

Survey of Employers and the Self-Employed

STATS SA

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Statistics South Africa
December 2013



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SESE

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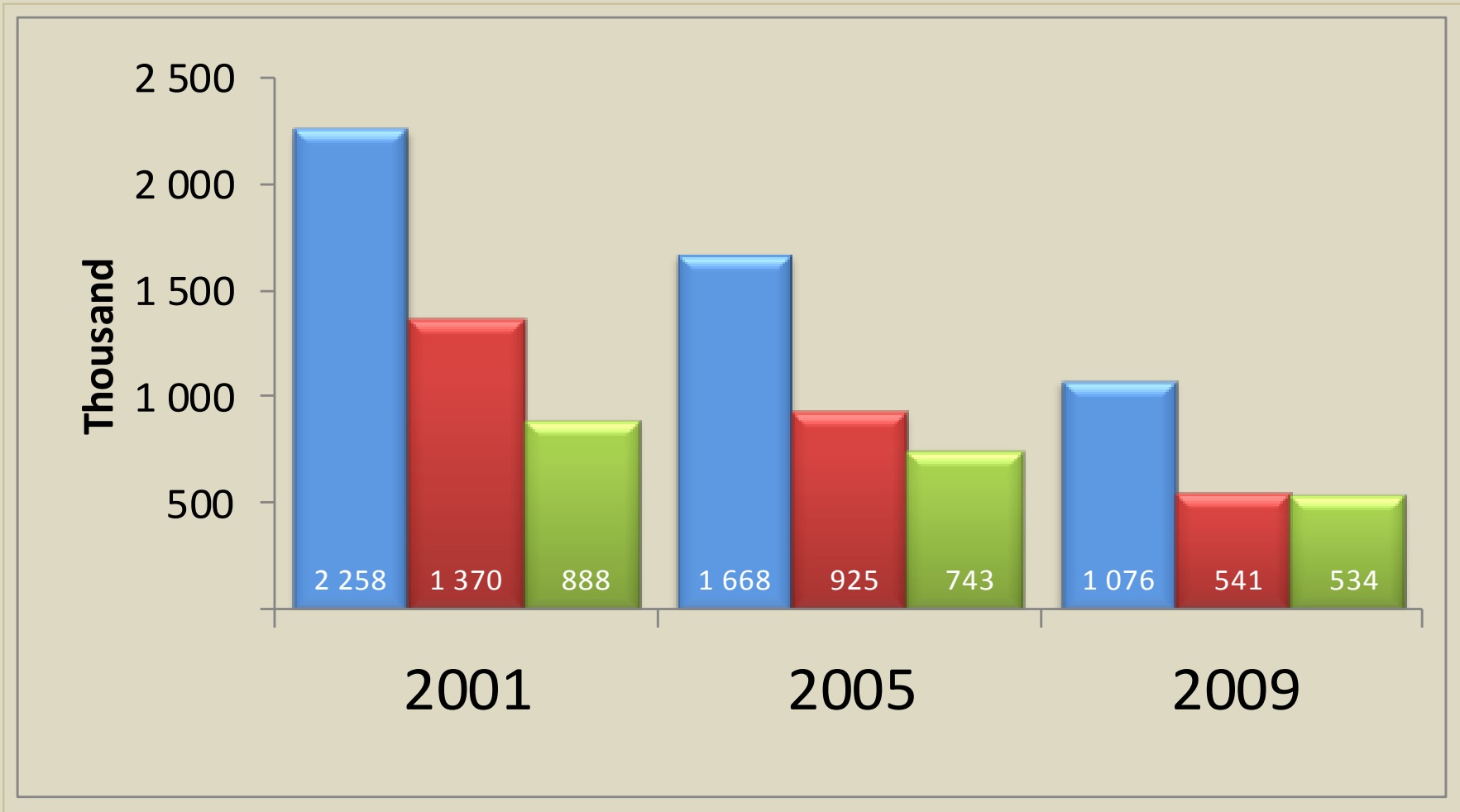
Background



- ❖ Survey of Employers and the Self-Employed
- ❖ Survey of small businesses – not registered for VAT
- ❖ No register for non-VAT registered businesses
- ❖ Not a self-standing household-based survey
- ❖ Sub-sample of LFS/QLFS



- ❖ March 2001, done in conjunction with LFS
Extra money for SESE questionnaire
“Fabrication / manufacturing” of businesses
- ❖ From 2005 it was done by an independent team
- ❖ Module to the QLFS in 2009 and 2013



To determine the contribution of the informal sector to the SA economy (through interviewing the owners of small businesses)



SESE 2013

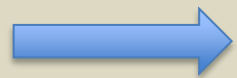
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Survey design

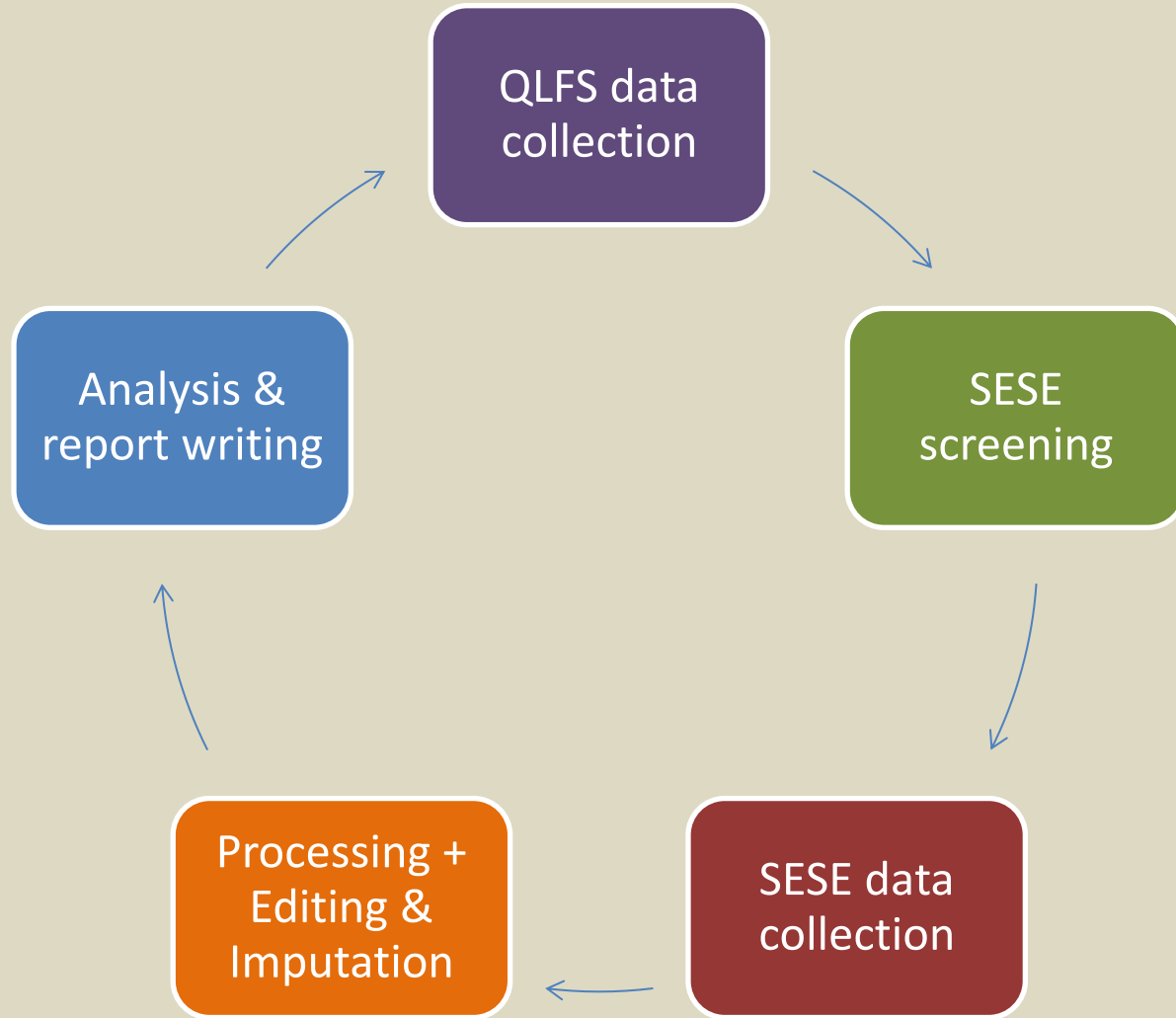


From QLFS:

- Those who indicated that they were running a business, big or small, on your own, with one or more partners even if it was for only 1 hour; and
- Those who were temporarily absent from their business

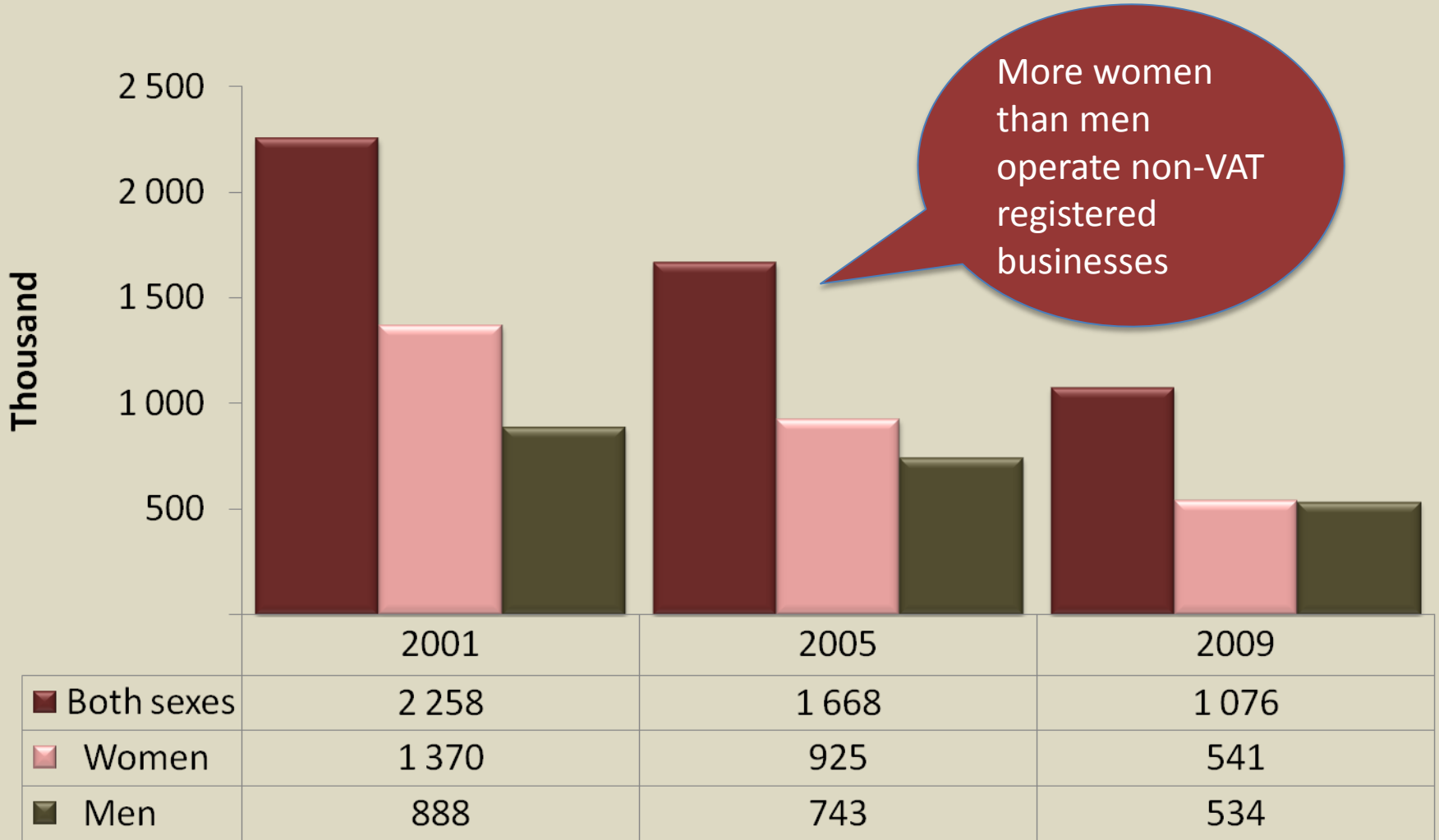


Follow – up interview in the last week of a month throughout a quarter to administer SESE questionnaire



