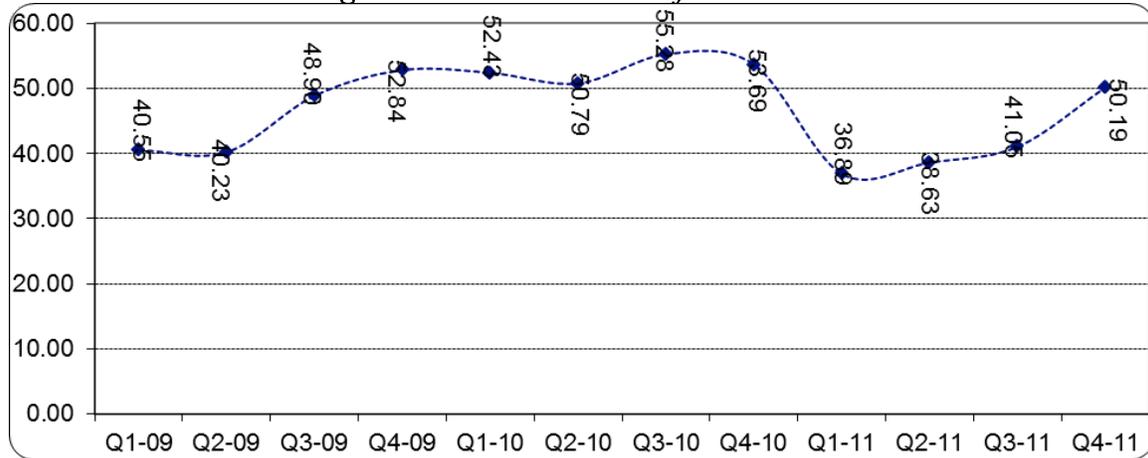


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Business Confidence in SMME sector ends the year on a high note

South Africa's SMME sector has continued its recovery throughout 2011. The overall business confidence index for 2011 increased from 41.05% in the third quarter to 50.19% in the fourth quarter. Figure 1 shows the overall trend of South African SMMEs Business Confidence Indices from the first quarter of 2009 until the fourth quarter of 2011.

Figure 1: Business Confidence Index



The best performing sector during the period under review was the trade sector which increased in overall average confidence from 40.2 % in the third quarter of 2011 to 48.6 % during the fourth quarter of 2011. This represents an increase of 20.8%. The increase in confidence in trade sector could be attributed to an increase festive-related trade activities leading to Christmas. The services sector was the next best performing sector, with an increase in overall confidence from 49.8 % in the third quarter of 2011 to 53.4% during the fourth quarter of 2011; representing an increase of 7.2%. The increase in confidence in the services sector could be attributed to the seasonal nature of hospitality-related activities which tend to increase during spring and summer in the country. The overall confidence in the industry sector also increased from 44.2 % in the third quarter of 2011 to 45.5 % in the fourth quarter of 2011; representing an increase of 3%.

The survey also revealed a number of factors that negatively on the activities of SMMEs. These include the high government taxes and regulations, high employee and operating costs, the BEE policy and insufficient demand.

The South African SMME Index is constructed by Africagrowth Institute. The Founding Sponsors for the Index are the Industrial Development Corporation (IDC) and WK Kellogg Foundation

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