# Investigating the Finance Needs of Small Manufacturing Businesses in the eThekwini Metropolitan Area in South Africa

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## Abstract

The manufacturing sector is one of the drivers of economic empowerment, job creation and poverty alleviation through its stimulation of growth. Small Medium and Micro Enterprises (SMMEs) in this sector are facing many challenges, including access to markets, the inability to export their products, access to finance as well as basic cyclical cash flow management. Therefore, the objective of this study was to investigate the needs of the small manufacturers operating within the eThekwini Metropolitan area. This was a cross-sectional quantitative study conducted among 57 SMMEs. The study revealed that the lack of access to finance was a hindrance to the growth of these small businesses. Most of the financial assistance that manufacturing business owners used to start up their businesses was sourced from family and friends. Despite the challenges experienced by these business owners, the study revealed opportunities for creative or specialised funding mechanism such as cash flow cycle management, opening of credit lines and invoice discounting. These schemes will go a long way in assisting small manufacturers in staying liquid and being able to produce and deliver on time.

**Keywords**: Economic empowerment, job creation, poverty alleviation, growth, South Africa

**Introduction**

Manufacturing is regarded as the key driver of economic development and providing new jobs both in South Africa and globally (Economic survey report, 2013). Countries are keener in being producers and exporters of goods than just consumers (Merseta, 2014). This is evident in the last quarter of 2014 economic trends report which states that manufacturing's sectorial composition was at 11.7% (Bezuidenhout, 2015).

The South African Government, through the New Growth Path (NGP), emphasizes the importance of creating jobs, alleviating poverty and reaching a goal of 5 million jobs by 2020. This is not possible without a conducive investment climate for small businesses, manufacturing and the whole value chain. It is to be noted as well that job losses in 2014 in this sector amounted to 17 000 and this was due to strike actions, amongst other things, that crippled the economy (Economic Survey Report, 2014).

Small businesses across all sectors in South Africa have failed due to various reasons. In the manufacturing sector, for example, this failure has been due to the lack of expertise, the lack of funding, or the lack of a regulatory framework, *inter alia* (Rhicks, 2014). Therefore, a need to unpack the issue of why access to finance for small manufacturing businesses is a challenge. Given the promotion of small medium and micro enterprises (SMMEs) in South Africa, it is important to identify the issues that hinder access to finance for small business in this sector. It is also important to identify whether this challenge is unique to small businesses and to investigate possible / probable elements of this acquired or inherent uniqueness. Therefore, the aim of the study is to investigate the finance needs of small manufacturing businesses operating within eThekwini metropolitan area.

**LITERATURE REVIEW**

The manufacturing sector plays a vital role in driving economic growth, wealth creation and contributing to the Gross Domestic Product (GDP). The reality is that manufacturing businesses are poised to play an important part in stimulating growth and development in both the industrial and non-industrialised sectors. Entrepreneurs build new business markets through innovation, which in turn contributes towards the creation of employment.

## Entrepreneurship in South Africa

Whilst the SA government is promising to focus on job creation through entrepreneurship, poverty and inequality still affects a lot of people. Many of these unemployed individuals are starting up new businesses through necessity with the hope that these businesses would in turn grow sufficiently to support the founders and generate enough profit to have a roll-over effect which would likely create further job opportunities. According to the Global Entrepreneurship Monitor (GEM, 2010), only 16.7% of South Africans had entrepreneurial intentions and 29% had a fear of failure, which is regarded as a major contributing factor to their failure to start businesses. The GEM study (2010), reported that the state of entrepreneurship in South Africa was affected by many factors including the access to funding, consequently making it difficult to enter into the entrepreneurial arena. In 2012, a survey investigating the entrepreneurial intent of 70% of small manufacturing businesses that operated within eThekwini revealed that 43% of the owners were over the age of 50 with no succession plan.

