JOB CREATION AND INCOME GENERATION IN THE CULTURAL AND CREATIVE INDUSTRIES:

A CASE STUDY OF THE SHWESHWE SEWING INDUSTRY

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ABSTRACT

Worldwide, there has been a growing realisation of the importance of Cultural and Creative Industries as a driving force for employment creation, income generation and economic growth. Therefore, there is a need in South Africa to study and understand these industries setting, and business environment. Shweshwe is a unique local fabric produced by Da Gama Textiles in the Eastern Cape province of South Africa. This fabric is used by many micro-enterprises as an input to make clothes and other items for traditional cultural celebrations and ceremonies.

This study is about the micro-enterprises who use South Africa made textiles (i.e. shweshwe textile) as business input. More specifically, it looks at employment creation and income generation opportunities of the micro-enterprises that use shweshwe textile as an input. These micro-enterprises and shweshwe production are being threatened by the rising influx of cheaper ready-made imported clothes that mimic the shweshwe designs and colours, in some cases, the logo as well. This study also plans to estimate the size and discover the attributes of the micro-enterprises that use shweshwe as an input in their businesses in South Africa, in order to estimate the impact of the counterfeit shweshwe imports on those micro-enterprises. This study adopted a mixed-methods approach-using a combination of both qualitative and quantitative data collection methods. Face-to-face interviews with questionnaires, were done with a total sample of 62 owners of the micro-enterprises that use shweshwe as input, in the Western Cape (Cape Town) and Eastern Cape (i.e. Makhanda and East London), South Africa. Self-administered questionnaires were emailed to 20 Jackson's Stores managers across the country. Lastly, face-to-face interviews were done with the key stakeholder-the representative of Cowie trading (the main shweshwe distributor) and Da Gama Textiles (the factory of shweshwe), during a field visit. The Qualitative data was analysed using thematic analysis, whereas the quantitative data was analysed using inferential and descriptive statistics.

The results show, that the micro-enterprises that use shweshwe as input are a significant contributor in terms of employment creation and income generation in South Africa. They also reveal that there is a big number of micro-enterprises that use shweshwe as an input in SA. The findings showed an estimate of between 5077 and 6000 small businesses that are using shweshwe an input, which are associated with 10 900 to 12 900 jobs. It was also found out that there is a transformation in this industry, and that this sector is B-BEE compliant. There are also high levels

of human capital in this industry. This is an important finding revealing that there is potential for future growth in this sector. Results also found that the majority micro-enterprise owners (80%) have no other source of income, meaning that they are highly reliant on their shweshwe sewing business income. Additionally, 85% of those business, shweshwe garments makes up half or more of their sewing business proceeds. This reveals that a decline in income caused by the import of ready-made clothes in “fake” shweshwe will have a negative impact on the micro-enterprises’ ability to contribute to economic growth and job creation in this industry. To show the impact of the import of ready-made clothes in “fake” shweshwe on the micro-enterprises’ ability to contribute to economic growth and job creation in this industry. In the questionnaires that were used to conduct face-to-face interviews with the micro-enterprises, respondents were asked to indicate whether they had other sources of income other than the income they generate from the shweshwe sewing business. They were further asked as follow up question to choose from a given list of possible options containing a range of percentages of their business income that comes from the work sewn with shweshwe. This question was asked in order to be able to see, if there were to be a decline in income caused by the import of ready-made clothes in “fake” shweshwe what impact it would have on the micro-enterprises that use shweshwe as an input.

The theory of industrial organisation has adopted the view of that businesses operating in the formal sector are more efficient and productive than those in the informal sector (Lobato, 2010). The study found that the micro-enterprises that operate in the formal sector generate more turnover than the ones that operate in the informal sector. However, the theory was further tested by running OLS regression, the results showed that operating in the informal sector does not affect turnover when other variables are controlled for, however, that it does affect job creation.

In closing, this thesis provides suggestions on how to support, and protect the micro-enterprises that use shweshwe as an input, in order to enhance this industry’s potential also to ensure its continuous contribution in terms of employment creation and income generation in South Africa.

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DECLARATION

This thesis is wholly my own work and has not plagiarized nor has not been submitted to any other University, Technikon or College for degree purposes.

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LIST OF ABBREVIATIONS

AGOA	African Growth and Opportunities Act
CCIs	Cultural and Creative Industries
CCM	Concentric Circles Model
DAC	Department of Arts and Culture
DCCs	Duty Credit Certificate Scheme
GDP	Gross domestic product
GNP	Gross national product
ILDP	International Leadership Development Programme
ILO	International Labour Organisation
ISI	Import Substitution Industrialisation
NEF	National Empowerment Fund
NSB	National Small Business
NYDA	National Youth Development Agency
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Squares
SA	South Africa
SACO	South African Cultural Observatory
SAQ	Self-administered questionnaires
SARS	South African Revenue Services
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SMEs	Small and medium-sized enterprises
SMMEs	Small, Medium, and Micro-sized enterprises
TIA	Technology and Innovation Agency
UK	United Kingdom

UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNESCO (FCS)	(UNESCO) Framework for Cultural Statistics
WIPO	World Intellectual Property Organisation

CHAPTER 1: INTRODUCTION

1.1 Introduction

Worldwide, there has been a growing realisation of the importance of the Cultural and Creative Industries (CCIs) as driving factors for economic growth. Promoting creative industries has been identified as a key policy to drive GDP, and job growth and to accelerate urban regeneration (Eikhof and Warhurst, 2013). Furthermore, the CCIs have been advocated in policy documents for their ability to build social inclusion and cohesion and national identity (Cunningham, 2009). In both emerging countries and developed countries, the CCIs have been promoted as an unconventional way to reduce economic reliance on less-sustainable sectors such as natural resource extraction, and as a mechanism for targeting youth unemployment (Wagen, 2017). Eikhof and Warhurst (2013:495) note that "of particular appeal to the policymakers is the promise that CCIs will help with socio-economic development by creating employment opportunities for all regardless of sex, race, or class, and the old social inequalities in work and employment will not apply". Globally, the CCIs employ 29.5 million people or approximately 1% of the world's population that is in the labour force (CISAC, 2015). Therefore, it is very important to understand and analyse the opportunities that CCIs pose to creative entrepreneurs and workers, as these industries have a great potential for boosting a country's overall growth.

According to Caves (2000:01), creative industries are defined as "those industries that supply goods and services that we broadly associate with cultural, artistic or simply entertainment value, and that have their origin in individual creativity, skill and talent". On the other hand, Cunningham (2002:56) defines the creative jobs as "the jobs which find their origin in a person creativity, skill and talent". Their potential for job creation and wealth generation depends on taking advantage of intellectual property and copyright. The United Nations Educational, Scientific and Cultural Organisation (UNESCO) Framework for Cultural Statistics (FCS) breaks down CCIs into six sets of cultural domains: Cultural and Natural Heritage, Performance and Celebration, Visual Arts and Crafts, Books and Press, Audio-visual and Interactive Media and, Design and Creative Services (UNESCO, 2009). This research focuses on the sixth domain of this framework, design and creative services.

Cultural firms tend to be Small, Medium, and Micro-sized enterprises (SMMEs) and employment is precarious, with a high level of freelance "own account" workers. According to Farr-Wharton (2014), creative workers often experience poor pay, labour insecurity, long hours and poor employment progression prospects. Creative industries have their predominance of freelance and subcontracting employment structures, and as such, creative workers are typically conceptualised as micro-firms, small businesses and entrepreneurs (Cunningham, 2002, Farr-Wharton, 2014). This is also the case in South Africa, where those who work in the cultural occupations have been shown to more likely to be in the informal sector than non-cultural workers (Hadisi and Snowball, 2017).

This study reviews micro-enterprises who use South Africa made textiles (i.e. shweshwe textile) as business input. More precisely, it reviews employment creation and income generation opportunities that these micro-enterprises create. Therefore, it is important to study the micro-enterprises in this sector in order to see how big their contribution in terms of employment creation and income generation in South Africa.

1.2 Research Context

Theories of industrial organisation have taken the view that firms operating in the formal sector are more efficient and productive than those in the informal sector (Lobato, 2010). This has led to the informal sector being overlooked and neglected in the world of economics. In mainstream economic theory, development is seen as shift from the informal to the formal sector. Further, it is assumed that the formal sector is better and more developed than the informal sector and that development occurs only through the growth of the formal, modern economy (Hillenkamp *et al.*, 2013). According to Perry *et al.* (2007), the informal economy is viewed as being an end product of the opting out of rational firms, and individuals from institutions on finding that the costs of those institutions outweigh the benefits. Hillenkamp *et al.* (2013:05) explain "that the informal economy is viewed to be the result of the failure of modernization theories". However, when dealing with various issues that involve poverty reduction, the implementation of decent working conditions, and the creation of social protection mechanisms in developing countries, the informal economy becomes a necessary economic tool to address such issues (Hillenkamp *et al.*, 2013). In the project-based, short-term world of the Cultural and Creative Industries, the more flexible informal economy may have advantages. This is evident in the “Nollywood” case study of the development of the Nigerian film industry, where the more informal markets have been in full operation, and the sector has showed tremendous growth and productivity for the Nigerian economy (Lobato, 2010). According to Lobato (2010), Nollywood, via informal means, has created thousands of jobs and achieved exceptional levels of growth.

CCI employment contracts are more likely to be of a project-based short-term nature, predominantly temporary, and thus have low job security. One of the reasons the industries production model is project-based is because consumer demand for CCI products is very volatile, based on subjective taste, trends and fashion (Eikhof and Warhurst, 2013). According to Blair (2001:498), “both in film and TV, independent production companies and freelance workers work on a project by project basis”. Another challenge is that in order to succeed in these kinds of industries, personal networks and social capital are very important. Artists who work in these industries tend to work in teams of individuals who know each other or have been recommended by another artist who forms part of the network, hence making “networking” a very important input of success in this sector (Eikhof and Warhurst, 2013).

A theory that explains why people may choose to work in a particular section is the theory of compensating wage differentials. The theory suggests that there are no good or bad jobs. Compensation differentials assume that higher risk jobs are not worse jobs than lower risk jobs nor higher-paying jobs are not a better job than the lower paying job (Potts, 2014). The reason is that in equilibrium higher wages (jobs) will compensate for higher stress or other negative factors, while lower-paying jobs may compensate by having more pleasant working conditions. This theory predicts that different jobs with different attributes like dangerous, dirty, precarious, flexible hours, glamorous etc. will eventually be the same when taking compensating differentials into consideration (Potts, 2014). In the CCIs, for example, the risky and short-term contract nature of employment may be compensated for by working in a stimulating environment, or higher wages.

CCIs have been addressed as a sector that can encourage diversification and inclusion in the labour market (DAC, 2011). UNCTAD (2008) argues that CCIs have a great potential to produce jobs and income while simultaneously promoting social inclusion, human development and cultural diversity. However, other studies reveal that employment in CCIs is not as open as expected (Snowball *et al.,* 2017). Florida (2002) attests that, for those without riches, social connections, and who deviate from a norm of able-bodied youthfulness, entry into these industries can be difficult. Indeed, the latest industry data in the United Kingdom confirms that these industries are largely dominated by young individuals, who are more likely to be white, male and middle-class (Eikhof, 2017).

In various countries, CCIs have been used as a redevelopment avenue –to boost and revive regions, cities and towns. They have also acted as catalysts in creating entrepreneurial and business opportunities both in the formal and informal sector. According to Wansborough and Mageean (2000), CCIs have displayed their contribution in aiding in social, physical and economic renewal, and this has proved how they are important as a regional development strategy. Moreover, they play a vital role when it comes to providing content for activity, using programmes of cultural animation to create lively urban areas (Wansborough and Mageean, 2000). Furthermore, they can help to increase economic activity, and to attract investment in an area (Wansborough and Mageean, 2000).

As part of these industries, the textile industry has proven to have a good export potential and shown that more employment opportunities can be created at a lower cost, through expanding growth, than in other manufacturing industries (Hlabana, 2007). This kind of industry is more significant for developing countries as it can help in terms of economic development and job creation for both skilled and unskilled labour. The South Africa textile and clothing industry was an essential sector during the 20th century. It was a significant creator of employment, especially for women as well as in terms of its contribution to the total manufacturing output (Clarke and Godfrey, 2011). However, the potential of this industry in South Africa started to steadily diminish since the mid-1990s (Ramdass and Pretorious, 2008). Employment in the SA textile industry contracted by nearly 63% in less than 10 years, from 228 053 in 1996 to 142 863 in 2005 (Darku, 2017; Vlok, 2006). This happened when SA joined the World Trade Organisation after 1994, and the protection of local industries (tariffs and quotas) was no longer allowed. It was both the increasing globalization of trade and the escalating competition from both domestic and international markets that negatively impacted the industry, and that made it lose its potential (Frimpong, 2011).

Various researchers have attributed the decline in employment in this industry to internal structural factors together with the external factors, especially the end of the Multi-Fibre Arrangement in 2004, and the subsequent surge in imports from China, which caused the crisis in this industry (Vlok, 2006; Gibbon, 2008; Clarke and Godfrey, 2011). Moreover, Jeppsen and Barnes (2011) blame the African Growth and Opportunities Act (AGOA) for the downfall of the SA textile industry, for giving preferential access to the African clothing producers entering the US market. This act left the SA textile industry out. Nevertheless, some local textile production survives in particular niche areas.

Shweshwe is a unique local fabric that is produced at the Da Gama factory in the rural village of Zwelitsha near King William's Town in the Eastern Cape Province of South Africa (Da Gama, 2018). It is distributed by Cowie Trading, who are attempting to assert their copyright over the traditional and newer "original shweshwe" designs. The Shweshwe fabric is used as an input into the production of custom-made garments and accessories at both an industrial scale, and at a small-scale, local level. In particular, the fabric is part of the production of numerous micro-enterprises, which are often operating informally (unregistered businesses) producing custom-made garments for traditional ceremonies and festivities, such as weddings. The subjects of this study are the owners of the micro-enterprises (such as designers/seamstress/survivalist dress maker) who purchase the shweshwe in order to sew it for the end user (customer). So in other words, the micro-enterprises in this study are both purchasers of the unprocessed shweshwe fabric and producers of the final shweshwe clothes. According to Da Gama (2018), shweshwe is also being increasingly used by designers in both local and international collections.

However, both shweshwe production and the micro-enterprises that use it, are being threatened by cheaper, lower quality garment and fabric imports as well as the ones that are domestically produced. According Leeb-Du Toit (2017:17), "the fake isishweshwe have swamped the market since the early 1990s". Most fakes come from Pakistan and China, however, some of the cheaper variants are also domestically produced in Durban and Johannesburg (Leeb-Du Toit, 2017).

1.3 Objectives of the Research

This study was about the micro-enterprises who use South Africa made textiles (i.e. shweshwe textile) as business input. More specifically, it examined employment creation and income generation opportunities of the micro-enterprises that use shweshwe textile as an input. Both the micro-enterprises and shweshwe production were being threatened by the rising influx of cheaper ready-made imported clothes that mimic the shweshwe designs and colours, in some cases, the logo as well. This study also planned to estimate the size and discover the attributes of the micro-enterprises that use shweshwe as an input in their businesses in South Africa, in order to estimate the impact of the counterfeit shweshwe imports on those micro-enterprises. The sub-questions of this study were as follows:

i. What are the attributes or characteristics of businesses that use shweshwe as an input in South Africa?
ii. How big is the number, and the type of businesses that use shweshwe as an input in South Africa?
iii. Which business environment do these businesses operate, and what types of employment do they generate?
iv. What is the likely impact of fake imported garments on the customer knowledge and preference for garments made from "original" shweshwe?

1.4 Methods, Procedures, and Techniques

This research was a part of a larger project funded by the National Research Foundation. This study used a mixed method research approach, combining quantitative and qualitative methods. It used quantitative methods to produce descriptive statistics through the use of numerical measures (i.e. means, mode), graphical analysis and multivariate regression analysis. These quantitative methods were used to identify industry characteristics such as average annual turnover, types of employment, ownership demographics, preferences etc. Thematic analysis was used for qualitative data obtained from interviews with a variety of both open-ended survey and closed-ended questions.

In this research, the representative of Cowie Trading (who distribute shweshwe and own shares in Da Gama and Jackson's Stores) was the only key stakeholder. Data was collected from three groups of participants in this study:

1. A key stakeholder interview with a representative of Cowie trading (who distribute shweshwe and own shares in Da Gama and Jackson's stores).
2. Jackson's Store managers (who sell shweshwe fabric to micro-enterprise sewers and private users).
3. The micro-enterprise owners who use shweshwe as an input into their sewing businesses.

Face-to-face interviews were conducted with a Cowie Trading representative. The managers of the 20 Jackson's Fabric Stores in South Africa, who sell shweshwe to micro-enterprise sewers, were interviewed through an emailed a self-completion questionnaire. Face-to-face interviews were also conducted with a sample of 62 purchasers of shweshwe fabric, who bought the fabric as an input for their sewing business, in Jackson's Stores at three sites, including both smaller towns and a larger city. In the Eastern Cape, East London, a larger metropolitan city and Makhanda (formerly known as Grahamstown), a small rural town; and in the Western Cape, Cape Town, a large metropolitan city.

Information on which days were the busiest days in terms of shweshwe purchases, to conduct the interviews was obtained from the Jackson's Store managers. During the chosen days, interviewers used convenience sampling to approach all shweshwe purchasers in the shop and requested that they be part of the study. Only those shweshwe purchasers who used the fabric as a business input were interviewed.

Interviews with purchasers of shweshwe who used it as business input determined the uses of the fabric, demographics of (entrepreneurs) owners/operators, income, perceptions of the "genuine" versus copied shweshwe and other attributes of the businesses. Data from store managers included sales of shweshwe (volume, price), their perceptions of who their customers were, and their opinion on the attributes of shweshwe that are used to determine if it is "genuine".

The resultant data (qualitative and quantitative data) was analysed to provide answers to the study questions and the findings were compared with findings from other similar studies. They were also used to test the theories that were used in this study. Methods of analysis included both quantitative methods (frequency analysis, mean and median values) and qualitative methods (thematic analysis).

1.5 Ethical Considerations

This research involved human subjects. As such the permission to conduct the research was sought from the Department of Economics and Rhodes University Human Subjects Research Ethics Committees. The research adhered to all the guidelines for conducting research involving human subjects, as set out in the Rhodes University Research Ethics Handbook. The ethical clearance reference number for this thesis was Eco 2018/3. The interviewees' names (micro-enterprise owners) will not be attached to this research and they had the right to choose not to answer any of the questions and to end the interview at any time.

1.6 The organisation of the remaining chapters of this research

The remaining chapters of this research study are organised as follows: Chapter two reviews a literature on Cultural and Creative Industries (CCIs) and their role in regional development. Furthermore, it reviews literature on the contribution of the CCIs in terms of employment, and the challenges with using the CCIs as growth and employment drivers. Chapter 3 provides a review and a broad overview, context and scope of this research study to help in understanding the setting of this thesis. Chapter 4 contains a brief description and explanation of the methods used to conduct this research. Chapter 5 presents and interprets the results of this study. Chapter 6 provides an overall conclusion of this thesis.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter covers a review of the literature on Cultural and Creative Industries (CCIs). It first defines the CCIs and gives their characteristics. Secondly, the literature on CCIs and regional development is reviewed. Thirdly, the literature on the contribution of the CCIs to employment, and the challenges with using the CCIs as growth and employment drivers are discussed. In particular, the theory of compensating wage differentials, and the merits of operating in the informal versus formal sector are reviewed. Further, the chapter will review literature surrounding entrepreneurship in the CCIs and Small, Medium and Micro enterprises (SMMEs) in general and the role they play in employment creation. Lastly, it will review the literature on the economics of copyright.

2.2 Defining the Cultural and Creative Industries (CCIs)

Deciding which subsectors make up Cultural and Creative Industries (CCI) has been a longstanding problem. As a result, many authors, researchers, and practitioners have tried to come up with their own ways of defining this sector. To date, there is no unified or universally accepted definition of what this sector includes. Before treating these two terms "cultural industries" and "creative industries" as one, it is very important to distinguish between the terms as they are different but deeply related to some degree (The United Nations Conference on Trade and Development (UNCTAD), 2008). Cooke and Lazzeretti (2008) explain that the two terms follow almost totally distinct modes of production, institutional bases, and aesthetic content. However, in much literature, the two terms have been used by many authors interchangeably.

According to UNCTAD (2008), cultural industries are mainly concerned with problems of social exclusion, national identity, and the protection of cultural heritage or other non-economic goals. For example, these are sectors that have their main focus on cultural tourism and heritage, libraries, museums, sports, and outdoor activities. On the other hand, creative industries are more concerned about profit generation through creativity and cultural heritage (UNCTAD, 2008). However, it is hard to imagine one existing without the other. In this thesis, the two terms will be used interchangeably to mean the same thing.

Creative industries are described as the new analytic definition of the industrial components of the economy in which creativity is input and content or intellectual property is the output (Potts and Cunningham, 2008). Potts and Cunningham (2008) present creative industries as a very important and rapidly growing set of industries; an important sector that has attracted policy attention. Cunningham (2002:01) defines "Creative industries as those activities that have their origin in an individual's creativity, skill, and talent and which have the potential for wealth generation, job creation through generation and exploitation of intellectual property". Howkins (2002) includes the copyright sector, patent, trademark and design industries in his definition of sectors that make up creative industries and the creative economy. Further, Cunningham (2002) gives a list of the sub-sectors that make up the creative industry as: "advertising, architecture, arts and antique markets, crafts, design, designer fashion, film, interactive leisure, software, music, television, and radio, performing arts, publishing and software".

The United Nations Conference on Trade and Development (UNCTAD) provides a five-part definition of what constitute the creative industries. UNCTAD (2008) defines CCIs as cycles of creation, production, and distribution of goods and services that use creativity and intellectual capital as a primary input. They constitute a set of knowledge-based activities, focused on but not limited to arts, potentially generating revenues from trade and intellectual property rights. They comprise both tangible products and intangible intellectual or artistic services with creative content economic value and market objectives; they stand at the crossroads of the artisan, services and industrial sectors; and constitute a new dynamic sector in world trade (UNCTAD, 2008).

The United Nations Educational, Scientific and Cultural Organisation (UNESCO) defines cultural and creative industries as activities whose main purpose is the production or reproduction, promotion, distribution or commercialisation of goods, services, and activities of cultural artistic or heritage-related nature (UNESCO,2009). Outputs have the characteristics of cultural assets and cultural ideas protected by intellectual property rights, which are presented as products or services.

UNESCO's Framework for Cultural Statistics (FCS) in organising which subsectors CCIs include, breaks down the sector into six cultural domains: Cultural and Natural Heritage, Performance and Celebration, Visual Arts and Crafts, Books and Press, Audio-visual and Interactive Media and, Design and Creative Services (UNESCO, 2009). According to UNESCO (2009), these domains represent a set of domains that can be used by countries in collecting internationally comparative data. The FCS shows the interaction of cultural domains with other related domains and intangible cultural heritage and with the supporting industries such as education and preserving as shown in the UNESCO's framework for cultural statistics.

