Prepared for the

Western Cape

Department of the Premier

Report of the Impact Study of 2010 FIFA WORLD CUP SOUTH AFRICA™ on SMMEs in the Western Cape

DEVNOMICS
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It is with thanks that we render this report to the Western Cape Department of the Premier.

Mr. Denver Moses and Ms. Mushfieqah Salie, both of whom we interacted closely at the department while conducting this study, were as gracious as they were professional and immensely helpful in assisting and providing guidance to the Developmentnomics team led by Ms. Lisle Svenson.

Despite the tight budget constraint within which we had to conduct the survey, the support and professionalism with which the Department of the Premier team provided the survey team with direction and leadership made it all worthwhile.

We owe a profound debt of gratitude to the SMMEs across the province that participated in this survey. They made it all possible.

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EXECUTIVE SUMMARY

Study problem

Hosting the soccer World Cup requires several sacrifices. Hopes of benefits of mythical proportions loom large. The excitement engendered by the reputation of the tournament and the sheer attention it inspires, invokes ever-larger expectations. Huge sums are spent to build new, and or, enhance existing infrastructure. Locals wonder if such sums could not have been spent to better effect solving *real problems*. Problems that beset them every day of their lives. Government is hard put to explain away the fact that in the end, the investment in the tournament will be worthwhile. Nationals make sacrifices in *patience*, hoping that it will all turn out well. Government wait in bated breadth that it will be able to say, "We *told you so*". The answer to which of the parties is right is one best answered through independent inquiry. Alas, this is one of such.

FIFA president Mr. Sepp Blatter posits, *"the World Cup is not a circus that comes into a country and puts up tents and then takes everything away... and more when it is all over"* (E-news, December 14, 2010). How true is this?

The 2010 FIFA World Cup South Africa™ as the tournament's official name suggests, was hosted in South Africa. The expectations, investments, sacrifices and hopes and doubts and joys of the tournament were probably not much different from other soccer World Cup tournaments before it. According to National Treasury, the South African government spent more than R33-billion over a period of four years on infrastructure and preparation for the tournament. Close to R12-billion was spent on stadium infrastructure, R11-billion on transport infrastructure, and R1.5-billion on event broadcast and telecommunications.

Along with expensive construction costs are increasing operating and security costs. The question that then arises is whether the benefits of hosting such an event can outweigh the cost for the new infrastructure and its eventual operations. The South African government and sports authorities have long taken the view that the value of hosting the world's top sporting events lies not only in the honour and prestige of doing so, but in the power of the trickle down effect on the economy and its potential to spur social change. It is therefore the hope of countries that host major sporting events that the events bring about not only sporting glory but also a long lasting economic boom. Not long after the historic day in May 2004, when South Africa won the right to host the 2010 FIFA World Cup South Africa™ on African soil for the very first time, pundits began extolling the benefits of the event to 2010 and beyond. However, others believe that hosting the World Cup may not bring the economic spurt organizers often predict. At least, not immediately.

The development and promotion of small, medium and micro-enterprises (SMMEs) is one of the core strategies government has actively pursued to accelerate socio-economic development. Winning the right to host the World Cup presented a whole host of opportunities for this strategy to be enhanced by supporting local entrepreneurs to take advantage of the opportunities presented by the hosting of the World Cup. In the midst of the debate about whether hosting, the World Cup is beneficial or not, our main question is that, do the benefits if any, filter to SMMEs in general and more specifically to the SMMEs in the Western Cape?

Purpose of study

This study's main objective was to assess whether SMMEs in the Western Cape benefited from the tournament with a view of assisting the SMMEs that were able to link their business with national and international markets to enhance the links for sustainability. It was also hoped that the result of the study will help dispel the myth in some quarters that the tournament is a once-off event that did not create opportunities to improve the future prospects of SMMEs in the Western Cape.

Delimitation of study

The accommodation, tourism and transport/taxi services, food and beverages, restaurant and catering, retail, crafts, security and media sectors were identified as sectors of interest in the study. The choice of studying the SMMEs sector is not accidental. Small to micro enterprises have come to play an important role in South Africa's economy and development. Data on SMMEs suggest that these enterprises contribute about half of the total employment generated in the economy and more than 30% of the total gross domestic product. The study was carried out between November and December 2010. It was carried out with SMMEs in Hermanus, Caledon, Bredasdorp, Oudtshoorn, Calitzdorp, Worcester and Vredenburg, after an initial survey had been conducted in July through September by the Western Cape Department of Economic Development and Tourism (DEDT), to measure the impact on SMMEs in the greater Cape Town area. The choice of the above-mentioned towns was deliberate to assess the impact on SMMEs in the more outlying areas of the Western Cape, thus supplementing the impact survey conducted by DEDT. A further outcome was to assess the impact on the outlying towns where FANJOLS had been held (Worcester, Bredasdorp, Vredenburg, Beaufort West and George), in comparison to those where no official FANJOLS had been facilitated by the Western Cape Provincial Government (Caledon, Hermanus, Calitzdorp, Oudtshoorn).

Justification for studying SMMEs

Growth sectors in which SMMEs have been expected to take advantage of commercial opportunities presented by the 2010 FIFA World Cup South Africa™ include accommodation, health services, travel services, short-term insurance, security, event management, logistics, arts and crafts and entertainment. These opportunities have also exposed the informal sector to new skills and technologies.

Specifically, the Western Cape economy is described as diversified; increasingly knowledge intensive, relatively fast-growing, concentrated largely within the Cape Town and driven mainly by small and medium-sized firms.

The Western Cape is South Africa's foremost tourism region and accounts for 10 per cent of total employment in the province. This also demonstrates potential for further growth in the catering and accommodation sector. The craft sector has significant linkages with tourism and acts as an important draw-card for visitors to the province. From a national perspective, 27 per cent of all producers and 60 per cent of retailers are estimated to be located in the Western Cape. The high and increasing share of catering and accommodation can be linked to the prominence of the Western Cape as a tourist destination.

It was therefore justifiable to include SMMEs in the accommodation, tourism and transport, food and beverages, catering, retail, arts, crafts, security, media, film and events management sectors in the study given their importance in the Western Cape and South Africa as a whole.

Data collection methods

Face-to-face interviews with the owners or managers of the SMMEs were conducted. Other methods also utilised in this survey included telephonic interviews and online data collection where the questionnaire was uploaded on an electronic system allowing on line administration of questionnaires.

Samples

The study areas were grouped into the following regions;

- Worcester;
- Calitzdorp and Oudtshoorn;
- Bredasdorp, Caledon and Hermanus;
- Vredenburg

143 SMMEs participated in the study. Apart from the list of firms that served as service providers to the 2010 committee, participants were chosen at random.

Major findings and conclusions

General Perceptions:

- 34% of the SMMEs surveyed reported that the event did not have a direct impact on their business but believed it was a good boost for the general South African economy.
- 34% believed that South Africa generally gained from the event;
- 22% of the respondents indicated that they anticipated much more than the actual impact they encountered in terms of business turnover.
- 4% of the respondents felt that the tournament did a lot to generate awareness for their business in the long run followed by 3% of the respondents stating it was well worth the hype. Those who indicated that they did realise immediate benefits from the 2010 FIFA World Cup South Africa™ indicated that the 2010 FIFA World Cup South Africa™ assisted them in promoting their business to future visitors (tourists) and other potential customers. Another 3% believed the event was a waste.

Expectations vs Actual Impact on SMME business:

- 57% (81 out of the 143) of the respondents indicated that they had positive expectations of the event and the remaining 43% (62 out of 143) did not expect that the event would have any impact on their business.
- 20% (29 out of 143) of the respondents indicated that the event had a positive impact on their business, while 80% (114 out of 143) of the SMMEs reported that the event did not have a significant effect on their business performance. Among these 80% respondents, few (5%) shared the optimistic view that there will be positive impact in the long run. For instance even though they did not encounter a direct benefit right away, the respondents indicated that the 2010 FIFA World Cup South Africa™ assisted them in promoting their business for future visitors (tourists) and other potential customers.
- In Calitzdorp and Oudtshoorn 44% (16 out of 36) of the firms surveyed had expected that the tournament would have a positive impact on their business, whereas 56 %(20 out of 36) did not expect the tournament to have any impact on their business.
- In Worcester, 49% (16 out 33) of the respondents expected that the tournament would have a positive impact on their business and 51% (17 out of 33) did not expect the tournament to have any impact on their businesses.
- In the Bredasdorp, Caledon and Hermanus region, 62% (23 out of 37) of the respondents expected that tournament would have a positive impact on their business and 38% (14 out of 37) did not expect the tournament to have a positive impact on their business.
- In Vredenburg region, 72% (26 out 36)) expected that the tournament would have a positive impact on their business and 28 %(10 out of 36) did not expect the tournament to have any impact on their business.
- In terms of actual impact, SMMEs in Worcester recorded the highest impact on their business i.e. (27%); followed by those in Vredenburg (22%) and Bredasdorp, Caledon and Hermanus. The least number of SMMEs who experienced an impact on their business are in Calitzdorp/Oudtshoorn (14%).

- 27% (9 out 33) of surveyed SMMEs in Worcester experienced an impact on their businesses, whereas 73% (24 out of 33) said they did not experience any impact on their business.

- In Vredeburg, 22 % (8 out of 36) indicated that they experienced an impact on their business, whereas 78% (28 out of 36) indicated that they did not experience any impact on their businesses.

- In Bredasdorp, Caledon and Hermanus region, 19% (7 out of 37) surveyed SMMEs experienced an impact on their business whereas 81% (30 out of 37) indicated that they did not experience an impact on their business.

- 14% (5 out of 36) of the respondents in the Calitszdorp and Oudtshoon region experienced an impact on their business, whereas 86% (31 out of 36) indicated that they did not experience any impact on their business.

A high percentage of expectation in Bredasdorp/Caledon/Hermanus (62%) region and Vredenburg (72%) could be explained by the anticipation generated by the knowledge that there a Public Viewing Area (PVA) is located in Bredasdorp and Vredenburg. In terms of the actual impact, the highest percentages of surveyed SMMEs who indicated an actual positive impact were in Worcester (27%), followed by Bredasdorp/Caledon/Hermanus(22%), Vredenburg (22%) and the lowest in Calitzdoro/Oudtshoorn (14%) region. The observed percentage could be explained by the fact that there was a PVA located in Worcester and the nearness of Worcester to Cape Town therefore presenting SMMEs with an opportunity to boost their business. There was a PVA located in both Bredasdorp and Vredenburg as well. The lowest percentage observed in Calitzdorp/Oudtshoorn could be explained by the fact that there was no PVA in either Calitzdorp or Outdtshoorn. The nearest PVA to Calitzdorp/Oudtshoorn region was located in George. PVAs and nearness to Cape Town seem to have played a significant part in boosting businesses of SMMEs during the 2010 FIFA World Cup South Africa™. The enthusiasm and general good sentiments generated by Cape Town may have affected the other areas in close proximity to it.

Impact on Turnover

- The retail sector showed an increase of 40% or more in the 2010 than in 2009 and 2008, making the sector potentially the most significant contributor for the economies of the regions surveyed.

- For the tourism sector, there was a substantial increase in turnover (30%) particularly within the category of firms earning more than R500,000 or more annually. This increase is noted in 2009 and 2010 financial years. The increase in turnover in tourism was expected as it is widely believed that tourism sector benefits significantly from the hosting of major events.

- SMMEs in the food and beverages sector however recorded a significant increase in turnover for 2010. This may be attributed to the effect of the Word Cup tournament on behaviour trends impacting the food and beverages sector during the staging of events such as the FIFA 2010 World Cup.

- In contrast, the annual turnover levels in the Media, Restaurant and Catering sectors did not show any significant variation over the past three years. The tournament therefore did not appear to significantly impact on these sectors, as was expected in some quarters, where a marked increase would have been expected in turnover in 2010.

- Only 5% of the respondents in the accommodation sector recorded a relatively significant increase in their turnover for the 2010 financial year. Provision should however be made for the fact that the survey was conducted before the major Christmas/holiday season and that these figures are not included in the 2010 turnover estimates provided. 25% of the accommodation businesses surveyed recorded turnover within the range of R100,000 to R200,000 per annum. These businesses however indicated similar levels of turnover for the past three years.

- Most of the SMMEs in the four regions that were surveyed indicated an annual turnover of less than R100,000 per annum for the last three financial years. This trend is expected given that that the firms of interest are SMMEs. However, it is important to note that there is a significant number of SMMEs who indicated that their turnover was R500,000 and more in Worcester (24%) and Vredenburg (28%) for 2010. The tournament could be the plausible reason for the increase in the number of firms with turnover levels of more than R500,000.

Impact on new businesses:

- The highest number of firms (77 out of 143), i.e.54% of the SMMEs surveyed were established earlier than 2005. More importantly 8% of the firms studied were established in 2010 in anticipation of the World Cup. Therefore based on this study it can be noted that some firms were established in anticipation of the 2010 FIFA World Cup South Africa™. This indicates a positive contribution on the development of SMME s in the sectors that formed part of the survey, as these SMMEs could not have emerged in the absence of the tournament. The lowest number of firms (9 out of 143) i.e. 6% of respondents was established in 2005.

Impact on employment numbers:

- A total of 64 new jobs were created as a result of the World Cup. The highest number of new jobs (29) was created in Worcester. The area where the second highest number of new jobs were recorded was in the Bredasdorp, Caledon and Hermanus region, where 21 new jobs were recorded. Eight (8) new jobs were recorded in the Calitzdorp/Oudtshoorn region and six (6) new jobs were recorded in Vredenburg. It can be concluded that in the absence of the tournament, these new jobs were unlikely to be created. In this respect, the tournament has had a positive impact in terms of employment creation in the areas included in the survey. These figures can be extrapolated across the province.

- In terms of additional workers that were hired in anticipation of the World Cup, 6 (18%) of the firms surveyed in Worcester hired additional workers. This was followed by Bredasdorp/Caledon/Hermanus where a total of 4 surveyed firms (11%) hired additional workers in anticipation of the tournament. In the Calitzdorp/Oudtshoon area 2 of the surveyed firms (5%) hired additional workers, with Vredenburg recording only 1 firm (3%) of the SMMEs surveyed as having hired additional workers as a result of the tournament.

- There is thus some evidence that SMMEs braced themselves for the tournament by hiring additional workers. This however, should be moderated by the number of job losses immediately after the tournament. The highest number of job losses after the 2010 FIFA World Cup were in Worcester (58%), followed by Calitzdorp and Oudtshoorn (22%) and Vredenburg (15%). The least number of job losses after the tournament was experienced in Bredasdorp, Caledon and Hermanus (5%).

Impact on training and skills development:

- The highest number of SMMEs whose employees received training in preparation for tournament was in Bredasdorp, Caledon and Hermanus (16%). This was followed by SMMEs in Worcester (15%). The least number of SMMEs whose employees underwent training was in the Calitzdorp / Oudtshoon region and in Vredenburg with both regions recording only 3% of the SMMEs employees having undergone training in anticipation of the event. The tournament has thus provided an opportunity for additional training of employees, an opportunity which could not have risen in the absence of the tournament. The event could therefore be said to have contributed positively towards the advancement of training and skills development, considering the skills shortages in the country in general.

- With respect to the types of training, 41% of the SMMEs offered their employees Customer Care training in one form or another followed by other sector specific training, including basic training in a foreign language and other business specific skillsets, accounting for 25% of the types of training that had been performed. No evidence was provided of general business training offered in the areas of administration, finance, project management and corporate governance.

Impact on imports:

- Out of 143 respondents, none had imported anything in anticipation of the tournament. This indicates that SMMEs in the studied sector do not engage in import operations. Even the tournament did not serve as an opportunity for the sectors to import, thus suggesting that these SMMEs depend on local products and services. Imports operations were not therefore a significant aspect of the SMME business across the six sectors that formed part of the survey.

Impact on exports:

- Some firms however prepared for the tournament by engaging in export activities. 8% (3 out of 36) of SMMEs in Calitzdorp/Oudtshoon region exported tourism related services. The countries to which they exported included USA, Germany, Netherlands, UK and Poland. The tournament therefore provided an opportunity for the SMMEs to enhance their export operations, especially in the tourism sector where tourist services are relatively more easily exportable.

Challenges encountered by SMMEs in preparation for the tournament:

- 26% of the SMMEs surveyed did not encounter any challenges in preparing for the World Cup. This was mainly due to the fact that they had not expected the tournament to have a significant, direct or immediate impact on their business. 33% of the SMMEs surveyed however, encountered challenges that included the following:
    - Located too far away from the major FIFA centres;
    - FIFA regulations made it difficult to sell World Cup merchandise;
    - Infrastructural challenges;
    - Late notification of the tenders;
    - Lack of equipment (and finance);
    - Difficulties in getting licences e.g. liquor licenses
- Considering the types of challenges that were faced by the surveyed SMME's, the highest proportion, i.e. 21% indicated that they encountered marketing challenges. 9% of the surveyed cited inadequate funding as a challenge. This was followed by 5% of the surveyed SMMEs having had encountered logistical challenges and 2% cited unavailability of stock and another 2% cited inadequate information as hinderances to their preparations. 1% of the SMMEs cited lack of capacity and another 1% cited inadequate manpower as challenges to their preparations for the tournament.

Recommendations

A follow-up study is recommended where a larger sample size should be surveyed in order to further understand the impact of the 2010 FIFA World Cup South Africa™ on SMMEs and to establish the sustainability of the impact. This is key because some researchers and scholars assert that it takes some time for the benefits or impact of a mega event such the 2010 FIFA World Cup South Africa™ to be tangibly observed.

SMMEs encountered a host of challenges in their preparations for the 2010 FIFA World Cup South Africa™. It is recommended that initiatives be put in place to lessen the constraints on SMMEs and assist them in harvesting the opportunities that may accrue because of events similar to that of the 2010 FIFA World Cup. One such initiative

could be the development of marketing support services, which if more accurately targeted, could assist in minimising the challenges faced by SMMEs in preparing for similar events/tournaments of this nature.

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1. BACKGROUND TO THE STUDY

1.1. Introduction

This section gives a background to the study in terms of the reasons for hosting mega events such as the World Cup, survey objectives and justification of the study.

