FACTORS INFLUENCING SMME SUCCESS IN THE WESTERN CAPE PROVINCE, SOUTH AFRICA

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Abstract - Small, medium and micro enterprises (SMMEs)that are supportedappropriately bythe private and government sectors possess significant potential for sustainable and enhanced economic growth.Despite significant state efforts to promote the growth and success of SMMEs in South Africa, three decades into democracy their effectiveness remains largely unproven. This researchassessed the progress of SMMEs that had governmental assistance in the Western Cape province, South Africa. A survey questionnaire was employed to collect data on the demographicsof participating enterprises and to investigate the relationship between government support initiatives and the growth of SMMEs in terms of year-on-year revenue increases since business inception. The researchutilised Pearson's Chi-square (χ^2) and nonparametric tests to evaluate the relationship between government support initiatives and SMME growth. The results demonstrate that government assistance programmes have not achieved the expected objectives for promoting SMME development. The researchemphasises the necessity of reevaluating and improving existing initiatives to foster more effective economic growth in one of the world's most unequal nations.

Keywords - Small, Medium and Microenterprises (SMMEs), Government Support, South Africa, Entrepreneurship

I. INTRODUCTION

Small, medium and micro enterprises (SMMEs)constitute a significant segment of the business environment in South Africa (Small Enterprise Finance Agency, 2019). Despite facing significant challenges, this type of enterpriseis a vital component of the economy, as it employs approximately 9.8 million people, accounting for 64% of the country's total employment (Small Enterprise Development Agency, 2021a). The Global Entrepreneurship Monitor (2021) reports that the slow uptake in business startups in South Africaiscompromised further by one of the highest SMME failure rates in the world. Table 1 provides data on the factors that contribute to business exits in South Africa in the period 2019 to 2022.

Reason	2019	2021	2022
	%	%	%
Problems obtaining financing	28.8	21.8	25.2
COVID-19 pandemic	*	29.8	24.7
Business not profitable	33.1	23.7	24.2
Family or personal reasons	17.4	5.3	14.4
Another job or business opportunity arose	9.9	5.9	4.5
Incident / unexpected events	1.2	0.5	4.0
Opportunity to sell	3.2	6.0	1.0
Retirement	3.2	2.0	0.9
Government/tax policy/tax policy/bureaucracy	0.8	1.5	0.7
Exit was planned in advance	2.4	2.1	0.3

Table 1: Factors Contributing to Business Exits in South Africa (2019–2022)
Source: Global Entrepreneurship Monitor (2023)

Table 1 illustrates that,in 2022, the main reason for business exits was challenges relating to accessing financing (25.2%) – a 3.4% increase from 2021. This was followed by reasons relating to the COVID-19 pandemic (24.7%) and business unprofitability (24.2%). Additionally, exits due to family or personal reasons (14.4%) saw a significant increase of 9.1% from the previous year. It is noteworthy that accessing financing, rather than the availability of financing, remains a challenge for emerging entrepreneurs in South Africa (Schmidt et al., 2017).

II. LITERATURE REVIEW

2.1 Background of SMMEs

The unemployment rate in South Africa is critically elevated, at 32.9%, and exacerbated by a persistent shortage of trained workers (Statistics South Africa, 2023). This rate highlights a substantial disparity between the government'spolicy objectives and actual

results. SMMEs are intended to mitigate unemployment, enhance competitiveness, rectify historical disparities, promote Black economic empowerment and assist survivalist actions amid the economic transformation.

SMMEs are decisive for economic development, job creation and poverty reduction (Fatoki, 2021; Pedraza, 2021). Worldwide, aid for SMMEs has frequently been supply-driven andcharacterised by continuous services, such as management training, technical support and financing availability (Tendler &Amorim, 1996). These services intend to provide practical support across industries and attempt to accommodate diverse business types. In South Africa, assistance for SMMEs, particularly in the survivalist, micro and tiny sectors, has focused on business skills training and improving access to financing (Small Enterprise Development Agency, 2021b). Studies in the previous three decades produced insights into the complexities of democratic governance and have revealed remarkable progress and persistent challenges in the quest to build a fair, inclusive and prosperous society. The South African government recognises the imperative of enhancing the economy through improved efficiency, global competitiveness, growth, investment and entrepreneurship, to address poverty, unemployment and inequality (South Africa, 1994, 1995a).