In South Africa, there has not yet been a generally accepted definition of the CCIs. However, as it appears from many policy document and discussions, the country seems to be moving close to adopting the UNESCO way of defining this sector (SACO, 2016). Thus, this research study will follow the UNESCO way of defining CCIs.

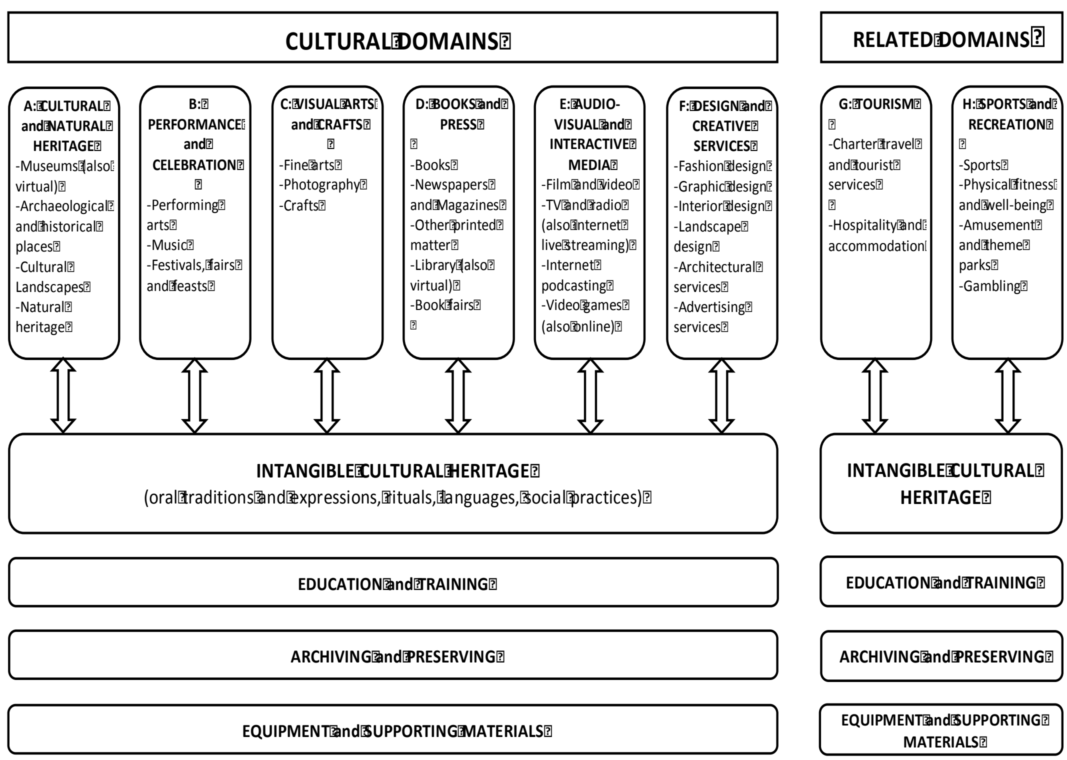

Figure 2.1: Framework for Cultural Statistics Domains (UNESCO, 2009:24).

The UNESCO framework provides a foundation, and a starting point for every country that seeks to understand what Cultural and Creative industries (CCIs) constitutes, and an example of how they are defined (UNESCO, 2009). The FCS serves as a good benchmark for comparison. Additionally, it should be used as a foundation or guide when countries are trying to come up with their own cultural frameworks (UNESCO, 2009).

According to Usero and Del Brio (2011), the UNESCO FCS tries to develop a way that countries can have access to reliable data. It provides core domains, whereby different countries are able to collect and compare their data across borders to determine the status of their cultural sector (UNESCO, 2009). In avoiding double counting of activity, each activity must be only classified once in the FCS, even though there are cases where activities fall under more than one domain. For example, music may fall under two distinct domains 'Performance and Celebration' and 'Audio-visual', as it encompasses both live music (Performance) and recorded music (Audio-visual). To avoid double counting in such a case, it is very important that it be included only under one domain between the two. In choosing which domain to put it under, "the FCS prioritises the subject rather than the form in which the cultural content can appear" (UNESCO, 2009:25). For the purposes of this thesis, the UNESCO classification framework will be used, as it is often used definition for this sector in policy documents.

The Concentric Circles Model (CCM) has been raised as one of the key models that could facilitate the understanding of the structural characteristics of the cultural economy and how its different parts work together (Throsby, 2008). SACO (2016) comments that the Concentric Circles Model (CCM) is becoming a generally accepted framework that is used in understanding the relationship between creative arts and cultural industries. Throsby (2008) explains that the CCM definition of cultural goods and services joins cultural and economic characteristics, whereby creative arts are placed at the core or centre and other sectors are grouped around them. The Concentric Circles Model is based on the idea that cultural goods and services yield two identifiable kinds of value: economic and cultural. Throsby (2008) points out that it is essentially the cultural content or value of the goods and services produced by the "core" that are used to produce the more commercial creative industries outputs of the periphery.

Under this model, “core creative arts” are understood to be the activities that are more related or most associated with artistic innovation and creativity, things like music, performing arts, literature and visual arts (SACO, 2016).

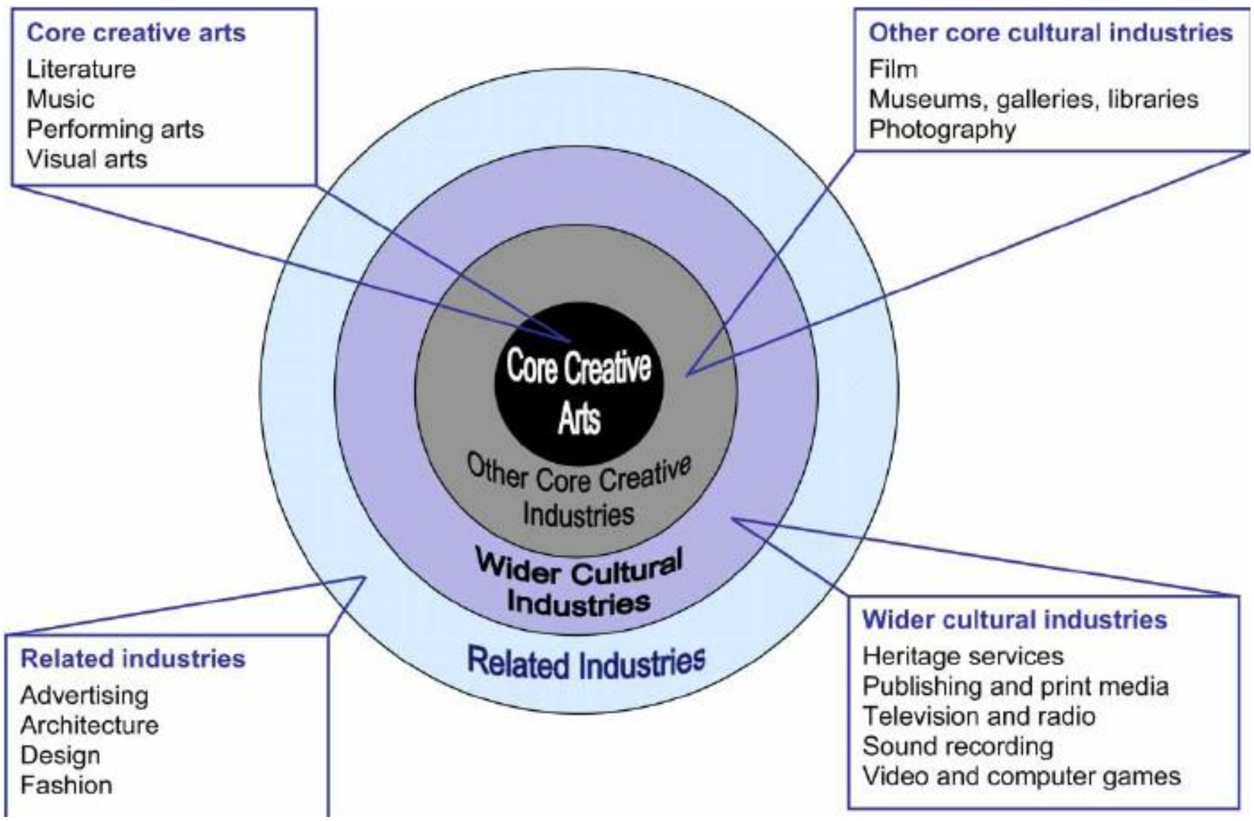

Figure 2.2: Concentric circles model of the cultural industries (Throsby, 2008).

As one moves further out from the core, the share of cultural or creative content in the goods and services produced decreases (Figure 2.2). This means that the share of commercial content in relation to the cultural content increases. However, the creative industries in outer rings or circles still draw on the core creative arts for material, skills, and innovation (SACO, 2016).

2.3 Characteristics of production in the CCIs

Production in the CCIs has been found to have certain characteristics that distinguish it from the production in the rest of the economy. Caves (2000) tables a list of characteristics of Cultural and Creative industries as follows: the demand is uncertain; creative workers care about their products; some products require diverse skills; the sector needs differentiated skills; time is of the essence, and lastly there are durable products and durable rents. Eikhof and Warhurst (2013) additionally point out that the demand for creative products is also more volatile than in the rest of the economy. The reason is that it is determined by trends, fashion, and subjective tastes. Eikhof and Warhurst (2013) further state that in the creative space there is only a small percentage of the products that are profitable.

Shuqin (2012) explains that the success of this sector highly depends on human creativity, which is precious but renewable. Individual talent and creativity are key resources in the CCIs (Ross, 2009). Creativity is defined as a process of generating ideas that are connected and that are further transformed into things, intangible or tangible products that have value (Kon, 2016). In any country creativity or creative talent, plays a crucial role in the sustainable growth of creative industries and the establishment of their dominant position in competition (Ross, 2009). According to Daubaraite and Startiene (2015) in any country in the world, creativity, together with its different forms and expressions, is an equally available resource. This means that the CCIs are a potential growth and job creation opportunity in both developing and developed countries.

The United Nations (UN) presents the Cultural and Creative Industries as having a great potential to foster job creation, regional innovation, and social inclusion. The UN further highlights their contribution in terms of stimulating economic diversification, revenues, and trade by producing economic and employment benefits in related services and manufacturing sectors (United Nations, 2010). Eikhof and Warhurst (2013), highlight that the potential of the CCIs has triggered the UK and other international policymakers to turn towards these industries as drivers of economic and employment growth.

Worldwide, Cultural and Creative Industries employ about 29.5 million people or 1% of the world's population that is in the labour force (CISAC, 2015). Lu and Chang (2016) found that Cultural and Creative Industries in Beijing, are a new growth point: in the period from 2006 to 2012, CCI's value added increased from 81.21 billion yuan to 218.92 billion yuan. Furthermore, the CCI's GDP share increased from 10 % to 12.24%, and the total income rose from 361.48 billion yuan to 1031.36 billion yuan. The average number of employees employed by this industry escalated from 895 thousand to 1529 thousand. Kon (2016) in his Brazilian study using national data has discovered that creative industries accounted for 5% of "industry jobs" in the country. Under the study, Kon (2016) defined the CCIs broadly to include information technology, sports, engineering, and architecture. According to the Hadisi and Snowball (2017), in South Africa, CCIs accounts for approximately 6.72% of all employment or over 1 million jobs in the country. This figure included employment for: creative occupations in creative industries (0.48%), creative occupations in other industries (2.04%) and support occupations in creative industries (4.2%).

2.4 CCIs and regional development

Much research and resources have been allocated to studying the role of the CCIs in regional economic development and economic growth (Snowball *et al.*, 2017). The CCIs can play a major role in contributing to economic growth and regional development in various ways (Snowball *et al.*, 2017). According to Martinaityte and Kregadaite (2015), the CCIs are a very important sector for development and economic growth.

Townsend *et al.* (2017) attest that the CCIs are also an essential business sector in rural areas and they are viewed as a key area in the United Kingdom (UK) in terms of economic growth, even though much of the research done on creative production has been conducted in an urban context (Gibson, 2010). This has resulted in urban centres being regarded as the main centres where creativity takes place (Gibson, 2010). Townsend *et al.* (2017) however, argue that CCIs play an important role in the tourism sector, by adding liveliness to the countryside and making them tourist destinations. Creative practices play a significant part in improving the quality of life of the individuals who live in rural areas because people can afford to express their identity and social cohesion (Townsend *et al.*, 2017).

The question of what are the main drivers of regional development and economic growth has been in the heart of economics and economic geography since their first inception (Faggian *et al.,* 2017**).** Policy conclusions suggest that enhancement of small business development and increasing educational attainment are the two main strategies that have the best chance of succeeding in terms of enhancing growth and regional development (Faggian *et al.*, 2017)**.** Faggian *et al.* (2017) comment that in the days of the ‘knowledge-based’ economy, it is the workforce’s abilities that revealed themselves as the most important feature of economic growth. Faggian *et al.* (2017) explain that it is debatable what abilities are essential. Schumpeter (1911) argued that it is entrepreneurial skills and the encouragement of increasing numbers of entrepreneurs in a region that results in economic growth and development. Piergiovanni *et al.* (2012) supported the view and stated that the creation of new enterprises as an important determinant for regional growth. Faggian and McCann (2009) explain that it is human capital, which includes know-how and skills of workers, that is essential to economic growth and regional development.

Florida (2002) in his famous book titled “The Rise of the Creative Class” highlighted the notion that creativity is the key driver of economic growth and regional development. Florida (2002) moreover argued that the regions and cities that displayed fast growth were those with well-established clusters of cultural and creative professionals (Florida, 2002). Faggian *et al.* (2017) attest that there is a correlation between higher levels of human capital and employment growth. Florida (2002) advocated that the set occupations in those regions and cities are filled with ‘creative class’. The Creative class is made up of a group(s) of individual professionals who are innovative, talented and skilled (Florida, 2002). Florida’s (2002) idea of creative work was more broadly focused, it included not only the kind of creative professions contained in Cunningham’s (2002) definition, but also knowledge workers working in professions like law, information technology as well as in banking (Townsend *et al.*, 2017).

2.5 Challenges with using the CCIs as growth and employment drivers

There are, however, challenges in this sector that hinder the potential of CCIs and what the sector has done thus far. Florida (2002) states that cultural work is often promoted as open for all. However, those without social connections, those without affluence, and those deviating from a norm of able-bodied youthfulness are denied entry in these industries (Florida, 2002). According to Eikhof (2017) industry data for the United Kingdom reveal that CCIs are not as open as they are assumed to be: workers in this sector tend to be, young, white, male and middle-class. Moreover, Eikhof (2017) explains that workers from ethnic minority and non-middle-class backgrounds and women are less likely to play a part in the CCI workforce. Eikhof (2017) further notes that if they do find a way to participate in the CCIs, their chances of advancing in their careers are minimal.

Various theories have been put forward as to why these industries might not be open and diverse. Eikhof and Warhurst (2013) argue that social inequality is borne within the CCIs because of the sector's production model and the nature of work. The production model of CCIs is project-based and short-term in nature (Eikhof and Warhurst, 2013). Eikhof and Warhurst (2013) point out that it might be the working conditions in this model of production that are the key cause of the social inequality symptoms. The four very important features of work and employment in CCIs model of production are low or unwaged entry-level jobs, irregular income and high employment insecurity, network-based recruitment practices "social networks and social capital" and above-average requirements regarding workers' temporary availability and geographical mobility (Eikhof and Warhurst, 2013).

Eikhof and Warhurst (2013) explain that these working requirements make it hard for new artists especially the ones from the poor backgrounds that want to enter this sector as they are not equally equipped. As a result, this leads to social inequalities in the industry. For example, social networks and social capital are very important inputs in CCIs in shaping a successful career (Snowball *et al.*, 2017). Macmillan *et al* (2015) attest that professional and personal networks play a major part in the workers' success. According to Snowball *et al.* (2017) individuals who fall into the middle class are more likely to succeed because they can access both social and financial capital of their parents and friends. Eikhof and Warhurst (2013) add that when the team is recruited via personal networks that make it hard for the new talented and creative individuals to enter the industry.

2.6 The theory of compensating wage differentials

The main originator of the compensating wage differentials theory was Adam Smith. Menger (1999) attests that the theory of equalising differences goes back to Adam Smith. This theory has been in existence for over 200 years (Robert Smith, 1979). According to Robert Smith (1979), this theory argues that in order for someone to take jobs with undesirable characteristics (for example harmful or risky jobs) will require higher wages, other things equal. This is because “the whole advantages and disadvantages of the different employments of labour and stock must, in the same neighbourhood, be either perfectly equal or continually tending toward equality” (Robert Smith, 1979). According to Menger (1999) the theory of compensating wage differentials explains the diversity of characteristics of workers and work in a way that gives consideration to individual choices and preferences, assuming that on both sides of the market there is perfect information. Menger (1999) furthermore states that by compensating for more or less attractive work, it also equalises workers total monetary and non-monetary advantages or disadvantages.

The concept of compensating wage differentials is the equalising phenomenon in labour economics (Rosen, 1986a). Potts and Shehadeh (2014a) explain that the main idea behind this concept is simply about unpacking the monetary and non-monetary elements of a wage. This theory states that every job comes with a bundle of attributes such as wages, quality of work environment, skills required, the risk of redundancy, leave provisions, the risk of injury, amount of flexible time, sociality and so on (Potts and Shehadeh, 2014a). In the labour market, there is a reservation wage that attracts someone to choose a particular job over the next best alternative. The decision is made based on compensating differentials (Potts and Shehadeh, 2014a). If a job is more risky or dangerous or requires more training to enter, a particular individual would require a higher wage to take the particular job. Similarly, for a very boring job a particular individual might ask for a higher wage to become part of the market (Potts and Shehadeh, 2014a). However, if a job is both exciting and fun or has flexible working hours, a particular individual would want a lower wage to be at the same level of inducement (Potts and Shehadeh, 2014a).

Daw and Hardie (2012) argue that the theory of compensating wage differentials, as a way of explaining inequality, has two drawbacks: Firstly, it has failed to incorporate workers-specific preferences for job amenities (Daw and Hardie, 2012). That is, it has failed to take into account that different individuals value characteristics of any particular job differently (heterogeneity of preferences). This means that a job attribute valued positively by one person (such as flexible working hours), may not be valued in the same way by another person. Johnson *et al.* (2007) attest that a research under social psychology of work proved that individuals' preferences for a wide range of jobs rewards differ. Many quantitative tests of the compensating wage differential theory fail to take this into account, which may bias the results (Daw and Hardie, 2012). The second problem is that this theory rest on the assumption that people have choices in terms of which jobs they take. In the low-wage market this might not be the case, because people may not have the choice of trading off various job characteristics against wages because they have to take any job they can get (Daw and Hardie, 2012). Cultural and Creative Industries, jobs like any other jobs, come with various employment characteristics and conditions. The theory is expected to explain how these employment conditions are related to wages, which then take this industry to an equilibrium level.

2.7 CCIs and Entrepreneurship

While creativity is the basis of the CCIs, the development of the sector requires that creative outputs be converted into marketable products. Entrepreneurs thus have an important role to play. To date, there is no universal way of how to define entrepreneurship and the terms 'entrepreneur' and 'entrepreneurship', as they are often used and applied within a range of settings (De Bruin, 2005). Henry (2007) supports De Bruin's (2005) statement that coming up with a common definition of the term entrepreneurship remains problematic. It is also difficult to define entrepreneurship in CCIs due to the fact that this sector consists of industries with diverse features in terms of market structure and organisation (Lee *et al.*, 2004). Lee *et al*. (2004) explain that the difficulty in defining 'an entrepreneur' in CCIs might arise because the subsectors in this industry pose different characteristic and challenges. As a result of this complexity, many relevant definitions of creative entrepreneurship exist, and they are all slightly different, but they complement each other (Protogerou *et al.*, 2015). There is not much literature or research done on entrepreneurship in the CCIs (Chen *et al.*, 2015).

In the Cultural and Creative Industries (CCIs), De Bruin (2005) defines entrepreneurship as the process of adding value to creativity or creative inputs. For instance, in the music industry an artist will compose music then an entrepreneur will add value to this creative input by converting it into a commercial product that can be marketed to generate economic value. Sternberg and Lubart (1999) describe entrepreneurship as its own form of creativity, and that it can be labeled as entrepreneurial creativity. Chen *et al.* (2015) define creative entrepreneurs as the founders who establish and remain in control of a business in the creative industries. Protogerou *et al.* (2015) define it as those individuals who are gifted with both entrepreneurial and creativity mindsets, who can convert their creativity to marketable output with economic value. Parkam *et al.* (2012) attest that art or cultural entrepreneurship consists of numerous artists, performers, designers and musicians who add commercial value to their artistic work or creativity. What all these definitions have in common is a link between cultural creativity and the ability to develop a marketable product or service.

In academic literature, creative organisations and entrepreneurship are often identified as very important ingredients that are essential to growing economies (Patten, 2016). Protogerou *et al.* (2010) confirm that different countries employ entrepreneurial activity as a key driver of employment and as a way to encourage innovation at a national level.

Protogerou *et al.* (2015) point out that creative entrepreneurs need to develop a mix of creative and business skills, often at different stages of their careers. Oakley and Leadbeater (1999) explain that creative entrepreneurs require creative skills that are related to divergent thinking, imagination, and intuition, as well as entrepreneurial skills and capacities on business planning, communication, presentation, management and marketing. According to Oakley and Leadbeater (1999), cultural entrepreneurship is usually learned from practical experience and peers, rather in the classroom, whereas creativity can be taught.

Baines and Robson (2001) argue that the enterprises in CCIs are mainly dominated by self-employed businessman and very small enterprises. Protogerou *et al.* (2015) attest that most entrepreneurs in the CCIs are found employed in non-conventional jobs that are based on part-time, temporary contracts and working as freelancers. An exploratory study of the development of entrepreneurship in CCIs in Bandung (Maryunani and Mirzanti, 2015) revealed that creative industries in Bandung were classified as small and medium enterprises. Moreover, some of those enterprises were discovered to be less developed and informal. The Daubaraite and Startiene (2015) study revealed that approximately 50% of enterprises in the CCIs employ between 1 and 3 employees. On the other hand, only 1-4% of enterprises have more than 50 employees; however, it is the latter enterprises that generate approximately 50% of turnover in their respective sub-sectors.

2.8 SMMEs and Employment

Small, Medium and Micro-sized Enterprises (SMMEs) all over the world have been advocated for the important contribution they can make in terms of employment creation, which decreases poverty, and empowers citizens economically (Mutoko, 2015). Cant and Erdis (2005) comment that in both developing and developed countries SMMEs are regarded as an important force for driving economic growth and job creation. In the OECD countries, SMMEs contribute approximately 70% of the jobs on average, while in the developing countries, SMEs contribute up to 45% of the total employment (OECD, 2017). In Western Europe, Japan and USA, SMEs are reported to account for between 55% and 80% of total employment (Katua, 2014).

In Africa, SMMEs have gained attention because they were able to absorb a mass of labour during times of a decreasing public sector and private formal economy, and when there were increasing numbers of new labour entrants (Kesper, 2000). In Kenya, SMEs account for more than 60% of the total employed population and they constitute approximately 90% of all enterprises available in that country (Katua, 2014). In South Africa, SMMEs have contributed more than 55% of the total employment (Katua, 2014). Unemployment in South Africa has been of major concern, with a high unemployment rate that is currently estimated to be at about 26.5% (StatsSA, 2018). What is, even more, worrying about this unemployment, is that it is significantly higher among the youth. SMMEs have been globally recognized in many policy documents as one of the remedies that can be used to combat unemployment.

