

*AN INVESTIGATION INTO THE SOCIO-ECONOMIC IMPACT OF
RETRENCHMENTS ON COMMUNITY DEVELOPMENT. A CASE
STUDY OF ACORNHOEK – NOTHERN PROVINCE.*

BY

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MAY 2 001

DECLARATION

I the undersigned declare that the dissertation hereby submitted to the University of the North for the degree of Master in Development Studies has not previously been submitted by me for a degree at this or any other universities, and that it is my own work in design and in execution.



Signature

28/08/2001
Date

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DEDICATION

This study is dedicated to my wife Sindisiwe, my two dearest daughters Kgaugelo and Lesedi, and my grandmother Mhlauke and to all my family members.

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CHAPTER 1

INTRODUCTION

1. Background of the study.

The study concentrates on investigating the socio-economic implications of retrenchments in Acornhoek, which are experienced by the retrenched individuals and to what extent these implications impact on personal and community development.

Acornhoek is situated in region seven - eastern of the Northern province in South Africa. According to the 1996 Acornhoek census report, about 73% of the adult population registered to be unemployed resulting from retrenchments.

In the light of this, it becomes important to outline the historical background of our country's economy that led to the retrenchments.

Since 1985 onwards more and more people were retrenched in South African industries. Retrenchments brought about the increasing in the level of unemployment. According to the report from the Department Labour in the Northern Province the level of unemployment went up to 40% as at June 1999.

On the other hand the current mode of production, 'capitalism', requires that one should work and earn money in order to survive and/ or have a good life.

Given the fact that people have to satisfy their basic human needs, and the satisfaction is executed by the use of money commonly earned as compensation for labour rendered, individuals and communities are faced with the following socio-economic challenges as a result of the retrenchments:

- a). Unemployment that breeds
- b). Poverty that breeds
- c). Moral degradation of the society that leads to
- d). High crime rate in all respects and brings about
- e). Environmental degradation.

According to the publication of COSATU (1996, 9), almost three-quarters of the South African people in rural areas are living below the poverty line. At present our country is faced with the following socio-economic challenges:

- a). Economic instability,
- b). Illiteracy,
- c). High level of unemployment,
- d). High level of crime,
- e). Prostitution,
- f). Alcohol and drug abuse and
- g). HIV -AIDS.

Given these challenges and the fact that loss of stable income in the form of salaries and wages brings about poverty under the capitalist mode of production, it arouses an interest of

researching on the socio-economic impact of retrenchment on personal and community development.

2. Research Problem/ Questions.

The study raises concern, thus:

- 2.1. What are the social impacts of retrenchments on the development of the Acornhoek community?
- 2.2. What are the economic impacts of retrenchments on the development of the Acornhoek community?

3. Research Objectives

The study hopes to:

- 3.1. Investigate the social impact of retrenchments on community development.
- 3.2. Investigate the economic impact retrenchment on community development.
- 3.3. Assess the extent at which retrenchment impact on community development.
- 3.4. Urge national policy on the nature and benefaction of retrenchment to social and economic development in South Africa.

4. Hypothesis or Tentative Solutions (Matching with Foregoing Objectives)

- 4.1. Retrenchment impact negatively on personal socio-economic development.
- 4.2. Retrenchment impact negatively on socio-economic development of communities.

5. Operational Definitions

- 5.1. Impact: The effect of the retrenchments and retrenchment packages on community development. That is, the how does the retrenchments and packages received by the retrenched influence community development, whether positive or negative.
- 5.2. Retrenchment: To economise or to cut back on labour expenditure. As a result of the drop of the rand value in the international markets, most industries experience difficulties to maintain their work force by paying salaries and other benefits those workers are entitled. They decide on reducing their expenses by cutting their work force, thus retrenchment.
- 5.3. Retrenchment packages: Since these workers are not discharged as a result of misconduct, they are entitled to full benefits as they leave. The collective terminology for the monies they get is called retrenchment packages.
- 5.4. Community development: Refers to community improvement. If community members have lost the source of income through retrenchments, how will they (community members) develop and improve their communities. The improvement will focus on how the retrenchment packages are distributed to sustain and improve the lives of most of the community members in such a way that the community becomes self-reliant economically.
- 5.5. Poverty: Kincaid (1972, 206) describes poverty as an inability to achieve a standard of living allowing for self-respect, the respect of others, and for full participation in the society.

6. Methodology

The proposed study hopes to tackle the theoretical issues around retrenchment at different scales. This analysis would provide the study with a useful theoretical incision on the basis of logical conclusions about the socio-economic impact of retrenchments on community development.

Factual data of existing retrenchment records will be collected from CCMA offices, MDA (Miners Development Agency), Department of Labour and records from industries that has retrenched its work force. Expert opinions will also be solicited to establish the historical impact of retrenchments on community development.

Case study of Acornhoek will be conducted. Acornhoek will be surveyed using questionnaires, interviews and group discussions to analyse the impact and the extent retrenchments affect socio-economic development of a community.

7. Provisional Structure of the mini-Dissertation

The study will consist of the following chapters:

Chapter 1. Introduction

The introduction entails the broad ideas, notions and theories about the relationship between retrenchments and community development. An explanation on the research problems, questions, objectives, scope of study, research design and problems encountered, firstly in South Africa, in general and secondly of Acornhoek in particular. Thereafter integrate the question whether the ideas, notions and theories cause concern with regard to retrenchments conditions in South African situation and with special reference to Acornhoek.

Chapter 2 Literature review

The chapter will concentrate on reviewing the theoretical discussions of the impact of retrenchment on community development from the social and economic perspective. The purpose of this chapter is to advance on how other countries dealt with the challenges of retrenchments on community development on the basis of analysis and interpretation. The chapter will provide tentative solutions of the problem, referring from the background, successes and failures of other countries, since South Africa is not the first country to experience retrenchments.

Chapter 3. Survey Methodology

The chapter will concentrate on the methods used in collecting data and the difficulties experienced. The primary and secondary data is essential in the compilation of the report. The area will be surveyed through conducting interviews, observation and personal visits.

Chapter 4. Discussions and interpretations of the data collected from the field study

The chapter will reflect on the information from the field study. The chapter will reflection on what the theoretical discussions and the survey findings imply on the research problem. Arguments will be developed on the theories, ideas and notions whether the findings dismiss or support the hypothesis.

Chapter 5. Conclusion, applications and recommendations

The conclusion and recommendations will be provided on how to sustain community development given the aspects of retrenchment. This will be the last chapter of the report.

8. The significance of the study

Theoretically, the study hopes to contribute to the debate on the costs and benefits of retrenchments on community development.

The study is will have the following practical implications:

- 8.1. Create awareness on the socio-economic challenges resulting from retrenchments on community development.
- 8.2. Adding information to the body of knowledge on the socio-economic impact of retrenchment on communities.
- 8.3. Suggest strategies and recommendations that can be employed in community-development ventures when faced with the challenges of unemployment, be it resulting from retrenchments or otherwise.
- 8.4. The researcher and supervisor will produce publications from the study.

CHAPTER 2

LITERATURE REVIEW

1. Introduction

Chatterjee (1997, 124) maintain that South African economy began to decline because the Import Substitution and Industrialisation (ISI) model broke down. From 1971 onwards, the gold price was no longer fixed and started fluctuating according to the world markets demands.

The following five economic events are seen to have contributed to this problem:

- a). According to Phil Nzimande (1994, 3) from 1970 onward the growth rate on the demand of gold started to fluctuate depending on who wanted to buy and how much was available to be sold. This meant that South Africa no longer had a stable income of foreign exchange.
- b). An international oil crisis hit the world economy since 1973 and the oil price shot- up. One of the results of this crisis was that South Africa had to pay higher prices for oil and other imports. While South African received low income for gold, more had to be paid for oil, for this reason petrol price increased by 50% as compared to the price of petrol in March 2 000.
- c). From 1974 stronger union organisations were formed and there was a huge increase in strikes and other labour actions. The implication was that employers could no longer get away with paying low wages.

- d). Mass political activities such as the Soweto Uprising of 1976 also led to increased instability. Sanctions meant that many foreign capitalists took their investments out of South Africa. South African businesses on the other hand also invested in other countries.

- e). The trend of dividing the South African domestic market upon racial lines with black people not having similar access privileges to the economy as white people. This meant that the domestic market for goods and services was limited and quite small.

Kind (1993, 43) maintains that the above-mentioned points resulted that the country had to spend more than it earned in terms of taxes and rates. In the 1980s and 1990s the downward movement of the economy continued and South Africa was heading economic instability.

As a result of this downward movement, Pearce and Robbins (1992, 109) South African businesses had to adopt the strategy that was used in the 1930s by Britain during their recession. One of the adopted methods to cut off their operations expenditures was to reduce their workforce.

