



UNIVERSITY OF KWAZULU-NATAL

**STRATEGIC CAPABILITIES AND SUSTAINABILITY OF SMMEs IN GAUTENG: A
CASE OF ROODEPOORT AREA IN JOHANNESBURG**

By

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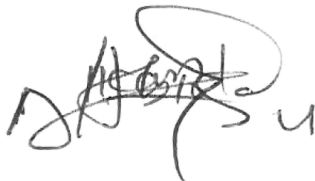
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ABSTRACT

Despite the interventions of South African government on SMMEs, there is still a huge challenge in ensuring that SMMEs are sustainable. SMMEs plays a major role in the sustenance of the South African economy. However, the lack of access to the necessary capabilities has led to the close down of many small businesses. Therefore, to achieve continuous success and low failure rate in SMME sector, there is need for the knowledge and awareness on the essential strategic capabilities for business sustainability. The challenges faced by SMMEs should also be carefully examined and monitored in order to provide lasting solutions.

This research adopted the Sustainable Business Model (SBM) as the theoretical framework underpinning the concept and structure of the study. The SBM was used in the study as a foundation for identifying and suggesting the integration of strategic capabilities for the sustainability of SMMEs. This study performed an exploratory research analysis through quantitative research method to understand the level of awareness and adoption of various strategic capabilities within the SMME industries. The study investigated and identified the various key strategic capabilities available for SMMEs' sustainability. The research also investigated challenges that SMMEs face in applying and performing the business actions/strategies for sustainability of their businesses. The study further examined the impact of adopting and performing business actions/strategies for the sustainability of SMMEs.

In the process of understanding the essential strategic capabilities for sustainability of SMMEs, the findings of the study identified various essential strategic capabilities available within SMMEs. These essential strategic capabilities are in form of business strategies and process improvement actions. The cohesion of these two factors when effectively applied, ensures profitability and sustainability of SMMEs. Hence, recommendations were proposed on strategies that will ensure business sustenance over a long period. The study recommends and suggests that government support and intervention programmes should be effectively implemented to support SMMEs. Large organisations were encouraged to network and partner with SMMEs in order to enhance flexibility in organisational structure of large companies to accommodate business relationships with SMMEs. The study further recommends that SMMEs should build Business-to-Consumer (B2C) relationships in order to establish trust between SMMEs and their clients. Lastly, governments were encouraged to be consistent in their labour laws and implement low tax rates to ensure sustainability of SMMEs.

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LIST OF ACRONYMS

BLR	- Business and Legal Report
BSM	- Business Sophistication Measure
DED	- Department of Economic Development
DSBD	- Department of Small Business Development
EU	- European Union
EDA	- Exploratory Data Analysis
ERRS	- Employee Recruitment and Retention Strategy
GDP	- Gross Domestic Product
GVA	- Gross Value Added
IBM	- International Business Machines
ISO	- International Organisation for Standard
ISO 20121	- Sustainable Events Standard
ISO 414001	- Environmental Management Standard
ISO 45001	- Occupational Health and Safety Standard
KMO	- Kaiser-Meyer-Olkin
NCR	- National Credit regulator
NSB	- National Small Business
NSBA	- National Small Business Amendment
OECD	- Organisation for Economic Co-operation and Development
ROOCI	- Roodepoort Chambers of Commerce and Industry
SARS	- South African Revenue Service

SBM	- Sustainable Business Model
SEDA	- Small Enterprise Development Agency
SME	- Small Medium Enterprise
SMME	- Small, Medium and Micro Enterprises
SPSS	- Statistical Package for Social Sciences
SWOT	- Strength, Weakness, Opportunity and Threat
UK	- United Kingdom
UN	- United Nations
WTO	- World Trade Organisation

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study aims to identify the different aspects that affect the profitability, success and survival of the Small Medium and Micro Enterprises (SMME) sector in South Africa. The SMME sector is very important for the country's economy due to the major role it plays in the economic development. In an enabling business environment with the right capabilities of entrepreneurs, SMME sector can make substantial progress in the resolution of socio-economic problems. However, so many SMMEs face huge limitations that hinder them from achieving growth and maintaining sustainability (Banerjee, 2014). There is a huge gap that needs to be filled in ensuring that SMMEs have a clear understanding of the various capabilities that will ensure sustainability. This introductory chapter will focus on laying out the background, theoretical framework underpinning the study, research methodology and some vital issues surrounding the sustainability of SMMEs. It will further deal with the limitations and issues that give purpose and rationale to the study. The study seeks to investigate and identify the various strategic capabilities for the sustainability of selected SMMEs in Roodepoort Area of Johannesburg, South Africa.

1.2 Background of the Study

SMMEs may have a huge impact on a country's economy nevertheless; many of them still end up in failure (Chew, Yan, & Chea, 2015). According to the Small Enterprise Development Agency (SEDA, 2016), a high volume of SMMEs in South Africa fail within an average period of three and half years. As such, a lot of effort has been provided for SMMEs' sustainability yet, the failure is still prevalent and has become a key area of study. Marcotte (2012) indicated that the true nature of SMMEs failure has not been fully established, but identified that some reasons for their failure has been attributed to lack of necessary capabilities, managerial skills and expertise for efficient production and operation of the business. It is very important for these businesses to identify the necessary strategic capabilities that will ensure the overall success of the businesses and sustainability in the long run (Mohamud & Sarpong, 2016).

According to Sune and Gibb (2015), many SMMEs are not making decisions that are strategic enough for their business competitive advantage and sustainability. These inadequate strategic decisions have a huge impact on its chosen competitive strategy and its overall competitiveness in the business environments. The implication of inadequacies in strategic decision may lead to

eventual collapse of the business (Breznik & Hisrich, 2014). In addition, a business will gain sustainable competitive advantage if it integrates sustainability into the construct of its business strategy (Wang, 2016). It will ensure that available opportunities and necessary responsibilities are taken upon by the organisation and utilised effectively. Hubbard (2015) stated that responsibility includes operating in an ethical manner to ensure safety of human and the environment. Opportunities then includes meeting the needs of customers in a better way, building top line businesses, cost reduction, great value delivery to the society and building employee morale (Hubbard, 2015).

Galpen, Whittington and Bell (2015) indicated that sustainability has become very dominant in the twenty-first century, which has undoubtedly led existing and developing businesses to base part of their strategic objectives on sustainability. However, the ability to successfully implement these strategic objectives will require developing businesses to have the necessary capabilities that will support its sustainability (McCarthy & Gottschalk, 2014). It is usually difficult for one organisation to imitate the capabilities of another; however, organisation that wishes to strive and sustain itself above others will require capabilities that cannot be easily replicated by competitors (Breznik & Hisrich, 2014). According to Locke and Latham (2012), a global survey showed that over a thousand corporate executives indicated that there is an increase in the risk of not acting on sustainability, as it is detrimental to the survival of large and small businesses. When a well-designed business strategy is implemented, it will enhance an organisation's sustainability and improve its competitive advantage (Parnell, 2011). Galpin, Whittingto and Bell (2015) opined that organisations should consider incorporating sustainability into its organisational culture as a form of strategy. Galpin, Whittingto and Bell's (2015) study further indicated that this is necessary because a strategy that creates and nurture sustainability to complement its organisational culture is set to achieve its organisational goals and objectives.

In order to achieve the strategic goals and objectives for the sustainability of SMMMEs in Gauteng, this study examines the various strategic capabilities available for SMMEs; identify the challenges in applying and performing these capabilities. Plausible recommendations on the formation and deployment of the necessary strategic capabilities that can lead to sustainability of SMMEs in South Africa are provided.

1.3 Problem Statement

While different studies have been conducted on strategic capabilities and sustainability, little has been undertaken in identifying how the necessary strategic capabilities will lead to sustainability

of SMMEs. Unlike SMMEs, large firms have the capability for sustainability due to more experienced management, economies of scale and availability of resources. This put together makes it difficult for SMMEs in developing countries like South Africa to be competitive and sustain itself (Urban & Naidoo, 2012).

Many business researchers target their studies on the activities of large business enterprises rather than SMMEs due to readily available record and information for use. SMMEs on the other hand are targets for public and media commentary, because of its visible impact in the society (Parnell, 2010). In spite of the numerous research on sustainability and the various challenges business face to sustain itself; it is still unclear how these challenges plus the internal and external dynamics towards sustaining itself is met (Galpin, Whittingto, & Bell, 2015; Jorge, Itzar, Colle, & Simone, 2011; Wyness, Jones, & Klapper, 2015).

This study aims to examine the extent to which strategic capabilities are necessary in addressing the challenges faced by SMMEs in the Roodepoort Area of Johannesburg to ensure their sustainability. The next section presents the specific objectives that are necessary in achieving the overall aim of this study.

1.4 Research Objectives

The main aim of this study is to examine the influence of strategic capabilities on sustainability of the SMMEs in the Roodepoort Area of Johannesburg South Africa.

The following are specific objectives of this study.

1. To identify the various strategic capabilities available within the SMME industry in Roodepoort Area of Johannesburg South Africa.
2. To investigate the challenges of SMMEs in application of essential strategic capabilities for business sustainability.
3. To examine the impact of strategic capabilities on sustainability of the SMMEs in Roodepoort Area of Johannesburg South Africa.
4. To determine how the SMMEs in Roodepoort Area of Johannesburg integrate the identified key strategic capabilities for the sustainability of their businesses.

1.5 Research Questions

1. What are the various strategic capabilities that are available within the SMMEs in the Roodepoort Area of Johannesburg South Africa?

2. What are the challenges involved in the application of essential strategic capabilities for the sustainability of the SMMEs in Roodepoort Area of Johannesburg South Africa?
3. What are the impact of the key strategic capabilities on sustainability of the SMMEs in the Roodepoort Area of Johannesburg South Africa?
4. How do SMMEs in Roodepoort Area of Johannesburg South Africa integrate the identified key strategic capabilities for the sustainability of their businesses?

1.6 Methodology Adopted

A quantitative research methodology and simple random sampling technique was adopted for this study. The quantitative research methodology was completed and supported through implementing a descriptive and exploratory research design. The study relied on both primary and secondary sources of data. A survey was conducted and a well-structured two part online questionnaire was designed to answer the main research questions. Analysis and interpretation of data was performed, conclusions were drawn from the findings and recommendations were proffered. The adopted theory of the study is briefly described in the following section.

1.7 Adopted Theory

Sustainable Business Model (SBM) by Birkin, Cashman, Koh and Liu, (2009) is the theoretical framework adopted for the study. This theoretical framework has been used to explain how the concept of sustainability can be the driving force of a firm's decision towards business sustainability.

When organisations effectively apply this model, it will provide a competitive edge for the organisation as sustainability will be in cohesive with its business model. This cohesion will ensure a business sustainable development that will link business profitability and its environmental objectives. The adopted theoretical frame work is further expatiated in section 2.11 of this study. The next section presents the significance of the study.

1.8 Significance of the Study

Due to the high failure rate of SMME sector generally in South Africa, it is important for SMMEs to have a better understanding of the strategic capabilities that will be necessary for their sustainability. Most specifically this study will aid in shedding more light on how SMMEs can improve their businesses, be more competitive and increase profitability. According to Loucks, Martens and Cho (2010), any business that seeks to sustain itself will require strategies and capabilities that will consistently ensure the provision of economic growth, fairness to the society

and financial viability. Through the findings of this study, SMMEs in South Africa will be able to understand, differentiate and identify their own key capabilities in order to know how to become strategic in decision making for the sustainability of their businesses. This study aspires to gain deeper awareness into strategic decisions and the challenges SMMEs face to sustain their business. A clearer indication of the necessary strategic capabilities of the SMME industry will be obtained, and then recommendations will be proffered for sustenance over a long period.

1.9 Limitations of the Study

One limitation is that the study focused on the SMMEs in the Roodepoort area of Johannesburg in South Africa. Since SMME sector varies slightly in different regions, the possibility of presenting a national proposal for determining influencing factors for SMME sustainability will not be possible. This can only be possible if the study is expanded to include other areas in South Africa. Other limitations may include the willingness of respondents to fill the questionnaires and the extensive time for the gathering of data. Respondents may also be biased in their answers to the questions, which also can have an impact on the result. To overcome this challenges, respondents will be notified of the discrete nature of their responses and as much questionnaires as possible will be distributed out in order to meet the target level of the required population size.

1.10 Structure of Dissertation

This section showcases the structure of the dissertation and also provide a brief summary of each chapter. This dissertation encompasses six chapters in total. Below is a brief description of each chapter

1.10.1 Chapter One

This is the introductory chapter which provides the background and the motivation for the study. The focus area for the study was indicated in the chapter and the limitations of the study were also identified.

1.10.2 Chapter Two

The literature review and theoretical framework underpinning the study was highlighted in this chapter. The literatures focuses on the definition of SMMEs in the global and South African contexts, concept of strategic capabilities, sustainability of SMMEs, barriers to SMME sustainability and the principle of business model. The conceptualisation, categorisation and importance of SMMEs were also discussed. The chapter also presented different sustainable business actions and drivers of business success. This chapter further presented how the theoretical framework explains the concept of sustainability as the driving force of decision making in firms.

1.10.3 Chapter Three

This chapter presents the in-depth information on the instrument used in the research. It also presented the approaches, techniques administration and implementation process in relation to the research objectives.

1.10.4 Chapter Four

The chapter initiates data presentation of the collected data for the study. This was achieved using tables and graphs while analysing findings. Results were discussed and interpreted in relation to the objectives of the study. The chapter also evaluates the research findings and conducted impact assessment of research findings.