Even with the important role they play; many challenges hinder SMMEs potential, growth and their contribution to economic development. They are likely to be faced with challenges such as limited access to finance and credit, lack of access to physical infrastructure, labour law issues, skills shortages, high levels of crime, and lack of market access etc. (SEDA, 2016). Katua (2014) attests that challenges that face SMMEs hinder their potential, and even make some of them to exit the market at an early stage.

2.9 Formal versus Informal sector theory

The originator of the informal sector theory in the academic literature was Keith Hart (Gerxhani, 2004). The term was used by Hart to describe a part of the urban labour force that worked outside the formal labour force (Gerxhani, 2004). According to Gerxhani (2004), Hart's original idea of the informal sector was limited to the self-employed. The informal sector theory was then made popular by the International Labour Organisation (ILO) in 1972 in a study done on Kenya's employment (Assaad, 1993; Gerxhani, 2004). Gerxhani (2004) explains that, in the ILO report, the view was that the main reason that the informal sector existed was for the provision of substance to families. It was also seen as a source of employment in its own right, and as a category for economic planning in the ILO study on Kenya (1973).

Gerxhani (2004) comments that in the ILO report the term 'informality' is mainly characterised by the avoidance of government regulations and taxes. Reed (1985) attests that the informal economy has been viewed negatively by economists and policy leaders basically as a way of avoiding taxes. Furthermore, it has often been labelled as a sector that involves criminal and other negative practices (Reed, 1985). For instance, names like "criminal", "underground", "irregular", "secondary", "grey", "shadow" or as "black" economy have been used to describe this sector (Reimer, 2006). Regardless of the negative perceptions about it, the informal sector still exists on its own, and is effective (Reimer, 2006).

There is no uniform definition of the term 'informal sector'. The lack of status of this sector is due mainly to the small size of the enterprises and their unauthorized way of operating (Nurul Amin, 1987). Assaad (1993) defines the informal sector as the part of the economy that is not monitored or taxed by the government. This portion of the economy is not recorded as part of the Gross domestic product (GDP) or Gross national product (GNP). Nurul Amin (1987) attest that, in the informal sector, enterprises and individuals operate outside the security system offered by the state and its institutions. Reimer (2006) explains that an informal sector is well suited to the production, distribution, and consumption of goods and services that have economic value, but that it is not protected by a formal code of law or recorded for use by government-backed regulatory agencies. Moreover, Reimer (2006) comments that this sector includes both legal and illegal economic activities, and business practices such as unpaid labour, volunteer work, substance production, pricing based on friendships and arrangements other than markets prices.

Most analysts agree that the major cause of the development and persistence of the informal sector is an economic recession (Gerxhani, 2004). Gerxhani (2004) comments that more participation in informal activities is the result of unemployment, stagnation, and depreciation of capital. According to Chaudhuri (1989), this sector is viewed as a temporary measure when people cannot immediately find work in the formal sector. For instance, migrants enter the informal sector labour market with the hope that, sometime in the future, the formal sector will provide jobs for them (Chaudhuri, 1989). In the meantime, the informal sector can be viewed as an entry point to the city for migrants who leave their villages with the hope of availing themselves of an urban income that is higher than their agricultural income. Other analysts view the informal sector as a place for those who want to avoid regulations and licensing requirements and evade tax (Gerxhani, 2004).

However, Reimer (2006) argues that participants in the informal sector view this sector as a permanent source of employment and income, not as a way of holding out for better jobs in the formal sector. This study was conducted in Canada. Nollywood, which is the Nigerian film industry, is a clear example of how the informal sector in the CCIs can be effective. This home-grown video industry, through operating informally, has created many thousands of jobs, and contributed significantly to growth in Nigeria (Lobato, 2010). Lobato (2010) argues that the informal sector can work effectively on its own, especially where state intervention has failed or is not present. Given the risky, short-term contract employment in many parts of the CCIs, operating in the informal sector may suite the sector better.

2. 10 The importance of copyright in the Cultural and Creative Industries

In the information age, easy availability of techniques and technology for copying and reproducing artistic or creative work has made it easier for even average households to "free-ride" in their consumption of cultural and creative products (Towse, 2000). Stiglitz and Rosengard (2015) explain that the free rider problem occurs when individuals use a common resource without paying for it. For example, when someone listens to music or uses designs without paying for them, they share the benefit of the production without sharing the costs, making them a "free rider", which can lead to market failure. As a consequence, the degree of copyright in many countries has strengthened and become a key feature in the creative industries, as a mechanism to help artists obtain their incentives and protect them from those that copy their work without compensation (Towse, 2000). According to the World Intellectual Property Organisation (WIPO, 2017), the copyright law is very important for CCI's success. In the USA, Japan, UK and Australia copyright laws have now become a major part of the countries' cultural policies (Towse, 2000).

Towse (2000) defines copyright as a right of the originator(s) of creative work to protect their work from those who copy their work without permission. In other words, this right creates intellectual property rights for artistic and literary works. It helps to prevent free-riding of artistic work and to overcome public good aspects of information (Towse, 2008). Creative products share similar characteristics with public goods (Towse, 2008). They are both non-rivalrous and non-excludable. They are non-rivalrous in the sense that consumption of creative products by one individual does not prevent the other individuals consuming that particular creative product (Stiglitz and Rosengard, 2015). They are non-excludable in the sense that individuals cannot be easily prevented from consuming the product (Stiglitz and Rosengard, 2015). Copyright mechanisms help the creative originator to retrieve their cost of investment in the product and ensure continuous production of a particular creative product (WIPO, 2017). Towse (2000) explains that copyright helps to prevent the problem of free riding. However, copyright law only protects the expression of the work created in a fixed form (Towse, 2000; WIPO, 2017). In economics, the main purpose of copyright law is to help the originator(s) to realise the incentive of their work, and to facilitate the circulation of expression of ideas (Towse, 2000). The World Intellectual Property Organisation (WIPO) (2017) attests that the core existence of copyright is to assist its owner to protect his/her creative work or literary work and to generate economic value from the work. Moreover, Towse

(2008) comments that copyright gives the creator more incentives to stimulate cultural production beyond what the free market level would achieve.

Copyright applies to an extensive list of things like literacy, dramatic, musical and artistic works in various media, like films, recordings, broadcasts, computer software etc. (Towse, 2000). Copyright industries are those industries that create copyrights products (Towse, 2008). These industries include film and video production, book publishing, fashion and design, newspaper publishing, computer software, TV, radio, Theatre, advertising etc. (Suciu, 2009). What makes up these industries varies from country to country, displaying different cultural histories and market opportunities that present themselves across the world (WIPO, 2017). Towse (2008) explains that problems of counterfeiting and piracy exist in CCIs that hinder the industries potential. Copyright law as an Intellectual Property law has been used as a measure to help protect cultural products and prevent such incidents from happening.

However, there are various problems that arise with copyright enforcement. It prevents others from using the existing or expanding the existing creative ideas, and uses up resources in enforcement (Towse, 2008). Additionally, “the cost of creation imposed by a stronger copyright regime, which may increase the incentive to one creator, acts as a disincentive to other, later creators” (Towse, 2008:249). Lastly, it leads to an increase in the transaction cost and cost of the product as exploiting copyright is costly (Towse, 2008). For instance, to enforce copyright, it may be necessary to involve lawyers, which can be expensive (Flew, 2015). This increases the cost of the product that is being copyrighted hence causing the overall prices of that particular product to rise (Towse, 2008). Towse (2008) explains that the stronger the copyright protection, the greater the cost of production for a particular creator. Towse (2008:249) explains that copyright “is indiscriminate and does not attempt to encourage or reward higher quality or innovative work”.

2.11 Conclusion

This chapter has carried out a review of existing literature around the definition of the Cultural and Creative Industries (CCIs), and the characteristics and challenges of this industry. Attributes, like who are the key role players, type of employment in this sector and the contribution of CCIs to employment and income generation, were identified. Defining this industry was challenging and there was no universally accepted way of defining this sector. However, the definition of UNESCO (2009) was used as a foundation and will be used going forward in determining where the shweshwe industry fits into the cultural domains.

A further review of two theoretical frameworks was undertaken: compensating wage differentials and informal sector versus formal sector theories. The compensation wage differentials suggest there are no good or bad jobs. It further assumes that risky jobs are not worse than lower-risk jobs nor are higher-paying jobs necessarily better than the lower paying jobs. The reason is that in equilibrium, the difference in wage or working conditions will be compensated. The informal sector versus formal sector theory challenges the idea that the formal sector is always more efficient. Some case studies have shown that, especially in the CCIs where short-term, project-based work is the norm, the informal sector may offer certain advantages, especially in places where government support or regulation has been absent or failed.

The next chapter will cover the context of this research, including a discussion of Small, Medium and Micro-Enterprises in South Africa, and the shweshwe production value chain.

CHAPTER 3: RESEARCH CONTEXT

3.1 Introduction

This chapter provides a review and a broad overview, and context of this research study. This chapter is organised as follows: Section 1, gives an overview and background history of the South African textile industry. Section 2 discusses employment and the size of the Cultural and Creative Industries in South Africa. Section 3 gives an overview and setting of SMMEs in South Africa. Section 4 gives an explanation of shweshwe production and distribution and background history and overview of the shweshwe sewing industry, which is the focus of this research.

3.2 South African Textile Industry

The history of the South African textile industry goes a long way back, more than half a century. It is the oldest textile industry in Africa (Darku, 2017). According to (Jeppesen and Barnes, 2011), the SA textile industry is well established, diverse and experienced. It is a very labour intensive industry and still a very significant sector in the manufacturing industry in terms of job creation, and in terms of its contribution to total GDP (Jeppesen and Barnes, 2011).

The SA textile industry was an important creator of employment, particularly for women, and also an essential sector in terms of its contribution to the total manufacturing output during the 20th century (Clarke and Godfrey, 2011). The textile industry also played a major role in providing jobs in certain rural areas, and many families were relying on it to survive. According to Vlok, (2006) this industry played an important role in the South African labour market, by creating jobs for low–skilled labour.

It was prior to democracy when this industry grew significantly. Jeppesen and Barnes (2011) note that in the mid-1980’s the industry employed approximately 300 000 people. It constituted a wide range of firms –from “very basic non-diversified producers of raw material inputs, to yarn and textile mills, cut–make–trim firms and clothing firms–of both low-end and high-end quality garments” (Jeppesen and Barnes, 2011). In this sector, approximately 3000 firms were in full operation, of which 15% were large and 85-90% were SMEs (Jeppesen and Barnes, 2011).

The industry enjoyed remarkable success during the period of the 1950s to 1994 (prior democracy) (Darku, 2017). The success of this industry was mainly due to the fact that it only focused on the domestic market, and it received protection from imports and support from the government through import substitution policies such as the Import Substitution Industrialisation (ISI) (Darku, 2017). That buffered domestic producers against low output volumes and high input costs (Mosoeta, 2001). Under the ISI, the SA textile industry was highly protected and developed when compared to other African countries. The protection policies made use of tariffs, quotas, export incentives and volume-based restrictions that made access to the domestic markets difficult for foreign producers like China (Vlok, 2006).

The downfall of textiles in SA traces back in when the country decided to join the World Trade Organisation in 1994 and opened its markets to international trade (Vlok, 2006). The government decided to become a global competitor, and the industry was no longer protected by the government. The government encouraged an export-led strategy, and tariff barriers were reduced (Mosoeta, 2001). As a competitor in the global space, the South African textile industry was struggling to compete as it was using outdated technology (Jeppesen and Barnes, 2011). Frimpong (2011) explains that it was the increasing globalisation of trade and the growing competition from international and domestic markets that caused this industry to lose its potential levels of production.

The other reason that caused the decline of the textile industry was the failure of South African Revenue Services (SARS) to control the borders of the country, giving access to illegal and undervalued imports, which made domestically produced goods vulnerable to imports (Jeppesen and Barnes, 2011).

Morris and Barnes (2014) note that the downfall of the SA textile industry was mainly as a result of the industry's shift to export markets in the early 2000s, which then led to the domestic market being ignored. Domestic buyers moved to other alternatives supply avenues, eventually leaving the door open to China. The loss of the local market for domestic producers caused significant industry job losses, which also faced cheaper Chinese imports (Morris and Barnes, 2014).

The SA government, however, tried to intervene by putting in place policies to address the crisis. For instance, instruments like the promotion of export through the Duty Credit Certificate Scheme (DCCs), placing quotas on Asian/Chinese imports, renewing technology, enhancing skills levels etc. (Jeppesen and Barnes, 2011). Even with those measures, things in the South African textile industry continued to worsen because domestic buyers found new sources for supply other than China (Darku, 2017). Darku (2017) explains that this resulted to other problems like, customs fraud and porous borders (that came with illegal imports and smuggling), that contributed to the sector to become less competitive.

Today the South African textile industry continues to struggle, and several firms have closed. The resulting loss of jobs increases unemployment and gender inequality since most people that are employed in this industry are females (Darku, 2017).

3.3 Cultural and Creative Industry employment and size

The notion of viewing creativity as assets became part of economic policies since the 1990s (Moore, 2014). As consequence, various new terms like “creative sector”, “copyright industries”, “media industries”, “cultural and communication industry” and “knowledge economies” etc. have come to play. The idea of Creative industries was first coined in Australia in the year 1994 (Moore, 2014). This idea was included by the Australian government in their cultural policy “creative nation” that aimed at their country incorporating the new IT opportunities, and the growing wave of global culture enabled by digital media (Moore, 2014).

In South Africa, the Cultural and Creative Industries (CCIs) play an important role in terms of employment creation. Hadisi and Snowball (2017) attest that in 2015, Creative occupations accounted for 2.52% of all jobs in SA. They explain that the percentage was only for those individuals who work in creative occupations as classified in the UNESCO Framework for Cultural Statistics (2009). This includes more traditional sectors, like craft, art, film, museum, music, fine art etc. as well as those sectors that are more commercial (such as architects, advertising, computer programming and design). The proportion of cultural occupations decreased from 2.93% in the previous year (2014). Hadisi and Snowball (2017) explain that the decrease was because of the slow-down of SA economic growth in that period. When cultural and support jobs were included in the definition of creative employment, this figure increased to account 4.2% of the total jobs in SA. This percentage accounts for the portion of workers employed in cultural professions in a cultural sector, plus people working in non-cultural professions in the Cultural sector (e.g. an accountant working in a film production company). According to Hadisi and

Snowball (2017), in total, Cultural and Creative Industries accounted for approximately 6.72% of all employment or over a million jobs in South Africa in 2015.

***Table 3.1*: Key indicators of cultural occupations and non-cultural occupations (Hadisi** and Snowball**, 2017).**

Key Indicators	Cultural occupations	Non-cultural occupations
% of workers who are Africans	66.5%	73.9%
% of workers who are Coloured	8.9%	10.5%
% of workers who are Indian/Asian	4%	3.1%
% of workers who are White	20.6%	12.5%
% of Men workers	56.8%	56.2%
% tertiary education	38%	19.4%
% free-lance or contract workers	32.5%	8.3%
% formal sector employed	48.1%	65.7%
% informal sector employed	43.3%	39.8%

According to Hadisi and Snowball (2017), over 80% of the people employed in the CCIs in South Africa are black Africans, Coloured, and people of Indian or Asian origin. Hadisi and Snowball (2017) noted that more workers in the cultural occupations were men and that a great proportion of those in cultural occupations have tertiary education (38%) than the non-cultural workers (19.4%), indicating that this industry has high potential to boost economic growth. The level of salaries in the cultural occupations are significantly higher in comparison with the non-cultural occupations (Hadisi and Snowball, 2017). It might be because of high levels of education in the cultural occupations. People who are free-lance or contract workers make up 32.5% of the cultural jobs which is significantly more than the 8.3% of "own account" workers in non-cultural jobs (Hadisi and Snowball, 2017). Close to half (48.1%) of people employed in cultural occupations in South Africa are in the formal sector, and 43.3% are informal. Cultural firms tend to be Small, Medium, and Micro-sized enterprises (SMMEs) and employment is precarious, with a high level of freelance "own account" workers (Farr-Wharton, 2014).

3.4 SMMEs in South Africa

In SA, Small, Medium and Micro-sized Enterprises (SMMEs) are recognized for their role in economic growth and for their significant contribution to economic development, innovation, and job creation (SEDA, 2016). The SA government acknowledges the importance of SMMEs in the country. Additionally, the SA government has taken serious measures and steps to include this sector in its policies, in trying to achieve sustained growth. In 2014, a new Ministry of Small Businesses Development was established. The key role of this ministry is to facilitate the development and promotion of small businesses in SA (SEDA, 2016).

Government policy on SMME development was first drawn up in the 1995 White Paper on SMME development. The Integrated Small Business Development Strategy action plan focused on increasing financial and non-financial support, creating a demand for SMMEs products and services, and loosening regulatory constraints on SMMEs (SEDA, 2016). In line with the policy, the government also established other institutions to assist with the implementation of the development strategy for small businesses (SEDA, 2016). Examples include the Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA), National Youth Development Agency (NYDA), Technology and Innovation Agency (TIA) and National Empowerment Fund (NEF).

Table 3.2: **Key indicators of SMEs (SEDA, 2018).**

Key Indicators	2017Q1	2017Q4	2018Q1	q-o-q% change	y-o-y% change
Number of SMMEs	2 478 877	2 407 440	2 443 163	1.5%	-1.4%
Number of formal SMMEs	725 698	674 065	658 719	-2.3%	-9.2%
Number of informal SMMEs	1 658 522	1 659 287	1 714 233	3.3%	3.4%
Number of Jobs provided	10 568 701	9 207 641	8 886 015	-3.5%	-15.9%
% of jobs provided by formal sector	57.6%	57.6%	56.0%	-6.3%	-18.4%
% of SMMEs own account workers	1 527 657	1 532 662	1 599 910	4.4%	4.7%
% of SMMEs who are employers	951 220	874 778	843 253	-3.6%	-11.4%
% Female	38.1%	36.7%	37.7%	1% pts	-0.5%
SMMEs (2-3 years) in operation	241 100	206 052	204 000	8.3%	-15.5%
% operating in trade & accommodation	39.6%	40.7%	39.3%	-1.4% pts	-0.3% pts
% operating in community services	13.0%	14.9%	15.1%	0.2% pts	2.1%pts
% operating in construction	14.8%	13.4%	13.6%	0.2% pts	-1.2% pts
% operating in fin. & business services	12.7%	11.4%	13.3%	1.9%	0.7%
% black owned formal SMMEs	73.6%	75.3%	74.9%	-0.4% pts	1.2% pts

In South Africa the total number of SMMEs has declined by 1.4% from 2.48 million in 2017Q1 to 2.44 million in 2018Q1 (SEDA, 2018). The decline in the number of SMMEs is worse for the SMMEs who still at their early stage of operation: 2-3 years old enterprises have shown a contraction of more than 15% from 241 100 in 2017Q1 to nearly 204 000 in 2018Q1 (SEDA, 2018). This could indicate a particularly difficult year for SMMEs in operation in South Africa. The young enterprises are a very important part of SMMEs as they are the future for this sector's long-term survival. It is thus key that they receive the required development assistance (SEDA, 2018).

The majority (70%) of SMMEs in SA operate in the informal sector. Those who operate in the informal sector are mostly owner-operators who do not employ other people (SEDA, 2018). Only 35% of SMMEs (both formal and informal) employ other people. There are nine industries that make up the SMME sector in South Africa (SEDA, 2018). Trade and accommodation industry has the most SMMEs (39%), followed by the Community services industry with 15% of SMMEs. The Construction industry follows with 14%, finance and business services (13%), Manufacturing (9%), Transport and communication (7%), Agriculture (3%) and Mining (0%) (SEDA, 2018). Nearly 35% of the SMMEs in SA are concentrated in Gauteng province, followed by 14% in KwaZulu Natal province, and 13% in Limpopo province (SEDA, 2018).

According to SEDA (2018), a large share (75%) of SMMEs in South Africa are black owned. The percentage of SMME owners with secondary or more education had declined by 1% from 49% in 2017Q1 to 48% in 2018Q1 (SEDA, 2018). SEDA (2018) notes that the majority of SMMEs in SA are own account worker (meaning that they are not salaried employees, but they are free-lance workers). They make up 1.6 million of a total of 2.48 million SMMEs. Few SMMEs are employers, 843 253 in 2018Q1, this number contracted by 11.4% from 951 220 in 2017Q1 (SEDA, 2018).

The overall employment (SMME owners inclusive) in this sector has decreased by 15.9% from 10.6 million in 2017Q1 to 8.9 million in 2018Q1, indicating poor economic conditions in the country (SEDA, 2018). Of the total number of jobs in this sector, 2.4 million of the jobs were for the owners of SMMEs and the remainder was for the employees in SMMEs (SEDA, 2018). More than half (56%) of jobs in this sector are created by the formal sector (SEDA, 2018). Approximately 38% of the jobs created by the owners of SMMEs in this sector are occupied by female workers.

***Table 3.3*: Financial indicators of SMEs (SEDA, 2018).**

R million	2017Q1	2017Q4	2018Q1	q-o-q % change	y-o-y% change
Depreciation	R 14 820	R 12 835	R 13 148	2.4%	-11.3%
Employment costs	R 148 083	R 172 296	R 162 203	-5.9%	9.5%
Net profit or loss before taxation	R 39 272	R 77 338	R 63 400	-18.0%	61.4%
Total capital expenditure	R 14 438	R 14 253	R 15 498	8.7%	7.3%
Total expenditure	R 919 753	R 961 554	R 906 608	-5.7%	-1.4%
Total income	R 944 847	R 1 029 622	R 968 318	-6.0%	2.5%
Turnover	R 920 674	R 993 559	R 930 077	-6.4%	1.0%

SEDA (2018) found that South African SMMEs reduced their total expenditure by 1.4% from R920 billion in 2017Q1 to R907 billion in 2018Q1. They also managed to raise their income by 2.5% from R945 billion in 2017Q1 to R968 billion in the 2018Q1 (Table 3.1). SMMEs thus generated a 61.4% increase in profits, from R39 billion in 2017Q1 to R63.4 billion in the 2018Q1. This profit increase by 61% from the R39.2 billion that was realised by SMMEs in South Africa in the 2017Q1(Table 3.1).

SEDA (2018) also found that SMEs in SA play a key role in terms of economic contribution in the country. In terms of turnover of all enterprises, exclusive of agriculture, financial intermediation, insurance and government, they contribute approximately 40%. However, this number has shown a slight decrease of 1% from 41% in 2017Q1 to 40% in 2018Q1.