Chatterjee (1997, 76) maintains that every month between the period 1995 and 1996 one industry in the country announced to retrench workers. Checking on the statistics to be retrenched, Swanepoel (1998, 75) maintain that hundreds and thousands workers from South African industries were retrenched. According to Bradford (1994, 207), the loss of jobs be it through retrenchments or any other way imply the loss of the source of income.

Waldt (1997, 96) maintains that most of the people retrenched are in the late-middle age group and they come from the rural areas. The majority of them are illiterate and lack thorough knowledge of how the financial institutions operate or have never made any banking transaction.

The code of good practice on dismissal (Chapter 5, section 41) of the Basic Conditions of Employment Act of 1997, provides that employees dismissed for reasons based on the operational requirements (retrenchments) are entitled to severance pay of at least one weeks remuneration for each completed year. This shall be the case if there was continuous service with the employer unless the employer is exempted from the provision of section 196 of the Act.

2. Meaning of community development

According to Dore (1995, 263) development is referred as a dynamic process of change through which a community moves towards greater resemblance with the developed communities with special reference to poverty alleviation. This process should focus on the four categories in which community development can be viewed:

- a). Human/ Individual development: Mohan and Martindale (1977, 204) maintain that human development is about people empowerment. According to them, a developed individual will have among others, self-respect, self-confidence and self-reliant. Education plays a vital role in human development, because someone who has acquired new skills and knowledge will display the above-mentioned features. For example a person who is sure that he is drinking treated clean water will be confident of his or her health.

- b). Social development: Saidman (1998, 211) maintains that social development refers to the management, participation and accountability on development resources by the community.

Social development refers to the alleviation of any form of deprivation on the accessibility of resources by community members, for example clean water; good roads; electricity; health services and education, and the practice as well as the up-liftment of moral standards.

- c). Economic development: Martinussen(1997, 36) view economic development as increasing production; consumption and employment and also improved standard of living. An economically developed individual is one that has production, employment and/ or source of income to eradicate poverty. Economic development entails the mobilisation and management of the factors of the five factors of production, human resource; capital; natural resources, entrepreneurship and technology.
- d). Political development: According to Robbins (1992, 67) politics dictates the cause of development process. The mode of production in a country to a great extent influenced by the politics. Development practitioners, economists and politicians should engage in dialogues on the methods of delivering development ethically so that the beneficiaries are the majority of people who live in extreme deprivation.

In addition to the four categories of community development, development should be perceived in the following perspectives:

- a). Growth e.g. economic growth with an increase in the number of industries in a country.
- b). Life – sustenance development: That development should make possible the satisfaction of those basic needs without which life would be impossible, like food; water; shelter; health and clothing.

According to Aziz (1978, 50) for communities to be developed, they require the fulfilment of the following conditions:

- a). Institutional development: Those institutions that will help people to set priorities in their own communities, through effective and democratic bodies, by providing the local capacity and access to funds for them to plan and implement local economic development;
- b). Investments in basic infrastructure and social services: The provision of physical infrastructure (e.g. housing, water, power suppliers and transport) and social services (e.g. basic health care and schools);
- c). Improving income and employment opportunities and by broadening access to natural resources (e.g. arable and grazing land, irrigation water, woodland and forestry);
- d). Restoration of basic economic rights to marginalized rural areas by establishing periodic markets for organising spatial and temporary framework for development;
- e). Resource conservation: Investing efforts in the sustainable use of natural resources; and
- f). Justice, equity and security: Dealing with the injustices of the past and ensuring the safety and security of the rural population, especially that of the women and children.

Mair (1994, 1) defines that community development in its basic meaning refers to a process and in contemporary contexts the process which is a movement towards a condition that some of the world's nations are supposed to have attained. Those countries that have not yet reached it, used to be called "underdeveloped". This offended them, and now they are sad to be less developed.

South Africa has graduated from this level, and it is now in the category of the developing countries. The development in South Africa seems to be retarded by the implications of retrenchment and/ or job losses.

3. The context of retrenchments, unemployment and/ or job losses from the South African perspective

3.1. The incidence of unemployment in South Africa

The source of the problem of unemployment is to be found in the economic policies and the programmes implemented internationally, called neoliberalism, according to Dixon (1996, 56 – 107). The capitalist internationally developed this programme, to increase their profits. Neoliberalism has its roots in the economic crisis of the 1970s and is a particular response to the crisis.

Capitalists experienced falling profits as a result of over-production: the market was saturated with too many goods and workers were retrenched. Many capitalists had huge profits but nowhere to invest profitably. They did not want to invest in production because it wasn't profitable. Instead, capitalists have focussed on speculative investment, i.e. buying and selling currencies and shares in financial markets and stock exchange, amongst others.

However, Curran (1993, 45 – 67) maintains that financial speculations do not create wealth, only production create wealth, growth and employment opportunities. The financiers tap into the money or the wealth that is already in circulation. No new wealth

is created. The financiers feed on those who have created wealth, the working class, small businesses, and the poor and even other capitalists.

Unemployment and retrenchments are systematic under neoliberalism as investment programmes and policies are oriented to financial speculation at the expense of production according to Dixon (1996, 101). This 'job shedding growth' in effect transfers wealth from the poor to the rich and only benefits transactional corporations, big business, financial institutions, financial speculators and consultants.

According to Chatterjee (1997, 14) high employment levels has been with us for many years. Apartheid system simply kept the problem hidden from the view and confined it to the so-called 'homelands'. Unemployment, by whatever measure, is unacceptably high. The poorest households are those where no one or only one family member works.

As a nation our central challenge is to eradicate poverty by creating jobs, especially sustainable and productive ones. The weight of the problem of unemployment dimensions falls unevenly. Age, race, gender and religion find massive differences in unemployment rates.

Wren (1999, 14) maintains that since 1994 the South African economic status has led to the jobs losses in both private and the public sector. Unemployment is estimated to be around 35 to 40%, including unskilled and skilled people. 42% are under 40 years old and some people have never had a job in their entire life. According to him, no sector or industry has been spared:

- a). Energy – 90 000 people retrenched between 1997 and 1999.
- b). Metal – 19 708 people retrenched in 1999.
- c). Textile – 20 000 people retrenched in 1998.
- d). Gold – 90 000 people retrenched between 1997 and 1999 and another 80 000 jobs were on the pipeline for retrenchments. Employers announced 28 000 retrenchments in the following two months, affecting another 20 000 jobs in related industries.
- e). Construction – 30 000 retrenchments pending.
- f). Public/ parastatals – Spoornet will retrench 27 000 people. TELKOM retrenched 2 000 people ‘voluntarily’ with another 11 000 pending.
- g). Education – many teachers took ‘voluntary’ retrenchments, some are temporary or unemployed.
- h). Health – labour shortage nationally.
- g). Local government – no overt retrenchments yet but the method of natural attrition is used. During the past five years 170 000 jobs were shed this way.

h). The public sector wage dispute involves 300 000 to 500 000 workers from COSATU and FEDUSA, including teachers, police and hospital workers, involved in delivering important social services. Workers want a wage increase linked to inflation.

3.2. The causes of retrenchments and/ or unemployment

According to Mogane (1990, 45) unemployment is not a problem created recently, it is a cumulative problem inherited from previous political and economic policies. It is the result of population growth, lack of attention to human capital development, prolonged deterioration in the real growth rate and rising capital intensity of production and declines in savings and investment since the mid-1960s. With the demise of the apartheid system and greater urbanisation, the problem of unemployment has simply become more visible.

While the causes of unemployment are complex, Mackenzie (1996, 67) identifies six basic issues:

a). The structure of production: the South African economy is not creating enough jobs due to the inherited capital intensive structure of the economy and the choice of technologies. Previous implicit and explicit incentive structures and a previously closed economy for manufactured goods have caused this. The previous protectionist regime left us unfamiliar with key export markets in value added products, low level of competition, poor supply chain relations and a low inclination to invest skills or research and development.

We are now facing a situation where large declines in traditionally employment absorbing sectors such as mining occur without gains in other formal sector industries. South Africa's profile shows a dominance of commodity exports and higher value-added imports. This puts us in a vulnerable position, which is more cycle-prone, and which benefits less from international trade and relative prices in world markets.

- b). The level of investment: Most economies that have sustained real growth rate of 3% or more have had investment and savings levels in excess of 20% of GDP. To generate sufficient employment opportunities, we require real growth rates that are far higher. Yes, South Africa's level of investment fell to very low levels in the 1980s and '90s, only recently recovering to 20% of GDP by 1996.
- c). Human development: Apartheid actively blocked the development of our people. This imposes serious constraints on our growth potential as a middle-income industrialising economy. Instead, our level of human-development measured in terms of basic standards of education and nutrition more closely matches that of a low income and less developed countries. Resources are poorly distributed, including key forms of infrastructure, education and social services. This limits access to economic opportunities both in terms of entrepreneurship and employability in the formal sector.
- d). Pay and productivity: An improved standard of living requires increases in both the level employment and in real earnings. This should be achieved in conjunction with

higher productivity growth through sector shifts, higher skills and improved work organisation.