2.2 Government Initiatives and Policy Frameworks

The South African policy framework for developing SMMEs has evolved significantly since the country's democratisation in 1994. Key government policies include the National Small Business Act of 1996, the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises of 2005, and the National Integrated Small Enterprise Development Strategic Framework of 2022 (South Africa, 2022). These policies have been instrumental in shaping the SMME landscape by addressing challenges and promoting growth and sustainability.

The National Small Business Act of 1996 laid the foundation for SMME development by establishing the Small Enterprise Development Agency and the National Small Business Advisory Council, which aim to create an enabling environment for small businesses through regulatory reforms and support services (South Africa, 1996). Over time, the Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprisesof 2005 introduced a more integrated approach by focusing on enhancing the competitiveness of SMMEs through innovation, access to financing and market development (Department of Trade and Industry, 2005).

The most recent policy, the National Integrated Small Enterprise DevelopmentStrategic Framework, represents a comprehensive strategy to support the resilience of SMMEs. It emphasises inclusive growth, coordination among stakeholders and targeted support services to address the diverse needs of SMMEs (South Africa, 2022). This framework aims to harmonise efforts across government and the private sector to foster a supportive ecosystem in which SMMEs can thrive.

The evolution of these government policies reflects a shift from basic regulatory support to a more holistic and integrated approach that focuses on innovation, inclusivity and sustainability. The overarching goal remains to reduce poverty, inequality and unemployment by empowering SMMEs,which are seen as key drivers of economic growth (Botha, Smulders et al.,2020; Bvuma& Marnewick, 2020). However, obstacles remain, including constrained resources and insufficient ICT uptake, especially by SMMEs in townships (Bvuma& Marnewick, 2020).The government's efforts to assist SMMEs are often obstructed by the government's inadequate funds and ineffective support mechanisms, as indicated by Rens et al. (2021). Critics such as Peters (2010) contend that economic incentives have not been advantageous for cultivating a culture of entrepreneurship, especially among historically marginalised populations. The efficacy of government initiatives is constrainedby inadequate communication on the part of the government and an inadequate understanding of government initiatives by SMME owners,which contribute to poor performance of SMMEs and the overall economy (Global Entrepreneurship Monitor, 2005). Research by Peters and Naicker (2013) reports that SMME support activities for the genuine advancement of enterprises have had a minimal effect, which reveals a disjunction between government actions and the requirements of the SMME sector.

The influence of government policies on SMMEs in South Africa has been the subject of extensive research, which has highlighted both the successes and challenges faced by the SMME sector. Key studies have examined various aspects of policy implementation and their effects on SMME development. Rogerson (2018) analysed the effectiveness of the National Small Business Act of 1996, which established foundational support structures such as the Small Enterprise Development Agencyand the National Small Business Advisory Council. The study found that, while these institutions provided essential support, their impact was often limited by bureaucratic inefficiencies and inadequate funding.Kraai (2021) focused on procurement policies and their sustainability in Gauteng province andfound that frequent changes in targeted procurement policies made the

policiesunsustainable; they failed to achieve their intended objectives of promoting SMME growth and empowerment. The study emphasised the need for more stable and well-informed policy design and implementation, to address the actual challenges faced by SMMEs (Kraai, 2021).A study by the Southern Africa Trust (2013) examined the broader policy environmentof SMME development and emphasise the importance of inclusive business practices and the role of government in creating an enabling environment. The research underscores the need for continuous dialogue between policymakers, the private sector and SMMEs to ensure that policies are responsive to the needs of small businesses (Southern Africa Trust, 2013). These studies collectively highlight the evolving nature of SMME policies in South Africa and the ongoing need for improvements to fully realise the potential of SMMEs as drivers of economic growth and job creation.

Research indicates that financial resources and government assistance are essential for developing SMMEs (Kanayo, 2021; Ogujiuba et al., 2023). However, the execution of supportive policies continues to be problematic, especially in rural areas (Farisani, 2022). Research highlights the necessity of a comprehensive reassessment of policies and actions to expand the potential of SMMEs to confront the socioeconomic issues in South Africa. The need for greater practical and more efficient government assistance, stronger communication strategies and a realignment of expectations with achievable capabilities and outcomes is required.