1.2. Background to the survey

The main claims made for hosting mega-events like the FIFA World Cup tournament are the positive impact it has on employment, additional spending in the communities hosting the event, visiting tourist/spectator numbers, the "showcase effect" of media coverage on an event locality, as well as intangible social benefits such as civic pride. The mega event's legacies' – whether social, cultural, environmental, political, economic or sporting – are the greatest attraction but are difficult to capture and measure. For developing economies, the "allure of global games" holds a special promise of raising their status and recognition in the world community.

Yet, two decades of international research reveals a growing scepticism about the actual impact of mega-events. Issues that do not appear to have been factored in are substitution, crowding out and leakages of various sorts. In contrast it was envisaged that the 2010 FIFA World Cup South Africa™ would be different and would bring economic benefits, especially to SMMEs for the following reasons:

- First the event was being staged during South Africa's winter season and hence it was envisaged that there was likely going to be less crowding out than would otherwise be the case;
- Second, the unprecedented degree and range of local participation by SMMEs in the provision of tourism and retail products and services would result in fewer leakages and higher multiplier effects than would otherwise be the case; and
- Third, the tournament was being held in Africa for the first time and the enthusiasm and continental pride expected to be generated by the tournament was expected to have encourage significant intra-continent tourism.

The 2010 FIFA World Cup South Africa™ hosted in South Africa came on the backdrop of the previous tournament being held in Germany. The 2006 FIFA World Cup Germany™ was reported to have generated massive investments for the country, bolstering its economy and its international image. The tournament earned Germany's tourism industry US$399 million in revenue and an additional 2 billion Euros to retail sales (IDC 2007). Particularly noteworthy was the fact that the majority of the beneficiaries of the 2006 World Cup Germany™ were SMMEs. Research by Du Plessis and Maennig (2006) revealed that the major beneficiaries of the event were beer breweries, tabletop football producers, currency exchangers, small plane aviation service enterprises and producers of soccer merchandise (Ritter 2006). While other industries and firms of bigger economic significance also benefited, research showed that emergent businesses and SMMEs were the engines to economic growth most affected. Given that emergent businesses and SMMEs in Germany benefited from the tournament, it therefore became important to answer the following research question. Did SMMEs in the Western Cape benefit from the 2010 FIFA World Cup South Africa™?

1.3. Survey Objectives

The overarching objective of the survey was to assess whether SMMEs in the Western Cape did benefit (or not) from the 2010 FIFA World Cup South Africa™ with a view of assisting the SMMEs that were able to link their business with national or international markets and nurture the new links for sustainability. It was also hoped that

the results of the survey would help dispel the myth that the tournament was just a once-off event and that it did not create opportunities to improve the future prospects of the SMMEs in the Western Cape.

The sub-objectives of the survey were as follows;

1. Understand what preparations were undertaken by SMMEs for the 2010 FIFA World Cup South Africa™;
2. Understand the extent to which SMMEs preparations for their business were successful during the 2010 FIFA World Cup South Africa™;
3. Measure the major effects of the SMMEs success/failure of their business during the event;
4. Identify linkages that must be nurtured for SMMEs to expand the scope of their business nationally and internationally where possible; and
5. Identify lessons learnt from fieldwork and data capture.

1.4. Justification of the study

The last decade in South Africa has seen large enterprises constricting and downsizing. SMMEs have come to play an important role in South Africa's economy and development. Data on SMMEs suggest that these enterprises contribute about half of the total employment and more than 30% of the total gross domestic product. Approximately half of all people in formal employment are employed by SMMEs. 80% of the Department of Trade and Industry's budget for enterprise and industry development is spent on SMMEs (South African Business Guide Book, 2002/2003).

SMMEs have some economic roles to fulfil. They contribute to a country's national product by either manufacturing goods of value, or through the provision of services to both consumers and/or other enterprises. This encompasses the provision of products, and to a lesser extent, services to foreign clients, thereby contributing to overall export performance.

From an economic perspective however, enterprises are not just suppliers, but also consumers, which have an important role to play if they are able to position themselves in a market with purchasing power: their demand for industrial or consumer goods will stimulate the activity of their suppliers, just as their own activity is stimulated by the demands of their clients. Demand in the form of investment plays a dual role, both from a demand-side (with regard to the suppliers of industrial goods) and on the supply-side (through the potential for new production arising from upgraded equipment). In addition, demand is important to income-generation potential of SMMEs, and their ability to stimulate the demand for both consumption and capital goods.

SMMEs have the potential to generate employment and upgrade human capital. Economic historians have demonstrated the importance of this phenomenon in Europe's industrialisation and the subsequent development of other emerging economies. As technological progress in agriculture liberated the agrarian labour force, this unskilled excess labour force was absorbed into small manufacturing industries and exposed to business experience, thereby encouraging a "learning-by-doing" effect. This combination of the employment of a vacant labour force, and improvement of their skills through business exposure, strongly characterised the process of industrialization and development.

In general, the importance and role of SMMEs can be enumerated as follows:

- SMMEs are the largest provider of employment in most countries
    - SMME sector is the largest provider of employment in most countries, especially of new jobs;
    - SMMEs are the major source of technological innovation and new products
- SMMEs are essential for competitive and efficient markets:
    - Easy entry and exit of SMMEs make economies more flexible and more competitive;

- Large numbers of SMMEs create competitive pressure;
- SMMEs play an essential role as sub-contractors in the downsizing, privatization and restructuring that has been occurring in larger companies;

- SMMEs play a pivotal role in poverty reduction and alleviation:

  - Self-employment tend to be the only source of income for many poor households;
  - SMMEs plays a particularly important role in developing countries where poverty is most severe;
  - SMMEs tend to employ poor and low income workers.

1.5. The Western Cape Context

The Western Cape is primarily described as the logical international gateway into South and Southern Africa, with Cape Town offering a veritable business access. According to the Provincial Gazette Extraordinary, (2008) the WC economy is a diversified, increasingly knowledge intensive, relatively fast-growing economy concentrated largely within the Cape Town Area. The economy is driven mainly by small and medium-sized firms, an expanding services sector and an increasing number of export-oriented firms within certain defined sectors (Provincial Gazette Extraordinary, 2008).

More specifically the Western Cape is South Africa's foremost tourism region and this sector in the province continues to show growth. This is reflected in the high and increasing contribution to the national aggregate of value added services, demonstrating potential for further growth in the Catering and Accommodation Sector. Tourism accounts for 10 per cent of total employment in the province. The craft sector has significant linkages with tourism and acts as an important draw-card for visitors to the province. From a national perspective, 27 per cent of all producers and 60 per cent of retailers are estimated to be located in the Western Cape. The high and increasing share of catering and accommodation can be linked to the prominence of the Western Cape as a tourist destination (PERO, 2009).

As a globally attractive leisure and business tourism destination and with the 2010 FIFA World Cup South Africa™ spotlight firmly on selling South Africa as a destination, the Western Cape performs better than the rest of the country and most other destinations when it comes to attracting increasing numbers of hard currency visitors (PERO, 2009).

2. LITERATURE REVIEW

2.1. Introduction

This section provides some literature review on the impact of mega sporting events on host countries.

2.1.1 Economic growth impact

The South African government and sports authorities have long taken the view that the value of hosting the world's top sporting events lies not only in the honour and prestige of doing so, but in their power to filter down the economy and spur social change.

According to Gordhan (2010), the economic and social benefits created by the event will continue to benefit South African long after the visitors have left the country. He asserted that the tournament's benefits will not only be seen in terms of economic legacy but could help the country increase its delivery capacity while demonstrating to the world its ability to host major events. The national government spent more than R33 billion over a period of four years on infrastructure and preparation for the World Cup. Close to R12 billion was spent on stadia infrastructure with another R11 billion spent on transport and R1.5 billion spent on event broadcast and telecommunications

Gordhan (2010) said current projections were that the tournament will add 0.4 percent to South Africa's real gross domestic product (GDP). "What this actually means is that about R38-billion will be added to the GDP as a result of the World Cup." He said while some benefits from hosting the event were not clear-cut for now, South Africa had prospects of fast growth as a result of the infrastructure that had been built for the World Cup. "This infrastructure we have built is not short-term infrastructure that you build today and destroy tomorrow. We have increased the productivity of the people of South Africa, and all of that is part of our development and long-term planning for our country. "An estimated 130 000 jobs, most of them leading up to the World Cup, were created in the construction, roads and transport and hospitality industry"

The views on the positive impact of the World Cup were also supported from other quarters. As the 2010 FIFA World Cup South Africa™ unfolds in South Africa, the international community is not only watching the action on the pitch; they are also witnessing a South Africa that is continuing to emerge as a competitive 21st century economy, says consulting firm Deloitte.

According to the Deloitte report "2010 FIFA World Cup South Africa™: A Turning Point for South Africa", South Africa is reaping the rewards of hosting the Cup, including infrastructure improvements, an economic boost, and an increase in national pride. According to the consulting firm Grant Thornton, the world's biggest single-code sporting event will pull an extra half-a-million foreign tourists into the country in 2010, injecting an additional R8.5-billion in tourist spending into the economy.

The World Cup's total contribution to South Africa's gross domestic product (GDP) will be a massive R55.7-billion, of which R33-billion will be in direct spending on stadiums and infrastructure (R17.4-billion in 2010 alone), spectator trip expenditure (R8.1-billion), ticket sales (R6-billion), rights and sponsorships (R750-million) and other items. Local consulting firm Grant Thornton estimated in December 2009 that the 2010 FIFA World Cup South Africa™ will contribute R55.7 billion to South Africa's gross domestic product and create 415 400 jobs.

The projections made by Grant Thornton (2008) were that just over 415 000 jobs will be created in tourism, transport, construction and other industries. And the benefits will go well beyond 2010, with an indirect impact that may be even more meaningful for a sustainable economic lift in subsequent years. With an expected global television audience of 35 to 40-billion "cumulative viewers", around 487 000 foreign visitors, and a 19 000-strong visiting media contingent, the World Cup presents South Africa with a marketing opportunity second to none.

The resulting tourism legacy, according to Grant Thornton, will be two-fold. Crucially, the event will make South Africa a better, more widely known and understood destination, with - barring major problems - an enhanced reputation for service and a quality travel experience. But the World Cup will also leave behind a greatly improved tourism infrastructure, in the form of increased accommodation (about 35 new hotels will have been built); improved public transport; bigger bus, coach and hire car fleets; better tourism information and destination management; and more efficient tourism industry supply chains.

South African tourism will benefit for years to come, Grant Thornton predicts - basing its forecasts on the experiences of other countries that have hosted major events - with between 130 000 and 290 000 extra foreign arrivals a year from 2011 through 2015 expected on account of the World Cup effect.

Grant Thornton (2008) postulated that the gross economic impact of the 2010 FIFA World Cup South Africa™ ™ will be R93-billion, with 62% expected to be generated pre-2010 and 38% during the course of the year. Foreign tourism will account for 16% of the gross impact. The majority of economic spend comes from the government's spend on infrastructure and some operational expenditure. This has increased significantly compared to original budgets, from R17.4-billion (2007) to R30.3-billion, with a further R9-billion or more spent by cities and provinces. Net additional economic impact in 2010 is 0.54% of GDP - comprising an estimated 0.48% from net additional foreign tourism and 0.06% Fifa spending. This is significant, since GDP growth this year is estimated at 2.0 to 2.5%, of which 0.5% is accounted for by a single event.

2.1.2 Sustaining jobs

In terms of the World Cup impact on jobs, Grant Thornton finds the figures very encouraging. The number of annual jobs sustained in total is 695 000. Of these, 280 000 annual jobs will be sustained in 2010 and 174 000 by the net additional economic activity in this year. This is an economic measure of equivalent annual jobs sustained by this amount of economic activity, and not new jobs created. "We continue to be upbeat about the impact of the World Cup," said Saunders. "The stadia will be full and it will be great event; the profiling of South Africa and future spin-offs have always been the real benefit of hosting an event of this magnitude."

However, some authorities believe that it takes three to five years to see the economic benefits of the World Cup. For example, Dr Udesh Pillay (June 13, 2010) head of research on service delivery at the Human Sciences Research Council asserted that it was too early to tell how great the economic benefits would be and that the economic benefits had been overstated. He opines that when compared to the economic benefits that the government projected three to four years ago, figures have been definitely been overstated.

2.2. Debate surrounding impact of mega sporting events

In an events context impacts encompass a variety of positive benefits and negative impacts which might accrue as a result of an event taking place. These impacts and benefits may be apparent before the event takes place, during the event or after the event (Shipway and Dickinson, 2007). They may be felt by a variety of stakeholders including participants, local businesses and the host community. An event will affect people in different ways, thus, there may be inequity in the distribution of impacts and benefits. Typically studies focus on one or more of the following impact areas:

- physical infrastructure;
- environmental impacts (often linked with physical infrastructure);
- economic impacts;
- tourism destination impacts;
- image enhancement;
- social impacts;
- cultural impacts;
- political impacts;
- urban renewal.

To be a host of the World Cup requires several sacrifices from the host nation, with the hopes for an even larger amount of benefits. It is required by FIFA to provide at least eight (though preferably ten) modern stadiums with the capability of seating 40,000 to 60,000 spectators. The 2002 World Cup was co-hosted by both South Korea and Japan, and each decided to provide ten stadiums. To accomplish their goal, South Korea needed to construct ten completely new stadiums at a cost of nearly $2 billion, while Japan constructed seven new stadiums and refurbished the other three, costing more than $4 billion (Sloan, 2002). After the tournament, the Dentsu Institute for Human Studies estimated that the World Cup bolstered Japan's economy by $24.8 billion and South Korea's by $8.9 billion.

Along with expensive construction costs are increasing operating and security costs. The question that then arises is whether the benefits of hosting such an event can outweigh the costs for the new infrastructure and operations. Past and present economic impact analysts have forecasted economic windfalls for host cities or nations of the World Cup. As an example, "the 1994 World Cup Organizing Committee in the US...predicted that 'as many as one million international visitors will travel to the US in conjunction with the World Cup, making the event one of the most significant tourist attractions in American History. The 1994 World Cup could conservatively exceed four billion dollars in the US'" Though the 1994 World Cup was a huge success with over 3.5 million attending fans, the host cities were not among the profitable. Evidence from Baade's and Matheson's (2003) study indicates that the mega-event had an overall negative impact on the average host city and US economy. This is because it caused reductions in spending that offset the gains, which likely resulted from residents not frequenting areas where the event occurred, staying inside to watch the games on television, or similar reasons.

Proponents and supporters of mega-sporting events such as the World Cup and Olympics claim that these events attract hoards of wealthy visitors and lead to lasting economic benefits for the host regions. For this reason, cities and countries compete vigorously for the right to stage these spectacles. Recently, developing countries have become increasingly vocal in demanding that they get the right to share in the economic benefits of these international games. The specialized infrastructure and operating expenses required to host these events, however, can be extremely costly, and it is not at all clear that either the long or short-term benefits of the games are anywhere nearly large enough to cover these costs.

Independent researchers are nearly unanimously find that boosters' projections of the economic impact of sporting events exaggerate the true economic impact of these competitions by a wide margin. In some cases, research suggests that in most cases mega-sporting events are an even worse investment for developing countries than for industrialized countries (Matheson and Baade, 2003).

With in-person attendances in the millions and television viewing audiences in the billions, the World Cup and Olympic Games without question qualify as mega-events. Nation states compete as vigorously to host these events as the athletes who participate in them. Why? A variety of reasons explain the quest to host these events, but no reason appears more compelling than the promise of an economic windfall. Increasingly developing nations have begun insisting on their right to host these competitions and thereby reap the monetary rewards. The question, however, remains: do mega sporting events provide a boost to the host nation's economy that justifies the substantial costs and risks?

Past and present prospective economic impact analyses prepared by event boosters have predicted economic windfalls from hosting the World Cup and Olympics. Boosters for the 1994 World Cup in the United States, for example, predicted it would bring thousands of visitors to the country and result in a $4 billion boost to the United States economy. (Goodman and Stern, 1994) South Africa's bid for the 2006 World Cup was based, in part, on the promise that it would bolster the economy by approximately $6 billion and create as many as 129,000 new jobs (Khoza, 2000). The largest estimates to date have been provided by the co-hosts of the 2002 World Cup. A study by the Dentsu Institute for Human Studies estimated a $24.8 billion impact from the Cup for Japan and a $8.9 billion impact for South Korea. As a percentage of total national income, these figures represent 0.6 and 2.2 percent of the total Japanese and South Korean economies, respectively (Finer, 2002).

The promise of substantial economic impact provides a justification for public subsidies for mega-event infrastructure. Promoters of subsidies for mega-events throughout the world argue that the expenditures should properly be treated as investments that generate positive economic returns, that is to say yields that exceed those generated by the next-best, alternative use of those funds (Matheson and Baade, 2003).

Claims that sports mega-events provide a substantial boost to the economy of the host city, region, and country have been strongly criticized by some scholars. In contrast to event organizers who make ex ante predictions regarding the potential impact of a mega-event, several researchers have examined past economic data for cities that have hosted large sporting events to make ex post estimates of the economic impact of these competitions (Matheson and Baade, 2003)

Even smaller international events such as the Cricket and Rugby World Cup tout large benefits. Tourism officials estimated that the 2003 Cricket World Cup generated at least 1.2 billion rands (about $200 million) for the South African economy (Hassen, 2003)

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Some scholars however assert that there are some exaggerations of economic benefits of mega sporting events. The exaggerations of benefits induced by a sports mega-event occurs for at least three specific reasons;

- First, the increase in direct spending attributable to the games may be a 'gross' as opposed to a 'net' measure. Direct spending has been estimated by some subsidy advocates by simply summing all receipts associated with the event. The fact that gross-spending approach fails to account for decreased spending directly attributable to the event represents a major theoretical and practical shortcoming. Spending on a mega-event displaces spending that would have occurred otherwise as local residents purchase tickets to the event rather than spent that money on other activities in the local economy. Failure to account for this important distinction between gross and net spending has been cited by economists as a chief reason why sports events do not contribute as much to metropolitan economies as boosters claim (Baade, 1996)

- A second reason that economic impact may be exaggerated is the 'crowding out' effect. Event tourists may simply supplant other travellers who would normally visit the host venues;

- A final reason economic impact may be exaggerated relates to what economists refer to as the 'multiplier, ' the notion that direct spending increases induce additional rounds of spending due to increased incomes that occur as a result of additional spending. Typical ex ante economic impact studies estimate direct expenditures as a result of foreign visitors and then apply an economic multiplier which usually doubles the final impact numbers.