Over the past decade there have been periods when overall wage growth (including salaries) outstripped productivity growth, and periods when the opposite has been true. Where real growth outstrips productivity growth there is cause for concern since higher unit labour costs could affect international competitiveness, contribute to inflationary pressures and cause job losses.

- e). Labour market regulations: Racially restrictive labour regulations in South Africa led to severe distortions in the labour market, caused by highly unequal access to education and training, to occupational opportunity and to geographical mobility.

These distortions take time to undo. It is only recently that statutory discrimination has been abolished, and unemployment, employment and wage earnings continue to be associated to a large degree with race. In addition, the skills shortage that was caused by apartheid policies encouraged firms to adopt capital-intensive methods of production.

- f). Uncertainty: Investment and employment are partly hindered by the perceived risk of doing business in South Africa. Crime, social dislocation and political transformation all contribute to a hesitation to invest, whether investment is local or foreign. Quite apart from the human and social costs, these conditions may make it more difficult to do business in South Africa. Our economy is less competitive when cargos are stolen or when workers arrive at work having experienced serious violence in their communities.

Our country is less attractive when tourists feel unsafe. It drains our economy whenever white-collar crime and fraud occurs. In short, crime increases the costs of doing business. It contributes to negative investor perceptions, and it makes investors less eager to employ large number of people.

3.3. Retrenchments by South African Industries

According to the report from ABS catalogue No. 6203.5 (p.35), it is maintained that, other means of examining the characteristics of the unemployed is to look at the number of people retrenched in the previous twelve months, their previous industry, previous occupation and their success in finding work in any industry or occupation.

Table 1 shows that in 1999 there were 417 824 people retrenched. The largest numbers comes from the manufacturing, construction and retail trade.

The retrenched rate (the share of people employed who were retrenched during the year) was highest for the construction industry at 11,2%. Of those who did become retrenched during the year 80% remained in the labour force, and of these an average of 44% were unemployed February 1999.

Though the retrenchment rate in the education sector was low, those affected found it most difficult to regain employment wit an employment rate for those retrenched of 60% as at February 1999.

On an occupational basis the rate was highest for labourers and related workers (8.9% of this workforce retrenched during the year), followed by the trades persons (7,6%) and

the sales persons (5,9%) the lower skilled occupations also have more difficulty in regaining employment when retrenched.

Table 2.1: retrenchments by industries – year ended February 1999.

South African Industries.	Number retrenched	Retrenchmen t rate (%)*a	Unemploye nt rate (%)*b
Agriculture, forestry and fishing	16 339	4.0	50
Mining	5 142	5.9	32
Manufacturing	81 838	7.3	44
Electricity, gas and water supply	5 062	6.0	39
Construction	66 474	11.2	44
Wholesale trade	25 396	5.1	48
Retail trade	66 555	5.6	44
Accommodation, cafes and restaurants	27 343	7.2	38
Transport and storage	17 392	4.5	48
Communication services	2 902	1.9	33
Finance and insurance	6 816	2.2	24
Property and business services	35 051	4.6	46
Government administration & defence	11 009	3.1	44
Education	12 721	2.3	60
Health and community services	14 067	1.9	42
Cultural and recreational services	8 076	4.2	49
Personal and other services	15 640	5.0	44
Total	417 824	5.1	44

a* The number of people retrenched in 12 months to February 1999 as a share of the number the people employed in February 1998.

*b The number of people unemployed at February 1998 as a share of the number in 12 months to February 1999 who remained in the labour force.

4. The effect of retrenchment and/ or job losses on the socio-economic aspects in our communities.

According to Swanepoel (1998, 34) since the mid-1970s unemployment has grown to become one of the world's major social and economic problems. As a result of high unemployment rates the communities experience high level of:

- a). Poverty,
- b). Crime,
- c). Social instability, and
- d). The exclusion of a large part of the population from the mainstream of economic and social life.

Further more Cole (1991, 41) urges that, unemployment increases woman and child abuse and overall social fragmentation. Individuals experience low self-esteem and depression, suicide is sometimes seen as an option. Disparities between the rich and the poor are deepening. The absence of a social net condemns many to starvation and homelessness.

Zenophobia has increased while solidarity between people and within communities is being broken down as people turn inwards with their social 'problems'. The value and quality of life of the people is decreased.

It should be noted that socio-economic development could only take place in a society where social stability prevails. It has been affirmed that availability of employment opportunities contributes positively to the prevalence of social stability.

5. The approach of the South African economic policy towards addressing the challenges of retrenchments and / or job losses

In 1995 the ANC led government implemented a neoliberal macro economic strategy, called Growth, Employment and Redistribution, (GEAR). Ungham (1995, 29) maintains that the government predicted economic growth and job creation under GEAR, however, the economy is shedding jobs and unemployment is high, spear-headed by the private sector, which was supposed to create jobs. Export performance is weak, inflation and interest rates are high.

While GEAR's policies attracted foreign investment, this was largely linked to privatisation ventures, merges and acquisitions. Accompanying these merges amongst others, there has been increased productivity through retrenchments and mechanisation. But productivity capacity in the economy has not increased and neither are jobs created.

According to the document by International Republican Institute (IRI) (1998, 1) maintains that, as far as the South African government is concern, the responsibility for stimulating economic growth and job creation is no longer reserved for the national or provincial level; rather it is a common challenge that all local authorities must now confront.

By utilising the unique powers and duties of local government and working in partnership with community stakeholders, local authorities can help stimulate the economy and improve the lives of their citizens. This process is commonly known as local economic development (LED).

The concept of LED suggest that, whilst national and provincial government can help ensure broad policy and legislative framework for economic growth, it is up to local government to work with the community to develop a common vision and build on the contributions of a broad spectrum of individuals and organisations to stimulate the local economy and create jobs.

LED is expected to perform the following duties for the immediate community:

- a). Create jobs and new employment opportunities;
- b). Increase income levels and enables people to pay for services;
- c). Broaden the tax and revenue base of a local authority
- d). Enables the local authority to provide more and better services and facilities;
- e). Concentrates on human resource potential and opportunities for development;
- f). Build new institutions for sustainable economic development; and
- g). Promote linkages between developed and under-developed areas.

6. Conclusion

The 5th of December 2 000, the second local government Election Day has passed, the communities are waiting in anticipation to see if the above mentioned task of the LED will be executed for the first time in the history of our democratically elected government.

CHAPTER 3.

SURVEY METHODOLOGY

1. Introduction

This chapter is essentially stating the procedures and methods, which are concerned with the research instrument and the techniques for gathering information about the socio-economic impact of retrenchments on development of Acornhoek community.

In this research activity, a variety of techniques have been used to collect a variety of sets of data in order to achieve the desired effect and eliciting generalised responses.

Firstly, the study focussed on the practicality of the impact of retrenchments. Secondly, using a diversified research instrument was important to determine the respondent's concerns on retrenchments.

However, the information derived from the research activity will provide some interpretation and conclusions about the practicality of the impact of retrenchment as perceived by the respondents.

Meanwhile, the methods considered to collect data in this study are the survey methods, the primary and secondary data collecting methods, population and sampling procedures, problems encountered in the field and data analysis techniques to test the hypothesis.

2. Methods of data collection

Methods of collecting data included the primary and secondary data collecting methods. The primary data method included personal observation and interview questionnaires.

Discussions with the prominent members of MDA (Miners Development Agency), the organisation's objectives is to offer skills training to the retrenched on fence making and poultry farming, also helped gathering data in the primary method. Such discussion was informal (not focus group discussions).

Structured interviews were conducted through questionnaires with the retrenched, the dependants of the retrenched and local business owners and the responses were quantitatively analysed (see chapter 2)

Secondary data collecting method included sources from research paper on related study, government publications and literature text.

2.1. Survey methods and data analysis

In order to establish the historical background to the impact of retrenchments on community development in Acornhoek, the several survey methods were used. Much of this method focussed on oral interview with the prominent members of MDA. They claim that their objective is to redress the negatives of the impact of retrenchment by offering skills training to the retrenched on fence making and poultry farming, so as they (the retrenched) can improve their socio-economic well being.

In presenting the data collected from the primary and secondary data sources, the descriptive survey method was employed.

2.2. Personal visits and observation

In order to assess the socio-economic impact of retrenchments on the Acornhoek community, personal visits and observation were made to the retrenched. This enabled the researcher to collect first hand qualitative assessment of their contribution towards community development.

Personal observation was made on the social and economic status of the family. Quantitative data was obtained through the questionnaires (see appendices 1, 2 and 3) and through personal observation, which provided good opportunity for quantitative assessment with regard to the level of community involvement in development.

3. Difficulties encountered.

Negative attitudes of managers from Geldenhuys sawmill in Acornhoek and Atok chrome mine in Burgersfort, constituted the major problem in the way of collecting quantitative data by means of an interview questionnaire.