2.3 Western Cape Province

This province is known for its diverse economy, which includes sectors such as agriculture, manufacturing, tourism and services. In line with the national government's approach, the Western Cape government has implemented various initiatives to support and develop SMMEs in the region. A significant initiative is the SMME Booster Fund,which focuses on supporting projects and programmes aimed at growing and developing SMMEs.Italso emphasises reducing red tape to create a more favourable environment for SMMEs. These efforts are part of a broader strategy to enhance the sustainability and competitiveness of SMMEs in the Western Cape, to ensure they can thrive and contribute to economic development in the province.

2.4 Challenges Confronting SMMEs

2.4.1 Government Policies

Navigating the complex network of rules and regulations, also known as red tape, is a significant obstacle for businesses, especially those in the informal sector. The World Bank'sEnterprise Survey (2007) highlights the cost and time-intensive challenges of adhering to government laws, which disproportionately influence SMMEs in comparison to larger businesses. Medium-sized businesses are noted for allocating most of the time of senior management to addressing these regulatory obligations, which signifies a considerable effect on the managers' operational efficiency.

In South Africa, SMMEs face several specific challenges related to red tape that hinder their growth and sustainability. These include complex regulatory requirements, lengthy licensing processes and high compliance costs. One significant barrier is the complexity of tax regulations. SMMEs often struggle with the administrative burden of complying with tax laws, which can be particularly challenging for small businesses with limited resources. Additionally, the lengthy and cumbersome licensing processes required to start and operate a business can delay business operations and increase costs (Davies, 2013). Another critical issue is the high cost of compliance with labour laws and other regulatory requirements. These costs can be prohibitive for small businesses, which makes it difficult for them to compete with larger businesses (Southern Africa Trust, 2013). Furthermore, bureaucratic inefficiencies and delays in government services, such as for the processing of permits and approvals, can create significant obstacles for SMMEs (Zulu, 2018). This regulatory and administrative complexity could persuade people and small businesses ownersto exit the informal sector, thereby hindering development and innovation.

2.4.2 Business Education

Another challenge is the disparity between business education and actual market issues. Contemporary training approaches frequently neglect addressing market biases and practical obstacles, which compromises the efficacy of the training. The assertion that skills that are acquired in a structured training environment can be promptly used in a business is met with much scepticism. Peters and Naicker (2013) propose a paradigm that integrates business education with real-world experience, thus augmenting the relevance and applicability of education.

A strong positive link exists between business education and entrepreneurial success, but Nieman and Nieuwenhuizen (2009) identifieda significant gap in adequate business education in South Africa thatobstructs entrepreneurial activities. Effective education and training are fundamental, since these activities cultivate managerial competencies–knowledge, skills, behaviours and attitudes –that are vital for the success of any organisation (Hellriegel et al., 2008). Herrington and Wood (2003) assert that the absence of specific training diminishes management competencies in SMMEs, thereby leading to elevated company failure rates and hindering entrepreneurial growth nationwide.

Lewis (2002) observedthat, despite significant interest by high school students in entrepreneurship,students receive minimal to no instruction on company management. This education disparity continues to exist despite the elevated unemployment rate, which is conservatively assessed at 32.9%, and the restricted number of students enrolling in higher education institutions every year (Kassiem, 2003). Despite the formulation of a coordinated entrepreneurship plan in 1994 and the implementation of the Revised National Curriculum for Grades R–9 in 2005, which was later extended to higher grades, these initiatives have not produced the anticipated results.

We should examine worldwide best practices that have addressed comparable difficulties with inventive solutions. Integrating technology-based systems to provide real-time market data and feedback might improve training programmes. Moreover, establishing collaboration between established enterprises and SMMEs for mentoring and hands-on training might reconcile the disparity between theoretical understanding and actual implementation to revolutionise the SMME sector in South Africa.

Notwithstanding significant governmental focus, the SMME sector in South Africacontinues to encounter a wide array of problems thatimpede its growth and sustainability. Nieman and Nieuwenhuizen (2009) describe the challenges faced by these firms, which include insufficient business skills training and trainingthat is not aligned with real-world requirements, inadequate accessto financing, challenges regarding market penetration, inadequate support systems, restricted access to technology and obstacles to obtainingcritical resources such as skilled labour. The COVID-19 pandemic intensified these challenges andresulted in business closures and operational modifications (Fubah& Moos, 2022). Small and medium-sized enterprises also face challenges regarding digital transformation, as a result of insufficient infrastructure, limited financial resources and digital illiteracy (Gqoboka et al., 2022). Government assistance is frequently regarded as inadequate or ineffectual, especially in rural areas (Mukwaramiet al., 2020).

