
Effects of cost and benefit in regularising business procedures in Gauteng: the SMEs paradox - South Africa

Evelyn Chiloane-Tsoka
University of South Africa, South Africa

Key Words

SME, New companies Act, business regulations, Dti, CC and Old companies Act Cost and Benefit

Abstract

Gauteng Province is regarded as Economic hub of South Africa due to its industrialisation, Manufacturing and business. Besides it is also known as the capital City of the country and occupies 1.4 % of land space. It contributes 35.6% towards GDP to the country and 10% GDP to the entire African continent. SMEs contribute 42% of employment in the formal economy and 2 million of informal businesses. While close cooperation comprise 78 % of the total registered entities providing more than 20 % annual growth rate. This paper aims to examine the cost and effects of regularising business procedures in Gauteng, South Africa. The objective of the study is to investigate the extent to which regularising business procedures impact on converting SMEs to Pty under the new companies Act. The t-test was used to test the hypothesis and the significance level was $p < 0.00$. The study employed a structured questionnaires and interviews with targeted participants operating as SMEs in Gauteng provinces of South Africa. The sample size comprised of 114 businesses that were randomly selected using five point Likert-scale ranging from One to Five (1) High Extent and (5) No Extent in Gauteng. Chi-square was mainly relied on as a statistical testing. The response rate was 97%. The result indicated that there were more costs than benefits in regularising business. Intensive consultation should have been engaged and awareness be made rigorously with the stakeholders.