Some managers virtually refused the researcher permission to interview their employees in the human resource department. Most of them were whites and also insisted that they would neither take nor complete the interview questionnaire brought by the researcher.

Another problem encountered was the fear by managers of unionisation and politicisation of their labour force. The fear made them to view researchers with suspicion, thinking that he

(researcher) comes from an office of a political party or a trade union. Even after an assurance was given with a proof of a student card that the research was purely academic, the managers found it hard to believe and share information freely.

In order to have the questionnaires completed, the researcher relied on the receptionists who are black, to organise a meeting with other employees in the human resource department after working hours.

On the other hand, the retrenched were also not willing to disclose the exact amount of their retrenchment packages.

4. Questionnaire construction

As the focal point of the study is to determine the extent to which retrenchment impact socially and economically on community development, the variables in the data collection instruments were selected on the basis of theory which hypothesis such the degree of the impact.

In constructing the questionnaire, the following demographic variables were selected for analysis: age; gender; marital status; literacy level; assets owned; number of dependants; previous employment; amount of retrenchment package; and present occupation.

The construction of the instrument followed certain development phases as follows:

- a) The preliminary and pilot preparation,
- b) The development of the main questionnaire format, which include the selection of appropriate semantic construction, and rating scale technique,
- c) The pilot collection of data, and

d) The main phase of data collection.

Since the questionnaire is the major data-collecting instrument, it was administered to the retrenched, the trade unions, the employers and the dependants of the retrenched. The intention of the questionnaire was to examine the extent to which retrenchment impacts socially and economically on the development of Acornhoek community.

5. Population and sampling selection

Selecting the subject to be interviewed was a difficult task as they (retrenched) come from different backgrounds. The possibility of assuming that the extent of the retrenchment impact is similar on their socio-economic aspect could not be accepted. Yet not all of the retrenched could be reached.

The non-probability sampling approach was the appropriate method to be used. The researcher applied the purposive or judgmental sampling methodology for the following reasons:

- a). The sample is chosen on the basis of what the researcher thought to be an average person.
- b). Personal opinion was used in judgement to select units of analysis since they have different social and economic backgrounds.

After considering the fact that the research project should be kept to the minimum, a sample of size of 54 respondents was considered adequate. This number included the heterogeneous character of the sample population from 25 retrenched; 18 dependants of the retrenched; 6 members from the two employment institutions; and 5 local businesses.

5.1. Retrenched respondent

The respondents were drawn from Green Valley village located in the area of Acornhoek. The village has about 300 households. Most households are affected by retrenchments directly and indirectly. Directly, in the sense that the breadwinner has been retrenched and indirectly in the sense that they are living and / or looking after the children of the retrenched. Most of the respondents had no problem to be interviewed; however it was difficult to disclose the figures of the retrenchment package.

5.2. Employers respondent

Employer's respondent was drawn mainly from the institutions which most of the retrenched were employed. Interviews were conducted at Geldenhuys sawmill in Acornhoek and Atokrome mine situated between Burgersfort and Leboakgomo. The managers of these institutions recommended that interviews with their human resource staff should be conducted during breaks or after working hours. They claimed this would interrupt work progress. Most of the workers had no difficulty in accepting and completing the questionnaires.

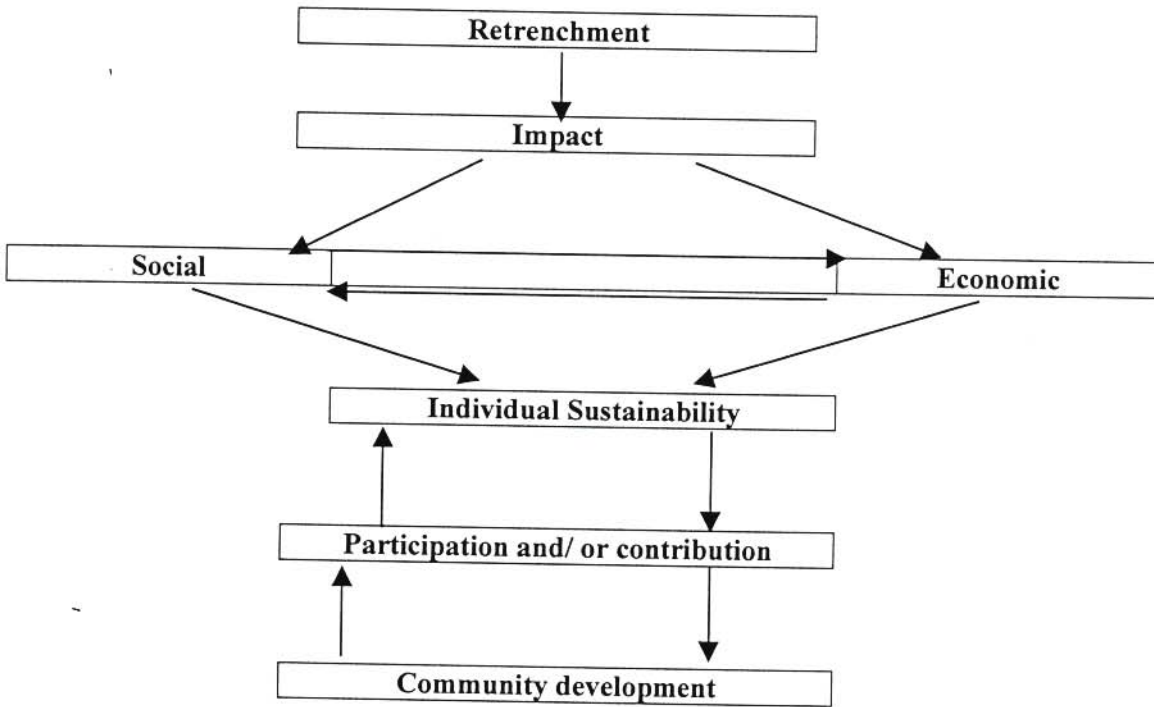
6. Data analysis

In order to quantitatively analyse the socio-economic impact of retrenchments on the community of Acornhoek; the data collected was summarised frequencies and percentages to enable easier description and comparison on data (see tables: 4.1 - 4.5).

In order to show the results or the findings tables and bar graphs were used. Data analysis will also include percentage calculations in both tables and figures.

7. Conclusion

Diagram 3.1. Conceptual framework



The purpose of the study is to affirm or nullify the following hypothesis referring from the above conceptual framework.

- a). Retrenchment impact negatively on the social development of communities.
- b). Retrenchment impact negatively on the economic development of communities.

CHAPTER 4.

DISCUSSION AND INTERPRETATIONS ON THE DATA COLLECTED FROM THE FIELD STUDY.

1. Introduction

In this chapter the main objective is to analyse and present data collected on the field of research on the experiences of the respondents in terms in the social and economic impact of retrenchment on community development. The data collected in the field was recorded in the SPSS for Ms Windows 6.1 program, which also provides tools for information storage and retrieval, data modification and statistical analysis.

Each questionnaire was scanned for questionnaire coding and data key-in. since the interview – questionnaire method is the major tool for collecting data, the questionnaires were divided into three sets of appendices.

Appendix 1 was for the retrenched. Appendix 2 was for the dependants of the retrenched and appendix 3 was for the local business people. The data gathered from the questionnaires outlined above, will provide information relating to the assignments summarised as:

- a). The demography of the respondents
- b). The socio-economic impact retrenchment

The first of these categories identifies the respondents in terms of demographic characteristics with little reference to their influential experience towards community development.

The demographic variables in some sections of the analysis are then cross-tabulated and compounded with the variables from the remaining categories.

2. Respondents' characteristics

This section deals with the demographic characteristics of the retrenched, the dependants of the retrenched the employers, and the local business people. Each demographic characteristic will be looked into hereunder.

2.1. Demographic characteristics of the retrenched

The demographic characteristics of the respondents and the diversity of the sub-variables are presented in summary in table 4.1. The demographic characteristics used in the sample in this study includes age, gender, marital status, number of dependants, literacy level, duration of employment, previous employment and present occupation. Each of these variables includes the sub-variables.

In terms of the age, a significant proportion of (68%) of respondent's fall between ages 40 – 49 years. This finding indicates that generally retrenchments affected people in that age group.

In terms of gender composition, males constitute 64% and the female constitutes 36% of the respondents. This finding indicates that a large number of males dominate a population of the retrenched. Female constitute a less percentage of the retrenched. This could as a result of few females being employed in these industries. For the fact that females are retrenched, is means that retrenchment is not sexist.

In terms of marital status, most of the respondents are still married even after retrenchment. The 38% of the divorced, about half of it emanated from the problems as a result of retrenchments.

Most of the respondents had only acquired primary education, but did not finish the all the standards. With this inadequate level of education, we start to wonder how they run their business as most of them claim to be self-employed. All of the respondents have dependants in a form of own children, forester children and grand children.