Therefore, there exists a debate on the merits of hosting mega events. Scholars differ on the impact of these major events. The proponents of hosting major events argue that hosting a major event will lead to filled hotels, packed restaurants, new construction projects and a general boost to the economy. On the other hand, others claim that hosting mega sports events brings significant costs on the host country in terms of infrastructure development and operating costs. They claim that it is difficult for the economic impact of an event to compensate the host nation for the substantial infrastructure and operating costs.

3. METHODOLOGY

3.1. Introduction

This section outlines the methodology utilized to conduct the survey of the SMMEs in the Western Cape. The study was carried out from October 2010 to December 2010.

During the initial planning stages, several design options were considered and reviewed. The survey was designed to meet the given resources and the two- month timeframe allocated for completion of the survey.

3.2. Guiding Approach - PRODEC

The overall evaluation methodology utilized was guided by the PRODEC philosophy.

The PRODEC approach entails the following components;

- Problem Identification and Definition: The identified the main research problem/objective as intended, was to determine the impact of the 2010 FIFA World Cup South Africa™ on SMMEs in the Western Cape.
- Design: A plan was designed. This plan outlined the data and information to be gathered for this impact evaluation specifying the data gathering methods, instruments to be created and used, how the instruments would be administered and how the data would be organized and analyzed;
- Empirical Evidence: The evaluation was based on scientifically collected data; and
- Conclusions: conclusions were based on the data which was analyzed.

3.3. Overarching Methodology

The approach used in this survey is generally described as the **Survey Protocol**. It is a ten-step approach that is at once aimed at securing effectiveness and efficiency in the design and conduct of the survey of the 120 SMMEs. The Survey Protocol provided the template within which the research was methodologically conducted with a view to ensuring focus in the enquiry. The Survey Protocol is a set of ten steps, viz;

(i) The unequivocal agreement on the objectives of the survey with Department of the Premier and other key stakeholders to the project. This may seem unnecessary at first glance, but from experience in this kind of engagement, it is always immensely useful to confirm and re-confirm the objectives of the study before deploying study resources to the field.

(ii) Next is the determination of the sample size. In this case the sample size was decided upon by the Department of the Premier.

(iii) In as much as there are a variety of interview methods, a face-to-face method was the most preferred one.

(iv) Next in the process is the design of questionnaires. Having gone through the earlier steps, at this junction it is usually the point where appropriate questionnaires are designed to suite the strategy that may have been decided upfront. In this case a questionnaire which was designed by the Department of Economic Development and Tourism (DEDT) was adopted with some changes.

(v) Under normal circumstances, it is the practice to test questionnaires because no matter how much skill and care could have been adopted in the design of questionnaires; there is always some benefit in pre-testing them before roll-out. In this case, however, pre-testing was not done as the questionnaire was adapted from a previous study conducted on behalf of DEDT.

(vi) Flowing from the pre-test stage, results would ordinarily be harnessed, analysed and used in the tweaking of either the interview strategy or the questionnaire.

(vii) Once the analysis of the test results have been performed, the necessary amendment(s) will be carried out.

(viii) The next step will be proceeding to conduct the survey/interview proper.

(ix) Next, was collating the data from the interview, analyse them, carry out integrity checks and pass them on for reporting.

(x) The final step in the ten-step process will then be the report writing and presentation.

These steps were generally followed in the conduct of this survey.

3.4. Target Population

Identification of the target population was necessary so as to facilitate the selection of the sample size. The target population is a specific, complete group relevant to the study. The target population relevant to this study was all SMMEs in Retail, Tourism & Transport, Media, Film, Events Management, Accommodation, Security, Food Beverages and Catering in the Western Cape.

3.4.1 The population universe

The universe was identified as all SMMEs in designated regions of the Western Cape.

3.4.2 Sampling procedures and sampling size

Taking time and budget constraints and the objectives of the study into consideration, the Department of the Premier decided on a sample of 120 SMMEs. The Table below shows the sample sizes intended for the different regions.

Table 1: Sample sizes per sector in each region

SECTOR	REGION				TOTAL
	Worcester	Calitzdorp, Oudtshoorn	Bredasdorp, Caledon, Hermanus	Vredenburg	
Retail	8	8	8	8	**32**
Tourism & Transport	7	7	7	7	**28**
Media, Film, Events Management	1	1	1	1	**4**
Accommodation	7	7	7	7	**28**
Security	1	1	1	1	**4**
Food & Beverages, Catering	6	6	6	6	**24**
TOTAL	**30**	**30**	**30**	**30**	**120**

An additional sample size of 29 Service Providers who provided a range of services at the 2010 FIFA World Cup South Africa™ service providers which were contracted to provided specific services at the various Fanjols across

the studied regions were also included in the survey. The sample sizes of the Fanjol service providers are shown in the table below.

Table 2: Sample size of Fanjol Service Providers

	REGION					
	Worcester	Bredasdorp	Beaufort West	George	Vredenburg	Total
Number of Fanjol Service Providers	6	7	8	7	4	32

Note: As per the list provided by the Department of the Premier two duplicates of SMMEs on the list were excluded. A third service provider was excluded based on the fact that the services they were contracted to provide, did not fall under the sectors included in the study interest. This resulted in a final sample size of 29 for the fanjol population. The response rate recorded for the fanjol service providers was 41% (12 out 29). One service provider provided two different services of research interest.

Non-probability sampling was utilized. With this technique of sampling, the probability of any member of the population being chosen is unknown as the selection is quite arbitrary as the technique relies on personal judgment.

It was convenient and economical to interview the owners or managers of the firms per each sector that were randomly visited. As a result of utilizing the sample survey methods in this research, errors were inevitable. The two major errors were random sampling error and systematic error. The survey method was meant to portray a representative cross-section of the target population; however statistical errors could have occurred because of chance variation. To minimize this kind of error and ensure reliability of the measures the study was replicated in four different regions for the same sectors using the same research instrument.

Systematic error that can result from non-responses, self-selection bias and response bias are also problems stemming from use of the sample survey method utilized in this research. To minimize non-response error, the respondents were encouraged to complete the questionnaire. Self-selection bias and response bias were reduced by replicating the research in different regions.

3.5. Research Instrument

The main research instrument used in this study was a questionnaire. The questionnaire contained both structured and unstructured questions and an interview guide. Use of unstructured questions in the questionnaires also meant that variations in answers among different respondents were captured as administering entirely structured questionnaires could have artificially eliminated these variations.

3.6. Data Collection Methods

A multi-method data collection process was used to increase the potential for gathering reliable data of the necessary breadth and depth needed to meet the survey needs.

3.6.1 Face-to-face interviews

The survey team utilized this method to gain information face to face from the owners and or managers of the SMME firms in the different regions.

3.6.2 Telephone interviews

The questionnaire was also administered telephonically especially to the firms who were on the Fanjol Database provided by the Department of the Premier.

3.6.3 Online surveys

An on line questionnaire was also used. The Questionnaire was uploaded online and respondents were then given access from the Fanjol Database.

3.7. Ethical Issues

The project team included several protective factors for study participants. Involvement in the study was strictly voluntary. Consent to participate in the email survey was implicit when an individual returned a completed survey. Respondents were assured that their responses will be confidential and data from the study will be reported in aggregates only.

3.8. Data Analysis

A variety of data analysis methods were employed to respond to the quantitative and qualitative nature of the data collected during the study.

Quantitative data was captured using Excel. Most data was analyzed using Excel frequencies, tables and bar graphs. For the qualitative content in the survey responses, results were summarized into common themes.

4. CATALOGUE OF FINDINGS

4.1. Introduction

The data analysis for the baseline survey is performed in terms of four main core components in order to assess the impact of the 2010 FIFA World-Cup South Africa™ event on SMMEs in the Western Cape. These four main components are namely:

1. Impact on employment;
2. Business turnover;
3. Expenditures; and
4. General public perception versus the actual impact observed.

The analysis begins with key profile information on the respondents prior to the actual summaries.

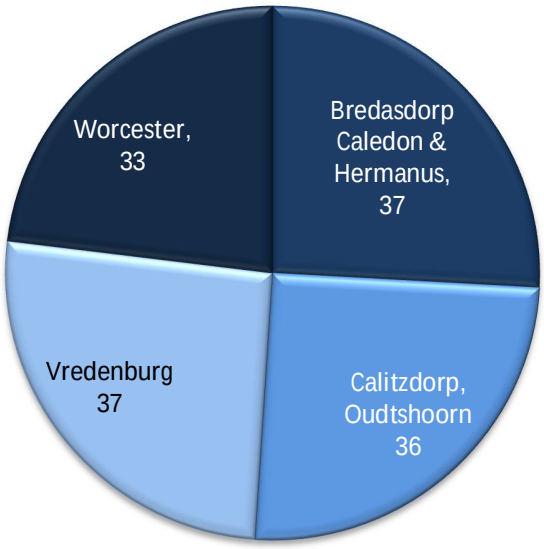
4.2. Profile of the SMMEs respondents

The Table below shows the characteristics of the SMMEs surveyed.

4.2.1 Survey Location Breakdown

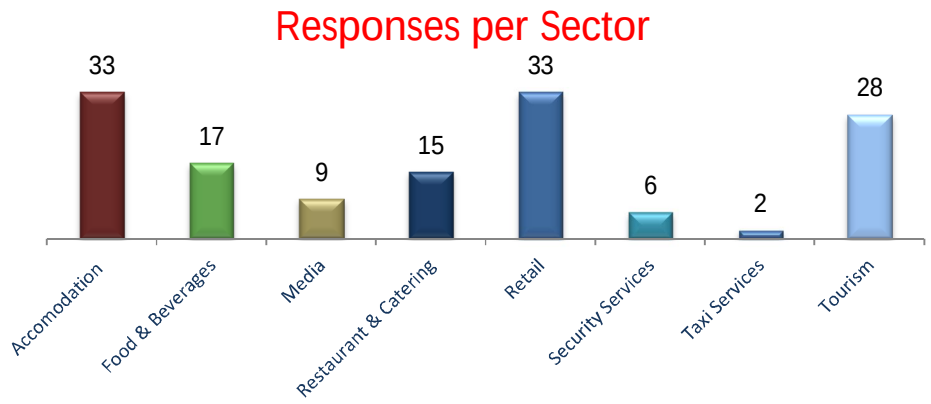
The survey was conducted in different areas that are grouped into 4 major regions within the Western Cape and each of them comprising a proportional sample size. The actual locations and their respective number of responses are depicted in the following pie chart.

No. of Responses per Location



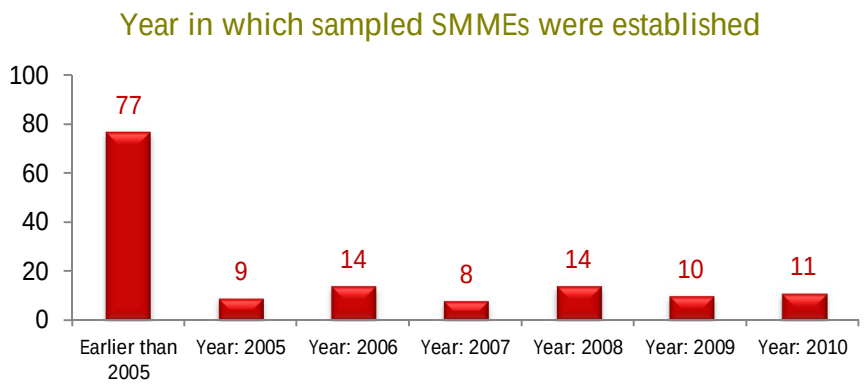
4.2.2 Survey Sector Breakdown

As presented in the following graph, 23% of the responses came from the Retail and Accommodation sectors respectively, thus making it the sectors with the largest proportion of responses. The least number of responses received was from the Taxi and Transport services sector, which accounted for 2% of the total responses.



4.2.3 Year in which the SMMEs were established

In an effort to perform a sound assessment on the economic impact of the FIFA 2010 World-Cup event, it is important to have an understanding of the period (year) in which the sampled businesses were established. The results are shown in the figure below.



The figure above shows that the highest number of firms 77 out of 143 (54%) studied were established earlier than 2005, and the lowest number of firms, 9 out of 143 (6%) were established in 2005. More importantly, 11 out 143 (8%) of the firms studied were established in the first half of 2010, prior to the start of the 2010 FIFA World Cup event. It is remarkable that 54% of the SMMEs surveyed have been around for about five years or more. 11 of the SMMEs surveyed could possibly have been spawned by the positive sentiments engendered by the tournament.

4.3. SMMEs preparations in anticipation of tournament

The study sought to understand what preparations were undertaken by SMMEs for the 2010 FIFA World Cup South Africa™. The respondents were asked a series of questions to establish the preparations they made in anticipation of the tournament.

4.3.1 Preparations in terms of imports for the business

Respondents were asked whether they imported anything for their business in anticipation of the tournament. Out of 143 respondents none had imported anything in anticipation of the tournament. This is plausible as foreign

visitors are more likely to have been attracted to local products rather than products that could quite possibly have come from their countries.

4.3.2 Preparations in terms of exports for the business

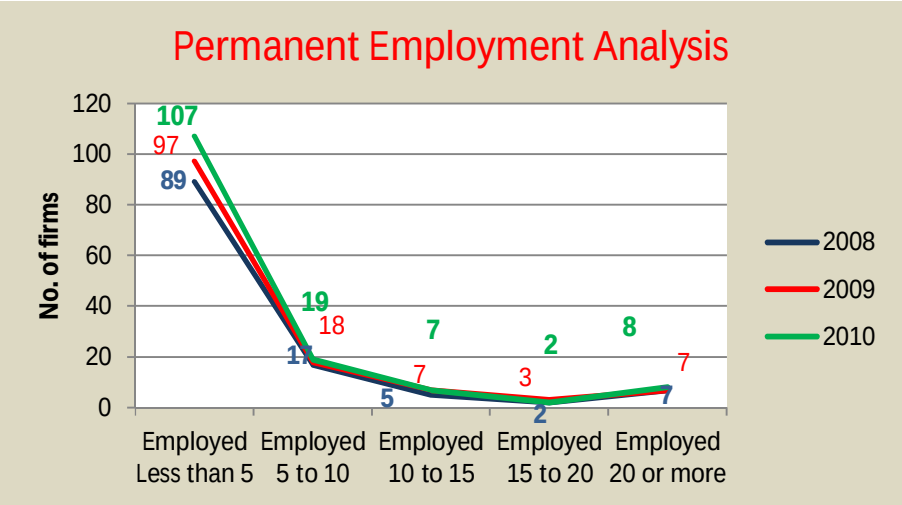
Respondents were asked whether they exported anything for their business in anticipation of the tournament. The findings were that 8% (3 out of 36) in Calitzdorp/Oudtshoon region exported tourism related services. On being asked to which countries they had exported, 2 of the 3 firms indicated that they had exported mainly to USA. The third company indicated that it had mainly exported to Germany, Netherlands, United Kingdom and to Poland.

4.3.3 Preparations in terms of employee dimensions

Employment dimensions such as the levels of employment (both permanent and temporary), loss in employment and employee skills training were also used to assess what preparations the surveyed SMMEs made in anticipation of the 2010 FIFA World Cup South Africa™. The findings on these employment dimensions are described below.

4.3.3.1 Number of permanent employees

SMMEs were asked to indicate the levels of permanent employees in their firms with respect to the last three financial years. The results are shown in the figure below.



The figure above shows that the highest number of SMMEs employed less than 5 permanent employees in the years 2008, 2009 and 2010.

Permanent employment levels per category

Year	*Less than 5*	*5 to 10*	*10 to 15*	*15 to 20*	*More than 20*	*Total number employed*
2010	107	19	7	2	8	143
2009	97	18	7	3	7	132
2008	89	17	5	2	7	120

Of the firms which were already in existence by 2008, 74% (89 out 120) employed fewer than 5 employees. 6% (7 out of 120) of firms employed more than 20 permanent employees in 2008.

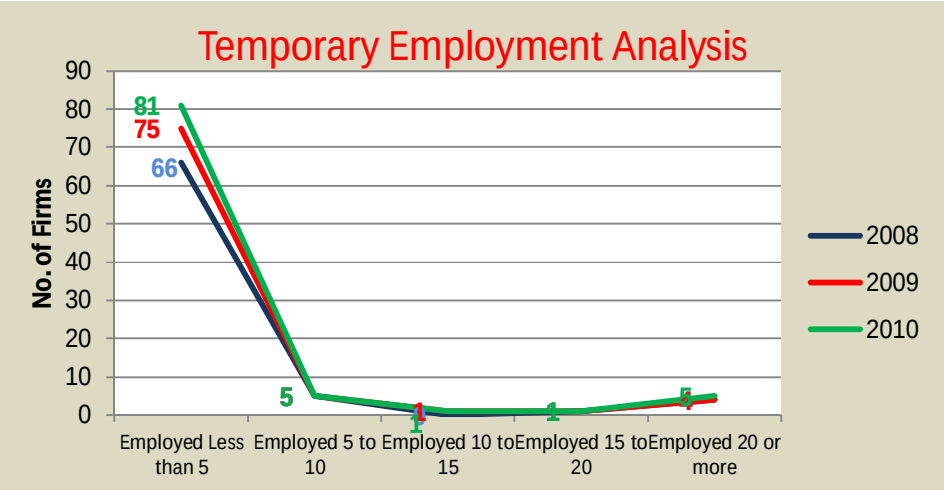
Similarly, of the 132 firms which were in existence in 2009, 74% (97 out of 132) employed fewer than 5 employees and 5% (7 out of 132) employed more than 20 employees.