3.5 The shweshwe industry

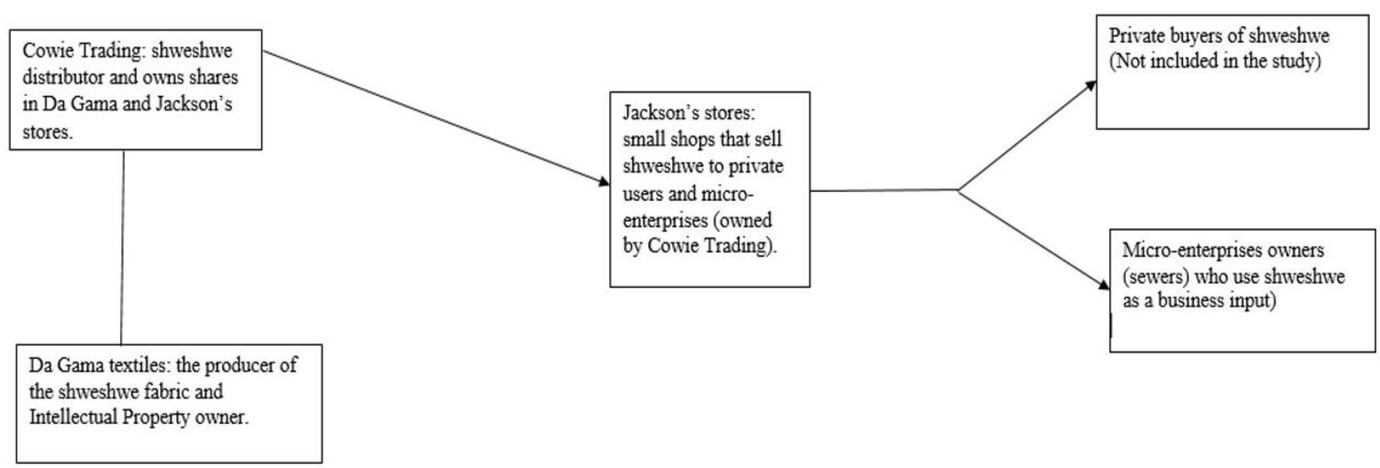

Figure 3.1: Three Cats shweshwe production and distribution process

(Source: Author's own work, based on information from Da Gama Textiles)

Da Gama textiles was founded in 1948, and the company specialises in weaving cotton and dying, printing and finishing of fabrics (Da Gama, 2018). According to Leeb-du Toit (2017), the key inception of this factory came about because there was a pressing need for employment around King William's Town. Da Gama textile is a factory that produces the "original" shweshwe fabric, and the intellectual Property owner of Three Cats shweshwe (as seen in Figure 3.1). The factory is based in Zwelitsha, in the Eastern Cape (Da Gama, 2018). It works with Cowie Trading as the Three Cats shweshwe distributor. Cowie Trading owns shares in both Da Gama and Jackson's Stores that sell Three Cats shweshwe (Figure 3.1). Jackson's Stores: (i.e. small shops) both sell Three Cats shweshwe to the private users (i.e. meaning to the purchasers that use the fabric not as a business input) and micro-enterprises owners(sewers) who use the shweshwe as a business input (Figure 3.1). For example, micro-enterprises owners (sewers) that buy the shweshwe product to make clothes or other things for re-sale.

Shweshwe fabric was named after the king of Lesotho, Moshoeshoe (Leeb-du Toit. 2017). The shweshwe fabric has been a very important part of communities, traditions and culture in SA. For instance, in Xhosa and Zulu traditions this fabric is used to make shweshwe garments that are worn during rites of passage, and in very important ceremonies like marriages, funerals, betrothal and childbearing. Leeb-du Toit (2017) attests that, particularly in rural areas, Shembe women wear clothing made of shweshwe as a sign of respect to mourn their husbands' death. The indigo blue colour of the original cloth also has sacred associations amongst the Nguni people with "God's realm in the sky". Vogel and Associates (2005) confirm that there are "strong emotional cues associated with buying and wearing a shweshwe garment" that are associated with cultural pride, status, identity and confidence in how good it looks.

Today, shweshwe is also incorporated into modern designs and has been featured at South Africa Fashion Week shows in Johannesburg and Cape Town. According to the Da Gama (2018), shweshwe is also being increasingly used by designers in both local and international collections.

However, both shweshwe production and the micro-enterprises that use it, are being threatened by cheaper, lower quality garment and fabric imports "cheapies" as well as the ones that are domestically produced. Leeb-du Toit (2017) comment that the fake shweshwe has flooded the market since the early 1990s. Most fakes come from Pakistan and China; however, some of the cheaper variants are also domestically produced in Durban and Johannesburg (Leeb-du Toit, 2017). The increase of the "cheapies" was also noted in the Vogel and Associated (2005) study, listing that lack of money for rural area citizens to be the major force that make them end up buying cheapies, however even in such conditions they still remain loyal to the brand. As a response to the negative impact that the fakes have on the market, Cowie Trading also sell a cheaper range, known as Kwanobantu, that has been produced specifically for Cowie Trading in China since 2010 (Leeb-du Toit, 2017).

According to Leeb-du Toit (2017), getting copyright for the blueprint designs remains a worry for Da Gama Textiles and other manufacturers, as these kinds of designs have been replicated by many companies nationally and internationally for a long time. Also, the market is already flooded by the so-called fakes. Enforcing copyright for the older blueprint designs may not be possible, according to the Da Gama textiles lawyers, because it will be impossible to prove the origin of those shweshwe designs.

Leeb-du Toit (2017) explains that the idea of authentic shweshwe is a very complex one. The modern designs are a mixture of the more traditional ones, mostly those that are printed on brown and blue. The traditional designs are based on the "DA Gama Bible"- that is the original pattern book. According to Leeb-du Toit (2017), SA Da Gama bought the copyright for the designs from ABC when the cylinders were imported to SA in 1980. ABC was a company based in Manchester in the United Kingdom from whom Cowie Trading originally imported the shweshwe and then bought the cylinders that were used to do the fine printing of the designs onto the fabric (Leeb-du Toit, 2017).

In the authentication of shweshwe, the design logos have important role. Since way back when it was still imported from ABC in Britain. Da Gama textile printed the logos at the back of the shweshwe fabric as a way to market and separate the real "shweshwe" from the fake ones. Leeb-du Toit (2017) explains that the logos are used as status symbol. Cowie Trading staff comment that the logos especially the Three Cats logo, are also being copied on the imported textiles and ready-made garments to make them look-like a real shweshwe (Pers. Comm. 2018).

As one of the main attributes that is used by the purchasers to indicate the domestically produced fabric "authenticity" and separates the original Three Cats shweshwe from the fake ones. It is that the domestically produced fabric is authentic as the British imported cloth. The imported textile was starched to protect it while at the sea. The starching of the textile is still used as part of the production of the textile.

Nevertheless, the sales of Three Cats shweshwe by Cowie Trading has nearly doubled since 2014, indicating a growing market for the textile. The selling price of the original 'Three Cats', while greater than that of cheaper alternatives, has risen by less than inflation over this period (based on the Consumer Price Index). The average selling price for the 2018 financial year was R36.88 per metre. A third of sales by volume occurred in Gauteng Province (33.5%), followed by the Eastern Cape Province (18.5%), KwaZulu-Natal (13%) and the Western Cape (7%).

3.6 Conclusion

This chapter provided a brief overview of the context of this research. First, the chapter gave a broad overview and historical background and developments in the South African textile industry. It further explored employment and the size of Cultural and Creative Industries (CCIs) in South Africa. The contribution of and attributes of SMMEs was discussed. An explanation of shweshwe production and distribution was provided. Lastly, a brief historical overview of the overall shweshwe industry and developments in this industry were discussed.

The next chapter provides a detailed explanation of the research methods that were used to conduct this research study.

CHAPTER 4. RESEARCH METHODS

4.1 Introduction

This chapter describes and justifies the research methods that were employed in order to achieve the objectives of this research as indicated in the first chapter.

This chapter is organised as follows: Section 4.2 discusses the research methods that were used in this study, and how and where the data was collected; Section 4.3 explains how the data was analysed and interpreted in this study; and 4.4 explains the Ethical Considerations of this study. 4.5 gives limitations and challenges faced. Lastly, section 4.6 gives a summary of the chapter.

4.2 Research Methods

4.2.1 Mixed Method Research Approach: Quantitative and Qualitative Research methods

This project was a part of a larger project funded by the National Research Foundation. This study employed a mixed methods research approach, combining quantitative and qualitative research approaches. This is a mix of methods for gathering and analysing both qualitative and quantitative data within a single research study to better understand the problem, and to benefit from the relative strengths of each method. Combining the two methods can enhance the quality of the study (Darku, 2017).

The core reason for using both of these methods in trying to understand a problem is because neither of the two techniques is sufficient on its own to capture trends and details of the studied problem (Darku, 2017). According to Yu and Teddlie (2007), the two techniques complement each other, and they give a more detailed and complete analysis of the problem. Darku (2017) attests that a mixed methods approach does not only give researchers a chance to gain an insight into the numerical distribution of phenomena in the world, it also allows them to determine the meanings that are attached to the phenomena. This method thus allows a researcher to combine a mix of statistical data and qualitative data to achieve a better understanding of the research problem. This research study will use quantitative methods to produce descriptive statistics through the use of numerical measures (i.e. means, mode), graphical analysis and multivariate regression analysis.

These quantitative methods will be used to identify industry characteristics such as average annual turnover, types of employment, ownership demographics, preferences etc.

4.2.2. Production and distribution process of shweshwe

Figure 4.1 gives a broad overview of the shweshwe production and distribution from the key stakeholders (i.e. Cowie Trading) to the major interest of this study namely: the micro-enterprise owners who use shweshwe as a business input and Jackson's Stores managers:

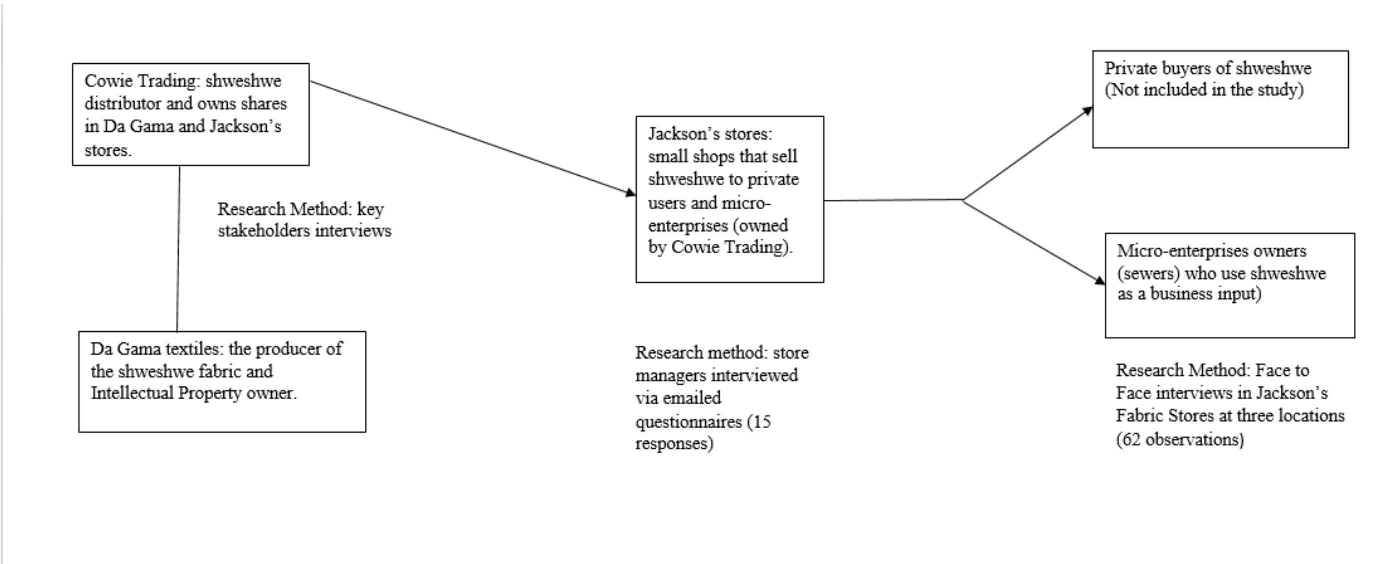

Figure 4.1: Three Cats shweshwe production and distribution and research methods used

(Source: Author's own work, based on information from Da Gama Textiles)

Data was collected from three groups of participants in this study (see Figure 4.1):

1. A key stakeholder interview with a representative of Cowie trading (who distribute shweshwe and own shares in Da Gama and Jackson's Stores).
2. Jackson's Stores managers (who sell shweshwe fabric to micro-enterprise sewers and private users).
3. The micro-enterprise owners who use shweshwe as an input in their sewing businesses.

4.2.3. Key stakeholder: Cowie Trading

Key stakeholder interviews are interviews done with individuals (stakeholders) who both are affected by, and have knowledge about, a particular topic of interest (Yuksel *et al.*, 1999). This kind of interview has advantages as it can help generate more detailed information than other data collection methods. Key stakeholders in any research study are chosen based on the individual's role, and broad understanding of the subject of the study (Yuksel *et al.*, 1999).

A representative of Cowie Trading, Mr Chippy Bruce, the director of Cowie Trading, was identified as a key stakeholder in this study, due to his prominent role and understanding of the whole shweshwe production and distribution process. Cowie Trading is the primary distributor of shweshwe and own shares in Da Gama (the producer of shweshwe fabric and intellectual property owner) and own shares in Jackson's Stores that sell shweshwe (and other fabrics) to the public. The Cowie Trading representative provided information verbally (in a face-to-face interview) as well as access to documents relating to shweshwe manufacturing and distribution. Data on volume of production and sales, distribution and designs was collected from the key stakeholder through the interviews done with Cowie Trading and Da Gama staff during a field visit to their warehouse and factory plant.

4.2.4 Jackson's Store managers

Permission was obtained from Cowie Trading to email a survey to the managers of Jackson's Stores, to discover more about the customers who buy and use shweshwe as a business input. Self-administered questionnaires (SAQ) were used to collect data from the Jackson's Store managers about their perception of shweshwe purchasers that use the fabric as a business input and their knowledge about "authentic" shweshwe. Lavrakas (2008) explains that SAQs have been made to be completed by participants without an interviewer (e.g. a researcher collecting data) intervening. This method is usually suitable for collecting data from a large group(s) of respondents who are far apart or in different locations. According to Lavrakas (2008), the SAQ is usually a stand-alone questionnaire. It was chosen as the right data collection technique for the store managers because the stores are situated across South Africa, and it would cost more time and more resources to go to each shop and to do the interviews separately. SAQs are time and cost efficient. All the

Jackson's Stores managers (20) were emailed a self-completion questionnaire to complete. Fifteen (75%) responses were returned. All the managers had access to email at work and all their contact details were made available by Cowie Trading.

The SAQ used to collect information from Jackson's Store managers contained mainly qualitative questions (see Appendix 4). The self-administered questionnaire contained a total of 7 items that were developed in order to gather data about shweshwe customers' perception and their knowledge about "authentic" shweshwe.

The first two questions (first section) were about the manager's view of shweshwe buyers in terms of their gender, race, and the use that the shweshwe will be put to. The last four questions (Section two) asked managers about their customers' knowledge about "authentic" shweshwe, and the percentage of the managers' customers that bought the "original" Three Cats shweshwe to use as a business input. The fourth question was about the busiest days, when shweshwe sells the most, and the managers were asked to provide possible reasons for these purchase patterns. Responses to this question were used to determine which days of the month and week would be best to interview shweshwe purchasers at Jackson's Stores.

The fifth question was about brand awareness and preferences. The managers were asked to indicate customers' preferences for the "original" Three Cats Brand. This data was used to determine how big the impact other similar imported materials (for example the KwaNobantu fabric) would be on the local shweshwe market.

The sixth question explained how customers determine the shweshwe fabric authenticity. This question was mainly focused on those customers who had already indicated that they value the original Three Cats shweshwe. The managers were asked to state what their customers used to determine if the fabric was authentic. This information is important as there are some imported look-alike copies of "shweshwe". The last question asked managers to recommend how to strengthen the authentication of the Three Cats shweshwe brand.

4.2.5 Micro-enterprise owners

The questionnaire that was used to conduct face-to-face interviews with the micro-enterprise owners contained a variety of quantitative and qualitative questions (i.e. structured and unstructured questions) (see Appendix 1). Face-to-face interviews conducted with shweshwe purchasers in Jackson's Stores were used to collect the data. Face-to-face interviews can be conducted in a variety of situations at work, home, outdoors, or on the move, and can be used to interview people both singly and groups (Walliman, 2011). Additionally, they allow the researcher to use visuals, signs, and pictures that can help the researcher get good responses (Walliman, 2011).

The questionnaires were available in English (see Appendix 1) and isiXhosa (see Appendix 2) in the Eastern Cape in order to accommodate everyone, since isiXhosa is the most commonly spoken language in this province. The questionnaire contained 24 items that were divided into four sections. The purpose was to collect information about the businesses that buy and use shweshwe as a business input, in order to answer the main research questions and sub-questions as set out in Chapter 1. Questionnaires included questions about job creation, and income generation in the shweshwe sewing industry in South Africa, demographics of (entrepreneurs) owners/operators, turnover information, household income, types of employment, the use of the fabric, and preferences and knowledge of the Three Cats brand.

The first section contained questions about the micro-enterprise owners' purchase of fabric, shweshwe brand awareness, and shweshwe colour and design preference (i.e. traditional designs vs. modern designs). The second section was about the operation of the micro-enterprises themselves including questions about turn-over and earnings, cost of materials and other inputs and income information (i.e. the portion that is generated from the work done with shweshwe).

The third section investigated the skills or knowledge that micro-enterprise owners need to run a sewing business, and employment information, including the number of employees within the business, and their type of employment (i.e. full time, part time, permanent and temporary). Information about the kind of market (formal or informal) that the business operated in, and the micro-enterprise owner's income from sources other than the sewing business was also collected.

The final section collected socio-demographic information (i.e. gender, age, race, home language, and level of education), monthly household income of micro-enterprise owners, and the number of people living in the micro-enterprise owner household.

Sixty-two face-to-face interviews were conducted with micro-enterprise owners in Jackson's Stores on designated interview days to collect data from shweshwe sewing business owners in three different locations, including both smaller towns and a larger city: In the Eastern Cape, East London, a larger metropolitan city and Makhanda (formerly known as Grahamstown), a small rural town; and in the Western Cape, Cape Town, a large metropolitan city.

The information on which were the best or busiest days in terms of shweshwe purchases, to conduct the interviews was obtained from the Jacksons Store managers (likely to be Mondays at the start and end of each month). In finding out about the best days to conduct the interviews the Jackson's Store managers were asked: "*Is there a particular day of the week or month when you sell more shweshwe? Why do think this is?*" Nearly one third (29%) of the managers indicated that the shweshwe fabric usually sells more during big days (for example in December (Traditional events), Easter time, and heritage month) or when there are special occasions/events (like King of Lesotho's birthday, and weddings). 21% of the managers stated that the fabric sells more in their shops during every first to second week of the month. The other 21% stated that shweshwe sells more in their shops every day, there no special days.

During the chosen days, the interviewers used convenience sampling to approach all shweshwe purchasers in the Jackson's shop and request that they be part of the study. Convenience sampling is a nonprobability sampling technique that a researcher uses to select a sample of subjects/units from a targeted population that meet certain practical criteria such as the willingness to participate, easily accessibility, or geographical proximity (Etikan *et al.*, 2016). In conducting non-probability sampling, randomisation is not crucial when choosing a sample from the population of interest. Using this type of sampling is cheaper compared to probability sampling and it is quick to implement it (Etikan *et al.*, 2016). Additionally, this sampling technique is easy, affordable and the subjects of the study are readily available. Its advantage is that this sampling technique is applicable to both quantitative and qualitative studies. According to Etikan *et al.* (2016) the main disadvantage about convenience sampling is that it likely to be biased. This kind of sampling technique has some limitations in terms of potential bias, since the researcher is subjective in choosing the subjects of the study. All purchasers of shweshwe were approached and asked to participate in the study, but only those shweshwe purchasers who use the fabric as a business input were interviewed. Permission to conduct the interviews was obtained from Cowie Trading and Jackson's Store managers.

4.3 Analysis and interpretation of data.

In this research, both qualitative and quantitative data were collected and analyzed. The qualitative data that was collected through the use of interviews from shweshwe sewing businesses and also from the Jackson's Stores managers about consumer perceptions was transcribed and was manually coded into an Excel spreadsheet. Thematic textual analysis was used to organise and group data into themes to answer the research questions. Thematic analysis is an analyses technique for investigating texts, especially in a mass communication and it pays greater detail on the qualitative aspect of the analysed material (Joffe and Yardley, 2004).

Quantitative data from questionnaires was captured by question in an Excel spreadsheet. Eviews 10 was used to generate descriptive statistics of the data (for example, mean and median values, frequencies, percentages and distribution of responses by category) and to conduct a multivariate regression analysis of the variables. Graphical analysis technics and visuals, such as pie charts, bar graphs, data tables etc. were used to summarise, analyse and present the information and the results of the quantitative data collected. Chambers (2017) comment that graphical analysis helps the data analyst to explore data thoroughly, to look for data patterns and relationships, and to discover a new phenomenon. Multivariate regression analysis was used to get more understanding about the relationship between the variables. The following is the list of variables that were used in this research study's multi-regression analysis: turnover, formality, tertiary education, location, gender and employment. Uyanik and Güler (2013) explain that regression analysis is basically a statistical procedure for assessing the relationship between variables which have result and reason relation. Multivariate regression is a regression model with one dependent variable and more than one independent variables. Multivariate regression analysis technique is used in quantitative studies to analyse relationships between more than two variables (Baur and Lamnek, 2016).

4.4 Ethical Considerations

This research study involved human subjects. Permission was obtained from the Rhodes University Human Subjects Research Ethics Committee. The research adhered to all the guidelines for conducting research involving human subjects, as set out in the Rhodes University Research Ethics Handbook. The ethical clearance reference number for this thesis was Eco 2018/3. The interviewees' names (micro-enterprise owners) will not be attached to this research and they had the right to choose not to answer any of the questions and to end the interview at any time.

4.5 Limitations and challenges

Collecting data in smaller locations, such as the Jackson's Store in Makhanda, was challenging as the micro-enterprise owners (customers) were often in a hurry. The other challenge was identifying buyers of shweshwe who were micro-enterprise owners, as compared to other shweshwe buyers in the store in a given day. However, in some cases the store manager, floor manager and the shop workers would help interviewers identify the shweshwe seamstresses. The research was also limited by the available time and budget. Ideally, shweshwe purchasers in provinces other than the Eastern and Western Cape provinces should also be been included in the study.

4. 6 Summary

This chapter contained a brief discussion of research methods that were used in conducting this study. Detailed information on how data was gathered from a key stakeholder, Jackson's Store managers, and micro-enterprise owners who use shweshwe as a business input, was given. Data analysis techniques on how data was interpreted and presented to provide answers to the goal and sub-goals was provided and discussed.

The next chapter will contain analysis of the results and findings of this study.

CHAPTER 5. RESULTS AND DISCUSSION

5.1 Introduction

The purpose of this chapter is to report the results of this study. This chapter is organised into sections as follows: Section 5.2 reports on Industry Characteristics, Section 5.3 reports on the overall size of the micro-enterprise sector using shweshwe, section 5.4 reports on shweshwe purchasing and preferences. Section 5.5 reports on shweshwe micro-enterprise employment creation. Section 5.6 reports on vulnerability of the micro-enterprises to imports. Section 5.7 reports on brand awareness and methods of authentication. Section 5.7 reports on OLS regression analysis. Lastly, section 5.8 reports on branding awareness and methods of authentication.