2.2. Demographic characteristics of the retrenched dependants

The demographic characteristics of these respondents and the diversity of the sub-variables are presented in summary in table 4.2. The demographic characteristics used in the sample in this study include age, gender, and occupation and responsibility status. Each of these variables includes the sub-variables.

The variable of age is divided into five sub-variables, which ranged between less than 10 years to above 26 years. The largest number of the respondents of about 50% are between 16 and 20 years old.

It is interesting to note that the interview questionnaires reached both the respondents' sexes. This gives a fair reflection of the sexes' response and a representative view of the social and economic impact of retrenchments on the dependants of the retrenched.

Table 4.1. Demography of the retrenched respondents

Variables	Sub- variables	Absolute frequency	Frequency percentages
Age	19 years and under	0	0
	20 – 29 years	0	0
	30 – 39 years	6	24
	40 – 49 years	17	68
	50 years and above	2	8
		25	100
Gender	Female	9	36
	Male	16	64
		25	100
Marital status	Single	0	0
	Married	16	64
	Widowed	2	8
	Divorced	7	38
		25	100
Number of dependants	Non	0	0
	1 – 5	11	44
	6 and above	14	56
		25	100
Literacy level	Illiterate	4	16
	Primary education	18	72
	High school education	3	12
	Tertiary education	0	0
		25	100
Duration of employment	Less than 5 years	5	20
	5 – 10 years	7	28
	11 – 15 years	7	28
	16 – 20 years	4	16
	21 and above	2	8
		25	100
Previous employment	Geldenhuis saw mill	14	56
	- Females	5	
	- Males	9	
	Atok crome mine	11	44
	- Females	0	
- Males	11		
		25	100
Present occupation	Employed	0	0
	Females	0	
	Males	0	
	Self employed	17	68
	Females	7	
	Males	10	
	Looking for employment	8	32
Females	2		
Males	6		
		25	100

About 44% of the are still at school whereas 56% have left school. Most of those who Left school, are looking for employment and the rest are just doing nothing at home. Those who are still at school claim that it is not easy, since not all school financial requirements are met because parent claim not to have money since they are unemployed.

Table 4.2. Demography of the retrenched dependants' respondents

Variables	Sub-variables	Absolute frequency	Frequency percentage
Age	Less than 10 years	0	0
	11 – 15 years	3	16,7
	16 – 20 years	9	50
	21 – 25 years	4	22,2
	26 years and above	2	11,1
			18
Gender	Females	8	44,4
	Males	10	55,6
		18	100
Occupation	Scholars	8	44,4
	Females	4	
	Males	4	
	School drop outs	4	22,3
	Females	2	
	Males	2	
	Looking for employment	6	33,3
	Females	2	
Males	4		
		18	100
Responsibility status	Non parents	13	72,3
	Females	3	
	Males	10	
	Single parents	5	27,7
	Females	5	
	Males	0	
		18	100

2.3. Demographic characteristics of the local businesses

The demographic characteristics of these respondents and the diversity of the sub-variables are presented in summary in table 4.3. The demographic characteristics used in the sampling the

respondents in this study include age, gender, form of ownership, and type of business. Each of these variables includes the sub-variables.

The variable of age that ranges from 25 years to 55 years show that 80% of the respondents fall in the range of the years between 36 and 55. In terms of gender 60% of the respondents are male business owners. This is an indication that the business industry is still dominated by males.

All business interviewed are sole proprietorships. Traditionally, African business people prefer to be sole traders. It is interesting to note that the businesses sectors dominant in this area is the service sector, and the retail sector. The service sector includes the builder and the taxi owner, and the retail business includes the café, hard ware store and the bar launch.

Table 4.3. Demography of the local businesses respondents

Variables	Sub-variables	Absolute frequency	Frequency percentage
Age	Less than 25 years	0	0
	26 – 35 years	1	20
	36 – 45 years	2	40
	46 – 55 years	2	40
	56 years and above	1	0
		5	100
Gender	Females	2	40
	Males	3	60
		5	100
Form of ownership	Sole traders	6	100
	Partnerships	0	0
	Close corporations	0	0
	Private companies	0	0
	Private companies	0	0
		5	100
Type of business enterprise	Café	1	20
	Hard ware store	1	20
	Bar launch	1	20
	Taxi owner	1	20
	Builders	1	20
		5	100

2.4. Demographic characteristics of employers (human resource employees)

As indicated that technical problems were experienced in gathering information from the employers, the data gathered was only in relation demography from the employees.

- The demographics of respondents and the diversity of sub-variables are presented in summary in tables 4.4 and 4.5. These respondents constitutes 66,6% total number of employees in the human resource department of the two industries (Geldenhuis saw mill and Atok crome mine)

In terms of age a significant portion of 83% respondent's fall between 26 and 45 years. In terms of gender, most of the respondents are males. The respondents have a significant experience in retrenchments; most of them have facilitated more than two retrenchment phases.

The employers considered several methods to identify the retrenched. Hereunder follows some of the commonly used methods:

1. Age, most industries are restructuring their work force to maintain a large percentage of young people.
2. Academic achievement and skills acquired, well-qualified employees are said to be an investment for the industries.
3. LIFO (Last in First Out).
4. Number of recorded misconduct and misbehaviour offences.
5. Effluxion of time and redundancy. This was applied when the employees were viewed incapable as a result of ill health, inadequate education, and or number of misconduct cases recorded.

Table 4.4. Demography of the employers (human resource employees) respondents from Geldenhuys saw mill

Variables	Sub-variables	Absolute frequency	Frequency percentage
Age	Less than 25 years	0	0
	26 – 35 years	1	50
	36 – 45 years	1	50
	46 – 55 years	0	0
	56 years and above	0	0
		2	100
Gender	Females	2	100
	Males	0	0
		2	100
Employment duration	Less than 10 years	2	100
	11 – 15 years	0	0
	16 – 20 years	0	0
	21 years and above	0	0
		2	100
Retrenchments experienced	Less than 3 terms	2	100
	4 – 6 terms	0	0
	7 – 9 terms	0	0
	10 and above	0	0
		2	100

Table 4.5. Demography of the employers (human resource employees) respondents from Atok crome mine

Variables	Sub-variables	Absolute frequency	Frequency percentage
Age	Less than 25 years	0	0
	26 – 35 years	1	25
	36 – 45 years	2	50
	46 – 55 years	1	25
	56 years and above	0	0
		4	100
Gender	Females	1	25
	Males	3	75
		4	100
Employment duration	Less than 10 years	3	75
	11 – 15 years	1	25
	16 – 20 years	0	0
	21 years and above	0	0
		4	100
Retrenchments experienced	Less than 3 terms	1	25
	4 – 6 terms	3	75
	7 – 9 terms	0	0
	10 and above	0	0
		4	100

3. The socio-economic impact of retrenchment

The study on the socio-economic impact of retrenchment will focus on the response of the retrenched, the dependants of the retrenched and the local business. The study is based on three phases. Phase 1 will be on the life style prior retrenchment, phase 2 is on the period during retrenchment and the phase 3, which is the last, is focusing on post retrenchment period. In comparing the three phases, the study will identify and detect the frequency life style variations. The summaries of socio-economic behavioural pattern of the respondents are presented in rating in tables 4.6 to 4.13. The rating categories used are: Poor (0%-39%), Fair (40%-69%) and Good (70%-100%).

3.1. Phase 1. Socio-economic aspects prior retrenchment (pre phase)

In this phase, the respondents were still employed. The questionnaires provided questions than determine the social and economical behavioural pattern of the respondents during this phase. The respondents are the retrenched, the dependants of the retrenched and the local businesses.

Hereunder follows the discussions on the response of the respondents.

3.1.1. The retrenched:

In finding the socio-economic behavioural pattern of the respondents in this phase, the researcher used the variables of self-perception, family cohesion and participation in community activities to determine their social and economic contributions towards community development.

It is interesting to learn that the response of the interview shows a good confirmation that life (socially and economically) before retrenchments was good in reference to the variables. The ratings range from fair on the variables of family cohesion and participation in community activities and good on the variable of self-perception.

With the assurance of a stable income the respondents affirm that they had a meaningful contribution in the self-development and community development since they could cater for personal needs and as well participate actively in community activities. The activities included being members of burial societies, take part in 'stockfels', make church contributions and make contributions in accumulating building funds for the schools and other activities. The ratings of the respondents on the socio-economic behavioural pattern of the retrenched before retrenchments are presented in table 4.6.

Table 4.6. Socio-economic behavioural pattern of the retrenched (pre phase)

Variables	Rating	Comments
Self perception	Good	With a stable income at the end of the month, financial obligations, which give a sense of belonging and identity, were catered for.
Family cohesion	Fair	The stable income received could try to make ends meet. There was an assurance of a stable income at month end, which can be budgeted. Family obligations and needs that contributed in bringing cohesion both socially and economically were catered for.
Participation in community activities	Fair	There was active participation in activities that demanded money or otherwise.