1.10.5 Chapter Five

This chapter focusses on discussion of findings in relation to research objectives and questions, each findings were linked to the literature by showcasing the similarities and/or differences of results with previous studies. The similarities with previous studies were used to corroborate the primary research findings. Lastly the section also discussed findings in relation to theoretical framework adopted for the study.

1.10.6 Chapter Six

This section closes the study and also presents the summary of findings with regards to the study. It presents an overview of the conclusions that was drawn from the study. It also presents recommendations and strategies relatively addressing the research problems of the study. This chapter further highlighted the limitations encountered and proffered future research directions.

1.11 Conclusion

The aim of the study is to evaluate the strategic capabilities and sustainability of SMMEs from the experiences and perceptions of business owners across different business sectors at the Roodepoort area of Johannesburg. The study allowed the researcher to identify the positive and negative impacts of business strategies on business sustainability among SMMES in the Roodepoort area. This study also shed more lights on the perception of respondents on challenges faced in ensuring sustainability of their businesses.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The previous chapter introduced the study and the significance of the study. It also provided the specific objectives of the study. The research problem and limitation of the study were also identified. This chapter presents a literature review on key areas such as the evolution of SMMEs, it also provides the definition and understanding of strategic capabilities, sustainability, SMMEs, strategic capabilities of SMMEs, Measures for strategic capability and sustainability, and barriers/challenges to sustainability of SMMEs. The literature review will also examine the global context of SMMEs, identify various characteristics that ensure sustainability and then apply them to the constructs investigated in this study. The chapter also presented the adopted theoretical framework of the study. The key areas presented through the literature were used to support the theoretical framework underpinning the study.

2.2 Small, Medium and Micro Enterprises (SMMEs)

According to a report on International Leadership Development Programme (2014), the abbreviation SME stands for Small Medium Enterprise and is mostly used in Europe and International organisations such as the World Bank, World Trade Organisation (WTO) and United Nations (UN). However in some countries such as South Africa and Turkey, the acronym has been extended to become SMME which is Small Medium and Micro Enterprise. The sections that follow will further define SMMEs, and explain its evolution, conceptualisation and its categorisation.

2.2.1 Global Definition of Small, Medium and Micro Enterprises

There is no common definition for SMMEs as existing definitions vary from one country to another. Hence, this study seeks to explore the different definitions of SMMEs and evaluate the strategic capabilities for the sustainability of SMMEs. Small and medium enterprises can be defined as organisations that have about 250 employees; while small enterprises on the other hand is explained as organisations with over 50 employees (Meredith 2001; Schaper & Volery, 2004). A small scale business as mentioned by Schaper (2014) is understood as a very old form of business. It was further stated that the historical account of small business development is relatively new. Majority of small business studies focus on the identification, explanation and modelling of small business phenomenon in its current existence. This is due to changes in different factors associated to the business.

2.2.2 The Evolution of Small, Medium and Micro Enterprises

The history and evolution of small, medium and micro enterprises has been seen as quite a new occurrence, although different information gathered through research has shown that the adopted strategies is very vital for the continuous development of SMME sector worldwide. According to Volery and Mazzarol (2015), United States of America (USA) and Japan had already established strategic moves to encourage SMME sectors as far back as the 1940s and 1950s. This was due to their country's understanding and critical awareness of the importance of SMMEs for economic development. However, during the 1980s and 1990s, there was a global interest in developing the SMME sector as it was seen as an essential factor for economic development. Subsequently, by the 21st century, there have been overall significant changes in the awareness and understanding of small business globally (Blackburn & Schaper, 2012). In addition, the impact of SMMEs on economic development has now gained government awareness, public acceptance and deeply embedded in educational institutions of most countries in the world (Mudalige, 2015).

2.2.3 Small, Medium and Micro Enterprise Conceptualisation

As much as different authors have tried to come up with great definitions of SMMEs, there is still no common definition associated to it. This is due to the varying characterisations and huge difficulty in creating a collective and global definition for SMMEs. Omorede (2014) mentioned that due to the complexity and diversity of small businesses, it is best analysed historically in its own region rather than in the global level because individual countries have its own economic, political, geographical and demographic characteristics peculiar to them. The National Credit Regulator (NCR, 2011) mentioned that defining an SMME is quite a challenging task due to the non-uniformity to a definition. According to NCR, SMMEs can be categorised using an economic and statistical definition. It was further mentioned that a business can be regarded as small if it is managed by its owner, if it has a small market and exists independently. In addition to this, the World Bank (2015) survey indicated that the definition of SMME varies from one country to another but the major defining factors are the number of employees, annual sales and total assets possessed. According to Ensari and Karabay (2014), SMMEs are independent and non-subsidiary organisations whose employees varies depending on the country. Consequently, the European Union and Turkey considers a business to be an SME if it has a limit of 250 employees while the USA has its designated number limited to 500. However, other countries such as South Africa, has set their employees to be 200 in order to be considered an SMME. The significance of SMMEs globally cannot be limited because of its importance in the economic and social stability of individual countries. Turkey's statistics on SMMEs in 2013 indicated that SMMEs provide 99.9%

of its overall entrepreneurship, 76% of its employment, 63% of its sales, 53.7% of investment on tangible goods, 53.3% added value, 53% of its salary and wages (Turkstat, 2013). The table below further depicts the categorisation of SMMEs from different countries.

Table 2.1 Global Categorisation of SMMEs

					BRICS					
COUNTRIES	EU	USA	Egypt	Ghana	Brazil Industrial	Brazil Commercial	Russia	India	China	South Africa
NUMBER OF EMPLOYEES										
Small	<50	<100	5-14	6-29	20-99	10-49	15-100	0	<300	50-99
Medium	<250	<500	15-49	30-99	100-499	50-99	101-250	0	300-2000	100-200
TURNOVER										
Small	\$13m	0	0	\$100k	0	0	400 m RUB max	Rs50-60m	<Y30	R2m to R4.5m
Medium	\$67m	0	0	\$1million	0	0	1 B RUB max	Rs60-99m	Y30 to Y300m	R4.5 to R50m

Source: Le Fleur et al. (2014, p. 8).

2.3 Importance of Small, Medium and Micro Enterprises

Small businesses are very important part of any economy because of its potential of relieving poverty and improving economic conditions of a country. Cant and Wiid (2013) mentioned that SMMEs are a very vital sector for a country's economy because it helps to create work opportunity for citizens and contribute immensely to its Gross Domestic Product (GDP). There has been a rise in the trend of SMMEs emerging into international markets as a great amount of SMMEs from different countries are now focused on expanding their businesses into international markets. The outcome is greater profit and more international trade deals, which can help boost the economy of participating countries (Bianchi & Glavas, 2017). According to SEDA (2016), the global financial crisis in 2008 and 2009 pulled the economy of South Africa into recession thereby impacting negatively on the nation in general and SMME sector as a whole. In addition, Khuzwayo (2015) mentioned that SMME sector is an important part of South African economy in its effort to reduce crime and unemployment rate. This has resulted in the development and prioritisation of entrepreneurs and small businesses by the South African government.

Developed countries like Germany, USA, Japan and China encourages small businesses due to their potentials of increasing innovation, productivity and employment. Studies have shown that small businesses from less developed countries that are involved in exports or international expansions are more pressured to seek improvement in their performances (Reuber & Fischer, 2011; Glavas, Bianchi, & Mathew, 2016). The resultant effect is to develop their human resources, technological, and entrepreneurial capabilities. Improvements made may in return become a sustainable competitive advantage for these small businesses. For instance, Latin America’s current strategy of market expansion relies greatly on the initiative of entrepreneurs. The reason solely is because entrepreneurs are important part of their business international growth and the maintenance of their economic vitality (Bianchi & Glavas, 2017).

2.4 Definition of SMMEs: South African Context

According to the Gauteng SMMEs policy framework (2014) and the National Small Business Act (2004), SMME was defined as a distinctive and separate business unit which comprises of non-government enterprises and corporative organisations. It is managed by a single owner or more. SMMEs include different branches or subsidiaries and carried on in any sector or subsector of the economy. Due to higher level of development, a large amount of companies regarded as SMEs in developed countries in Europe and America may be described in South Africa as large organisations. According to Le Fleur et al. (2014), the National Small Business (NSB) Act describes SMMEs using type of sector in which a business belongs to and the kind of activities performed by the business. In the context of South Africa, Table 2.2 indicates the four different types of SMMEs that the National Small Business Act further classifies.

Table 2.2 National Small Business Act Definitions for SMMEs

Types of SMME	Definition
Micro Enterprises	<ul style="list-style-type: none"> - Comprises between one to five employees which commonly is the owner and family. - They usually have basic business skills and training - It has the potential of transforming into a viable small business and has a formal business premises. - The turnover is usually below the VAT registration level of R300 000 per year.

Very Small Enterprise	<ul style="list-style-type: none"> - Usually has less than ten paid employees - Uses technology and is part of the formal economy - Comprises of professionals and self-employed artisans (e.g. electricians, plumbers).
Small Enterprise	<ul style="list-style-type: none"> - Usually comprises of less than 100 employees and more established than very small enterprise - It has a more complex management structure and managed by its owner - It is registered formally and has a fixed business premises
Medium Enterprise	<ul style="list-style-type: none"> - Comprises of up to 200 employees and encourages division of labour - It is managed mainly by its owner but with a decentralised management structure - It operates with all formal requirements within a fixed premises

Source: Gauteng SMMEs Policy Framework (2014, p.7).

2.4.1 Categories of SMMEs in South Africa

Gauteng SMME policy framework (2014) indicated that SMME sector in South Africa is diversified and has resulted in it being stratified based on basic features and characteristics that are important when planning developmental interventions for them. It was further mentioned that entrepreneurial activities are mostly generated by SMMEs. In other words, entrepreneurial and SMME activities are interrelated. Therefore, in this study, SMMEs and entrepreneurs will be considered as same category of people. A vital innovation was created by the Gauteng small business study, in order to further assist the South African government in the planning developmental intervention in the characterisation of SMMEs/entrepreneurs using the Business Sophistication Measure (BSM). This characterisation of SMMEs was broken down based on the following factors:

2.4.1.1 Opportunity Entrepreneurs

Opportunity entrepreneurs are businesses that have been created due to a perceived opportunity and have the following characteristics:

- a. Street market/hawking of goods;

- b. Do not employ others in their running of the business;
- c. Operates in the informal sector of the economy;
- d. Do not have training or high school education; and
- e. Generates income below poverty line which is R1500 per month

2.4.1.2 Unregistered Individuals

Unregistered individuals includes businesses that have never been registered. Their characteristics include:

- a. Not employing others;
- b. More inclined to running business at home;
- c. Has an average monthly turnover of about R2,600;
- d. Does not register the business; and
- e. 30% of income resulting from business is not the sole source of income

2.4.1.3 Necessity Entrepreneurs

Necessity entrepreneurs are businesses that start up as a last resort because of the lack of employment opportunities. They are differentiated as follows:

- a. It is a registered business with either a sole proprietor or close corporation;
- b. It forms part of the economy;
- c. Involves more of professionals;
- d. Their skills are acquired through post matric or training programmes;
- e. Makes about R21,500 as average turnover; and
- f. Employs about 5 other people to assist with the business.

2.4.2 Gauteng Department of Economic Development (DED) Strategic Plan

The Gauteng Department of Economic Development (DED) has aimed to take actions in the economic transformation of the Gauteng province. This will be achieved through its strategic plan of 2014-2019. It is a transformation that will greatly impact small businesses in the Gauteng region as the effect will mean greater opportunities for entrepreneurs and SMMEs. The main drivers of this action include reindustrialisation, radical transformation and modernisation. In order to achieve this proposition, the following has been set out as part of the strategic plan.

1. Provision of strategic leadership and support for the province;

2. Encouraging Enterprise development of township small businesses;
3. Improving the capacity of cooperatives and SMMEs in townships to be able to partake in conventional economic activities;
4. Encouraging local businesses to adopt environmental sustainability through adopting green technologies and processes;
5. Adequate resource and financial management; and
6. Ensuring sound and efficient procedures for financial administration, proper internal control systems and well aligned financial guidelines and regulations.

Part of the trade and sector development plan also includes:

- Strategic investment in economic infrastructure;
- Providing support for local manufacturers;
- Providing support for small businesses and encouraging exportation opportunities;
- Supporting creative industries and local tourism; and
- Enhancing resource based sectors to improve global competitiveness.

All the above mentioned strategic actions will assist SMMEs in the Gauteng province to be more sustainable and directed towards economic growth for the country in general.

The next section presents the Small Enterprise Development Agency (SEDA) and its effort towards sustainability of SMMEs.

2.4.3 The Small Enterprise Development Agency (SEDA)

The Department of Small Business Development (DSBD) established SEDA as an agency under it in December 2004 through the National Small Business Amendment (NSBA), Act 29 of 2004. This agency was created as a strategy by the South African government to ensure that a common delivery network for small enterprises is developed nation-wide. SEDA provides government funded support to develop, ensure sustainability and promote small businesses across the country. According to SEDA (2016), a lot of SMMEs have folded up due to various challenges that reduce their chances of sustenance. Some of which includes access to finance and markets, increased crime rate, poor infrastructure, lack of necessary skills and so on.

It was also indicated that the survival level of start-up businesses is low in developing countries likewise having the lowest rate of entrepreneurial activity. This has been associated with a high rate in necessity driven entrepreneur in under developed countries instead of opportunity driven

entrepreneur as it is in developed countries. SEDA’s major role includes providing value adding information to businesses, assisting SMMEs in developing their business. They also assist small business in gaining access to customers and the market in general. It has put in place training and development programmes plus funding to help improve small businesses in general. Some of these programmes include:

1. Export development programme for small business to help in their expansion and exposure to international market;
2. SEDA women-owned enterprise development programme to provide support for female entrepreneurs; and
3. SEDA technology programme to create platforms that will aid in technology innovations for the benefits of the business.

