status

Table 4.6

EMPLOYMENT STATUS	NUMBER	PERCENTAGE
Yes	28	56
No	22	44
Total	50	100

Table 4.6 above shows that 28(56%) out of 50 respondents are owners of small-scale business industries. Twenty-two(44%) are the employees of the small-scale business industries. All the owners have named their small-scale business industries using their Nguni language to Bannock (1981: 44-49). There is a problem of social value in the Esikhawini. Members of the community undermine each other and results in the competition among themselves.

- 4.7 The employees give their specific job description to others, as cashiers while others do not have any job description. They do every job within the area of work. This shows that their employers with little remuneration exploit these people. The labour law is not applied in the small-scale

business industries, because some of these people, are bread winners but are paid less.

- 4.8 The employer (owner) of the small-scale business industries explained that, the most of them employed less than fifty workers. Some of these workers have no job description, they are just there to help. This means that owners did not apply the policy of supply and demand of the worker, that says people must be employed where they are needed, and must be given enough payment. That is, why the work of the small-scale business industries are still to pay for their power, because there are less paid by their employers.

4.9 Distribution of respondents in terms of Human Resource

Table 4.9

HUMAN RESOURCE	NUMBER	PERCENTAGE
Yes	0	0
No	50	100
Total	50	100

Table 4.9 above shows clearly that 50(100%) of the respondents indicated that there is no Human Resource management in their small-scale business industries. The reason is that their businesses are small.

They employ less than hundred employees. The owner does himself even the payment himself. The workers are paid in rands. Their recruitment does not need prospective employee, if the person is willing to work even under stressful conditions he/she taken, and there is no job advertisement at all.

4.10 Distribution of respondents in terms of raw materials availability

Table 4.10

IMPORT OF RAW MATERIAL	NUMBER	PERCENTAGE
Yes	19	38
No	31	62
Total	50	100

Table 4.10 above shows that, the highest number 31(62%) out of 50 respondents indicated that their business does not involve imported goods (raw materials). Albert (1981: 3), maintains that small-scale business industries must be located in places where they would be able to find the necessary raw materials. This would limit transport costs. As the government in its effort to save foreign exchange was to improve inputs in restrictions on the imported goods. small-scale business industries who imported their goods pay on high import duties (TAX)

4.11 Distribution of respondents in terms of difficulty in importing raw material

Table 4.11

DIFFICULTY IN IMPORTING RAW MATERIALS	NUMBER	PERCENTAGE
Yes	16	32
No	34	68
Total	50	100

Table 4.11 above shows that 34(68%) of respondents have no problem of importing raw materials. Sixteen (32%) of the respondents depend on imported raw materials. It is difficult for them to get their raw materials.

Harris (1986: 118-130) argues in the theory of import Substitution that the cheapened foreign exchange makes the domestic currency more expensive, and it was almost impossible to export manufactured goods. They want to apply the import substitution in order to eliminate the competition of import goods. The balance of payment leads to the introduction of import control.

4.12 Distribution of respondents in terms of location of raw materials

Table 14.12

KILOMETERS	NUMBERS	PERCENTAGE
1 km away	2	4
10-20 km away	13	26
20-30 km away	6	12
40-50 km away	9	18
50-more km away	22	44
Total	50	100

Table 4.12 above shows that 22(44%) out of 50 respondents live 50 kilometers away from the area where they get their raw materials. Thirteen (26%) live 10 kilometers away, while 8(16%) are 40-50 kilometers away. Nine (18%) live 40-50 kilometers away, and 6(12%) are one kilometer away.

The inference we can draw from the above table is that most of the small-scale business industries locate their area of raw materials from some distance. This results in a lot of expenditure. This expenditure contributes to the problem facing the development of the small-scale business industries. All this came as the result of the Land Act, Group Areas Act

that placed all Africans in the reserves, because of apartheid policies by the Whites. The Blacks were economically disadvantaged in this case.

