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Summary Report
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South Africa

Wild Coast spatial development initiative (SDI)
impact assessment

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The Wild Coast SDI

Part 2 - Mapping local economic activity and the culture of small businesses in the Wild Coast SDI

Summary report

SUMMARY: Mapping local economic activity and the culture of small businesses in the Wild Coast SDI

Students should be involved in practical business skills training, and the curriculum should take specific conditions of the area into consideration. - *Grade 12 student from Marelane Senior Secondary School*

The Wild Coast Spatial Development Initiative (SDI) is one of nine projects set up by the government of South Africa to kick-start local economic development (LED) through investment in small and micro-enterprises (SME). The Wild Coast makes up the north-east corner of the Eastern Cape province and is a relatively undeveloped coastal strip with huge eco-tourism potential. The current mapping exercise and school survey followed a baseline survey (1997-98). The baseline showed few people in the Wild Coast SDI had a clear idea of what small businesses were, what was possible and what was likely to succeed.

The objective of the mapping exercise and school survey was to produce an informed dialogue about income generating activities as locally-motivated and locally-run production units. Through this discussion with students and teachers, the exercise documented what the current situation was, how perceptions and attitudes might be changed, especially with regards to women, and what other obstacles existed for people to start their own business. The sample of 2056 students from 28 schools mapped out 1424 businesses summarized in a Year 2000 calendar. The students filled out a questionnaire and discussed the lack of economic development in their communities.

More small service businesses than production business: Service businesses accounted for 67% (958/1424) of all the economic activity in the Wild Coast SDI. Alcohol-related businesses (bottle stores, shebeens/taverns) accounted for almost 20% (189/958) of all service businesses. There were two service-related businesses for every production related business. Arts and crafts, and the production of fruits and vegetables accounted for just less than one-half (211/466) of all production businesses in the area. There is a need to increase the number of production businesses that can serve the local communities and perhaps more importantly, market goods outside of the SDI region.

Ownership and gender: Two businesses were owned by a male for every business owned by a female (830 male owned business, 393 female owned business, 201 combined owners). There was some variation in the types of businesses owned by males and females. The most common types of businesses owned by women were shebeens, vendors, arts and crafts, and fruits and vegetables. Businesses owned by men - taxis, general dealers, brickmaking and livestock - typically required more capital investment..

Spatial patterns of businesses: Business density in the SDI was very low overall, with its peak in the Coffee Bay area (70 businesses per 10,000 people). Almost all businesses followed the road

network and were located near the larger concentrations of population. There was also a high degree of clustering of similar businesses, the result of ‘copycat’ businesses where successful ideas are duplicated. This often exhausts the market from that area due to a limited demand and many of these enterprises fail, including the one with the original idea.

Consideration of ownership by students: In an area where economic development is desperately needed, the perception of starting one’s own business, as opposed to waiting for something to happen, was poorly developed. Overall, only 31% (631/2046) of grade 12 students had considered starting their own business; 35% (263/757) of males and 29% (356/1244) of females.

Work available in community: In the past, most income for the Wild Coast came from migrant labour which did little to promote local economic development. This trend continued as 54% (1103/2028) of students interviewed felt they would not live in their communities after leaving school. In addition, only 12% (247/2033) of students felt the kind of work they were looking for was available in their community. A student who felt the kind of work s/he was looking for was available in their community was more likely to consider starting their own business than a student who did not (OR 1.47, 95% CI 1.10 - 1.96).

Reasons for not starting their own business: In many cases, not starting their own business was not attributed to one single factor. Lack of finances, however, was the single most common reason given. No less than 90% (1282/1425) of students who had not considered starting their own businesses claimed that lack of finances was at least part of the reason they had not considered it. Some 63% (884/1415) said that lack of knowledge was part of the reason, 52% (738/1417) felt not knowing what kind of business to do was part of the reason, and 33% (462/1411) felt that lack of customers a reason for not starting their own business. Students also felt that crime and traditional views of women played a role.

Membership of a ‘stokvel’: Some 7% (146/2017) of grade 12 students were members of a *stokvel*. Students who were members were more economically aware than students who were not. A student member of a *stokvel* was more likely to consider starting their own business than a student who was not a member (OR 1.94, 95% CI 1.35 - 2.78). One in four (534/2016) grade 12 students considered membership in a *stokvel* as a small business.