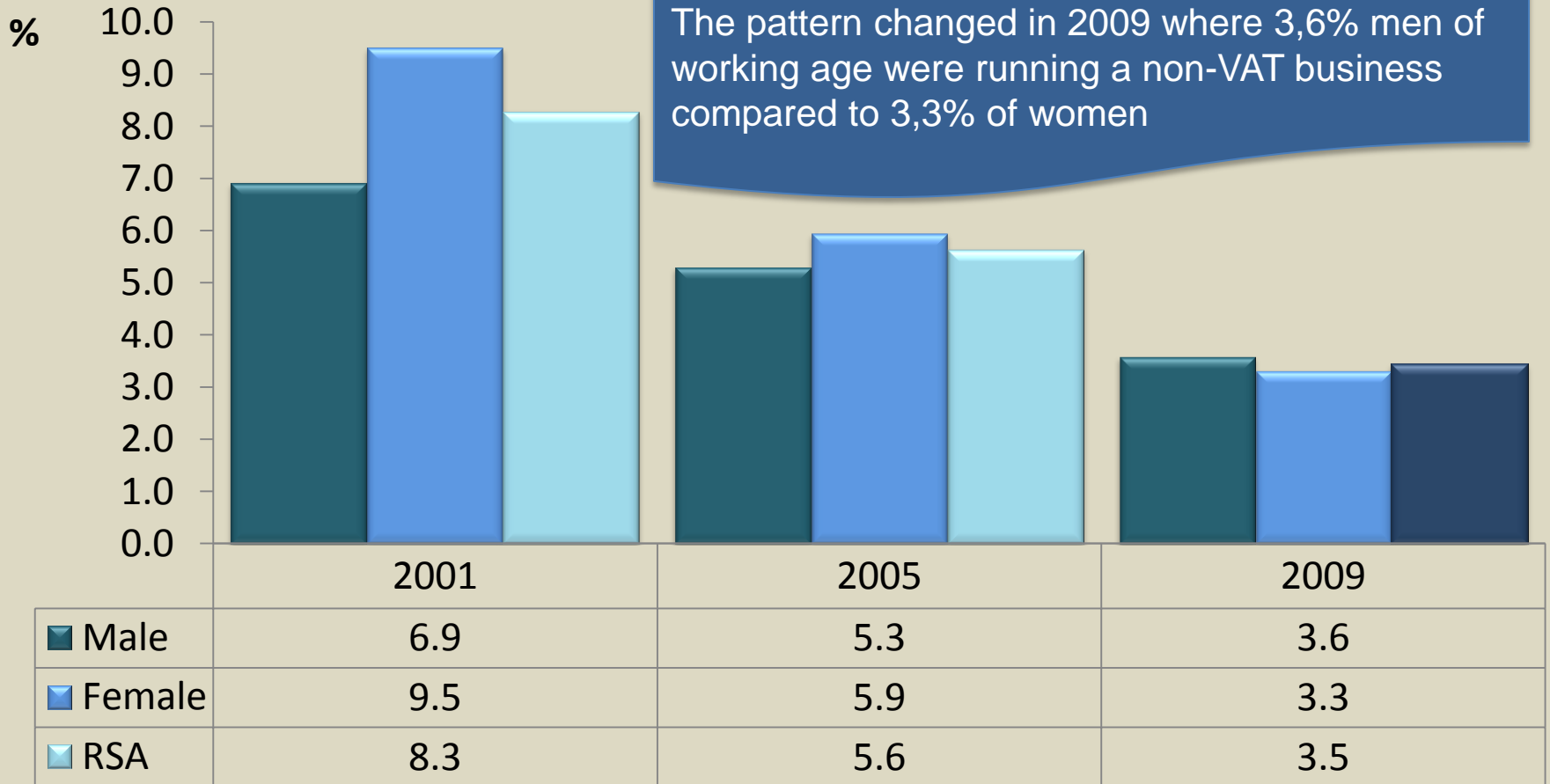


Number of persons running at least one business by sex





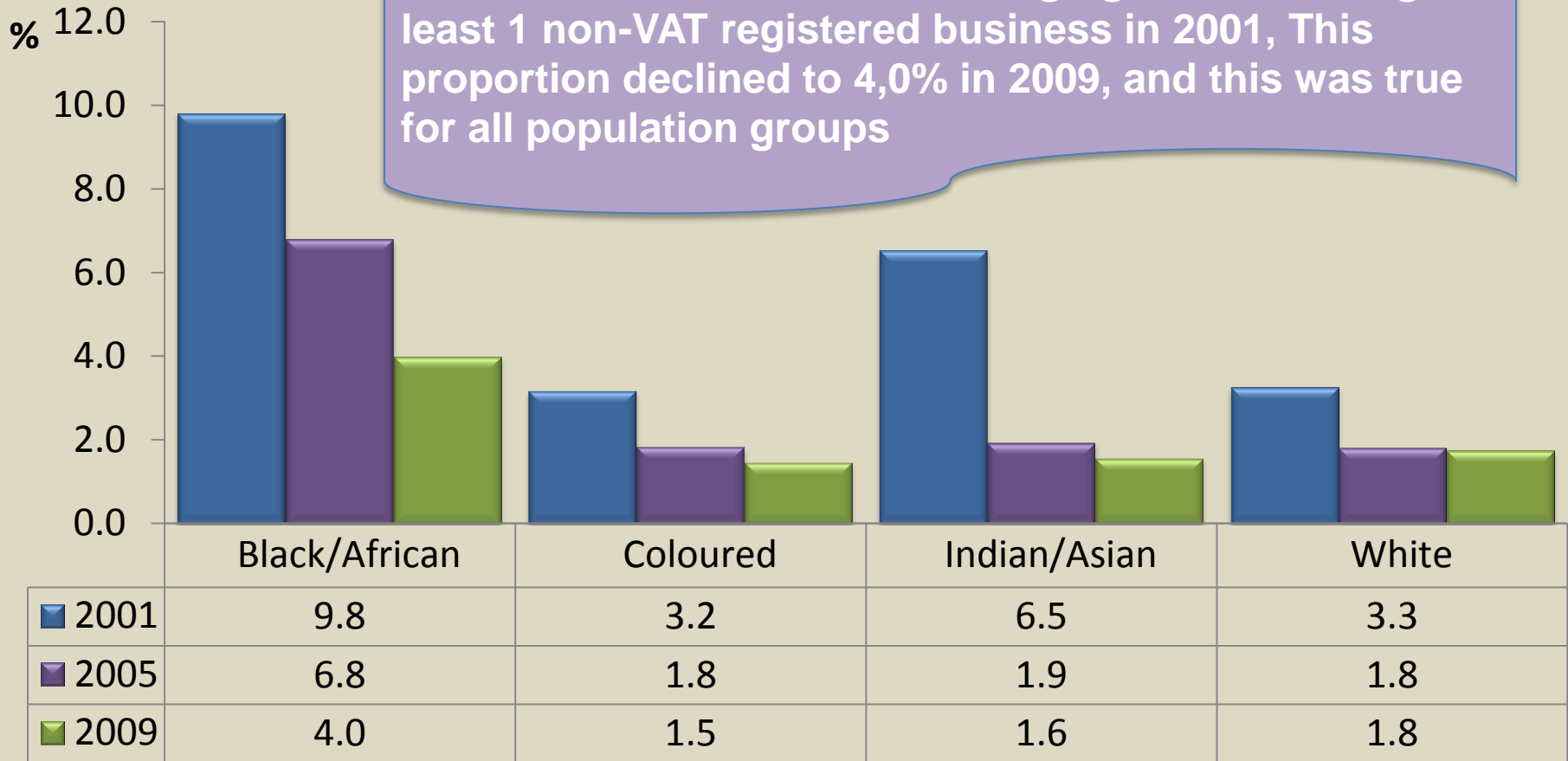
Proportion of working-age population that operated at least one non-VAT registered business by sex





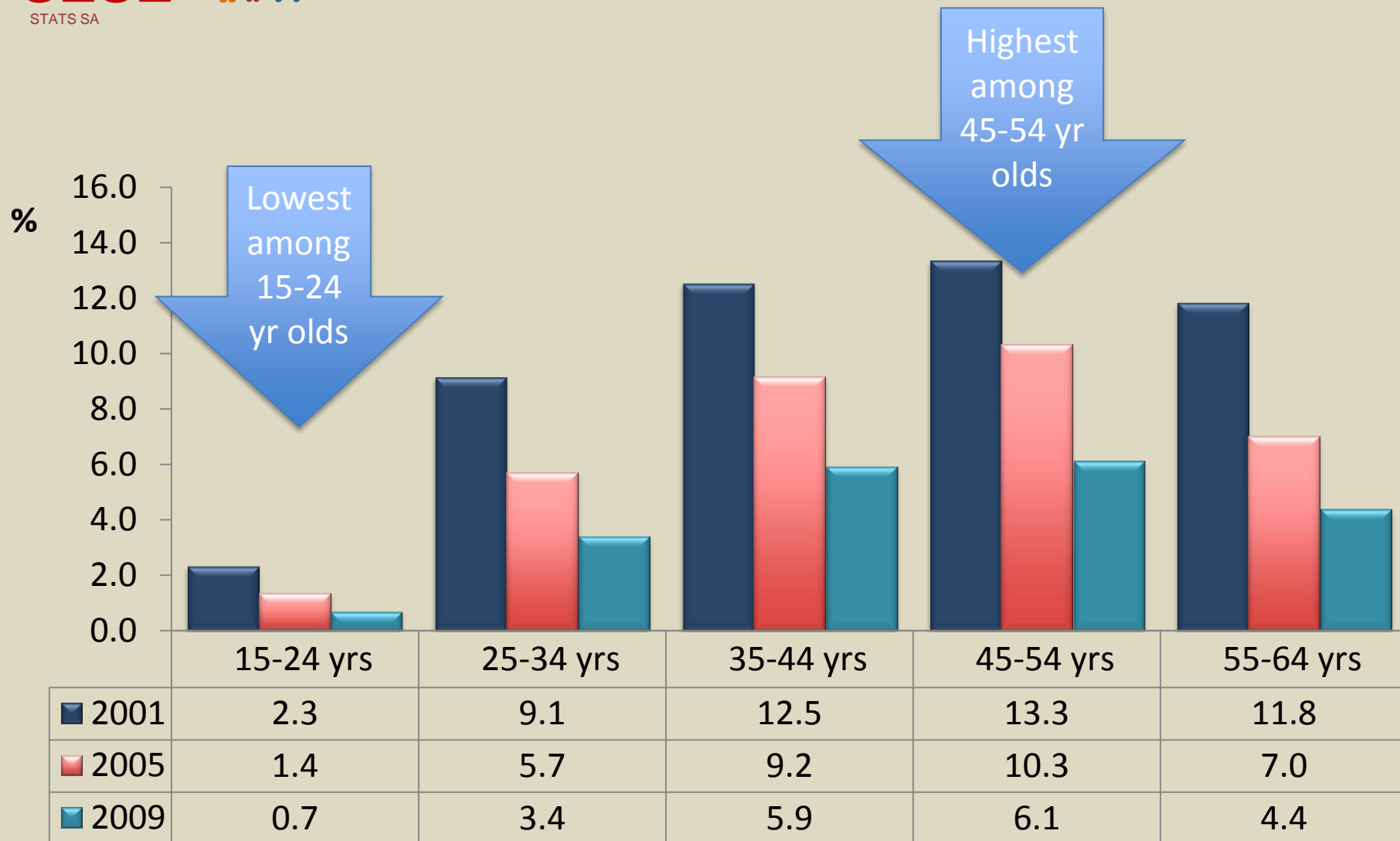
Proportion of working-age population that operated at least one non-VAT registered business by population group

9,8% of black Africans of working-age were running at least 1 non-VAT registered business in 2001, This proportion declined to 4,0% in 2009, and this was true for all population groups