All of these programmes in addition have been beneficial to small business and the economy as a whole and in which the measure of value of goods produced has also been recorded to have increased. Through SEDA, there has also been a surge in the statistical profile and trends of SMMEs in South Africa. However, between 2008 and 2015, there was an indication through the geographic and demographic factor, that the growth rate of SMMEs at that period was lesser than the country’s economic growth rate (SEDA, 2016, p. 32). Meanwhile, there was increase in the Gross Value Added (GVA) over same period. The table below shows the variance in SMMEs between the year 2008 and 2015.

Table 2.3 Demographic Distribution of SMMEs in South Africa

SMMEs	Number (2008Q1)				Number (2015Q2)			
	Total	Formal	Informal	Other	Total	Formal	Informal	Other
Total	2 182 823	666 501	1 420 933	95 389	2 251 821	667 433	1 497 860	86 528
Black	1 523 219	199 430	1 278 803	44 985	1 604 601	228 178	1 325 672	50 750
Coloured	101 047	37 399	60 039	3 608	92 171	33 236	52 454	6 481
Indian	64 669	47 989	16 061	619	94 889	66 596	27 470	823
White	493 889	381 683	66 030	46 176	460 160	339 423	92 264	28 474

Source: SEDA (2016, p. 21).

2.5 The Concept of Strategic Capabilities

The importance of making strategic business decisions and adopting the necessary strategic capabilities for sustainability of any business cannot be overemphasised as it plays a major role in its sustenance, profitability and its overall competitiveness. According to Teecee (2014), strategic capabilities may be defined as the ability to address the constantly changing market environment

with the internal and external competencies that an organisation possesses. It also entails the ability of a business to structure, integrate and reconfigure its internal and external competencies in order to meet market demands (Carlos, Jorge, & Carlos, 2013). SMMEs with strategic capabilities will ensure that its resources and processes are aligned as this will ensure that value is created. When an organisation have the necessary capabilities, its competencies will be difficult to imitate which will then be a source of its sustainable competitive advantage (Terouhid & Ries, 2016). According to SEDA (2016), business capabilities and sustainability measures are considered to be strategic approach for the sustainability of SMMEs.

Businesses nowadays are creating enormous awareness about the importance of incorporating sustainability as a concept in their business process management. Garvare and Johansson (2010) argued that the next step to sustainability awareness is through understanding the technical and economic factors, underlying production process and the necessary competitive interaction. Loucks, Martens and Cho (2010) put it that any business that seeks to sustain itself will require strategies and capabilities that will consistently ensure the provision of economic growth, fairness to the society and financial viability. Studies have shown that for an SMME to possess strategic capabilities for its sustainability, it needs to be competent (Chew, Yan, & Chea, 2015; McCarthy & Gottschalk, 2014; Terouhid & Ries, 2016). In the context of competency, SMMEs must be proactive to market demands, technically innovative, open to change and ensure great customer relation (Terouhid & Ries, 2016). By so doing, SMME that wants to sustain itself must be ready to align its resources with its organisational strategies (McCarthy & Gottschalk, 2014).

2.5.1 Strategic Capabilities of Small, Medium and Micro Enterprises

According to Breznik and Hisrich (2014), strategic capabilities of SMMEs are the unique and core competencies that SMMEs possess which helps to differentiate itself from its rivals. Park and Byung-Keun (2013) further indicated that SMMEs with strategic capabilities have the ability to perform certain activities that will help determine and manage its opportunity and threat. Once the opportunity and threats has been determined and managed, SMME can then utilise its resources to be sustainable and gain advantage over its rivals. Yousaf and Majid (2016) mentioned that both large and small organisations must have the necessary resources, capabilities and competencies to be strategic and sustainable. When resources such as physical, intellectual and or human power are deployed efficiently and effectively, it will lead to profitability, sustainability and success of the business. The SMMEs that have strategic capabilities tend to be sustainable and perform well,

relatively to their competitors. They are also able to wage the storm through challenges in the environment where they operate (Madison, Runyan, & Swinney, 2014).

Formulation of a business strategy by an organisation is a very important aspect in any business creation because of its significance in effective management of the business; in this case, SMMEs are not exceptional. SMMEs should understand that they must have a strategic goal and business aspirations which will then aid in identification of their strategic capabilities. The lack of understanding of this might mean the business has no vision and might not be able to sustainable. Hubbard (2015) mentioned that the business strategy formulation process involves making the choice of the most proper action in realising the goals, objectives and vision of the organisation. To formulate an appropriate business strategy, it is important to set organisational goals, evaluate the organisational environment, identify and review organisational capabilities, set targets, undergo performance assessment and then eventually develop strategy of choice (Blackburn & Schaper, 2012; Chew, Yan, & Chea, 2015).

Kesler and Kate (2010) further stated that for an SMME to sustain itself, it is vital for the business to have a concrete understanding of its strategic objectives vis-à-vis its capabilities. Thereafter, the business must channel the various capabilities that it possesses in line with the strategic objectives. According to McCarthy and Gottschalk (2014), large and small businesses that wants to sustain itself usually ensures that its capabilities are moulded in line with their strategic objectives and organisational priorities. In addition, an assessment of their various strategic capabilities and organisational priorities must be carried out. Through this assessment, linkages between their strategic objectives and priorities will be determined (Blackburn & Schaper, 2012).

SMMEs need to understand its strategic objectives in order for it to tilt the capabilities it possesses towards ensuring sustainability. According to Terziovski (2010), organisations that want to outperform and be distinguished for competitiveness in the environment where it operates, must possess competitive strategies. Some of these competitive strategies include but not limited to capacities, capabilities, resources and skills; all of these will ensure its survival over a long period (Terziovski, 2010; Zhou & Li, 2010). Businesses should constantly encourage innovation, change and continuous improvements in their processes for their competitiveness and sustainability (Gonzalez & Martins, 2016). It is however very important for SMMEs to identify the unique skills and competencies that they possess, as this will help them ensure continuous improvements of their businesses.

2.5.2 Measures for Strategic Capabilities of SMMEs

In order for SMMEs to make decisions that will be strategic for their sustainability, they need to be aware of the different strategic measures (Adeniran & Johnston 2011). According to Chew, Yan and Chea (2015), strategic capability can be measured using three broad concepts, which are: entrepreneur capability, marketing capability and innovation capability. The entrepreneur capability measures organisational value, organisational change, vision and people orientation; marketing capability measures market knowledge, customer relationship, government intervention, company reputation and brand; while innovation capability measures managerial skills, information technology, innovation in finance and operation mechanism. In addition, studies have shown that the three broad concepts are integrated within four major distinguishing factors that can be used to measure strategic capabilities in small businesses (Adeniran & Johnston 2011; Morgan, Slotegraar, & Vorhies, 2009; Teece, 2014). These four major distinguishing measuring factors include: sensing, seizing, transforming and innovation capabilities. These factors are referenced in other related studies and are discussed as follows.

2.5.2.1 Sensing Capability

Sensing capability is the ability of an organisation to sense that there is a need to investigate and learn about its internal and external environment (Moon, Sejong, & Valentine, 2017). Investigation done using different business drivers will help unravel efforts needed for the sustainability of a business. The different business drivers include; scenario analysis, business impact assessment, risk analysis and analysis of its SWOT, (Boons & Ludeke-Freund, 2013; Teece, 2014). Through sensing capability, valuable market information and awareness of any changes that may or will occur in the business environment will be obtained. It is very important for SMMEs to investigate its internal and external environment. This will enable the business to understand its vision and mission. It will also enable the business to assess its business environment in order to identify its competitors, opportunities and potential customers in the business environment (Pandza & Thorpe, 2009). SMMEs that do this successfully are said to possess the capability of sensing and are more sustainable than those who do not (Tallot & Hilliard, 2016). The investigation and interpretation of the environmental assessment will provide useful information to ensure sustainability and competitive advantage. Morgan (2009) further mentioned that organisations that have sensing capability are proactive in nature and are able to understand and meet the market demands.

2.5.2.2 Seizing Capability

The seizing capability is a capability located within the organisation. It involves the ability of the company to seize available opportunity in the business environment, thereafter utilise both organisational value and external knowledge to improve the business (Wu, He, & Duan, 2013). This will help to create valuable new knowledge for organisational use. Once the necessary information has been achieved through sensing capability, strategic decisions will need to be taken to capture value for the business (Serhan, Julian, & Ahmed, 2015). These decisions will include internalising detailed understanding of important environmental impacts to ensure sustainability. For sustainability to be achieved, organisations at this stage will be open to effective change decisions and establish learning networks across different business (Wu, He, & Duan, 2013). The decisions made will accommodate the needs of customers and the business environment at large. This effective change decisions can only be achieved through adequate leadership (McCarthy & Gottschalk, 2014). These decisions will help to take the business from its initial position to a higher level. Great leadership and managerial skills is significant at this stage for effective coordination of available resources, understanding of stakeholders and accommodating change. According to Tallot and Hilliard (2016), the stage also involves seizing the available opportunity in the business environment to improve and sustain the business through organisational learning process.

2.5.2.3 Transforming Capability

The transforming capability involves transforming the knowledge acquired at the seizing capability stage into action (Tallot & Hilliard, 2016). The change decisions made at the seizing stage will help to explore new ways to meet customer demands, improve customer relationships and achieve continuous improvements (Pandza & Thorpe, 2009). Availability of funds and government interventions will aid in making necessary resources available in order to meet market demands. The transforming capability further involves effective and efficient use of resources and assets to maintain the business and ensure sustainability. At this stage, coordinating organisational resources and capabilities in response to perceived need and external changes ahead of competitors is necessary (Tallot & Hilliard, 2016). Organisations that are able to effectively transform perceived learning outcomes tend to respond rapidly to the market demand faster than its competitors which gives a sustainable competitive advantage (Wyness, Jones, & Klapper, 2015).

2.5.2.4 Innovation Capability

The previous stage which is the transforming capability stage will enhance innovation capability. When businesses are conscious of changes in demand they will be open to innovation. They will be said to possess unique capability to be innovative and environmentally supportive. Businesses that are innovative are very creative and are accommodative to change in its organisational strategy (Weerawardena & Mavondo, 2011). They will also be able to adopt new technology and ensure modifications in their products or services for better quality (Ridder, 2013). SMMEs that integrate sustainability into their goals, corporate brands and reputation will be continuously innovative and show concern for the environment (Galpin, Whittingto, & Bell, 2015). Organisations that have innovative capability will out-perform its competitors and sustainability of the business will be ensured.

2.6 The Concept of Sustainability

Sustainability was defined by the Oxford dictionary (2012) as the ability to maintain at certain level or rate. Sustainability was also explained in the Oxford dictionary as the ability to preserve nature, support life and the environment with the aim of pursuing perceived opportunities. According Wyness, Jones and Klapper, (2015) perceived opportunities can guarantee profitability of the organisation through future products, processes and services for both economic and non-economic gains. Wolfson, Tavor and Mark (2013) indicated that sustainability of SMMEs can be related to 'value-in-use' capability. This means that customer relationship and services should be core, as this will facilitate a dynamic problem-solving endeavour by business to its customers. Value will be created in multiple ways through service exchange instead of the normal customer-provider relationships. When value is created business will be sustainable and competitive over a long period (Lin & Tsai, 2016).

The word sustainability has raised a lot of confusion in literature as it could mean different things and could be used for diverse situations. Studies have shown that the government and corporate world have used the word 'sustainability' as a debate on climate change in a lot of instances (Spence, Gherib, & Biwole, 2011; Woodfield, 2012; Woodfield, Woods, & Shepherd, 2017). In some cases, sustainability is distinguished as more than just maintaining the environment but endurance of a business to pursue opportunities, new products development and ensuring profitability over a long period of time (Woods, & Shepherd, 2017). In this case, sustainability of SMMEs refers to the ability of an SMME to satisfy the needs of its customers, create value and

maintain profitability over a long period, without negatively affecting the customers' natural and social environment (Shepherd & Patzelt, 2011; Boons & Ludeke-Freund, 2013).

According to SEDA (2016), the measure for sustainability of SMMEs in most provinces across South Africa depends on availability of essential business capabilities. These capabilities have been noted to be both internal and external organisational capabilities. Some of the essential capabilities for SMME sustainability identified by SEDA (2016) include: great understanding of the market where the SMME operates, research and development for creativity and innovation, financial access, infrastructural access, government intervention and networking/collaborations. Sustainability of SMME is then measured by its profitability, market share, financial capability, skilled workforce and customer satisfaction. SEDA further mentioned that Gauteng is one of the provinces with the highest number of SMMEs in South Africa due to its greater access to finance and other resources. While provinces like Northern Cape and Mpumalanga find financial access difficult due to its rural nature. A wide range of studies has established that as much as the SMMEs plays a major role in the world economy in general, a lot still needs to be done in addressing their sustainability (Garvare & Johansson 2010; Kesler & Kate 2010; Wolfson, Tavor, & Mark, 2013). Unlike the large and established organisations, significant number of SMMEs have failed in their quest to sustain themselves (Wolfson, Tavor, & Mark, 2013). Part of what needs to be done to sustain SMMEs will include further study and knowledge expansion on the strategic capabilities that are available and essential for viability and sustainability of SMMEs (McCarthy & Gottschalk, 2014).

2.6.1 Overview of SMME Sustainability

The education on sustainability can no longer be attributed to scientists or technical specialists alone. Nowadays, organisations also have a huge demand and attention for innovation, sustainability education and implications in businesses (De Massis, Kotlar, Petruzelli, & Wright, 2016). There is also the realisation that sustainability is an important factor for a long-term business strategy (Githsham, 2009). McCarthy and Gottschalk (2014) opined that sustainable organisations are the ones that are environmentally conscious and also ensures continuous profitability for their stakeholders. Many businesses now include sustainability in the roles and responsibilities of their employees while some includes sustainability as targets in performance indicators for their staff (Coleman, 2013).

