



**THESIS TITLE**

**A CASE STUDY OF THE CHALLENGES FACED BY EMERGING BLACK  
FISHING ENTERPRISES ON THE CAPE WEST COAST**

*Thesis submitted in partial fulfilment of the requirements for the Degree of Master*

*of Technology (Business Administration)*

*Cape Peninsula University of Technology*

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**AUGUST 2013**

## DECLARATION

I, Daryll Bailey, hereby declare that the contents of this thesis represent my own unaided work, and that the thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signature: 

Date: 29 August 2013

## **ABSTRACT**

New Black business entrants into the South African fishing industry are confronted with a range of challenges on the road to full sustainability. In addition to the need to compete with established white commercial companies with vast resources, most of the successful applicants who won rights ended up with nothing but a paper quota because most do not have their own boats to either catch their allotted quota, or they lack the facilities to process their catch.

In this thesis an organisational needs analysis of a select number of emerging fishing enterprises was undertaken with a view to determine their specific needs for support services in order to make recommendations with regard to a customised support programme to assist them in their quest for business sustainability.

The research indicates that the majority of the emerging enterprises are first-generation novice businesses with a need for a comprehensive range of support services. They not only lack a full understanding of the inherent risks of their industry, but most have failed to do any sort of risk planning. This lack of understanding not only constrains their engagement with fishing policy processes but also contributes to a situation of dependence on external consultants for the preparation and submission of their rights allocation applications. Furthermore, most of the current crop of business leaders have a low level of formal education and did not receive any business training prior to venturing into the industry. This vicious cycle of general ignorance of the risky nature of their sector, lack of understanding of industry process, and low education levels, has resulted in limited understanding and knowledge of the various forms of financial and other assistance available to emerging businesses. The researcher recommends intervention in all of the areas mentioned above as critical if the stated objective of the South African government, namely the promotion of black economic empowerment, is to be achieved.

## **DEDICATION**

To Marsha, Tarryn & Tammy-Ann

## **ACKNOWLEDGMENTS**

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3. All participants for making this study a reality through their willingness to fully participate in this exploration of their organisations. It is my sincere hope that this study will make a fundamental difference in their struggle to build sustainable and prosperous businesses.

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## **CHAPTER 1**

### **BACKGROUND TO THE STUDY**

#### **1.1. INTRODUCTION**

In the recent past, more and more Black people, especially former fishermen and fish factory workers, have entered the commercial fishing industry either as single or independent entrepreneurs or as shareholders in new business ventures after obtaining a fishing quota. In the category of near- and offshore lobster alone, the number of quotas allocated has risen from 785 to 822 and 234 and 245 respectively for the period 2002 – 6 (Manele, 2007:13-14). Roelf (2001) are of the view that only a few traditional fishermen or women are business people and it is therefore safe to accept that most also lack a thorough understanding of the fishing industry as a sector that encompasses “a whole range of elements such as socio-economic relations, the state, politics, technology, the international fishing economy, and the resource in its marine environment” (Wright, 1997: 727). In addition to it being a capital intensive and precarious industry (Britwurm, undated; p. 78), the industry is also information intensive.

Lacking the required capacity such as own their own boats to catch their allotted quota or facilities to process their catch, most of these newly created enterprises have opted to sell their allocation to larger factories with the required infrastructure. This, however, created an appearance that the enterprises in question are mere paper businesses. Although this practice is consistent with the general practice of making business decisions on whether to enter, exit, expand or contract individual fishing activity, it is self-defeating in a situation where there is a lack of information and a limited understanding of the existence of whether there is a competitive quota market that adequately reflects the “expected present value of future rents in the fishery” (Newell; Sanchirrico & Kerr, 2002: 3). In order for such businesses to become meaningful players in the industry, and able to profit maximally from their rights, these inadequacies must be addressed. There is therefore a particular need for the development of an appropriate support program for emerging Black South African fishing enterprises based on their expressed needs and in order to enable them to become more sustainable.



## **1.2. PROBLEM STATEMENT**

According to the Mail & Guardian (forthwith M & G) (2001), a significant number of business owners in the emerging fishing sector lack basic business skills or business experience as well as operating capital. In addition their research shows that most fishing communities suffer from a remarkable lack of education and business acumen (M & G 2005). This situation, combined with the high levels of illiteracy and the general lack of information prevalent in coastal communities (Johnston, 2007; S.A. United Fishing Front, 2007) as well as the lack of inputs and support in areas such as capacity-building and training in fields such as marketing (Britz; Sauer; Mather & Phillips, 1998; Masifundise & Coastal Links, 2007), contributes to a lack of success in the field of Black entrepreneurship in the fishing sector. There is therefore a real need for a comprehensive support programme based on a full understanding of the business support needs of emerging fishing enterprises.

## **1.3. RESEARCH PURPOSE STATEMENT**

The purpose of this study is to conduct a business needs analysis of a group of emerging black fishing entrepreneurs and enterprises with a view to make recommendations that might aid the development of an appropriate support model to assist them to become more sustainable.

## **1.4. RESEARCH OBJECTIVES**

The following specific research objectives are formulated to achieve the above stated research purpose statement:

- To describe the external support to emerging enterprises in general and fishing enterprises in particular.
- To investigate and describe the nature, challenges and operations of emerging Black South African fishing groups.
- To identify the training and development needs of the new generation of Black fishing businesses.

- To make recommendations towards the development of an appropriate support programme for emerging Black fishing groups.

## **1.5. RESEARCH QUESTIONS**

In order to execute this study the following research questions were formulated:

- What are the current obstacles that prevent emerging fishing enterprises from becoming meaningful players in their chosen sector?
- What forms of assistance are needed to assist emerging fishing businesses to become sustainable?
- What are the education and training needs of emerging fishing enterprises?
- Is there a need for gender-specific training for female entrepreneurs?
- What role can government and business play in promoting newly established business entities in the commercial fishing industry?

## **1.6. PRELIMINARY LITERATURE REVIEW**

Before 1994 the South African fishing industry was dominated by a few large corporations such as Marine Products, Oceana and the St Helena group at the West Coast. Fishery management was top down and resource focused. After 1994, an extensive participatory process among stakeholders resulted in the drafting of new legislation, namely the Marine and Living Resources Act 1998 (Act no. 18 of 1998) (M.L.R.A). The M.L.R.A contains an implicit development “mandate” and has broken new ground in the sense that it reiterates the right of all citizens, irrespective of race, to have access to all our marine resources. It therefore opened new opportunities to the previously excluded sections of the South African population and most importantly, the restructuring of the Quota Board responsible for the allocation of fishing rights. Although the legislation created potential access to traditional subsistence fishermen, factory workers, or crews of fishing vessels, being a recipient of a licence (quota holder) does not automatically imply

financial success. Indeed the path to financial prosperity in the commercial fishing sector is fraught with obstacles.

Although the new Act granted potential access, new entrants still had to comply with certain statutory requirements such as the need for applicants to be bona fide fishermen, pay a non-refundable application fee of R6000-00, and have access to particular processing and catching arrangements. New entry barriers were therefore erected. In addition to these the new entrant had to compete with established white commercial companies with vast resources. Most of the successful applicants, who won rights, ended up with nothing but a paper quota because most did not own a boat to catch their allotted quota or had the facilities to process their catch.

Another more serious obstacle however was the lack of basic business skills or business experience and even lack of business acumen as well as operating capital amongst former fisher folk (Mail and Guardian (2001). According to Curran (1996), emerging enterprises, including small fishing companies, have to pay attention to education and training because lack of general formal training is capable of damaging the growth potential and competitiveness of the small, micro- and medium enterprise sector (Tilley, Hooper & Walley, 2003). Samli (2002) cited by Adams (2003:175) argued that entrepreneurship skills are not inborn but can be developed and nurtured. Any person with the required basic ability and desire to become an entrepreneur can therefore become one through a dedicated training programme with a focus on organisational, promotional and business skills. These are core skills that can be taught in order to counter the current public perception of emerging business enterprises as “chancers” that are trying their luck with fishing quotas as a sort of lottery ticket. It would also assist in combatting the practice of using emerging businesses as artificial empowerment partners (Dunn, 2000).

In order for such businesses to become meaningful players in the industry, that are able to profit maximally from their rights, these inadequacies must be addressed. According to a study completed by Britz, Sauer, Mather & Phillips (1998) the transformation process fails to support capacity building and to support new industry entrants and also lacks a

support programme for emerging Black South African fishing enterprises. According to Curran (1996), emerging enterprises, including small fishing companies, themselves also have to pay attention to education and training to eradicate their current lack of general and formal training. This is central to enhancing the growth potential of these new ventures. Failure to do so is capable of damaging the growth potential and competitiveness of the small, micro- and medium enterprise sector (Tilley, Hooper & Walley, 2003).