Despitefacing these challenges, SMMEs are vital for providing employment, alleviating poverty, and making contributions to countries'GDP (Mwale, 2020). Resolving these challenges requires solutions that encompass the simplification of laws, enhancement of access to financial aid and the implementation of targeted capacity-building projects (Mwale, 2020). It is recommended thatSMME resilience and growth can be improved by promoting collaboration among essential stakeholders and investing in digital infrastructure (Eze & Lose, 2023; Gqoboka et al., 2022). Additionally, research emphasises that crime, declining infrastructure and frequent power outages, known as load shedding in South Africa, constitute considerable challenges. These challenges impede everyday operations and undermine the confidenceof businesses, which isessential for growth and sustainability. The aggregate effect of these difficulties can significantly affect the operating capacity and profitability of SMMEs.

These findings highlight the pressing necessity of integrating practical, market-relevant business training in the school curriculum, to develop a strong entrepreneurial mentality, aptitudeand acumen in the workforce of the future. Rectifying this deficiency in education is essential for cultivating the managerial skills necessary to ensure the sustainability and growth of SMMEs, which will, in turn, aid economic development and alleviate unemployment in South Africa. By implementing targeted, sector-specific support measures, South Africa can develop a more robust framework that addresses current challenges while anticipating future needs. This approach will enhance the overall resilience and growth potential of SMMEs.

2.4.3 Financial Resources

Financing is essential for the establishment and expansion of any enterprise. Fatoki and Garwe (2010) consider a shortage of funding to be a significant barrier to the development of SMMEs in South Africa; they place it second only to challenges related to education and training. Innovative finance mechanisms, including blended SMME funding models and risk-mitigation measures, have been proposed to enhance access to external capital for Black-owned SMMEs (Baloyi & Khanyile, 2022).

In South Africa, several types of funding are available to assist SMMEs. The Tourism Transformation Fund supports Black investors and communities to develop tourism-related projects. The Growth Fund funds businesses and requires businesses to demonstrate growth potential and job creation capabilities. The Technology Innovation Agency – Seed Fund offers grants to individuals associated with higher education institutions or science councils to commercialise their research. The National Youth Development Agency provides grant financing for youth entrepreneurship and focuses on survivalist youth businesses and cooperatives. The Industrial Development Corporation offers a variety of funds to promote economic growth and industrial development in various sectors, including technology, automotive and manufacturing. The Small Enterprise Finance Agency provides financial and business support to SMMEs and cooperatives, by focusing on debt financing through various schemes, such as the Tourism Equity Fund and Youth Challenge Fund. The Small Enterprise Development Agencysupports small

enterprises by ensuring their growth and sustainability through various programmes and initiatives (Inside SME, 2024). In the Western Cape region, a key initiative is the SMME Booster Fund, which is managed by the Department of Economic Development and Tourism. Since its inception in 2019, the fund has supported over 860 SMMEs, has sustained nearly 5 000 jobs and has created an additional 651 jobs (Western Cape Government, 2025). The fund focuses on supporting projects aimed at growing and developing SMMEs, particularly those owned by women, youth, and people with disabilities, as well as township-based businesses. These funding options are designed to address the diverse needs of SMMEs, to promote their growth and sustainability in the South African economy.

Research by Msomi and Olarewaju (2021)demonstrates the difficulty that new SMMEs face in obtaining financial support by revealingthat only 2% of new SMMEs in South Africa wereeffective in obtaining financial support. The seriousness of this problem sometimes necessitates substantial collateral – a stipulation that many SMMEs, particularly those owned by historically disadvantaged persons, find challenging to fulfil. Herrington et al. (2002) disclose that an alarming 75% of loan submissions from SMMEs were denied by banks in South Africa. A primary factor contributing to the high rejection rate is the substandard quality of business plans filed by these firms, which often indicates deficiencies in readiness for and comprehension of the financial landscapeand collateral.