5.2 Industry Characteristics

5.2.1 Defining the micro-enterprise Sector

Coming to a common definition of Small, Medium and Micro Enterprises (SMMEs) is a very difficult task, as every country has its own way of defining the term. The issue of what constitutes SMMEs is major concern in South Africa.

According to International Leadership Development Programme (ILDP) (2014), in the National Small Business (NSB) Act SMMEs are defined in various ways, generally with reference either to turnover bands or to the number of employees. SMMEs range from medium sized enterprises to informal micro-enterprises. To qualify as a micro-enterprise, the enterprise must have less than R 2 million turnover a year, and it must employ not more than 20 persons (SEDA, 2017). This category includes the survivalist enterprises from the poorest layers of the population. All the sewing businesses that use shweshwe as an input that were interviewed for this thesis could be categorized under micro-enterprises. This is based on their average turnover being less than R2 million (R128 898.12), and additionally because the average number of people working in each business (2.15) is less than the required level of employees by this sector.

5.2.2 Micro-enterprise Owner Socio-Demographic Profile

Table 5.1: **Socio-demographic data of the shweshwe industry micro-enterprise owners**

Statistics	Frequency (%)
Sex of the micro-enterprises owner	
Male	9 (14.5)
Female	53 (85.5)
Age	
18-25	1 (1.6)
26-35	10 (16.1)
36-50	31 (50.0)
51-64	18 (29.0)
65 and above	2 (3.2)
Race	
Black	61(98.4)
White	0
Coloured	0
Indian	0
Other	1 (1.6)
Home Language	
Xhosa	52 (83.9)
English	5 (8.1)
Zulu	2 (3.2)
Afrikaans	3 (4.8)
Education	
Primary School	5 (8.3)
High School	38 (63.3)
Apprenticeship/short course/Professional Qualification	8 (13.3)
Degree/Diploma	9 (15)

(Source: Author's own analysis based on interview data)

Table 5.1: presents the analysis of the socio-demographic characteristics of micro-enterprise owners who use shweshwe fabric as their business input. Of 62 respondents that took part in the interviews conducted in the three sites, 85.5% of the micro-enterprises were owned by women, and almost all (98.4%) of those micro-enterprises were black owned. This also agrees with the findings from the Jackson's Store managers about their perception of who their customers are. In

the interviews with Jackson's Store managers, the respondents were asked: "*Who would you say are the most common buyers of shweshwe from your store?"* This was an open-ended question. Most (85%) of Jackson's Store managers stated that women are the most common buyers of shweshwe. All (100%) the managers indicated that the buyers of shweshwe are mostly black people. All the managers indicated that most people who buy shweshwe use it as part of their business inputs. This result is in line with the South African government's transformation agenda (B-BBE Act, 2003) and shows that employment in this sector is more transformed.

Most (79%) micro-enterprise owners in this sector fall within the age group of 36-64 years. This seems to agree with the (SEDA, 2018) findings that the majority (59%) of SMMEs owners are older 35 years. Only 17.7% of micro-enterprise owners fall within the age group between 18-35 years, which is the youth group. This might mean that the youth had a low interest in the sewing business. Alternatively, it might be an indication that micro-enterprise ownership requires experience, skills and resources in this sector. Oakley and Leadbeater (1999) explain that cultural entrepreneurship is usually learned from practical experience and peers rather in the classroom, whereas creative skills can be taught. This explains why the micro-enterprise owners in this sector are mostly older (36+). It is because creative individuals need to develop their skills (i.e. creative skills and entrepreneurial skills) to become a creative entrepreneur (Oakley and Leadbeater, 1999), which might take time to happen. Of the black owners, 83.9% were Xhosa speaking.

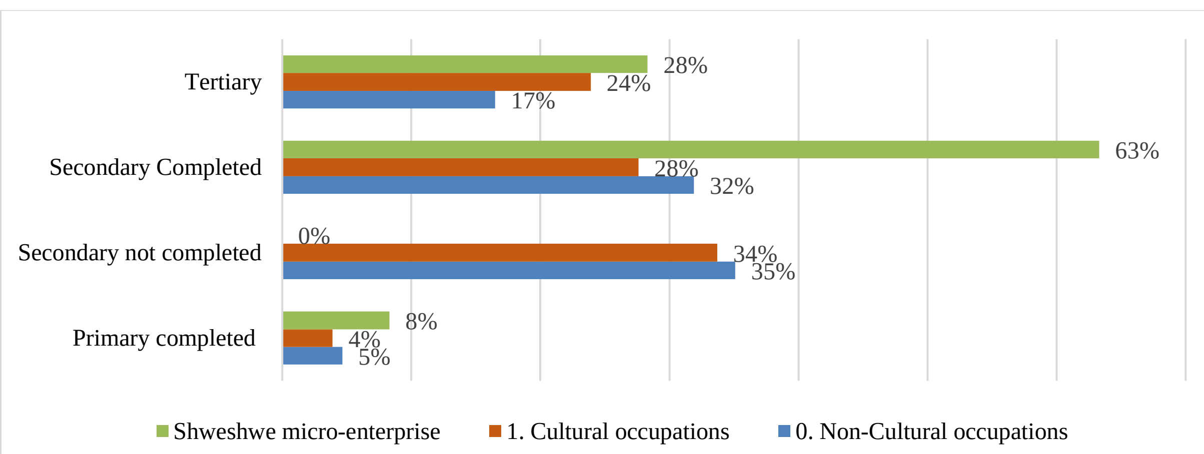

Figure 5.1: Education levels of the shweshwe micro-enterprise owners and those working in cultural and non-cultural occupations. ***Source:*** *Hadisi and Snowball, 2018; Shweshwe data collected by author.*

In comparison to the average cultural and non-cultural occupations, more than half (63%) of the shweshwe micro-enterprises owners had completed high school education, and 28% of micro-enterprises owners had a higher education qualification (i.e.Apprenticeship/short course/Professional qualification, Diploma or Degree). These values are slightly higher than the overall the cultural and non-cultural occupations education levels in SA found in the Hadisi and Snowball (2018) study, which used 2015 Labour Market Dynamics Survey data to investigate cultural occupations in South Africa. They found that only 24% of those working in cultural occupation and 17% of those working in non-cultural occupations had tertiary education. Only 28% of those working in cultural occupation, and 32% of those working in non-cultural occupations had secondary education as shown in Figure 5.1. The majority (91.6%) of shweshwe micro-enterprise owners have some sort of formal education (i.e. both basic education, apprenticeship/short course/professional qualification and tertiary education). The relatively high levels of human capital in this sector may indicate that there is potential for future growth and development.

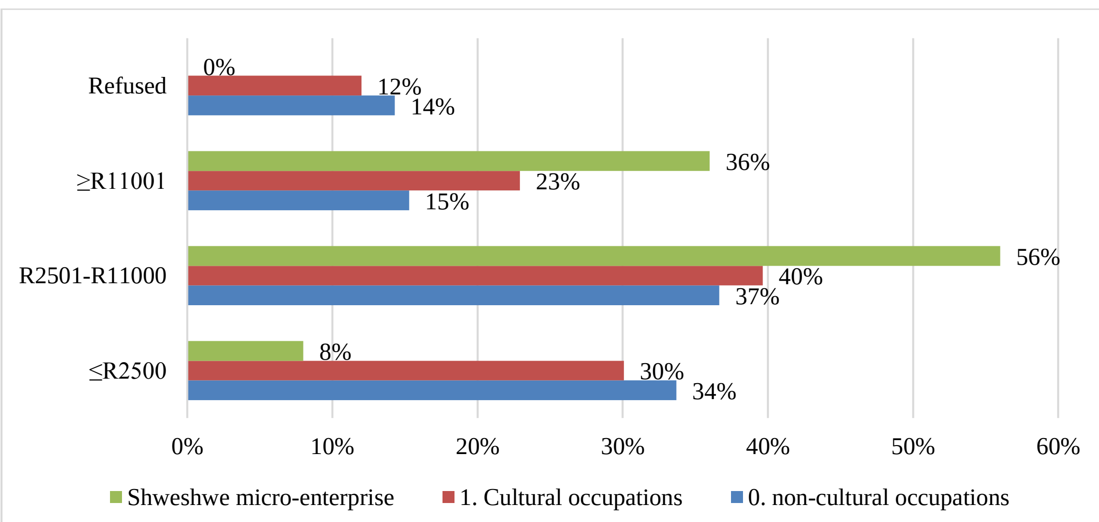

Figure 5.2: **Income categories for shweshwe micro-enterprise owners and cultural and non-cultural occupations.**

Source: *Hadisi and Snowball (2018); Shweshwe data collected by author.*

Given the higher levels of educations of the shweshwe micro-enterprise owners, it is not surprising that their earnings are higher when compared to both cultural and non-occupations earnings. Figure 5.2 shows that a higher proportion (92%) of the micro-enterprise owners in this sector fall in the higher income categories (from R2501-R11000 and onwards) than those working in cultural occupations and non-cultural occupations that fall in these categories, 63% and 52%, respectively.

More than half (56%) of shweshwe micro-enterprises owners fall in the income category (R2501-R11000) and 36% of them fall in the income category (R11001 or more). A lower percentage (8%) of shweshwe micro-enterprise owners fall in the bottom category (R2500 or less) (Figure 5.2), which is much lower than those working in cultural and non-cultural occupations, 30% and 34% respectively.

As discussed in the context chapter, work in the CCIs tends to be more freelance and short-term contract than in non-cultural occupations. This kind of work can be seen to be risky in that income depends on demand, and the benefits of permanent employment (such as pension fund and health insurance contributions and paid leave) do not apply. However, what these results shows is that income in the CCIs in general, and especially in the shweshwe sewing micro enterprises, is higher than in non-cultural occupations, which may offset the uncertainty of working in the sector, as explained in the theory of compensating wage differentials (Robert Smith, 1979).

5.2.3 Micro-enterprises in the Formal and Informal Sectors

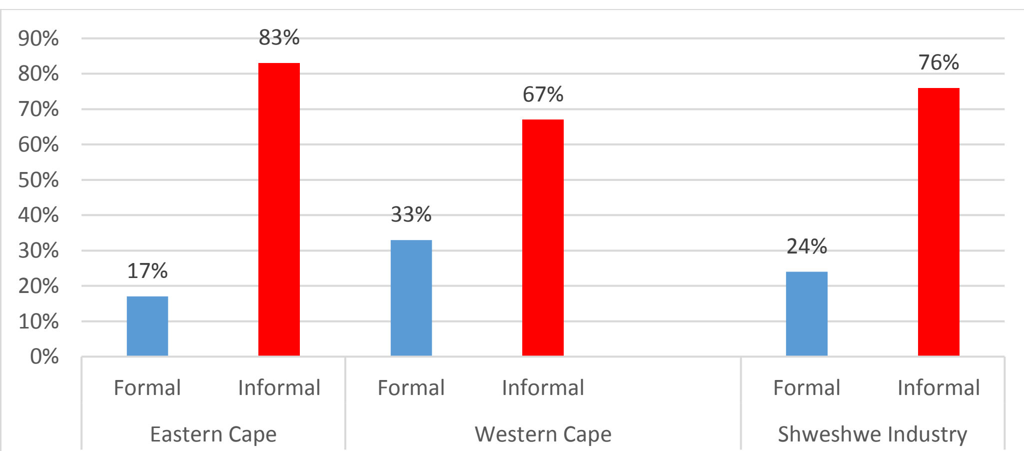

Figure 5.3: **Shweshwe micro-enterprises by formal/informal sector (registered or not registered) and location.**

In the interviews done with the micro-enterprise owners that use shweshwe as an business input, respondents were asked: *"Is your business a registered business (with a bank account in the name of the business)?"*. The majority (76%) of micro-enterprises in the shweshwe sewing sector operated in the informal sector (not registered). Only 24% of micro-enterprises operating in this sector were running a formal, registered businesses. This result is in line with the evidence from a recent study conducted by the Small Enterprise Development Agency (SEDA, 2016) that discovered that a majority (75%) of all SMMEs in South Africa operate in the informal sector. The other possible reason for the high number of sewing businesses operating informally might be driven by the wish to avoid regulation or taxation and other costs that come with operating formally, like bank charges etc. As discussed in the literature review, the informal economy has been viewed negatively by some economists and policy leaders, basically as a way of avoiding taxes. However, others have argued that the informal sector plays an important role in its own right in terms of creating sustainable jobs and economic growth. In the Eastern Cape Province, which is a rural based province, the majority of micro-enterprises were operating informally (83%). This was the same in the Western Cape (developed) province, although to a lesser extent, as more than half (67%) of micro-enterprises in the sewing business were operating informally.

5.2.4 Turn-over and Earnings of micro-enterprises using shweshwe as an Input

Much theory of industrial organisation provides that the formal sector is better and more developed than the informal sector (Hillenkamp *et al.*, 2013). However, not to take the credit away from the formal sector, the revenues from the informal sector benefit a large number of dependents, producers and marketers/distributors rather than being concentrated in big corporations and institutions (Lobato, 2010).

Table 5.2: **Average annual and monthly Turnover of micro-enterprises using shweshwe as an input.**

Variable/Domain	**Formal**	**Informal**	**Overall**	**Source**
Average monthly Turnover	R 19 983.33	R 8 036.59	R10 741.51	Survey of shweshwe purchasers
Average annual Turnover	R 239 800	R 96 439.02	R128 898.12	Calculated
Variable/Domain	**Eastern Cape(Rural)**	**Western Cape (Urban)**	**Overall**	**Source**
Average monthly Turnover	R9 076.67	R12 913.04	R10 741.51	Survey of shweshwe purchasers
Average annual Turnover	R108 920.00	R154 956.52	R128 898.12	Calculated

(Source: Author's own analysis based on interview data)

The average annual turnover for micro-enterprises owners in the sewing industry was R128 898 (Table 5.2). This means that business that are using shweshwe as input in this sector can be categories as micro-enterprises, in the Department of Trade and Industry grouping discussed earlier. On average formal micro-enterprises owners generated significantly more annual turnover (R239 800) than the informal micro-enterprises owners (R96 439). This means that the business of formal micro-enterprises owners performed better than informal micro-enterprises owners in terms of revenue in this sector.

Differences in regions were also evident: micro-enterprises owners who operate in Cape Town in the Western Cape Province (urban or more developed) have higher average annual turnover (R154 956) than micro-enterprises owners who operate in East London and Grahamstown (Makhanda) in the Eastern Cape Province (rural) in terms of turnover (R108 920).It is not surprising that there are regional differences, given that the Western Cape Province is a significant more wealthier province than the Eastern Cape in terms annual household income. The average annual household income of Western Cape Province is R222 959 compared to the average annual household income of Eastern Cape Province (R90 156) (StatsSA, 2015).

Table 5.3: **Average annual and monthly cost of materials and other inputs of micro-enterprises**

Variable/Domain	Formal	Informal	Overall	Source
Average monthly cost of material and other inputs	R 7402.83	R 3817.07	R 4628.94	Survey of shweshwe purchasers
Average annual cost of Material and other inputs	R 88 834	R45 804.87	R55 547.32	Calculated

(Source: Author's own analysis based on interview data)

Table 5.3 shows spending on the fabric material and other inputs by micro-enterprises owners. The average annual amount that micro-enterprise owners spends on material and other inputs was R55 547 per annum. Formal sector micro-enterprises tend to spend considerably more on average (R88 834 per annum) than informal micro-enterprises (R45 805 per annum) on material and other inputs. This result may be because getting access to financial resources, such as banks loans, and other government SMME assistance requires a business to operate formally in order to access funds (that is, it is required to be registered). This might be the factor that makes the formal sector have more capital to spend on the materials and input costs of their business. Snowball *et al.* (2017)

attest that if businesses are not registered as a formal business that can bring complications for them in terms of securing loans and getting government funds.

Table 5.4: **Average annual/monthly earnings of micro-enterprises**

Variable/Domain	Formal	Informal	Overall	Source
Average monthly earnings of a micro-enterprises	R 12 580.50	R 4 219.52	R 6 112.57	Calculated
Average annual earnings of a micro-enterprises	R150 966	R 50 634.55	R73 350.80	Calculated

(Source: Author's own analysis based on interview data)

The average annual earnings for micro-enterprises owners that use shweshwe as an input was R73 350.80 (Table 5.4). This was small in comparison with the average total earnings of the manufacturing industry (R249 094) in the 2018 first quarter. Again, there are significant differences between those businesses operating in the informal sector and those operating in the formal. On average, formal micro-enterprises generated significantly more annual earnings (R150 966) than the informal micro-enterprises (R50 634). This means that the business of formal micro-enterprises performed better than informal micro-enterprises in terms of earnings. Additionally, Table 5.4 shows that the average monthly earnings of a micro-enterprises that use shweshwe as an input is R6113 per month which shows that they make a significant contribution in terms of household income.

5.3 The overall size of the micro-enterprise sector using shweshwe

This section analyses the data and information obtained from three sources: from Cowie Trading on the total amount of shweshwe produced; from the survey done with the Jackson's Store managers, who provided an estimation of the amount of shweshwe sold to micro-enterprises; and from the micro-enterprises on their frequency and amount of shweshwe purchased. From this data an approximation of the total number of micro-enterprises that use shweshwe as their business input in South Africa is made.

The vast majority 98% (5.6 million) of the fabric sold in SA, was sold through stores (like Jackson's Stores) that were accessible to micro-enterprises (Table 5.5). It is Cowie Trading policy to only sell through smaller shops and to not supply the shweshwe fabric to the large chain stores. Data provided by Jackson's Store managers showed that, on average, sale of shweshwe to micro-enterprises was accounted for 87% of the total volume sold.

Table 5.5: **Type, attributes and Estimate of micro-enterprises in South Africa that are using shweshwe as an input.**

Variable/Domain	Source	Shweshwe Industry (Data)
Total amount of shweshwe produced by Cowie Trading in 2017	Cowie Trading (in meters)	6974849,1
Percentage sold in South Africa	Cowie Trading	0,82
Total amount of shweshwe sold in SA	Calculated	5719376.262
Percentage sold through Stores (like Jackson's)	Cowie Trading (percentage)	0,98
Total shweshwe (meters) sold through Stores in SA in 2017	Calculated	5604988.737
Mean percentage of Jackson's sales to micro-enterprises	Survey of Store Managers (percentage)	0,87
Total shweshwe (meters) sold through Stores in 2017 to micro-enterprises	Calculated	4876340.201
Mean amount of shweshwe purchased per micro-enterprises per year (Table 5.6)	Survey of shweshwe purchasers	960,45
Median amount of shweshwe purchased per micro-enterprises per year	Survey of shweshwe purchasers	813,4
Number of micro-enterprises in SA using shweshwe as an input (Estimate 1: Mean purchases)	Calculated	5077
Number of micro-enterprises (Estimate 2: Median purchases)	Calculated	5995

(Source: Author's own analysis based on interviews and data obtained from Cowie Trading)

As seen in Table 5.5, the total amount of shweshwe (metres) that was sold through Jacksons Stores to micro-enterprises was 4.88 million metres in the year 2017. In the Self-administered questionnaire interviews with the Jackson Store managers, respondents were asked: *"What percentage of the original Three Cats shweshwe that you sell (in terms of meters sold) would you say is bought by people who are using shweshwe as an input into their business?"* The majority

(86%) of the managers stated that over 80% of the shweshwe they sell (in terms of metres sold) in their stores is being bought by people who are using it as an input in their business, as opposed to customers who bought the fabric for their own private use.

The mean and median amount of shweshwe purchased per micro-enterprises per year through Jackson's Stores was 960.45 and 813.4 metres per year, respectively. This amount was calculated based on the purchasing frequency of micro-enterprises owners that uses it as a business input (Table 5.6). The percentage of micro-enterprises per purchase frequency (survey of shweshwe purchasers) was multiplied by the average metres purchased per year per purchase frequency (survey of shweshwe purchasers). These estimates were then used in calculating the annual average and median amount of shweshwe purchased per micro-enterprise per year (see Table 5.6).

In estimating the total number of micro-enterprise using shweshwe as business input, the total amount of shweshwe (metres) sold through small stores to the micro-enterprise in 2017 was divided by the average and median amount of shweshwe purchased per micro-enterprise per year. The total number of micro-enterprises in South Africa that were using shweshwe as business input can thus be estimated to be between 5077, if based on the mean purchase value, and 5995 if based on the median purchase value (Table 5.5). This revealed that there is a significantly large number of micro-enterprises that use shweshwe as their business input, and that there was big demand (market) for the shweshwe fabric.

5.4 Shweshwe Purchasing and Preferences

Table 5.6: **The total amount and frequency of shweshwe purchased by the micro-enterprises.**

Purchase Frequency	Percentage (%)	Average purchase (m) per period	Purchase per year(m)	Purchase per percentage
Once a week	74%	23,32	1212.64	897.3536
Two - Three times per month	8%	22	440	35.2
Once a month	5%	27	324	16.2
Less frequently	13%	15	90	11.7
Total mean amount of shweshwe purchased per micro-enterprise per year				**960.4536**

(Source: Author's own analysis based on interview data)

Table 5.6 shows the shweshwe purchasing information by the micro-enterprises that use it as a business input. The table also show that nearly three quarters (74%) of micro-enterprises owners indicated that they bought an average of 23.3 metres of shweshwe fabric once a week. Thirteen percent bought shweshwe at least once a month, however in similar average amounts. While the minority of owners (13%) indicated that they bought shweshwe at less than once a month, and in significantly smaller amounts (15 metres). On average, the micro-enterprises bought 960.4 metres shweshwe per year.

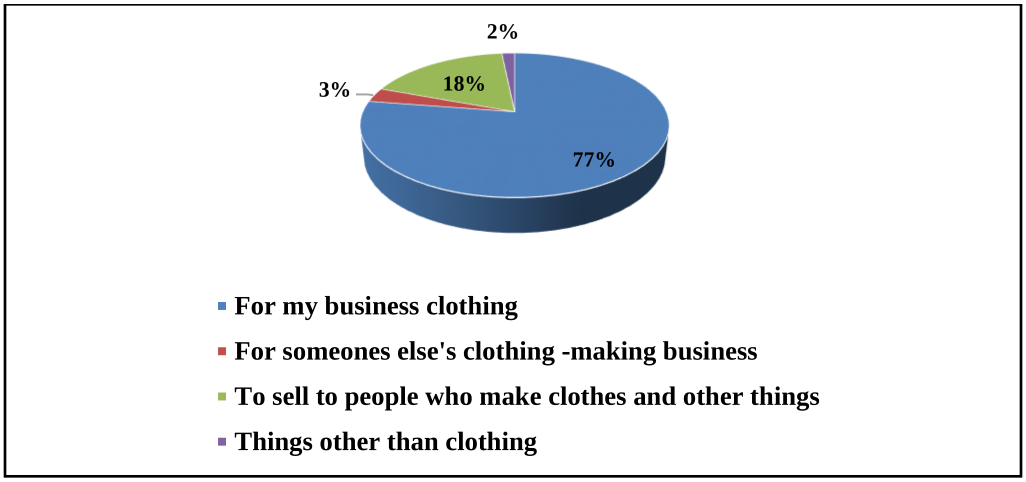

Figure 5.4: **Micro-enterprises owners' reasons for buying shweshwe.**

(Source: Author's own analysis based on interview data)

The majority of the micro-enterprises owners bought shweshwe for their business to make clothes (77%), followed by those micro-enterprises owners that bought shweshwe for resale to individuals that use it to make clothes and other things (18%). This means that the large percentage of shweshwe was used by micro-enterprises to make clothes for resale, and a small portion is used by other individuals to make other things (Figure 5.4).

