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**The Promotion and Development of Small and Medium Enterprises:
An Investigation of the Effectiveness of Assistance Programmes and
the Participation of SMEs in the Export Sector in Swaziland**

**A thesis submitted in fulfilment of the requirements
for the degree of Doctor of Philosophy in Development Studies
at Massey University, Palmerston North, New Zealand**

Phumzile Lomagugu Magagula

2002

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LIST OF ACRONYMS

AfDB	African Development Bank
ANOVA	Analysis of Variance
APEC	Asia - Pacific Economic Cooperation
ASBC	Association of the Swazi Business Community
AsDB	Asian Development Bank
BMEP	Business Management Extension Programme
BWAS	Business Women Association of Swaziland
CBS	Central Bank of Swaziland
CMA	Common Monetary Area
COMESA	Common Market for Eastern and Southern Africa
CSO	Central Statistics Office
DCs	Developed Countries
E	Emalangeni (plural for Lilangeni)
ECGS	Export Credit Guarantee Scheme
ECI	Ebony Consulting International Pty Ltd
ESRA	Economic and Social Rehabilitation Agenda.
ETF	Enterprise Trust Fund
EU	European Union
FDI	Foreign Direct Investment
FSE	Federation of Swaziland Employers
GDP	Gross Domestic Product
GNP	Gross National Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDS	Institute of Development Studies
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
IMF	International Monetary Fund
ISO	International Organisation for Standardisation
ITC	International Trade Centre
LDCs	Less Developed Countries
LPM	Linear Probability Model
MEE	Ministry of Enterprise and Employment
MITC	Manzini Industrial Training Centre
MSEs	Micro and Small Enterprises
NDS	National Development Strategy
NICs	Newly Industrialised Economies
NZODA	New Zealand Overseas Official Assistance
OECD	Organisation for Economic Cooperation and Development
PPCU	Public Policy Coordination Unit
RMA	Rand Monetary Area
RSA	Republic of South Africa
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAP	Structural Adjustment Programme
SASCCO	Swazi Association of Savings and Credit Cooperatives

SBGT	Swazi Business Growth Trust
SCC	Swaziland Chamber of Commerce
SCOT	Swaziland College of Technology
SDSB	Swazi Development and Savings Bank
SEB	Swaziland Electricity Board
SEDCO	Small Enterprise Development Company
SEN	Swazi Enterprise Network
SIMPA	Swaziland Institute of Management and Public Administration
SIPA	Swaziland Investment Promotion Agency
SMEs	Small and Medium Enterprises
SMMEs	Small, Micro and Medium Enterprises
SPTC	Swaziland Posts and Telecommunications
SSELG	Small Scale Enterprise Loan Guarantee Scheme
TNCs	Transnational Corporations
TPU	Trade Promotion Unit
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children Fund
UNISWA	University of Swaziland
USA	United States of America
USAID	United States Agency for International Development
VAT	Value Added Tax
VOCTIM	Vocational and Commercial Training Institution
WTO	World Trade Organisation

ABSTRACT

Small and Medium Enterprises (SMEs) are increasingly occupying a prominent position in the policy agendas of both developed and developing countries, owing to the recognition of the significant potential contribution that these enterprises can make to national economic and social development. In addition, the exporting successes of SMEs in industrialised countries, in the last decade, have highlighted the critical role of SMEs in export- and private-sector-led economic growth, consequently many developing countries are refocusing their attention on the search for strategies and the design of policies and assistance programmes aimed at the promotion and development of their SME sectors. Sound policies to assist more SMEs to export, however, must be informed by a clear understanding of any systematic differences between current exporters and non-exporters.

This study employed a multi-method approach, making use of both qualitative and quantitative methods, to investigate the nature and extent of SMEs' export involvement and the effectiveness of SME promotion and development programmes in Swaziland. In particular various firm-specific and managerial characteristics believed to shape the export behaviour of SMEs were utilised to investigate why some SMEs are exporters and some are not. The results of this study revealed that for many SMEs in Swaziland the export orientation is zero. The few that are exporting are mostly found in the manufacturing, agriculture and forestry industries. Foreign language proficiency and the frequency of business-related foreign trips are amongst the significant variables in explaining export propensity amongst SMEs in Swaziland.

On the effectiveness of assistance programmes, this investigation showed that awareness levels and usage rates differ among assistance programmes and by the firms' market orientation. Generally, managers of SMEs are more aware of (and have accessed more) domestically oriented programmes than export oriented ones, which to some extent explains SMEs' poor export involvement. A policy recommendation that arises instinctively from this study is that official support, financial or otherwise, is likely to bear more fruit in exporting if targeted towards currently non-exporting SMEs and aimed at upgrading the language skills of managers, and assisting with *bona fide* business-related functions outside the country.

ACKNOWLEDGEMENTS

I acknowledge the support, encouragement and professional advice from many people – professionals and colleagues, family, friends and relatives. I would like to extend my gratitude to my chief supervisor, Prof. John Overton, of the Institute of Development Studies, for his valuable guidance, advice, patience and encouragement in undertaking this research. My appreciation also goes to the other two members of my supervision team from the Department of Applied and International Economics. Prof. Srikanta Chatterjee, for particularly working with me patiently during the early stages of this research, and Dr. James Obben, for his guidance especially on methodology issues.

I wish to thank the New Zealand Government for awarding me a scholarship (under the NZODA) that enabled me to undertake my studies at Massey University. I also wish to thank the various businessmen and businesswomen that participated in this study and kindly shared information that has enabled me to compile this thesis. Thank you, too, to the several organizations in Swaziland that were supportive to me during the data collection process by providing me with working space and research facilities.

At a personal level, I must acknowledge members of my immediate and extended family whose love, cooperation, support and encouragement carried me through my studies. I thank all of you for the various sacrifices you have made to make it happen for me. I am extremely grateful to my mother, who has been a great source of support throughout my life. Thank you for everything you have done for me, you are special to me and I love you. Special thanks to Gaolatlhe, my husband, – we have come a long way, thank you for being there for me. Fisiwe, my daughter, inspired me in various ways and made the greatest sacrifices during the period of my studies - I am deeply indebted to you. My grandmother (LaMavuso) and my brother (Boy Vusi Quinton) both passed away during the course of my study in New Zealand – I love you. I also wish thank all my friends in New Zealand and overseas who extended a helping hand in various ways and made it possible for me to continue with my studies.

Lastly, the successful completion of this thesis marks the fulfilment of a dream that has come true because God provides and He never fails. To God be the Glory.