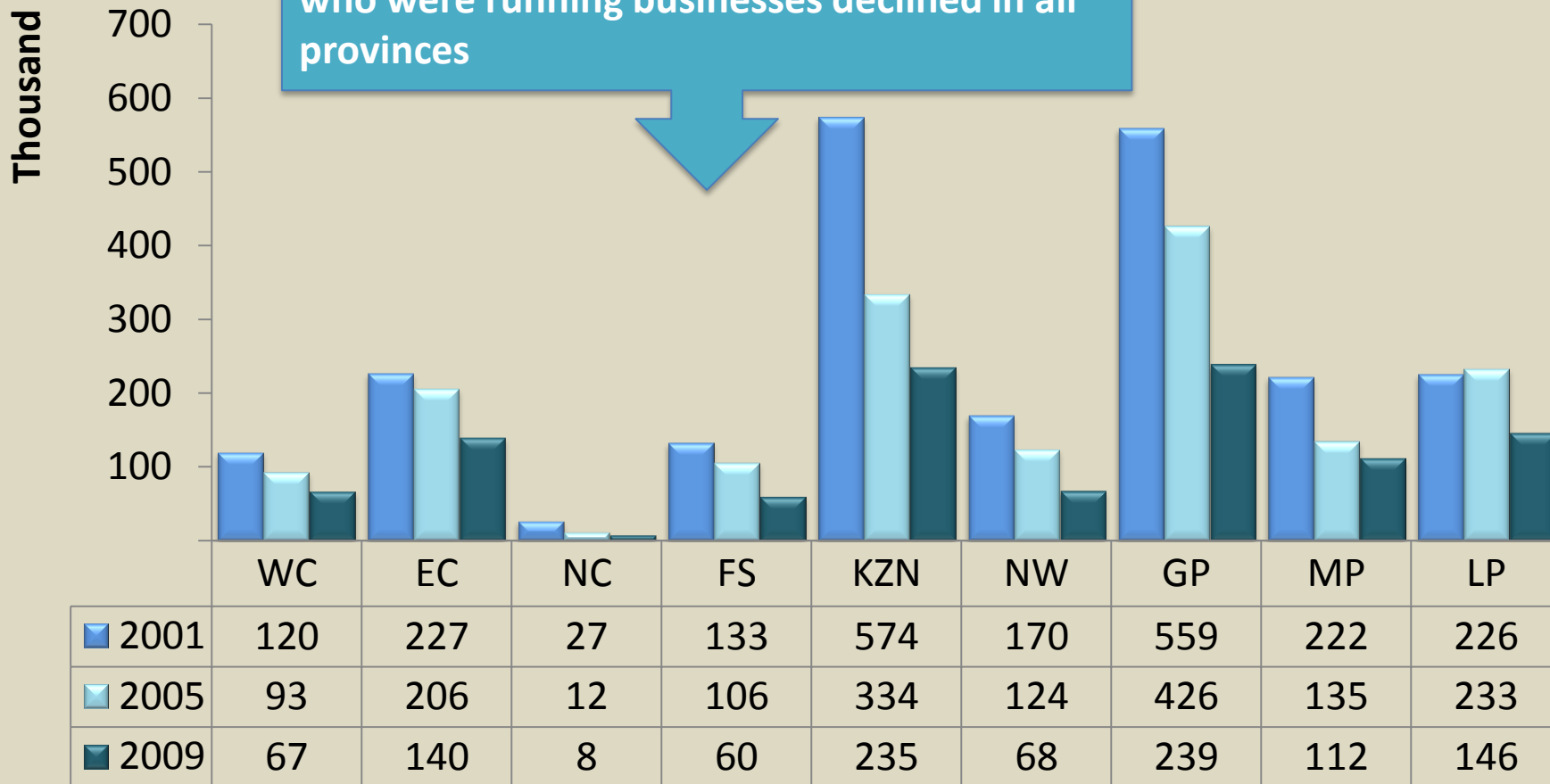
Proportion of working-age population that operated at least one non-VAT registered business by age





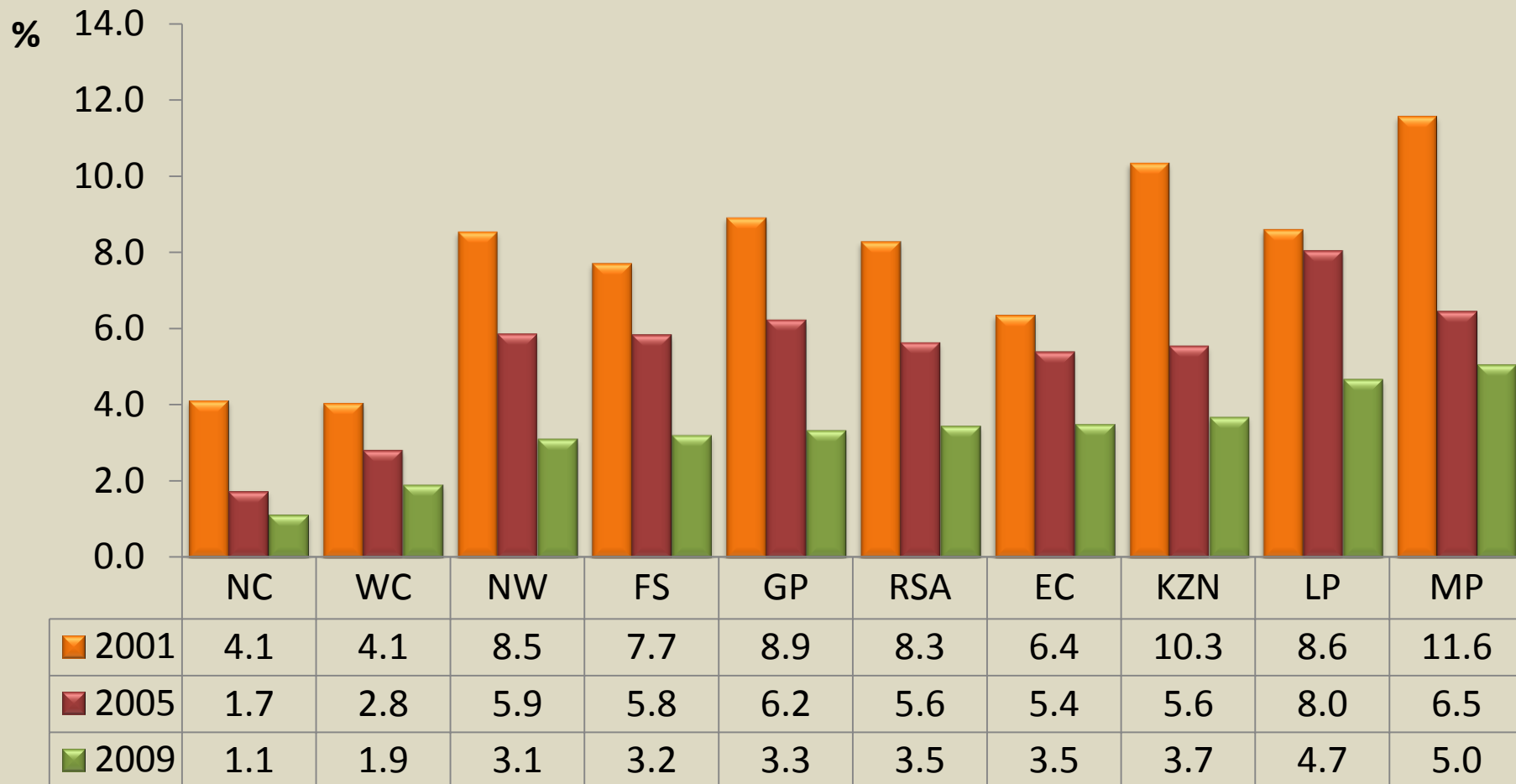
Number of people running at least one business by province

Between the years 2001 and 2009, Individuals who were running businesses declined in all provinces





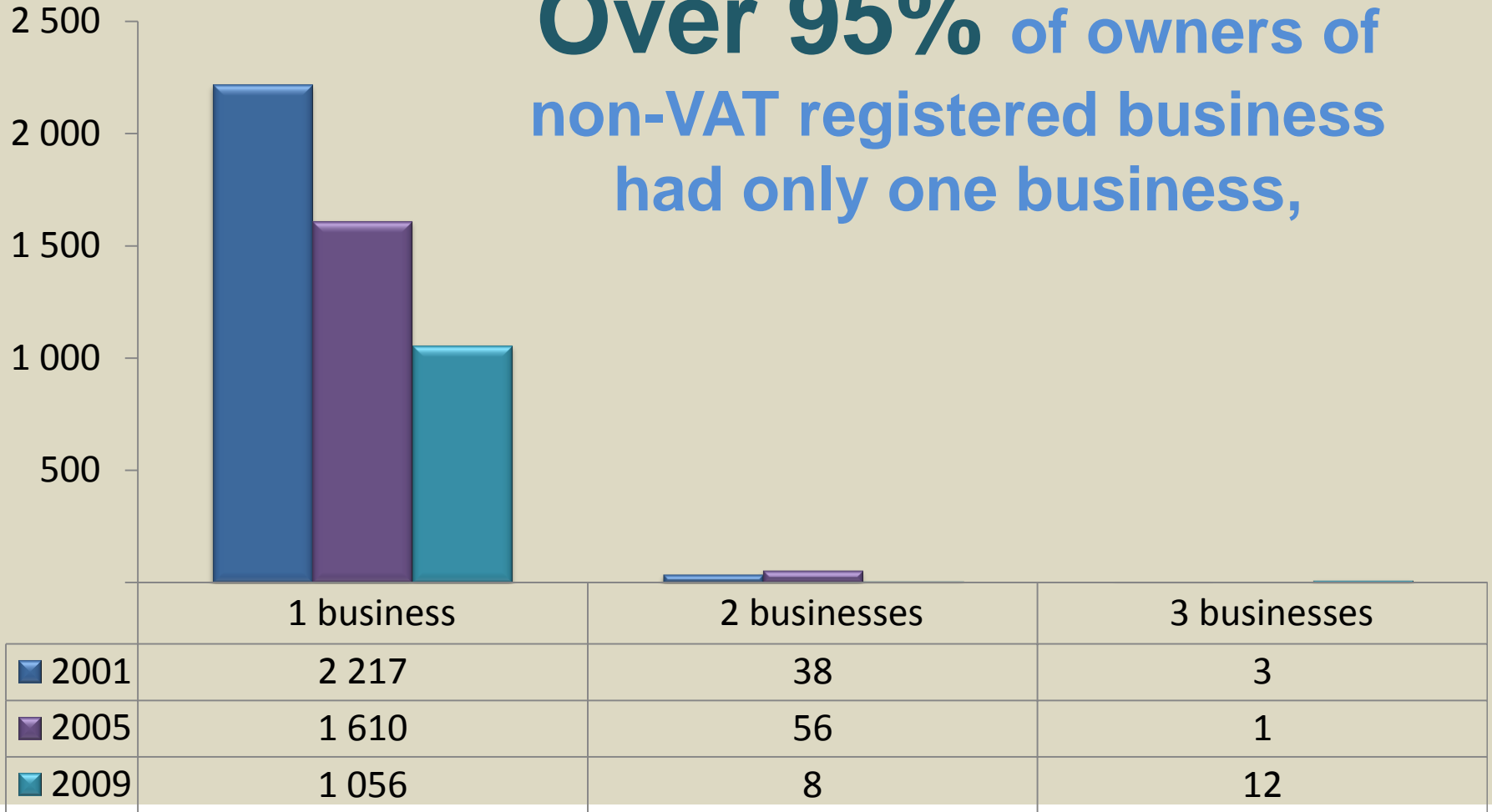
Proportion of working-age population that operated at least one non-VAT registered business by province