Out of a total of 143 firms in existence in 2010, 75% (107 out of 143) of the firms indicated that they employed fewer than 5 permanent employees, and 5% (7 out of 143) indicated that they had employed more than 20 employees.

Very little difference was recorded in the employment trends in terms of permanent employees between the years 2008, 2009 and 2010. The percentages for the categories "*less than 5"* and "*more than 20"* employees were found to be similar across the 3 year period. It should be noted that this trend could be attributable to the influence of other factors such as the impact of the recent economic recession on employment levels in these sectors. The noted profile is in line with expectations and it is noteworthy that it did not get worse, probably because of the positive sentiments spawned by the tournament.

4.3.3.2 Number of temporary employees

SMMEs were also asked to indicate the levels of temporary employees in their firms with respect to the last three financial years. The results are shown in the figure below.



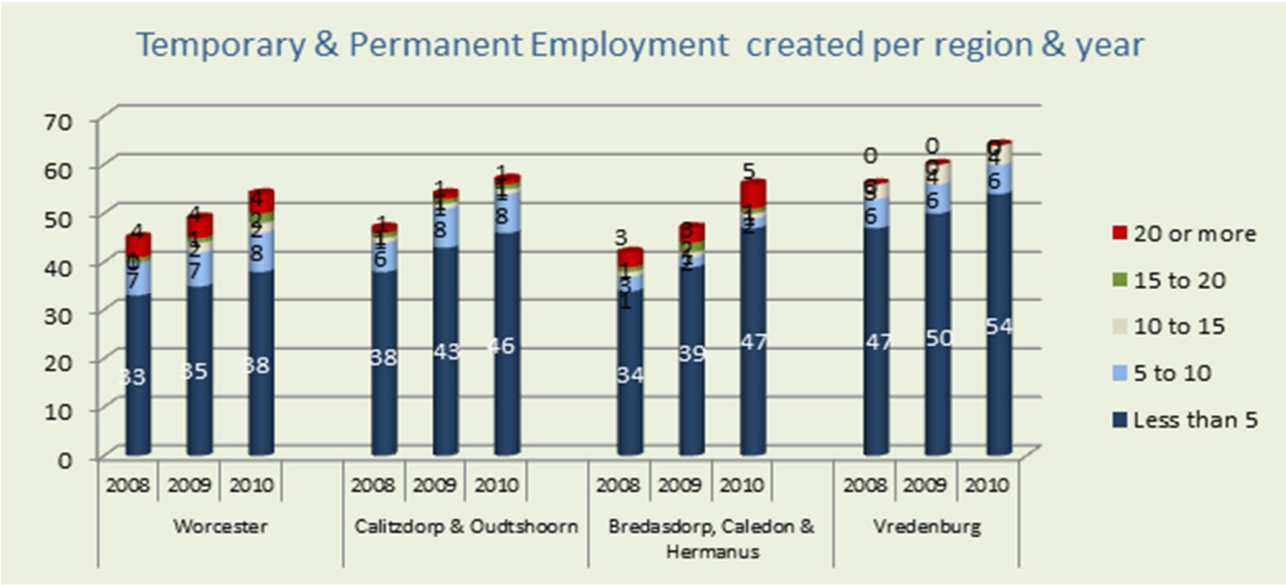
The figure above shows that the highest number of SMMEs employed fewer than 5 temporary employees in the years 2008, 2009 and 2010. Of the firms which were already in existence in 2008, 85% employed the fewer than 5 temporary employees, while 6% of firms employed more than 20 temporary employees in 2008.

Out of the surveyed firms which were in existence in 2009, 86% employed fewer than 5 employees and 6% recorded temporary employment levels in the category of more than 20 employees.

For the first three quarters of 2010, 87% of the firms indicated that they had employed less than 5 temporary employees, and 5% indicated that they had employed the highest number of more than 20 employees.

Very little difference was therefore found in the employment trends relating to temporary employment between the years 2008, 2009 and 2010.

Below is a summary of the overall permanent and temporary employment per region.



4.3.3.3 Additional workers hired during the tournament

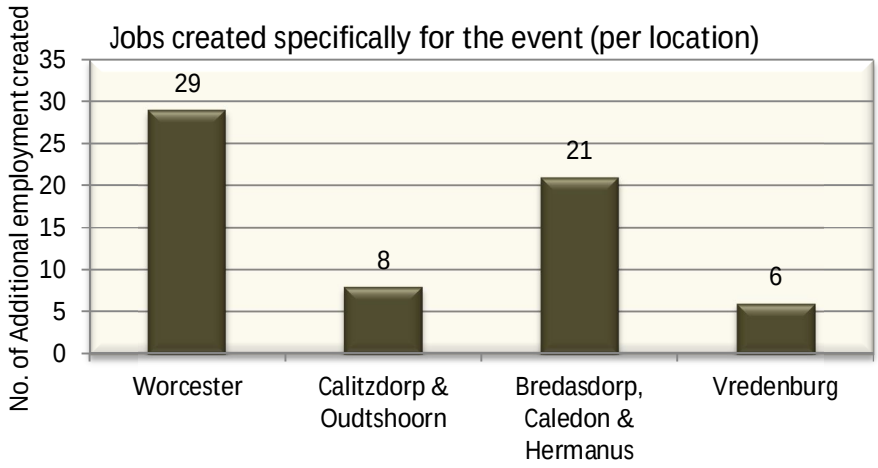
Respondents were asked to indicate whether they hired additional workers specifically for the tournament. The results are presented in the table below. The percentages are in parenthesis ( ).

REGION	Total surveyed	Number of firms who hired additional workers	Number of firms who did not hire additional workers
Worcester	33	6 (18%)	27(82%)
Calitzdorp/Oudtshoorn	37	2(5%)	35(95%)
Bredasdorp/ Caledon/ Hermanus	37	4(11%)	33(89%)
Vredenburg	36	1(3%)	35(97%)

The results in the table above shows that 18% of the firms surveyed in Worcester hired additional workers. Of the SMMEs participating in the survey, Worcester recorded the highest levels of additional workers that had been employed for the World Cup. The Bredasdorp/Caledon/Hermanus region followed this with 11% of the surveyed firms recording the hiring of additional workers. 5% of respondents from Calitzdorp and Oudtshoon indicated that they had hired additional workers. Vredenburg , at 3%, posted the lowest results in terms of the number of firms that had hired additional workers for the duration of the event.

In summary, the highest number of firms who hired additional workers is in Worcester (18%), followed by firms in Bredasdorp/Caledon/Hermanus region (11%), and Calidzdorp/Outdtshoorn (5%). The least number of SMMEs (3%) who hired additional workers are in the Vredenburg region.

Those SMMEs who indicated that they hired additional workers for the tournament were also asked to indicate the number of additional employees they had hired. The results of this question for each region included in the survey are shown in the figure below.



From the SMMEs surveyed, it can be observed that 29 new jobs were created in Worcester, 8 new jobs in Calitzdorp/Oudtshoorn, 21 new jobs in Bredasdorp, Caledon and Hermanus and 6 new jobs in Vredenburg.

4.3.3.4 Employee skills training

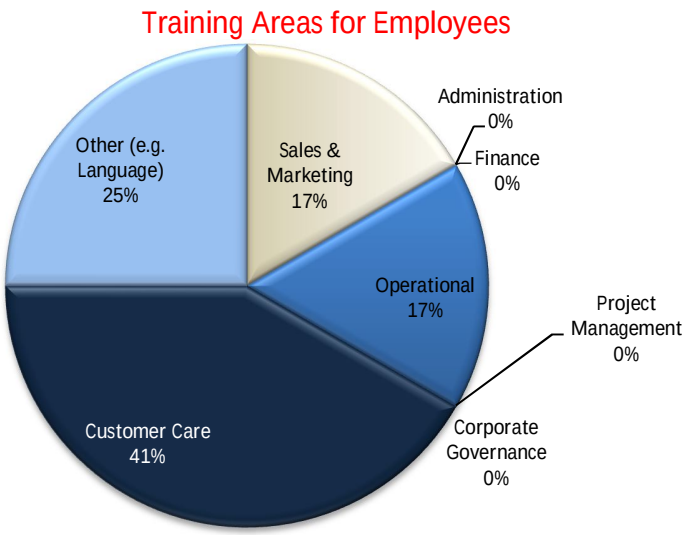
Another dimension of preparatory activities embarked upon by SMMEs included the training of employees in the lead up to the tournament.

Respondents were asked to indicate whether their employees underwent any skills training in the lead up to the 2010 FIFA World Cup. The results are shown in the table below.

Location	Yes	No	Total
Worcester	5 (15%)	28 (85%)	33
Calitzdorp & Oudtshoorn	1 (3%)	36 (97%)	37
Bredasdorp, Caledon & Hermanus	6 (16%)	31 (84%)	37
Vredenburg	1 (3%)	35 (97%)	36

As indicated above, the highest number of SMMEs who provided employee training in preparation for tournament were in Bredasdorp, Caledon and Hermanus (16% of the respondents). The second highest rating was recorded in Worcester (15% of respondents). Only 3% of the respondents in the Calitzdorp and Oudtshoon region as well the Vredenburg sample indicated that their employees had undergone training in anticipation of the tournament.

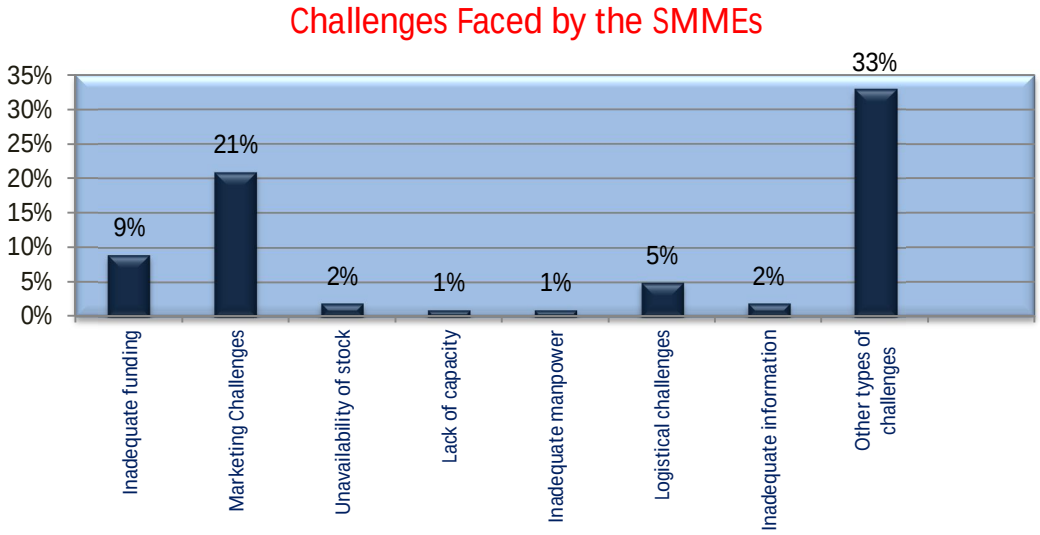
Those respondents who had said that they had provided for training of their employees in preparation of the 2010 FIFA World (i.e. 13 SMMEs), were asked to indicate the nature of the training provided. The global findings are shown in the figure below.



As demonstrated in the figure above, 41% of the training provided to employees concerned Customer Care training in one form or another. This was followed by other sector-specific training, such as basic foreign languages and other required skill-sets applicable to the specific nature of the respective businesses. This category of training representing 25% of the training recorded. Other types of training that had been offered by the employers include Sales and Marketing training (representing 17% of the responses) and Operational trainings (also representing 17%). No SMMEs indicated that they had offered any training in the areas of administration, finance, project management and corporate governance, in anticipation of the World Cup.

4.4 Extent of success of preparations

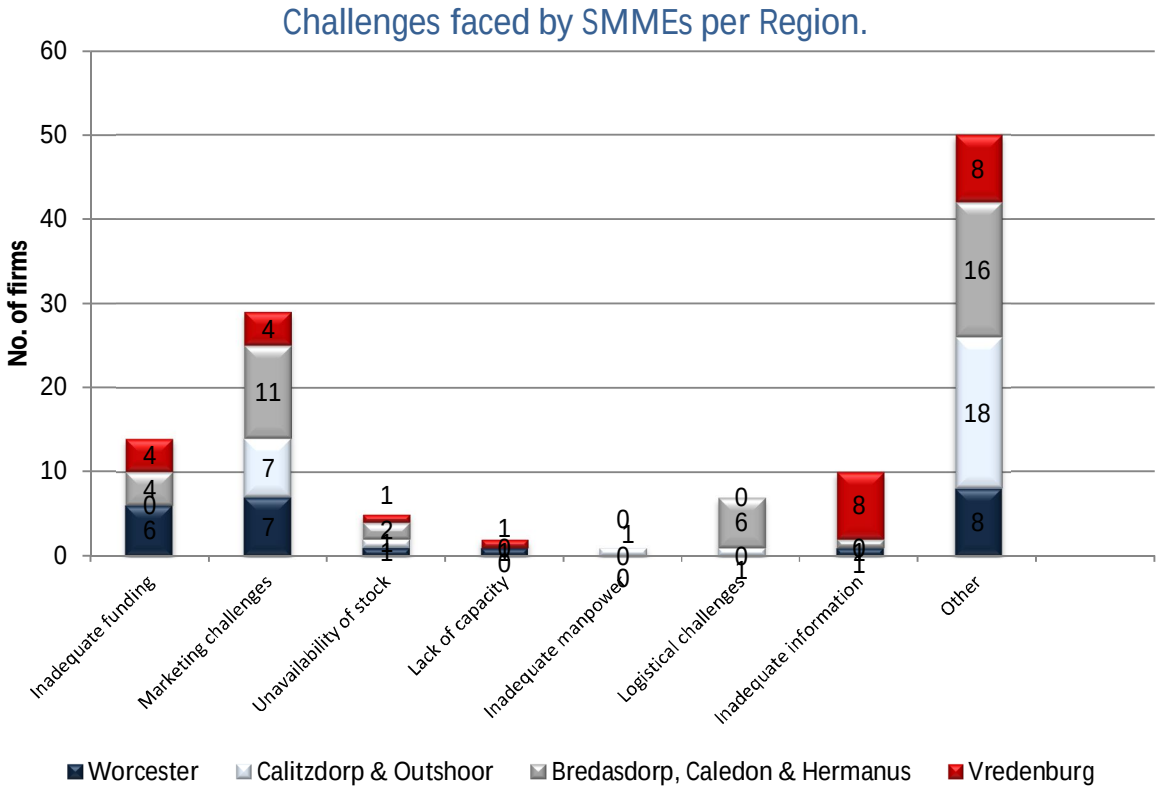
To understand the extent to which SMMEs preparations for their businesses were successful during the tournament, respondents were asked to indicate the challenges they encountered in preparing their businesses for the tournament. The findings are shown in the figure below.



26% of the SMMEs surveyed did not encounter any challenges in preparing for the impact of the tournament on their businesses. As can be seen from the figure above, the highest proportion of SMME's that had encountered problems (i.e. 33%), cited challenges that can be classified as "*Other types of challenges*". This category includes challenges such as the following;

- Located too far away from the major FIFA centres;
- FIFA regulations making it difficult to sell World Cup merchandise;
- Infrastructural challenges;
- Late notification of the tenders;
- Lack of equipment;
- Difficulties in getting licences e.g. liquor licenses

The second highest category of challenges cited (21%) related to challenges with marketing of their business products/services. Inadequate funding accounted for 9% of the types of challenges faced by SMMEs. This was followed by logistical challenges, accounting for 5 % of the types of challenges encountered; while 2% cited unavailability of stock, 2% indicated inadequate information. 1% of the SMMEs cited a lack of capacity and a further 1% cited inadequate manpower as specific challenges encountered in their preparations for the tournament.



4.4. Major effects of the tournament on SMMEs

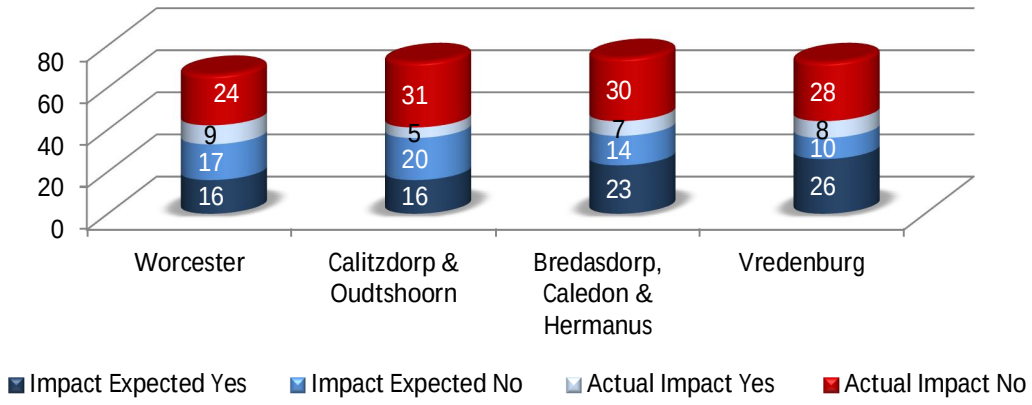
In order to measure the major effects of the SMMEs success/failure on their business during the tournament, the SMMEs were asked a series of questions.

4.4.1 Initial expectations of the impact of the event

The business owners and managers surveyed were asked to rate their general expectations (perception) in relation to the actual effect they noted on their businesses.

Respondents were first asked whether they had expected the 2010 FIFA World Cup to have an impact on their businesses. The results of this question are shown in the figure below.

Expectations of impact on business as a result of the event per region



From the above figure, it can be observed that in Worcester, 49% (16 out 33) of the respondents expected that the tournament would have a positive impact on their business and 51% (17 out of 33) did not expect the tournament to have any impact on their businesses. In the Calitzdorp and Oudtshoorn region, fewer respondents (44%, or 16 out of 36 respondents) had expected that the tournament would have a positive impact on their business. Consequently, a higher percentage of respondents in this region, i.e. 56 % (20 out of 36 respondents) did not expect the tournament to have any impact on their business.

