Enhancing Access to External Finance for New Micro-enterprises in South Africa

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ABSTRACT New micro-enterprises are of significant importance to employment creation, poverty alleviation and the economic growth of South Africa. However, the failure rate of new micro-enterprises in South Africa is very high. The study investigated access to external finance by new micro-enterprises in South Africa. Data was collected through the use of self-administered questionnaires in a survey. Because of the difficulty in obtaining the population of micro-enterprises in the study area, convenience sampling and the snowball sampling methods were used. Descriptive statistics was used for data analysis. The results indicated that micro-enterprises encounter difficulties in accessing debt and equity finance. In addition, the awareness of government assistance programmes by the owners of micro-enterprises is limited. Recommendations to improve the access to external finance by micro-enterprises are suggested.