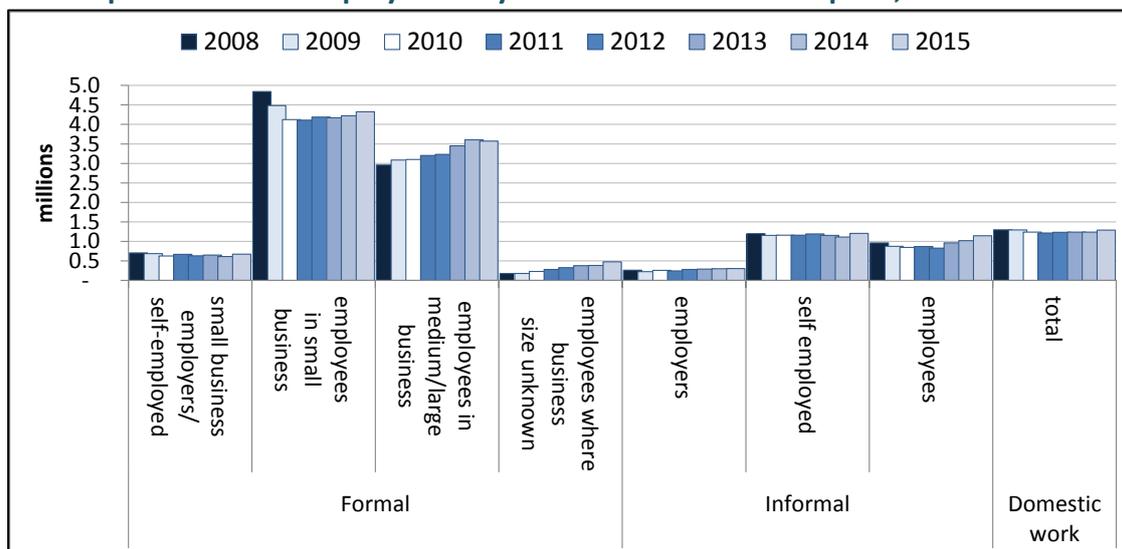


The Real Economy Bulletin Special Edition: The state of small business in South Africa 2017 – Executive summary

The state of small business in South Africa is a special edition of The Real Economy Bulletin. It reviews the state of small business in South Africa and its evolution over the past decade. It then summarises the findings from two TIPS studies into policy related to small business: proposals around how it should be defined in legislation, which in turn affects who benefits from state support; and a review of regulatory obstacles and burdens that arise from national legislation.

As Graph 20 shows, from 2008 to 2015 small business was the largest source of employment in South Africa. In 2015, there were 670 000 small formal business owners who employed a total of 4,3 million people. In contrast, large companies (with 50 or more employees each) employed 3,6 million people. In addition, a total of 1,5 million people worked in the informal sector, of whom 1,2 million were self-employed, 300 000 were employers, and 1,1 million were employees.

Graph 20. Private employment by sector and size of enterprise, 2008 to 2015



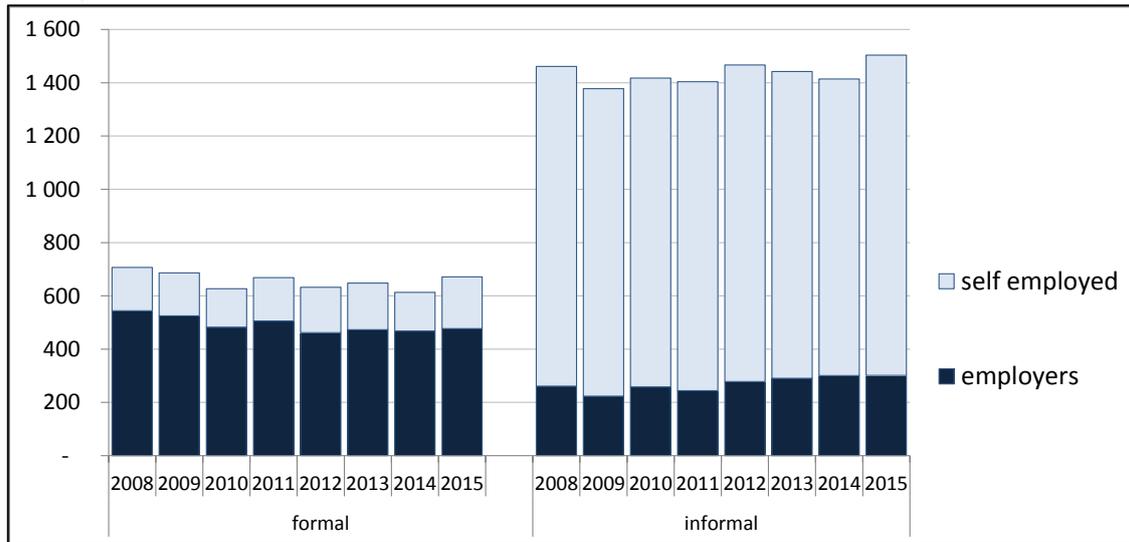
Source: Calculated from Statistics South Africa. Labour Market Dynamics electronic databases for relevant years. Series on main work, type of work, and number of employees. Downloaded from Nesstar facility at www.statssa.gov.za.

But the number of jobs in small formal business declined from 2008 to 2015. Small business accounted for virtually all the positions lost by the private formal sector in the global financial crisis, with its employment falling 14%. Then, from 2010 to 2015, employment by small formal businesses grew less rapidly than larger employers in every year except in 2015. The number of workers and employers who said they worked in small business increased by a total of 7% from 2010 to 2015, while those who said they worked in medium and large companies climbed by 15%. For comparison, the working-age population rose by 9% in this period.

The number of small formal businesses followed the employment trend, with a fall from 710 000 in 2008 to 630 000 in 2010, and then a slow recovery to reach 670 000 in 2015. The

number of informal businesses has remained virtually unchanged over the period (Graph 21).

Graph 21. The number of formal and other small and micro businesses, 2008 to 2015 (a)



Note: (a) Self-employed here means small businesses with no waged employees. Source: Calculated from Statistics South Africa. Labour Market Dynamics databases for relevant years. Series on number of employees, main work and sector. Downloaded from Nesstar facility at www.statssa.gov.za in relevant years.

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