In the Bredasdorp, Caledon and Hermanus region, 62% (23 out of 37) of the respondents expected that tournament would have a positive impact on their business and 38% (14 out of 37) did not expect the tournament to have a positive impact on their business. In Vredenburg region, 72% (26 out 36)) expected that the tournament would have a positive impact on their business and 28 %(10 out of 36) did not expect the tournament to have any impact on their business.

Actual Impact

In terms of the actual impact, it can be observed from the figure above, that 27% (9 out 33) surveyed SMMEs in Worcester experienced an impact on their businesses, whereas 73% (24 out of 33) indicated that they did not experience any impact on their business.

14% (5 out of 36 respondents) in the Calitszdorp and Oudtshoon region experienced an impact on their business, with 86% (31 out of 36 respondents) indicating that they did not experience any impact on their business.

In the Bredasdorp, Caledon and Hermanus region, 19% (7 out of 37) surveyed SMMEs experienced an impact on their business, whereas 81% (30 out of 37) indicated that they did not experience an impact on their business.

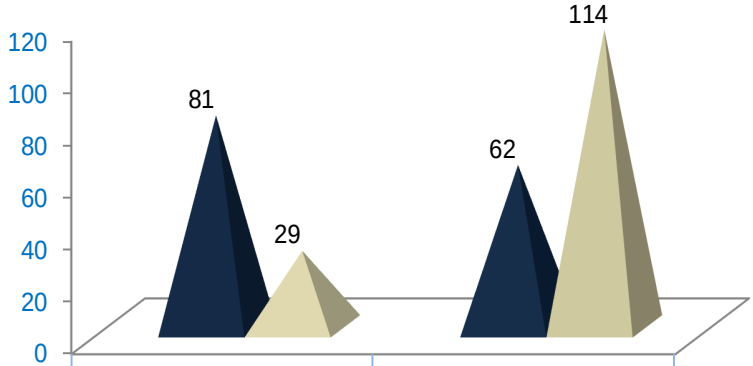
In Vredenburg, 22 % (8 out of 36) indicated that they experienced an impact on their business, whereas 78% (28 out of 36) indicated that they did not experience any impact on their businesses.

Therefore the majority of SMMEs who experienced an impact on their business are in Worcester (27%); followed by those in Vredenburg (22%) and Bredasdorp, Caledon and Hermanus. The least number of SMMEs who experienced an impact on their business are in Calitzdorp/Oudtshoorn (14%).

4.4.2 Overall business expectation (Perception) vs actual impact experienced

The comparison between the business expectation vs the actual impact experienced by the surveyed SMMEs is shown in the figure below.

Business Expectation (Perception) Vs Actual impact observed



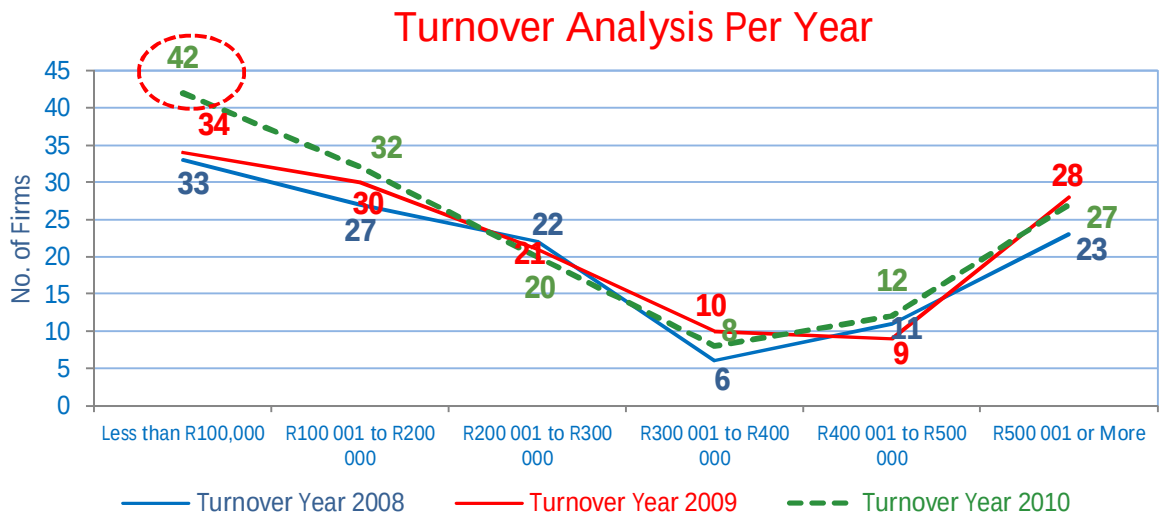
	Yes	No
Expcted the FIFA world Cup will positively affect business	81	62
Actual positive impact reported as a result of the FIFA World Cup	29	114

The figure above is a composite diagram showing the overall impact expectations vs the overall actual impact on all the surveyed SMMEs in the four regions. It can be observed that 57% (81 out of the 143) of the respondents indicated that they had positive expectations of the event and the remaining 43% (62 out of 143) did not expect the event will have any impact on their business.

On being asked whether the event actually impacted on their businesses, 20% (29 out of 143) of the respondents indicated the event had a positive impact on their business whilst 80% (114 out of 143)of the SMMEs reported the event had no such significant effect on their business performance. Among these 80% respondents, few (5%) shared their optimistic view in saying the impact will be in the long-run. For instance even though they did not encounter a direct benefit right away, the respondents indicated that the 2010 FIFA World Cup™ assisted them in promoting their business for future visitors (tourists) and other potential customers.

4.4.3 Impact on business turnover

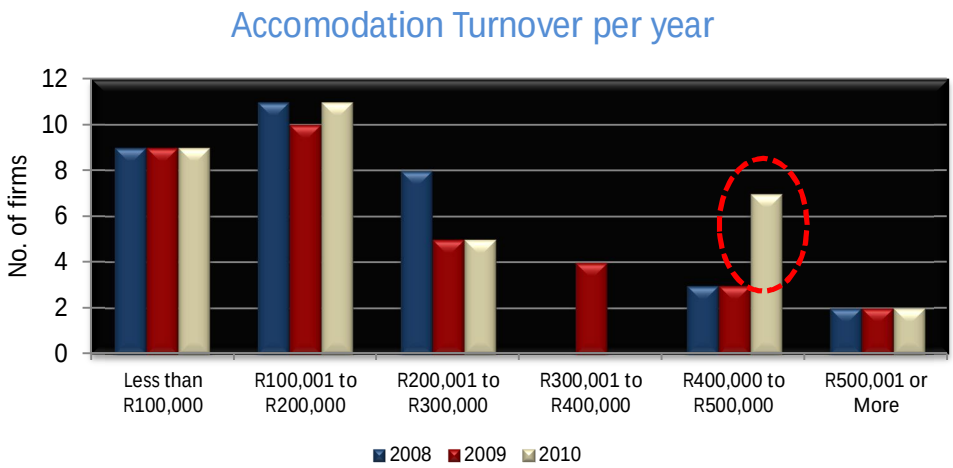
One of the core objectives of the survey was to assess impact of the FIFA 2010 World-Cup in terms of its contribution for the prosperity of SMMEs and indeed the economy of the Western Cape. As can be imagined due to the sensitive nature of this information the survey only had to take responses in form of parameters (ranges) which could still be useful in performing a trend analysis. The results are shown in the figure below.



The figure above summarises the trend (variations) in income drawn from the respondents information relating to their turnover for the past three financial years. Quite evidently, the fact that the three lines on the above graph are fairly close to one another is an indication that relatively insignificant variations can be observed in the financial performance of the surveyed SMMEs. The analysis however, shows that the firms with less than R100,000 income per year have showed a slight increase in their turnover in the 2010 (note the red circle on graph).

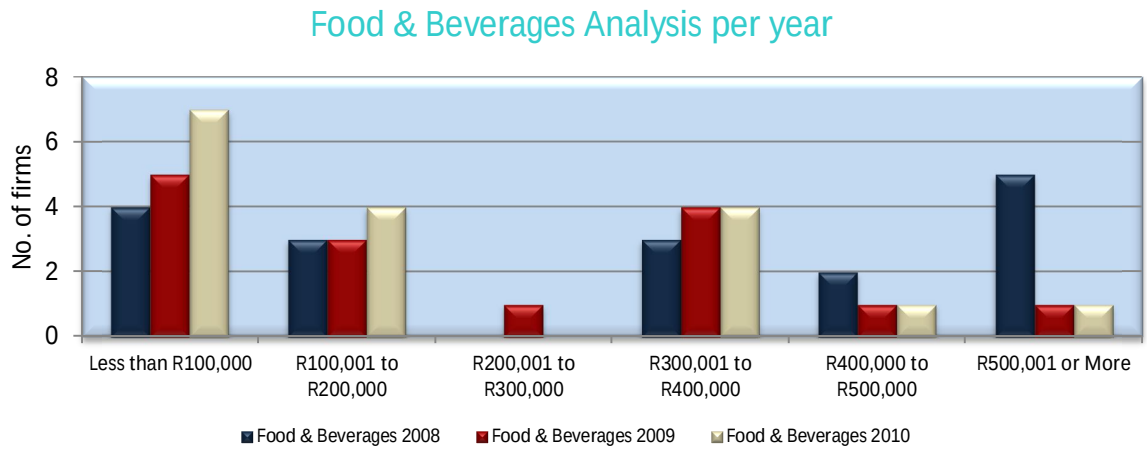
4.4.4 Impact on the Accommodation Sector

Twenty five percent (25%) of the SMMEs surveyed in the Accommodation sector indicated turnover levels which fell within the lowest turnover range of between R100,000 to R200,000 during 2010. These businesses indicated similar levels of turnover for the past three years. Five percent (5%) of the respondents in the Accommodation sector however, have shown a relatively significant increase in their turnover in the 2010 financial year. See the graph below indicating the turnover analysis for the respondents' data within the Accommodation sector



4.4.5 Impact on the Food & Beverage Sector

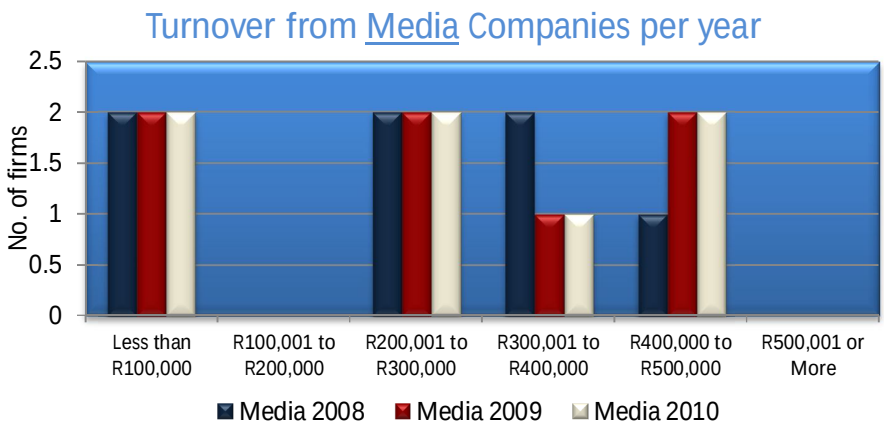
The findings on the analysis of turnover on the food and beverage sector is shown in the figure below



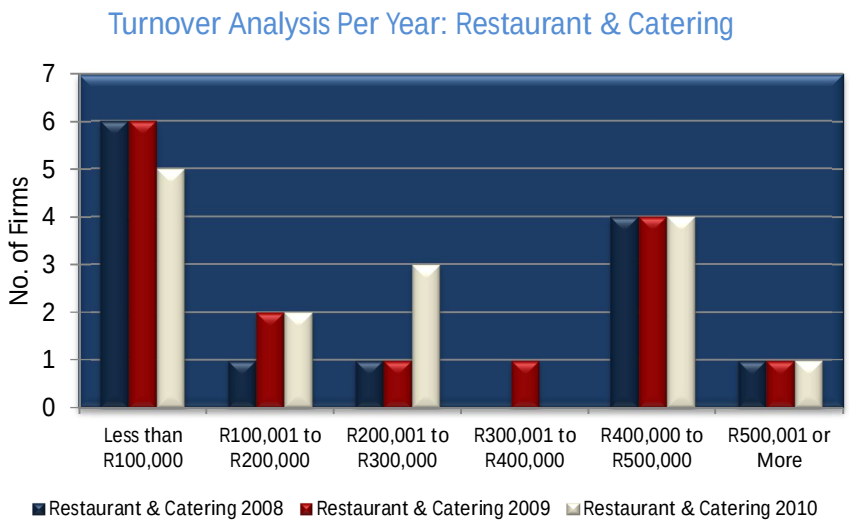
The figure above shows a significant drop by more than -70% particularly in the year 2009 and 2010 (note red circle in graph). As can be seen from the graph below this significant drop was mostly observed among those firms generating more than R500,000 or more annual turnover. However, for the SMMEs recording turnover of less than R100,000 per annum, a significant increase in their turnover for 2010 can be observed. Similarly the data for SMMEs which have indicated turnover levels of between R200,000 and R300,000, also shows an increase in their turnover for 2010.

4.4.6 Impact on Media, Restaurant & Catering sectors

The findings on the trend for turnover for the media, film and events management are shown in the figure below. The responses are presented consecutively in the figures below.



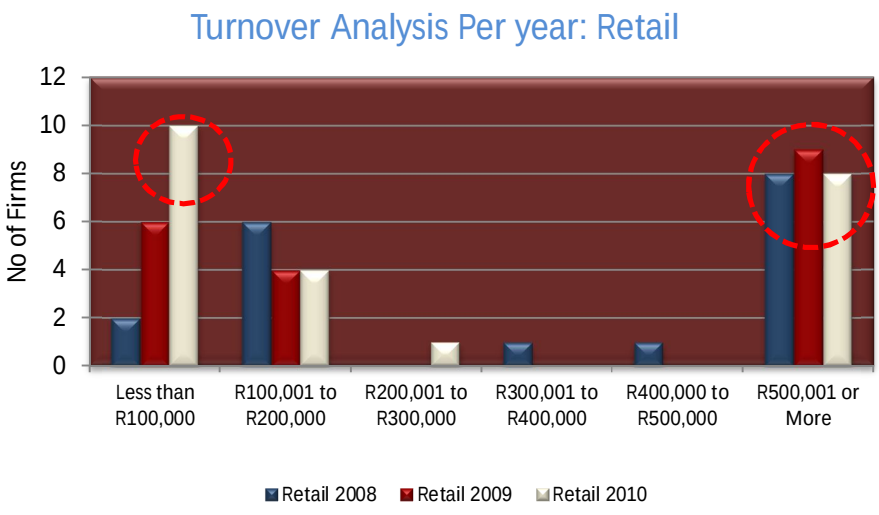
From the surveyed media companies these two sectors ('Media' and 'Restaurant & Catering') share somewhat similar features in that their annual turnover did not show any significant variation for the past three years.



The majority (40%) of the Restaurant and Catering SMMEs surveyed indicated turnover levels within the range of R100,000 to R200,000 per annum. The least number of firms have turnover of R500,000 or more.

4.4.7 The Retail Sector

The findings on turnover in the last three financial years for the retail sector are presented in the figure below.



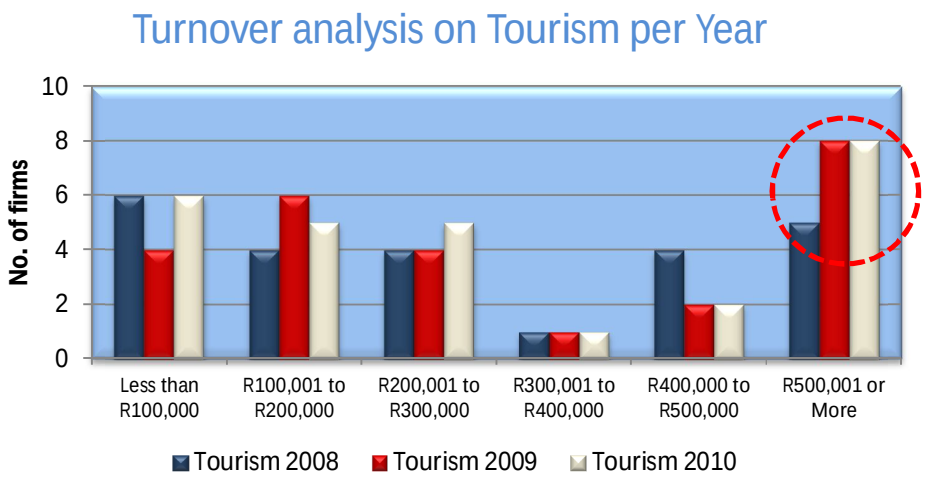
Respondents from the Retail sector revealed two potentially critical points. The first one is that the retail sector has shown an immense increase (by 40% or more), among those firms categorized as earning less than R100,000 annually. This may not however mean a significant input for the economic growth in those regions.

The second observation is that the majority (19%) of the respondents from the Retail sector alone indicated their annual turnover to be more than R500,000. This compared to the other sectors in the study, indicates that the Retail sector participants are potentially significant contributors for the economy of the regions surveyed. Another

positive observation would be the fact that the data from these categories of SMMEs have shown relatively stable levels in terms of their annual turnover levels provided for the past three years.