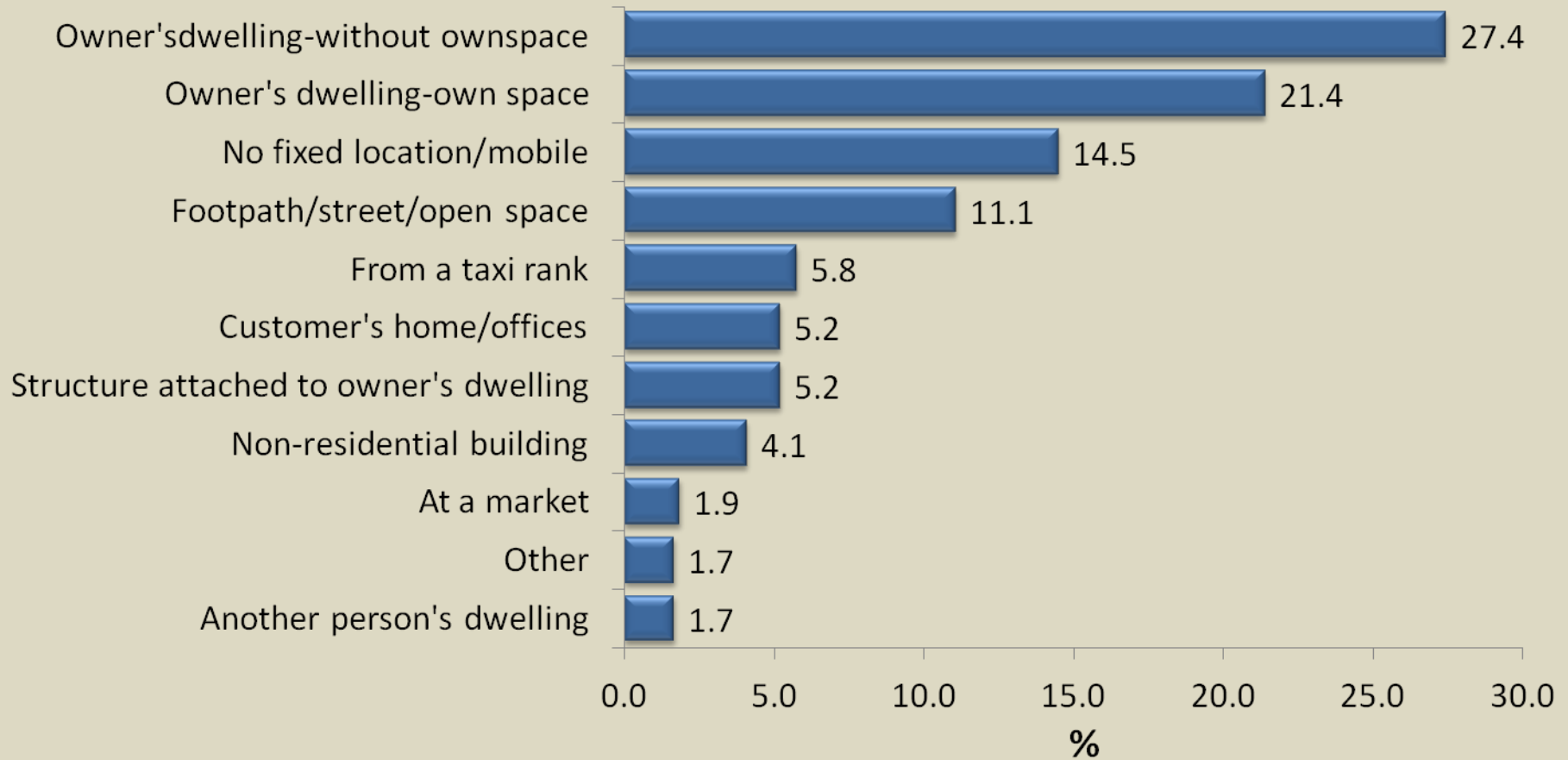
Proportion of working-age population that operated at least one non-VAT registered business by population group

Over 95% of owners of non-VAT registered business had only one business,





Proportion of people running non-VAT registered businesses by the location of their businesses, 2009



27,4% of individuals operated their businesses from their own dwellings without own space, while 21,4% operated in their own homes but in their own space,

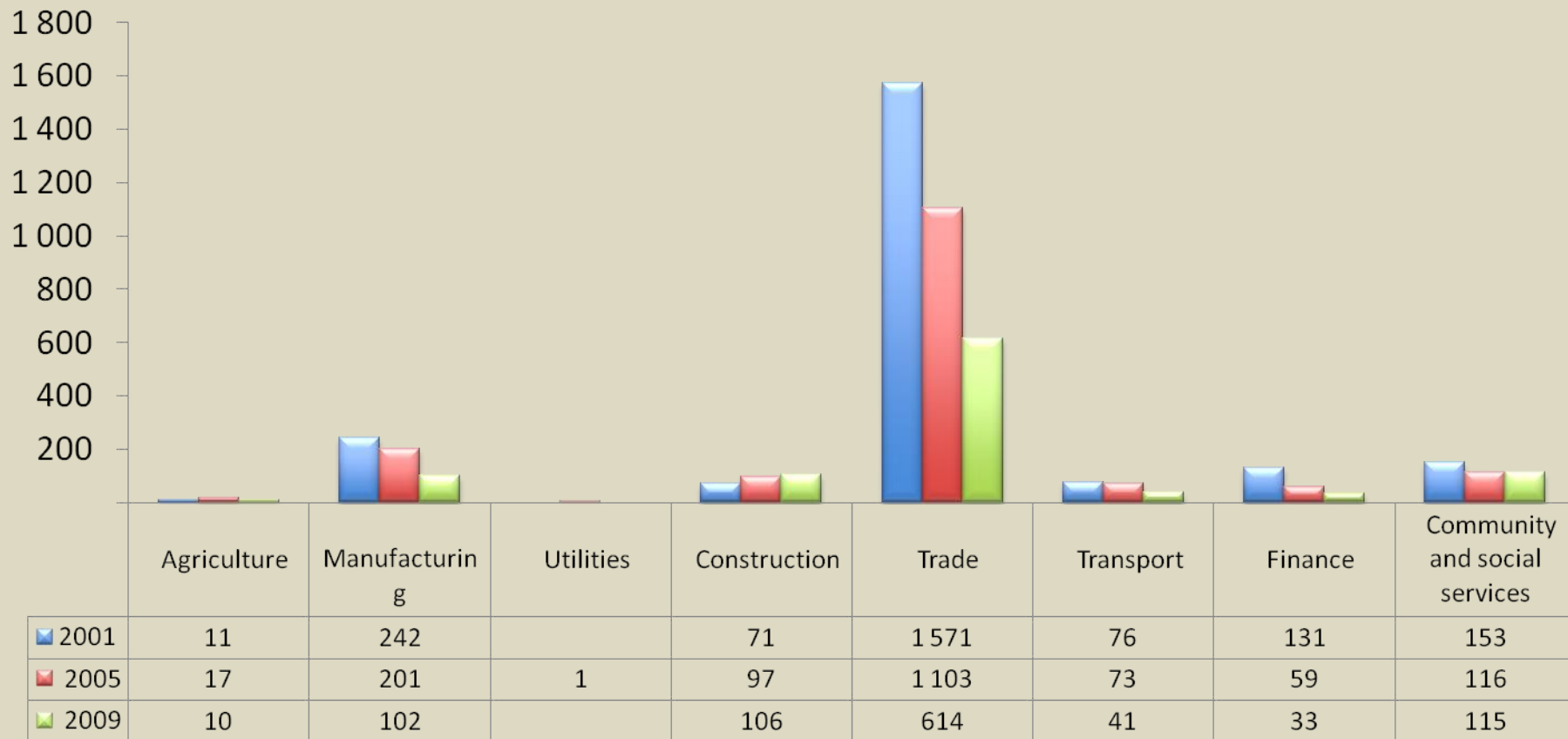
The main reason for starting a business

	2001	2005	2009
	Per cent		
Total	100,0	100,0	100,0
Inherited/family tradition	4,2	3,5	4,7
Unemployed/have no alternative income source	60,6	68,2	68,6
Retrenched	4,7	4,3	3,8
Inadequate income from the other source	12,4	3,8	4,1
I like the activity	4,8	8,2	5,0
I have the skills of this business	5,1	4,1	7,8
I have the equipment for this business	1,2	0,3	0,1
Activity brings high income	2,8	2,6	1,6
Small investment needed	1,8	1,0	0,7
Unhappy with previous work	1,1	1,1	1,9
Other	1,3	2,9	1,7

Unemployment or not having alternative income source (more than 60% in all the three time periods under review) was indicated as the main reason why people decided to start a business



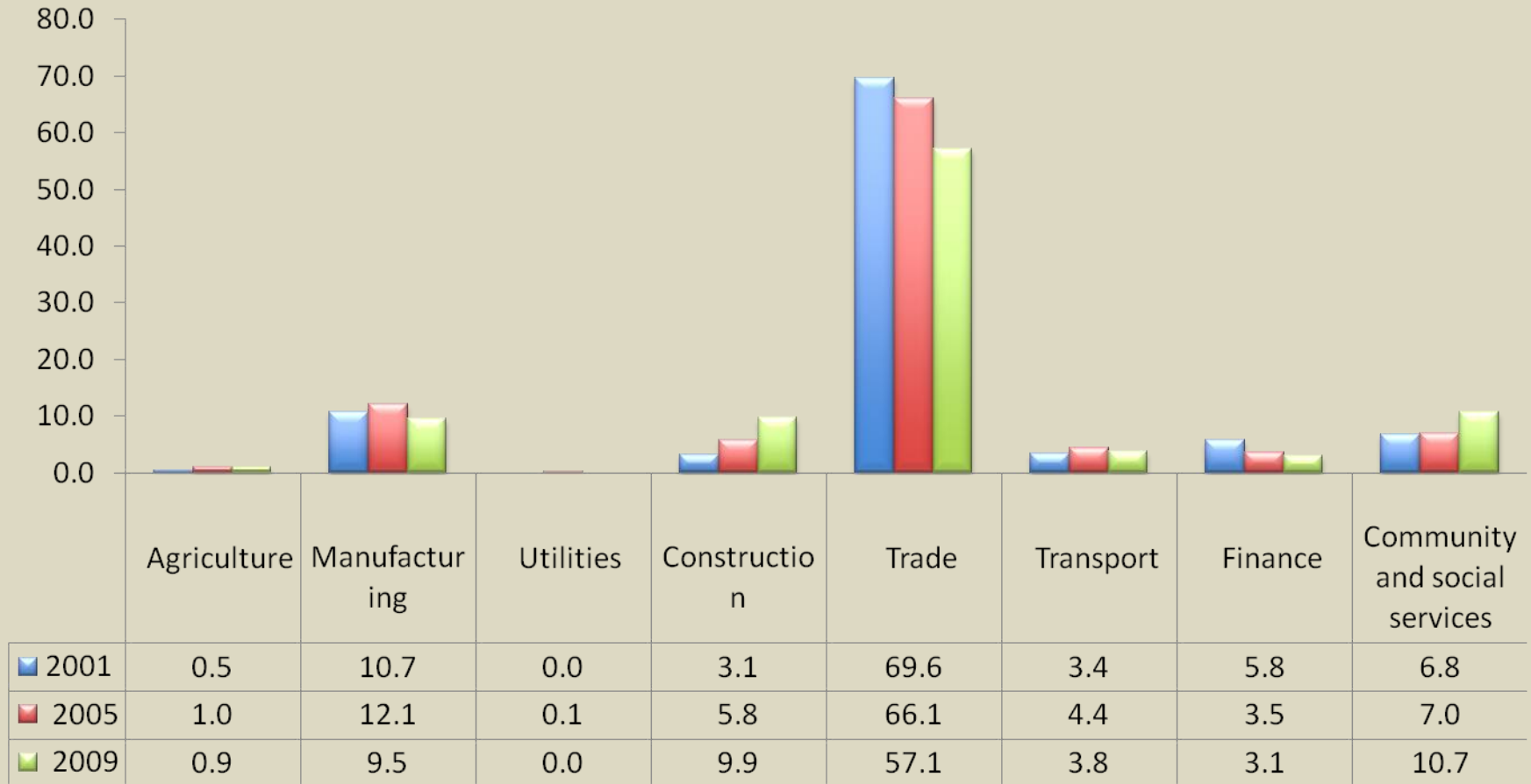
Number of persons running at least one business by industry



Most of the non-VAT registered businesses were operating within the Trade industry -1,6m in 2001 and 1,1m in 2009 (Although the number had declined by 614 000 in 2009, Trade was still the highest contributor)