3.1.2. The dependants of the retrenched:

In finding the socio-economic behavioural pattern of the respondents in this phase, the researcher also used the variables of self-perception, family cohesion and participation in community activities.

The response on the interview shows that the dependants of the retrenched also reflect a 100% confirmation that life (socially and economically) before retrenchments was good.

There is an average rating of fairness on the variables of self-perception, family cohesion and participation in community activities.

The finding was that though the respondents were not satisfied with a number of issues relating to the employment of their parents and/ guardians, on average life was good. The concern was on the dissatisfaction on the inadequate salary that was earned and the working conditions that their breadwinners were working under. The fact that there was bread on the table and that they were able to service financial obligation like schools and community youth clubs made life to be fair. Table 4.7 represents the socio-economic behavioural pattern of the dependants of the retrenched during this phase.

Table 4.7. Socio-economic behavioural pattern of the dependants (pre phase)

Variables	Rating	Comments
Self perception	Fair	With money available to service financial obligations such as school uniform, having books and others school requirements, clean clothes and others, promoted a sense of belonging and identity.
Family cohesion	Fair	With bread on the table every member of the family is happy. Financial obligations and needs that promote family cohesion such as birthday parties, visits between relatives, buy presents and others were catered for.
Participation in community activities	Fair	They could have money to affiliate and participate in sport clubs and youth clubs.

3.1.3. The local businesses:

Five business owners from different types of business were interviewed. The businesses are a café, hard ware store, a bar launch, a builder and a taxi owner. They are all sole traders in their line of business.

From the report of the interviews, it is interesting to learn that business during this phase was good. The variable used to determine the socio-economic behavioural pattern of business include the buying power, the relationship between the owners and the customers, job creation rate and crime rate.

The entire respondent affirms that business was good. The notion derived is that when people (customers) are having needs and the means (money) to satisfy those needs, a conducive socio-economic relationship will prevail between the service providers and receivers. The assumption drawn is that the level of buying power was fair.

The findings show that the level of crime was low during this phase. The relationship between the owners and the customers was healthy, since there were no squabbles about some one not paying debts. The rate of job creation was developing positively since there was a high demand of goods and services.

One the other hand, the business people claim that it was easier for them to carry out their social responsibilities. This includes activities like making donations to community activities such as food and transport during burials and sponsoring sport clubs sport

equipment as their way of ploughing their profits back to the community. Table 4.8 represents the socio-economic behavioural pattern of the local businesses during this phase.

Table 4.8. Socio-economic behavioural pattern of the local businesses (pre phase)

Variables	Rating	Comments
Buying power	Fair	With the stable monthly income from the customers, money available to service financial obligations to make goods and services available and accessible to the customers.
Relationship (owner and customers)	Fair	Customers were able to settle their accounts and the businesses were also able to settle their accounts. The relationship was good.
Job creation rate	Fair	With the good business environment the prevailed, the increasing demand for goods and services influenced positively the rate of job creation. There were new job opportunities created.
Crime rate	Fair	The level at rate of crime was at its lowest. Most people had job to keep them busy and to stay away from crime.

3.2. Phase 2. Socio-economic aspects during the first 18 months after retrenchments (mid phase)

This phase marks the period when the retrenched had received their retrenchment packages. This is the period within 18 months after receiving the packages. 18 months is assumed to be the cut-off point. Most respondents maintain that it was after this period they realised that the package was not going to last for a longer duration.

It has been difficult to for the retrenched to disclose the exact amount they received during retrenchments as packages. The dependants also seemed not to have a slightest idea of the correct figures. Never the less, they (retrenched, the dependants and local

businesses) were delighted to discuss their socio-economic behavioural pattern during this face. The graphical representation of this period rises positively in favour of the entire variable as compared to the rest of the phases.

Hereunder follows the discussions on the response of the respondents

3.2.1 The retrenched:

The response of the retrenched on the socio-economic behavioural pattern reflects diverse interpretation. In terms of self-perception, the period was characterised by high level of self-perception. Most people were positively affected.

In terms of family cohesion, that's where diversity was depicted. On one hand this phase brought about socio-economic stability and prosperity in families. Those who could not acquire same assets as a result of inadequate monthly salaries, the availability of money made it to happen. From the packages, descent houses were build, cars were bought, furnisher was bought for cash, small businesses were initiated, debts were settled and to the researcher's surprise one responded that he managed to settle his fifteen years 'lobola' account.

Regarding participation in community activities, that was attended positively. Most people contribute meaningfully in projects like school building, bridge construction and many other projects that contributed towards community development. In general people had a sense of identity and belonging since most of the requirements (individual and /or community) were met. It was unfortunate because the good times were short lived.

On the other hand, the phase brought about disturbance on family cohesion. It is learned from the study that some men ended up marrying more wives since they had money in their disposal. Some responded that they committed mistakes of buying unnecessary things such as many cars, since they were not used to have and own such lump-sum money. Some sense of regret was observed, in terms of wasting money. Table 4.9 represents the socio-economic behavioural pattern of the retrenched in this phase.

Table 4.9. Socio-economic behavioural pattern of the retrenched (mid phase)

Variables	Rating	Comments
Self perception	Good	With a lot of money at disposal, everything was obtained with easy. Self-perception was at the pick.
Family cohesion	Fair	The easy accessibility of money was convenient to cater for family needs. This brought stability in the family
Participation in community activities	Good	Active participation and initiation of news community development ideas was the order of the day.

3.2.2. The dependants of the retrenched:

The variables of self-perception, family cohesion and participation in community activities were used to determine the socio-economic behavioural pattern of the dependants.

The finding show that of the respondents 100% affirms that socio-economic behavioural pattern had changed for the best. In is interesting to learn that the ratings on the responses were constantly good.

With the fact that financial resources were available and accessible to them, their self-perception was improved. Personal and social requirements that improved the sense of identity and belonging were met.

Family cohesion was at its out most best. A healthy environment prevailed at home. With needs such as food, shelter and clothes satisfied, it was family and social norms and values were observed. This was evident on the aspect of participation in community activities. Sport clubs were established and participation was active. In general the respondent felt that development was addressed in the most appropriate way. Table 4.10 represents the socio-economic behavioural pattern of the dependants in this phase.

Table 4.10. Socio-economic behavioural pattern of the dependants (mid phase)

Variables	Rating	Comments
Self perception	Good	Most basic needs were catered for with the availability and accessibility of money.
Family cohesion	Good	Fundamental aspect such as shelter, food and clothes that bring about family coherence was catering for.
Participation in community activities	Good	Active participation and initiation of news community development ideas was the order of the day

3.2.3. The local businesses:

The same five business types were interviewed, which are a café, hard ware store, a bar launch, a builder and a taxi owner.

After analysing the questionnaires, it is interesting to learn that business during this phase was better than the previous phase. The variables used to determine the socio-economic behavioural pattern of business include the buying power, the relationship between the owners and the customers, job creation rate and crime rate.

The entire respondent affirms 100% that business was much better. The finding brought a conclusion that people had more buying power in terms of money to satisfy their needs. The relationship between the owners and the customers was healthier, since there was no squabble of some one does not pay debts, most purchases were for cash. The rate of job creation was developing positively since there was a high demand of goods and services and in demand exceeded supply and for that more job opportunities were created for the local people.

While one the other hand the business people claim that it was easier for them to carry out their social responsibilities. This includes activities like making donations to community activities such as food and transport during burials and sponsoring sport clubs sport equipment as their way of ploughing their profits back to the community. The period impacted positively on the socio-economic development of the community. Table 4.11 represents the socio-economic behavioural pattern of the businesses in this phase.

Table 4.11. Socio-economic behavioural pattern of the businesses (mid phase)

Variables	Rating	Comments
Buying power	Good	With the availability and accessibility of the retrenchment packages from the customers, money available to service financial obligations to make goods and services available and accessible to the customers.
Relationship (owner and customers)	Good	Customers were able to settle their accounts and the businesses were also able to settle their accounts. In some cases purchases were on cash basis by the customers. The relationship was good.
Job creation rate	Good	With the good business environment the prevailed, the increasing demand for goods and services influenced positively the rate of job creation. There were new job opportunities created.
Crime rate	Good	The level at rate of crime was at its lowest. Most people had job to keep them busy and to stay away from crime.

3.3. Phase 3. Socio-economic aspects after 18 months of retrenchments (post phase)

As mentioned in paragraph 2.2 that most respondents maintain that it was in this period they (retrenched, dependants and local businesses) realised that things were changing to the worst. This period reflected on whether the retrenchment packages were invested wisely or not and whether the dependants and the business people had spent their money wisely in preparation for this period. The notion derived from the responded is that the mid-phase was short lived.

This period marks the focal area of the study. The findings will reflect the extent retrenchments impacted socially and economically on development, starting from individual development and then moving to community development.