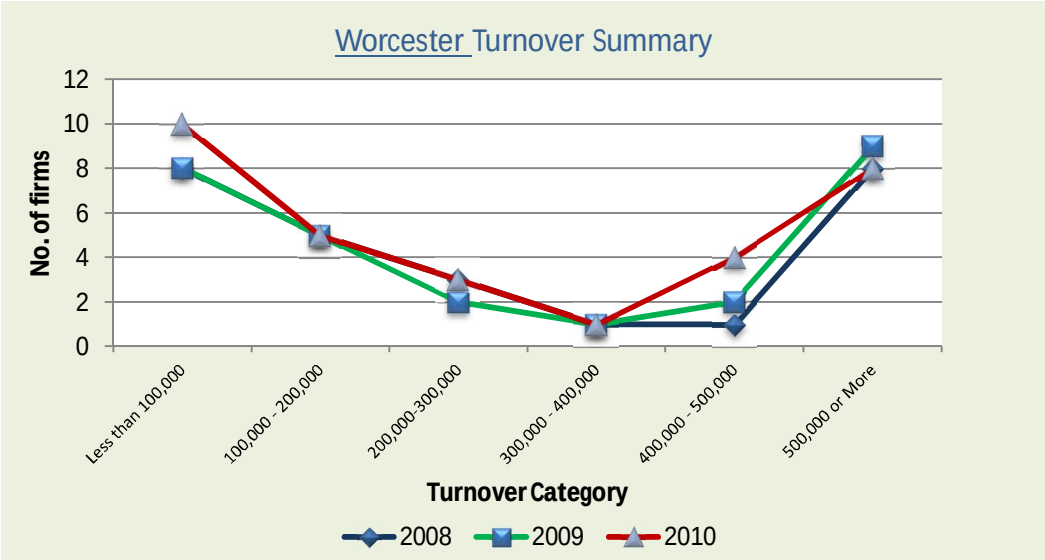
4.4.8 The Tourism Sector

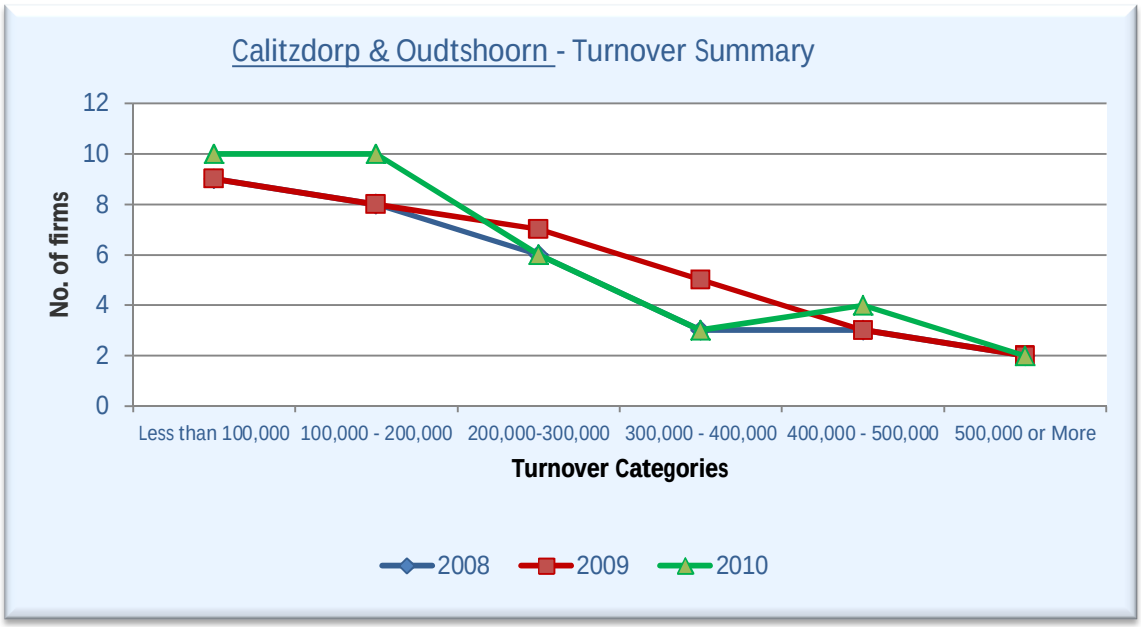
One fundamental observation from the tourism sector, as presented below, is that a substantial increase in turnover (30%) particularly within the category of firms earning more than R500,000 or more annually can be observed. This increase has also been noted in the 2009 and 2010 financial years. See graph below.

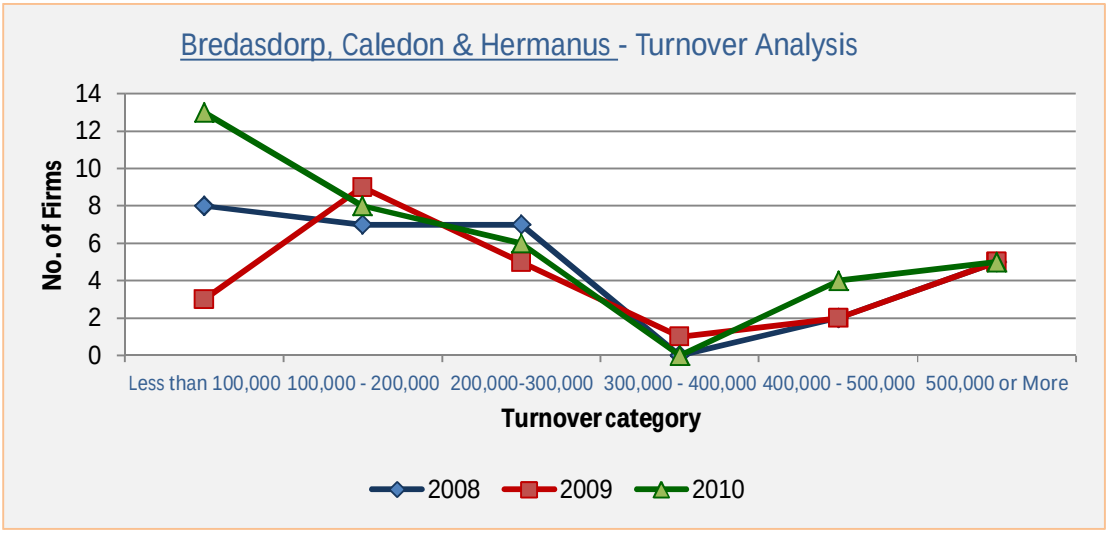


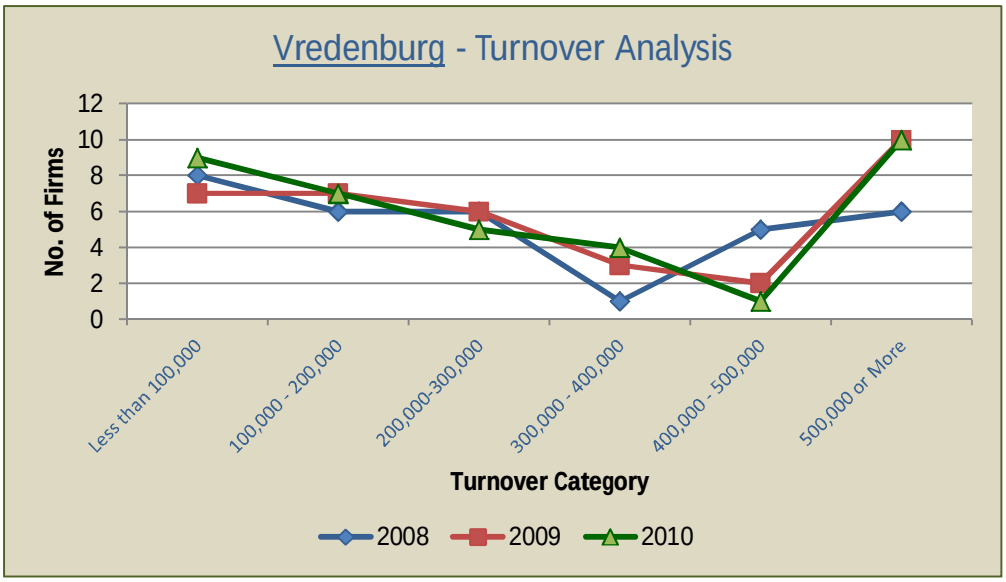
4.4.9 Impact on turnover per region analysis

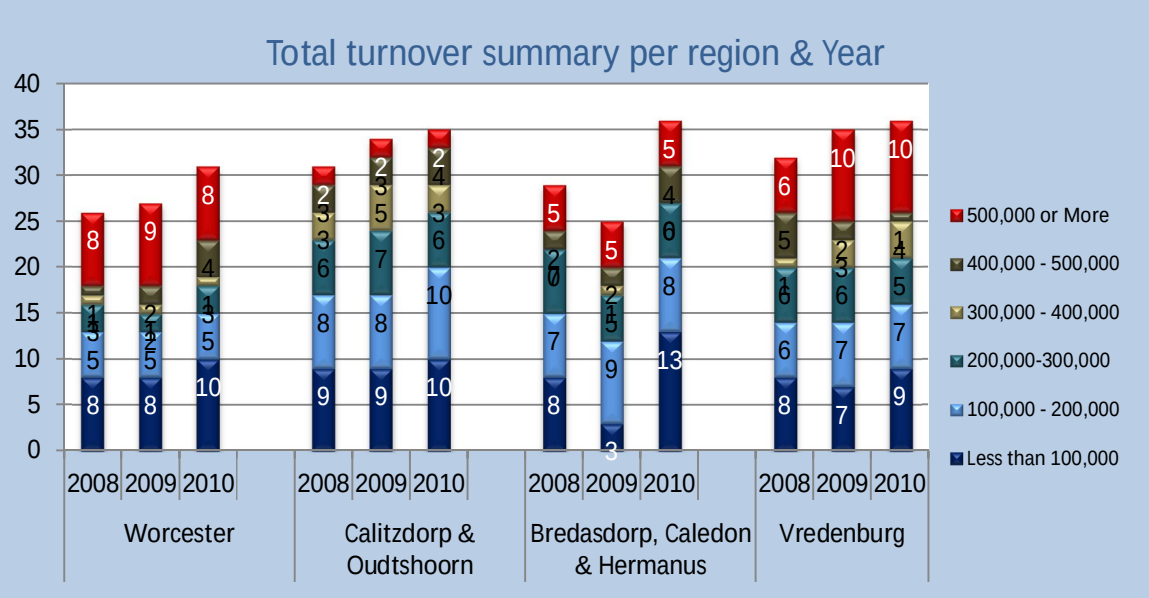
The following figures show the overall variation of the SMMEs in the various sectors in the four regions studied.




Calitzdorp & Oudtshoorn - Turnover Summary
No. of firms
12
10
8
6
4
2
0
Less than 100,000
100,000 - 200,000
200,000-300,000
300,000 - 400,000
400,000 - 500,000
500,000 or More
Turnover Categories
2008
2009
2010


Bredasdorp, Caledon & Hermanus - Turnover Analysis
No. of Firms
14
12
10
8
6
4
2
0
Less than 100,000
100,000 - 200,000
200,000-300,000
300,000 - 400,000
400,000 - 500,000
500,000 or More
Turnover category
2008
2009
2010





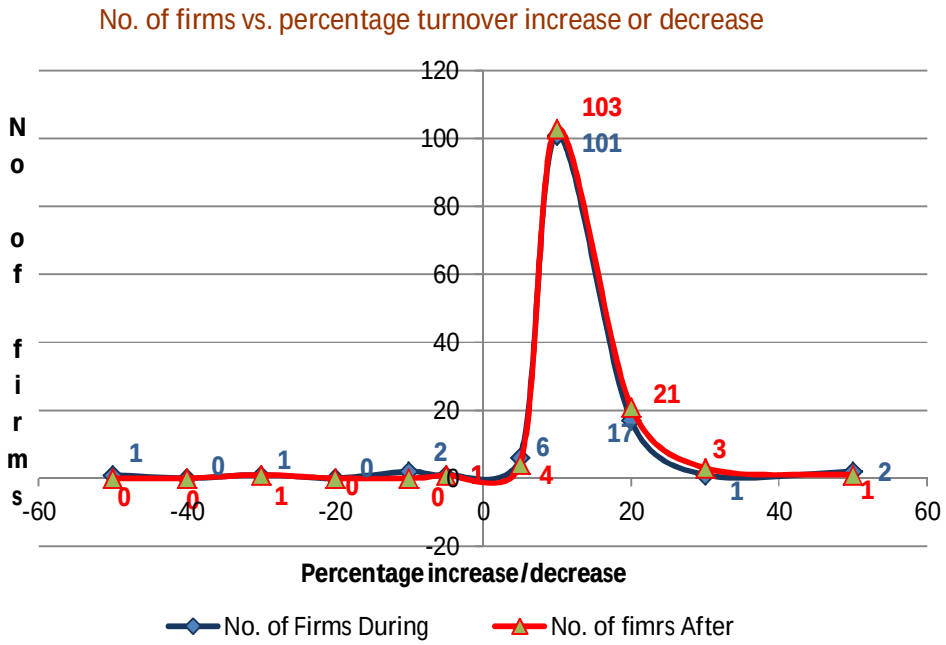
The figures above show that most of the SMMEs in the four regions that formed part of the survey have indicated annual turnover levels of less than R100,000 per annum for the last three financial years. This trend is expected given that that the firms of interest are SMMEs. However, it is important to note that there is a significant number of SMMEs who indicated that their turnover was R500,000 and more in Worcester (24%) and Vredenburg (28%) for the 2010 year. The tournament could be the plausible reason for the increase in the number of firms with turnover of more than R500,000.

4.4.10 Turnover trends during and after the event

The trend of turnover levels observed during and after the tournament was another important dimension used to assess the economic impact of the tournament on the SMMES.

4.4.10.1 Percentage change of turnover during and after the tournament

Respondents were asked to indicate the percentage change in turnover during the tournament. The results are shown in the figure below.

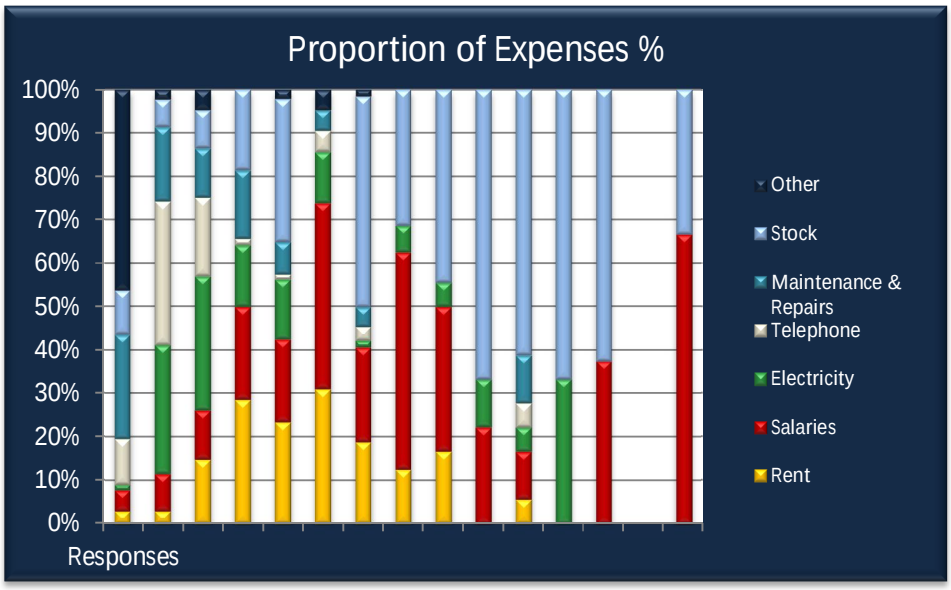


The figure above shows that in terms of the aggregated responses, 10% of the SMMEs realized a significant increase in their turnover during the tournament. This trend has remained at relatively similar levels immediately after the event). 4% of the respondents however reported that their businesses had not performed well and that no major improvements were evident after the event.

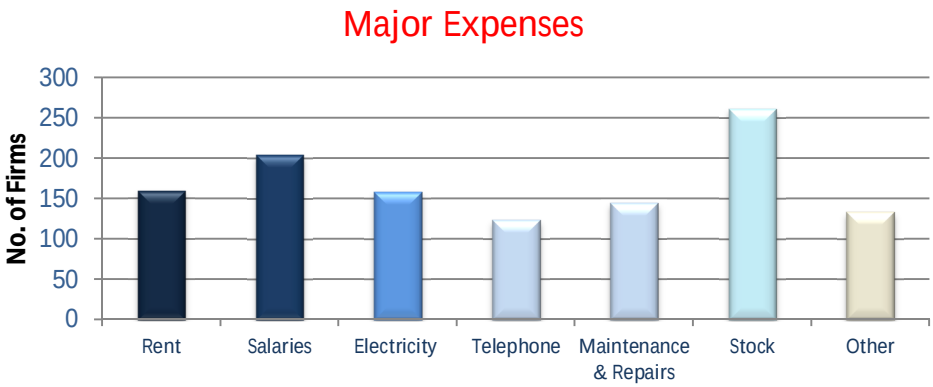
4.4.11 Impact on business expenditure

Alongside the assessment of business turnover, another dimension the survey attempted to determine was the patterns/variations in the types of business expenditures. Theoretically business expenditures have been regarded as one of the key indicators of economic performance simply because expenditure from one business is an input to another business and hence, it remains in the same economic value chain loop.

As part of the survey, respondents were asked to indicate their top five business expenses (in percentage terms). The results are shown in the figure below.



The figure above indicates the proportional rating of specific expenditures in relation to other business expenses. As can be seen from the table, Stocks comprise one of the major proportions of total expenditure, mostly within the retail and retail-related sectors. Salaries form the second major proportion of business expenditure. It can also be observed that in some cases, telephone and electricity expenses were relatively major categories of the SMMEs' expenditure. In some instances, particularly relating to certain Bed and Breakfast establishments, rent costs did not impact significantly on business expenses, although in some cases, notably with SMMEs located in major shopping centres/malls, rent however was included as a major business expenditure.