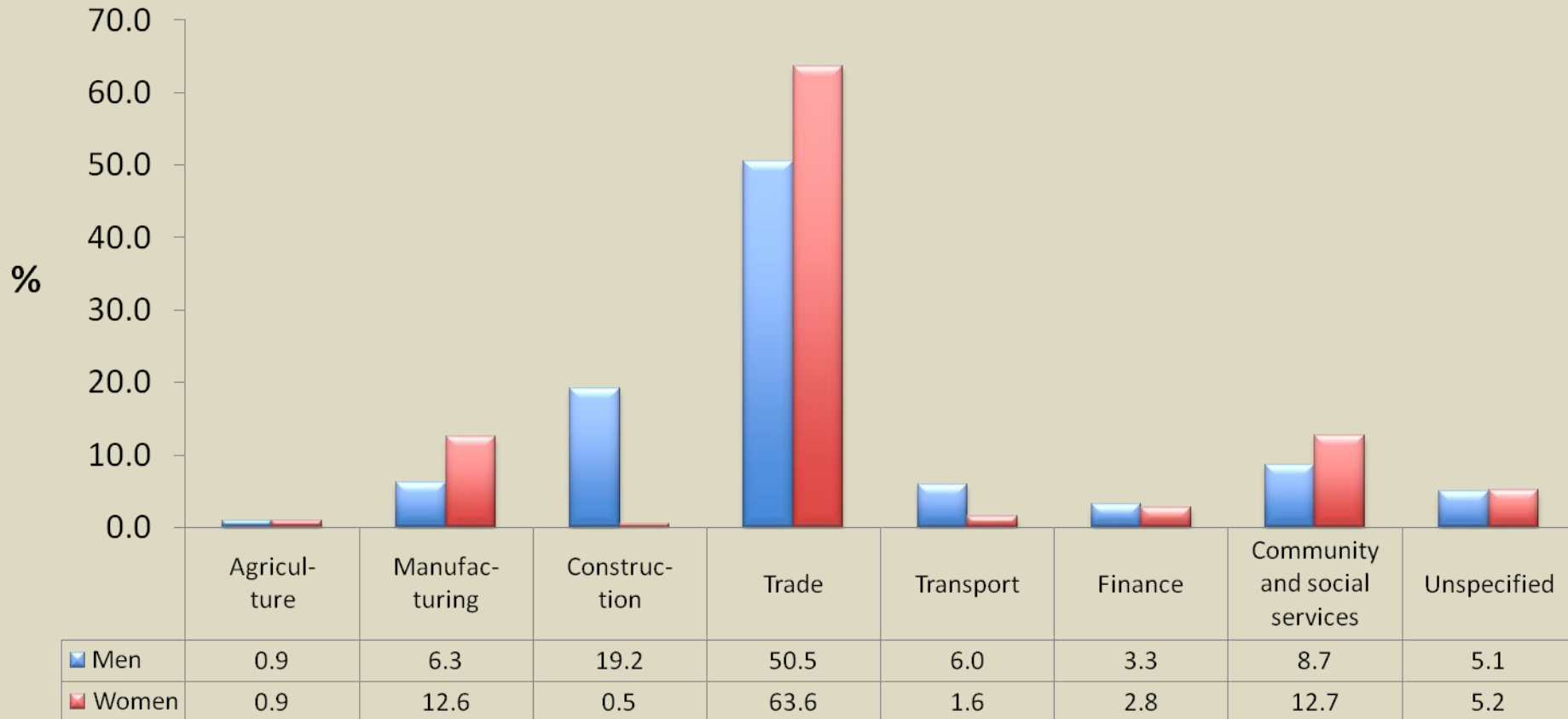
Proportion of persons running at least one business by industry -Share



Trade had the biggest share of non-VAT registered businesses, although it has declined over the years from 69,9% in 2001 to 57,1% in 2009, Services have increased their share from 6,8% in 2001 to 10,7% in 2009,



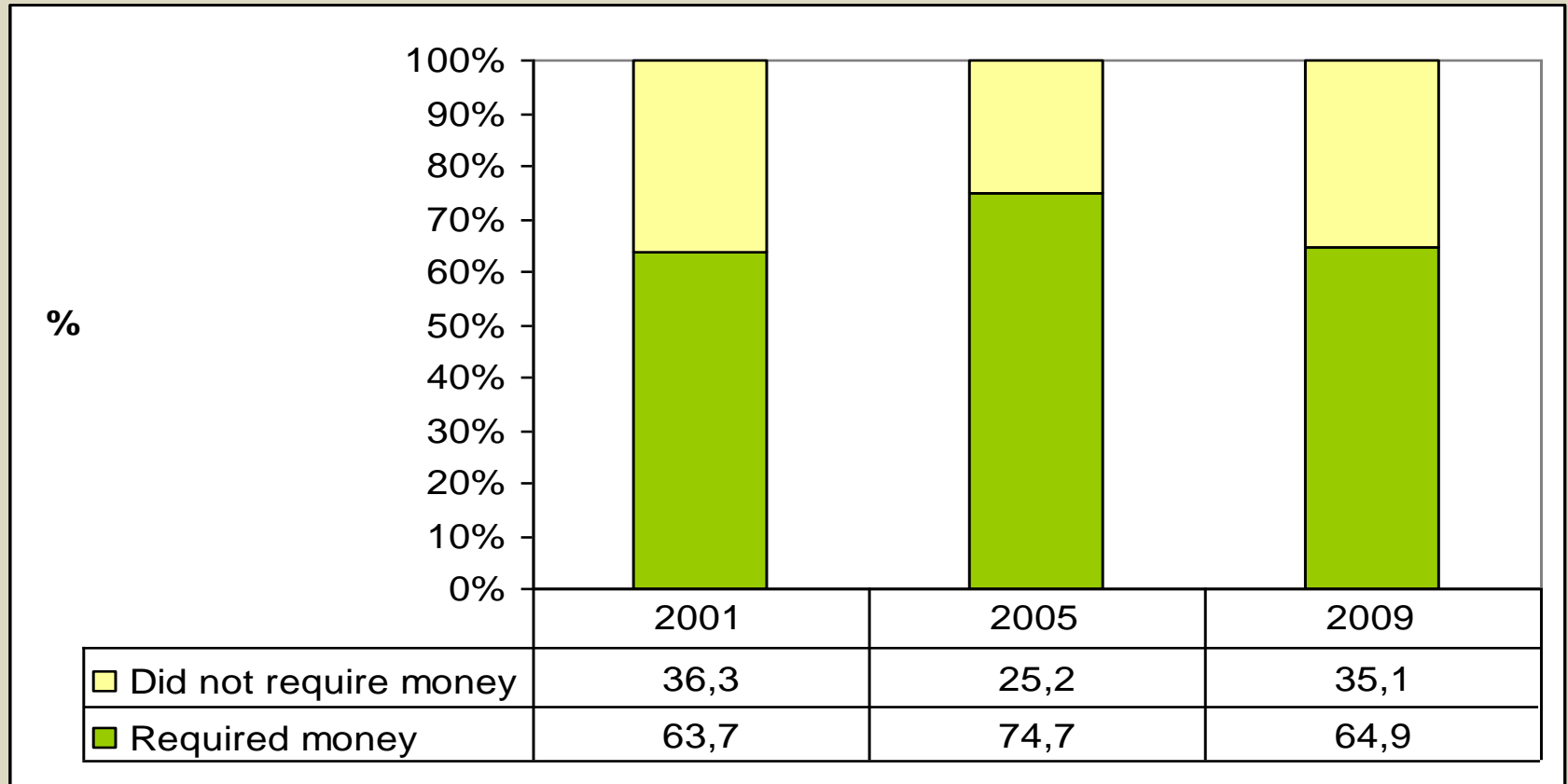
Proportion of persons running non-VAT registered businesses by industry of the main business and sex, 2009



While both women and men mostly operated businesses in the Trade industry, women dominated the operation of businesses in this industry (63,6%). More women than men also operated businesses that were in Community and social services (12,7% versus 8,7%) as well as Manufacturing (12,6% versus 6,3%) industries while men dominated the operation of businesses in Construction (19,2% versus 0,5%) and Transport (6,0% versus 1,6%) industries.



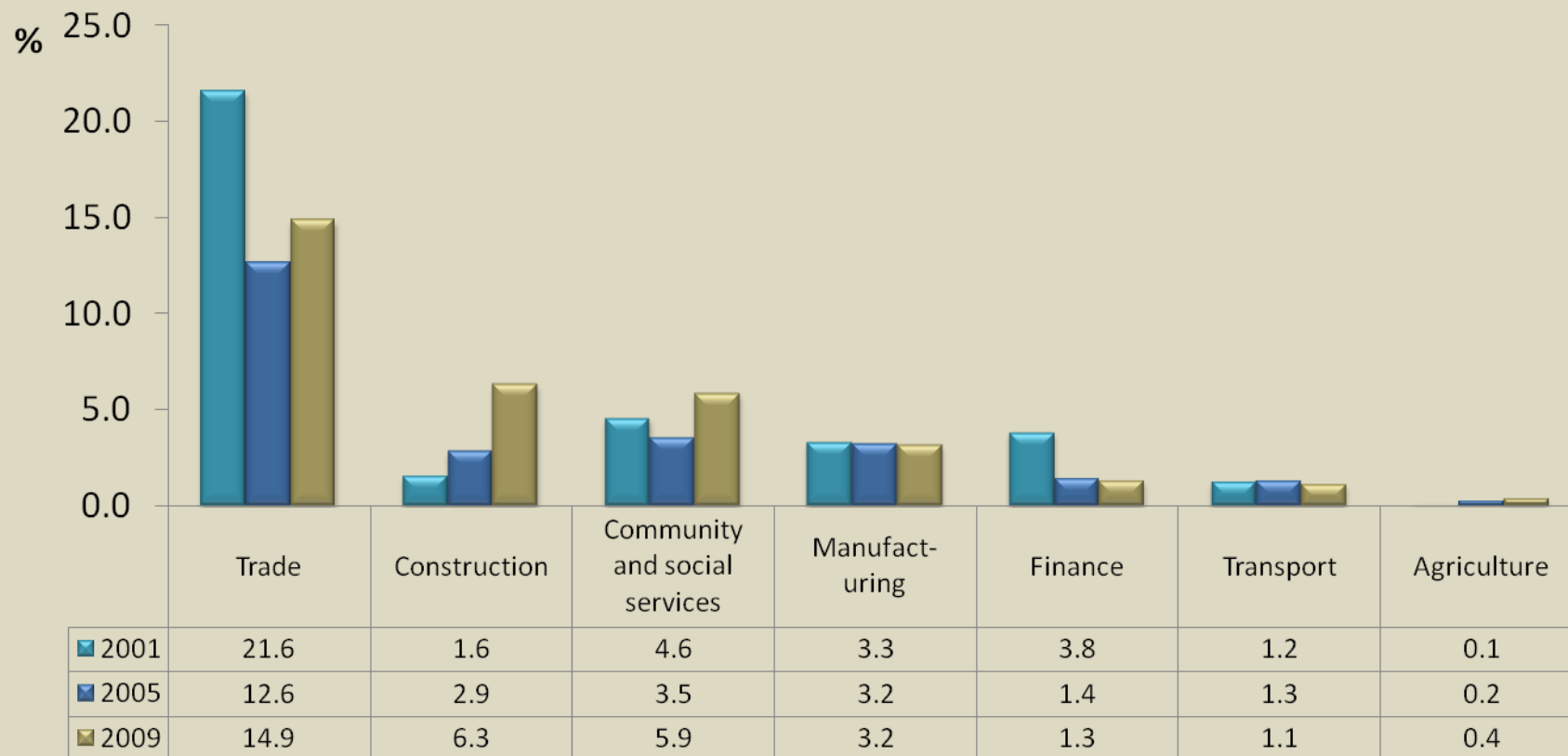
Proportion of persons running non-VAT registered businesses by whether they required money to start their businesses



