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The Dichotomy between Small, Medium and Micro Enterprises and Financial Institutions in Thohoyandou

Lourens Johannes Erasmus Beyers and Piet Muhali Ndou

Turfloop Graduate School of Leadership, University of Limpopo, South Africa

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ABSTRACT Small, Medium and Micro Enterprises (SMMEs) as vehicles of growth, innovation and social transformation, are important new businesses catalysts, which should be nurtured and harnessed by the South African authorities. The importance of SMMEs to the South African economy has been acknowledged by the government. Yet, extensive research reveals that access to financing is one of several important factors that are critical for business survival and growth. This study examined SMMEs' access to financial management services in the Thohoyandou Business Centre. It is found that the SMMEs do not possess financial management skills, nor do they have access to financial management services although most acknowledge the need for such skills for the success of their businesses. Management capability strengthens the financial capacity of SMMEs. Financial institutions are prone to be favorably disposed to SMMEs who can demonstrate skills in financial management, marketing and technology upgrading.