The government is concerned about the lack of economic growth and has been confronted with the increase in unemployment, especially in the manufacturing and retail industry, as well as the inability to create decent jobs and slow economic growth (DTI, 2015). Due to the globalisation of the world market, policy makers believe that entrepreneurship is the way out to these concerns. In light of this, various programmes have been developed both nationally and locally. eThekwini Municipality, for instance, created a unit for business support with one of its main aims / objectives being to assist SMEs and to foster partnerships for the benefit of eThekwini entrepreneurs. A proactive step taken by government to further the course of entrepreneurship was the creation of the Small Business Ministry. It is usually acknowledged that manufacturing businesses face exceptional challenges, which affect their development and profitability and this diminishes their capability to contribute successfully to sustainable development.

## Characteristics of a successful entrepreneur

According to Stefanoric *et al* (2010) the success of a small business can be defined as its ability to evolve as well as to understand its environment. The success of manufacturing businesses is dependent on owners' previous knowledge, financial or capital access and personal skills which are the critical ingredients for the success of any business venture. Mongia (2013), in her study, argues that the issue of success is subjective and based on an individual. This is echoed by Gompers et al (2010) who relates success of an entrepreneur to continuous repeated effort of hard work. Psychological factors such as risk aversion, innovation and the ability to plan have an important effect on the performance of the business. Craig (2015) argues that a location does and at the same time does not matter for the success of an entrepreneur. He continues to say what matters most is brand identity, reputation as well as the talent (employees) one has recruited that creates success for any kind of venture. Sefanovic, Prokic and Rankoric (2011) argues that entrepreneurs need not only know but be well trained and motivated in order to be successful. Benzing (2009) categorised the important variables contributing to the success within the manufacturing sector into three groups' i.e. psychological, personal, management skills and training (external environment). Hussain and Windsperger (2010) dispute that the understanding and the familiarity of the local marketplace plays a key function for the accomplishment of any business, predominantly if the business operates within the retailing industry. The management abilities of entrepreneurs and environmental factors are the most important consideration for the success of small businesses.

As pointed out by Benzing (2009), an unpredictable political and socio-economic environment, intricate taxation, dishonesty and cumbersome regulatory frameworks are frequent struggles confronted by entrepreneurs in growing economies. The South African manufacturing industry has to face a number of similar problems owing to the bureaucratic approach of the public system and unbalanced administrative policies. Usually, the increased costs of doing business are a direct result of these bureaucratic hurdles and delays. According to Fakoti and Smit (2011), the hurdles experienced by entrepreneurs could be grouped into both external and internal factors. Past business research studies agree that the shortage of financial capital is one of the most important problems confronting entrepreneurs in developing countries (Cook, 2001). A study conducted by the World Bank (2014) also highlighted the need to expand access to finance to women entrepreneurs.

## The Business Environment

Business environment for SMEs has a direct impact on operations and performance. Manufacturing businesses are similar to the majority of businesses in that they manoeuvre in a very competitive environment. Rwigema and Venter (2004) are of the opinion that looking at the business as a whole will provide the entrepreneur with a lasting point of view for potential growth opportunities and continuity. Past studies showed that the relationship between SMME businesses and the business environment becomes a crucial focal area for the continual survival of businesses in the open market (Dalberg, 2011).

Oni and Daniyan (2012) believe that there is relevance of the business environment to performance. They argued that SMEs are relevant for the development and growth of a country’s economy. Included among the areas of relevance were the growing of the export market through the production of goods and services, the creation of jobs and contribution towards the GDP. This point is echoed by Coetzee (1993) who pointed out that manufacturing companies may be regarded as an open system that is influenced by its surroundings. If businesses are not capable of changing and adapting to these environmental forces and are only dependant on the strength and nature of these forces, they will be faced with either complications or opportunities which could potentially demolish these businesses or present these businesses with opportunities to grow through other avenues.