### **1.7. RESEARCH DESIGN**

The quantitative methodology was used for this particular research. This research method lends itself best to the answering of formulated research questions. The case study method was used in this study as it allows the researcher to understand the dynamics present within a single setting. Creswell (1998:61) states that a case study can be regarded as an exploration or in-depth analysis of a bounded system (bounded by time or place) over a period of time. This analysis of the case takes place through detailed, in-depth data collection methods. These methods involve multiple sources of information, archival records and document analysis (Yin, 1984: 78). Barbie (2001) is of the opinion that case study researchers enter the field with a knowledge of the relevant literature before entering the field.

Case studies research is characterized by “real” events, “real” context and “real” time. It further places emphasis on the “meanings of events for actors in a situation” as well as the “social processes and wider social functions that provide the context for such personal meanings”. However the researcher needs to guard against taking a purely outsider’s stance which could mask certain routines, as well as complex or obscured relations (Millar 1983:17).

## **1.8. DATA COLLECTION**

Documentary analysis in relation to this research was performed to uncover data and insights related to answering the research question.

Vos et al (2004: 322) provide four areas of document sources, which are personal documents, official documents, mass media and archive material. This research uses three of the sources namely official documents, mass media and archive material. The purpose of the official documents was to sketch the background to the research problem of business owners in the emerging fishing sector.

A structured survey questionnaire based on a comprehensive literature review was designed to determine the business support needs of a group of individual fish permit holders and those of the emergent enterprises.

## **1.9. DELIMITATION OF RESEARCH**

In this regard the study focussed on 2 groups, namely single operator individual and independent fishing permit holders involved in the crayfish, pelagic and driftnet fishing industry and one black-owned fishing close corporation within the Bergvriër Municipal area. As such, the respondents do not represent the total population of West Coast or South African fishers. Given the fact that this study lacks a representative sample, the perceptions of the participants therefore cannot be generalised or regarded as being representative of the views of all other fishers. A large local fishing concern such as Marine Products (Pty) Ltd. was excluded for the purposes of analysis.

## **1.10. DATA ANALYSIS**

As indicated, the primary data for this research were collected through the use of a structured questionnaire. Given the small number of research participants, the results were subjected to manual (pen and paper) content analysis and presented in graphic form (diagrams or tables) where appropriate. Throughout this process, collected data were

analyzed and interpreted in accordance with the insights gained from the literature on external business support of emerging businesses.

### **1.11. SIGNIFICANCE OF RESEARCH**

This research in particular focussed on the challenges that the emerging black fishing licence holders are faced with in their pursuit of the objective of becoming sustainable and meaningful players in the fishing industry. The data collected can assist practitioners tasked with the development of a business support program to assist these licencees and rights-holders to become viable business enterprises. As far as could be established no such research has yet been done amongst the fishing community of the West Coast. The research therefore provides policy formulators with substantive data on what happened beyond the allocation process. This information could therefore also be used to strengthen the current policy dealing with fishing rights allocation.

### **1.12. ETHICAL CONSIDERATIONS**

To ensure the full support of all participants and to protect the confidentiality of information, if so required, the necessary written assurances were obtained. Furthermore, a sample of the questionnaire was provided to all relevant parties with the initial correspondence. A formal written undertaking with regard to confidentiality and anonymity was also provided to all participants.

### **1.13. CHAPTER OUTLINE**

*Chapter 1* serves as the introduction and background to the study and covers sub themes such as the research problem, research aim and objectives, rationale for the study, research design and approach as well as data analysis and interpretation.

*Chapter 2* is a literature review and study on the factors that impact on the sustainability of emerging fishing enterprises.

*Chapter 3* provides a detailed outline of the research methodology of this study reflecting on sampling, data collection and research instruments.

*Chapter 4* provides the data collection, analysis and discussion based on the literature study in chapter two.

In Chapter 5 a conclusion is formulated based on the findings. Further possible research topics that may be of interest to other scholars are also identified and presented.

#### **1.14 SUMMARY**

The research problem is stated that a significant number of business owners in the emerging fishing sector lack basic business skills or business experience as well as operating capital. The quantitative method of research in the form of a questionnaire survey is proposed, the data of which are presented in tabular form. The research is regarded as significant as it can generate information which could assist in establishing support programmes for this sector.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1. INTRODUCTION**

In this chapter a comprehensive literature review with regard to the challenges faced by emerging businesses and their need for specific and specialised support services to ensure business sustainability is given. Attention is given to both the soft and the hard factors that impact and co-determine business success and prosperity in general and that of emerging fishing enterprises in particular. These factors include aspects as the need for risk management planning and mitigation, assistance with understanding and participating in industry co-management processes, the need for business education and training as well as financial assistance.

### **2.2. QUOTAS AND NOVICE ENTREPRENEURS**

Dunn (2000) rightly observed that the receipt of a fishing quota by some emerging businesses is literally a golden opportunity or as indicated “a sort of lottery ticket” and can therefore be regarded as merely a breakthrough into business. Most new permit holders are novice entrepreneurs, which according to Westhead, Ucbasaran and Wright (2005:73) are “individuals with no prior minority or majority business ownership experience either as a business founder or an inheritor or a purchaser of an independent business”.

Business success based on a secure fishing quota is however no guarantee for long term sustainability. New quota holders like their counterparts in other sectors must still develop business growth strategies in order to become fully sustainable especially if there is a serious commitment with regard to changing the ownership profile of the sector and to move beyond the low risk option of selling the allocated tonnage to one of the major canning companies (Britz, 2005). Previous research indicates and confirms that most small-scale / new fishing enterprises have no previous record in the industry and must thus be regarded as mere start-ups with growth potential with a need for active support in their quest for sustainability (Smallbone, 2002:2). Ladzani and Netswera (2004:2) citing



Levy (1996) and Netswera (2001) also ascribe lack of suitable support as one of the main reasons for business failure.

Wren and Storey (2002) concur with these findings and observed a distinct need for both soft and hard business support to new ventures. Soft support includes access to services such as business education, consultancy services, business advice, and strategic alliances (partnerships). Hard support includes access to finance, contacts, equipment and government assistance. A report by the World Economic Forum indicated that when such support is rendered in a coordinated way and involves both business and other stakeholders, it can create a “virtuous cycle of increased production, consumption and entrepreneurship at the local level.”(World Economic Forum Report, 2009:2). Whilst soft business support reduces uncertainty and gives reassurance, hard support reduces cost and promotes profitability (Ramsden & Bennett, 2005:243). There is therefore no doubt that businesses that are able to access such support may be able to reap some real benefits.

### **2.3. INDUSTRY CHALLENGES AND SPECIFIC SUPPORT NEEDS**

#### **2.3.1. Need for Risk Management Planning and Mitigation**

Since the fishing industry is both capital intensive and a precarious industry as a result of unpredictable climatic conditions, fish movements, fluctuating prices, competition and changing regulations (Dwyer & Minnegal (2006:1), fishing entrepreneurs who gained access to the resource via a quota enter a context in which they have to deal with multiple issues. The most visible challenge by far is the prolonged and adverse physical and biological environment such as rough seas and dangerous swells. This physical reality may make fishing impossible for prolonged periods and in the process renders the use of a quota right meaningless if fishing crews are for long periods prevented from fishing. Furthermore, the unpredictable and constant movement of fishing shoals requires of fishing enterprises to be sufficiently mobile and able to follow the resource. Staying in touch with a migratory resource automatically increases the pressure on the operational budget of the entrepreneur and requires additional capital layout to fund long periods at sea and provisioning of crews since a failure to catch the allocated quota may lead to a

reduction in future allocations. Most emerging enterprises, especially those that enter the industry from a history of being an ordinary crew member on a fishing boat, do not necessarily have a lot of reserve capital to deal with these factors. An inability to effectively handle these challenges has the potential to prevent or constrain the optimal utilisation of an allocated fishing right. All fishing businesses irrespective of maturity are therefore faced with a situation of having to make decisions in the context of risk. It follows therefore logically that adequate and appropriate support in risk planning and mitigation is crucial for the survival of the emerging and newly established fishing enterprise with fishing allocations with a limited life-span.