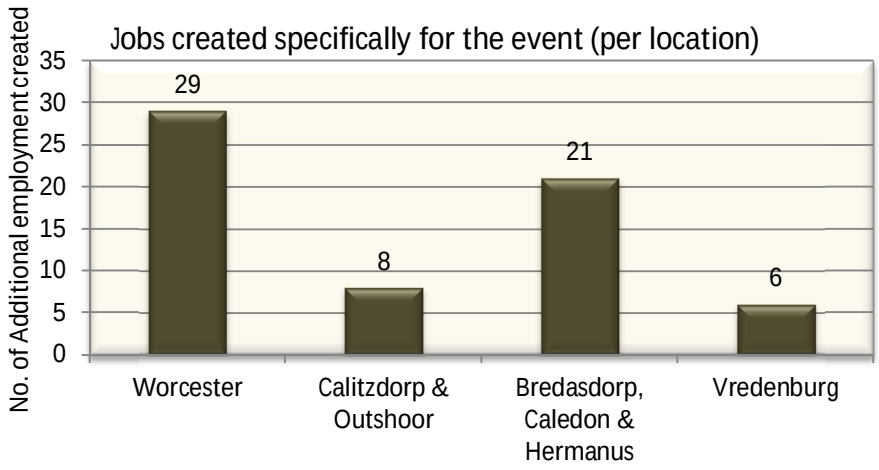


4.5 Impact on Employment dimensions

To measure the effects of the of the SMMEs success/failure of their business during the event, information relating to certain employment dimensions (such as the number of additional workers hired and number of workers laid off after the event) were also requested from survey respondents.

4.5.1 Number of additional workers hired

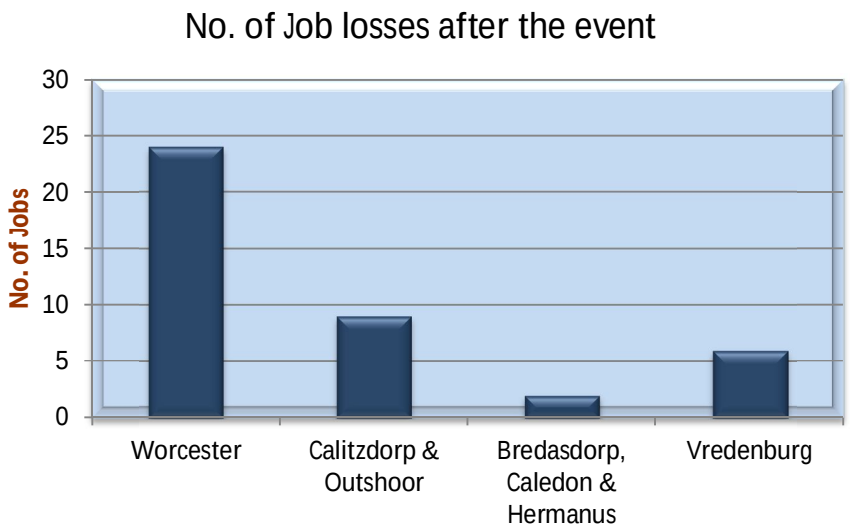
Respondents were asked whether they had employed additional workers specifically for the tournament. The findings are presented in the figure below.



The figure above shows the composite number of new jobs created as a result of the tournament per area/region. Out of the total of 64 new jobs created in the regions (within the sample of respondents), the highest number of new jobs were created in Worcester (45%); followed by Bredasdorp, Caledon and Hermanus (33%); Calitzdorp and Outdshoorn (13%). The least number of new jobs were created in Vredenburg (9%).

4.5.2 Number of workers laid-off after the tournament

The respondents were also asked whether they laid off employees after the tournament. The results are shown in the figure below.



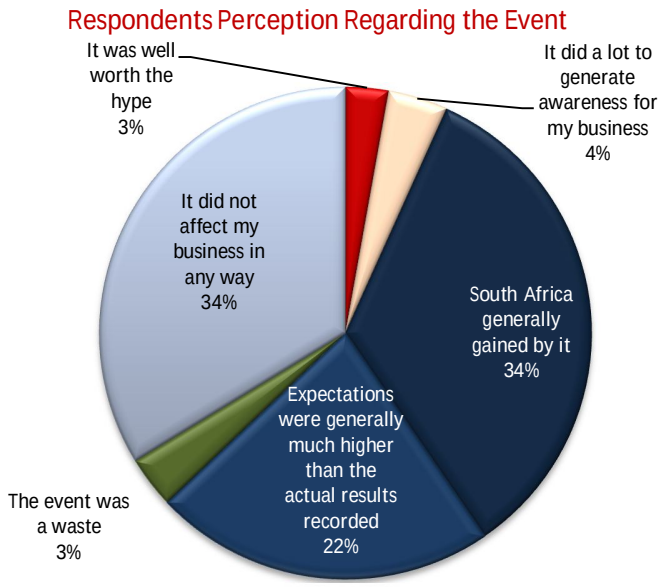
From the figure above, it can be observed that the highest number of job losses after the tournament were in Worcester (58%), followed by Calitzdorp and Oudtshoorn (22%) and Vredenburg (15%). The least number of job

losses after the tournament (5%) was recorded in Bredasdorp, Caledon and Hermanus. It is important to note that the region that recorded the highest number of employment also recorded the highest number of layoffs.

4.5.3 General perception of SMMES

Respondents were also asked to submit general comments on their perception of the tournament regarding how the event affected their business.

The results are shown in the figure below.



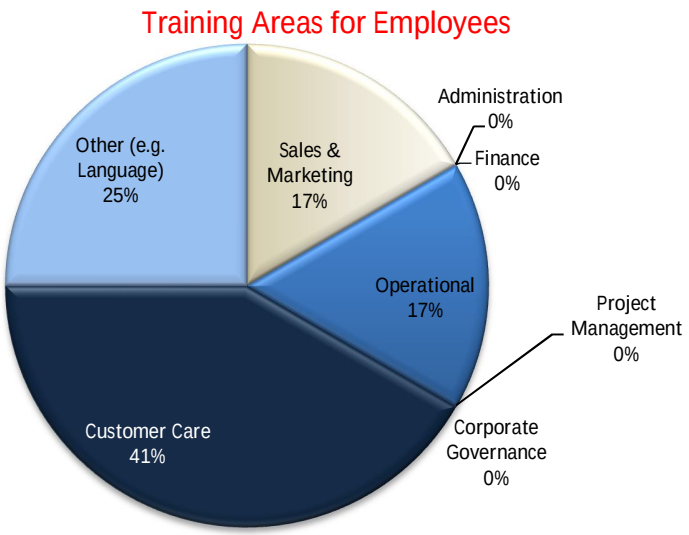
- The figure above shows that most (34%) of the SMMEs reported the event did not have a direct impact on their business but rather believed it was a good boost for the general South African economy.
- 34% of the respondents reported the event did not affect their business in any way simply carried on with their operation business as usual. Furthermore 24% of the respondents indicated that they anticipated much more than the actual results they encountered in terms of business turnover.
- On a more positive note 4% responded that it did a lot to generate awareness for their business in the long run followed by 2% of the respondents stating it was well worth the hype. 4% of the respondents however believed that the event was a waste.

4.6 Business Linkages that must be nurtured

The nature of business linkages that must be nurtured were assessed in terms of the nature of training the employees went through in anticipation of the tournament and the exports markets developed in anticipation of the tournament.

4.6.1 Nature of training

The respondents were also asked to indicate the nature of training employees in their firms went through in anticipation of the tournament. The findings are shown in the figure below.



From the figure above, it can be observed that 41% of the surveyed firms trained their employees on customer care, 25% of surveyed SMMEs trained employees on brushing up on their basic foreign language skills (such as customary greetings etc., 17% of SMMEs had provided training in the areas of Sales and Marketing and a further 17% had trained their employees on basic operations-related activities. No SMMEs cited training their employees with respect to administration, finance or project management in their preparations for the impact of the tournament on their respective businesses.

4.6.2 Summary on Export linkages

In terms of the exports linkages the findings were that 8% (3 out of 36) in Calitzdorp/Oudtshoon region had exported tourism related services. On being asked further to which countries they exported, 2 of the 3 firms indicated that they exported mainly to USA. The third company indicated that it mainly exported to Germany, Netherlands, UK and Poland.

5 CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

On the bases of the survey demographics and sample size of the survey the following conclusions can be drawn.

- 57% (81 out of the 143) of the respondents indicated that they had positive expectations of the event and the remaining 43% (62 out of 143) did not expect the event will have any impact on their business.
- 20% (29 out of 143) of the respondents indicated the event had a positive impact on their business whilst 80% (114 out of 143)of the SMMEs reported the event had no such significant effect on their business performance. Among these 80% respondents, few (5%) shared the optimistic view that the impact will materialise in the long run. For instance even though they did not encounter a direct benefit right away, the respondents indicated that the 2010 FIFA World Cup South Africa™ assisted them in promoting their business to future visitors (tourists) and other potential customers.
- The actual findings relating to exports in the surveyed areas were that 8% (3 out of 36 respondents) in the Calitzdorp/Oudtshoon region had exported tourism related services, mainly to the USA, followed by Germany, Netherlands, UK and Poland. The tournament therefore provided an opportunity for the SMMEs to enhance their export operations, notably in the tourism sector where tourist services are more readily exportable.
- Out of the total of 143 respondents, none had imported anything in anticipation of the tournament. This indicates that SMMEs in the regions and sectors forming part of the survey, do not engage in importation operations in general.

IMPACT ON EMPLOYMENT

- Out of the overall 64 new jobs created in the regions, the highest number of new jobs were created in Worcester (45%); followed by Bredasdorp, Caledon and Hermanus (33%); Calitzdorp and Outdshoorn (13%). The least number of new jobs were created in Vredenburg (9%)
- The highest number of job losses after the tournament were in Worcester (58%), followed by Calitzdorp and Oudtshoorn (22%) and Vredenburg (15%). The least number of job losses after the tournament were in Bredasdorp, Caledon and Hermanus (5%).
- The highest number of SMMEs employed fewer than 5 permanent employees in the years 2008, 2009 and 2010. Of the firms which were already in existence by 2008, 74% (89 out 120) employed the lowest number fewer than 5 employees. 6% of firms employed the highest number of more than 20 or more people in 2008. Out of a total of 132 surveyed firms which were already in existence in 2009, 74% (97 out of 132) employed the lowest number of fewer than 5 employees and 5% (7 out of 132) employed the highest number of more than 20 employees. Out of total of 143 firms for the 2010 year, 75% (107 out of 143) of the firms indicated that they employed the lowest number of less than 5 permanent employees, and 5% (7 out of 143) indicated that they had employed the highest number of more than 20 employees.
- The highest number of SMMEs employed fewer than 5 temporary employees in the years 2008, 2009 and 2010. Of the firms which were already in existence by 2008, 85% employed the lowest number of fewer than 5 temporary employees. 6% of firms employed the highest number of more than 20 or more people in 2008. Out of the surveyed SMMEs which were already in existence in 2009, 86% employed the lowest number of fewer than 5 employees and 6% employed the highest number of more than 20 employees. For the 2010 year, 87% of the firms indicated that they employed the lowest number of fewer than 5 temporary employees, and 5% indicated that they had employed the highest number of more than 20

employees. It was anticipated that the tournament would make more SMMEs to employ more temporary employees to capacitate themselves to be able to handle the anticipated business volumes.

- 18% of the firms surveyed in Worcester hired additional workers. In the Calitzdorp/Oudtshoon region, 5% of surveyed SMMEs hired additional workers for the tournament. In the Bredasdorp/Caledon/Hermanus region 11% of the surveyed SMMEs hired additional workers for the tournament. The lowest percentage of additional workers were hired in Vredenburg compared to the rest of the towns/regions surveyed, as only 3% of the surveyed SMMEs had employed additional workers for the duration of the event.

- A total of 64 new jobs were created, i.e. 29 new jobs were created in Worcester, 8 new jobs in Calitzdorp/Oudtshoorn, 21 new jobs in Bredasdorp, Caledon and Hermanus and 6 new jobs in Vredenburg. It can be concluded that in the absence of the tournament, these new jobs were unlikely to be created. In this respect, the tournament had a positive impact in terms of employment creation.

TRAINING AND SKILLS DEVELOPMENT LINKAGES

- The highest number of SMMEs whose employees did undergo training in preparation for the tournament were in Bredasdorp, Caledon and Hermanus (16%), followed by SMMEs in Worcester (15%). The least number of SMMEs whose employees did undergo training were Calitzdorp and Oudtshoon region and Vredenburg with both regions with 3% of the SMMEs having their employees getting training. The tournament provided an opportunity for the training of employees, an opportunity which could not have risen in the absence of the tournament.

- 41% of the SMMEs offered their employees Customer Care training in one form or another followed by other sector specific trainings covering 25% such as language, other skillsets that applies to their specific business. No training was offered in areas such as administration, finance, project management and corporate governance.

- 36% of the SMMEs surveyed did not encounter any challenges, 33% encountered challenges that were classified as others. These challenges included the following;

    - Located away from the major FIFA centres;
    - FIFA regulations making it difficult to sell World Cup merchandise;
    - Infrastructural challenges;
    - Late notification of the tenders;
    - Lack of equipment;
    - Difficulties in getting licences e.g. liquor licenses

- 21% of the surveyed SMMEs indicated that they encountered marketing challenges. 9% of the surveyed cited inadequate funding as a challenge. 5% of the surveyed SMMEs said they encountered logistical challenges and 2% cited unavailability of stock and inadequate information. 1% of the SMMEs cited lack of capacity and inadequate manpower as challenges to their preparations for the tournament.

REGIONAL OUTCOMES

- In Worcester, 49% (16 out 33) of the respondents expected that the tournament would have a positive impact on their business and 51% (17 out of 33) did not expect the tournament to have any impact on their businesses. In Calitzdorp and Oudtshoorn region, 44% (16 out of 36) had expected that the tournament would have a positive impact on their business, whereas 56 %(20 out of 36) did not expect the tournament to have any impact on their business.

- In the Bredasdorp, Caledon and Hermanus region, 62% (23 out of 37) of the respondents expected that tournament would have a positive impact on their business and 38% (14 out of 37) did not expect the tournament to have a positive impact on their business. In Vredenburg region, 72% (26 out 36)) expected

that the tournament would have a positive impact on their business and 28 %(10 out of 36) did not expect the tournament to have any impact on their business.

- 27% (9 out 33) surveyed SMMEs in Worcester experienced an impact on their businesses whereas 73% (24 out of 33) said they did not experience any impact on their business. 14% (5 out of 36) in Calitszdorp and Oudtshoon region experienced an impact on their business whereas 86% (31 out of 36) indicated that they did not experience any impact on their business.

- In the Bredasdorp, Caledon and Hermanus region, 19% (7 out of 37) surveyed SMMEs experienced an impact on their business, whereas 81% (30 out of 37) indicated that they did not experience an impact on their business. In Vredenburg, 22 % (8 out of 36) indicated that they experienced an impact on their business, whereas 78% (28 out of 36 respondents) indicated that they did not experience any impact on their businesses.

- The majority of SMMEs who experienced a positive impact on their business are in Worcester (27%); followed by those in Vredenburg (22%) and Bredasdorp, Caledon and Hermanus. In terms of a regional analysis, the lowest proportion of SMMEs who experienced an impact on their business are in Calitzdorp/Oudtshoorn (with only 14% of the respondents indicating an impact of the 2010 FIFA World Cup on their business activities).

SECTORAL OUTCOMES:

ACCOMMODATION

- 25% of the Accommodation-related SMMEs surveyed indicated turnover levels within the range of R100,000 to R200,000 per annum. These businesses indicated similar levels of turnover during the past three years. Additionally, 5% of the respondents in the Accommodation sector have indicated a relatively significant increase in their turnover in the 2010 financial year. This could be attributed to the impact of the FIFA 2010 World Cup.

FOOD AND BEVERAGES

- There was a significant drop of more than -70% particularly in the year 2009 and 2010 for the Food and Beverages sector. This significant drop was mostly observed among the firms who generated more than R500,000 in annual turnover. For the SMMEs whose turnover levels were less than R100,000, a significant increase in turnover for 2010 can be observed.

MEDIA, RESTAURANT AND CATERING SECTORS

- The annual turnover levels in the Media and Restaurant & Catering did not show any significant variation for the past three years. The tournament did not significantly impact this sector, as might have been expected. A marked increase in turnover had been expected in 2010, as a result of the FIFA 2010 World Cup Tournament.

- The majority (40%) of the Restaurant and Catering SMMEs surveyed indicated turnover levels within the range of R100,000 to R200,000 per annum. The lowest proportion of firms in this sector indicated turnover levels of R500,000 or more.

RETAIL

- The Retail sector showed an immense increase of 40% or more among those firms categorized as earning less than R100,000 annually.

- The majority (19%) of the respondents from the retail sector alone indicated their annual turnover to be more than R500,000 making them potentially significant contributors to the economy of the regions surveyed. Another positive observation eminating from this sector is that this cluster of SMMEs with

annual turnover levels of more than R500,000 have indicated relatively stable performance in terms of their annual income figures extrapolated for the past three years.

TOURISM

- For the tourism sector, there was a substantial increase in turnover (30%) particularly within the category of firms earning more than R500,000 or more annually. This increase is noted in 2009 and 2010 financial years. The increase in turnover in tourism was expected as it is widely believed that tourism sector benefits significantly from hosting of major events

TURNOVER LEVELS

- Most of the SMMEs in the four regions have annual turnover of less than R100,000 per year for the last three financial years. This trend is expected, given that that the firms of interest are SMMEs. However, it is important to note that there is a significant number of SMMEs who indicated that their turnover was R500,000 and more in Worcester (24%) and Vredenburg (28%) for the 2010 year. The tournament could be the plausible reason for the increase in the increase in the number of firms with turnover of more than R500,000.

- 10% of the SMMEs realized a significant increase in their turnover during the tournament and it has remained the same since then (after the event). 4% of the respondents reported business was not performing well and it has not showed any major improvement after the event.

- With respect to the proportional rating of expenditures in relation to other business expenses, it can be observed that telephone and electricity expenses are major categories of the SMMEs expenses. On another note stocks comprise one of the major expenses of SMMEs, mostly within the retail sector. The second major class of business expense noted is salaries.

5.2 RECOMMENDATIONS

- A further study is recommended where a larger sample size can be utilised in order to further understand the impact of the 2010 FIFA World Cup South Africa™ on SMMEs in the Western Cape. Some researchers and scholars assert that it takes some time for the benefits or impact of mega events such the 2010 FIFA World Cup South Africa™ to be tangibly observed. The need for a follow up survey is thus recommended.