4.13 Distribution of respondents in terms of broken materials

Table 4.13

DELAYED/BROKEN MATERIALS	NUMBER	PERCENTAGE
Yes	24	48
No	26	52
Total	50	100

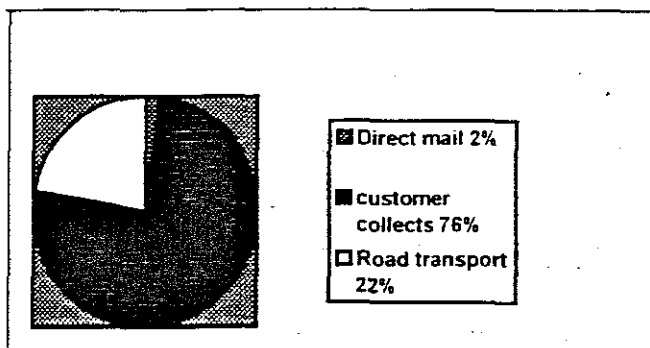
Table 4.13 shows that 26 (52%) out of 50 respondents have no broken or delayed raw materials. Twenty-four (48%) have the problem of broken or delayed material.

The main cause of delay or broken material is transport problems. Fair (1969:68) supported that, the Swaziland small-scale business industries have a problem of transport. There are no well-constructed roads and railway lines. Swaziland depends on South Africa for the importation and exportation of their production and raw material. This causes delays in raw material and retards the process of production.

They substantiated their answers by saying that they solve this problem by writing until the raw materials are delivered. They have nothing to do without raw materials. This makes them to work at a loss and discourages the process of development of the small-scale business.

4.14 Distribution of respondents in terms of the mode of transport

Pie Chart 4.14



The pie chart above shows that 38 (76%) the customers collect the production for themselves. Eleven (22%) use the road transport. while 1(2%) deliver their production through the direct mail.

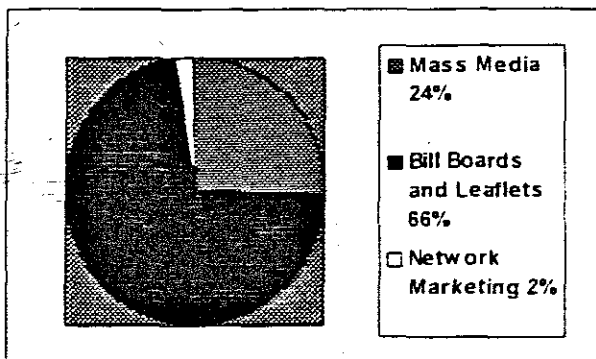
In terms of delivering of production to the customers, most of the small-scale business industries do not have adequate transport to run their businesses. Customers if they are in need of certain production rather collect their raw material for themselves. Some of them depend to other

peoples' transport for their business to survive they do not have transport at all. All this does not promote the development of the small-scale business industries.

4.15 All Esikhawini small scale business industries give different names of their local market, that are closer and dependent on them, but most of them get their products at the Metro market.

4.16 **Distribution of respondents according to marketing of their products**

Pie Chart 4.16

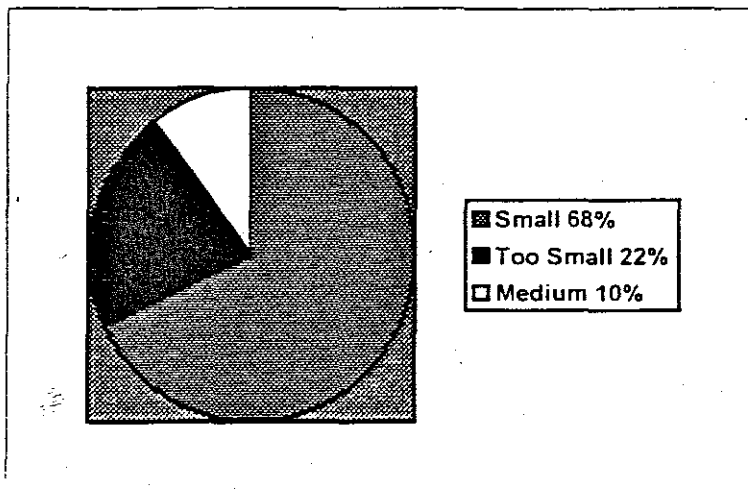


Pie Chart 4.16 shows that 38(66%) out of 50 respondents use billboards and leaflets to market their products. Eleven (22%) use the mass media to market their products, while 1 (2%) use networking marketing.

Pie Chart 4.16 above reveals that the small-scale business industries mostly depend on the billboards and leaflets to advertise their products. The reason is that this type of advertisement is the cheapest of them all. They can not use the networking marketing because the small scale business is mostly run by illiterate people, and this type of advertisement is too expensive as the owners need to have their own system as well.