### **2.3.2. Support in Understanding and Participating in Industry Co-Management Processes**

Given the abovementioned challenges and the need for sustainable co-fishing management or the joint responsibility for ensuring the sustainability of the resource, new fishing enterprises also need assistance with getting to grips with the various policies, politics and co-management processes of the fishing industry. These processes, according to Hersoug (1998:77), are tantamount to “fishing in a sea of sharks”. A quota or “an entitlement to catch a proportional share of the total allowable catch (TAC) for an individual stock” (Lydon & Langley, 2001: 357) which is the basis of the existence of the enterprise, requires of quota holders to become active participants in the effective management of the marine resource through information collection in the form of detailed logbooks, trawler surveys and analysis of catch and effort data. In the end this involvement contributes fundamentally to a more reliable updating and quantitative assessment of available stocks that may require changes in the TAC necessary for the sustainable use and management of the fishing resource (Lydon & Langley, 2001: 358). Emergent fishing entrepreneurs have therefore no option but to continuously strengthen and develop their own understanding of the dynamics of their industry and the role they could play in making an informed contribution to the better management of the marine resource.

Furthermore, fishing industry entrepreneurs need additional assistance with regard to ensuring their own compliance with the conditions under which quotas were awarded. The research by Lydon & Langley (2001) also brought to light the additional value of informed participation of industry participants with regard to determining the impact of cost drivers such as the levels of experience of skippers and other crew members, fleet changes, constraints brought about by weather conditions as well as economies and other constraints (Lydon & Langley, 2001:362). Having an enhanced understanding of these and other cost factors may help the emergent fishing entrepreneur to better manage his or her own resources critical to the survival of the enterprise.

### **2.3.3. Education & Training**

Adams (2003:175) argues that entrepreneurship skills are not inborn but can be developed and nurtured. Any person with the required basic ability and desire to become an entrepreneur can therefore become one through a dedicated training programme with a focus on organisational, promotional and business skills. These are core skills according to Dunn (2000) that can be taught in order to prevent emerging business enterprises in the fishing industry from becoming what Patricia de Lille has termed “artificial empowerment partners” (Dunn, 2000) who merely provide the necessary ‘colour’ to a transaction but lack access to significant investment capital.

Ladzani and Netswera (2004) agree fully with Adams (2003) and identified the need for education and training as the second most important need of new entrepreneurs after the need for financial support. Previous research cited by the aforementioned researchers also indicated that a large number of new entrants started their business without any formal training in business management, developing growth strategies or knowledge about aspects such as risk management. This is particularly true of entrepreneurs from traditional fishing communities who according to the Mail & Guardian newspaper suffer from a remarkable lack of education and business acumen (M&G, 2005). Research by Roelf (2001) also indicated that only a few traditional fishermen or women are business people whereas the majority of new entrants literally start from a zero basis with either no real knowledge of the nature of the industry or with no general business experience.

Given this deficiency, most of those who are in this situation and are independent or solo will have a tough route towards becoming successful.

Antončič, Scarlat and Erzetič (2005:198) argue that entrepreneurial training or “structured, formal conveyance of entrepreneurial knowledge” and the transfer of entrepreneurial knowledge or conveying “the concepts, skills, and mentality individual business owners’ use during the course of starting and developing their growth-oriented business” is important and can have a positive impact on the individual entrepreneur’s perception of his or her own abilities. It can furthermore also serve as a motivation to aid the improvement of abilities, skills and natural entrepreneurial talent. Such education and the entrepreneurial learning or “active and cognitive processes individuals employ as they acquire, retain and use entrepreneurial knowledge”, is also a valuable means through which the entrepreneur is enabled to solve emerging problems and to learn continuously in a changing environment (Antončič, Scarlat and Erzetič, 2005:199). Within the South African context, the need for all aspects of industry-specific training in the fishing industry that includes management, product development and processing, marketing etc. Extending beyond mere training of the fishing labour force (White Paper: Marine Fisheries Policy, 1997), is already recognised and of importance to novice fishing entrepreneurs.

It has been observed that owners / managers and management teams of emerging business are in most cases new to business (novices) with no or very limited previous management experience. They are therefore in need of both formal and informal training in order to obtain new or to develop their management skills (Ladzani and Netswera (2004:3). The entry of large numbers of females as new fishing industry entrepreneurs has added a new dimension to this process. Aylward, Tynan, O’Gorman, Sinnott and Durand (2006) believe that there is no such thing as gender neutral business education and that the needs of women entrepreneurs are different from those of men. For business education programmes to be relevant and appropriate, these programmes must be designed with the active involvement of women and with due consideration of their needs. In the same vein, Westhead, Ucbasaran & Wright (2005:86) argue that a

distinction needs to be made between the support needs of novice, serial (i.e. entrepreneurs involved in a variety of related and non-related enterprises) and portfolio entrepreneurs. These researchers have in the course of their research discovered that new entrants place a very high regard on external advice/ training as a critical element for eventual success. Others such as Kilpatrick & Bell (2001:81) have also identified the value of education in the promotion of entrepreneurial resilience in the face of changes in the economic situation.

The training required by emerging business people can be sourced from a variety of external sources such as private consultants and formal training institutions. Such support from private consultants is however not always affordable or readily available for those with limited means. In addition to the cost factor, consultants are mostly city-based and continuous accessibility can be problematic for rural enterprises. Under these circumstances the issues of quality, relevance, reliability and accreditation with the relevant qualification authorities are of the utmost importance for a business that has limited resources but growth potential. In order to make sure that the chosen training provider is credible and not a chancer or fly-by-night, reliable or of the required standard, its training program must be accredited, relevant and updated even though research has actually indicated that new business people prefer on-the-job training.

Antončič, Scarlat & Erzetič (2005:199) propose that the most suitable curriculums for quality training of entrepreneurs are those that “integrate the outcomes from existing subjects in the field of economics and management science that relates to the success factors of entrepreneurs.” Furthermore it is also important that they supplement the intended outcomes with case studies, experiential exercises and practical activities, simulations and business plan executions. Through the employment of a variety of teaching methods, learners are enabled to integrate knowledge and skills that in the long run will contribute to a much more effective application of acquired knowledge in the entrepreneurial context. With due regard to the particular training needs of females, Aylward, Tynan, O’Gorman, Sinnott and Durand (2006:9) propose that a gender-specific and appropriately customised programme needs to include topics such as people

management, self development, fundraising and profit-taking, sales and marketing, business and tax law, business development, networking, creativity and information technology skills. Most women resident in coastal communities and who have gained access to a quota permit used to work as seasonal workers or are the wives of bona fide fishermen. As such their training and development needs are paramount in order to ensure the gender profile of the fishing industry.

#### **2.3.4. Financial Assistance**

Access to finance for any business is perceived to be critical for success. According to Ladzani & Netswera (2004:8), business failure can be attributed to either little or limited support or to a lack of knowledge about the various sources or support systems available for such businesses. Generally it is assumed that the private sector would act as the main source of such funding. Practice has however shown that the opposite actually happens namely that more support is obtained from government than from the private banking sector. The availability of government support such as seed funding or joint ventures is regarded in some circles as a direct result of a perceived failure of the market and inflexibility in supporting emerging businesses with growth potential (Smallbone, 2002:2). Other factors include the eligibility criteria of funding institutions as well as high charges on transactions as well as a general unwillingness to be of assistance. Akron (2004:48), however, also offers a word of caution by indicating that the same support especially credit, although beneficial, can also undermine the very sustainability of an emerging enterprise given the high interest rates and the danger of uncontrolled borrowing.

Ladzani and Netswera, (2004 :3) are of the opinion that financial assistance in its fullest sense also consists of advice on raising finance, provision of grants and funding, financial planning and management. Thinking about financial assistance must therefore be extended beyond the actual raising of finance to include the aforementioned and other forms of financial assistance.

Emerging fishing businesses like other novice businesses generally lack credibility and legitimacy as well as a well developed support network (Westhead, Ucbasaran & Wright (2005:76). This situation creates new difficulties with regard to accessing the various forms of financial assistance needed. In order to access network information, as a start, it may be beneficial for the new business to join a business chamber or similar organisation. This space provides the member with an opportunity to “jointly organise, lobby for support and implement joint projects” (Ladzani & Netswera, (2004:9).