Woodfield, Woods and Shepherd (2017) indicated that both large and small organisations will lose their competitiveness if the organisations do not pay necessary attention to sustainability. An

organisation that wants to gain higher profitability and long term competitive advantage must ensure that its business strategy is designed to be conscious of its environment. In contrast, majority of SMMEs are not able to achieve sustainability as a goal because of their lack of understanding of the business itself, lack of financial resources and managerial or technical expertise of the business owner (Taylor, Al Yousuf, Saleh, & Philip, 2015). Part of the indications of a sustainable SMME will include business growth, sales and turnover (Wyness, Jones, & Klapper, 2015).

Coleman (2013) added that SMMEs are facing a lot of challenging which hinders their sustainability. These challenging factors are micro-factors, macro-factors and psychological factors. According to SEDA (2016), millions of SMMEs have been operational in South Africa over the years. However, majority of them shutdown within the first 3 months in operation. These businesses' closure/shutdown have been associated to the lack of sustainability strategy of the SMMEs, resulting from challenges that were not addressed by relevant stakeholders (SEDA, 2016). The closure of SMMEs consequently led to loss of economic opportunities and huge losses in Rands for the South African economy (Urban & Naidoo, 2012).

2.6.2 Sustainability Measures of SMMEs

Despite the enormous attention given to performance and growth of SMMEs, there is still a huge level of failure among them. According to SEDA (2016), majority of SMMEs in South Africa have failed at an average period of 3.5years. Lin and Tsai (2016) mentioned further that for SMMEs to be sustainable, it is imperative to firstly identify organisational capabilities and resources before identifying required capabilities. It will then be easier to renew current resources towards improved performance and sustainability of the business. For this study, a number of factors have been identified as measures for the sustainability of SMMEs. These factors include:

2.6.2.1 Strategic Objective

Several studies have shown that there is a link between having a strategic objective and a business becoming successful (Matei, 2013; Muratovic, 2013; Soloduch-Pelc, 2014). Many SMMEs neither have a business plan, business objective nor strategic plan. This has been attributed to their lack of expertise and resources. When an organisation has a business plan, it will be able to integrate its strategic plan and business objectives into this business plan. However, a good strategic plan should be specific, measurable, achievable, relevant, timeous and challenging (Hakala & Kohtmaki, 2011; Arbussa, Bikfalvi, & Marques, 2017). All of these put together will ensure sustainability of the business as its resources will be directed towards its sustainability goals.

2.6.2.2 Customer Satisfaction and Retention

Ability of a company to provide goods and services that meets the demand of customers in a competitive environment will lead to retention of customer and increased profitability (Chew, Yan, & Chea, 2015). When organisations are able to fit available resources with its competitive strategy and performance, customer retention and satisfaction will be ensured (Inan & Bititci, 2015). This will eventually lead to the sustainability of the business.

2.6.2.3 Organisational Values

When an organisation values honesty and integrity as the forefront in its business, this can inevitably help build reputation for the business (Schein, 2010). Customers and relevant stakeholders will have trust for the business and will be committed to investing and doing business with the organisation. Organisational values should be interwoven with its integrity and commitment as this forms part of the critical factor to its success (Galpin, Whittingto, & Bell, 2015).

2.6.2.4 Networking

SMMEs that are open to learning and collaborating with other business tend to be able to gain networking opportunities and lower its production cost (Rezazadeh, Karami, & Karami, 2016). This will lead to being able to serve its customers better and business becoming sustainable. SMMEs that are collaborative will be aware of the latest trends in technology and innovation through knowledge gained from networking with other organisations (Yarahmadi, Karami, & Siwan, 2015).

2.6.2.5 Availability of Resources

According to Galpin, Whittingto, & Bell (2015), SMMEs that do not have access to the necessary resources especially finances, tend to fold up quickly. Arbussa, Bikfalv and Marques (2017) further mentioned that the major setback for SMMEs around the world is the lack of access to funds. However, when human resources, financial resources and technological resources are readily available, there is a very high sustainability level for a business (Soloducho-Pelc, 2014).

2.6.2.6 Innovation Capabilities

A high demand for a product in the market environment will increase competition in the market. However an organisation that is proactive at thinking on how best to satisfy customers and out

performing competitors will be pervasive and continuously nurture its innovation capabilities (Inan & Bititci, 2015). SMMEs that are able to compete successfully stand a chance to sustenance and increase in their customer base (Holtzman, 2014). Businesses that are able to differentiate their products and provide specific solutions to relevant customers are at advantage. Therefore, to achieve this outcome, organisations must have the necessary innovative capabilities.

2.6.2.7 Profitability

Increased profitability of a business will ensure its sustenance. When a business is running at a loss, it will not be stable and may eventually fold up. The organisation will also not be financially buoyant. However, SMMEs are at great sustainability level when cost of production is reduced without compromising quality (Svensson, 2014).

2.6.2.8 Organisational Competitiveness

Sustainability of an organisation can also be measured through its ability to be actively competitive in the market environment where it operates (Parnell, Long, & Lester, 2015). Managing supply chain effectively, quick response to demand, flexibility to change and high quality production at low cost, will enhance competitiveness (Su & Gargeya, 2012). Subsequently financial performance will improve and sustainability will be ensured.

2.7 The Challenges and Barriers to Sustainability of SMMEs

SMMEs face a lot of economical, ecological and social challenges in the business environment, which could be attributed to most failures. The failures of SMMEs may also be attributed to the lack of fitting into the business environment and lack of meeting market demand (Inan & Bititci, 2015). As the constant changes in the business environment will bring constant increase in demand which requires solutions. SMMEs that are not capable of meeting this market trend may end up failing (Bolboli & Reiche, 2013; Carlos, Jorge, & Carlos, 2013). According to SEDA (2016), the Finscope (Financial Scope) small business survey has shown that barriers faced by SMMEs in South Africa varies from one location to another. This is so because not all SMMEs in South Africa face the same challenges for its sustainability. However, some of the challenges identified by SEDA (2016), is as mentioned below:

1. Lack of the access to finance;
2. Poor infrastructure;

3. Lack of Research and Development;
4. Strict labour regulations;
5. Low workforce level;
6. Lack of government Support;
7. High crime rate;
8. Less access to market;
9. Lack of skills and competence; and
10. Lack of managerial and operations skills

Other studies have shown that there is still a high rate of SMME failure even though a lot of study has been carried out to improve their performances (Fatoki & Gawe, 2010; Urban & Naidoo, 2012). Some of the challenges identified in the studies, faced by SMMEs' sustainability are as follows:

1. Insufficient collateral;
2. Lack of education and training;
3. Tax and regulations;
4. Lack of business and managerial skills;
5. Low level of networking;
6. High competition;
7. Lack of market familiarity;
8. Insufficient Owner's equity;
9. Business Location;
10. High transportation cost;
11. Lack of information technology;
12. Lack of innovation mind-set;

13. Corruption;
14. Supply chain issues; and
15. Lack of necessary resources.

Some other researchers also mentioned that there are other challenging factors for the sustainability of SMMEs. These factors were identified to be micro-factors, macro-factors and psychological factors (Kalique, Md.Isa, Shaari, & Ageel, 2011; Coleman 2013; Yoshino & Taghizadeh-Hesary, 2016; Cornelis de Man & Strandhagen, 2017). These factors are listed below:

- Micro-factors: Changes in customer preferences, lack of passion for business, high level of competition within the market, lack of profitable networks, higher transaction costs, inadequate support by investors, lack of credit facility and pressure of building brand image.
- Macro-factors: Demographic trends, recession in economy, changes in mega-trends, technological innovations, socio-cultural effects, new government legislation and exchange rates.
- Psychological factors: Beliefs of consumers, perception of buyers, motivation and attitude of consumers.

2.8 Business Model

A business model can be described as a plan that an organisation uses to generate revenue by effectively utilizing and transforming its resources to produce goods and services in order to satisfy its intended customer base (Teece, 2010). A business that has a plan will be focused and also will be able to easily communicate its goals effectively. Business model also focuses on ensuring success of the operations of an organisation by analysing how it captures value, create value and deliver value over a long period of time (Liu & Wei, 2013). In addition, business models are made up of distinctive parts such as, pricing model, revenue model, commerce process model, organisation form, internet-enabled commerce relationship and value proposition (Huarng, 2013). These distinctive parts sometimes are mistaken to be business models.

Teece (2010) further mentioned that a very good business model is significant in defining the way in which organisations delivers value, ensures retention and entices its customers. On achieving this, customers will pay for the value given to them thereby converting it into profit. In addition to

this, Osterwalder and Pigneur (2010) indicated that the following are significant elements for a sustainable business model:

1. Value creation through key resources, activities and partnership;
2. Value capturing through revenue streams and cost structure; and
3. Value proposition through customer segmentation, channels and customer relations.

A sustainable business model is a framework that has been described to provide competitive advantage, economic value; superior value to customer, value for stakeholders and ensures contribution of sustainable development to the society and organization. (Bocken, Short, Rana, & Evans, 2013). Sustainable business models should be economically sustainable and should aim at identifying ways through which organisations will be able to gain societal, economic and environmental value to ensure sustainability of the organisation (Stubbs & Cocklin, 2008). The more reason why it is important for SMMEs to ensure that they have a business model in place as it will create goals, provide directions and give purpose for the business.

Having described sustainable business model, the next section presents the different sustainable business strategies that will ensure competitive advantage and sustainability of a business.

2.9 Sustainable Business Actions

Business process improvements requires certain business actions to be performed in order to ensure sustainability of the organisation. These actions analyses the market environment, the industry and the capabilities of the organisation. The section that follows explains the different business actions that can create improvements in businesses and ensure their sustainability. The actions include SWOT analysis, business impact assessment, business risk analysis and competence analysis.

2.9.1 SWOT Analysis

This is a framework used to analyse the internal and external environmental factors that could have a huge impact on a business. It is an investigation on the strengths, weaknesses, opportunities and threats faced by an organisation (Paschalidou, Tsatiris, & Kitikidou, 2016; Phadermroda, Crowder, & Wills, 2017). The strengths and weaknesses of an organisation lies within the internal environment of the organisation and can be influenced by the business itself. This cannot be said for an organisation's weaknesses and opportunities because the business itself has no power or influence over it. The main influencing factor is its external environment (Salar & Salar, 2014). When a SWOT analysis is done, it creates room for an organisation to unravel opportunities that

can be effectively exploited while the understanding of its weaknesses will make it easy to eliminate unknown threats that could catch the business unaware (Zharan & Bongaerts, 2017). The weakness and threats of the business is seen as the negative and drawbacks for the business. However, once the business is able to identify these negative impacts, it will be easy to create strategies that will help overcome them. The Figure 2.1 below shows the likely characteristics of SWOT analysis of an SMME.

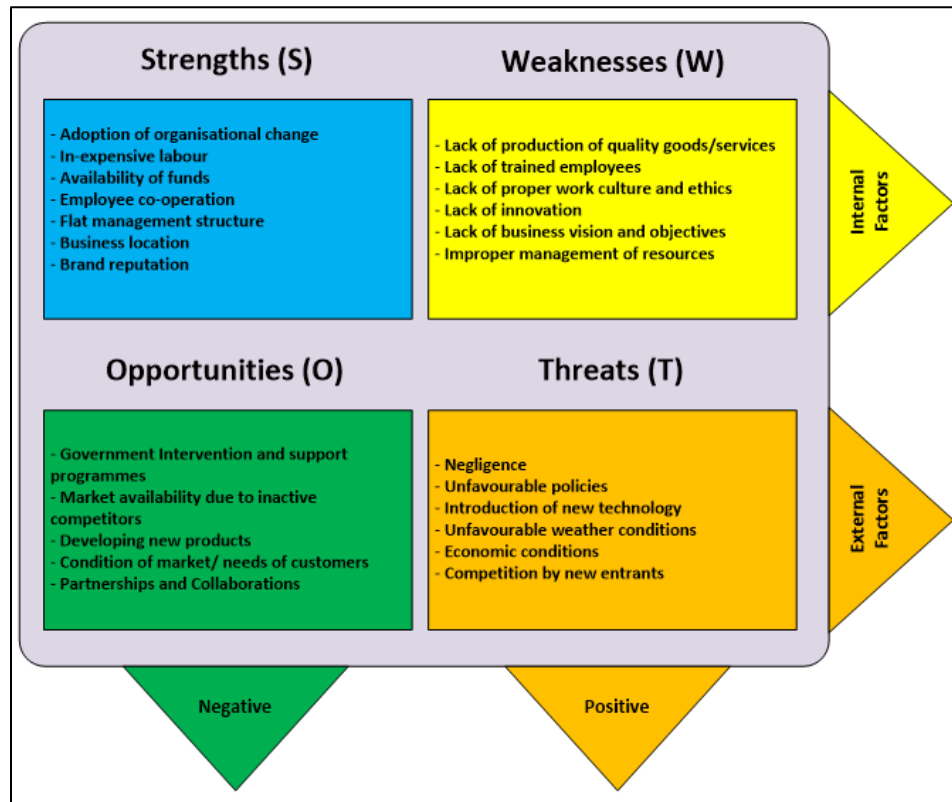


Figure 2.1 SWOT Analysis

Source: Kalpande, Gupta and Dandekar (2010, p. 61); Salar and Salar (2014, p. 517).

When an organisation is able to recognize its strengths and unravel its opportunities, it will enhance the business improvement process towards its sustainability, and it will also retain positive outcomes for the business (Salar & Salar, 2014). The information gained in this process could serve as sustainable competitive advantage for the business.