The circumstances in which entrepreneurs analyse the internal environment, the external environment (which encompasses the task) and the macro environment imitate the character of the entrepreneur. It is noted that the internal environment is within the control of the business owner, whilst the external environment is beyond his or her control. It is the relationship between entrepreneurs and their environment that will determine the success or failure of the businesses. The most important factors impacting the failure of manufacturing businesses is thus derived from the owners of businesses and both internal and external environmental factors.

According to Rigwena, *et al* (2004), most entrepreneurs are at the leniency of the economic environment over which they have no control. This is specifically relevant to areas which are highly dependent on big companies for employment. When such big companies settle on retrenching hundreds of the workforce, it negatively affects numerous small sized businesses that were dependent these big companies as source of suppliers. Current developments, such as globalisation and economic meltdown, have all impacted businesses drastically. This is particularly relevant to local businesses that produce goods that are currently being imported at very low cost from abroad (Small Business Monitor, 2010).

**The Internal Environment**

Fakoti and Smit (2011) argue that the internal environment is within an entrepreneur’s domain and that it needs to be carefully managed and controlled. A thorough knowledge and understanding of internal environmental factors will provide the entrepreneur with the essential administrative skills to enhance the management of their business and to eliminate the potential for business failure.

Deficiencies within the surroundings are the important causes of failure of the manufacturing industry. According to Markgraf (2014), the key internal factors, especially for manufacturing businesses, revolve around ethics and legal issues. These include a safe working environment, safe products and reduced environment effects. Many of the problems emanating from these factors include management aspects such as a poor or the lack of management skills as well as some limitations related to the lack of organisational culture in South Africa. The actions of management, behaviour reluctance to seek advice, lack of management commitment and unwillingness to adapt to change are the main causes for failure to implement strategic goals and future plans.

**The External Environment**

The external environment is an active environment that is rapidly changing. It is characterized by high levels of uncertainty and creates havoc for organizations in any sector. Hunger and Wheelen (2003) describe the external environment as the societal environment which comprises of several forces including political and legal forces, policies and regulations, economic factors (which control the trade of resources), financial resources, energy and information, socio-cultural services, habits of the public and technological forces that produce problem solving inventions. These macro environmental forces usually influence the long-term decisions of any business. The owners of manufacturing businesses have no control over the forces of the external environment and this can be accredited to the inadequate capital resources within this sector. The shifts of all the forces within the external environment affect all businesses irrespective of the size of the business. When there is a change in the external environment, bigger businesses are well placed to absorb these shifts compared to their smaller counterparts because they have adequate capital. There is thus a need for the business owners to be attuned to the external environment in order to minimise any negative shocks emanating from this environment. The entrepreneurs should be flexible enough to adapt to changes as and when they present themselves.

## Management Skills

The shortage of management skills and the technical know-how is among the most important restraints affecting the advancement of the small business, especially in the manufacturing sector where skills are a critical component for success. According to Abro and Quartey

(2010) shortage of skills hinders growth for small businesses. Due to the levels of affordability of these small businesses, it is not easy to employ highly qualified personnel (SEDA, 2016). They, therefore, opt to outsource certain services to consultants and / or do on the job training to bridge the gap. Business owners within the manufacturing industry place low precedence to training especially if it is going to be outside of the job environment as they feel it affects productivity (Khuluse, 2015). Research has shown that the lack of skills affects a lot more than daily operations, but also affects innovation and growth of an organisation (Chimucheka and Rungani, 2011). Blasingame (2003) argues that education and experience are the keys to success for small business and advocate that entrepreneurs must identify deficiencies and acquire them. Heraty (2005) also points out that managerial weakness is one of the most important reasons for the failure of SMME businesses worldwide.

**Management Expertise and Abilities**

The success of any business is frequently attributed to management’s expertise or performance (Robinson, 2013). Therefore, the skills of the business owners are an important factor for any business to succeed. Entrepreneurs internationally need to attain the much-needed management knowledge to secure their businesses’ future survival and advancement. Entrepreneurs and managers, who lacks management knowledge and the necessary skills, will have a challenge to control their businesses efficiently and effectively to produce better results (Chimucheka and Rungani, 2011).