4.17 Distribution of respondent according to the business

Pie Chart 4.17



The table 4.17 above shows that 34(68%) of the small-scale businesses were remain as they are. This shows no sign of expansion, while 11(22%) is too small for any expansion. 5(10%) expands very little to the medium size.

The inference we can draw from on the above Table 4.17 is that; this could come through the government regulation policies. According to Harper (1987:25) he argues that government has so far failed (as means of encouragement) to subsidise the small business industries. Indeed, instead of assisting these industries, the government makes them pay more taxes than the large-scale industries do. Baumbach (1988:23) suggested that small-scale business industries from the point of view of the government responsiveness, have largely had their need and aspirations neglected.

Lynas (1987:5) argues that managerial and the supervisory levels usually have the problem of attracting suitable employees for their small industries, mainly because of unfavorable financial standing. The managers try to maximize the business profit by employing teenagers.

- 4.18 The time when, the small-scale business at Esikhawini shows that this business at this point in time as they suppose to be large industries, but they have financial problems, like those in Ghana which were depending on government loan. They were not sure whether they would get it or not. The government was time consuming for production to take place. There was also lack of security to the government and the government failed to subsidize them (Siebel, 1987:5).

4.19 Distribution of the respondents according to the expansion of the business in future

Table 4.19

EXPANSION	NUMBER	PERCENTAGE
Yes	37	74
No	13	26
Total	50	100

Table 4.19 above shows that 37(74%) out of 50 respondents have hope of their small-scale business expansion in future. 13 (26%) of the respondents see no future for expansion of their small scale business industries.

This hope of expansion has brought about the increase in the number of the people who are becoming the residences of the Esikhawini area. They are employed at Empangeni, where there is a pipeline project. The workers would thus depend on Esikhawini small-scale business, and hope to change the quality of their production.

Those who said no, they have highlighted the problem of crime rate, as the cause of the high rate of unemployment at Esikhawini. People do not

have money to buy and support their families. Their only means of survival is to rely on crime.

4.20 Distribution of respondents according to the reproduction level

Table 4.20

PRODUCTION LEVEL	NUMBER	PERCENTAGE
Increased	24	48
Decreased	3	6
No change	23	46
Total	50	100

Table 4.20 above shows that 24(48%) out of respondents had increased production last year for 23 (46%) of respondents, their production did not change, while 3(6%) had their production decreased.

The inference we can draw from the above-mentioned table is that, the utilized production may increase because of the number of the people who the business. The way the owners behave to their customers and the services they render to them led to the number of people utilizing the business. This was verified in their stock-taking.

Those with a decreased production highlighted that they their stock remains there for long time. This is caused by the competition amongst their small-scale business industries, and the unemployment is the contributing factor. They do not even make any stock taking in the other months.

Those who said that their production did not change reveals that the point that there is increase or decrease in the stock taking that could result in the expansion of their business, or everything remains static.

4.21 Distribution of respondents according to the money for business starting

Table 4.21

.MONEY OF STARTING BUSINESS	NUMBER	PERCENTAGE
Your own capital	35	70
Loan from the bank	11	22
Subsidy from government	03	06
Other (specify)	01	02
Total	50	100

Table 4.21 above shows that 35(75%) out of 50 respondents use their own capital to start their small businesses. Eleven (22%) get loans from

the Bank and 3 (06%) get subsidy from the government while 01 (02%) are supported by their families or relatives or both.

The inference that we can draw from the above table is that the government managers to subsidize 06% of the Esikhawini small business industries. People are struggling to sustain their own businesses but it is also a means of fight poverty and uplifts the standard of living at Esikhawini and also to fight the unemployment. This also goes some way towards decreasing the crime rate in their area.

4.22 Distribution of the respondents about the problem of payment of workers

Table 4.22

PAYMENT PROBLEMS	NUMBER	PERCENTAGE
Yes	09	18
No	41	82
Total	50	100

Table 4.22 shows that the payment of the workers could be called a delaying payment. That is the case because most of small-scale business is not registered with the government. They use only the employer-employee agreement, when it comes to payment issues. The employer just pays his or rather when the employer has the money. The employee

cannot direct his or her complaint to anyone since they are not allowed to join any form of trade unions. Sometimes they are hapazardly not even aware of the existence of such trade unions. Payment issues are sometimes dealt with, for instance, the employer would simply call a meeting and explain the issue to his or her worker that he has no money to pay them.