Between 63,7% and 74,7% of individuals required money to start their business



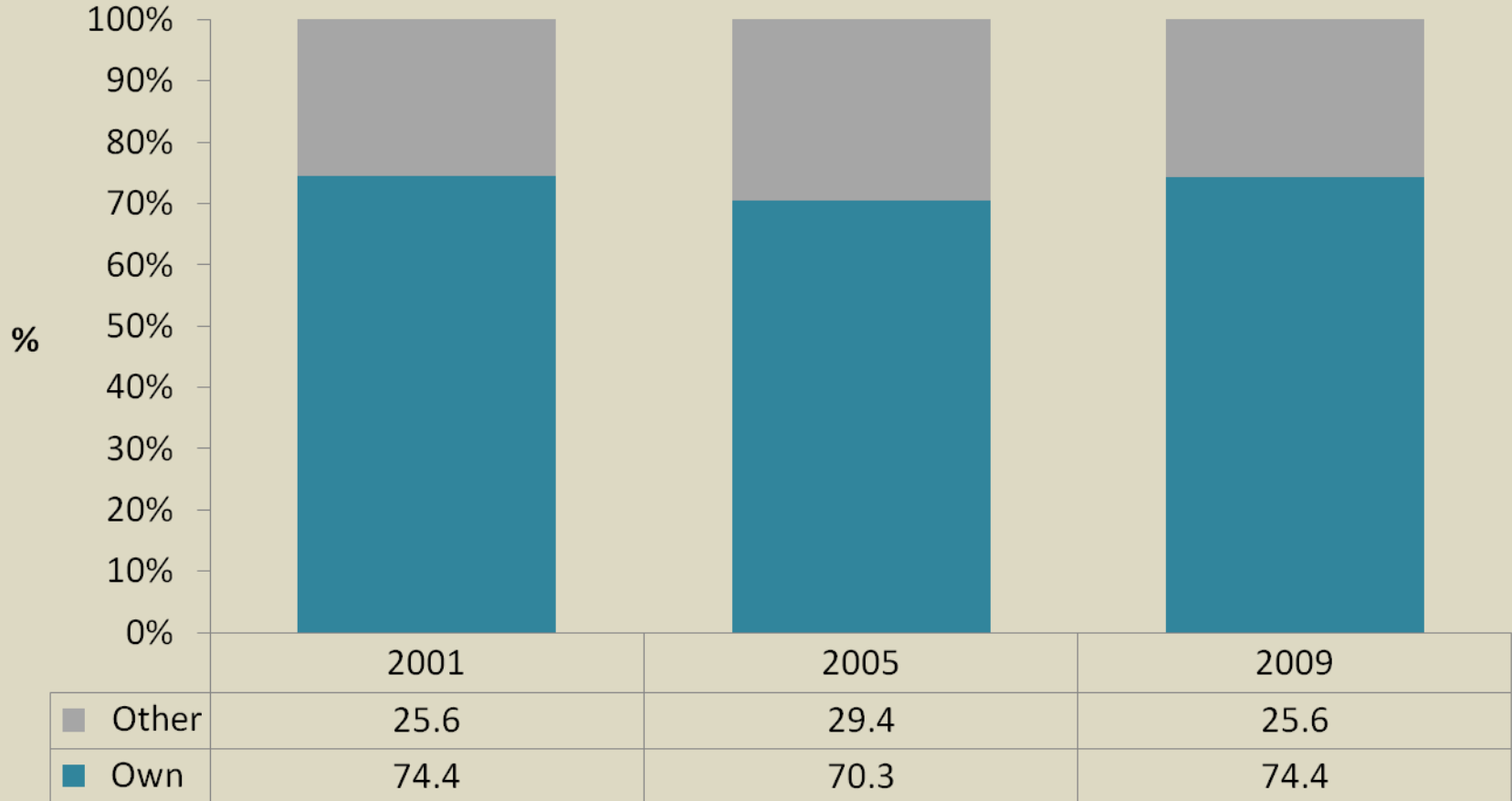
Proportion of those who did not need money to start a business by industry



- The highest proportion of business owners who did not need money to start their businesses were in Trade,



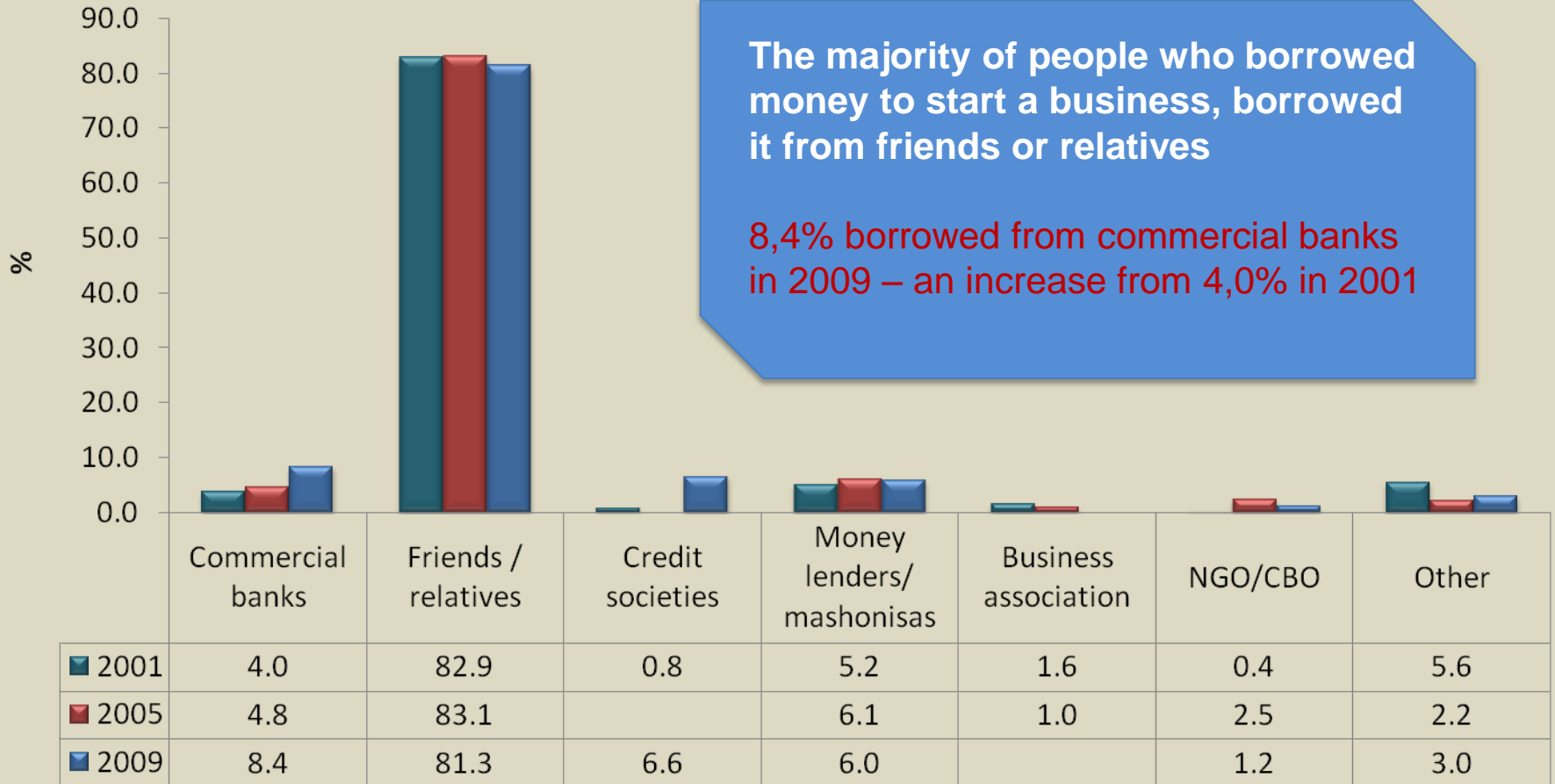
Proportion of those who needed money to start a business by source of money



• Among those who needed money over 70% used their own money to start their own businesses



Proportion of those who borrowed money to start a business by source of money



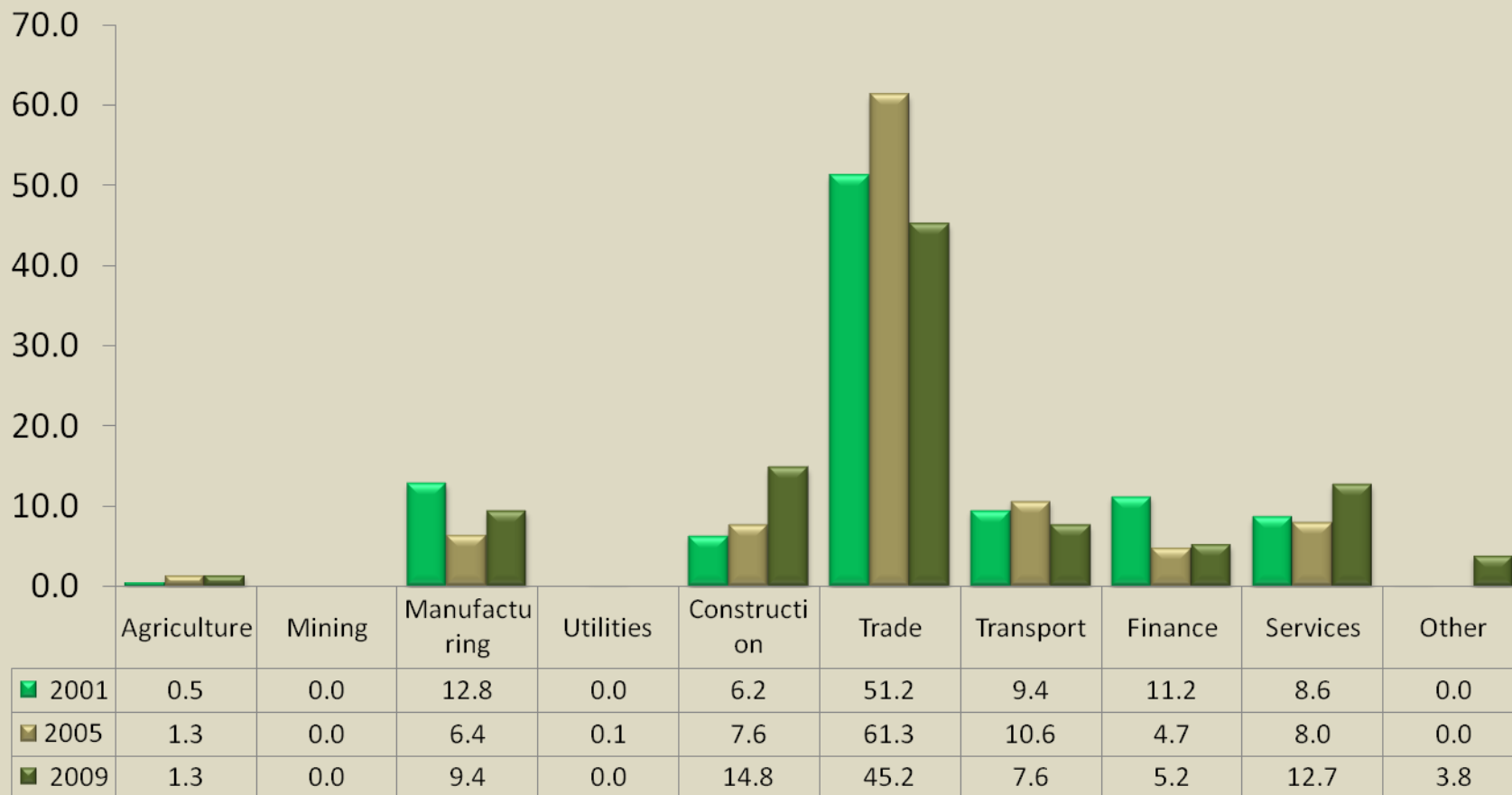


	SESE 2001	SESE 2005	SESE 2009
	Thousand	Thousand	Thousand
Total	2 827 629	5 182 282	3 281 542
Agriculture	13 760	69 443	43 032
Manufacturing	361 923	332 124	309 462
Construction	175 925	393 873	485 828
Trade	1 449 011	3 175 729	1 484 168
Transport	266 820	549 397	249 861
Finance	316 104	244 733	169 130
Community and social services	243 229	413 519	416 145
Other	857	3 465	123 915

- **Trade contributes the biggest to the total turnover for non-VAT registered business**
- **Total turnover increased in 2005 to approximately R5,2 billion per month and declined to around R3,3 billion in 2009**