Another significant barrier for successfully applying for financing is the lack of awareness and understandingof SMME owners of available funding programmes. Few small business ownersare fully informed about the various government initiatives and how to access them, leading to underutilisation of these resources (Southern Africa Trust, 2013). Furthermore, bureaucratic inefficiencies and delays in the disbursement of funds can hinder the timely support that SMMEs need to sustain their operations and growth (Department of Trade, Industry and Competition, South Africa, 2024).

2.4.4 Access to Markets

The success of SMMEs fundamentally relies on their capacity to adeptly manage industry rivalry and cultivate competencies that provide a competitive edge. David (2009) observes that the market potential and growth prospects of SMMEs are significantly affected by the competitive dynamics in their respective industries, which can vary considerably. The literature on SMMEs in South Africa highlights several critical factors that influence market access. Studies consistently identify barriers such as limited access to financing, regulatory challenges and inadequate infrastructure as significant impediments to SMME growth and market penetration (Bhorat et al., 2018).

A study by Bhorat et al. (2018) provides a comprehensive overview of the constraints facing SMME growth and performance and emphasises the role of both endogenous(internal) and exogenous (external) factors. Growth refers to the expansion and scaling of SMMEs, including increases in revenue, market share, and employment opportunities. Development, on the other hand, encompasses the broader enhancement of SMMEs' capabilities, such as improving management skills, adopting new technologies, and enhancing overall business sustainability. The study highlights that, while SMMEs are important for inclusive growth and development, SMMEs often struggle with issues such as limited access to markets, strong competition and insufficient support services. These constraints hinder the ability of SMMEs to grow and develop effectively, impacting their overall contribution to the economy.

Research by Sibiya et al. (2023) examined the challenges experienced by SMMEs and the interventions by national and provincial governments. The study identified stringent compliance requirements and regulatory frameworks that pose significant challenges to SMMEs by limiting their ability to access broader markets. The authors argue that, while government interventions aim to support SMMEs, the effectiveness of these measures is often hampered by bureaucratic inefficiencies and the absence of coordination among stakeholders (Sibiya et al., 2023). Furthermore, the Longitudinal Study on SMMEs and Co-operatives in South Africa (Department of Small Business Development,2023) highlights the importance of creating an enabling policy environment that facilitates market access and supports the sustainability of small businesses. It also points out the need for continuous dialogue between policymakers, the private sector and SMMEs to ensure that policies are responsive to the needs of small businesses.

Overall, the literature reflects consensus on the critical role of market access in the growth and sustainability of SMMEs in South Africa. While various policies and interventions have been implemented to support SMMEs, ongoing challenges necessitate further improvements to fully realise their potential as drivers of economic growth and job creation.

2.4.5 Shortage of Entrepreneurs

The shortage of entrepreneurs is a considerable obstacle to economic growth in South Africa. The entrepreneur-to-worker ratio in South Africais around 1 to 52, which is far lower than the 1 to 10 ratio observed in most developed countries (Friedrich &

Visser, 2005). Shay and Wood (2004) foundthat young South Africans had significantly lower confidence about their entrepreneurial potential than their counterparts in other rising economies, such as Argentina, Brazil, India, Singapore and Malaysia. This highlights a significant issue relating to the low incidence of entrepreneurship in South Africa, particularly considering the capacityof entrepreneurship to promote and maintain open and contemporary economies globally.

These problems highlight the complex obstacles encountered by SMMEs in South Africa. Resolving the issues requires a holistic strategy that prioritises alleviating financial limitations and improving market access, while also reforming the policy framework to foster a more conducive environment for the advancement and growth of SMMEs (Botha, Kritzinger et al., 2020). By reforming these sectors, South Africa can cultivate a more resilient and prosperous environment for SMMEs, which is essential for the nation's economic vitality and the welfare of its populace.

This study assessed the progress of SMMEs in the Western Cape province of South Africaby focusing on the effectiveness of government assistance programmes in achieving their intended goals of promoting SMME development.

III. METHODOLOGY

The objective of this research was to evaluate the relationship between government support initiatives and the growth of SMMEs in the Western Cape, specifically in terms of their contribution to employment creation and revenue growth.

The population of the study was SMMEs in the Western Cape that were engaged in various sectors, such as agri-processing, business services, education and training, fishing, financial services, real estate, ICT, light manufacturing, oil and gas, retail services, transport, agriculture, timber, tourism, waste beneficiation, construction and clean energy. The sample comprised owners and managers of SMMEs that had been operational for over seven years and thatwere not categorised as "survivalist", as defined in the White Paper (South Africa, 2005).