4.23 Distribution of the respondents according to the business survival in the next five years

Table 4.23

BUSINESS SURVIVAL	NUMBER	PERCENTAGE
Yes	39	78
No	11	22
Total	50	100

Table 4.23 above shows that 39 (78%) out of 50 respondents are positive about their survival of their businesses for the next five years. Eleven (22%) are negative about the survival of their business for the next five years.

The reason of their hope is that they see their area expanding with a lot of people coming to their area. They also hope that the government will make some means to create more job opportunities. The government

would make people to have money and support their small-scale business industries.

Those who are negative give their reason as due to the a high rate of unemployment, so how could the small-scale business owners manage their businesses. The unemployment increases the crime rate. The government say that the people must start to develop themselves. The only means to develop them is to start a business. There will be no-one who will have that burden to support each other, instead there will be a lot of competition among the small-scale business industries.

4.24 Distribution of respondents according to who benefits from small-scale industries

Table 4.24

BENEFICIARIES	NUMBER	PERCENTAGE
Society	36	72
Government	04	08
Management	05	10
Employees	05	10
Other(specify)	0	0
Total	50	100

Table 4.24 above shows that 36(72%) out of 50 respondents indicated that the society benefits. Five (10%) indicated that both management and employees are the beneficiaries in the small-scale business industries, while 04(08%) indicated that government does benefit.

The inference drawn from above table is that they all benefit from the small-scale business industries like the society gets everything they need in the area. There is little transport expenditure as they utilize each and every cent they have to buy their daily needs. Sometimes they talk to the owners and have monthly bookings. The government gets tax that is being paid by the small-scale business owners, although the government is not supporting them. Management is the one, which determines everything. Their benefits cannot be calculated. Employees are able to survive through the wages they are earning from small-scale business industries. All this could be called mutual benefits because they all benefit.

4.25 Distribution of the respondents according to the government subsidies

Table 4.25

GOVERNMENT SUBSIDY	NUMBER	PERCENTAGE
Yes	14	28
No	36	72
Total	50	100

Table 4.25 above shows that 36(72%) out of 50 respondents indicated that there is no government subsidy at Esikhawini small-scale business industries. Fourteen (28%) indicated that there is a government subsidy for their small-scale business industries.

Table 4.25 reveals that the government fails even to offer sites to the people who wish to have the small-scale business industries. Most of the Esikhawini small-scale business industries take place at the homes of the business owners. The owners avoid the high rates they have to pay should their businesses be based in those urban areas. Seemingly those who are government subsidized are those who were previously employed by the government.

4.26 Distribution of the respondents according to the government adequacy to step up the development

Table 4.26

GOVERNMENT ADEQUACY	NUMBER	PERCENTAGE
Yes	14	28
No	36	72
Total	50	100

Table 4.26 above shows that, 36 (72%) out of 50 respondents prove that, there are no adequacy steps from the government to step up the development of the small- scale business industries. Fourteen (28%) see some adequate steps from the government to step up the development of the small- scale business industries.

The government is the mother of every one. She could do whatever she likes to step up the development of the small-scale business industries.

Although others see oppression from the government, as she makes small-scale business industries drawn by making them paying high taxes and she fails to support them.

4. 27 Distribution of respondents according to the influence of the certain structures

Table 4.27

CERTAIN STRUCTURES	NUMBER	PERCENTAGE
Social values	15	30
Politics	10	20
Economy	10	20
Health	05	10
Education	10	20
Religion	00	00
Others	00	00
Total	50	100

Table 4.27 above shows that 15 (30%) out of 50 respondents indicated they were influenced by social values to start their small-scale business industries. Ten (20%) indicated that they were influenced by either politics, economy and education to start their business, while 5(10%) indicated that they were influenced by health matters to start their small-scale business industries.

In the literature review Bannock (1981: 48-49) argues that, the social values also play a major role in the problems facing the development of the small-scale business industries in Italy. Members of the community

undermine each other where they fail to support those who own small – scale business industries. Everybody needs to prove himself by building his own business, and that leads to the competition among business owners. The education system, which reflects and reinforces social values has prepared children for employment in the large firms and in the government institutions but has done nothing to encourage the idea that they might work for themselves. Social values make people in Italy to be interested in the public sectors rather than to start a unprofitable business.

