Small, Medium and Micro Enterprises as a Key Strategy for Poverty Reduction in South Africa:

Socio-economic transformation has been the focal goal for the post-apartheid democratic government led by African Nation Congress (ANC) but a majority of its population still lives below the poverty line. This has led to more emphasis being placed on the promotion of small businesses as a key strategy for reducing poverty especially among the historically disadvantaged groups through the introduction of the 1995 White Paper and 2005 “Integrated Small Enterprise-Development Strategy”

The paper will depict the nature of poverty and the complexity of informal SMME in Alexandra, a black township in Johannesburg. It aims at investigating the limitations and possibilities of the informal economy as a means of reducing poverty by examining the policy frameworks for small business developments and the implementation process in Alexandra. It will also evaluate constrains and obstacles of informal SMMEs in reducing poverty. This includes the link between the formal and informal SMMEs and how they contribute to poverty reduction particularly in Alexandra.

The paper will employ triangulation techniques using multiple sources of evidence. It intends to explore grounded theory methods and will involve secondary and primary data collection through semi-structured interviews and focus group discussion. A stratified sampling whereby the respondents are divided into groups according to their role in the small business development will be employed.