Data were collected using a structured questionnaire with two main components:

- Section 1: Demographic data, including gender, age, citizenship, education, staff count, duration of operation and type of ownership.
- Section 2: Data regarding factors that influence SMME growth, such as turnover and employment, utilisation of government support agencies and perspectives on government assistance programmes.

The research addressed the following hypotheses:
H_1: Government support initiatives have not positively contributed to SMME employment creation in 2023 and 2024.
H_2: There is no statistically significant relationship between government support initiatives and the growth of SMMEs in terms of year-on-year revenue increases since business inception.

For the statistical analysis, the Pearson's Chi-square (χ^2) test was implemented to evaluate the relationship between categorical variables. The test assessed whether there was a statistically significant association between government support initiatives (independent variable) and SMME growth indicators such as job creation and revenue increase (dependent variables). SPSS for Windows was used to process and analyse the collected data, to ensure accurate computation of Chi-square statistics and interpretation of results.

IV. ANALYSIS OF SURVEY

Tables 2, 3 and 4 summarise the demographic characteristics of the research participants, including their ages, genders and nationalities.

Table 2: Ages of participants

		Frequency	%	Valid %	Cumulative %
Valid	17–29 years	34	3.4	3.4	3.4
	30–39 years	181	18.1	18.3	21.7
	40–49 years	451	45.1	45.6	67.3
	50–59 years	301	30.1	30.4	97.7
	60 years and over	23	2.3	2.3	100.0
	Total	990	99.0	100.0	
Absent	System	10	1.0		
Total		1 000	100,0		

Table 2 indicates the number of participants who responded (valid) as 990;participants who did not respond (n = 10)are listed as absent. Table 2 indicates that the participants were aged mostly between 40 and 49 years (45.6%);a further 30.4% of the participants were in the 50 to 59 years age group. Significantly, only a small fraction of participants (3.4%) were in the 17–29 years age group, indicating that the research sample comprised predominantly older individuals.

		Frequency	%	Valid %	Cumulative %
Valid	Male	755	75.5	75.5	75.5
	Female	245	24.5	24.5	100.0
	Total	1 000	100.0	100.0	

Table 3: Gendersof participants

Table 3reports that 75.5% of the participants were male and 24.5% were female. Data fromthe Development Policy Research Unit (Bhorat et al., 2018) report a significant gender discrepancy in the ownership of SMMEs. Specifically, SMMEs have around three times the number of female proprietors as large enterprises, of whichmost owners are male.

In Tables4 and 5, the overall promotion of small enterprise initiatives in South Africa, and the overall promotion of small enterprise initiatives in South Africa (2023-2024) versus the expansion in the labour force is rated.

Table 4 indicates the participants'evaluation of various government support agencies and initiatives.

Table 4: The overall participants' evaluation of the government's initiatives to promote SMMEs

		Frequency	%	Valid %	Cumulative %
Valid	Very poor	249	24,9	24,9	24,9
	Poor	703	70,3	70,3	95,2
	Neither poor nor well	45	4,5	4,5	99,7
	Well	3	,3	,3	100,0
	Total	1000	100,0	100,0	

In Table4, the survey findings related to respondents'evaluation of various government support agencies and initiatives are presented. Specifically, participants were asked to rate their observations of the overall promotion of small enterprise initiatives in South Africa. The results indicate that a significant majority (70.3%) of respondents rated the government's promotion efforts as poor, while an additional 24.9% (249) of respondents rated the government's efforts as very poor. Only a small proportion (4.5%) of respondents had a neutral opinion on the government's initiatives to promote SMME initiatives (neither poor nor well). A mere 0.3% (n = 3) of participants considered the overall promotion to be well executed (positive rating), thus indicating a significant problem regarding government support to SMMEs

Table 5displays the cross-tabulation findings for the overall promotion of small enterprises and the creation of job opportunities.