The novice business enterprise generally also lacks a credit profile and is therefore naturally regarded as an investment risk. In order to overcome this lack of credibility and creditworthiness, Ladzani & Netswera, (2004:5) propose the conclusion of a partnership with a retail financial intermediary (RFI). Such a partner must be financially sound with an established and positive credit history and the capacity and commitment to assist the newcomer. It is especially important that the new partner augments and provides the essential additional operating capital to catch the annual quota allocation. Such an arrangement does not only lower the risk associated with business expansion and maintenance of the quota, but also better spreads it to another party while reaping direct benefits in the process. It also allows the junior partner the space to fully establish all the required internal systems. A well established and experienced business RFI business partnership is also mutually beneficial in the sense that it allows the experienced party to move away from “sameness” and repetition in actions to more innovative approaches fitting for new circumstances and challenges. When such a bilateral arrangement is extended to include public funding institutions in a constructive partnership, according to Meyer-Stamer, 2002:4 the benefits are further enhanced. Given the fact that application for fish quotas is highly competitive with only one out of every eight applicants being successful (Isaacs, 2000:6), the current practice of selling or “hiring out a quota allocation” to one of the established companies can be regarded as a form of intermediary financing. With the senior partner providing much needed operating capital and a production facility, the enterprise is enabled to catch and process its own quota which places it in a better position to apply for a higher quota in subsequent seasons. This action, if viewed in this light and approach from this particular perspective, effectively

points to an enhanced understanding of the avenues available to source credit. It however remains an issue of debate as to whether in the case of emerging fishing enterprises these arrangements can help to built greater sustainability.

#### **2.4. SUMMARY**

This literature review clearly showed that entering the fishing industry is indeed a daunting task. In addition to coping with the inherent challenges of a climatic nature, the personal capacity and access to key resources remain critical factors in the search for sustainability and prosperity. Whereas the Emerging Black Fishing Enterprises (EBFE) can do little about the vagaries of nature other than to do proper risk management planning, it is however possible to address personal deficiencies such as a lack of business literacy through dedicated programmes of education and training, assistance in advocacy and system interaction. It is also possible to deal effectively with the constant need for sufficient funding to sustain the business through the intelligent use of such mechanisms as strategic business alliances, accessing government support programmes, and consultancy support. By the proper identification of these and other impacting factors, external support agencies are provided with valuable information that could and should form the basis of a proper business support programme.



## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

#### **3.1. INTRODUCTION**

In the previous chapter an explanation was given of the challenges confronting Emerging Black Fishing Enterprises (EBFE). The literature review was also aimed at understanding what the obstacles to EBFE were and what could be done to change them. Based on the literature it is concluded that most EBFEs and their owners firstly have a need for business education and training due to a lack of both industry training and formal business literacy. Secondly, most of these newly empowered entities in the sector have a need for support in risk management planning and mitigation given the inherent difficulties of the fishing industry. EBFEs also need to have an enhanced understanding and support to effectively participate in industry co-management processes. Furthermore, most have an even greater lack of operating capital, which in the current situation leads EBFE to become mere paper enterprises that sell their quotas to existing fisheries. Lastly, it was noted that entrepreneurial skills are not inborn, but can be developed and nurtured through a dedicated training programme which focuses on organisational, promotional and business skills.

This chapter outlines the research design and methodology used to execute the current study. The rationale for using a quantitative research approach is outlined and arguments provided for the use of case studies as the most appropriate to address the research question. Lastly an outline for the use of the various data collection instruments and strategies as well as the steps taken to ensure reliability of data and the validity of the findings are discussed. Finally it focuses on the data analysis method used.

#### **3.2 RESEARCH APPROACH: QUANTITATIVE RESEARCH**

The research question according to available literature on research methodology is best addressed through the use of a quantitative research design. To answer the research question, a close observation of the operations and functions as well as of the challenges

within the context in which EBFE function is needed. The preferred manner therefore to address the research question is to find confirmation of the phenomena stated in the research problem. In this regard, the quantitative research approach is the most appropriate method to address the research question (Newman 2003).

### **3.3 RESEARCH DESIGN**

Babbie and Mouton (2002: 279) identify three specific qualitative research designs (ethnographic studies, case studies and life histories) that share the following characteristics. These are:

- A detailed engagement with the object of study
- Selecting a small number of cases to be studied
- An openness to multiple sources of data (multi method approach)
- Flexible design features that allow the researcher to adapt and make changes to the study where and when necessary.

Based on the literature review that clearly identified the various variables that impact on the ability of the EBFE to survive and prosper and the abovementioned considerations, the current study uses the multi-case study approach. Eisenhardt (1969: 534) states that the case study approach is a research strategy which focuses on understanding the dynamics present within a single setting. The single setting or unit of analysis provides the researcher the opportunity to engage with the subject matter over a period of time and therefore also the capturing of the insider's perspective of the phenomena. Case study research also utilises multiple data collection methods such as participant observation, direct observation, interviews, documentary analysis, questionnaires, and focus groups which are particularly useful given the nature of the research topic.

An exploratory and quantitative approach based on an extensive literature review and further complemented by an empirical investigation was adopted for the present study. In addition, the social survey technique of a structured questionnaire was used because it best suited the aims of this research. The purpose of this survey was to determine the

business support needs of emerging Black fishing enterprises in order to make recommendations for the improvement of existing business support programmes.

### **3.3.1 Study Population**

The study used a stratified research population consisting of 2 groups, namely single operator individual fishing permit holders involved in the crayfish, pelagic and driftnet fishing industry and which consisted of 18 individuals selected through a process of probability sampling, and one black-owned fishing close corporation. As such, the respondents do not represent the total population of West Coast or South African fishers. An effort was made to obtain a representative sample, with a view to be able to generalise the perceptions of participants as being representative of the views of all other fishers.

### **3.3.2 Sampling**

Purposive sampling methodology has been used to determine the units of analysis. Babbie (2004) uses the synonym of judgemental sampling and describe it as a non-probability sampling in which you select the units to be observed on the basis of your own judgement about which ones will be the most useful or representative. In this research the researcher was used two levels of sampling, firstly the selection of the case to be studied and secondly sampling within the case. A deliberate decision was taken to use only a select number of cases as unit of analysis. The decision was grounded in the research question and the subsequent findings of the literature study. The literature study points to different variables that contribute to the failure of Emerging Black Fishing Enterprises. Secondly, the literature indicates that entrepreneurship is not inherent, but can be learnt.

The following criteria were considered for the selections of the cases. Firstly, the locus of the study is fishing in the Western Cape; hence the unit of analysis will be in the province. Secondly, money for research expenses as well as time travel or proximity was a major determining factor. The third factor is the point of access. The most appropriate data collection methods for the execution of this study that have presented themselves are interviews, questionnaires and documentary analysis. The success of interviews depends

on a relationship of trust but also on access to the sample. If access is denied or difficult then definitely it will impact on the study. Lastly, a degree of generalisation of findings will be possible from these cases. The West Coast municipal region allows for sufficient generalisation, by focusing on a select number of enterprises.

Secondly, purposive sampling was the technique used to determine who is to be provided with a questionnaire, as well as what documentary samples would be used for analysis. The major determining factor in this regard was who will be the most suitable person to provide the information to address the research question. In this regard the researcher specifically identified the individual owners of the selected enterprises.

### **3.3.3 Data collection instrument**

In terms of the quantitative approach that this research project follows, a questionnaire survey was used to collect the data. The rationale for using the questionnaire was that the research project contains many issues with which the respondents might feel uncomfortable discussing with an interviewer. The questionnaire survey provides the respondent a measure of privacy when responding to such issues. The questionnaire survey is also less expensive and provides greater autonomy to the respondent (Kumar, 2005:129-130; Welman et al. 2005:178; Berg, 1989:70; Leedy, 1989:70). The same authors caution against the disadvantages of the questionnaire pertaining to matters such as:

- limited application to the literate population
- low response rate
- self-selecting bias
- the lack of opportunity for the respondent to clarify questions
- no spontaneous responses allowed, and
- the possibility that respondents might consult with other respondents

The researcher considered these disadvantages during the construction of the questionnaire. The use of the questionnaire was motivated by the advantages it offers in terms of relatively low cost to the researcher, and anonymity to the respondent. This data collection method is particularly applicable to the research problem.

### **3.3.4 Data collection method**

Data were collect by means of a questionnaire survey amongst a sample of 40 of the research population.

#### **Questionnaire design**

The literature shows that there is agreement that particular points should be considered when designing a questionnaire (Welman, et al. 2005:174-180; Kumar, 2005:132-140, Neuman, 2000:252). These are explained briefly.

Point 1: Choose between open-ended and closed-ended questions. Open-ended questions allow the respondent to elaborate without guidance. Closed-ended questions require of the respondent to choose from a range of answers.

Point 2: Take the respondent's literacy level into account. Jargon, slang and abbreviations should thus be avoided, or if the use of these terms is critical to the research, an effort should be made to explain them to the respondent. Since the respondents in this research project were all in management positions, this was not a concern for the research project.