4.28 Distribution of respondents according to the participation of unions

Table 4.28

PARTICIPATION OF UNIONS	NUMBER	PERCENTAGE
Yes	29	58
No	21	42
Total	50	100

The table above shows that 29(58%) of the respondents approved that the participation of the trade unions could solve problems facing the development of the small-scale business industries. Twenty-ones of the

respondents are of the view that no development that could be brought about the participation of the trade unions.

In the literature review by Whitehead (1989:17-19), argues that the absence of the trade unions in the small-scale business industries contributes to the problems facing the development of the small-scale business industries. Trade unions play a major role in solving the problems that affect the workers, like the issue of working hours. The small-scale business industry workers work long hours for the less remuneration that brings about the hostility between management and the employees.

4.29 Distribution of the respondents according to the shortage of skilled workers

Table 4.29

SHORTAGE OF SKILLED WORKERS	NUMBER	PERCENTAGE
Yes	43	86
No	07	14
Total	50	100

Table 4.29 shows that 43 (86%) indicated that the shortage of skilled workers prohibited the development of small-scale business industries.

Seven (14%) of the respondents are of the opinion that no change could be brought about by skilled workers.

Gouverneur (1971:18) indicated that technological changes also have negative effects in the development of the small-scale business industries. The introduction of the scientific technology transformed the craft worker into skilled workers. This caused some problems for the small-scale business industries. The entrepreneur of the small-scale business industries fails to choose relevant techniques that would increase the production. Although they like to change their craft workers to skilled ones, the problem is that it is very expensive, and the owners of the small-scale business industries cannot afford.

4.30 THE IN-DEPT INTERVIEW

- **RENT PROBLEMS**

The respondents revealed that during the data collection the rent is very high in some places where they work. This increases yearly, and makes them to fail to cope as they lack government subsidy. Some of the small-scale business industries close down because of the high rent. They noted that they are no longer working for profit but for the rent only.

- **RETRENCHMENT**

Retrenchment also exacerbates the problems that are faced by the small-scale business industries, as the small-scale business industries depend entirely on the surrounding community. If the surrounding community does not have money, who would support the small-scale business. Some of the small-scale business industries close down because of the retrenchment.

- **TRANSPORTATION PROBLEMS**

The transportation problems are the most crucial problems that prohibit the development of the small-scale business industries. The respondents indicated that they fail to market their services to other places because of the lack of transport. The public transport is not that conducive for them since it does not rely on time and more than that it is very expensive. The respondents emphasized that to market their services to other places makes them to have customers in those areas at where they transport their goods.

CHAPTER FIVE

5.1 Conclusion and recommendations

The problems facing the development of the small-scale business industry are a global phenomenon, because every small-scale business industry has its own problems. The problems are not easily solved unless the government opens the department of the small-scale business industries. That department needs to give full attention to their problems.

The small-scale business industries are interdependent with the community they are serving. However customers cause the business to decline because they are used to buying without paying cash. This little debt contributes to the downfall of the small-scale business industries as it accumulates without payment.

The literature review reveals that some owners of the small-scale business built their industries without any aim but only to gain public recognition and pride. Their businesses have declined during the course of the first year. Some of the small-scale business industry owners started their industries because their neighbors had already started theirs. This means they have started theirs to compete with their neighbors not because they have the aim of what wish it to be, but as a result of undermining their

neighbours enterprise and not wanting to support them They question themselves who are their neighbors to sell something to them.

The lack of people is knowledge about running and functioning of small businesses has led to the problems and decline of the small-scale business industries. Some people who use their savings to start a business. This is because they think that they could survive with the capital they have without thinking of the other needs the small-scale business industry requires.

Family members run some other small-scale business industries. These family members have different interests in the business. They use the opportunity of being in the business to fulfill their own interests, which leads to the downfall of the business established.

Competition among the small-scale business industries leads to their decline because there are price variation among themselves and other small-scale business industries and upon working at a loss because they want to finish their production without making any profit out of it. This also contributes to the problem facing the development of the small-scale business industries. Others were complaining about the immigrants that these people increase the development of the small-scale business

industries. They have no families to support and they accept whatever people give to them in exchange for their products, and they have no fixed prices for their product, and their products are quality products and the community tends to support them than most indigenous small-scale business industries. In view of analysis according to the distribution of age category, 25-30 (54%) of respondents are participated in small-scale business industries.