			In 2023-2024 has your labour force		
			Expanded	Contracted	Stayed the same
How would you rate the overall promotion of small enterprise initiatives in South Africa?	Very poor	Count	172	17	56
		% of total	17.5%	1.7%	5.7%
	Poor	Count	485	45	161
		% of total	49.3%	4.6%	16.4%
	Neither poor nor well	Count	28	4	12
		% of total	2.8%	.4%	1.2%
	Well	Count	3	0	0
		% of total	.3%	0.0%	0.0%

Total	Count	688	66	229
	% of total	70.0%	6.7%	23.3%

Chi-square tests

	Value	**df**	**Asymp. Sig. (2-sided)**
Pearson Chi-square	2.295[a]	6	.891
Likelihood ratio	3.105	6	.796
Linear-by-linear association	.046	1	.830
N of valid cases	983		

Table 5: Overall promotion of small enterprise initiatives in South Africa in 2023–2024 vs expansion in the labour force: A cross-tabulation

Note. [a] Four cells (33.3%) have an expected count of less than 5. The minimum expected count is .20.

Table 5 displays the cross-tabulation findings for the overall promotion of small enterprises and the expansion in the labour force during the preceding two years. Regarding the null hypothesis H_1: Government support initiatives have not positively contributed to SMME employment creation in 2023 and 2024, this research indicates no substantial correlation between participants' views on overall promotion and the observed improvement in the labour force size. The p-value derived from the Chi-square test is .891, which signifies the absence of a statistically significant correlation between the government's comprehensive promotion initiatives and the labour force dynamics throughout the designated timeframe. Therefore, the null hypothesis ($H_{1)}$ is not rejected by the researchers in this research.

In Table 6, the overall promotion of small enterprise initiatives in South Africa vs the development of the business in terms of turnover growth is indicated.

			The development of the business in terms of turnover increased		**Total**
			Yes	**No**	
How would you rate the overall promotion of small enterprise initiatives in South Africa?	Very poor	Count	204	42	246
		% of Total	20.5%	4.2%	24.7%
	Poor	Count	571	130	701
		% of Total	57.4%	13.1%	70.5%
	Neither poor nor well	Count	38	6	44
		% of Total	3.8%	.6%	4.4%
	Well	Count	3	0	3
		% of Total	.3%	0.0%	.3%
Total		Count	816	178	994
		% of Total	82.1%	17.9%	100.0%

Chi-square tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-square	1.511[a]	3	.680
Likelihood Ratio	2.079	3	.556
Linear-by-linear association	.021	1	.885
N of valid cases	994		

Table 6: Cross-tabulation: The overall promotion of small enterprise initiatives in South Africa vs the development of the business in terms of turnover growth

Note. [a]Twocells (25.0%) have an expected count less than 5. The minimum expected count is .54.

Table 6assesses the influence of comprehensive promotional initiatives on business development, particularly on turnover growth, through a cross-tabulation study. The government's primary objective is to cultivate a conducive environment for SMMEs to succeed, to decrease unemployment and to advance equitable wealth distribution. These support initiatives are anticipated to improve revenue and broaden the workforce.

The Chi-square test findings demonstrate that the correlation between the overall promotion of small

firm incentives and year-on-year turnover growth is not statistically significant ($p > .05$). Therefore, the researchers of this research do not reject the null hypothesis indicatingthat there is no correlation between these variables.

Pearson's Chi-square test evaluated whether there exists a relationship between the independent variables and the growth of SMMEs in terms of employment growth, and Table 7presents data in this regard.

Variable	Pearson's Chi-square	p-Value
Business class	5.2	p<.05
Gender	4.1	n.s.
Owner/manager age	13.3	n.s.
SMME age	8.3	p<.05
Ownership	16.7	p<.05
Education	26.7	p<.05
Government support initiatives	11.1	n.s.

Table7: Chi-square test: Increase in employment
Note. n.s = not significant

Table 7reveals differences in employment growth between SMMEs. The differences were significant in four variables: business class, SMME age, ownership, and company ownership. Business class refers to the classification or category of the business based on certain criteria such as size, industry, or type of ownership. This classification can impact various aspects of business operations, including access to resources, market opportunities, and regulatory requirements. The Chi-square test results indicate that the business class variable has a statistically significant association with the increase in employment ($p < .05$), suggesting that different business classes experience varying levels of employment growth. Null hypotheses were rejected for the following four variables:gender, owner/manager age, and government support initiatives, which were found to have no significant effect on the business success of SMMEs in South Africa. The first null hypothesis (H_1), "no significant differences", could not be rejected in these three cases.

