

Wealth and Job Creation

Assessment Task

The role of informal businesses in wealth and job creation (Individual activity) (LO4 AS5)

Read the information below and answer the questions that follow.

According to a Government report on Small Business Development, survivalist enterprises are in a category of their own in terms of the National Small Business Act. They operate in the informal sector of the economy. Survivalist enterprises are mainly undertaken by unemployed persons, and the income generated is below the poverty line. It provides a minimum means to keep the unemployed person and his or her family alive. These businesses have very little capital invested and they don't own many assets. These are businesses that don't require much training, and opportunities for growing the business are very small.

(Source: www.etu.org.za/toolbox/docs/government/sbd.html)

- a) How do survivalist microenterprises help to fight poverty? [1 mark]
- b) Do survivalist microenterprises create jobs? Explain your answer. [2 marks]
- c) Do survivalist microenterprises help to create wealth? [3 marks]
- [Total: 6 marks]