The variables of self-perception, family cohesion and participation in community activities are used to determine the socio-economic behavioural pattern of the retrenched and their dependants during this phase. The variables of buying power, relationship, job creation rate and crime rate are used to determine the socio-economic economic behavioural pattern of the local businesses during this phase. The response from the retrenched and their dependants show similar characteristics.

3.3.1. The retrenched:

The findings from the research on this period show depreciation of social and economic life patterns. The analysis is based on the ratings from the application of the variables of self-perception, family cohesion and participation in community activities

In terms of self-perception, the respondents maintain that there was a total decline. With the shortage of money, most financial requirements and obligation are not catered for. The means of acquiring money through employment is difficult, since the level of employment opportunities is low. The available money is only spent on livelihood necessities such as staple food and others. There is a lower sense of self-perception and the rating is poor as reflected on table 4.12.

In terms of family cohesion, the family fabric has been negatively affected. The report shows that in these phase parents and guardians find it difficult to maintain their families. The parent to child relationship is poor. Children from have to find means of supporting themselves. As a result of this most children are doing casual jobs like car washing. The findings show that the socio-economic behavioural pattern of the retrenched has Family come-together functions are scares. As a result of these negative trends, there is poor participation in community activities. Most burial societies are no more in existence since people can no longer afford monthly contributions. The negative impact is grow each day and as such community development is not attended to.

3.3.2. The dependants of the retrenched:

The variables of self-perception, family cohesion and participation in community activities are used to determine the socio-economic behavioural pattern of the dependants during this phase. The findings show that their socio-economic behavioural pattern was negatively affected. The response shows a poor rating on all the variables as reflected on table 4.12.

In terms of self-perception, the response reflects a poor rating. As all the respondents are depended on satisfying the financial needs and obligations to have a sense of belonging and identity. At this stage it is difficult to acquire the means of satisfying this variable. Money is spent with caution. Children and other dependants, in most cases have to provide for themselves.

In terms family cohesion, as mentioned in the above paragraph, the tendency of family come together parties has declined. Most children are forced by circumstances to do car washing at parking in Acornhoek shopping plaza, in order to provide for their needs as parents could not provide adequately. As a result of the negative impact of retrenchments on the lives the dependants, community activities or seldom given attention. Most youth activities such as sports are poorly attended to. Some of the female respondents indicated that they had to prostitute in order to provide for personal needs and those of their families.

Table 4.12. Socio-economic behavioural pattern of the retrenched and their dependants (post phase)

Variables	Rating	Comments
Self perception	Poor	Not all-necessary basic needs ere met. The self-perception ego is at lowest point. The notion of identity and belong begins to swift away.
Family cohesion	Poor	The moral fibber is losing is position. There is no money to promote family cohesion. Most of the basic family needs is not met.
Participation in community activities	Poor	There is no enough financial means to facilitate active participation in community activities.

3.3.3. The local businesses:

The variables used to determine the socio-economic behavioural pattern of business include the buying power, the relationship between the owners and the customers, job creation rate and crime rate. As in of the retrenched and the dependants, the business responses in this phase reflect a constant poor rating on the variables.

The level of buying power has depreciated. The local business people indicate that this could result from many factors like:

- a). There are a lot of 'spazas' selling similar products at small scales.
- b). Decline in money circulation because most people are unemployed,
- c). Lack business regulation by the authority,
- d). The decline of rand value in the international markets, and others.

Business is so bad such that the credit customers are unable to settle their accounts. Most of the debts were created as a result of facilitating important occasions like death and other important occasions. The accumulation of debts promotes an unpleasant relationship between the local businesses and the local customers. Besides the bad debts issue, in general people do not buy cause there is a shortage of money. Most people employed by local businesses are losing their jobs.

The level of crime is high. The common crime committed is shoplifting for groceries. Shop robbery is also common in the area such that after 18h00 there are no taxis the café and other shops are closed.

Alcohol abuse is rife in the area. The bar lounge owner reported that even small kids are consuming alcohol. Since most people are not working and there are no recreational facilities in the area, they spend most of the in the bar launch. It has been reported that most of the purchases are not for cash.

The business people acknowledge the point that they can no longer carry out their social responsibilities of ploughing their profits back to the community. There is no profit made that can be ploughed back to the community. Retrenchments have negatively affected the socio-economic development of the local business in Acornhoek and the impact is ever increasing and eroding the development of the community as reflected on table 4.13.

Table 4.13. Socio-economic behavioural pattern of the local businesses (post phase)

Variables	Rating	Comments
Buying power	Poor	With the no stable income from the customers, money is not easily available to service financial obligations to make goods and services available and accessible to the customers.
Relationship (owner and customers)	Poor	Customers are not able to settle their accounts and the businesses are also not able to settle their accounts. The relationship is not good. There is an competition between the formal businesses and the spaza shops established informally by the retrenched
Job creation rate	Poor	With the bad business environment the prevailing, the decreasing demand for goods and services influence negatively the rate of job creation.
Crime rate	Fair	The rate of crime is at its highest. Most people have job to keep them busy and there is too much idling.

4. 4. Conclusion

The analysis indicates that the socio-economic aspect of the retrenched in the pre phase was manageable as stated on paragraph 3.1.1. In the mid phase, people were at the prime of the life experience. They could meet most of their needs since they had easy access of money at their disposal as stated on paragraph 3.2. The post phase resembles the total opposite as worse of the other two phases as clearly described in paragraph 3.3.

CHAPTER 5

CONCLUSION, APPLICATIONS AND RECOMMENDATIONS

1. Introduction

The purpose of this chapter is to present concise statements of conclusion on the factors explored which are associated with socio-economic impact of retrenchments on the development of the Acornhoek community. Because there is a lack of knowledge from the respondents on how to manage and invest their retrenchment packages, it should however be stated that this study is meaningful as it provides a sound basis for further and future research.

It must however be stressed that this study did not or was not intended to exhaust and define all the variables, which might be brought to bear on the problem of retrenchments. The study was however intended to carefully explore a selection of certain bearing an influence on socio-economic impact of retrenchment on the community of Acornhoek.

In addition, a few suggestions implied by the study in relation to the present socio-economic impact of retrenchments would be proposed. Following the brief proposal will be recommendations for further research directions.

2. Concise conclusive statements of the study

In order to arrive at the following concise statements of conclusion, it is important to consider the analytical results of coded data and all other factors described in many chapters of the study.

The reason being that this study has dealt with several major factors which largely account for the socio-economic impact of retrenchments and its influence on community development.

The of the investigation was to use three separate sample population, i.e. three appendices, data gathered from literature review and personal observations cannot be ignored as it plays a major role.

The following concise statements provide conclusions drawn from the hypothesis study objectives and other findings.

1. The research findings show a negative attitude towards people of colour in the industries. Certain white people in managerial positions show such pathetic attitudes. Such behaviour might turn to influence the retrenchment processes and retrenchment benefits to disadvantage black people (see chapter 3, paragraph 3).
2. The research evidence shows that the retrenched has little or no specialised knowledge on how to invest the retrenchment packages. This means that thorough education and training in this regard has to be administered before people are retrenched.
3. Consensuses exist which clearly reflects that retrenchments has negatively affected the socio-economic development of the Acornhoek community and that impact extent negatively to the development agencies and institutes around the area.

4. There is general evidence that in the context of study area, the variable of literacy level, gender, age and previous occupation show similar characteristics on the negative impact of retrenchments at personal level and on community level.

3. Recommendations

The findings of the research prove the correctness of the hypothesis. Retrenchment has impact negatively on the social and economic development of the Acornhoek community.

For the fact that the standard of lives is lower than before they were retrenched. It is a fact that as long as the country still experience negative fluctuation of rand value in the international markets, retrenchments are here to stay.

In the light of this, the following recommendations are brought with the intention of influencing retrenchment policies:

1. The employers need to organise workshops that will address the following subject:
 - a). Investments,
 - b). Starting businesses, and
 - c). Skills training
2. The government departments need to organise programmes that will engage the retrenched in community development activities.

4. Conclusion

The results of this investigation indicate that retrenchments impact negatively on the socio-economic development of individuals and of the community at large. People's self-perception is negatively affected to the extent that they feel not to have a role in development. Family cohesion is negatively affected such that children have to provide for themselves in terms of food and clothing. As a result of the above points, participation in community activities is given less attention since there is a lack of self-esteem among members of the community.

Finally, the study extends our knowledge with regard to the negative impact that retrenchments have on our social and economic livelihoods.