Point 3: Be careful not to offend

Ensure that terms that can give offence to any person in terms of status, culture, religion or political viewpoint are avoided.

Point 4: Be brief and focused

Questions need to be clear, concise and unambiguous.

Point 5: Maintain neutrality

Questions should not be asked in a manner that suggests a preferred way of responding. In other words, respondents should not be led to respond in a specific manner.

Point 6: Use a justified sequence

Start with the easy questions, followed by the more complex or serious questions.

Point 7: Be sure the question is appreciable to all respondents. A question about married life to an unmarried person, for instance, is not an appreciable question.

Point 8: Pay attention to layout

The person filling in the questionnaire should be able to follow all the instructions. Clarity of layout is important in obtaining valid information.

Brewerton and Millward (2001:106) advise on the aesthetic issues on layout of the questionnaire. They emphasise that the following aspects need to be given special attention:

- Respondent instructions and covering letter. Clear instructions should be provided to ensure a good response. By explaining the background and importance of the research in the covering letter, the researcher can influence respondent motivation. The important matter of guaranteeing respondent anonymity is also addressed in the covering letter.
- Questionnaire length  
The researcher is cautioned against either a too long or too short questionnaire as both can lead to a low response rate.
- Question order

A logical order of starting with the general and moving to the specific is advised. The measuring of respondents' attitudes requires the use of a scale. Brewerton and Millward (2002:102) mention that the use of dichotomous questions is one of the most common scales, and is also the scale used in this research project.

The above guidelines were considered and applied in the design of the questionnaire used in this research project. The questionnaire comprises two sections, the first section dealing with biographical categories. The remaining section of the questionnaire

comprises statements based on the variables addressed in the literature review. Instructions are given in the covering letter.

The questionnaire is attached as Appendix B.

### **3.3.5. Data analysis**

Data were analysed manually since the questionnaire contained only 35 questions.

## **4. VALIDITY AND RELIABILITY OF QUANTITATIVE RESEARCH**

In the quantitative research approach, the concern for reliability and validity is expressed in the employment of more mechanical techniques. Neuman (2003:125) explains that the quantitative researcher uses techniques such as replication, adheres to standardized methodological procedures, measures with numbers, and afterwards analyses the data using statistics. Neuman (2003:126) further states that the quantitative researcher attempts to eliminate the human factor with a view to improving objectivity. It is for these reasons that this research applies the quantitative approach to research in the form of a questionnaire.

## **5. SUMMARY**

In this chapter an exposition on the research methodology used to answer the research question is provided. Clear arguments are also provided for the rationale behind the adoption of the qualitative research paradigm. In addition, the reasons for the selection of the case methodology approach as the most appropriate design to operationalise the research are provided. It is explained that criteria such as proximity from base, the right of passage and the ability to draw generalisations facilitated the decision making process. Motivations for the selection of the key data collection instrument, namely a questionnaire as the preferred methodology, are also provided.

In the next chapter the data collection and interpretation will be discussed.

## **CHAPTER 4**

### **DATA COLLECTION AND ANALYSIS**

#### **4.1 INTRODUCTION**

Chapter 3 discussed the research methodology as a questionnaire survey amongst the sample population of 40 fishing right holders. This chapter discusses the collection and analysis of the data.

#### **4.2. DATA COLLECTION**

A questionnaire was distributed by hand to the sample of 40 respondents. 33 questionnaires were returned, representing a response rate of 80% which is considered as above average in the research fraternity.

The data collected are presented in tabular format for purpose of analysis and interpretation.

#### **4.3 DATA ANALYSIS**

The data were analysed manually in the following sequence:

##### **4.3.1 Demographic Overview**

For the purposes of this analysis the following variables, namely education level, fishing industry experience, general business experience, legal status of business, and quota type were used. The total study population consisted of 40 known local individual fishing rights holders who are single operators, two formal fishing businesses with Black ownership with the status of closed corporations (CC) as well as two small fish processing plants or fish houses operating in the study area. Questionnaires were distributed by hand to the total number of shareholders (20 individuals) of both the CCs and the owners of the small fish processing plants as well as all the known single operators.

Thirty per cent (30%) of the CC shareholders participated in this survey whilst only one of the owners (50%) of a small fishing processing plant participated. Only 11 out of 40



or 27,5% of all known single operators finally participated in the survey as reflected in **Table 1** below.

**TABLE 1: DISTRIBUTION OF RESPONDENTS**

<b>Category of Respondents</b>	<b>Total Population</b>	<b>Total Respondents</b>	<b>Percentage</b>
Single Operators	40	11	27,5%
Closed Corporation Shareholders	20	6	30%
Fish Processing Plant Owners	2	1	50%

The majority of respondents (15 individuals or 83,3%) are females and only 16,6% (3) are males as a result of the fact that more females within the Bergvriër municipal area seemingly received quota allocations. Furthermore, 50% of participants (9 individuals) are older than 40 years. The second largest group or one third (33,3%) are between the ages of 31 – 40 years. The smallest group or 16,7% (3 individuals) is between 21 -30 years of age as reflected in **Table 2** below. With a significant group of all the respondents being younger than 35 years of age, those in this age cohort can, in terms of the South African National Youth Policy of 1997, be classified as youth entrepreneurs.

**TABLE 2: AGE PROFILE OF RESPONDENTS**

<b>Age Group</b>	<b>Total Population</b>	<b>Total Respondents</b>	<b>Percentage</b>
21 - 30 Years	18	3	16,7%
31 – 40 Years	18	6	33,3%
41 Years and Older	18	9	50%

Fifty percent (50%) of all respondents as reflected in **Table 3** below, have only achieved a basic primary education while one third (33,3%) possessed a high school education. Only a small minority (16,7%) attended a post school educational institution.

**TABLE 3: EDUCATIONAL PROFILE OF RESPONDENTS**

Education Level	Total	Percentage
Primary School	9	50%
High School	6	33.3%
Post School / College	3	16,7%
	18	100%

As reflected in **Table 4** below, two thirds (66,7%) of respondents indicated that they occupy positions as company owners. Furthermore, 16,7% of shareholders who are not sole proprietors are actively employed by their businesses. This implies that the majority of the fishing rights holders are not directly involved in the daily operations of their enterprise. Only one individual occupies a directorship position.

**TABLE 4: POSITIONAL PROFILE OF RESPONDENTS**

Position	No. of Respondents	Percentage
Owner / Shareholder	12	66,7%
Shareholder/Employee	3	16,7%
Director	1	5,5%
No Indication	2	11,1%

The larger majority of respondents (83,3%) as reflected in **Table 5** below have obtained between 6 – 10 years of actual experience in the fishing industry as either factory floor workers or bona fide fishermen. A small group (11,2%) have spent less than five years in the sector and can therefore be regarded as relative novices to the industry.

**TABLE 5: FISHING INDUSTRY EXPERIENCE PROFILE**

Years of Fishing Experience	No. of Respondents	Percentage
0 – 5 Years	2	11,2%
6 – 10 Years	15	83,3%
More than 10 Years	0	0
No Indication	1	5,5%

More than half (55,5%) of all respondents as reflected in **Table 6** below have achieved general business experience (other than being in the fishing sector) of between 6 – 10 years. At the same time fewer than 30% of respondents possesses less than 5 years of general business experience. They could therefore be regarded as novices and new entrants into the business world.

**TABLE 6: GENERAL BUSINESS (NON FISHING SECTOR) EXPERIENCE**

<b>Experience</b>	<b>No. of Respondents</b>	<b>Percentage</b>
0 – 5 Years	5	27,8%
6 – 10 Years	10	55,5%
Undisclosed	3	16,7%

The majority of respondents (61,6%) as reflected in **Table 7** below were fisher women (i.e. the spouse of a bona fide fisherman) before venturing into business. Only one individual (5,5%) in comparison worked as a fisherman. The second largest group of respondents (16,7%) previously worked as fish factory workers and one individual obtained her experience from working in a mussel cultivation plant. Two individuals (11,1%) obtained their experience directly through their becoming business owners.

**TABLE 7: NATURE OF FISHING INDUSTRY EXPERIENCE**

<b>Experience</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Fisherman	1	5,5%
Fisher Woman	11	61,6%
Fish Factory Worker	3	16,6%
Mussel Plant Worker	1	5,2%
Business Owner	2	11,1%

The respondents in this study operate in various sectors of the fishing industry ranging from pelagic fish, to crayfish, to fish processing of more than one species. **Table 8** below reflects that nearly 78% of the respondents are active and hold rights in the crayfish industry whereas 11,1% are holders of pelagic rights. One individual has obtained the right to fish using nets, whilst another has acquired a fish processing permit that allows him to work with more than one fish species.

