

Fact sheet: The condition of small business, 2024

15 April 2025

The annual review of small business in TIPS's special edition of its Real Economy Bulletin provides an oversight of, amongst others, the share of small formal and informal business in the economy and employment; recent growth in small business; incomes and benefits; and small business owners' education levels and access to infrastructure. Key findings include the following; more detail, graphs, data and sources are in the main document, available at [State of Small Business in South Africa 2024](#).

- The available (limited) data suggest that formal small businesses contributed 19% of GDP and 33% of employment in 2023. The informal sector generated just under 5% of GDP but provided 17% of employment, mostly in the form of own-account workers, who operated microenterprises with no other employees.
- Formal small employers have seen a decline in both numbers and employment since the 2020 COVID-19 downturn. In contrast, formal own-account workers and informal businesses have more than recovered. Value added by formal small business reportedly dropped 7% in 2023, presumably largely due to loadshedding and slow overall economic growth.
- Small business in South Africa has long lagged far behind other upper middle income countries. Only around 6% of all working-aged adults are employers or own-account workers in South Africa, compared to 20% in other upper middle income countries outside of China, and 27% in China.
- The largest sectors for small formal business are commercial services and trade, followed by manufacturing. In the informal sector, trade is far more important, followed by community services and construction. The latter includes own-account artisans such as plumbers and electricians.
- Whites owned 38% of small formal businesses in 2024, although they comprised only 7% of the working-aged population. Fifteen years ago, whites owned 57%. African women owned just 13% of small formal businesses in 2024, although they made up 41% of the working-aged population.
- The median age of formal business owners is 47, ten years more than for waged employees. One in ten white business owners is at retirement age.
- The median income for formal employers in 2024 was R15 000 a month, compared to R10 000 for the self employed. It was R4800 for waged workers in small formal business, and in large businesses it was R6000. Median incomes in the informal sector ranged from R5000 for employers to R2000 for waged workers and only R1200 for own account workers.

- In the lowest-income 60% of households, only 8% said earnings from a business formed their most important income source. In the richest 10% of households, 17% said most of their income came from a business.
- Small formal businesses owned around 20% of private formal-sector assets in 2023. In contrast, most indicators suggest informal businesses had almost no assets at all.
- In 2024, Gauteng, the Western Cape and KwaZulu Natal accounted for 74% of formal small business, compared to 58% of the working-aged population and a similar share in informal businesses. The number of formal employers has grown steadily only in the Western Cape. The provincial spread of informal business is proportional to the population.
- Waged workers in small formal business were half as likely to be union members as those in larger companies, with virtually no union members in the informal sector. Smaller formal businesses were substantially less likely than larger ones to provide retirement or medical funds, or to meet requirements in the Basic Conditions of Employment Act.
- In 2024, 22% of formal own-account business owners had graduated university, up from 17% in 2009. For formal employers, the share had risen from 13% to 17%. In contrast, only 5% of waged workers in small formal businesses had a degree in 2024. Under 5% of informal business owners had a degree, and only 30% had at least matric, compared to 55% of their formal counterparts.
- According to Statistics South Africa, 50% of informal businesses operated in their own homes in 2023. Over 30% worked outside (at an open market, taxi rank or sidewalk), 11% in someone else's home, and only 5% in a non-residential building. For business owners in the poorest 60% of households, around 90% had electricity at home but only 60% had running water. Just 14% had a computer, although 80% had a smartphone.