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APPEBNDIX 1
INTERVIEW – QUESTIONNAIRE FOR THE RETRENCHED IN ACORNHOEK
AREA

[This questionnaire relates to the period between October 2000 and January 2 001]

SECTION A: PERSONAL DATA

1. Age

19 years and under	
20 - 29 years	
30 - 39 years	
40 - 49 years	
50 years and above	

2. Gender

Male	
Female	

3. Home language

Northern Sotho	
Tsonga	
Venda	
Swazi	

4. Marital status

Single	
Married	
Divorced	

5. Literacy level

Illiterate	
Primary education	
High school education	
Tertiary education	

6. Number of dependants

Non	
1 - 5	
6 and above	

7. Previous employment

Saw mill	
Mines	
Self employed	

8. Duration of employed

Less than five years	
5 - 10 years	
11 - 15 years	
16 - 20 years	
21 and above	

9. Reason for leaving

Retrenched	
Resigned	
Retired	
Dismissed	

10. Present occupation

Employed	
Unemployed	
Self employed	

11. Duration

5 years and under	
6 - 10 year	
11 and above	

SECTION B:

PRE PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

12. Were you the only breadwinner?

Yes	
No	

13. How did you perceive your contribution towards self-development?

Good	
Fair	
Poor	

14. Motivate your choice of answer for 13.

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15. How did you cater for family needs?

Good	
Fair	
Poor	

16. Motivate your choice of answer for 15.

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17. Was there moral stability within the family?

Yes	
No	

18. Motivate your choice of answer for 17.

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19. Did you belong to any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	

20. How do you rate the manner you serviced financial and other obligations of your choice for 19?

Good	
Fair	
Poor	

21. Motivate your choice of answer for 20.

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22. How did you perceive your contribution towards community development?

Good	
Fair	
Poor	

23. Motivate your choice of answer for 22.

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SECTION C:

MID PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

24. Did you receive retrenchment package?

Yes	
No	

25. How did you utilise the package?

Saved all	
Saved half	
Spend all	

26. Motivate your choice of answer for 25.

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27. How did you perceive your contribution towards self-development?

Good	
Fair	
Poor	

28. Motivate your choice of answer for 27.

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29. How did you cater for family needs?

Good	
Fair	
Poor	

30. Motivate your choice of answer for 29.

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31. Was there moral stability within the family?

Yes	
No	

32. Motivate your choice of answer for 31.

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33. Did you belong to any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	

34. How do rate the manner you serviced financial and other obligations of your choice for 33?

Good	
Fair	
Poor	

35. Motivate your choice of answer for 34.

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36. How did you perceive your contribution towards community development?

Good	
Fair	
Poor	

37. Motivate your choice of answer for 36.

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SECTION C:

POST PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

38. Do you have a source of income?

Yes	
No	

39. How do you earn a living? (response of your choice for 38)

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40. How do you perceive your contribution towards self-development?

Good	
Fair	
Poor	

41. Motivate your choice of answer for 40.

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42. How do you cater for family needs?

Good	
Fair	
Poor	

43. Motivate your choice of answer for 42.

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44. Do you think retrenchments have a negative impact on moral stability within the family?

Yes	
No	

45. Motivate your choice of answer for 44.

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46. Do you belong to any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	

47. How do rate the manner to service the financial and other obligations of your choice for 46?

Good	
Fair	
Poor	

48. Motivate your choice of answer for 47.

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49. How do you perceive your contribution towards community development?

Good	
Fair	
Poor	

50. Motivate your choice of answer for 49.

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APPEBNDIX 2

**INTERVIEW – QUESTIONNAIRE FOR THE DEPENDANTS OF THE RETRENCHED
IN ACORNHOEK AREA**

[This questionnaire relates to the period between October 2000 and January 2 001]

SECTION A: PERSONAL DATA

1. Age

10 years and under	
11 – 15 years	
16 – 20 years	
21 – 25 years	
26 years and above	

2. Gender

Male	
Female	

3. Home language

Northern Sotho	
Tsonga	
Venda	
Swazi	

4. Marital status

Single	
Married	
Divorced	

5. Literacy level

Illiterate	
Primary education	
High school education	
Tertiary education	

6. Designation

Scholar	
School drop out	
Looking for employment	
Employed	

7. Motivate your choice of answer for 6.

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8. Do you a child(ren)?

Non	
1 – 3	
4 – 5	
6 and above	

9. If you have a child(ren), motivate how you cater for their needs.

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10. Previous employment of parent or guardian.

Saw mill	
Mines	
Self employed	

11. Duration

Less than five years	
5 – 10 years	
11 – 15 years	
16 – 20 years	
21 and above	

12. Reason for leaving

Retrenched	
Resigned	
Retired	
Dismissed	

13. Present occupation of parent or guardian.

Employed	
Unemployed	
Self employed	

14. Duration

5 years and under	
6 – 10 year	
11 and above	

SECTION B:

PRE PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

15. Was your parent or guardian the only breadwinner?

Yes	
No	

16. How did you perceive your contribution towards self-development?

Good	
Fair	
Poor	

17. Motivate your choice of answer for 16.

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18. How would you rate the way your parent or guardian catered for your needs?

Good	
Fair	
Poor	

19. Motivate your choice of answer for 18.

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20. Was there moral stability within the family?

Yes	
No	

21. Motivate your choice of answer for 20.

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22. Did you belong to any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	

23. How do you rate the manner you serviced financial and other obligations of your choice for 22?

Good	
Fair	
Poor	

24. Motivate your choice of answer for 23.

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25. How did you perceive your contribution towards community development?

Good	
Fair	
Poor	

26. Motivate your choice of answer for 25.

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SECTION C:

MID PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

27. Did your parent or guardian receive retrenchment package?

Yes	
No	

28. How was the package utilised?

Saved all	
Saved half	
Spend all	

29. Motivate your choice of answer for 28.

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30. How did you perceive your contribution towards self-development?

Good	
Fair	
Poor	

31. Motivate your choice of answer for 30.

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32. How would you rate the way your parent or guardian catered for your needs?

Good	
Fair	
Poor	

33. Motivate your choice of answer for 32.

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34. Was there moral stability within the family?

Yes	
No	

35. Motivate your choice of answer for 34.

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36. Did you belong to any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	

37. How do rate the manner you serviced financial and other obligations of your choice for 36?

Good	
Fair	
Poor	

38. Motivate your choice of answer for 37.

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39. How did you perceive your contribution towards community development? -

Good	
Fair	
Poor	

40. Motivate your choice of answer for 39.

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SECTION C:

POST PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

41. Do you have a source of income?

Yes	
No	

42. How do you earn a living? (response of your choice for 41)

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43. How do you perceive your contribution towards self-development?

Good	
Fair	
Poor	

44. Motivate your choice of answer for 43.

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45. Do you think retrenchments have a negative impact on moral stability within the family?

Yes	
No	

46. Motivate your choice of answer for 45.

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47. Do you belong to any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	

48. How you rate the manner you service financial and other obligations of your choice for 47?

Good	
Fair	
Poor	

49. Motivate your choice of answer for 48.

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50. How do you perceive your contribution towards community development?

Good	
Fair	
Poor	

51. Motivate your choice of answer for 50.

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APPEBNDIX 3

**INTERVIEW – QUESTIONNAIRE FOR THE LOCAL BUSINESS PEOPLE IN
ACORNHOEK AREA**

[This questionnaire relates to the period between October 2000 and January 2 001]

SECTION A: PERSONAL DATA

1. Age

25 years and under	
26 – 35 years	
36 – 45 years	
46 – 55 years	
56 years and above	

2. Gender

Male	
Female	

3. Home language

Northern Sotho	
Tsonga	
Venda	
Swazi	

4. Marital status

Single	
Married	
Divorced	

5. Literacy level

Illiterate	
Primary education	
High school education	
Tertiary education	

6. Type of business

Café	
Bar lounge	
Taxi owner	
Builder	
Other	

7. Motivate your choice of answer for 6.

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8. Form of ownership

Sole trader	
Partnership	
Close corporation	
Private company	
Public company	

9. Motivate your choice for 8

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10. Duration in business in the area

Less than five years	
5 – 10 years	
11 – 15 years	
16 – 20 years	
21 and above	

SECTION B:

PRE PHASE - SOCIO-ECONOMIC BEHAVIOURAL PATTERN

11. Location of business

Home base	
Business premise	

12. Motive your choice for 11

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13. Ownership of business premise

Own the premise	
Rent the premise	

14. Motive your choice for 13

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15. Method selling or payment for service rendered?

Cash only	
Both cash and credit	
Credit only	

16. Motivate your choice of answer for 15.

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17. How would you rate the level of job creation?

Good	
Fair	
Poor	

18. Motivate your choice of answer for 17.

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19. How would you rate the level of buying or service demand?

Good	
Fair	
Poor	

20. Motivate your choice of answer for 19.

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21. How would you rate personal interaction with customers?

Good	
Fair	
Poor	

22. Motivate your choice of answer for 21.

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23. Did support any of the following community structures?

Church	
Burial society	
Sport club	
Stockvel	
Others	
Non	

24. How do you rate the manner you serviced financial and other obligations of your choice for 23?

Good	
Fair	
Poor	

25. Motivate your choice of answer for 24.

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26. How would you rate your contribution or social responsibility towards community development?

Good	
Fair	
Poor	

27. Motivate your choice of answer for 26.

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