**TABLE 8: QUOTA RIGHTS DISTRIBUTION**

<b>Fishing Rights Quota</b>	<b>No. of Respondents</b>	<b>Percentage</b>
Crayfish	14	77,7%
Pelagic Fish	2	11,2%
Net Fish Permit	1	5,5%
Processing Permit	1	5,5%

In the next section the actual responses of the respondents with regards to their business needs are discussed.

#### **4.3.2. THE BUSINESS NEEDS OF THE EMERGING FISHING INDUSTRY WITHIN THE BERGRIVIER MUNICIPAL AREA**

From the literature, the need for risk management and planning assistance, participation in industry affairs, business education and financial support were identified as critical factors in the survival and prosperity of businesses. The influence of variables such as gender, educational background, fishing industry experience and position within the enterprise on the distinctive needs of each of the individual respondents or business entities are discussed.

#### **4.3.3. NEED FOR RISK MANAGEMENT PLANNING ASSISTANCE**

As previously indicated, the fishing industry is subjected to a variety of risks, especially the vagaries of nature such as stormy weather, resource depletion etc. In order to build a sustainable business, proper risk planning is therefore imperative. To operationalise this aspect for survey purposes, 5 questions (*Questions 10–14*) were formulated covering various areas of risk management planning such as determining the level of understanding of risks unique to the fishing industry, whether any risk analysis exercise was undertaken prior to the launch of the business, existence of a formal risk management plan and related analyses and whether a need exists for external assistance with regard to undertaking a proper business risk analysis.

The overwhelming majority of respondents (77,6%) indicated that they understood the inherent risks of the fishing industry. More than a quarter (27,7%) however indicated their uncertainty with regard to the question. Furthermore, fewer than a quarter of all respondents (22,1%), irrespective of academic background, had undertaken a complete risk analysis prior to embarking on their business venture. The greater majority (72%) either failed to do so or indicated uncertainty with regard to this matter. It is therefore not surprising that more than three quarters of all respondents (77,7%) expressed a need for external assistance for undertaking a comprehensive risk analysis. The need is however much higher amongst entrepreneurs with a primary school level education. In addition more than 60% of all participants and their businesses lacked a Risk Management Plan and Strategy whilst only 22,2% were in possession of a Risk Insurance Portfolio. Taken together, the greater majority found themselves in a deadly situation where they could lose all their initial investments. The only exception in this regard were the members of the most representative CC who possessed both the required risk policies and portfolio but had also succeeded in securing a joint venture, augmented by a 5% shareholding, with a white fishing company specialising in the packaging and export of mussels. In the course of an interview with members of this business, it also emerged that they also held a 25% share in a fishing boat as a direct result of this venture.

These findings lend credence to the observation in the literature that competition for fishing quotas has degenerated into a game of chance or a lottery. There is therefore a major challenge for the authorities who control fishing rights to devise new ways and means of assisting emerging fishing enterprise to engage in proper risk management and planning as part of their overall planning and development.

**TABLE 9: RISK MANAGEMENT PLANNING**

Statement	Response	Education	Education	Education	Total
		- Primary	- Secondary	- College	
I fully understand the inherent risks of the fishing industry	Agree	27,7%	38,8%	11,1%	77,6%
	Disagree	5,5%	0	0	5,5%
	Uncertain	16,6%	11,1%	0	27,7%
Prior to starting my business I undertook a complete risk analysis	Agree	5,5%	11,1%	5,5%	22,2%
	Disagree	27,7%	22,2%	0	49,9%
	Uncertain	16,6%	0	5,5%	22,1%
I / we have a need for external assistance to undertake a comprehensive risk analysis	Agree	50%	22,2%	5,5%	77,0%
	Disagree	0	5,5%	0	5,5%
	Uncertain	5,5%	5,5%	5,5%	16,5%

#### **4.3.4. UNDERSTANDING AND PARTICIPATION IN FISHING INDUSTRY AFFAIRS**

In order to operationalise this issue, 7 questions (*Questions 15–21*) were formulated, covering aspects such as level of understanding of the fishing rights allocation procedures, ability to handle own applications, competency to participate in fishing policy processes, ability to influence process or to comply with allocation prescripts, handling red tape and the ability to conduct business opportunity and industry analyses without external assistance.

As reflected in **Table 10** below, less than half (44%) of all respondents irrespective of education background indicated an unambiguous understanding of the quota allocation process. The majority of respondents (55,4%) were either in disagreement or uncertain about the finer workings of the system. The largest degree of lack of understanding and uncertainty (33,3% or one third) was to be found within the ranks of entrepreneurs with only a primary school background. Furthermore, less than 40% of respondents irrespective of education background were able to handle their quota application without the need for external assistance. More than 60% were either not able to do so or were uncertain about whether they indeed had the capacity to handle their own application.

The overwhelming majority of respondents (83,1%) across all education levels did not contribute to the refinement of policy through written submissions. This stands in contrast with a previous indication that 44,3% understood the quota allocation process. Given the educational profile of the participants, this situation is not really a surprise and is indeed to be expected. On the question about red tape, the majority (55,4%) across the board also indicated that they were able to handle the bureaucracy that accompanied the process. Finally, the majority were not able to conduct opportunity and business analyses in order to position their businesses more strategically. In this regard there are no significant differences between the various educational groupings.

**TABLE 10: INVOLVEMENT WITH INDUSTRY PROCESSES**

Statement	Response	Education	Education	Education	Total
		- Primary	- Secondary	- College	
<b>I fully understand the fishing quota allocation process</b>	Agree	16,6%	27,7%	0	<b>44,3%</b>
	Disagree	11,1%	5,5%	11,1%	<b>27,7%</b>
	Uncertain	22,2%	5,5%	0	<b>27,0%</b>
<b>I am able to handle my own quota application without external assistance by a consultant</b>	Agree	5,5%	22,2%	11,1%	<b>38,8%</b>
	Disagree	22,2%	5,5%	5,5%	<b>33,2%</b>
	Uncertain	22,7%	5,5%	0	<b>27,0%</b>
<b>I regularly provide written comment on policy documents from the Department of Marine &amp; Coastal Management</b>	Agree	5,5%	0	11,1%	<b>16,6%</b>
	Disagree	27,7%	33,3%	5,5%	<b>66,8%</b>
	Uncertain	16,6%	0	0	<b>16,6%</b>
<b>Fishing quota application is unnecessary red tape and creates unnecessary work</b>	Agree	0	5,5%	0	<b>5,5</b>
	Disagree	22,2%	16,6%	16,6%	<b>55,8</b>
	Uncertain	22,2%	5,5%	0	<b>27,7%</b>
<b>I / we are able to conduct opportunity and business analyses to position our business better</b>	Agree	11,1%	11,1%	11,1%	<b>33,3%</b>
	Disagree	33,3%	0	0	<b>33,7%</b>
	Uncertain	5,5%	22,2%	0	<b>23%</b>

Despite the fact the majority of respondents had between 5 – 10 years of experience in the industry, only 44,4% as reflected in **Table 11** below, indicated their full understanding of the rights allocation process. Similarly only one third of respondents in

this category were able to handle their own application. The remaining two-thirds including those with lesser experience were either not able or uncertain and therefore required external assistance. This is further emphasised by the fact that more than three quarters of all respondents (77,7%) are unable to participate in the policy processes. Nearly half of all participants (49,9%) were able to cope with the red tape of allocation applications and treated it as a necessary evil.

**TABLE 11: EFFECT OF FISHING EXPERIENCE ON INVOLVEMENT WITH INDUSTRY PROCESSES**

Statement	Response	INDUSTRY EXPERIENCE			Total
		0 - 5 Yrs	6 -10 Yrs	10 + Yrs	
<b>I fully understand the fishing quota allocation process</b>	Agree	0	44,4%	0	<b>44,4%</b>
	Disagree	5,5%	16,6%	0	<b>22,1%</b>
	Uncertain	5,5%	22,2%	0	<b>27,5%</b>
<b>I am able to handle my own quota application without external assistance by a consultant</b>	Agree	0	33,3%	0	<b>33,3%</b>
	Disagree	11,1%	16,6%	0	<b>27,7%</b>
	Uncertain	0	33,3%	0	<b>33,0%</b>
<b>I regularly provide written comment on policy documents from the Department of Marine &amp; Coastal Management</b>	Agree	0	16,6%	0	<b>16,6%</b>
	Disagree	11,1%	50%	0	<b>61,1%</b>
	Uncertain	0	16,6%	0	<b>16,3%</b>
<b>Fishing quota application is unnecessary red tape and create unnecessary work</b>	Agree	5,5%	0	0	<b>5,5%</b>
	Disagree	5,5%	44,4%	0	<b>49,8%</b>
	Uncertain	0	27,7%	0	<b>27,7%</b>
<b>I / we are able to conduct opportunity and business analyses to position our business better</b>	Agree	11,1%	22,2%	0	<b>33,3%</b>
	Disagree	0	33,3%	0	<b>33,5%</b>
	Uncertain	0	22,2%	0	<b>23,2%</b>

#### **4.3.5. BUSINESS EDUCATION AND TRAINING NEEDS**

According to the literature, appropriate business training can go a long way towards ensuring business success. It also generally accepted that entrepreneurship could be learned. For the purposes of this study, this aspect was operationalise using five questions (*Questions 22 – 26*) covering matters such as a history of any prior formal



business education and training within the ranks of all shareholders as well as whether any of the owners or shareholders previously completed any business management training.