Turn over last calendar month by industry - Proportions



• In 2009 Trade contributed the biggest share (45,2%) of the total turnover for non-VAT registered business followed by Construction (14,8%) and Services (12,7%)



Turn-over for last calendar month by province: Non-vat

	2001	2002	2003
Total	2 827 629	5 182 282	3 281 542
Western Cape	293 804	720 642	374 817
Eastern Cape	273 663	528 452	236 124
Northern Cape	14 283	52 930	42 919
Free State	148 139	246 930	128 727
KwaZulu-Natal	616 513	902 892	663 836
North West	152 485	213 727	283 034
Gauteng	1 046 409	1 471 528	864 332
Mpumalanga	134 962	215 422	273 775
Limpopo	147 371	829 759	413 979

• In 2009, Gauteng generated the highest gross income (R864 332), followed by KwaZulu-Natal (R663 836) and Limpopo (R413 979),



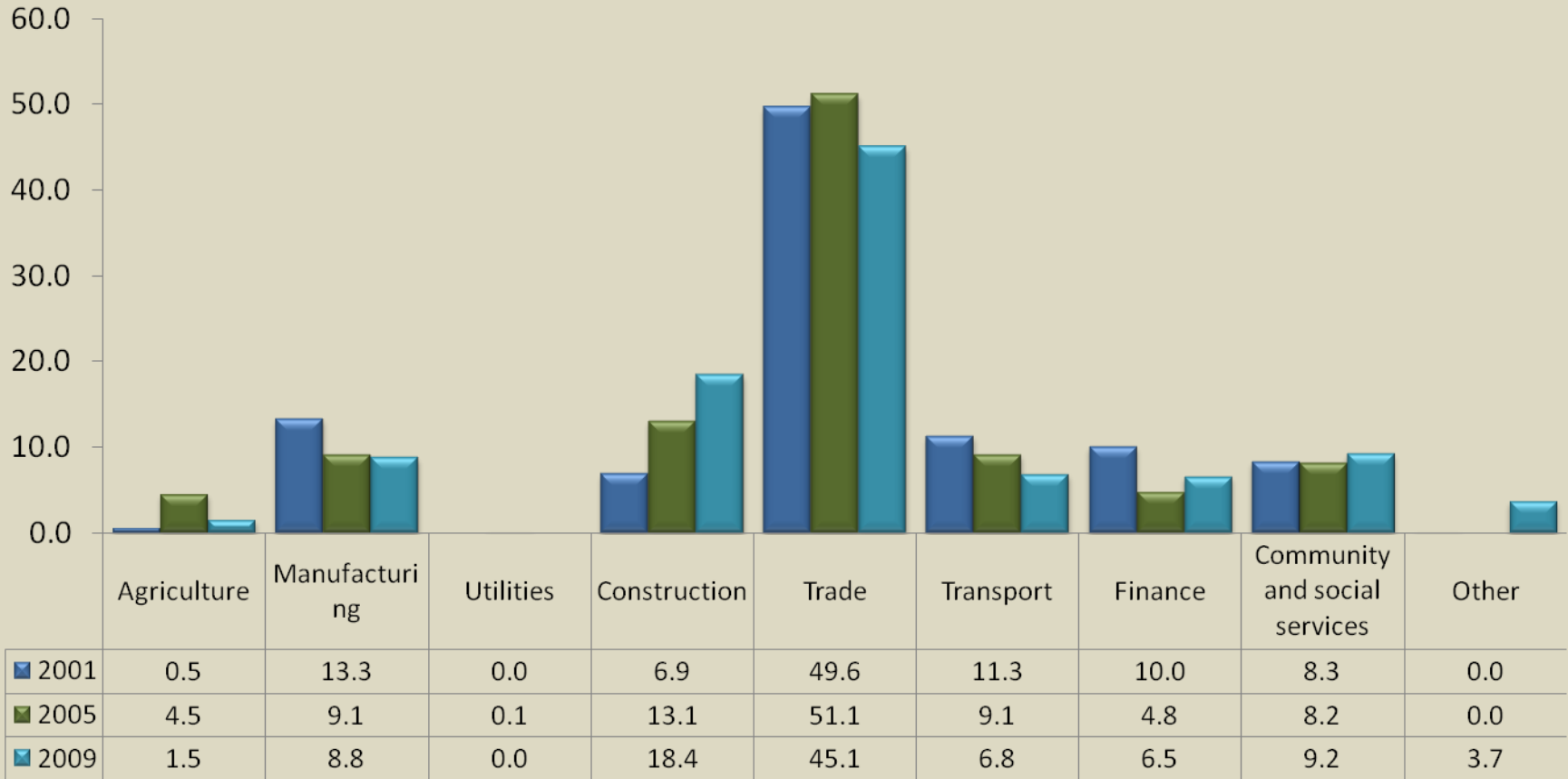
Net Profit last calendar month by industry: Non-VAT

	Sese 2001	Sese 2005	Sese 2009
	Thousand	Thousand	Thousand
Total	2 150 401	1 581 940	1 656 742
Agriculture	10 616	70 744	24 177
Manufacturing	286 676	144 367	145 361
Utilities		985	
Construction	147 949	207 027	305 371
Trade	1 067 387	809 100	747 206
Transport	242 677	144 556	113 312
Finance	215 999	75 537	108 392
Community and social services	178 477	129 624	151 855
Other	621		61 068

- Of the estimated R1 657 billion net income generated in 2009, approximately R748 million came from businesses in Trade, followed by Construction (R305 million) and Services (R152 million),
- The biggest increase in generated net income was observed within the Construction industry which saw a net increase of R157 million over the period 2001 and 2009



Net Profit last calendar month by industry - proportions



Over the three year period, the biggest change in the contribution to the total net profit was observed in Construction which increased by 11,5 percentage point (i.e. from 6,9 in 2001 to 18,4 in 2009)

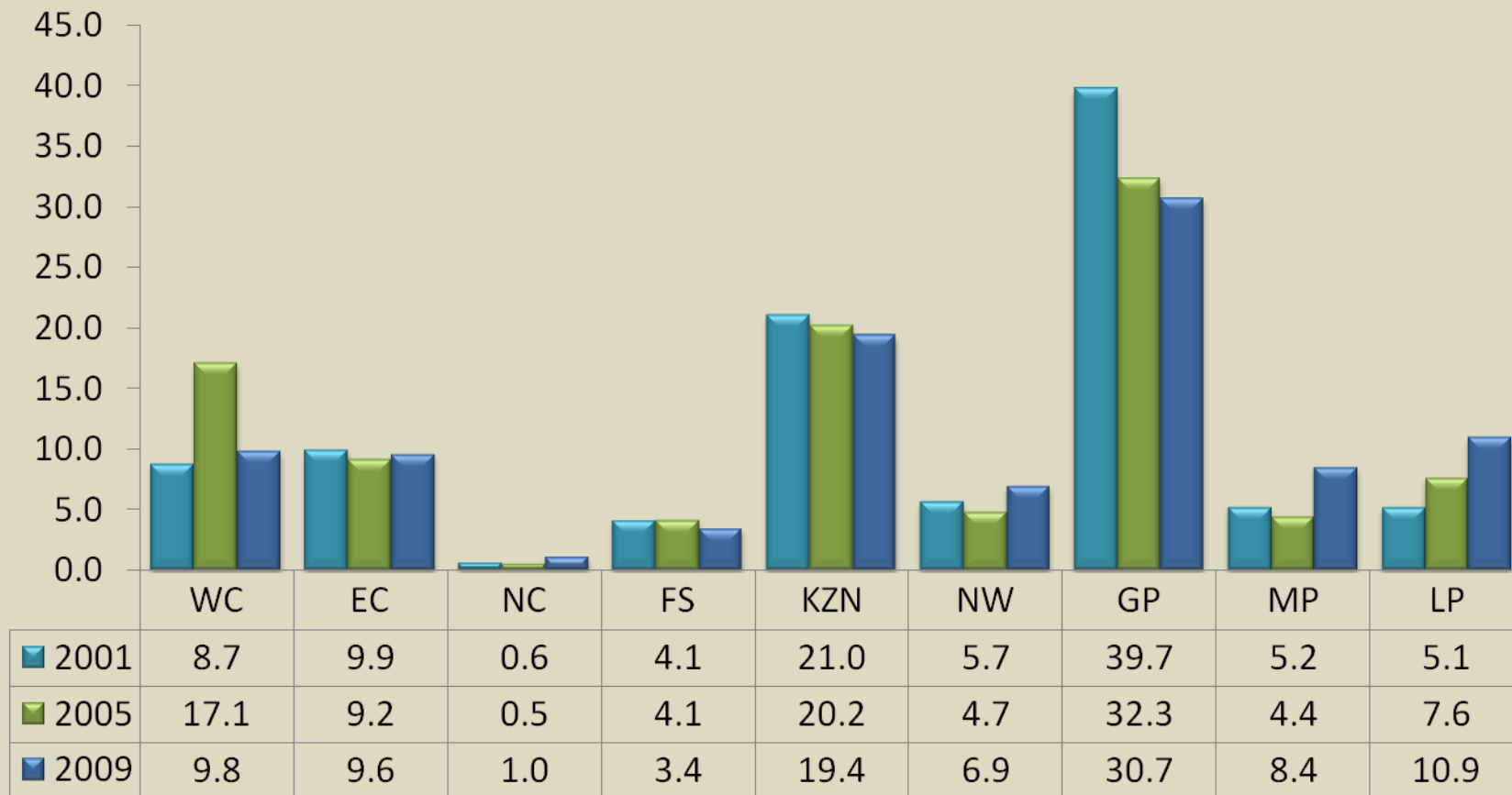
Net Profit last calendar month by province: Non-VAT

	2001	2005	2009
Total	2 150 401	1 581 940	1 656 742
Western Cape	187 008	270 301	161 767
Eastern Cape	212 942	145 031	158 232
Northern Cape	11 950	8 161	17 269
Free State	88 796	64 857	56 209
KwaZulu-Natal	451 965	319 563	320 751
North West	121 541	74 850	113 814
Gauteng	854 534	510 709	507 869
Mpumalanga	111 544	68 861	139 679
Limpopo	110 121	119 607	181 152

Gauteng generated the highest net profit income (R508 million), followed by KwaZulu-Natal (R321 million) and Western Cape (R162 million),



Net profit last calendar month by province - Proportions



Over the three year period, the biggest change in the contribution to the net profit income was observed in Limpopo which increased by 5,8 percentage points (i.e., from 5,1 in 2001 to 10,9 in 2009),