Knowledge of the Wild Coast SDI: While the SDI is intended to promote investment and increase local economic development, few people in the Wild Coast have even heard of it. Overall, only 23% (457/2013) of grade 12 students had heard of the Wild Coast SDI. Knowledge of the Wild Coast SDI was relatively even among districts with two exceptions: in Elliotdale only 11% (10/88) of students had heard of the SDI and in Mqanduli 34% (111/327) had heard of the SDI. A student who had heard of the Wild Coast SDI was more likely to consider starting their own business than a student who had not heard of it (OR 1.61, 95% CI 1.46 - 2.99). It should be a priority to increase knowledge of the SDI if the region is to gain any benefit from it.

Attitudes toward businesses: In many cases, students have the hands-on skills to start different businesses but do not consider these business opportunities. For example, among students who felt they could produce clothes, only 30% (315/1060) considered dressmaking a business. There were also interesting associations when students took the time to consider whether or not they could produce a certain item. Even if students concluded that they themselves could not produce something, in most cases they were more likely to have considered starting their own business than someone who had not taken the time to think about it. For example, a student who thought about whether or not they could produce food (regardless of whether or not they concluded they could) was more likely to consider starting their own business than a person who had not thought about it (OR 3.10, 95% CI 1.57 - 6.14). With regards to producing crops, crafts, and food there was little difference of attitude between males and females. In the case of brickmaking, 27% (203/748) of males felt they could produce building bricks and only 16% (194/1250) of females felt they could. Some 85% (74/87) of brickmaking businesses were owned exclusively by males. In the case of dressmaking, 28% (212/749) of male students felt they could produce clothes for sale whereas 68% (844/1250) of female students felt they could. Some 67% (14/21) of dressmaking businesses were owned exclusively by females.

Attitudes towards education: There was a very positive attitude towards education in the Wild Coast. More than one-half (1166/2034) of the grade 12 students walked more than 30 minutes to get to school, and 93% (1885/2032) felt that further education improved their chances of a future livelihood. This finding, however, was overshadowed by the poor pass rates. Grade 12 repetition rates were very high and in some cases students had to repeat the class two or three times. Principals blamed a variety of reasons for the high repetition rates including poor facilities, overcrowding, and problems with the parents, the teachers and the students themselves.

Attitudes towards women: Many female students felt they had less opportunities than men and were intimidated by the idea of starting their own businesses. Other students believed that women had more business opportunities than men. Overall, 29% (591/2020) of students felt that women had a better chance of making a livelihood in their communities.

Attitudes towards returning migrants who were retrenched: While discussing why more men owned business than women, students said that men had returned from years of working in the mines with money and a skill base. Overall, 67% (1361/2022) of grade 12 students felt returning migrants who were retrenched would affect their chances of a future livelihood.

▲ Points of action

1. Curricular reform - The students suggested that many of the problems underlying unemployment and a lack of entrepreneurship could be solved in the classroom. The Department of Education, they said, should design new courses that include information about starting businesses, finances, marketing, and changes in attitudes and motivation. Teachers should be

trained to teach production of various goods, and hands-on business skills. These classes would allow students to recognize and to utilize their own skills, to enhance entrepreneurial ideas, and to reduce the number of 'copycat' businesses. However, in order to maintain a positive view towards education and to produce skilled entrepreneurs some attention to the number of students who pass will be needed.

2. Increased participation by women - A positive outcome of the entire process, consonant with a wide range of SDI objectives, would be that women take initiative to start their own businesses and rely less on men. In order for this to happen, apartheid-era thinking must change and women must be empowered to recognize they have the creativity and skills to start their own businesses. These ideas can be built up through discussions in the communities through the schools, the community headmen, and the *imbizo*. Practical steps to reduce crime might reduce the intimidation of women to start their own business.

3. Increased funding for small business development - Some obstacles that stop people from starting their own business can be overcome with increased dialogue, curricular reform, and better information about the issues. However, financial problems are more complicated. SDI planners need to look at different sources of funding currently available and provide education on how to manage finances. The economic perception within the SDI needs to shift from one of 'migrant labour' to local economic development.

4. Increased distribution of calendars and repetition of mapping exercise - The student mapping exercise and production of calendars could be implemented with good effect at the provincial level. The calendar successfully represented the current economic situation in the Wild Coast and educated students about geography and how maps could be used to present data. It also highlighted the facts that few businesses were owned by females and most were service-related. This provoked discussion among the students about causes and how this might be changed. The mapping exercise could be implemented as part of the curricular reform, training teachers to perform the exercise with their students each year to update the maps and document the changes.