2.9.2 Business Impact Assessment

Managing any kind of business comes with a lot of risks and uncertainty. Business impact assessment and risk assessment procedures are interwoven as depicted in Figure 2.2. This is so because businesses operate within its internal and external environment which makes it vulnerable to risks and uncertainty (Vartiak & Jankalova, 2017). For instance, if a business is not well prepared or does not have strategic actions in place, the uncertainty could lead to its closing down. A business impact assessment is the procedure of evaluating functions within a business and the impact of uncertainty and disruptions on a business (Tjoa, Jakoubi, & Quirchmayr, 2008). Small businesses are mostly affected because of their lack of experience in curbing these risks. The impact of these uncertainty may include failure to earn adequate income and unexpected events that could affect business operations (Inonica, Baleanu, & Irimie, 2010). An essential part of this approach is identifying possible risks and creating counter and recovery measures to neutralize any effect. According to Vartiak and Jankalova (2017), conducting an impact assessment has the following benefits for a business:

1. Analysis of possible risks and major threats to a business will be identified. This will aid in creating counter- measures that will be useful in minimizing it.
2. It can help identify impacts of resource disruption that could affect business process and operation.
3. It will aid in the prioritisation of major threats to the business and provide alternatives.
4. The business will be able to analyse its costs and benefits.
5. Alternative business strategies will be created during potential risk identification.
6. It will aid in disseminating functions and responsibilities to employees in case of uncertainty and disruptions to business process.



Figure 2.2: Business Impact Assessment

Source: Myskova and Doupalova (2015, p. 332); Williams and Hausman (2017, p. 268).

Some of the uncertainty includes financial and operation impacts of which examples includes; increase in interest rates, unplanned increase in production cost, customer dissatisfaction, regulatory fines, high level of competition within the market and lack of access to necessary resources (Vartiak & Jankalova, 2017).

2.9.3 Business Risk Analysis

This is the process of identifying, evaluating and managing possible risks that may be involved in start-up or already existing business. According to Falkner and Hiebl (2015), a business that has a proper risk management procedure in place will be able to prevent and create contingency plan and mitigate the identified risks. SMMEs need to conduct proper risk analysis for them to understand the likely risks that their business may encounter. Some of the possible risks associated to SMMEs identified by several studies (Boghean, 2015; Kot & Dragon, 2015; Ostrowska & Mazur, 2015) are:

- Financial risk due to lack of finance or improper financial management;
- Reputational risk as a result of unhappy customers or poor quality of products/services;
- Supply chain risk due to interruptions or disaster;
- Environmental risk resulting from natural disaster;
- Compliance and regulatory risks due to the inability to meet up with regulated standards;
- Human resource risk as a result of improper management or bad leadership attributes; and
- Risks resulting from the lack of knowledge of market where business operates.

The consequence of all of these factors mentioned above could result in closure of a business. Risks can be adequately and properly managed by measuring the potential risks and providing suitable mitigating techniques in order to neutralize its effect (Falkner & Hiebl, 2015). Several studies (Kot & Dragon, 2015; Ostrowska & Mazur, 2015; Olsen, 2017) have proposed different steps in the analysis of business risk, which is depicted in Figure 2.3 below.

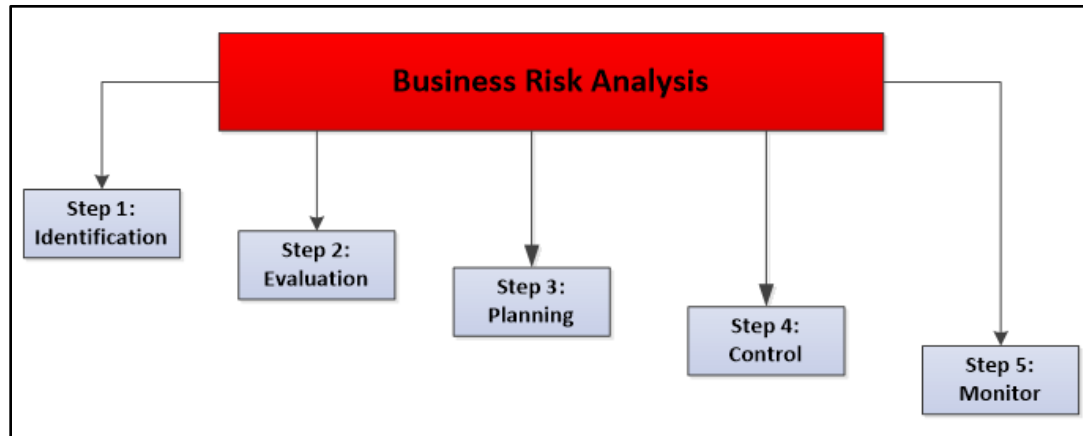


Figure 2.3 Business Risk Analysis

Source: Kot and Dragon (2015, p. 104); Williams and Hausman (2017, p. 268).

Step 1: Identify the possible risks your business could face e.g. increased production cost, surplus inventory, technological changes, change in consumer preference etc.

Step 2: Rate your risk in preference from highest to the lowest and prioritize

Step 3: Create a contingency plan for the identified risks and write down possible plans/actions to alleviate or eradicate these risks

Step 4: Assign a key person or resources that will be accountable to manage the risks effectively

Step 5: Create a deadline to execute the mitigating plan/action but have a back-up plan in place for in case the initial does not work.

2.9.4 Competence Analysis

According to McCarthy and Gottschalk (2014), a competence analysis is the process of analysing the different capabilities and capacities that a business possess in order to determine if it will be able to operate and function effectively and efficiently. It also involves taking actions to confirm if a business possess core competencies in order to perform exceptionally above its rivals (Decius &

Schaper, 2017). In addition, competence analysis indicates how competent and creative a business can be in providing solutions and catering to client need. This core competencies could be in form of resources, finances, technology and many more. Competence analysis is useful in establishing capabilities of a business by measuring its human skills, business skills, production process and quality of its product/service (Ismail, Domil, & Isa, 2014). Small businesses that are able to measure their competence level will have a knowledge of how to effectively channel their resources efficiently to gain sustainable advantage (Apte, Goncalves, & Yoho, 2016). Figure 2.4 below shows the different factors used for measuring business competence.

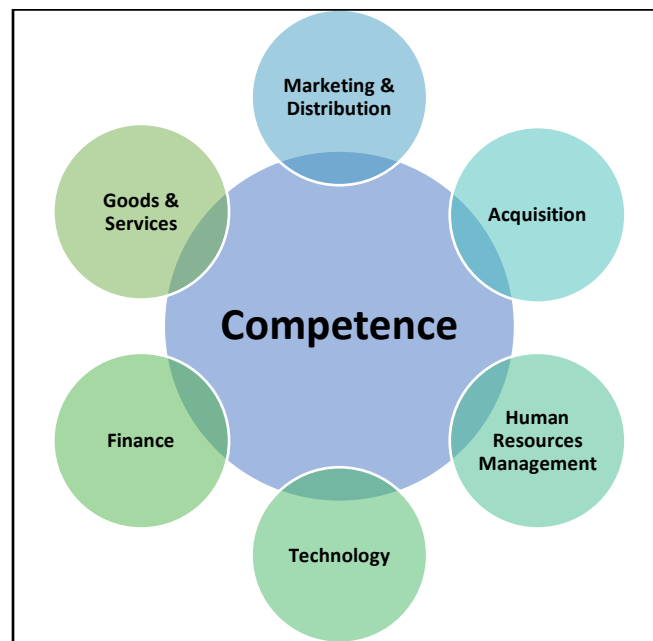


Figure 2.4 Competence Analysis

Source: Apte, Goncalves and Yoho (2016, p. 253)

With reference to Figure 2.4, SMMEs that have the necessary competence level will be able to effectively market their goods/services to the necessary consumers through an efficient and effective distribution channel. They will also be able to gain acquisition of relevant resources and have access to adequate supply chain. The SMME will be able to produce quality goods/services and have the potential to serve its customers well. In addition, an SMME that is competent will make sure that it has adequate finance for the business. The finance will be managed efficiently and cash flow within the business will be monitored. Putting all this together can ensure sustainability over a long period for the business.

2.10 Drivers of Business Success and Sustainability

According to Hogevoold et al. (2014), when assessing sustainable development networks, businesses should be conscious of aspects that concerns the society, economy and environment as a whole. Business owners, stakeholders and consumers are all accorded the responsibility of being ethical and environmentally aware. SMMEs in their quest for sustainability should consider incorporating environmental, economic and societal factors in its sustainability practices. The next section expatiates on the success and sustainability drivers of a business.

2.10.1 Business Strategy

According to Hacklin and Bjorkdahl (2017), a business strategy is a game plan set out by a business in order to create value for itself and strengthen its performance for a long period. It was further defined as a long-term action or plans put in place by a business to improve its performance and achieve its organisational objectives. In order for a business to achieve its aim, it must have a business model, a strategy and an approach. It was further mentioned that a business model relates to the operations and value creation effort of the business while its strategy relates to its type of business chosen to be able to compete in the market (Casadesus-Masanell & Ricart, 2010). Its approach will then be its choice of action in interacting with the necessary business model for it to be competitive and successful (Markides, 2013).

Jacobides and MacDuffie (2013) mentioned that the type of strategy chosen by a small businesses varies depending on the situation it finds itself. For example, a strategy chosen by a start-up business might be a lot different from an established business. This could be attributed to them facing different challenges. Therefore, small businesses that intend to be sustainable and gain competitive advantage should have a suitable strategy in place. The strategy should best suit its situation and capabilities. Some of the strategies for business success, sustainability and competitive advantage were mentioned as product differentiation strategy, focus strategy, cost leadership strategy and growth strategy (Bjorkdahl, 2011; Teece, 2010; Martinez-Simarro, Devece, & Llopis-Albert, 2015). These strategies are further described in the following sub-sections.

2.10.1.1 Product differentiation Strategy

Bharadwaj, Keil & Mahring (2009) indicated that this approach can be used by SMMEs through the production of goods/services that are distinctive from its competitors. This strategy can help cater to customer preference and improve the brand image of the business. When higher valued products/services, customized features or convenient options are given to customers their buying

behaviour can be influenced. Using this approach, the product/services will be differentiated from similar offerings in the market thereby encouraging greater attraction to a particular target market.

2.10.1.2 Focus Strategy

This strategy requires a business to develop or sell a product/service to a particular niche market. This niche could be a particular consumer or geographical area. SMMEs that adopt this strategy could benefit from it due to its focus on a small market base. A large market base will require larger finances and resources which could be a form of constraint for SMMEs (Tallon, 2007).

2.10.1.3 Cost Leadership Strategy

Seggie, Kim and Cavusgil, (2006) stated that cost leadership strategy is a competitive approach used by businesses to gain market share. Taking this approach will require SMMEs to perform certain actions. These actions includes reducing their cost of production and producing less expensive goods/services without compromising quality. This type of strategy will be fit for price conscious customers. By so doing, SMMEs are able to effectively reduce their cost of production, they will be able to sell at a lower rate to customers thereby leading to an increase in the rate of customers buying their product/service. Eventually leading to increased profitability and sustainability of their business.

2.10.1.4 Growth Strategy

It is a strategy that can be adopted by small businesses as it requires finding a new market for its products/services. It can also be used when an SMME is introducing an innovative product/service into the market or when adding special features to an existing product/service. This is done with the aim of the business achieving sustainability, competitive advantage and an overall success for the business (Hacklin & Bjorkdahl, 2017).

2.10.2 Customer Retention Strategy

These are actions taken by a business to ensure that it is able to cater adequately to the demand of its customers in order to gain their trust and ensure their loyalty (Henning, Gwinner & Gremler, 2002). SMMEs that wants to be competitive should analyse the market it wants to operate in to be able to understand its customer base and how to satisfy them. It is also very significant for SMMEs to understand the influencing factors of customer retention as it helps to establish long term relationship with customers thereby leading to increased profitability for the business (Jing-Bo, Zhe

& Xuan-Xuan, 2008). Different studies have shown that customer retention strategy can be analysed using a customer retention framework that indicates the correlation between customer satisfaction, relationship quality and cost of switching (Jeng & Bailey, 2012; Manoj & Sunil, 2011; Tamulene & Gabryte, 2014). This further indicates that customer satisfaction and relationship quality directly impacts customer retention as indicated in the Figure 2.5 below:

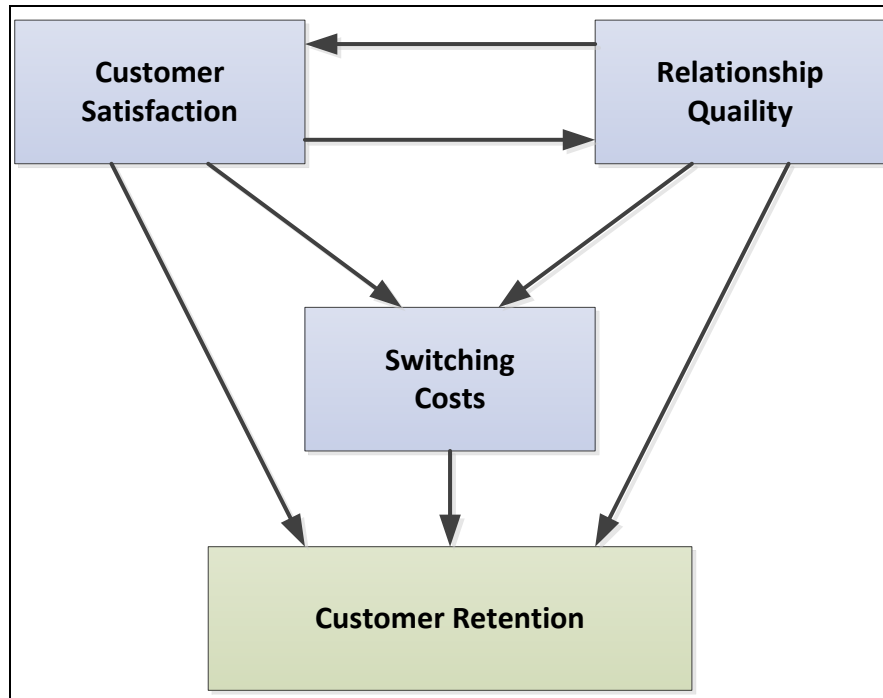


Figure 2.5 Theoretical Framework of Customer Retention Strategy

Source: Tamulene and Gabryte (2014, p. 448)

Customer satisfaction is very important for a small business because it has a huge impact on relationship quality and switching cost. When a customer is satisfied with a product or service, there is the tendency of that customer buying the product repetitively. By doing so, a virtual relationship is built between the customer and the business leading to great relationship quality. When this great relationship is built, customers will be willing to buy from the particular business or source not minding the monetary cost of the product/services (Tamulene & Gabryte, 2014).