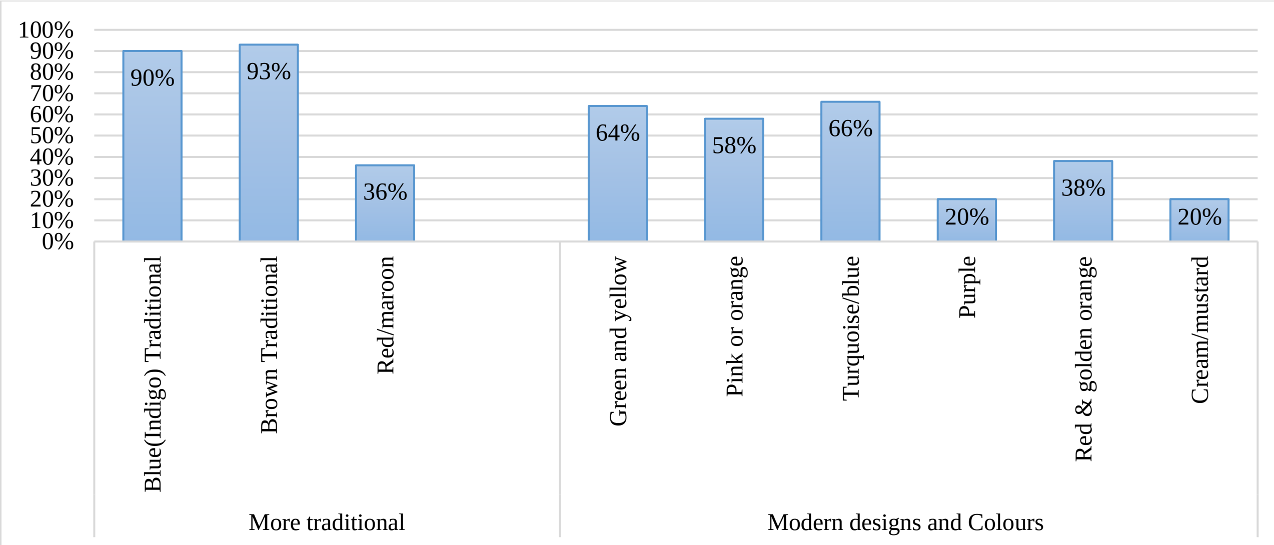

Figure 5.5: **Shweshwe design and colour preferences.**

(Source: Author's own analysis based on interview data)

Respondents were asked: "*Which shweshwe colours and designs do you buy most often?"*. The question was open ended meaning that the respondents could choose as many options as they liked from a given list. For the more traditional colours and designs, the most frequently bought colour and design by the micro-enterprise owners was the Brown Traditional (93%), followed by the Blue (indigo) traditional (90%). For the more modern designs and colours, the mostly frequently bought colour and design (66%) was the Turquoise/blue. Green and yellow were bought second most frequently (64%) followed by the pink or orange colour and design (58%).

Moreover, the respondents were asked: "*Is it important for your customers that you use Three Cats shweshwe compared to some other brand?*". The vast majority (98%) of micro-enterprises owners said that it was important for their customers that they use the Three Cats shweshwe over some other brands.   The remaining 2% said that they don't know. This means that a great majority of customers prefer Three Cats shweshwe the most.

5. 5 Shweshwe micro-enterprise employment creation

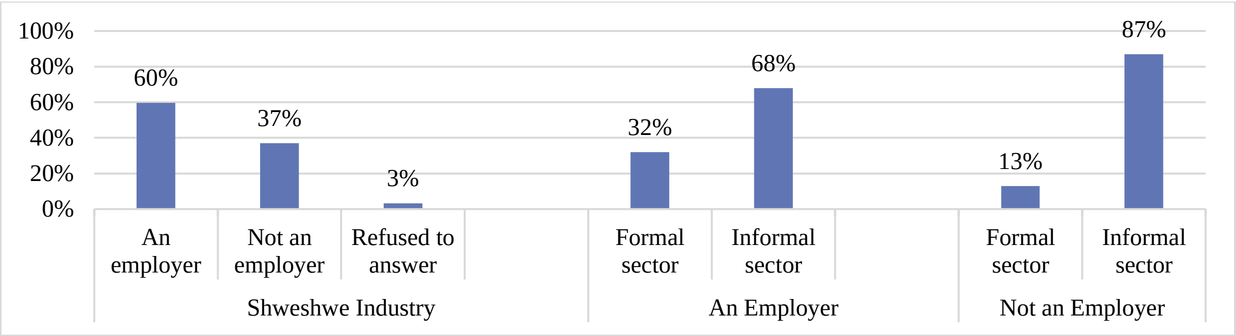

Figure 5.6: **Type of micro-enterprises owners of firms using shweshwe as an input.**

(Source: Author's own analysis based on interview data)

Figure 5.6 shows different types of employers in the sewing business. More than a half of micro-enterprises owners in the shweshwe industry employed people in their businesses (60%). Of those micro-enterprises owners who are employers, 68% of them operated informally. This reveals that the majority of people in this sector are being employed by the micro-enterprises that are run informally. A greater percentage of sewing business owners who are not employers (87%), run their business informally. This means that a very big share of businesses in this sector operated informally regardless if it employs people or not. The average number of individuals that are employed per shweshwe micro-enterprise (owner inclusive) was 2.15 (Table 5.7).

Table 5.7: **Employment characteristics and estimated numbers of shweshwe micro-enterprises employment.**

Variable/Domain	Source	Shweshwe Industry
Average number of micro-enterprises Employees (including owner/operator)	Survey of shweshwe purchasers	2.15
Number of micro-enterprises in SA using shweshwe as an input (Estimate 1: Mean purchases)	Calculated	5077
Number of micro-enterprises (Estimate 2: Median purchases)	Calculated	5995
Total shweshwe micro-enterprises employment (Estimate 1)	Calculated	10 916
Total shweshwe micro-enterprises employment (Estimate 2)	Calculated	12 889

(Source: Author's own analysis based on interview data)

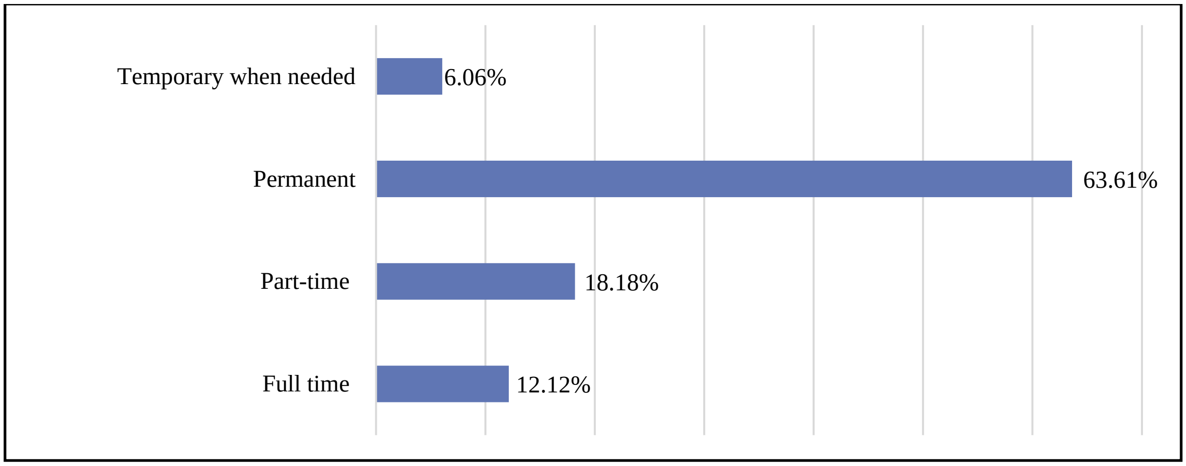

Figure 5.7: **The type of employment by the micro-enterprises.**

(Source: Author's own analysis based on interview data)

Figure 5.7: displays the results of different types of employment by the shweshwe micro-enterprises. As a follow up question to those micro-enterprises that employed people, they were asked about the type of employment they offer. The results revealed that a significant proportion of employees in micro-enterprises that use shweshwe work on a permanent basis (64%). A substantial number of employees worked on a part time basis (18.2%) and 12% worked full time, while only 6 % of employees in this sector worked temporarily when needed.

Theory provides that the employment contracts in this sector are more likely to be of a project based, short term nature, predominantly temporary (Eikhof and Warhurst, 2013). The difference might be arising because there might be differences in how the sewing micro-enterprise owners define a permanent worker, especially in a highly informal sector where employment contracts are rare. Also, people might not have a clear understanding of the differences between the terms permanent, full time and part time.

5.5.1 Source of income from other jobs

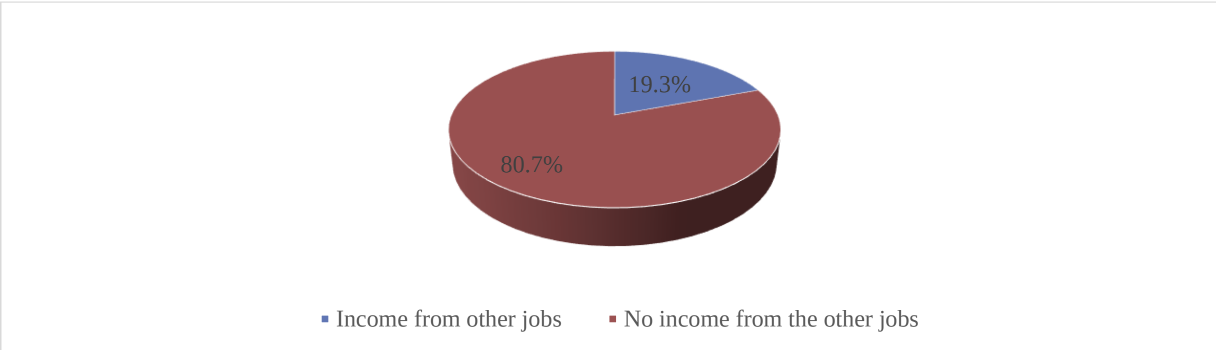

Figure 5.8: **Percentage of micro-enterprises owner that generate income from other jobs.**

Table 5.8: **Monthly/Annual income from other jobs**

Variable/Domain	Shweshwe Industry	Source
Average monthly income from other jobs (excluding the sewing business)	R 1 654.03	Survey of shweshwe purchasers
Average annual income from other jobs (excluding the sewing business)	R19 848.36	Calculated

(Source: Author's own analysis based on interview data)

Table 5.8 and Figure 5.8 display the amount/percentage of people who generate their income from jobs other than the sewing business. The majority (80.7%) of participants indicated that they do not earn money from the other jobs. The remaining 19.3% of participants indicated that they do get additional income from their other jobs. The average annual income that a micro-enterprises owner got from other jobs excluding the sewing business was R19 848.36 per annum. This indicates that, for the vast majority of micro-enterprises that use shweshwe as an input, the income from their sewing business is their main or only form of income. A fall in sewing business income as a result of cheaper, ready-made clothing imports will thus significantly affect the income of sewing business owners.

5.5.2. Important skills or knowledge needed to run shweshwe sewing businesses.

Various skills and knowledge are essentially in the running of any business, and they also contribute to it's of chance being successful (Farr-Wharton, 2014). It is important to understand the set of the skills that are needed by the micro-enterprises owners in this sector in order to determine whether this sector solely is reliant on creativity or not. Are the set of skills essential in determining the potential of micro-enterprises in the CCIs growth (Farr-Wharton, 2014).

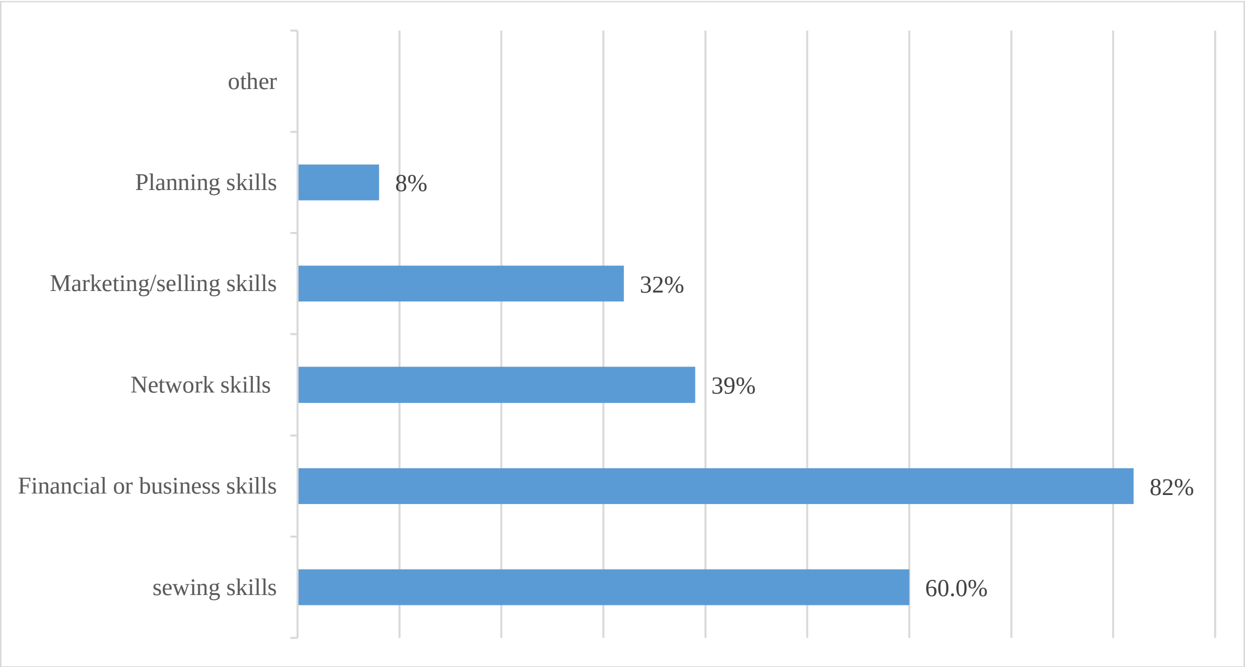

Figure 5.9: **Skills or Knowledge needed to run sewing businesses**

(Source: Author's own analysis based on interview data)

Figure 5.9: shows the results of different types of skills or knowledge that were identified by the shweshwe micro-enterprise owners as important for running a sewing business in this sector. Respondents were asked: "*What skills or knowledge do you need to run your business?*" The question was open ended. The most frequently mentioned requirement (82%) was financial or business skills. Sewing skills were mentioned second most frequently (60%), followed by network skills.

This means that financial or business skills/knowledge, sewing skills and networking skills as very important skills that are needed by micro-enterprise owners to run a business in this sector. This seems to agree with the theory surrounding skills in this sector. Farr-Wharton (2014) attest that business acumen is a very important skill for creative workers in the creative industries. Furthermore, Eikhof and Warhurst (2013) comment that for one to succeed in the CCIs, personal networks skills and social capital are very important (Eikhof and Warhurst, 2013).

5.6 Vulnerability of the micro-enterprises to imports

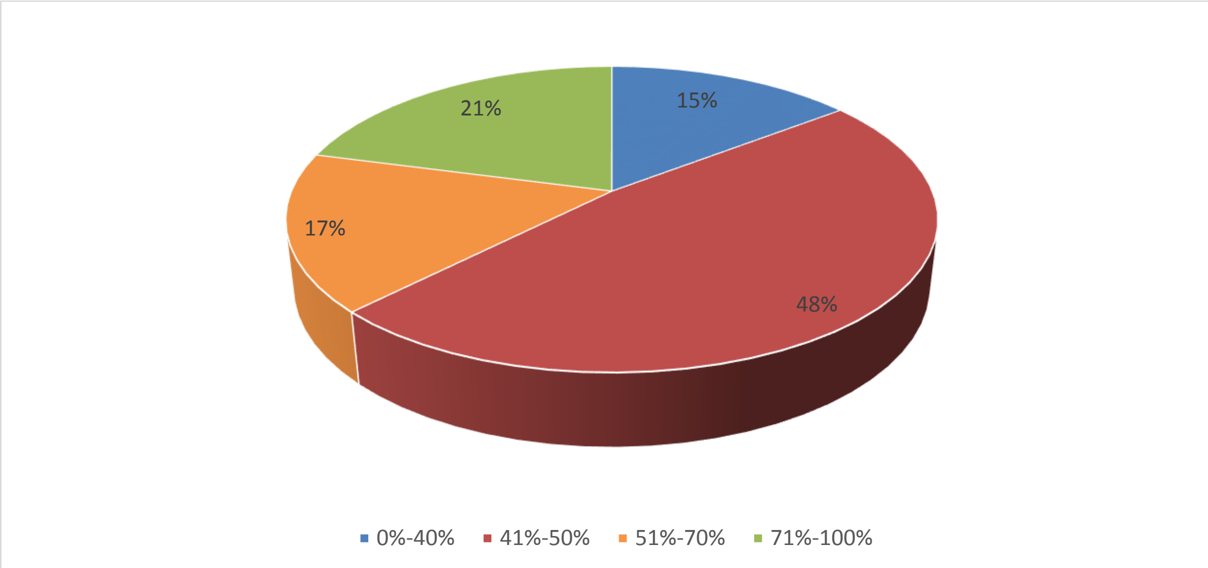

Figure 5.10: **Percentage of income that comes from the work sewn with shweshwe.**

(Source: Author's own analysis based on interview data)

Figure 5.10 shows the percentage of income that the sewing businesses generated from the items made from the shweshwe. For nearly half (48%) of sewing businesses, between 41%-51% of their income comes from shweshwe sewing. For 21% of sewing businesses, more than 70% of their income comes from shweshwe sewing, making this business even more vulnerable to fake shweshwe imports. The majority of the sewing micro-enterprises are vulnerable to the ready-made imported garments of fake shweshwe to some extent. For only 15% of the micro-enterprises does shweshwe sewing make up less than half their business (i.e. income). However, the money they make from shweshwe sewing would decline, and that would end up decreasing their income quite significantly. For the 48% of sewing businesses in this industry, that are almost equally reliant on both shweshwe sewing work and other fabrics might still continue operating. However, the amount they generate from shweshwe sewing would decline, which in turn reduces their overall income.

This decline in turnover made by these micro-enterprises is also likely to have a negative impact on employment creation in this sector. It might also lead to a negative impact on shweshwe fabric purchases as the micro-enterprises will have less income to spend on buying shweshwe. This would also likely to have a negative impact on other parts of the supply chain, like the shweshwe production (Da Gama Textiles) and distribution businesses (Cowie Trading and Jackson's Stores).

Table 5.9: **Employment characteristics and estimated numbers of shweshwe micro-enterprises employment.**

Variable/Domain	**Source**	**Shweshwe Industry**
Average number of micro-enterprises employees (including owner/operator)	Survey of shweshwe purchasers	2.15
Number of micro-enterprises in SA using shweshwe as an input (Estimate 1: Mean purchases)	Calculated	5077
Number of micro-enterprises (Estimate 2: Median purchases)	Calculated	5995
Total shweshwe micro-enterprises employment (Estimate 1)	Calculated	10 916
Total shweshwe micro-enterprises employment (Estimate 2)	Calculated	12 889

(Source: Author's own analysis based on interview data)

Table 5.9: presents the results of employment characteristics and estimated numbers of people employed by the micro-enterprises using shweshwe as an input (the owner inclusive). The table indicates that the average number of employees per shweshwe micro-enterprises was 2.15. Given the estimates of the total number of micro-enterprises in this industry, it can be calculated that these firms provided employment for between 10 916 to 12 899 individuals, including the micro-enterprise owners. This reveals that there is a substantial number of people employed, compared to the overall number of cultural occupations in Cultural Industries (75 209) (Hadisi and Snowball, 2017).

Table 5.10: **Number of people living in a household per micro-enterprise owner.**

Variable/Domain	**Shweshwe Industry**	**Source**
Mean number of people living in a household per micro-enterprise owner (owner excluded)	4.2	Survey of shweshwe purchasers
Number of micro-enterprises in SA using shweshwe as an input (Estimate 1: Mean purchases)	5077	Calculated
Number of micro-enterprises (Estimate 2: Median purchases)	5995	Calculated
Number of people living in a household per micro-enterprise owner in SA using shweshwe as an input (Estimate 1: Mean dependents)	21 323	Calculated
Number of people living in a household per micro-enterprise owner in SA using shweshwe as an input (Estimate 1: Mean dependents)	25 179	Calculated

(Source: Author's own analysis based on interview data)

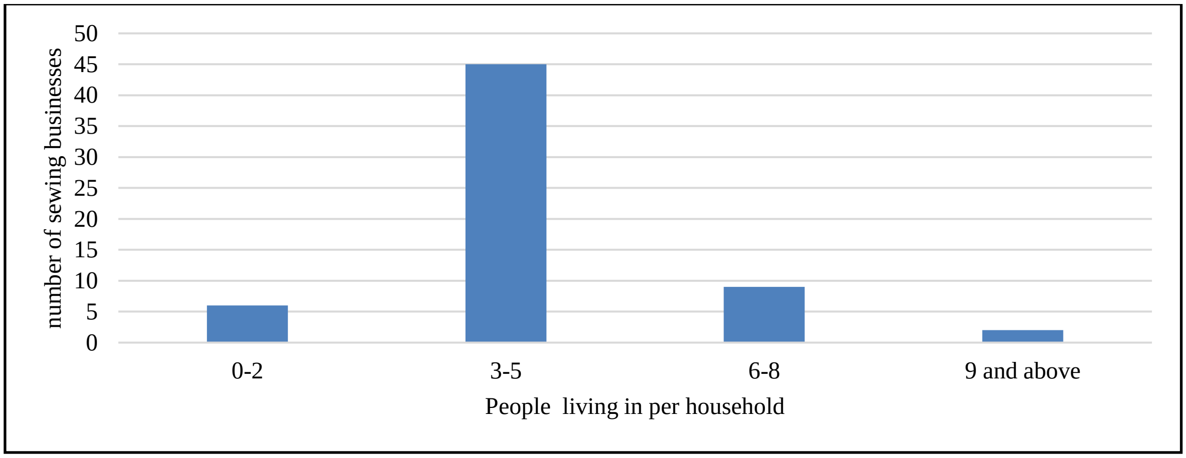

***Figure 5.11:* Number of people living in a household per micro-enterprise owner.**

(Source: Author's own analysis based on interview data)

Additionally to the direct impact on employment, a decline in the micro-enterprises' earnings is likely to affect indirectly the people living in their households. As shown in Table 5.10, the average number people living in a household per micro-enterprise per owner (owner excluded) was 4.2 persons (Table 5.10). The majority (45) of micro-enterprises owners had 3-5 people living with them in their households in this sector, followed by the other (9) micro-enterprises owners that had 6-8 people living with them in their households (Figure 5.11). As shown in Table 5.10, between 21 323 to 25 179 people were living in the micro-enterprises owner's household in this sector. This reveals that a reduction in their income would potential negatively affect a large number of people. This results seem to agree with the theory that micro-enterprises in the informal sector provide a living for many people in South Africa (SEDA, 2016).