Among other factors, the speedy growth of small businesses and their ability to participate worldwide necessitates that the skills management of those individuals, who established and managed these businesses, be enhanced from the current depressing condition to a more efficient level (Makatiani, 2006). Capability (for entrepreneurs) is accessible to a lot of individuals, however, managerial competencies that are fundamental for the continuation and sustainability of the SMME is inadequate. A successful business is extremely reliant on its management abilities and their resourcefulness. A poorly functioning manager or owner is worthless as he / she cannot drive the strategy of the organisation effectively; even though the company might be well capitalised (Blasingame, 2003). Research findings by Sawas and Feng (2005), pointed out that “a lack of managerial competence result in the failure of small businesses worldwide.”

In developing countries, manufacturing businesses are key players in economic advancement in terms of employment creation and economic growth and development. Hence, the success of small businesses becomes significant and there is a need to ensure their proper management (Unido, 2015). Furthermore, there is an undeniable necessity to develop what management skills presently exist and / or are lacking, especially within the manufacturing sector, in order to ensure that manufacturing businesses are well managed.

## Access to Capital

According to Chetty (2009), the two most important factors currently affecting the businesses within the eThekwini Municipality are the inability to access finance and the lack of a track record. Government has initiated policies and interventions with the view to support and develop SMEs. These initiatives are housed under various agencies and government departments to enable SMEs to have access and support. One of the biggest hurdles is that SMEs are still not aware of these initiatives and / or how to access them (Mahembe, 2011).

According to GEM (2016), the latest report indicated that the level of entrepreneurial intent in South Africa had decreased by almost 30% when compared to 2013. This was due to three areas of constraints that South African entrepreneurs are still facing namely, government policy issues, access to finance; and education and training. Finance is a scare resource and lenders are cautious of who supply funding to due to various factors such lack of experience, and poorly skilled entrepreneurs.

The lack of financial assistance had been extensively highlighted as the major dilemma confronting small businesses within eThekwini Municipality. According to Global Economic Monitor (GEM) (2009) report, South Africa's financial system was no more reluctant in the support of its entrepreneurs than other developing countries participating in the GEM. Globally, recognised financial organisations appeared to be providing financial support only to a selected few entrepreneurs. Internationally, the most critical source of start-up financing appeared to be entrepreneurs' investments and their capability to raise informal investments from friends, family and colleagues.

The accessibility of finance will impact the method in which any entrepreneur targets the marketplace. Previous research studies have revealed that the main distress of most entrepreneurs was how they acquired adequate capital. Some businesses, manufacturing in particular, require large amounts of capital to function. Under-capitalization may possibly restrain the development of a company and may even be the cause of its fail (Writer, 2015). Business owners who did not have a well-established network or track record may find it very complex to find capital.

A thorough knowledge of business finances (like the management of capital) and the interaction with the providers of finance are integral ingredients for the success of any business (Stefanovic et.al, 2010). Just about one-third of the entrepreneurs identified that cash flow management, having inadequate sales volumes and methods of pricing goods or services to be generally challenging when starting a business (Business Partners, 2016). The majority of small businesses owners discover that it is very complicated to attain finance, particularly when they are a relatively new business (DCC report, 2013). The financing institutions call for collateral for loans and numerous smaller businesses do not have sufficient security to be accepted. The changes in financial institutions, mainly big entities, have impacted the granting of finance to small size businesses (Fakoti and Smit, 2011). Throughout the economic downtimes, the capital crunch grows more ruthless as the financial institutions decrease their appetite for lending to riskier customers wherein the grouping of small businesses fits in (Fakoti and Smit, 2011).