An equally important aspect of customer retention strategy is the relationship between perceived quality and customer loyalty. According to Marakanon and Panjakajornsak (2017), perceived quality is the overall opinion of a customer through fulfilling its expectations in terms of the features, quality and brand image of a product/service. SMMEs building a retention strategy should

be aware of the link between perceived quality and customer loyalty. It was earlier mentioned by Chang and Chen (2008) that when building a retention strategy, perception of the quality of goods/services in relation to greening/environmental sustainability should be seriously considered. This is so because the population of customers 'buying green' has been indicated to be increasing across the years.

In addition, Chen and Chang (2013) found that SMMEs that integrates environmental sustainability into their customer retention strategy are more likely to increase value proposition for a larger market share and also increase their client base. SMMEs will also have a sustainable competitive advantage by capturing a niche of environmentally conscious customers. Customer retention could then lead to customer loyalty. Hence, customer loyalty can be described as the buying attitude and behaviour of a customer to be in constant favour of a particular brand over other brands due to its convenience, performance or perceived value of that product/service (Panjakajornsak & Marakanon, 2013). When a customer is loyal to a brand, the customer will build trust and will also be committed to the brand, despite the conditions that may cause the customer's preference to switch. However, the relationship between perceived quality and customer loyalty comes into existence once a customer has a repurchase intention due to its perception of the quality of a certain product/service. Once an SMME is able to interpret the perceived quality of its target market, then customer loyalty will be easy to achieve as a customer retention strategy (Tuu, Olsen, & Linh, 2011).

2.10.3 Supply Chain Strategy

Matis and De la (2014) mentioned that supply chain strategy is interwoven with supply chain sustainability. It is an area of study that has emerged from supply chain management. This part of supply chain management is guided by four drivers which are supply, demand, resources and inventory. It was further mentioned by Matis and De la that the main objective of a supply chain strategy is the management of the supply of materials. This supply of materials is made up to demand level through an inventory system and resource nodes that can withstand the variations in demand. According to Vural (2015), a sustainable supply chain strategy may be described as the actions taken by a business to be environmentally conscious. The conscious actions will also ensure reduction of costs, provision of exceptional customer service and increased profitability over a long period. de-Man and Friege (2016) added that in order for an SMME to be sustainable and deliver exceptional value to its customer, it will be necessary to incorporate adequacy, consistency and efficiency strategies into its business model. In addition to this, SMMEs should have a reliable

channel of distribution to deliver its products/services at minimal cost to its finances, personnel and assets.

Cornelis de Man and Strandhagen (2017) further mentioned that the supply chain of a sustainable business model should be designed in such a way that it leads to reverse logistics of resources and products. It will also incorporate green design and logistics in its strategies. This means that reverse logistics, waste management and remanufacturing are considered thoroughly. A clear indication for supply chain strategy is to create an easy way of reducing quantity of raw materials for production and use. This by this means makes them durable and ensures that products that are designed for recycling, refurbishing, and re-useable are created (Vural, 2015). Alomar and Pasek (2014), pointed out that the decisions of SMMEs on supply chain is quite different from larger firms due to the limitations in resources of man power, finances, personalized management and authority. As a result, this requires SMMEs to be strategic about decisions that influences its customers, suppliers and all stakeholders.

In addition to this, Matis and de La (2014) indicated that there is a huge expectation and pressure from suppliers to their clients to be strategic in their supply chain decisions by becoming environmentally conscious and practice sustainable supply chain. Foerstl and Azadegan (2015) added that the sustainability expectation by suppliers could be related to the pressure placed on the suppliers by regulatory bodies and end-consumer scrutiny. Regardless of the innovative skills of SMMEs, SMMEs are not very much involved in non-renewable resource savings which could affect their market. Rather, they are faced with challenges of conserving natural and resources that could be beneficial to them (Galal & Abdul Moneim, 2016). Therefore, SMMEs should understand and engage in their supplier's sustainability initiatives through a collaborative approach. This will enable them to exchange knowledge and information on sustainability requirements with their suppliers. In so doing, both the SMME and supplier will develop core competencies, become environmentally sustainable and increase profitability (Cornelis de Man & Strandhagen, 2017).

2.10.4 Government Regulations and Policies

SMMEs that wants to ensure sustainability and success over a long period should be aware of the necessary government regulations of the country in which it exists, being the support system for economic growth in most countries. According to Poutziouris and Chittenden (2003), some of the regulations that concerns SMMEs may include but are not limited to Tax regulations, employment regulations and environmental regulations. SMMEs need to understand that for them to operate effectively in a specific environment, there are some compliance issues they need to address and

adhere to. Being compliant means taking the necessary steps to conform to government regulations and laws that guides businesses. SMMEs that are compliant and follow the relevant procedures will be able to operate without getting into trouble with the law. However, when these government policies and regulations are too stringent, it may become a barrier for SMMEs as they might not be able to meet the compliance level. This will lead to the SMMEs being fined or sanctioned which might eventually lead to the business closure. Some of the identified regulations are discussed in the next subsections.

2.10.4.1 Business Taxes

Tax policy development of South African SMMEs came into being in March 1995 after the release of a white paper on the national strategy for promoting and developing small businesses in South Africa (South African Government, 1995). According to the South African Revenue Service (SARS, 2017), government has employed special tax systems for SMMEs in form of simplified procedures and low tax rates. For example, businesses that operates as sole proprietor or partnerships must register as a taxpayer. They can be registered for a turnover tax if their turnover is not more than a million Rand annually. Deductions of tax must also be made from the employees' salaries. To meet the SARS compliance all necessary taxes must be paid, otherwise legal actions may be taken on the business and this could lead to business closure.

2.10.4.2 Green Taxes

The Organisation for Economic Co-operation and Development (OECD, 2013) stated that some international communities have endorsed a guiding principle to be followed by its own country in order to control climate change. The principles imposes levies, law regulations or principles to be followed by organisations operating within the country. Some countries, such as India, Australia, Japan, United Kingdom (UK) and some European countries have already imposed eco, pollution or environmental taxes called 'Green taxes'. Levinson (2007) mentioned that green taxes are levies imposed to prevent pollution thereby ensuring environmental improvements and sustainability of the ecosystem. These taxes are used as environmental instrument to address ecological problems.

According to the South African Department of Environmental Affairs (2013), the South African government plays an important role among its international counterpart by joining the global team and hosting the 11th United Climate Change Conference, which was held in Durban. Furthermore, the South African Department of Environmental Affairs, described a fund called 'Green Fund', which has been set out to assist the country in providing benefits that are social and economical in

nature. The government has also provided environmentally beneficial outreaches for SMMEs. These outreaches are to assist in the compliance, promotion and encouragement of incorporating green practices in the SMME industry. Therefore SMMEs should take the advantage of these outreaches and incorporate greening and environmental compliance into their business strategy.

Ulrich (2012) indicated that greening can help ensure a green economy and improved human well-being in the society. According to OECD (2016), a large number of SMMEs are neither aware of the environmental impacts nor the competitive advantage they can derive from encouraging better environmental performance. This can be attributed to their limited ability to respond to and interpret necessary environmental policies. In order to curb this limitation, many European Union (EU) and OECD countries such as Australia, Canada, U. S., UK and Ireland have introduced information based tools, policies and incentives to encourage SMMEs in becoming compliant and improve their Environmental performance. OECD has also engaged in partnerships with countries such as South Africa, Brazil, China and Indonesia in order to cover climatic change and environmental growth.

Rajala, Westerlund and Lampikoski (2016), added that SMMEs that are able to incorporate green strategies into their organisational strategy will be able to save a lot of cost and also will be able to improve their socio-economy and environmental protection for sustainable competitive advantage. Some examples of environmental protection practices as indicated by OECD (2016) are related to SMMEs. These examples includes recycling waste materials, reusing and reducing water consumption, introducing e-waste management, reducing carbon foot print and making use of green-IT for work related correspondence.

2.10.4.3 Consumer Protection Laws

According to the South African Department of Labour, the South African government has put in place, laws and regulations that protects the right of consumers. This rights was described as the South African Consumer Protection Act, No 68 of 2008 which came into existence in 2009 with the purpose of protecting the interests of consumers. It is subject to address consumer exploitation, equality in the consumer market and prevent market practices that are discriminatory in nature. SMMEs that wants to focus on customer retention as part of its sustainability strategy should abide by these regulatory procedures towards providing an excellent customer delivery.

There are so many policies and regulations of governments from many countries and organisations. Some of which are the European Union Consumer Policy Strategy (2007-2013) and United Nations Guide lines for Consumer protection. Tani (2008) also mentioned that the Japanese Consumer

Basic Act have policies aimed to provide a framework for the implementation of consumer protection and prevent unethical acts among businesses. An example of consumer act is the ability of a consumer to return goods within certain period of time if goods does not meet certain criteria or purpose (Alexandru & Cristina, 2013). Halim and Mohd (2014) also mentioned another example of the consumer protection act as the consumerism of the Muslim community through the Muslim protection right of Halal compliant businesses. SMMEs that are compliant with the Muslim protection right of Halal show that they are consumer oriented. Thus, will be able to reach out to wider customer base. Such SMMEs will also be able to improve delivery and ensure customer satisfaction. An excellent customer delivery will bring about customer loyalty and improve the brand of the SMMEs. This put together, will lead to better profit advantage, success and sustainability of the SMME (Lostakova, 2014).

2.10.4.4 Health and Safety Regulations

The South African Department of Labour indicated that the Occupational Health and Safety Act of 1993 stipulates that an employees' safety and health in the work environment must be protected. The acts is aimed at stipulating requirements ensuring that a culture of the prevention of occupational hazards are maintained in the country. SMMEs should be able to abide by these regulations as customers are sometimes sensitive to non-compliance which could negatively affect brand reputation. When employees are not safe or at health risk at work, output level will be low and this can be a disadvantage to the business (Demba, Ceesay & Mendy, 2013). It could also have a negative impact on the business image in general. SMMEs that have preventive strategies in place will be able to abide by the policies and regulations guiding the government regulations (Gyekye, 2006).

However SMME that wants to be successful in the business environment should ensure that it meets the respective objectives of the law. According to Cruz and Huerta-Mercado (2015), SMMEs should have an occupational hazard prevention strategy in place depending on the type of business operations it partakes in. An occupational hazards prevention strategy will involve, providing employees licenses to partake in safety and health programs relating to their work, educating employees about the necessary hazards and necessary preventions relating to their work and its environment. Some of the International Organisation for Standardisation (ISO) used as strategic tools for businesses may include but are not limited to the ISO 45001 (Occupational health and safety), ISO 14001 (Environmental management) and ISO 20121 (Sustainable events).

Likewise, Amponsah-Tawiah and Mensah (2016) mentioned that a business itself should have an occupational risk management process in place in order to have precaution and preventive measures of risks at work. Although the training and awareness programs might incur cost for the business, but then it will ensure the safety of employees. As a result, the SMME will not acquire ridiculous fines that could lead to the down fall of the business. Demba, Ceesay, and Mendy (2013) added that a lot of SMMEs in developing countries lose a lot of money in their businesses due to diseases and injuries that are work related. Therefore, it is a focus area for businesses that wants to ensure business success and sustainability in the long run.

2.10.5 Employee Recruitment and Retention Strategies (ERRS)

Ozolina-Ozola (2014) indicated that an employee recruitment process is the procedure put in place by an organisation to invite, screen and choose the qualified person for a position. While a retention strategy is a strategic approach aimed at attracting, retaining and maximizing a perfect workforce to gain competitive advantage in the business environment. According to Hughes and Rog (2008), the integration of ERRS into the strategic objectives of a business is important for the development and implementation of the necessary human resources strategies needed to compete in its business environment. However in the past years, many small businesses face the challenge of effective implementation and management of human resources. The Business and Legal Report (BLR, 2006) indicated that selecting the best employees is an important aspect for the success of any business because the hiring decision will have a great effect on the profitability, productivity and morale of the business.

Cirpan and Sen (2009) mentioned that the recruitment process could be organised in-house or outsourced. SMMEs most times have limited skills and staff relating to recruitment duties, in this regard outsourcing of recruitment functions may be preferred. The selection of the most suitable candidate will require measuring qualifications, skills and potentials of that prospective employee. By so doing, a kind of practical test may be required in order to test competencies, capabilities, strengths and area that may require improvements in relation to the position. The outcome of these assessment will determine the person(s) to be hired. Once the hiring of the right employees has been done, these employees must be managed well in order to be retained and to get the best out of them. Therefore, SMMEs should put a strong strategic plan in place for its recruitment and retention process in order for the business to be successful and sustainable (Abdullah, Yoke, & Zakaria, 2013).