In view of analysis according to the distribution of gender category, 35 (70%) of respondents were participated in small-scale business industries.

In view of analysis according to the distribution of in terms marital status category 26 (52%) of respondents participated in small scale business industries

According to the distribution of the Black race category, 45 (90%) of respondents participated in small-scale business industries. According to the distribution of the level of Education category, (36%) of respondents, which is up to Standard six to Standard ten participated in small-scale business industries.

According to the distribution of in terms of their employment status category, 28(56%) of the respondents were participated in small-scale

business industries. Line with analysis according to the distribution of Human Recourse category, 50 (100%) of respondents participated in small-scale business industries. We also noted that according to the distribution of raw material category, 31 (62%) of respondents participated in small-scale business industries.

It is also noted according to the distribution in terms of difficulties in importing raw material, 10 (68%) of respondents participated in small-scale business industries.

In terms of location of raw material category, 21 (42%) of respondents participated in small scale of business industries. In terms of broken material Delay to broken material category, 26 (52%) of respondents participated in small-scale business industries.

In view to the analysis of the distribution to the expansion of business in future category, 37 (74%) of respondents were participated in small-scale business industries.

Twenty-four (48%) of respondents were in small-scale business industries. According to the distribution to the money for starting business category, 25 (70) of respondents participated in small-scale

business industries, and 41 (82%) of respondents participate in the small-scale business industries, in the problem of payment of the workers, while 43(86%) of the respondents participated in the small-scale business industries on the shortage of skilled workers. Thirty-six (72%) of respondents participated in small-scale business industries, in the funding of the government to step up the development category.

5.2 Recommendations

The small -scale business industries are the basis on which the South African economy the community and the government must support communities in the small-scale business industries in all aspects.

The government needs to end the working of the families in the small-scale business industries because this makes them not to be able to see the problems that make the small-scale business industries to decline. Even the owner of the industries fail to explain what causes the decline of their industries.

The government needs to form a department of the small-scale business industry. They would try and resolve the entire problem by facing the development of small -scale business industries. This department would visit all small-scale business industries that are registered with

government to see whether the work is going on properly. The owners of the small-scale business industries would be required to report to this department for any problems they face.

All small -scale business industries need to be registered with the government so that the government would be able to budget for their subsidy. The tenders also need to be distributed and registered as small-scale business industries. There are some people who take the work that is supposed to be done by small scale business industries because they have money to buy tools and material but without registration with the government. The government needs to make compulsory free training for the owners of the small-scale business industries and it also needs to build structures that could be used by the people who want to have small-scale business industries. The rent affects the small-scale business industries considerably because it is compulsory to pay it each and every month. The owners of the small-scale business industries have no fixed salary that they could receive monthly. The customers who come and buy the products determine their monthly salary.

The government could attempt to make subsidy available for the development of small-scale business industries only for the trained managers to support small -scale business industries with legal protection

for unpaid finished goods. There are lots of things that are kept by the small-scale industry owners with no one to come and collect them. The government must make a fix period of time that is needed to sell after this time.

The government could try and fix prices of the small business industries. This would be to avoid the conflict between them because customers are used to buying from someone who has cheaper goods. That in itself causes others to work at a loss and makes the atmosphere hostile among small-scale business industries.

The government could also try to support with transport for the small-scale business industries in the rural areas. These small-scale business industries usually lack transportation and market their production to go and market their production to other places where their production is readily needed. Sometimes this contributes to the decline of small-scale business industries because of the lack of transport, which makes the owners to fail to collect the material they need for their customers.

The small-scale business industries lack protection. They fail to start their work as early as the owners wish because they are not protected, as people are hungry. They use the small-scale business industries to be

destroyed for their survival. What is required is for the government is to protect the establishment of these industries. The government also needs to form a body that would visit all small-scale business industries that are registered where the government would smoothly see whether they are developing or not. If they were not developing the government would need to find out the cause of its problem.