5.7 OLS regression analysis

The main purpose of the regression was run to test whether being in the formal or informal sector has an impact on turnover and job creation when other variables are controlled for, an OLS regression was run as follows:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where Y_i= Turnover (Rand amount per month), $\beta_0, \beta_1, \beta_2, \beta_3 \ldots\ldots \beta_5$ are the coefficient to be estimated by the OLS regression.

X_1= Education, X_2= Employment, X_3=Formal, X_4=Gender, X_5=Location, ε =Error term

The control variables included the education level, formal and gender of the owner, and the location (Western or Eastern Cape Province) of the business.

***Table 5.11*: A prior expectation for Turnover**

Variable	Measurement	*A priori* expectation
Turnover	Rand amount per month	-
Education	1 if tertiary education; 0 otherwise	positive
Employment	No of people employed (Owner inclusive)	Positive
Formal	1 if formal sector; 0 otherwise	undefined
Gender	1 if male; 0 otherwise	undefined
Location	1 if Cape Town, 0 otherwise	Positive

(Source: Author's own analysis based on interview data)

***Table 5.12*: Turnover in the shweshwe sewing industry: Regression results (OLS model).**

Variable	Coefficient	t-statistic	Prob.
Constant	-886.6990 (3378.81)	-0.26	0.7942
Education	**8147.05* (4343.36)**	**1.87**	**0.0670**
Employment	**3872.30** (1235.07)**	**3.13**	**0.0030**
Formal	4320.56 (4895.77)	0.88	0.3821
Gender	-1905.53 (5155.58)	-0.36	0.7134
Location	1373.87 (3853.69)	0.35	0.7231
F-statistic	4.812661***	-	0.001274
Durbin-Watson stat	-	-	2.092922
Adjusted R-squared	0.272087	-	-

*** **Significant at the 1% level; ** at 5% level; * 10% level**

(Source: Author's own analysis based on interview data)

The F-statistic of this model is highly significant at 1% level, meaning that the model is overall significant that is, the independent variables are jointly effective in explaining the dependent variable (Table 5.12). The model has a Durbin Watson stat of 2, meaning that there is no autocorrelation. It has an adjusted R-squared of 0.27087, meaning that the independent variables in this model are associated with explaining about 27% of variation of the turnover in the shweshwe sewing industry. This is a quite a low adjusted R-squared. According to Gujarati and Porter (2009:243) “one generally obtains a low adjusted R-squared because of diversity of the cross-sectional units”. Therefore, one should not be worried when getting a low adjusted R-squared. Gujarati and Porter (2009), further attest that “what is important is that the model has been correctly specified and the regressors have the correct (i.e. theoretically expected) signs, and that coefficients in the regression are statistically significant”.

***Table 5.13:* Inter-correlations between the independent variables**

	TO	EDUC	FORMAL	GENDER	LOC	EMPL
TO	1.000000	0.331186	0.344625	0.052722	0.129202	0.514621
EDUC	0.331186	1.000000	0.133333	0.019462	0.247426	0.161805
FORMAL	0.344625	0.133333	1.000000	0.272475	0.247426	0.446058
GENDER	0.052722	0.019462	0.272475	1.000000	0.264165	0.114901
LOC	0.129202	0.247426	0.247426	0.264165	1.000000	0.013912
EMPL	0.514621	0.161805	0.446058	0.114901	0.013912	1.000000

(Source: Author’s own analysis based on interview data)

As shown in Table 5.13, several pair wise correlations are quite low suggesting that there is no collinearity problem. This means that there is no existence of multi-collinearity problem in this model, suggesting that the independent variables in this model have no exact linear relationship, and that the statistical inferences made using the data are reliable.

For determinants of the amount of turnover (measured as a Rand amount per month), holding other variables constant, the model showed that there was a highly significant (at 1% level) and a positive relationship between amount of turnover in shweshwe micro-enterprises and education (Table 5.12). As expected, having a tertiary education is associate with higher turnover in the business. In the model, having tertiary education as opposed to not having tertiary education, was associated with an increase of R 8147.05 in monthly turnover in a micro-enterprise, on average, holding everything constant.

The model also showed that there was a significant (at 5% level) and a positive relationship between amount of turnover in shweshwe micro-enterprises and employment (as a proxy for number people employed owner inclusive), all else remaining constant (Table 5.12). As expected, having more people employed in a business is associated with higher turnover in the business. As shown in Table 5.12, having one more person working in the business was associated with an increase of R3872.30 in turnover of a business, on average, holding other things constant. This finding indicates that the more additional person the micro-enterprise employ is associated with an increase in turnover for that particular micro-enterprise.

***Table 5.14*: Employment in the shweshwe sewing industry: Regression results (OLS model)**

Variable	Coefficient	t-statistic	Prob.
Constant	**1.568190*** (0.284239)**	**5.51**	**0.0000**
Turnover	**4.55E-05*** (1.45E-05)**	**3.13**	**0.0030**
Education	0.053 (0.488257)	0.10	0.9138
Formal	**1.234355** (0.503075)**	**2.45**	**0.0180**
Gender	0.177490 (0.558881)	0.31	0.7522
Location	-0.432076 (0.413285)	-1.04	0.3013
F-statistic	5.226161***	-	0.000700
Durbin-Watson stat	-	-	1.880939
Adjusted R-squared	0.292951	-	-

***** Significant at the 1% level; ** at 5% level; * 10% level**

(Source: Author's own analysis based on interview data)

The second regression investigated the relationship between the number of people employed in the micro-enterprise (employment) and turnover, education, formality, gender and location. This model has F-statistic that is highly significant at 1% level of significance, meaning that the model is overall significant, that is the independent variables are joint effective in explaining the dependent variable (Table 5.14). It has a Durbin Watson stat that is close to 2, means that there is no autocorrelation. The model also has an adjusted R-squared of 0.292951, meaning that the variables in this model are associated with explaining about 29% of variation of employment in the shweshwe sewing industry. This value of adjusted R-squared is low. However, appropriate as the adjusted R-squared reveals the number of independent variables that are included in an OLS regression (Gujarati and Porter, 2009). Furthermore, Gujarati and Porter (2009) explains that an “adjusted R-squared increases as more explanatory variables are included in a model”. So it is fine to have a small value of adjusted R-squared, in this case, as there is only a small number of explanatory variables (i.e. five explanatory variables) that are include in the OLS regression model.

For the determinants of employment (measured as number of people employed inclusive the owner), the model showed that there was there was a highly significant (at 1% level) and a positive relationship between employment and amount of turnover in shweshwe micro-enterprises, holding other variables constant. As expected, having a higher turnover is associated with more employment in the business. In terms of turnover, having more turnover was associated with an increase of 4.55E-05 in the number of people employed (owner inclusive) in a micro-enterprise, on average, holding everything constant (Table 5.14).

The model also showed that there was a significant (at 5% level) and a positive relationship between employment (as a proxy for number people employed inclusive the owner) and formal (operating in the formal sector (i.e. registered business)), all else remaining constant (Table 5.14). It is expected, that operating a micro-enterprise in the formal sector, is associated with more number of people employed (owner inclusive). This finding is an indication that because businesses that operate in the formal sector have high access to loans and other government support than the informal businesses, this puts them at an advantage of getting more people employed in their businesses .The model show that being in the formal sector as opposed to informal sector was associated with an increase of 1.23 in the number of people employed in the micro-enterprise (owner inclusive), on average, holding all else constant. This finding indicate that the more the micro-enterprise is operated formally that was associated with the micro-enterprise employing more people (owner inclusive).

The regression results from the above model(s) reveal that being in the informal or formal sector in the shweshwe sewing industry does not affect turnover in this sector when controlling for other variables, like the education of the owner, the size of the firm (number of people employed), location of the micro-enterprises, gender of the micro-enterprise owner. However, it does have an impact on the jobs that are created (Employment), since those firms in the formal sector employed more people. This reveals that as micro-enterprises in this sector are operated formally, more people are being employed. Thus, the micro-enterprises in this sector that operate informally, need to be encouraged to register, so that more employment opportunities can be created in this industry.

5.8 Brand awareness and methods of authentication

A very important aspect that can help lessen the negative impact that is caused by the imported lookalike copies on domestic industries is the brand awareness of customers and micro-enterprise owners.

Regarding brand awareness, a question was asked to the micro-enterprise owners "*Did you know that there is more than one brand of shweshwe?*" The vast majority (82%) of micro-enterprise owners were aware that there is more than one brand of shweshwe available.

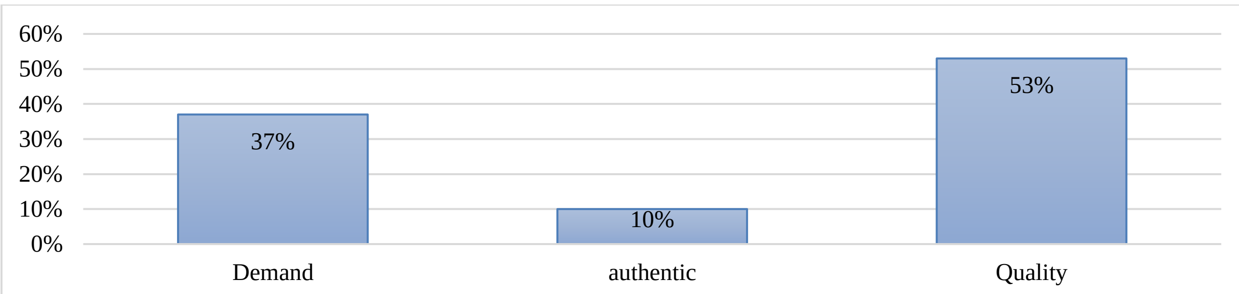

Figure 5.12: **Attributes that the sewing micro-enterprises consider when buying shweshwe**

(Source: Author's own analysis based on interview data)

Regarding brand preferences, a question was asked "*Is it important to you which brand you buy?*" Almost all (97%) of micro-enterprise owners indicated that it was important to them which brand they bought. A follow up question was asked: "*Why or why not is important to know the brand you buy?"*. More than half (53%) of the micro-enterprise owners mentioned quality, 37% mentioned their customer's requirements (demand) and 10% mentioned originality or authenticity as an aspect to consider when buying a brand (Figure 5.12). The above results reveal that the customers (micro-enterprise) are aware of what shweshwe they are buying.

In interviews with the Jackson's Store managers, a question that aimed at finding out about preference of the original Three Cats shweshwe over other types of shweshwe was asked. The question was as follows: *"Would you say that your customers, particularly those who use the shweshwe in their own business, prefer the "original" Three Cats brand? Why or why not?"* The majority (93%) of managers agreed that their customers, especially those who use shweshwe in their own businesses, prefer the "original" Three Cats brand. Nearly half (47%) of those managers said their customers' reason for this preference was that Three Cats shweshwe was seen as "original" or "authentic". Nearly one third (27%) of the managers said their customers' reason for preferring the Three Cats brand was its quality.

***Table 5.15:* Amount to be paid by the customer for a dress made out of Three Cats shweshwe versus some other brand of material with a similar pattern.**

Variable/Domain	Shweshwe Industry	Source
Average amount to be paid by the customer if the dress was made from Three Cats shweshwe?	R 979	Survey of shweshwe purchasers
Average amount to be paid by the customer if the dress was made from other brand of material with a similar pattern?	R 625	Survey of shweshwe purchasers

(Source: Author's own analysis based on interview data)

Micro-enterprise owners were shown a picture of a particular dress made of shweshwe (see Appendix 3) they were asked: "*What would you expect a dress like this to cost if;(i) it was made of Three Cats shweshwe against (ii) if it was made from other brand of material with a similar pattern*?". The vast majority (95%) of sewers indicated that their customers would be willing to pay more for a garment made from Three Cats shweshwe than if it was made from other brand of material with a similar pattern (Table 5.15). The average cost amount of the dress for the particular dress shown to them if it was made of Three Cats shweshwe was R979 compared to R625 if the same dress was made from other brand of material with a similar pattern. This means that the customers were willing to pay a mean amount of 57% more for the dress if it was made from Three Cats shweshwe. This shows that the Three Cats shweshwe has brand power and market power over other similar brands.

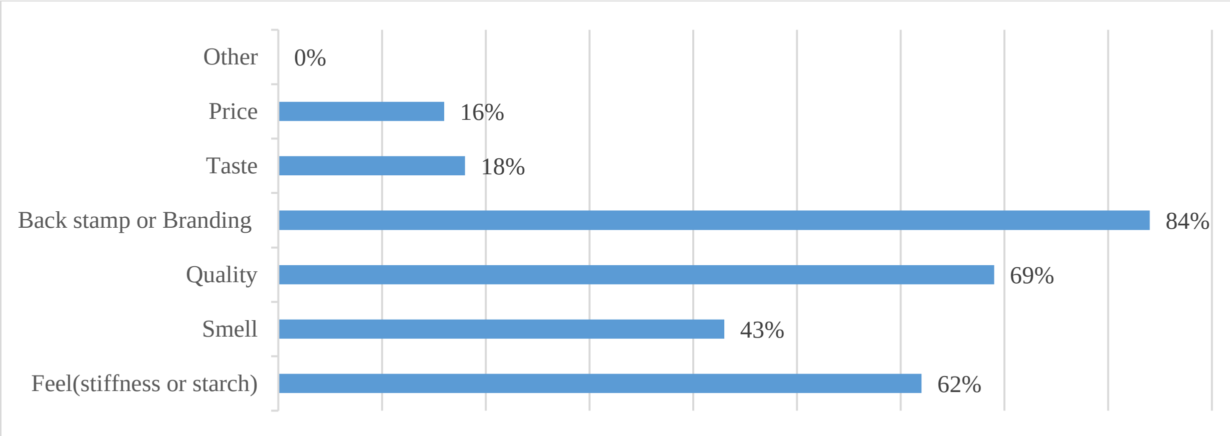

Figure 5.13: **Methods of identifying Original Three Cats shweshwe.**

(Source: Author's own analysis based on interview data)

Additional questions were asked to the sewing business owners to determine how they knew that the shweshwe they were using was "real" or "original" Three Cats shweshwe.

Respondents were asked: "*How do you know that the shweshwe you are buying is the real 3 Cats? What makes it special?*" The question was open ended and respondents could select from the different attributes that were given. The most frequently mentioned attribute (84%) was back stamp (logo) or branding. Quality was mentioned second most frequently (69%), followed by the feel (stiffness or starch) (62%). This reveals that back stamp or branding, quality and feel (stiffness or starch) were considered the most important attributes by the sewing business owners in discovering if the shweshwe is Three Cats (Figure 5.13).

The Jackson's Stores managers were also asked a question about their impression of how shweshwe customers determine the brand; *"For those customers who do value the original Three Cats shweshwe, what do they use to determine that the fabric is authentic?"* The majority (87%) of managers stated that their customers who value the original Three Cats shweshwe, use the Three Cats back stamp (logo) to determine if the fabric is authentic or not.

As a follow up question, the managers were asked what needed to be done to strengthen the authentication of the Three Cats shweshwe; *"What would you recommend could be done further to strengthen the authentication of Three Cats shweshwe, so that customers better understand the value of the brand, and can recognise the Original Three Cats one?"* The majority (80%) of the store managers they recommended that the Three Cats back stamp needs to be improved (for example it should be made more clear) to strengthen the authentication of the Three Cats shweshwe. The minority (20%) recommended that people need to be more educated about the brand in order to strengthen the authentication. Comparing the findings from both the customers and Jackson's Store managers, it appears that branding plays a very important part in helping the customers recognise real brand from its lookalikes. As in Vogel and Associates (2005) study branding was highlighted as an important way purchasers use to differentiate between Da Gama shweshwe and look-alike cheapies.

According to Huang and Sarigöllü (2014), brand awareness refers to how well customers can recall or identify a particular brand. Brand awareness is a very important measure of brand strength, brand loyalty and brand worth. Furthermore, Huang and Sarigöllü (2014) comment that brand awareness impacts customer decision making, and that in general customers use brand awareness as a decision heuristic. A well-known brand stands a better chance of being chosen by a customer over an unknown brand (Huang and Sarigöllü, 2014). Three Cats shweshwe brand has proven its brand worth and importance among the shweshwe consumers.

Copyright includes a different and a very important part of intellectual property law that gives an exclusive right to the original creator. It is a very important tool especially for the creative industries (WIPO, 2017). WIPO (2017) explain that "it protects artistic or creative expression of an idea, not the idea itself". The law governing copyright gives the owner of original work full control on how its' works are used. Further, WIPO (2017) explains that the copyright owner has the right to use or to allow others to reproduce the work for commercial benefit. In the shweshwe industry, copyright can be used by Cowie trading to protect their modern designs from being copied or reproduced by others for commercial benefit. However, on the traditional ones as pointed out by Prof Nwauche, they can put protection on their logo, which may not be legally copied by other producers.

5.9 Summary

This chapter gave a detailed report and analysis of the results, and findings of this research study. It has given an understanding of shweshwe sewing industry characteristics and size of businesses, purchasing and preferences, type of employment, vulnerability of shweshwe sewing business to imports and brand awareness and methods of authentication in the shweshwe sewing businesses in South Africa.

In conclusion, the shweshwe sewing industry has potential and good future ahead of it. The reason is that sector is well transformed and the micro-enterprise owners are relatively well educated. Thus, this is the right place for government to start when seeking entrepreneurs to invest in. Furthermore, the micro-enterprises (informal sector) in this sector they can be encouraged and be offered much support to register their businesses in order to ensure a continuous growth in this sector. The results show that being in the informal sector does not affect turnover when other factors are controlled for. However, it does affect employment creation (i.e. the size of the business). Government can also protect this industry against vulnerability that is being caused by cheap imports from countries like China that impose a threat in this industry. It can also assist the businesses in this industry (i.e. micro-enterprises and the producers of fabrics) by reducing enforcement costs of the existing intellectual property laws that are there to protect their designs. This would assist the micro-enterprises that use shweshwe as input in fighting against challenges that hinder this sectors true potential. It would also to ensure the continuation of the shweshwe reproduction, and micro-enterprises contribution in terms of employment and income generation.

The next chapter gives a brief summary and conclusion of this research study.

CHAPTER 6. CONCLUSION

6.1 Introduction

The purpose of this chapter is to give an overall conclusion of this research study. By offering a brief summary of this research study from the theory, literature and research methods that were adopted in conducting this study, and to provide the finding key findings and policy implications of this study, limitations, recommendation, policy implication and directions for future research. The summary is based on the main goal and sub-goals of this thesis.

6.2 Goals and Context

The main focus of this research study was on the micro-enterprises who use South Africa made textiles (i.e. shweshwe textile) as business input. Its core aim was to examine employment creation and income generation opportunities of the micro-enterprises that use shweshwe textile as an input. These micro-enterprises and shweshwe production are being threatened by the rising influx of cheaper ready-made imported clothes that mimic the shweshwe designs and colours, in some cases, the logo as well. This study also plans to estimate the size and discover the attributes of the micro-enterprises that use shweshwe as an input in their businesses in South Africa, in order to estimate the impact of the counterfeit shweshwe imports on those micro-enterprises.

To help achieve the main overall goal, the four sub-questions were also asked as follows:

i. What are the attributes or characteristics of businesses that use shweshwe as an input in South Africa?
ii. How big is the number, and the type of businesses that use shweshwe as an input in South Africa?
iii. Which business environment do these businesses operate, and what types of employment do they generate?
iv. What is the likely impact of fake imported garments on the customer knowledge and preference for garments made from “original” shweshwe?

This study is important because there has been raising need of understanding how micro-enterprises in the CCIs operate (the example in this study being firms using South African-made textiles as business inputs) in South Africa in order to design effective policies for the cultural economy. This study will also help the government realise the importance of the CCIs in SA, in terms of both their economic value and cultural importance. It was aimed to gain a better understanding of the contribution that the micro-enterprise that use shweshwe as an input bring in terms of job creation and income generations in South Africa. This study will provide a foundation and start for future research in the functioning of micro-enterprises in shweshwe industry, and in industries that share similar characteristics within the CCIs.

The main focus of this study has not been on the production side of shweshwe but rather on the micro-enterprise sewing businesses that use shweshwe as their business input (i.e. to make clothes or other things for resale). Both the production side of the shweshwe fabric and the micro-enterprises that use it as a business input are being threatened by the increasing amounts of cheaper, ready-made garments and fabric imports that copy the designs and colours of Three Cats shweshwe. The support of this sector will benefit small business entrepreneurs and protect the culture-as in the context chapter it was indicated that shweshwe fabric forms a very important part of the cultural heritage of communities in SA.

The literature review of this research study discussed the various definitions of the CCIs, characteristics of production in the CCIs, CCIs and regional development, challenges with using the CCIs as growth and employment drivers, the theory of compensating wage differentials, CCIs and Entrepreneurship, SMMEs and Employment, Formal versus Informal sector theory, and the importance of copyright in the Cultural and Creative Industries.

The debate surrounding formal versus informal sector was mainly about the merits of operating a business in either of the two sectors. Firstly, the theories of the industrial organisation have adopted the view of that the businesses operating in the formal sector are more efficient and productive than those in the informal sector (Lobato, 2010). While in the mainstream economic theory, development is seen as moving from the informal sector to the formal sector. On the other hand, the informal sector is seen to exist on its own and productive on its right.

To achieve the goals of this research study, a mixed methods approach was adopted, combining Qualitative and Quantitative research approaches. That is a mix of methods for gathering and analyzing both qualitative and quantitative data within a single research study to better understand the problem and to benefit from the relative strengths of each method. The data was collected from groups of interest in this study namely: a key stakeholder interview with a representative of Cowie trading, Jackson's Store managers (who sell shweshwe fabric) and 62 face-to-face interviews with micro-enterprise owners who use shweshwe as an input in their sewing businesses.

6.3 Results of this study (key findings):

Findings showed that sewing micro-enterprises using shweshwe as input are significant contributors in terms in terms of employment and income generation in South Africa. The findings revealed that there is a market for the shweshwe fabric and the shweshwe sewing industry to be a significant employer. The findings revealed that, in addition to direct production and sales, shweshwe fabric is used as a business input by between 5077 and 5995 small businesses in South Africa, which are associated with 10 900 to 12 900 jobs.

The majority (85.5%) of micro-enterprises in this industry were owned by women who are mostly (98.4%) black. It was also discovered that there was a small portion (17.7%) of micro-enterprises owners who were in the youth age group (18-35 years), suggesting that it is a requirement for particular individuals to have experience, more skills and resources to become an owner in this sector. This is line with Oakley and Leadbeater (1999) comment of that cultural entrepreneurship is usually learned from practical experience and peers rather in the classroom, whereas creative skills can be taught. Findings also showed that there are high levels of human capital in this sector, as 91% of the shweshwe micro-enterprise owners –have some sort of formal education. This revealed that there is high potential in this sector for future growth and development.