Financial administration is a critical function within the natural environment of manufacturing businesses that presents an abundance of possible obstacles. The proficiency of management is regularly determined by the accessibility of management and financial information (SEDA, 2016). The need for better financial sources is often reported as the major concern that business owners experience when growing their businesses (Chimucheka and Rungani, 2011) Financial issues imperative for the success of the business include capital requirements, bookkeeping, financial planning, the management or control of finances, cash flow management, the management of working capital and income generation (Chimucheka and Rungani, 2011).

Businesses, irrespective of size, frequently have difficulties in obtaining capital or credit, particularly in the early start-up phase. Throughout research has shown that access to finance is a major problem for SMEs. Mutezo (2005) states that among all the problems confronting the SME sector, few have proved to be as difficult to solve as those involving access to finance. Access to the necessary financial resources has been determined as a critical factor in determining the success or failure of SME's both in developing and developed countries (Ricupero, in Monks 2010). Moreover, these financial resources often determine the rate of growth of SME's. Access to finance enables SME's to invest in productive assets and the latest technology that enable the business to expand and ensures its competitiveness and development. SMEs due to various factors they struggle to obtain money.

## RESEARCH METHODOLOGY

This was a cross-sectional study conducted among all the small manufacturing business owners with businesses registered on the Durban Chamber database that are operational within the eThekwini Municipality area. At the time of conducting this research there were 76 registered small manufacturers on the database of the Durban Chamber; therefore, this was the population size for the study. Because of the small population size, no sample size was calculated and population was the same as the sample size for the study.

An electronic questionnaire was chosen as a research instrument to collect the data. The questionnaire was administered on the web through QuestionPro. The URL link to the electronic survey, along with the informed consent form, was sent to each of the potential respondents via email and reminders were sent to their e-mail addresses as well. Data were analysed using SPSS version 21.0.

Ethical clearance was obtained from the University of KwaZulu-Natal's Ethics Committee and a gatekeeper's letter was obtained from the Durban Chamber prior to conduct the study. Anonymity and confidentiality was maintained at all times.

**RESULTS AND DISCUSSION**

The online link was sent to 76 people. Of which 64 started to complete the questionnaire but 57 completed and return the questionnaire. Therefore, the response rate was 89%. Table 1 shows the distribution of the demographic information of the participants. It was found that more than half of them were male (53%). The results showed that 60% were between the ages of 51 years and 60 years. This indicates that the driving force in this industry is still older men who have experience and have been involved in the industry for a long time. Statistics South Africa (2016) confirms the researcher's findings as the manufacturing sector is still dominated by men despite government pushing hard and have passed policies for women empowerment. Majority of sub sectors within manufacturing, such as textiles, clothing and printing (where one can find more women in managerial positions) are proving to be uncompetitive in a more open economy (Small Business Monitor, 2010). Therefore, there is still a need to focus strongly on women empowerment in the country.

Business owners were found to be 50% while 23% were managers. Regarding education, one fifth (21%) had tertiary education and 58% had post-matric qualification. According to Nyamboga et al (2014), the level of education is associated with a business owner having the necessary skill, possibility and opportunity of taking the business to the next level. The results reflected that the majority had tertiary qualifications as well as on the- job training. This enabled them to drive their businesses to greater success when equipped with the required skills. Studies previously conducted by Marten (2005) shows that entrepreneurs with good education can develop new strategies and can greater focus on good practises that will improve the company's efficiencies.

Table 1: Distribution of demographic information (n=57)

| Variable | | Percent |
|---|---|---|
| Gender | Male | 53% |
| | Female | 47% |
| Age | 31 – 40 | 28% |
| | 41 – 50 | 3% |
| | 51 – 60 | 60% |
| | 61 – 70 | 9% |
| Position in the business | Owner | 50% |
| | Manager | 23% |
| | Both | 27% |
| Education | Primary or no formal education | 8% |
| | Matric/certificate | 12% |
| | Post matric | 59% |
| | Tertiary | 21% |

Respondents were asked to specify how their businesses were financed. The responses showed that more than a third (38%) used short term debt to fund operations whilst 19% through equity. Lifshits (2014) reported that debt funding is usually better if it is for short term and matching an opportunity which might be easily lost. This is because debt can be expensive due to the cost of interest that the borrower must repay. Debt encourages discipline on spending and investing (SEDA, 2016). This is in turn beneficial for a small business person who still wants to grow his or her market share or profits.