5.3 Conclusion

In conclusion of this work, the researcher stated that problems facing the development of the small-scale business industries are so many and they can not be easily solved. However the government needs to take the responsibility of the small-scale business industries because the government is basic source of the small-scale business industries for development. If the government makes the small-scale business industries develop this would in creating job opportunities and fight unemployment and crime rate. The government therefore needs to see whether the small-scale business industries have their development in the hands of the government. The inflation rate and retrenchment affects the most of the small-scale business industries as well as redundancy of the workers, which contributes to the downfall of the small scale business industries.

The collapse of these businesses also decrease the support that the small scale business industries have and they need, if people do not work like in the rural areas where the population depends on the small scale business industries. There is likely to be a decline and it is the local population that will suffer.

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APPENDIX A

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Dear Respondents

I am a Masters Degree student presently enrolled for Industrial Sociology at the University of Zululand. Kindly assist me by responding to all the questions on this questionnaire. There is no wrong or right answer. Please do not write your name on the questionnaire itself as information givers will be treated confidentially and can be assured of remaining anonymous.

The information gathered in this study will be used in The Sociological Analysis of the Problems Facing in the KwaZulu-Natal Province

Thanking in anticipation.

Yours faithfully

M.C Msomi (Mr)

A. BIOGRAPHICAL INFORMATION

Kindly indicate your answer by placing a cross boldly on the blocks provided

Sample: Are you working?

Yes	√
No	

1 Age group

25 - 30
30 - 40
40 - 50
50 and above

2 Gender

Male
Female

3 Marital Status

Married
Single
Widow
Divorced
Other

4 Race Group

Black
Coloured
White
Indian
Other

5 Level of education

Not educated
Standard one to five
Standard six to ten
Senior certificate
College Diploma
Technikon Diploma
University Degree

B. PERCEPTION OF RESPONDENTS

6. Are you an owner of this small business at Esikhawini?

Yes

No

If yes what is the name of your small-scale business?

7. If not, what is your employment status in this small business?

8. How many employees are employed in your small business industry?

9. Do you have human resource in your small-scale business industry?

Yes

No

If no, please explain how the small-scale business industry is organised?

10. Does your business operation involve import of raw materials and export of finished products?

11. Is there any difficulty in importing raw materials or exporting the finished products from small-scale business industry?

Yes

No

12. How far is the location of your small-scale business from the place where you obtain the material?

1 km away

10 – 20 km away

20 – 30 km away

40 – 50 km away

50 – more km away

13. Is there any problem of delayed or broken materials?

Yes

No

If yes, how do you normally solve the problem?

14. What mode of transport do you use to deliver products to your customers?

Road transport

Direct mail

Customer collects

15. Who is your local market?

16. How do you market your product or service?

Advertisements in the mass media

Bill Boards and leaflets

Networking marketing

17. What is the size of your small business industry in terms of produce?

Too small

Small

Medium

18. When was it started?

19. Do you have any expansion/plans for your small business industry in the future?

Yes

No

If yes, what indications make you say that your small business industry will expand in the future?

If no. what problems stand on the way of future expansion?

.....
.....
.....

20. How was the production level in your business last year?

Increased

Decreased

Did not change

If it increased please explain.

.....
.....
.....

If it decreased please explain?

.....
.....
.....

C. FUTURE - BENEFIT

21. Where did you get the money to start your business?

Your own capital

Loan from the bank

Subsidy from government

Other. specify

22. Is there any problem about payment of the workers in your business?

Yes

No

If yes. how would you solve that problem?

.....
.....
.....

23. In your own opinion do you see the business surviving in the next five years?

Yes

No

If yes. explain why?

.....
.....
.....

If no, explain why?

.....
.....
.....

24. Who benefits from the small business industry?

Society
Government
Management
Employees
Other, specify

Why do you say that?

.....
.....
.....

25. Do you think the government subsidize the small business industries of Esikhawini?

Yes
No

26. Do you think the government participated adequately to step up development in small business industries?

Yes
No

27. Do you think the following structures have much influence in the development of small business industries?

Social value
Politics
Economy
Health
Education
Religion
Other

28. Do you think the participation of unions in small-scale business industries will solve the problem of development?

Yes
No

If yes, how?

.....
.....
.....

29. Do you think that shortage of skilled workers could slow down the development of small-scale business industries?

Yes
No

If yes, explain.

.....
.....
.....

If no, explain.

.....
.....
.....