



## Executive Summary 2006

### 2006 research focus:

SME Survey (PTY) LTD targeted 6000 telephonic interview with business and financial decision-makers at small, medium and micro enterprises in South Africa. The main focus of the research was factors affecting entrepreneurship and SME competitiveness in SA, including business enablers such as IT, financial services and BEE

### SME Survey research Methodology

SME Survey is based on a random selected sample of decision-makers in South African small, medium and micro enterprise (SMEs) consisting of companies with 1 to 200 staff.

### SMEs want finance – but must consider the risks

The major challenges facing SMEs relate to the availability of financial, skills and expertise. However, while these factors are considered critical by 91% of the 6020 respondents to this survey, their availability could be more challenging.

According to principal researcher Arthur Goldstuck, this year's survey set out to evaluate the enabling environment for SMEs by asking respondents to rate the importance of a range of resources. "They were then also asked how satisfied they were with their access to these resources, hence providing a Satisfactory Index (SI) for access to the resources they regarded as most important" he says.

### Many SMEs don't consider ICT critical

Small to medium business are increasingly satisfied with the availability of information and communications technology but still wrestle with the challenge of securing the skills and expertise necessary for sustained performance.

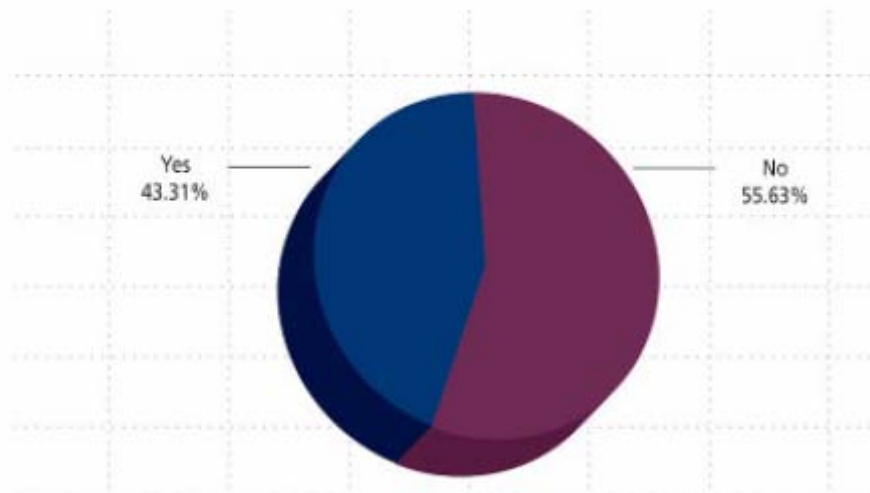
The introduction of more options for connectivity as well as increased competition in the telecommunications environment appears to be having a positive effect on the SME market

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## BEE Status

The BEE status of respondents is similar in makeup to that of the response base in 2005 and 2004, when the question was asked for the first time. Where the rise in the total number of non-BEE companies in 2005 – from 59% to 62% - was ascribed to the higher presence of micro-enterprises (where businesses founded by white entrepreneurs are less likely to have a BEE than among larger SMEs), a new dynamic emerged in 2006.

### Know the Difference between BEE and BBBEE



However, this is not surprising when it is considered that the number who did not know (56%) coincided almost exactly with the number that did not have any form of BEE status (57%). While the one does not predict the other, it is obvious that when BEE status is acquired, there is a far greater likelihood of understanding the nuances of BEE as expresses by the scorecard initiatives for BBBEE.