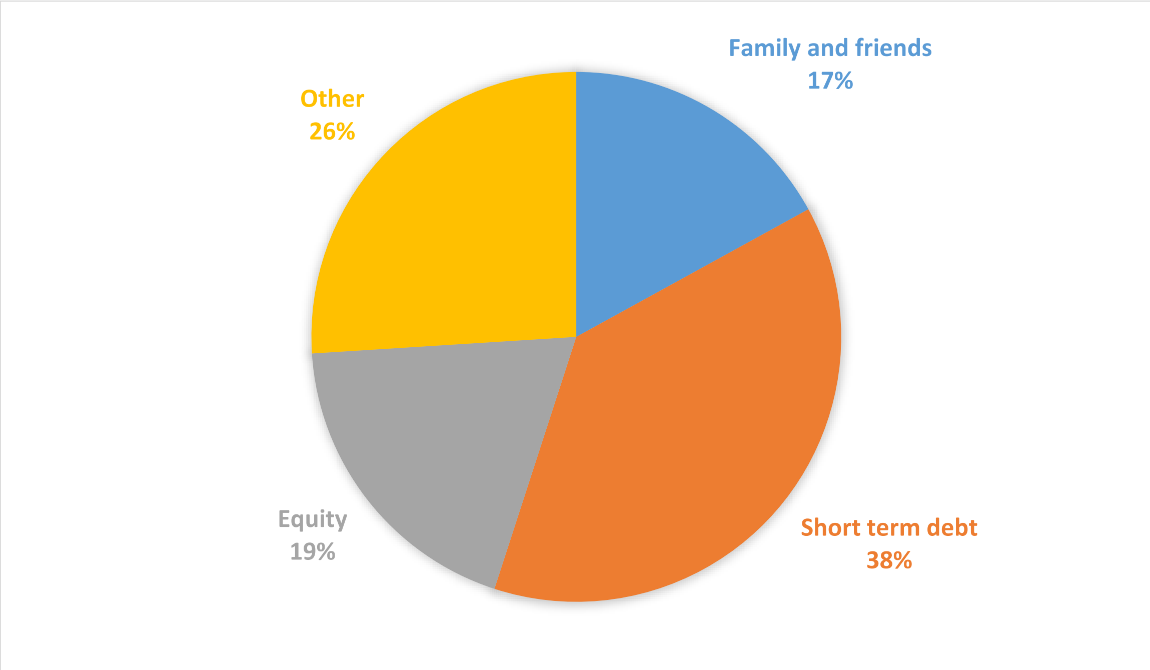


Figure 1: Sources of finance

When respondents were asked if they had a business plan, the results indicated that 47% did not have a business plan. It was found that 66% had borrowed funds to start up their business. A large number of participants (40%) did not know their current sales or profit figures. The data collected indicated that 63% knew what their current finance needs were. This study investigated the exact funding needs of the small manufacturing businesses operating within the eThekwini Municipality area. Results gave insights on what type of finance and financial instruments these small businesses were looking for and from whom. As commented on the Economic Survey Report (2013), nearly 80% of South Africa's SMME's fail or cease to exist during the first year of existence due to various challenges which includes cash flow management. Finance is among the list of reasons businesses fail. Other reasons for business failure include skills and non-finance support elements that these small businesses need.

The study revealed that the key funding needs were mainly for working capital, product development, compliance issues as well as branding or marketing activities. Manufacturing businesses, whether small or big, must manage their value chain, operations efficiencies and capacity to deliver on time. These small businesses revealed that although they have a quality product (and sometimes customers) the machinery becomes a problem. Therefore, they are forced to borrow funds to buy the latest high tech equipment. In other instances, they cannot unlock new markets due to limited accreditation and / or compliance, which are standard especially when dealing with medium to big business and in the export market.