- SMMEs encountered a host of challenges in their preparations for the 2010 FIFA World Cup South™. It is recommended that programmes / initiatives to facilitate the development of skills and competencies in identified areas (such as Marketing) be coordinated among the relevant stakeholders to lessen the constraints on the ability of SMMEs to more effectively harness the opportunities, develop the competitiveness, maintain and grow their businesses in an era of virtual media technologies and enable global reach. This will provide an opportunity for SMMEs to build their brands, showcase their unique mix of products, services, skills or location–specific advantages and thus attract consumers, across all the sectors included in the survey, i.e. Accommodation, Tourism, Taxi and Transport–related services, Restaurant and Catering, Retail, Media and Security.

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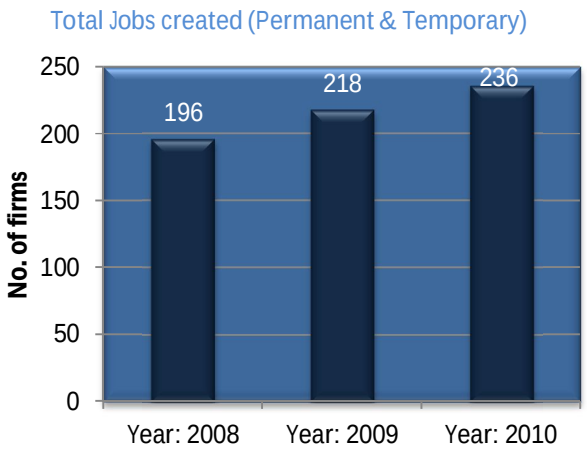
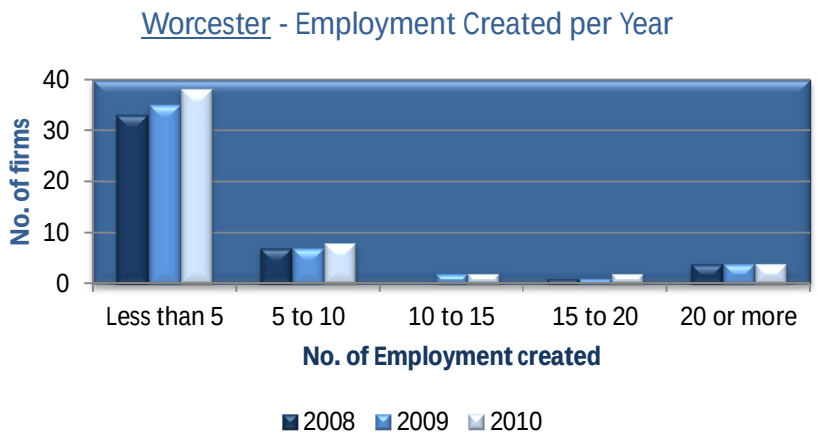
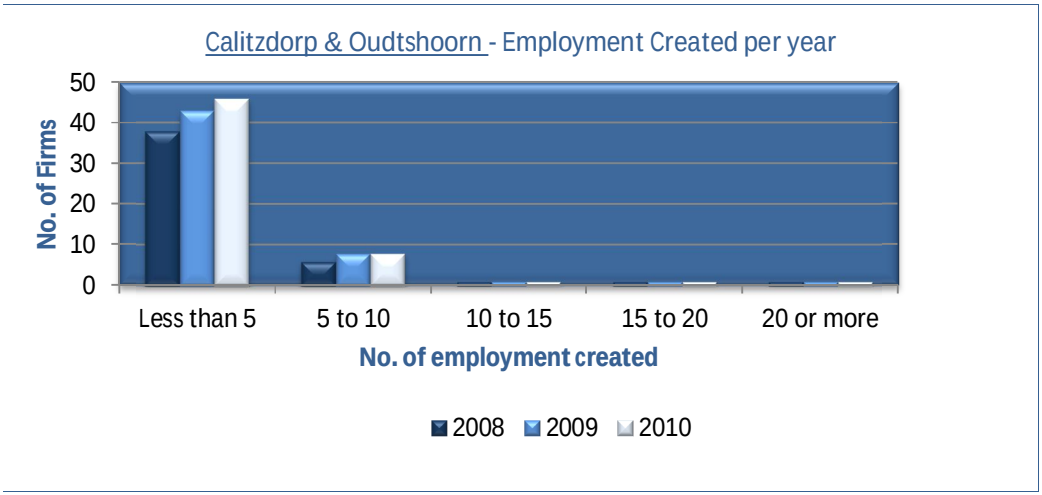
7 ANNEXURE

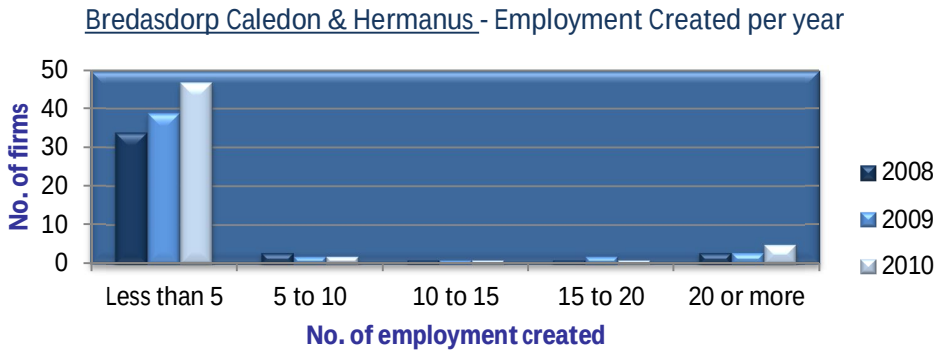
7.1 Raw Data Analysis

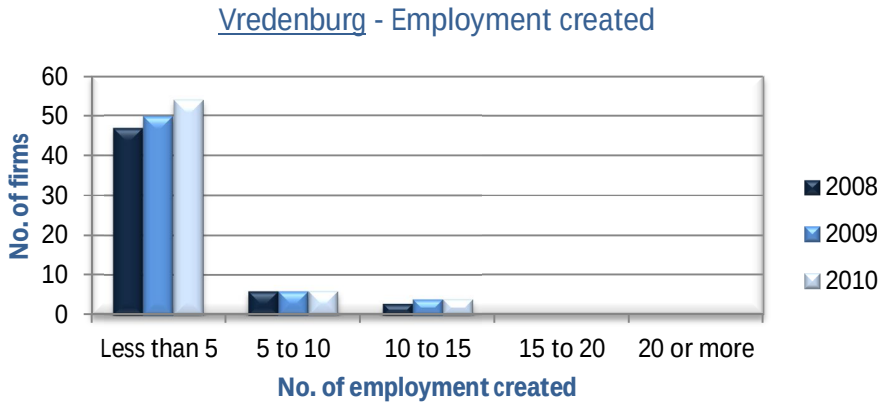
Employment Per Region






Calitzdorp & Oudtshoorn - Employment Created per year
No. of Firms
50
40
30
20
10
0
Less than 5
5 to 10
10 to 15
15 to 20
20 or more
No. of employment created
2008
2009
2010


Bredasdorp Caledon & Hermanus - Employment Created per year
No. of firms
50
40
30
20
10
0
Less than 5
5 to 10
10 to 15
15 to 20
20 or more
No. of employment created
2008
2009
2010


Vredenburg - Employment created
No. of firms
60
50
40
30
20
10
0
Less than 5
5 to 10
10 to 15
15 to 20
20 or more
No. of employment created
2008
2009
2010

Jobs created as a result of the FIFA 2010 WC Event Analysis Per Sector & Location Analysis

Location	Food & Beverage	Restaurant & Catering	Security Services	Tourism	Other	Total No of Jobs Created
Worcester	1	1	1	1	2	6
Calitzdorp & Outshoorn	0	2	0	0	0	2
Bredasdorp, Caledon & Hermanus	2	0	0	2	0	4
Vredenburg	1	0	0	0	0	1

Skills Training Analysis per sector & location

Location	Food & Beverage	Restaurant & Catering	Security Services	Tourism	Accommodation	Taxi Services
Worcester	4	0	0	0	0	1
Calitzdorp & Outshoorn	0	0	0	0	1	0
Bredasdorp, Caledon & Hermanus	0	1	1	3	1	0
Vredenburg	0	0	0	1	0	0

Challenges faced by the SMMEs per Sector Analysis

Location	Inadequate funding	Marketing Challenges	Unavailability of stock	Lack of capacity	Inadequate manpower	Logistical challenges	Inadequate information
Accommodation		3		2		2	1
Food & Beverage		2	1	1		1	1
Media		2		1		1	
Tourism	3	10	2	2		2	1
Security Services		1		1			
Restaurant & Catering		3		1	1	1	
Retail	2	8	2				1
Taxi Services	1						
Other (e.g. construction)	1	1					

Actual Impact Reported per Sector & Location

Location	Food & Beverage	Restaurant & Catering	Security Services	Tourism	Accommodation	Taxi Services	Retail	Other
Worcester	1		1	1			2	1
Calitzdorp & Outshoorn		2		2	1			
Bredasdorp, Caledon & Hermanus				1		1	2	1
Vredenburg	1	2		3	1		1	

Actual Expectations Reported per Sector & Location

Location	Food & Beverage	Restaurant & Catering	Security Services	Tourism	Accommodation	Taxi Services	Retail	Media	Other
Worcester			1	1	3		2	1	1
Calitzdorp & Outshoorn				5	1		5		
Bredasdorp, Caledon & Hermanus	3	2	1	2	6	1	5	3	
Vredenburg	4	5	1	7	2		4	3	

7.2 Copy of the Survey Questionnaire

Survey to assess the impact of the 2010 FIFA World Cup SOUTH AFRICA™ on SMMEs in the Western Cape

QUESTIONNAIRE

Administered by Developmentnomics (Pty) Ltd (Devnomics) on behalf of the Provincial Government of the Western Cape Department of the Premier

Complete this survey and receive a 2010 FIFA WORLD CUP SOUTH AFRICA™ Souvenir

Dear Sir / Madam

You are invited to participate in this survey being conducted by Devnomics on behalf of the Provincial Government of the Western Cape Department of the Premier. It is aimed at assessing the benefits which may have accrued to SMME's like yours in the Western Cape Province as a result of the 2010 FIFA World Cup SOUTH AFRICA™ (2010 FWC).

Your participation is completely voluntary. It will take approximately ten minutes to complete this questionnaire. We shall be glad to receive your completed survey as this will ultimately help policy makers understand the specific needs and constraints of entrepreneurs like you and also assist in policy development and recommendations that may improve the entrepreneurial framework for SMMEs to benefit from future mega events like the 2010 FWC.

Rest assured that whatever information you provide will be treated in strict confidence and will only be reported in aggregates.

Each fully completed questionnaire will be entitled to a World Cup Souvenir which will be mailed to your physical or postal address by the Department of the Premier. We therefore enjoin you to provide us with your physical and/or postal addresses to enable us make contact with you upon receipt of your completed questionnaire.

Thank you very much for your time and support.

If you have questions and or seek clarification regarding the content of this questionnaire, please call **Nicola Human** (Project Support Office) on 073 143 3202 or on 021 910 0183. However, if your question is of a general nature or you would like to contact officials in the Department of the Premier regarding this survey, you are welcome to contact **Mr. Denver Moses** on 021 483 3710 or **Ms. Mushfieqah Salie** on 021 483 6019.

1. **General Information**

Name of business	
Contact Person	
Physical Address	
Postal Address	
Telephone	
Cell phone	
Email	

2. **In which region is your business located?**

- ☐ Bredasdorp
- ☐ Oudtshoorn
- ☐ Calitzdorp
- ☐ Worcester
- ☐ Vredenburg

3. **Which type of business do you have?**

- ☐ Sole Trader
- ☐ Partnership
- ☐ Close Corporation
- ☐ Private Company
- ☐ Public Company
- ☐ Other

If **other** was specified, please elaborate:

_____

_____

_____

_____

_____

_____

4. In which year did your business start operating?

- ☐ Earlier than 2005
- ☐ 2005
- ☐ 2006
- ☐ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010

5. In which year was your business registered?

- ☐ Earlier than 2005
- ☐ 2005
- ☐ 2006
- ☐ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010

6. In which economic sector does your business operate?

- ☐ Wholesale & Retail Trade and Catering & Accommodation
- ☐ Transport & Communication
- ☐ Business Services
- ☐ Agriculture
- ☐ Mining
- ☐ Manufacturing
- ☐ Electricity, Gas & Water Supply
- ☐ Construction
- ☐ Government Services
- ☐ Other

If **other** was specified, please elaborate:

_____

_____

_____

_____

_____

_____

7. In which industrial sector is your business active?

- ☐ Accommodation
- ☐ Restaurant and Catering
- ☐ Taxi Services
- ☐ Security Services
- ☐ Media
- ☐ Craft
- ☐ Retail
- ☐ Tourism
- ☐ Food and Beverages
- ☐ Other

If **other** was specified, please elaborate:

_____

_____

_____

_____

_____

8. Did you expect the 2010 FIFA World Cup SOUTH AFRICA™ (2010 FWC) have an impact on your business?

- ☐ Yes
- ☐ No

9. Did the 2010 FWC have an impact on your business?

- ☐ Yes
- ☐ No

Please elaborate on the reason for your answer:

_____

_____

_____

10. What did you import for your business in anticipation of the 2010 FWC?

- ☐ Raw materials

- ☐ Components of finished product(s)
- ☐ Finished products
- ☐ Services
- ☐ Did not import anything

If you did not import anything please proceed to **question 13**.

11. Which countries did you import from? (you may choose more than one country)

- ☐ Japan
- ☐ USA
- ☐ Germany
- ☐ United Kingdom
- ☐ China
- ☐ Netherlands
- ☐ Other

If **other** was specified, please elaborate:

_____

_____

_____

_____

_____

12. What was the estimated value of imports for your business for the last three financial years?

Value of imports	**2008**	**2009**	**2010**
Less than R100,000			
R100,001 to R200,000			
R200,001 to R300,000			
R300,001 to R400,000			
R400,001 to R500,000			
More than R500,000			

13. What did you export for your business in anticipation of the 2010 FWC?

- ☐ Raw materials
- ☐ Components of finished product(s)
- ☐ Finished products
- ☐ Services
- ☐ Did not export anything

If you did not export anything please proceed to **question 16.**

14. Which countries did you export to?

- ☐ Japan
- ☐ USA
- ☐ Germany
- ☐ United Kingdom
- ☐ China
- ☐ Netherlands
- ☐ Other

If **other** was specified, please elaborate:

_____

_____

_____

_____

_____

15. What was the estimated value of exports for your business for the last three financial years?

Value of exports	**2008**	**2009**	**2010**
Less than R100,000			
R100,001 to R200,000			
R200,001 to R300,000			
R300,001 to R400,000			
R400,001 to R500,000			
R500,001 or more			

16. **Which of the following categories best describes your turnover in the last three financial years?**

Turnover	2008	2009	2010
Less than R100,000			
R100,001 to R200,000			
R200,001 to R300,000			
R300,001 to R400,000			
R400,001 to R500,000			
R500,000 or more			

17. **How many permanent employees did your company employ in the last three financial years?**

No. of permanent employees	2008	2009	2010
Less than 5			
5 to 10			
10 to 15			
15 to 20			
20 or more			

18. **How many temporary employees did your company employ in the last three financial years?**

No. of temporary employees	2008	2009	2010
Less than 5			
5 to 10			
10 to 15			
15 to 20			
20 or more			

19. **Did you hire additional workers specifically for the 2010 FWC?**

☐ Yes
☐ No

If your answer is No, please proceed to **question 22.**

20. **How many additional workers did you hire specifically for the 2010 FWC?**

☐ Less than 2

- ☐ 2 to 4
- ☐ 4 to 6
- ☐ 6 to 8
- ☐ 8 to 10
- ☐ 10 or more

21. Did you lay-off any workers after the 2010 FWC?

- ☐ Yes
- ☐ No

If your answer is No, please proceed to **question 23**.

22. How many workers did you lay-off after the 2010 FWC?

- ☐ Less than 2
- ☐ 3 workers
- ☐ 4 workers
- ☐ 5 workers
- ☐ More than 5 workers

23. Did your employees undergo any skills training in the lead up to the 2010 FWC?

- ☐ Yes
- ☐ No

If your answer is No, please proceed to **question 25.**

24. If yes, please indicate the nature of this training.

- ☐ Sales and Marketing
- ☐ Administrative
- ☐ Finance
- ☐ Operational
- ☐ Project Management
- ☐ Corporate governance
- ☐ Customer care
- ☐ Other

If **other** was specified, please elaborate:

_____

_____

_____

_____

_____

_____

25. What was the estimated percentage change in your turnover during the 2010 FWC?

- ☐ Less than 10%
- ☐ 10% to 20%
- ☐ 20% to 30%
- ☐ 30% to 40%
- ☐ 40% to 50%
- ☐ More than 50%

26. What has been the estimated percentage change in your turnover after the 2010 FWC?

- ☐ Less than 10%
- ☐ 10% to 20%
- ☐ 20% to 30%
- ☐ 30% to 40%
- ☐ 40% to 50%
- ☐ More than 50%

27. What are your top five business expenses (in percentage terms)?

Expense Item	% of Turnover (Estimate)
Rent	
Salaries	
Electricity and water	
Telephone	
Maintenance and repairs	
Stock	
Any others (Please specify)	

28. Please state any challenges you faced in preparing your business in anticipation of the 2010 FWC.

- ☐ Inadequate funding
- ☐ Marketing challenges
- ☐ Unavailability of stock
- ☐ Lack of capacity
- ☐ Inadequate manpower
- ☐ Logistical challenges
- ☐ Inadequate information
- ☐ Others

If **others** was specified, please elaborate:

_____

_____

_____

_____

_____

_____

29. Please submit any other comments regarding how the 2010 FWC event affected your business.

- ☐ It was well worth the hype
- ☐ It did a lot to generate awareness for my business
- ☐ South Africa generally gained by it
- ☐ It did not affect my business in any way
- ☐ Expectations were generally much higher than the actual results recorded
- ☐ The event was a waste
- ☐ Other

If **other** was specified, please elaborate:

_____
_____
_____
_____
_____
_____

THANK YOU for taking time to respond to this survey. We greatly appreciate your help.