As reflected in **Table 12** below, more than 80% of respondents with general business experience of between 0 – 10 years received no business or entrepreneurial training prior to launching their businesses. Neither did their business partners. Only a small minority of 11,1% answered in the affirmative. Furthermore, 83,2% of respondents also indicated that they believed that a need for gender specific training with a bias towards women exists. This is not wholly surprising given the large percentage of female respondents who participated in this survey. In addition 61% of participants also indicated that they had partners who lack a business background. To further complicate matters, 72,1% of respondents indicated that neither they nor their business partners received any specific training with regards to operating within the fishing sector or that they were uncertain about the type of training that they had received. This can safely be regarded as an answer in the negative. Overall, the research is confronted with an emerging picture of a group of novice entrepreneurs who by the look of things, lack the basic methodological tools to not only move beyond the establishment phase, but also to grow and finally consolidate a sustainable business.

**TABLE12: PROFILE OF BUSINESS EDUCATION AND TRAINING NEEDS**

Statement	Response	General Business Experience			Total
		0 - 5 Yrs	6 – 10 Years	10+ Years	
Did you receive any business or entrepreneurial training prior to starting the business?	Agree	0	11,1%	0	<b>11,2%</b>
	Disagree	44,4%	44,4%	0	<b>88,8%</b>
	Uncertain	0	0	0	<b>0</b>
Is there a specific need for the training of business women?	Agree	44,4%	38,8%	0	<b>89,2%</b>
	Disagree	0	5,5%	0	<b>5,5%</b>
	Uncertain	0	5,5%	0	<b>5,3%</b>
Did you or any of your business partners have any business background?	Agree	0	16,6%	0	<b>26,6%</b>
	Disagree	22,2%	38,8%	0	<b>61%</b>
	Uncertain	11,1%	0	0	<b>12,4%</b>

<b>Did you or your business partners receive any formal training about the fishing industry</b>	Agree	0	22,2%	0	<b>22,2%</b>
	Disagree	22,2%	27,7%	0	<b>49,6%</b>
	Uncertain	22,2%	0	0	<b>28,2%</b>
<b>Did you or your business partners receive any management training prior to starting the business?</b>	Agree	0	11,1%	0	<b>11,3%</b>
	Disagree	44,4%	38,8%	0	<b>83,2%</b>
	Uncertain	0	5,5%	0	<b>5,5%</b>

#### **4.3.6. FINANCIAL SUPPORT NEEDS**

Finance or access thereto, is regarded as the life-blood of any successful business. In order to operationalise this aspect, 5 questions (*Questions 27–31*) were formulated, covering aspects such as the existence of a formal business plan, history of any financial support from state agencies, record of unsuccessful attempts at business financing, access to mentorship, joint ventures or state contracts as well as whether any applications for state funding were ever made.

As reflected in **Table 13** below, more than half (55,4%) of the respondents indicated that they were uncertain about the existence of a formal business plan for their respective enterprises. If one considers the fact that most of the respondents are single operators who are solely responsible for their business, it can safely be accepted that an indication of uncertainty may well be interpreted as an answer in the negative. On the contrary, 44,3% indicated that they managed their business based on the existence of a formal plan. With the exception of 1 respondent, the overwhelming majority of participants (99,8%) indicated that they did not receive any form of financial business support from the state or its agencies. On the question of whether any application for funding was ever declined, the majority of respondents (49,9%) responded in the negative whilst 33,3% indicated uncertainty. Like in the previous case, this uncertainty may be regarded as a negative response. Collectively, it can be interpreted as that 83,2% of respondents in reality never applied for any form of state assistance. This is confirmed by the fact that 94,3% of respondents actually confirmed that they had never applied for any form of financial support from state resources. In addition, less than a quarter (22,2%) of all respondents enjoy the benefit of some sort of mentorship or joint venture or access to contracts.

**TABLE13: PROFILE OF FINANCIAL NEEDS AS PER QUOTA TYPE**

Statement	Response	Quota Type				Total
		Crayfish	Pelagic Fish	Driftnet	Other	
<b>Does your business have a formal business plan?</b>	Agree	33,3%	5,5%	0	5,5%	<b>44,6%</b>
	Disagree	0	0	0	0	<b>0</b>
	Uncertain	44,4%	5,5%	5,5%	0	<b>55,4%</b>
<b>Do you currently receive any form of financial assistance from the state or any state agency?</b>	Agree	0	0	0	0	<b>0</b>
	Disagree	77,7%	11,3%	5,5%	5,5%	<b>100%</b>
	Uncertain	0	0	0	0	<b>0</b>
<b>Were any of your applications for funding ever declined?</b>	Agree	0	0	0	5,5%	<b>5,5%</b>
	Disagree	33,3%	11,1%	5,5%	0	<b>49,9%</b>
	Uncertain	33,3%	0	0	0	<b>33,3%</b>
<b>Do you and your partners have any access to mentors, joint ventures or contracts?</b>	Agree	22,2%	0	0	0	<b>22,2%</b>
	Disagree	22,2%	11,1%	5,5%	5,5%	<b>44,3%</b>
	Uncertain	33,3%	0	0	0	<b>0</b>
<b>Did you or your business partners ever apply for financial assistance from the state?</b>	Agree	0	0	0	5,5%	<b>5,5%</b>
	Disagree	77,7%	11,1%	5,5%	0	<b>94,3%</b>
	Uncertain	0	0	0	0	<b>0</b>

#### 4.4. SUMMARY

With due consideration to the abovementioned results, it is obvious that most of the participants in this study had done the minimum of business planning needed to survive and prosper in the fishing sector. They did not only lack a thorough understanding of the inherent risks of the industry but were not even properly orientated to the workings of the system. There is therefore a serious need for external assistance in the field of risk management and planning. Furthermore, the majority of respondents, based on their very limited understanding of the system, were not able to handle the application process without external assistance. As a result of these backlogs, they were therefore not able to

meaningfully participate in the policymaking process through the process of public comment to policy. Most participants also lacked formal business training and the involvement of business partners with a solid background. Matters are further aggravated by the general absence of formal business plans and their inability to access the public funding available to support emerging Black business. A comprehensive support programme combining all of the focus areas investigated in the course of this study to ensure the survival of what is essentially a group of novice entrepreneurs, is therefore critical.

## **CHAPTER 5**

### **FINDINGS, CONCLUSION AND RECOMMENDATIONS**

The purpose of this study was to conduct a survey to determine the business development needs of emerging Black fishing entrepreneurs that are critical to their survival. To achieve this objective, a structured questionnaire consisting of 35 questions covering the various identified needs and based on the literature was used. Due to the small number of participants, collected data were manually analysed and presented in tables graphically.

Research by Ladzani and Netswera (2004) on business survival indicated that emerging businesses need specific and focussed support. In addition to financial support, business novices in the fishing industry need support such as in the fields of risk management and planning, training, interaction with the policy process as well as with regard to dealing with the application process in order to move beyond the “lotto situation”. Furthermore, research by Aylward et.al (2006) also indicated that there exists a specific need for support to single and female operators.

Based on the available data, it is evident that the majority of the emerging enterprises are first-generation novice businesses which lack in critical areas. A significant group is also young entrepreneurs. The majority do not only lack a full understanding of the inherent risks of their industry, but most have failed to do any sort of risk planning, a matter that strengthened the perception that the allocation of fishing quotas are tantamount to a lottery and a game of chance. This lack of understanding not only constrains their engagement with fishing policy processes but also contributes to a situation of dependence on external consultants for the preparation and submission of their rights allocation applications. Given the high cost associated with the application process, unsuccessful applications therefore also leave aspiring business people financially poorer.