The findings, therefore, revealed that most of these small businesses are affected by cash flow in that money needs to be available timeously otherwise an opportunity is lost. This process of trying to access funding is with its challenges which are discussed below.

Table 2: Frequency distribution regarding business plan, borrowing funds and current sale

| Variables | | Percent |
|---|---|---|
| Had a business plan | Yes | 53% |
| | No | 47% |
| Borrowed fund | Yes | 66% |
| | No | 34% |
| Current sales / profits | Yes | 60% |
| | No | 40% |
| Current finance needs | Yes | 63% |
| | No | 37% |

The respondents were asked a variety of questions aimed at finding out what has been their experience (particularly challenges) in applying for finance at various finance institutions. Results showed that 39% of respondents experienced challenges in accessing finance due to the lack of security and collateral followed by application process (31%) (Figure 2). The researcher gave the respondents five questions asking about factors that affected their access to finance. The first one was whether the entrepreneur had a business plan, without this tool a business owner will be unable to secure funding. The second one asked the entrepreneur if he or she knew what the current sales figures or profits were. Sales analysis is critical as it assists in optimising resources and assessing performance in line with your organisational goals. Once sales have been analysed the business owner is able to change strategy in line with the company's goals and objectives. The third asked entrepreneurs about their current business turnovers. Cash is king and without it a business owner is unable to manage liquidity. This was the challenge with these small businesses as they were unable to manage their finances effectively and therefore, could not measure their liquidity effectively.

The next question asked whether the entrepreneur started his business on borrowed funds. Borrowing funds to start a business is common for most small businesses who are without savings. It requires that the small business owner do his planning and evaluate the process of accessing funding, since there were various ways and instruments available. Gearing of a start-up business can be risky as it depends on the expected returns of the investment at this stage of the start-up venture. The owner will, therefore, have to plan and explore opportunities of growing the business and gaining favourable returns.

Participants were asked about the current finance needs of the business. Small businesses normally associate every business challenge with money. However, in most cases it is not the solution. Proper planning and analysis is required to come to this conclusion. Therefore, proper cash flow management is critical. There are also various tools that could assist in financial management that a small business owner can get from their banks, for example, that are easy to understand. In most cases when the business has not yet been profitable, equity funding through a mixture of personal resources, funds from family or friends; and a third-party investor is advisable. Also, other forms of instruments, like invoice discounting and offering a credit line, do assist.

The results illustrated a mixed picture for all these small businesses. The majority had business plans as well as knew what their turnover figures were and this made it easy for the entrepreneurs to plan. They also confirmed that they knew what their funding needs were at the time of the survey. Barriers faced by small businesses including their readiness to raise funding form financial institutions varied.

One of the challenges these small businesses faced was the access to information. They seem not to be aware of the available funders and / or alternatives from commercial banks (NCR, 2011). This poses a challenge as they can only approach a commercial bank which, according to its criteria, cannot assist a business that has been operating for a period of less than six months, has no proper audited financial records, is in decline and / or stagnant in terms of profits; and does not have collateral or security. This is the gap where organisations such as Sefa are able to assist as they are mandated by the Small Business Ministry to fund small businesses that have no collateral or security if there is proof of repayment ability (Business Partners, 2016).

About half of the respondents argued that there were no suitable finance products that met with their needs. This mainly referred to two aspects; the actual funding instruments offered by financial institutions (as well as the requirements) and the turnaround times of these financial institutions which are not clear and are too long (NCR, 2011).

Research has shown that most small businesses have experienced difficulties in accessing finance through financial institutions due to various factors including the lack of support (Business Partners, 2016). There is a need for external support through the use of financial planners and consultants who would give them expert advice. According to Hussain and Winderberger (2010), small business owners rely heavily on consultants and other external support to manage their finances due to their lack of knowledge and skill.