Contemporary studies have been able to link business success with employee turnover and effective human resource management (Gumus, Apak, Gumus, & Kurban, 2013; Ozolina-Ozola, 2014). SMMEs are in competition with one another as they contest to capture market and the limited financial resources available to them. In order to maximize these limited resources, SMMEs are required to put their employees into consideration as a critical factor to shaping their business future and investment. Ozolina-Ozola (2014) added that competition among small businesses has resulted in their dependence on talents of their work force. The required talents are relevant in the actualising of business strategies of any business. Therefore it is inevitable not to recognise the need for motivation and growth plans for the relevant talents in order to achieve maximum efforts from them.

Cirpan and Sen (2009) indicated that a very good form of motivation for retention of employees of an SMME is to show support through engaging employees by investing in training and development or mentorship program for them. This will help in developing their personal skills and enlighten them about the sustainability goals of the business (Cirpan & Sen, 2009). Strategic plan for retention strategy of SMMEs should include but not limited to rewards and compensations, promotions, benefits, conducive work environment and well deserved wage increment. When an employee retention strategy is successfully implemented, loss of employees will be at a minimal and work output will be at an optimal level (Mueller, 2010). Mathimaran and Kumar (2017) further added that respect, recognition and reward of employees are factors that drives employee satisfaction, which is linked to retention of employees as part of a business strategic goal to success and sustainability.

2.10.6 Marketing Strategy

Aghazadeh (2015) specified that in order for SMMEs to be able to achieve success, sustainability and its strategic goals, it should create a plan for its marketing objectives. The objective of marketing is to give information, remind and convince consumers about a product or service. For a business strategy to be fully actualized, customers, products and markets are very important influencers. The marketing strategy is the process of creating a plan with the aim to increase sales, satisfy customers, gain market share and ensure competitive advantage (Csikosova, Antosova, & Culkova, 2014). It is the combination of the marketing goals that a business wants to achieve through the necessary marketing medium. It was further mentioned that a marketing plan and marketing strategy are interrelated because the foundation for a marketing plan is a marketing strategy (Izvercian, Miclea, & Potra, 2016).

In order to come up with a good marketing strategy, it is important for SMMEs to conduct a market research as this will help create a marketing plan and also provide information on how its internal and external capabilities will accommodate its marketing strategy (Caescus, 2011). Aghazadeh (2015) indicated that using the resource-based view and market-based view approach, SMMEs can create a marketing strategy through focusing on its core competencies based on its internal capabilities and external position. This emphasis is made to attract and satisfy customers through value creation with the aim of ensuring sustainable competitive advantage for the business. The focus will further lead to customer satisfaction, retention and loyalty.

In the quest to be successful and sustainable, SMMEs need to be innovative in their ideas of marketing strategies for them to be sustainable, successful and perform exceptionally among other competitors. For SMMEs to be innovative in their ideas of creating and ensuring effective implementation of a marketing strategy, there are three important factors that requires consideration. These factors are the marketing medium; type of product; and the customer base to market products/services to (Izvercian, Miclea, & Potra, 2016). Key and Czaplewski (2017) mentioned that SMMEs mostly focus on one or two methods for advertising their products or services, which is not enough to create awareness for their products or services. However in order to reach out to customers for profitability and business sustainability, SMMEs need to advertise their products and services to customers using different marketing and advertising mediums. Examples of such mediums includes; traditional medium such as newspaper adverts, radio and television, public speaking and event sponsorships.

Additional channels of advertisement and marketing includes the use of social media platforms, Google search engines, Facebook adverts, Google my business, Google AdWords, emails and Webinars to mention a few. All of these are categorised as digital marketing and advertisement. Other methods were identified as direct marketing techniques through selling directly to customers, handing out pamphlets, business cards, using phone calls to market, sending text messaging or mailing brochures to prospective customers (Shopify, 2017; SmallBusiness, 2017). Key and Czaplewski (2017) further indicated that conducting sales promotion also can be a great form of stimulating immediate reaction from customers to purchase products and to also ensure provision of extra incentives from customers to the business. Due to the awareness of environmental sustainability as a form of competitive advantage for some businesses, green marketing strategy has been put in place in order to benefit the socio-economic environment. The next subsection explains green marketing and branding as a contemporary marketing strategy for business success and sustainability.

2.10.6.1 Green Marketing

Simao and Lisboa (2016), indicated that marketing management of the modern age business are aware of the concept of sustainability and environmental consciousness. This is due to the different occurrence of environmental problems. The awareness has led to businesses to create Green Marketing and Green Brand. Although, past research has shown that only a limited amount of SMMEs have introduced green marketing into their business operations and practices but the awareness in the past years is growing (Murin, Markova, Zeleny, & Jadudova, 2015). Fuentes (2015) stated that the aim of green marketing and branding is to satisfy the need of customers by developing and marketing products that will not compromise the social and economic wellbeing of the society. Customers that are green conscious because of their buying decisions will not mind paying a little more for a 'green' product. The green marketing strategies are created for environmental sustainability and to satisfy present customers without compromising the future generation. Once the strategy is adopted, it can help to bridge the gap between customers, market and the business's economic and technological strategic objective (McDonagh & Prothero, 2014).

SMMEs that considers adopting green marketing and green branding as part of its marketing strategies will be able to gain benefits. Such benefits includes, cost reduction through the less consumption of resources, such as water and energy, increase in profit margin through recycling and residuals reuse. The SMMEs will also be able to improve in their performance, business values and an upgrade in their brand image through green branding (Gordon, Carrigan, & Hastings, 2011; Kotler, Kartajaya, & Setiawan, 2011). Green marketing has been defined as the method used in selling goods or services based on the benefits they serve the environment. Such products will be environmentally friendly by being recyclable, not containing toxic materials, not packaged excessively, can be reusable and can be repairable. According to Murin, et al. (2015), Green marketing and branding could also serve as a platform for SMMEs to develop new and improved products for a differentiated or target market called 'green consumers'. This could serve as a great core competency for sustainability and business success (McDonagh & Prothero, 2014). Unruh and Eттerson (2010) added that for SMMEs to have a positive performance for its target market, they have to ensure that the products meet its environmental benefits, must be of quality and not overpriced. It was further mentioned that SMMEs that effectively integrate green marketing into their business strategies will be able to prove to their stakeholders that they recognize environmental challenges which indicates their care for the society.

Hasan and Ali (2015) indicated that the emergence of 'greening' has changed a lot of consumers' buying behaviour, thereby creating a market for environmentally conscious consumers. This in turn has created the need for green advertising which will showcase how the changing needs of consumers can be met through product's environmental impact, the 'greenness' of the product and benefits to its customers. Green advertising in essence is a strategy that SMMEs can adopt to persuade and inform customers about their sustainability values. By engaging in green advertising, SMMEs will be able to gain more customers and create a market niche for their product and services. To achieve this objective, SMMEs will have to be innovative and extra creative in developing their business concepts towards social, economic and environmental sustainability (Dande, 2012).

2.10.7 Innovation Strategy

According to Apanasovich, Heras and Parrilli (2016), SMMEs have been recognised as an important factor for economic development of many countries due to its ability to create jobs and innovative products and services. Innovative SMMEs are also known to be role players of technological development in the international market, which drives their consistency to be creative and embrace the need for change (Hassan, Yaacob, & abdullatiff, 2014). Developing countries that wants to create technological and economic development have to encourage SMMEs in their innovative and creativity quest (Bozkurt & Kalkan, 2014). By and large, innovation strategy can be defined as a mental process and decision making involving plans laid out in order to increase market share and profitability through creative inventions or improvements of products or services (Abou-Moghi, Abdallah & Muala, 2012; Saunila, 2014).

Studies have indicated that SMMEs that wants to be sustainable, successful and gain competitive advantage will be dependent on its innovation capabilities (Abd-Aziz & Samad 2016, GII, 2014). The innovation capabilities will be relative to offering unique product to the market and be flexible in its adoption of new technologies. However, other studies have indicated that the continuation of innovative activities are the limitations for SMMEs because they are small (Dada & Fogg, 2014; Higon, 2011). These limitations has been attributed to lack of funds to support innovation, lack of access to market, lack of expertise, inadequate managerial expertise and lack of labour skills. In contrast to this findings, Erjona (2015) mentioned that SMMEs are more advantageous in being strategically innovative due to their flexibility and informal process of decision making. Their flexibility lies in their ability to create emerging technologies, transform new ideas to market products and finding new ways to market these product.

According to OECD (2016), the third edition of Oslo manual categorised innovation strategies into organisational, product, process and market innovation strategies. The strategies involving organisational innovation will be based on the business's marketing and sales, staff policies and management. While its process innovation strategies will be focused on improvements in the purchasing, supply, operations and production processes (Dodgson, Gann, MacAulay, & Davies, 2015; Prajogo, 2016). Its product innovation will include creative business ideas for its inventions of new or transformation of products and services. The market innovation strategies will include expanding its customer base and penetration of different market segments. Although, Tsai and Yang (2013) indicated that environmental factors can have an influence on the effectiveness of the interaction between its innovation strategies and its performance. This influence could be attributed to environmental difference among SMMEs. As a result of the environmental differences, SMMEs must find a fit between their innovation strategies and the best suitable environment the interaction. SMMEs that are striving for success and sustainability will endeavour to be familiar with its internal/external business environment, be strategic in their creativity, and put all necessary factors into consideration (Prajogo, 2016). The next section presents the theoretical framework adopted for the study.

2.11 Theoretical Framework

The theory adopted for the study is the Sustainable Business Model (SBM) by Birkin, Cashman, Koh and Liu, (2009). The SBM is a theoretical model that has been used to explain how the concept of sustainability can be the driving force of a firm and its decision making as depicted in Figure 1.1 below. When organisations effectively apply this model, it will provide competitive advantage for the organisation as sustainability will be in cohesive with its business model. This cohesion will provide sustainable development that will make its profit and environmental objectives to be interwoven.

Vallesi and Eswarlal (2014) stated that sustainable development has been described as a concept with the intentions to meet the present needs and aspirations without compromising the capability to meet future needs. The concept of sustainability and sustainable development is very vague due to the breadth of its description. In agreement to this, Kwarteng, Dadzie and Famiyeh (2016) indicated that this description is ambiguous and has consequently led to confusion and controversy in literature. It was further mentioned that the concept has no generalized classification, boundaries or characterisation (Spieth, Schneckenberg, & Riccart, 2014). However, a sustainable business model will ensure value creation with the aim of integrating environmental and social goals of the organisation in the model. According to Acs, Boardman, and McNeely (2013), value creation in

this regard means both social and economic value which will help solve environmental issues while building economic value. Business model innovation serves as a tool to integrate sustainability into businesses. A sustainable business model is one that emphasis more on adding value to its stakeholders, society and environment (Evans, et al., 2017).

Having discussed the concepts of business model above, the development of sustainable business model as depicted in the Figure 1.1 provides a set of steps to integrate sustainable development into existing business models rather than reviewing a new business model entirely. The sustainable business model was established to sustain business models in China. The model utilizes multiple objectives to examine the actuality of the level of sustainable development, performance barriers, motivations, community responsibility, environmental awareness and performance as well as other sustainability issues (Birkin, Cashman, Koh, & Liu, 2009). New age businesses integrate sustainability in their business model innovation. When an organization is able to integrate sustainability into its business model, it is an indication that it has the necessary organisational capability to be innovative, environmentally supportive and will be competitive in the business environment (Evans, et al., 2017).

Figure 2.6 below highlights the theoretical model chosen for this study. The model has been used to explain the concept of business sustainability. It unpacks the concept of sustainability as the process of taking necessary business actions and analysing process improvements.

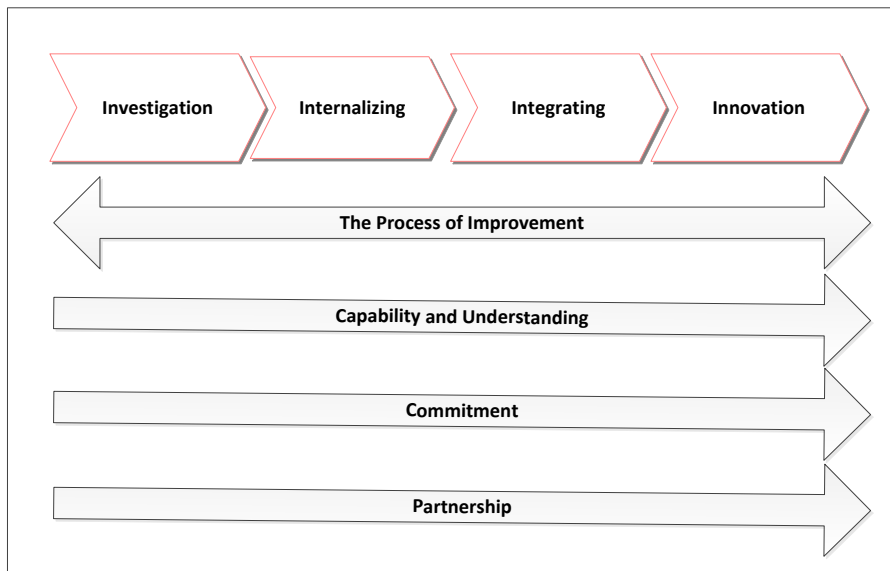


Figure 2.6 Sustainable Business Model

Source: Birkin, et al., (2009, p. 66).

According to Birkin et al. (2009), the major steps in integrating sustainable development into the business model involves:

- A. Taking action for business sustainability through *Investigating, Internalising, Integrating and Innovating*.
- B. Analysing business process improvement in relation to Capability and Understanding, Commitment and then Partnerships.