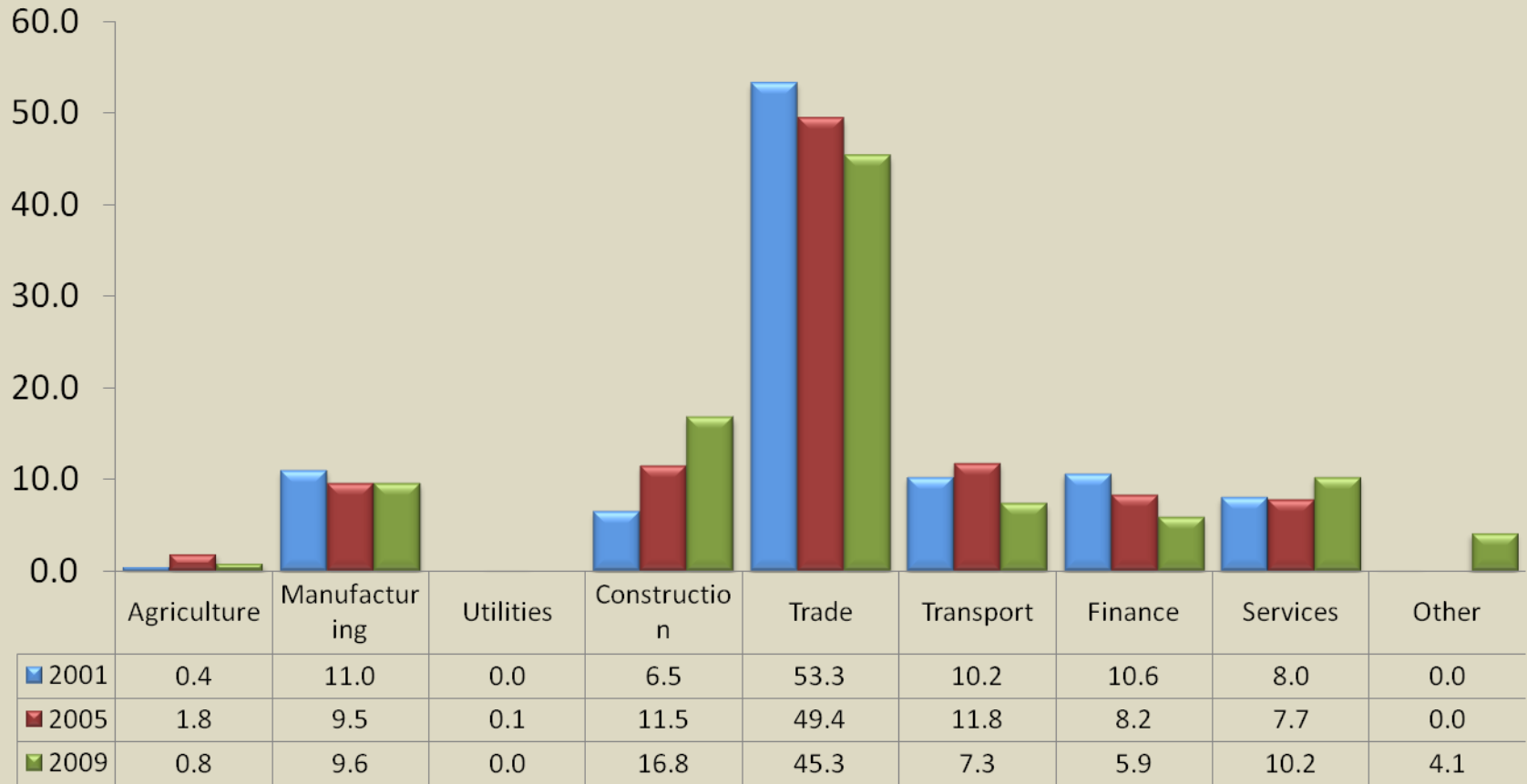
Average net profit per month by industry

Average net profit per month			
	Sese 2001	Sese 2005	Sese 2009
	Thousand	Thousand	Thousand
Average net profit by industry			
Total	1 940 567	1 822 636	1 706 166
Agriculture	8 640	33 325	13 470
Manufacturing	212 712	173 566	163 362
Construction	125 601	209 256	285 906
Trade	1 034 104	899 800	773 048
Transport	197 963	214 269	125 396
Finance	205 961	150 221	100 485
Community and social services	154 999	141 214	174 195
Other	587	985	70 304

- Since 2001, the wholesale retail and trade has consistently maintained the highest average net profit income, followed by construction with an average net profit of R174 195 thousand in 2009,



Average net profit per month by industry - proportions



Although trade is still the highest contributor, it has been declining, On the other hand construction has been increasing its share,

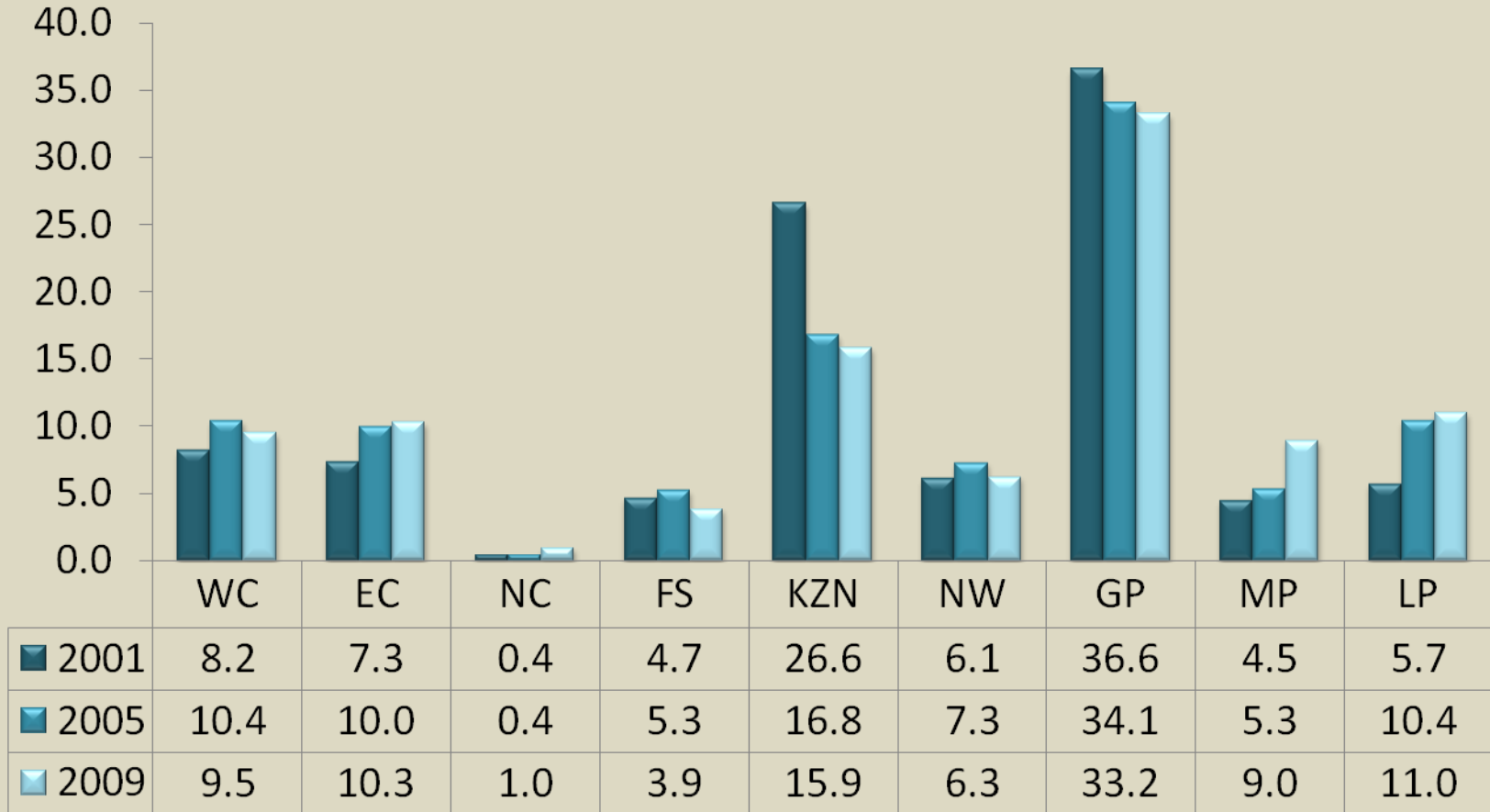
Average net profit per month by province

	SESE 2001	SESE 2005	SESE 2009
	Thousand	Thousand	Thousand
Total	1 940 567	1 822 636	1 706 166
Western Cape	158 939	189 615	162 293
Eastern Cape	142 057	181 802	175 608
Northern Cape	8 435	7 556	16 244
Free State	90 243	95 746	66 317
KwaZulu-Natal	515 855	306 210	270 626
North West	118 289	133 274	106 708
Gauteng	709 325	621 076	567 196
Mpumalanga	86 703	97 429	152 899
Limpopo	110 720	189 927	188 276

- Since 2001, Gauteng province has consistently generated the highest average net profit income, This has however declined over the three year period (i.e, from R709 million in 2001 to R 621 million in 2005, reaching it's lowest of R567 million in 2009),
- The province with the second highest average net income profit in 2009 was KwaZulu-Natal (R271 million) followed by the Western Cape (R162 million),



Average net profit per month by province



Although Gauteng remains the highest contributor, it has been declining, On the other hand Limpopo, Mpumalanga and Eastern Cape have been increasing their share,



Employees by industry

	2001			2005			2009		
	Paid	Unpaid	Total	Paid	Unpaid	Total	Paid	Unpaid	Total
Total	431	230	661	443	149	592	421	90	510
Agriculture	2	1	4	13	2	15	3		3
Manufacturing	49	12	61	40	28	68	49	2	51
Construction	99	6	105	93		93	156	5	160
Trade	123	194	317	143	103	246	94	43	137
Transport	77	2	79	24	1	25	27	2	29
Finance	38	4	42	83	3	86	14	2	16
Community and social services	43	11	53	48	12	60	64	35	99

- In 2009, Non-VAT businesses employed a total of 510 000 employees, and this is a decline from the 661 000 reported in 2001,
- Of the 510 000 employees, 421 000 were paid while the rest were unpaid,

Total labour cost for the month prior to the survey

Total labour cost	SESE 2001	SESE 2005	SESE 2009
	Thousand	Thousand	Thousand
Total	329 755	327 698	389 636
Wages and Salaries	265 142	313 960	369 444
Payment in kind	55 445	11 933	12 965
Transport refund	7 056	911	7 100
Other	2 112	895	127

- Total labour cost for non-VAT registered businesses has increased from R330 million in 2001 to R390 million in 2009
- Wages and Salaries account for the biggest contribution in total labour cost



Total labour cost	SESE 2001	SESE 2005	SESE 2009
	Thousand	Thousand	Thousand
Total	329 755	327 698	389 636
Agriculture	939	7 110	2 905
Manufacturing	44 580	27 169	16 660
Construction	61 224	75 811	155 601
Trade	87 100	87 217	106 313
Transport	77 647	29 704	31 108
Finance	32 472	66 192	16 530
Community and social services	25 794	34 495	52 817
Other			7 702

In 2009, labour costs in Construction contributed the highest to the total labour cost, followed by trade



Labour cost to employees			
	Sese 2001	Sese 2005	Sese 2009
Total labour cost by industry			
Total	764	739	926
Agriculture	432	557	1016
Manufacturing	910	677	342
Construction	619	817	1000
Trade	707	610	1128
Transport	1007	1260	1158
Finance	846	802	1164
Community and social services	605	715	828
Other			539

- Between 2001 and 2009, average labour costs increased in all industries except Manufacturing,
- In 2009 the highest labour costs were observed in Finance (R1 164), followed by Transport (R1 158), and Trade (R1128),



Labour cost as a proportion of turnover for the month prior to the survey

	SESE 2001	SESE 2005	SESE 2009
	Percent	Percent	Percent
Total	11,7	6,3	11,9
Agriculture	6,8	10,2	6,7
Manufacturing	12,3	8,2	5,4
Construction	34,8	19,2	32,0
Trade	6,0	2,7	7,2
Transport	29,1	5,4	12,4
Finance	10,3	27,0	9,8
Community and social services	10,6	8,3	12,7
Other	0,0	0,0	6,2

- In 2009, Construction had the highest ratio of labour cost to turnover, followed by services and transport for the month prior to the interview,



	Sese 2001	Sese 2005	Sese 2009
	Thousand	Thousand	Thousand
Total	403 617	1 199 426	2 258 065
Agriculture		107 419	
Manufacturing	96 570	34 377	20 529
Construction	1 317	250 182	35 955
Trade	96 497	267 389	350 052
Transport	111 845	222 483	589 579
Finance	81 926	167 091	31 016
Community and social services	15 461	150 485	605 223
Other			625 711

- Between 2001 and 2009, the debt burden for non-VAT registered businesses increased from R404 million in 2001 to approximately R2,3 billion in 2009,
- Of the R2,3 billion total debt owed by non-VAT registered businesses in 2009, R605 million was owed by businesses operating in service industries, followed closely by businesses in transport (which owed a combined amount of R590 million),

Average debt by Industry

Average debt by industry			
	SESE 2001	SESE 2005	SESE 2009
Total	179	719	2099
Agriculture	0	6319	0
	399	171	201
Manufacturing	19	2579	339
Trade	61	242	570
Transport	1472	3048	14380
Finance	625	2832	940
Community and social services	101	1297	5263
Other	0	0	11377

- Linkage with QLFS
 - ✓ Many more variables from QLFS for business owners
- Permanent field staff collect the data

- **No sampling frame** for businesses which are not registered for VAT

Thank You