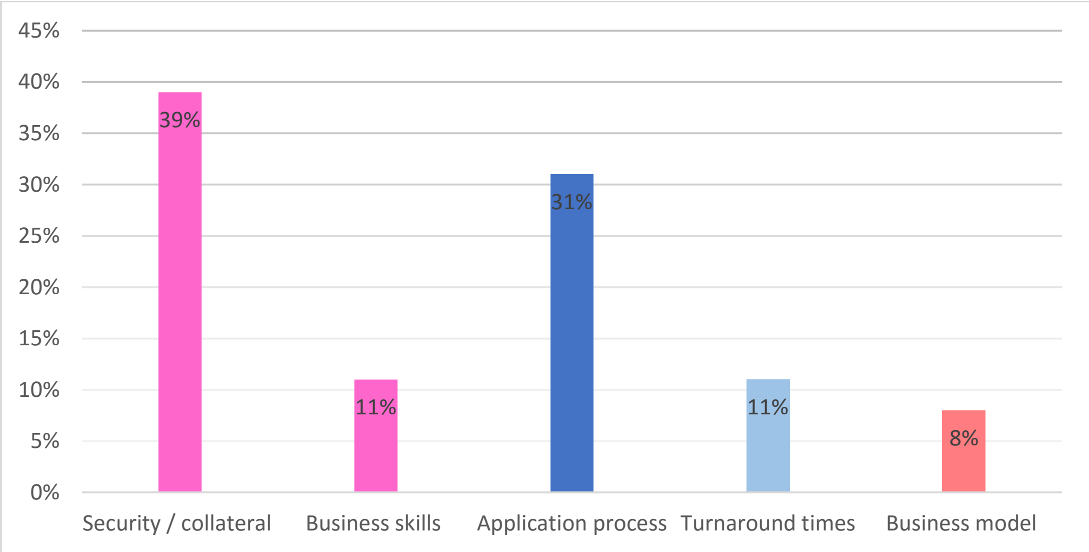


Figure 2: Challenges with accessing finance

Participants were asked about the factors that had any effect on access to finance for the small business represented in this study. Findings indicated that 51% respondents agreed that literacy had an impact on access to finance. Results showed that only 23% believed that information was easily available on funding institutions. It was found that 52% did not know of any government funding institutions to approach for funding. About half (48%) of the respondents were aware of which sections to go to inside the bank for business funding. Only a third of the respondents (32%) reported that funding institutions were easily accessible.

Table 3: Factors contribution to access the finance for the business

| Factors | | Percent |
|---|---|---|
| Literacy | Yes | 51% |
| | No | 49% |
| Availability of the information | Yes | 23% |
| | No | 77% |
| Knowledge of government funding institutions | Yes | 48% |
| | No | 52% |
| Bank small business funding | Yes | 48% |
| | No | 52% |
| Accessibility of funding institutions | Yes | 32% |
| | No | 68% |

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**CONCLUSION**

It was established that access to finance for small manufacturing businesses was indeed a challenge. The results show that access to finance for small businesses was not without hurdles and that at times did not meet the needs of these businesses. The study revealed that small businesses were aware of their finance needs, but were lacking in knowledge of who the providers of funds were and the processes of going about accessing funds. The lack of knowledge from the entrepreneurs themselves made it difficult for them to access funding.

## RECOMMENDATIONS

There is a need for ongoing training, development and business support to enable small businesses to become better equipped with business skills, especially financial management. Mentoring is required for the growth and development of entrepreneurs. This can be done through both government schemes such as SEDA and the matching of these small businesses with big business in the manufacturing sector for both learning and networking opportunities. Information dissemination by government agencies that support the sector be disseminated through the correct platforms, such as the chambers and sector specific forums that these businesses belong to. Innovative funding instruments should be developed and be easily accessible to small businesses as they are to big businesses who are in the same sector. These must talk to the needs and the life cycle of this sector.

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