From the 62 micro-enterprise that were interviewed, the majority (76%) were operating in the informal sector (i.e. unregistered businesses). On average the micro-enterprises owners that were operating in the formal sector generated a significantly more annual turnover (R239 800) than the informal micro-enterprises owners (R96 439). This finding seems to be in line with theories of industrial organisation that adopted the view that businesses operating in the formal sector are more efficient and productive than those in the informal sector (Lobato, 2010). Although the shweshwe sewing micro-enterprises that operate in the formal sector generate more turnover on average than those that are operated informal sector, the OLS regression model showed that there was no statistically significant difference in turnover when controlling for other variables. The OLS regression results showed that that being in the informal sector does not affect turnover when other factors are controlled for. However, it does affect employment creation (i.e. the size of the business). This an important finding thus more has to be done to encourage the micro-enterprises that operate informally in this sector to register so that more people can be employed in this sector. The control variables included the education level, formal and gender of the owner, and the location (Western or Eastern Cape Province) of the business.

In terms of employment, the findings showed that micro-enterprises operating in the informal sector to be the major employer in this sector, as 68% of employers operated their business informally. A significant portion (63.6%) of employees (owner inclusive) in the micro-enterprises that use shweshwe as a business input, work on a permanent basis. This is a clear indication that this sector offers quality jobs.

Micro-enterprise owners and customers recognise and appreciate the difference between 'original' Three Cats Shweshwe and other brands, mainly through branding (the logo or back stamp) and quality. The majority of micro-enterprise owners (80%) have no other source of income (besides their sewing business) and for 85% of them, sewing of shweshwe garments makes up half or more of their business.

The import of ready-made "fake" shweshwe garments, especially those that also copy the Three Cats back stamp (logo), thus will impact negatively the micro-enterprises' ability to contribute to economic growth and job creation in the sector as customers may be misled by copies, or may knowingly purchase the cheaper, lower quality items because of income constraints.

6.4 Recommendations

This sector has proved to be an important sector with potential for future growth and development. However, there is a challenge of cheap "fake" imports that are threatening this sector and hindering its true potential. The following recommendation can be put forward to help protect this industry from fake imports that make shweshwe sewing micro-enterprises in South Africa vulnerable.

6.4.1 First Recommendation

To protect and to ensure the continuation of the existence of this sector, more have to be done on the production side and at the micro-enterprise level. On the production side, Cowie Trading together with Da Gama textiles needs to be in full support of South Africa Revenue Services on its task of recognising and possessing the shipments of fabric and clothing that contain their registered designs. Furthermore, "cease and desist" letters should be used to communicate with the owners of retailers that import copied shweshwe that incorporate the 'Three Cats' stamp/logo or the elements of the Da Gama Textiles registered designs without given permission. Failing to provide a response to such letters should be followed up with litigation. It is crucial to continue with the registration of the new designs as a pre-requisite for the enforcement of the rights allowed under the Design Act. In addition, Cowie Trading should continue with its promotion of the 'Three Cats' trademark in order for it to stop being a common term that is used to refer to all shweshwe fabrics. This was a piece of advice from Professor Nwauche, an intellectual property rights specialist who was working on the project.

6.4.2 Second Recommendation

At the micro-enterprise level, Government should work together with both the micro-enterprises and Da Gama Textiles to assist them to reduce copyright enforcement costs. As it was discussed in the literature review under the section about the problems that arise with copyright enforcement, that enforcing the copyright is expensive and yields to an additional increase in the cost of the product that is protected. So in other words, by Government providing the assistance of lowering the copyright enforcement costs, it does not only help the copyright owner. It also makes the micro-enterprises to afford their business input that is the shweshwe fabric, and to continue with re-production and sale of clothes. As discussed in the context chapter that it was lack of money (i.e. affordability) for the rural area citizens that forced them to buy cheapies. The same cheapies that are hindering micro-enterprises the true potential and ability to contribute to job creation and income generation.

6.4.3 Third Recommendation

The Government should put in place strategies and structures that deal effectively with fighting illegal imports and counterfeiting in the country. It should also support brand awareness and buy local campaigns that would help promote the local manufacturing industry. This would lead to South Africa shweshwe customers to support the domestic producers of the brand as well as the micro-enterprises (seamstresses). More should be done with the WearSA campaigns to be recognized in South Africa. For example, more advertising needs to be done about WearSA campaigns, and more needs to be done on brand awareness and education. People need to be educated about the importance of supporting local brands.

6.4.4 Fourth Recommendation

The government could also help micro-enterprises in this sector in developing by offering them businesses loans and assistance to push their businesses. Since a majority of micro-enterprises that use shweshwe as input operate in the informal sector. The government can find ways to cut the cost of registration as well as encourage the micro-enterprise to register. In order for them to able to have access to the available support. The regression results show that being registered does not increase turnover when controlling for other factors, but it does increase job creation. This will enhance this sector contribution in terms of employment. It is time for the government to start viewing these kind of businesses as business that exists in their own right and support them.

6.5 Summary of limitations and challenges.

The research was limited by the available time and budget. Due to budget constraints and time, the interviews with micro-enterprises that use shweshwe as input were only conducted in two provinces (Eastern and Western Cape). Ideally, the survey should be extended to include other provinces where there are large shweshwe sales, such as Gauteng and KwaZulu-Natal, in future research.

Another limitation, during the interviews with the micro-enterprises owners, a convenience sampling approach, was followed. Meaning that the results of this study may be not a true representation of the true population (which is unknown). However, the sampling process was performed as carefully as possible, and it was spread into two distinct provinces in both metropolitan and rural areas. It may be that the shweshwe purchasing patterns differ in other provinces. Thus, it was brought forward as an idea to include more provinces in the future research.

Collecting data in smaller locations, such as the Jackson's Store in Makhanda, was challenging as the micro-enterprise owners (customers) were often in a hurry. The other challenge was the problem of identifying buyers who own the micro-enterprise that use shweshwe as input from the other buyers in the store on a given day. However, in some cases, the store manager, floor manager and the workers would help interviewers identify the shweshwe seamstresses.

6.6 Ideas or direction for further research

The directions for further research are proposed as follows: Since this research was only conducted in two provinces (i.e. Western Cape and Eastern Cape) reliability and validity would be increased in the research by including interviews with micro-enterprise owners in other provinces where shweshwe has a big market (e.g. Gauteng and KwaZulu-Natal). Furthermore, including questions on working conditions would allow one to fully test the compensation differentials wage theory.

This research does not cover the question of what the potential impact of counterfeit shweshwe would be on employment and turnover in other parts of the value chain, such as on the small retailers that sell the shweshwe fabric to the public, or the jobs associated with shweshwe production at Da Gama and Cowie Trading itself. The micro-enterprises that are the focus of this study are perhaps the most immediately vulnerable, but a loss of market share and distinctiveness will also eventually impact on the larger businesses as well.

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APPENDICES

Appendix 1: Shweshwe Users Research Questionnaire (English version)

Good day! We are part of a research team from Rhodes University and the University of Fort Hare. We have been asked by Cowie Trading, who market Three Cats shweshwe, to find out more about the people who buy and use shweshwe, and we have permission to talk to some customers in the Jackson's shops. The information will also be part of a Master's degree study and may be published in academic journals.

As a Jackson's Store shweshwe buyer, would you be willing to answer a few questions about buying and using shweshwe? [ ] Yes [ ] No

If yes: Thank you! **If no**: OK, thanks for considering it, go well.

Your name will not be attached to this research, and you can choose not to answer any of the questions, and to end the interview at any time. Shall we start?

1. **What do you buy shweshwe for:**

For my business: clothing	For someone else's clothing-making business	To sell to people who make clothes and other things to sell	To use to make my own clothes/family clothes *(not for sale)*
For my business: things other than clothing	Other:		

If for personal use only: Thank you for being willing to help, but we are actually looking for people who use shweshwe as an input into their businesses, that is, they earn money from it. Thanks again for your help, but we don't need to continue with the interview. Go well.

If for business use, continue:

2. **About how often do you usually buy shweshwe?**

Once a week or more often	Once every 2 – 3 weeks	Once a month	Once every 2-3 months
Once every 4 – 6 months	Once or twice a year	Other:	

3. **How much shweshwe (meters) are you buying today?** -

   ____

4. Three Cats makes shweshwe that is different from other types or brands of very similar-looking material. **Did you know that there is more than one brand of shweshwe?** [ ] Yes [ ] No

5. **Is it important to you which brand you buy?** Why or why not? [ ] Yes [ ] No

____

____

____

For those who say that it is important to buy 3 Cats:

6. **How do you know that the shweshwe you are buying is the real 3 Cats? What makes it special?**

Feel (stiffness or starch)	Smell	Quality	Back stamp or Branding	Taste
Other:				

7. **Which shweshwe colours and designs do you buy most often?**

More Traditional	Blue (Indigo) Traditional	Brown Traditional	Red/maroon traditional
Modern designs and colours	Green and yellow	Pink or orange	Turquoise/blue
	Purple	Red & golden orange	Cream/mustard

For those using shweshwe as a business input:

8. Is it important for your customers that you use the Three Cats shweshwe compared to some other brand? [ ] Yes, all of them [ ] Some of them [ ] Don't know [ ] No
9. Are your customers willing to pay more for something made from Three Cats shweshwe? [ ] Yes [ ] No

10. Here is a picture of a shweshwe dress [show picture]. What would you expect a dress like this to costs if:
    a. it was made of Three Cats shweshwe?

    ____

    b. If it was made from some other brand of material with a similar pattern?

    ____

11. In a **normal** month, about how much (in Rands) do you sell from your business? (Turnover) _______
12. Of this, how much do you have to spend on the material and other **inputs**? That is, how much is your profit?

    ____

13. How much of your **earnings** is from shweshwe sewing, compared to sewing with other kinds of material?

    ____
    _

14. What skills or knowledge do you need to run your business?

Sewing skills	Financial or business skills	Networking skills	Marketing/selling skills	Planning skills
Other:				

15. **Do you employ anyone else in your business?** [ ] Yes [ ] No

15a. *If yes:* How many people do you employ?

____

15b. What kind of employment is it? [ ] Full time [ ] Part-time [ ] Number of days a week______________ [ ] Permanent [ ] Temporary when needed [ ] Other:

____

16. **Is your business a registered business** (with a bank account in the name of the business)?

[ ] Yes [ ] No

About you: It will help us very much to know a bit more about who you are, but if you don't want to answer these questions, you do not have to. Remember that your name is not linked to these answers.

17. Do you earn money from any other job/s that you have, other than your sewing business?

[ ] No [ ] Yes: about how much do you earn per month from the other job/s? _______

Do not ask, but fill in:
Are you 0□ female 1□ male
What is your race group? 1□ Black 2□ White 3□ Coloured 4□ Indian 5□Other:_____________________

18. **What is your home language?** 1□ Xhosa 2□ English

3□ Zulu 4□ Afrikaans 5□ Other _______________________________

19. **What is your age group?** 1□ 18 – 25 2□ 26 – 35

3□ 36 – 50 4□ 51 – 64 5□ 65+

20. What is your highest level of education?

1□ Primary school 2□ High school 3□Apprenticeship/Short course/Professional qualification

4□ Degree/Diploma

21. What is your monthly household income, including money from other jobs, grants, pensions etc.

<R500	R2001-R2500	R4001-R4500	R6001-R6500	R8001-R9000	R12 001-R14 000
R501-R1000	R2501-R3000	R4501-R5000	R6501-R7000	R9001-R10 000	R14 001-R16 000
R1001-R1500	R3001-R3500	R5001-R5500	R7001-R7500	R10 001-R11 000	R16 001-R18 000
R1501-R2000	R3501-R4000	R5501-R6000	R7501-R8000	R11 001-R12 000	>R18 000 Amount:

22. **How many people live in your household?** ______________________________

Thank you very much for your help!

Appendix 2: Shweshwe sewing businesses Questionnaire (Isixhosa version)

Uluhlu lwemibuzo lophando lwabasebenzisisa isiShweshwe

Siyabhotisa! Siyinxalenye yeqela lophando lakwiYunivesithi iRhodes neFort Hare. Sicelwe yi*Cowie Trading*, ethengisa isiShweshwe i*Three Cats* ukuzokufumana nzulu ngabantu abathenga nabasebenzisa isiShweshwe. Sinikwe imvume yokuthetha nabathengi abathile kwiivenkile zakwa*Jackson*. Olu lwazi luzokuba yinxalenye yesifundo sesidanga i-*Master's* kwaye lungapapashwa kwiiJenali zezifundo eziphakamileyo.

Njengomthengi wevenkile yakwaJackson, ungakwazi ukuphendula imibuzo embalwa ngokuthenga nokusebenzisa isiShweshwe? [ ] Ewe [ ] Hayi

Ukuba uthe Ewe: Enkosi! **Ukuba uthe Hayi**: Kulungile, enkosi ngexesha lakho. Hamba kakuhle.

Igama lakho alizokufakwa kolu phando, kwaye ungakhetha ukungaphenduli nayiphi na eyale mibuzo, kwaye ungayeka ukuthatha inxaxheba kolu dliwano-ndlebe nanini na. Singaqala?

1. **Usithengela ntoni isiShweshwe:**

Ndisithengela ishishini lam: lempahla	Ndisithengela ishishini lomnye umntu lokwenza impahla	Ndisithengela ukusithengisa kwabanye abantu abenza iimpahla nezinye izinto zokuthengisa	Ndisithengela ukusisebenzisa ekwenzeni ezam iimpahla/nosapho lwam (andisithengisi)
Ndisithengela ishishini lam: Ezinye izinto ezingeyompahla.	Okunye:		

Ukuba usisebenzisela isiqu sakho sodwa: Enkosi ngokuvuma ukusinceda, kodwa sikhangela abantu abasebenzisa isiShweshwe ukwenza ingeniso-mali kumashishini abo. Enkosi kwakhona ngoncedo lwakho, kodwa asikho isidingo sokuqhubekeka nodliwano-ndlebe. Hamba kakuhle.

Ukuba usisebenzisela ushishino isiShweshwe, masiqhube:

2. **Usithenga kangaphi isiShweshwe?**

Kanye ngeveki okanye ngamaxesha athile	Kanye ngeeveki eziyi-2 ukuya kwezi- 3	Kanye ngenyanga	Kanye ngeenyanga ezi-2 ukuya kwezi-3
Kanye ngeenyanga ezi-4 ukuya kwezi-6	Kanye okanye kabini ngonyaka	Okunye:	

3. **SisiShweshwe esingakanani (ngokweemitha) osithengayo namhlanje?**

____

4. i*Three Cats* yenza isiShweshwe esihlukileyo kwezinye iintlobo ezinelaphu elifanayo nelayo.

Ubusazi ukuba kukho iintlobo ezininzi zesiShweshwe? [ ] Ewe [ ] Hayi

5. **Ingaba kubalulekile kuwe ukuba loluphi na uhlobo oluthengayo?** [ ] Ewe [ ] Hayi

____

____

____

Abo bathi kubalulekile ukuthenga i-3 Cats:

6. **Uyazi njani ukuba esisiShweshwe osithengayo yi-3 Cats yoqobo? Yintoni eyenza ibe ikhethekile?**

Kukuyiva ngesandla (ukuqina kwaso okanye isitatshi)	Livumba laso	Luhlobo laso	Sisitampu esisemva okanye uhlobo (*branding*)	Yincasa yaso
Okunye:				

7. **Yeyiphi imibala nokwenziwa kwesiShweshwe osithenga ngamaxesha amaninzi?**

Ezi zakudala	Nguluhlaza wesibhakabhaka (zuba-mnyama)	Ngumdaka	Ngubomvu/mfusa(maroon)
Esenziwe ngendlela nangemibala yale mihla	Nguluhlaza namthubi	Ngupinki okanye orenji	Ngu*Turquoise*/uluhlaza wesibhakabhaka
	Ngumfusa (purple)	Ngubomvu & orenji obugolide	Ngumthubi(cream/mustard)

Abo basebenzisa isiShweshwe ngeenjongo zengeniso-mali:

8. Ingaba kubalulekile kubathengi bakho ukuba isiShweshwe osisebenzisayo sibe ngesakwa*Three Cats* xa uthelekisa nezinye iintlobo? [ ] Ewe, kubo bonke [ ] Kwabanye[ ] Andazi [ ] Hayi
9. Ingaba abathengi bakho bazimisele ukubhatala ixabiso eliphezulu ngemveliso yesiShweshwe sakwa*Three Cats*?
   [ ] Ewe [ ] Hayi
10. Nanku umfanekiso welokhwe yesiShweshwe [bonisa umfanekiso]. Ungalindela ilokhwe efana nale
    ixabise malini:
    a. ukuba ibiyenziwe ngesiShweshwe i*Three Cats*?

       ____

    b. Ukuba ibiyenziwe ngezinye iintlobo zelaphu ezine-*pattern* efanayo ?

       ____
11. Kwinyanga nje **eqhelekileyo**, ishishini lakho lenza malini (ngokweeRandi) ________
12. Kule mali, uchitha isixa esingakanani kwilaphu nakwezinye **izinto**? Ngamanye amazwi, yimalini ingeniso yeshishini lakho?

    ____

13. Ingakani **ingeniso** esuka ekuthungeni isiShweshwe xa uthelekisa nokuthunga ezinye iintlobo zamalaphu?

____

14. Zeziphi iizakhono okanye ulwazi oludingayo ukuqhuba ishishini lakho?

Iizakhono zokuthunga	Iizakhono zolwazi lwemali okanye ishishini	Iizakhono zonxibelelwano	Iizakhono zokuthengisa	Iizakhono zokucwangcisa
Ezinye:				

15. **Bakhona abanye abantu obaqeshayo kwishishini lakho?** [ ] Ewe [ ] Hayi
15a. *Ukuba uthe ewe:* Bangaphi abantu obaqeshayo?

____

15b. Luhlobo oluni lomsebenzi obaqeshela lona? [ ] ngowamaxesha onke [ ] ngowamaxesha athile [ ] Ngowentsuku ezithile evekini______________ [ ] Ngosisigxina [ ] Ngowethutyana xa kukho isidingo [ ] Okunye: ____

16. **Ingaba ishishini lakho libhalisiwe ngokusemthethweni** (line-akhawunti yebhanki ebhaliswe phantsi kwegama leshishini)?

[ ] Ewe [ ] Hayi

Ulwazi ngawe buqu: Kuzokusinceda kakhulu ukwazi kancinci ngawe kodwa ukuba akufuni ukuphendula le mibuzo, akunyanzelekanga. Khumbula ukuba igama lakho alizokuxelwa kwezi mpendulo.

17. Ingaba ikhona ingeniso-mali oyenzayo kweminye imi/umsebenzi onayo, ngaphandle kweshishini lakho lokuthunga?

[ ] Hayi [ ] Ewe: Inoba yimalini oyenzayo ngenyanga kweminye imi/umsebenzi? _______

Gcwalisa, sukubuza:

Ungu/Uyi 0□ Mfazi 1□ Ndoda

Ulolulphi uhlanga? 1□ Ntsundu 2□ Mhlophe 3□ Bala 4□ Kula

5□Olunye:_____________________

18. **Loluphi ulwimi lwakho lwenkobe?** 1□IsiXhosa 2□ IsiNgesi

3□ IsiZulu 4□ I-Afrikaans 5□ Olunye ________________________________

19. **Unangaphi?** 1□ 18 – 25 2□ 26 – 35

3□ 36 – 50 4□ 51 – 64 5□ 65+

20. Ngeliphi inqanaba lakho eliphezulu lemfundo?

1□ Libanga eliphantsi 2□ Libanga eliphezulu 3□Yikhosi yexesha elifutshane/yikhosi egunyazisiweyo

4□ SisiDanga/yiDiploma

21. Ingakanani ingeniso-mali yosapho lwakho ngenyanga, ukuquka imali yeminye imisebenzi, igranti, inkam-nkam, njalo-njalo.

<R500	R2001- R2500	R4001- R4500	R6001- R6500	R8001-R9000	R12 001-R14 000
R501-R1000	R2501- R3000	R4501- R5000	R6501- R7000	R9001-R10 000	R14 001-R16 000
R1001- R1500	R3001- R3500	R5001- R5500	R7001- R7500	R10 001-R11 000	R16 001-R18 000
R1501- R2000	R3501- R4000	R5501- R6000	R7501- R8000	R11 001-R12 000	>R18 000 Isixa:

22. **Bangaphi abantu abahlala endlini yakho? _____________________________**

Siyabulela kakhulu ngoncedo lwakho!

Appendix 3: Shweshwe dress example picture

Appendix 4: Shweshwe Jackson's Store Managers' Questionnaire.

Good day! We are part of a research team from Rhodes University and the University of Fort Hare. We have been asked by Cowie Trading, who market Three Cats Shweshwe, to find out more about the people who buy and use shweshwe, and we got your contact details through them. The research will also be part of a master's degree study and may be published in academic journals.

As a Jackson's Store manager, we would very much appreciate it if you could answer this short questionnaire about your perceptions of shweshwe purchasers, either on this form, or via a telephone interview. You are also welcome to print out the questionnaire and fill it in by hand and then email or post it back to us.

There are no right or wrong answers. Please feel free to fill in as much detail as you like.

Your name will not be attached to this research, and you can choose not to answer any of the questions.

---

1. **Who would you say are the most common buyers of shweshwe from your store?**

[ ] Mostly men [X] Mostly women [ ] Men and women equally

[X] Mostly people who use the shweshwe to produce goods that they sell (part of their business inputs) <u>or</u>

[ ] Mostly people who use the shweshwe for their own private use

[X] Mostly black people [ ] Mostly coloured people [ ] Mostly white people

2. **About what percentage of shweshwe buyers in your branch are:**

Black people	100 %	White People	50 %
South Africans	100%	Foreigners	50 %

3. We are particularly interested in finding out more about people who use the shweshwe as inputs into their own businesses. For example, people who use the fabric to make clothes and other things for sale.

What percentage of the original Three Cats shweshwe that you sell (in terms of meters sold) would you say is bought by people who are using shweshwe as an input into their business? _____100_________%

4. **Is there a particular day of the week or month when you sell more shweshwe? Why do you think this is?**
_____FRIDAYS &MONTHEND BECAUCSE PEOPLE GET PAID____
____

5. As you know, there are different kinds of fabrics referred to as "shweshwe". Three Cats is marketed as "original" shweshwe, but there are also similar imported materials (such as the kwaNobantu fabric) available at lower prices.

   Would you say that your customers, particularly those who use the shweshwe in their own businesses, prefer the "original" Three Cats brand? [X] Yes [ ] No [ ] Unsure/ Don't know.

   Why or why not? ___CUSTOMERS WANT SOMETHING THAT WOULD LAST FOR LONG TIME____

6. There are also some imported copies of "shweshwe" available for purchase that may look very similar to Three Cats shweshwe.

   For those customers who do value the original Three Cats shweshwe, what do they use to determine that the fabric is authentic?

   ____
   ____

7. From your experience in managing the store and dealing with customers who buy Three Cats shweshwe, **what would you recommend could be done further to strengthen the authentication of Three Cats shweshwe, so that customers better understand the value of the brand, and can recognise the Original Three Cats one?**
__THE THREE CATS SHWESHWE GOT STAMP INSIDE THAT SHOWS IS ORIGINAL____
____
____

Thank you very much for your help!