This observation suggests that many of the respondents were uninformed about government initiatives for the benefit ofSMMEs. The results also highlight the difficulties experienced by participantsin their attempts to access government initiatives. The results also revealed that the approachesof various government organisations were regarded as ineffective in aiding the participants. This research identified a failure to recognise the specific needs of SMMEs as a reason for the low use of support that is meant todevelop this sector.

Table 8presents the regression results for testing the relationship between independent variables and the business success of SMMEs.

Variables	Unstandardised coefficients		Standardised coefficients	t	Sig.	95.0% Confidence interval for B	
	B	Std. error	Beta			Lower bound	Upper bound
(Constant)	3.788	.228		16.648	.000	3.341	4.234
Gender	-.028	.057	-.014	-.484	.629	-.141	.085
Owner/manager's age	.030	.029	.030	1.031	.303	-.027	.088
Education level	-.270	.028	-.279	-9.486	.000	-.326	-.214
Ownership	.008	.029	.009	.288	.774	-.049	.066
Business class	-.457	.038	-.373	-12.146	.000	-.531	-.383
Business age	-.001	.005	-.008	-.258	.796	-.010	.008
Government Support	.011	.046	.007	.239	.811	-.080	.102

Table 8: Regression results testing the independent variables
Note. R = 0.474; R-square = 0.224; Adjusted R- square = 0.217; F (7, 921) = 38.053, p < .001.

Table 8presents the regression results testing the relationship between independent variables and the business success of SMMEs. The differences were highly significant in the Chi-square analysis, though this significance disappears for two out of four independent variables when regression analysis is applied. Only the variables business class and education levelremain strong explanatory variables. The regression analysis confirms the results that show that the government's support initiatives fail to recognise the specific needs of SMMEs in South Africa.

V. CONCLUSION

The South African government has consistently sought to create a conducive environment for SMMEs, in an attempt to challenge unemployment, wealth disparity and poverty (Peters & Naicker, 2013). The National Development Plan for South Africa aims to eradicate income poverty, diminish inequality and lower unemployment to 6% by 2030 (Bhorat et al., 2018). Consequently, assistance for the SMME sector must result in sustained job creation and enhanced turnover if it is to address the socioeconomic challenges facing South Africa.

Nonetheless, after three decades of democracy, government assistance measures in this context have not achieved their expected outcomes. The findings of this research underscore the critical challenges faced by SMMEs in the Western Cape province of South Africa, particularly regarding government support initiatives. A significant majority (70.3%) of participants perceived the government's promotional efforts as inadequate. Cross-tabulation analyses reveal no statistically significant correlations between government support initiatives and the growth of SMMEs in terms of expanding their labour pools, as indicated by the non-rejection of the null hypothesis (H_1). Furthermore, the study found that initiatives did not significantly influence growth in turnover, as evidenced by the Chi-square test results ($p>.05$). However, significant differences in employment growth were observed in relation to business class, SMME age, ownership and company ownership, leading to the rejection of null hypotheses in these instances. In contrast, gender, owner/manager age, and government support initiatives did not significantly influence SMME success. The cross-tabulation of awareness versus adequacy of government support initiatives reveal that a substantial proportion of SMMEs rated these initiatives as "neither poor nor well" or "poor", with those rating them as "poor" contributing to a notable percentage of job creation. This suggests a lack of awareness and accessibility issues regarding government initiatives, which are compounded further by ineffective support mechanisms. Regression analysis confirmed the findings of the Chi-square analysis, by indicating that government support initiatives failed to address the specific needs of SMMEs. The study emphasises the necessity for tailored support mechanisms and a genuine commitment to policy execution to foster the growth and success of SMMEs in South Africa.

This research,therefore, examined the correlation between government initiatives and the growth of SMMEs in the Western Cape, by investigating revenue and workforce expansion. The results indicate that many participants regarded government services as inadequate and exercising no influence on the growth of SMMEs. Organic development, propelled by internal causes such as enhanced production and sales seems to prevail, while government help assumes a marginal role.

A comprehensive strategy is required to tackle these complex challenges, including the alleviation of financial limitations, improvement of market access and substantial change in the legislative framework. Subsequent approaches may be pivotal in fostering a more favourable and beneficial environment for the advancement and growth of SMMEs in the Western Cape.

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