Furthermore, most of the current crop of business leaders have a low level of formal education and do not receive any business training prior to venturing into the industry.

The combination of low educational qualifications and deficient training makes these new ventures vulnerable to market forces and predisposes them to failure. This vicious cycle of general ignorance of the risky nature of their sector, lack of understanding of industry processes and low education levels, finally results in limited understanding and knowledge of the various forms of financial and other assistance available to emerging businesses. Most of the participants are also new to the sector with a large group having no previous business experience of any kind. It would therefore come as no surprise if most of the new entrants into the industry ended up as survivalist enterprises with a limited potential for growth. This is already evident given the significant number of entrepreneurs already employed by their own business whilst still in its infancy. Given the phenomenon of females entering the industry, a special effort should be made to empower women who had spent a large part of their working lives on the factory floor and outside of any other business. Critical interventions in all of the abovementioned areas are therefore needed to advance the stated objective of the South African government, namely the promotion of black economic empowerment.

This study naturally, had limitations and weaknesses that need to be highlighted. The first and most important factor is the fact that only a small percentage of emerging business owners, mostly female, actually participated. It was therefore not possible to make a proper comparison between the business situations of the enterprises run or the gender-specific training and development needs of the different sexes. Furthermore, the dominance of single operators also prevents a proper comparison between the state of affairs within close corporations and that of owner-operated businesses. Equally problematic was the comparison between the experiences of different quota-holders and the species they are allowed to catch. The same applies to comparing the situation of those holding a long term versus those having a short term right. Despite its obvious limitations, the study still makes an important contribution to a fuller understanding of the challenges faced by new entrants into the fishing industry that could aid the formulation of an appropriate business support plan for this specific sector. Such a programme needs to be practical, accredited and endorsed by the various supporting and funding agencies.

Based on the current study and its accompanied findings, the following topics for further research have been identified:

- The role of business support centres and financial institutions in the strengthening of emergent Black fishing enterprises.
- The need for gender-specific training and the development of a business support model for the empowerment and support for female fishing entrepreneurs.
- Training programmes in business risk management and mitigation for emerging black fishing enterprises.
- The role of financial intermediaries in the support of emerging fishing enterprises.

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# Vleiland Visserye

## **APPENDIX A: LETTER OF PERMISSION TO PARTICIPATE**

**2009 -11-20**

**Geagte Kollega**

**Insake: Vraelys opname: Daryll Bailey: MTECH Student: Onderzoek na die Besigheidsbehoefte van Opkomende Swart Vissery Ondernemings**

Bovermelde student aan die Cape Peninsula University of Technology is tans besig met sy MTech graad in Besigheidsadministrasie en doen tans navorsing oor die besigheidsbehoefte van opkomende swart besighede. Die doel van hierdie navorsing is ook om vas te stel tot watter mate hulpinstansies beide in die privaatbedryf en die regeringsektor hulp aan hierdie sektor kan verleen om hulle te help om meer volhoubaar en winsgewend te kan wees.

Hierdie tipe studie is van groot waarde vir die bedryf. Dus wil ek u graag aanmoedig om aan die opname deel te neem deur 'n vraelys in te vul. U is egter geensins verplig om aan die opname deel te neem nie. Die opname sal ook anoniem wees en geen deelnemer hoef dus sy of haar naam te verstrek of op die vraelys in te vul nie

By voorbaat dank

**Jean Jefthas: Bestuurder**

**APPENDIX B**  
**RESEARCH QUESTIONNAIRE**

**A BUSINESS SUPPORT NEEDS ANALYSIS OF SELECTED  
EMERGING BLACK FISHING ENTERPRISES**

*Answer the questions below by circling the appropriate letter in every box. Dotted lines mean that a written answer must be answered.*

SECTION A: PERSONAL AND GENERAL INFORMATION

**1. Gender?**

Male	<b>1</b>
Female	<b>2</b>

**2. Age Group ?**

0 - 20 Years	<b>1</b>
21 – 30 Years	<b>2</b>
31 – 40 Years	<b>3</b>
41 and Older	<b>4</b>

**3. Educational Level?**

Primary Education	<b>1</b>
Secondary Education	<b>2</b>
Matriculation Certificate	<b>3</b>
Further Education & Training	<b>4</b>
Higher Education	<b>5</b>

**4. Current Position ?**

Business Owner	1
Business Director	2
Employee	3
Business Partner	4
Support Agency Representative	5

**5. Years of Fishing Industry Experience?**

0 - 5 Years	1
6 – 10 Years	2
More than 10 Years	3

**6. Nature of Fishing Industry Experience ?**

Fisher Man / Woman on Traweling Vessel	1
Factory Worker	2
Boat Owner	3
Independent Fisherman / Woman	4
Fishing Control Officer	5
Factory Representative	6
Business Advisor	
Other (Please Specify)	7

**7. General Business Ownership Experience?**

0 – 5 Years	1
6 – 10 Years	2
10 Years and More	3

**8. Legal Status of Current Business ?**

Close Corporation	1
Single Operator	2
Cooperative	3
Partnership	4

Public Company	5
Private Company	6

**9. Type of Fishing Quota?**

White Fish	1
Long Line Fishing	2
Crayfish	3
Pelagic Fishing	4
Net Fish	5

**SECTION B: BUSINESS SUPPORT NEEDS ANALYSIS**

*Answer the questions below by circling the appropriate letter in every box. Dotted lines mean that a written answer must be provided.*

**B1. Risk Management Planning**

Statement		Response		
		Yes	No	Uncertain
Q. 10.	I fully understand the risks associated with the fishing industry	1	2	3
Q.11.	Prior to starting this business I / We did a proper risk analysis	1	2	3
Q.12	This business has a formal risk management plan and strategy	1	2	3
Q.13	This business has a formal riks insurance portfolio to cover certain basic risks	1	2	3
Q.14	There is a need for external assistance to help the business with proper risk management planning	1	2	3

**QUESTION 15.**

Our risk management plan currently consists of the following components:

- 1-----
- 2-----
- 3-----
- 4-----
- 5-----

**B2. Understanding and Participating in Industry Processes**

*Answer the questions below by circling the appropriate letter in every box. Dotted lines mean that a written answer must be provided.*

Statement		Response		
		Yes	No	Uncertain
Q. 16	I fully understand the process of quota allocation	1	2	3
Q.17	I am / We are able to hand (my) / (our) own quota application without the need for a consultant	1	2	3
Q.18	We regularly made written submissions to Marine and Coastal Management	1	2	3
Q.19.	I am dissatisfied with my quota but do not know what to do about it	1	2	3
Q.20.	I have no problem with complying with my quota conditions	1	2	3
Q.21.	Red tape or lots of paper work is a hinderance for my business	1	2	3
Q.22.	I am able to conduct an industry and opportunity analyses of the sector to better position my business	1	2	3

**QUESTION 23.**

Government and Business Support Organisations can do the following to better assist fishing businesses to influence industry processes.

- 1. -----
- 2. -----
- 3. -----
- 4. ....
- 5. -----

**B3. Business Education and Training**

*Answer the questions below by circling the appropriate letter in every box. Dotted lines mean that a written answer must be provided.*

Statement		Response		
		Yes	No	Uncertain
Q. 24.	Did you receive any formal business or entrepreneurship training prior to starting the business?	1	2	3
Q.25.	Is there a need for specific training for women in business?	1	2	3
Q.26.	Do any of the business partners came from a business background?	1	2	3
Q.27.	Did you or you business partners received any formal training in aspects of the fishing industry?	1	2	3
Q.28.	Do you or your partners have any managerial training or education prior to starting this business?	1	2	3

**QUESTION 29**

If you answered yes to Question 25, what specific training is needed to adequately support female entrepreneurs ?

- 1.-----
2. ....
3. ....
4. ....
5. ....

**B4.**

**Financial Support**

*Answer the questions below by circling the appropriate letter in every box. Dotted lines mean that a written answer must be provided.*

Statement		Response		
		Yes	No	Uncertain
Q.30	Did you have a start-up business plan of any kind?	1	2	3
Q.31	Do you currently receive any financial assistance (collateral, terms of payment, surety)?	1	2	3
Q.32	When you applied for finance, did you encounter any discrimination?	1	2	3



Q.33	Did you have any access to mentorship, joint ventures or contracts?	1	2	3
Q.34	Have you or your business partners ever approached any government department for assistance?	1	2	3

**QUESTION 35**

If you answered “No” to questions 33 and 34, how do you finance your business ?

.....

.....

.....

.....

.....

**Thank You For Your Time**