The major steps in integrating sustainable development into existing business models are further unpacked in the next sub-sections of this study with references from more recent studies to support Birkin's position of the sustainable business model.

2.11.1 Investigation

Birkin et al. (2009) indicated that it is important to ensure the integration of sustainable development into the business model for sustainability of the business. Investigation, being the first step in the sustainable business model involves gathering necessary information that will enhance sustainability of the business. Investigation is an adequate approach to support sensing capability that was mentioned above as one of the measures for strategic capabilities. The sensing capability as a strategic measure is useful at this stage to investigate the business environment and understand the capabilities of the organisation (Tallot & Hilliard, 2016). This is necessary for business process improvement.

To achieve this business process improvement, different sustainable business actions will be performed. Such actions includes conducting Strength, Weakness, Opportunity and Threat (SWOT) analysis, scenario analysis, impact assessment and risk analysis. Business owners or top management of organisations needs to make decisions on how to delegate responsibilities to achieve its organisational aim (Schoemaker & Krupp, 2015). Birkin et al. (2009) indicated in the model that commitment to organisational goals will be required as a process of improvement for sustainability. This can be achieved through having statement of its commitment and intentions (i.e. mission, vision and goals) integrated with the necessary valuable market information. The awareness of any changes that may/will occur in the business environment will be emphasized during investigation and acted upon adequately (Ana, Yanes-Estevez, Juan, & Enrique, 2014). Conducting internal and external stakeholder analysis, engaging in structured dialogues and having understanding of competence needs will highlight views of partners and stakeholders (Birkin, et al., 2009). Efforts can then be directed towards these views to ensure a sustainable outcome for the business.

2.11.2 Internalising

The next stage in the model/framework involves adopting clear details obtained from the analysis of the investigation stage into the business model (Birkin et al., 2009). Internalising is the process involved in absorbing external knowledge and transforming into usable knowledge by the organisation. According to the sustainable business model, this knowledge improves business strategies and can be acquired through organisational learning process. For the sustainability of businesses, organisations will be open to effective change decisions and create learning networks across diverse business (McCann & Selsky, 2012). This will include detailed understanding of important impacts throughout supply chain, ensuring sustainability as part of standard leadership curriculum for the business and establishing learning network across different businesses (Zapata-Cantu, Delgado, & Gonzalez, 2016). This step will require commitment of organisation to adopt clear sustainable codes of conducts, targets, objectives, identification of gaps and necessary actions (Birkin et al., 2009). This will be based on the understanding of how sustainable development interrelates with the organisation's business models. At this stage also, seizing capability as a measure for sustainability will also be required. The sustainable business model indicated that it will be necessary to ensure that there is commitment to a communication plan of who, what, how and when the necessary actions for sustainability will be carried out. The commitment to internalize or adopt the identified impact, accommodate change and values indicator is essential for any organisation. Essentially, internalising a set of defined partnership with sustainability-oriented organisations and pilot projects that encourages sustainability will be needed (Birkin et al., 2009).

2.11.3 Integrating

The process of improvement at the integration stage requires the exploration of the capability and understanding of new ways of meeting customer/market needs (Birkin et al., 2009). Thereafter, values from learning networks into continuous improvement are extracted. The values extracted from learning networks are integrated into the business model while active development of sustainable leadership traits for key staff is encouraged to ensure continuous improvement and sustainability (Parnell, Long, & Lester, 2015). Market demands are met and value is created at a higher rate when organisations are able to transform perceived learning outcome from learning networks to action (Chew, Yan, & Chea, 2015). It will also ensure sustainable competitive advantage. The organisation at this stage should be committed to ensuring a fit in its business approach with its impact and value indicator throughout decision-making process. The sustainable business model indicates that information on how to acquire/coordinate organisational resources and capabilities to meet market demands for sustenance of business will be required in this stage.

Strategic objectives should encourage research and development as a form of commitment to sustainability. Ensuring that its partnership portfolio management system at corporate level monitors project goals is essential (Birkin et al., 2009). In addition, making sure that trust and mutual usefulness of partnerships are measured to ensure sustainability.

2.11.4 Innovation

The last stage for business process improvement in the sustainable business model is the innovation stage. The capability to change process, implement new ideas or improve existing services in order to create value for an organisation and its stakeholders is called innovation (Weerawardena & Mavondo, 2011). This stage requires the ability to provide necessary capabilities that will encourage innovation. Knowledge acquired from external sources and development of internal knowledge when combined will enable improvements in innovative capability for its sustainability (McCarthy & Gottschalk, 2014). Innovation will be ensured through commitment of organisation to addressing sustainability indicators as part of the organisational goal hierarchy. Commitment to credibly integrating sustainability into its corporate brands and reputation is important for the image of the organisation (Birkin et al., 2009). This will serve as a strategic capability for the organisation and competitive advantage over its rivals. Innovative capability will also include encouraging partnership innovation with key partners through engaging job exchange programs with key partners (Inan & Bititci, 2015).

2.12 Conclusion

This chapter covered the definitions of SMMEs both in the local and global context, the evolution, categories and importance of SMMEs were also covered. The concept of strategic capabilities, sustainability and barriers to SMME sustainability were established. The chapter further presented the contextual literature that is relevant to the study. The focus was on the relevance of a business model, sustainable business actions for SMMEs and drivers of business success as primary case for sustainability of SMMEs. The chapter also presented the theory adopted for the study to unpack the concept of sustainability through taking necessary business actions and analysing various process improvements. The next chapter presents the research methodology.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter presented literature reviews on SMMEs, business model, strategic capabilities and the drivers of business success in relation to the sustainability of SMMEs. In this chapter, the framework of the research methodology used in accomplishing the objectives of the study is illustrated and discussed. This begins with the explanation of the research design selected and discussion of the relevance of the quantitative nature of the study. The chapter further unpacks the study site, target population, data collection process, interpretation and analysis of findings procedure. Other concepts discussed include data quality control, research principles and philosophies.

The workflow of the study is depicted in Figure 3.1 below and the description of each process is as follows:

- The process started with the concept of the research, creating a preliminary research design and putting together the literature review. This was followed by the development and defence of the research proposal. Ethical clearance was thereafter acquired.
- At this stage, a more comprehensive primary literature review was conducted for the study. This primary literature review was broader and an expansion of the preliminary literature review. It contained a detailed background of SMMEs, the concept of strategic capability and sustainability relative to SMMEs.
- The systematic review of literature aided in providing significant literatures for the conceptual framework of the research. A better understanding and presentation of empirical evidence was also achieved. The theoretical framework aided and highlighted the essence of integrating sustainability into a business model.
- A structured questionnaire was used to conduct a survey and data analysis was done on the research findings. The research findings was then used to realise the research objectives.
- At this stage of the process, a comparative and statistical analysis of the research findings was conducted. This analytical process then aided in the designing of a proposed recommendation for SMMEs. The research results were presented through the aid of reliability and statistical analysis.

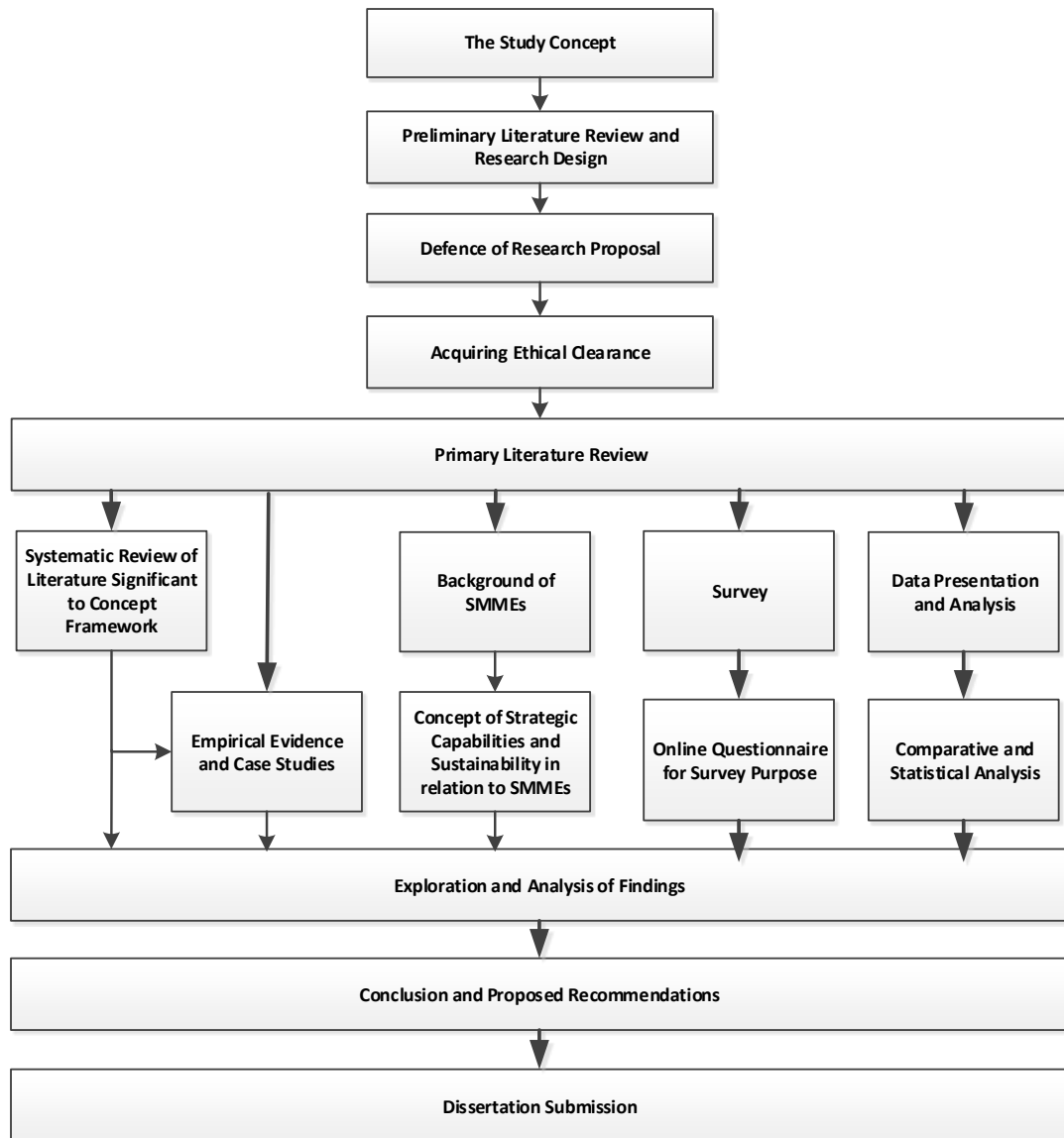


Figure 3 The Study's Workflow

Source: Own compilation

3.2 Administrative Procedure

This section of the study presents the administrative protocol that was a prerequisite for the study. The College of Law and Management Studies at the University of KwaZulu-Natal requires two major activities to precede execution of a research. The first major step is to defend the proposal by sending it for examination and feedback. The second step is to obtain an ethical clearance certificate with regards to the study. A successful proposal feedback was received on the 7th of

August 2017, while approval letter and ethical clearance certificate was received on the 23rd of January 2018. The procedure for ethical clearance is presented in the next section.

3.3 Ethical Clearance

This is a procedure that in which institutions and organisations ensures that applicants adheres to and understands all ethical principles related to conducting a research. In order to be ethical for this study, a proposal approval was obtained and all necessary protocols were observed. After the proposal approval, the researcher made an appointment to engage with a representative of ROCCI in order to explain the purpose and potential benefits of the study for permission. Proper permission was obtained from institutions/individuals where/whom questionnaires was circulated. The ROCCI administration was very co-operative as they were interested in improving the SMME sector and this study was a great platform and opportunity to achieve this. An official request for permission was submitted to ROCCI for approval and the permission (gate keeper's letter) was granted. Once permission was granted by ROCCI, the ethical clearance certificate was also granted by the University of KwaZulu-Natal. The questionnaires were disseminated online through google forms. The online questionnaire included an Informed Consent Letter (ICL) attached to it. The ICL confirmed that respondents understand the contents of the project and their confidentiality is protected. It also indicated that they are at liberty to withdraw from participating in the project at any time should they desire. An attachment of a copy of the informed consent letter and questionnaire is added to the Appendices.

3.4 Research Design

The research design and methodology of a study has a great influence on its ability to generalise findings and validity of the study. The research design for this study supports the researcher's overall plan in finding answers to the main research questions guiding the study. There are three major research design that can be adopted for research purposes. These major research design include but are not limited to:

- Exploratory research design;
- Descriptive research design; and
- Explanatory research design.

For the purpose of this study, the quantitative research methodology was complemented and supported through the implementation of a descriptive and exploratory research design. A

descriptive research approach is a research design which gathers information that is quantifiable. It is decisive in nature and statistical inferences and conclusions can be drawn through data analysis on the sample population (Coughlan, Cronin, & Ryan, 2007). In using the descriptive it is a study that helps to depict participants in a very accurate way (Saunders, Lewis, & Thornhill, 2016).

This study is exploratory in nature and furnishes insights into the design and development of strategic capabilities that can be implemented to enhance the sustainability of SMMEs in South Africa. The exploratory nature of the study has also created a platform to identify and analyse the various challenges SMMEs face in the quest for sustainability. According to Saunders et al. (2016), exploratory study is a valuable means of investigating what is happening in order to understand a problem. This can be achieved by seeking new insights, and asking questions to evaluate phenomena in a new light. While descriptive study on the other hand is to interpret and or portray an accurate profile of events, people or situation (Robson & McCartan, 2015). The survey strategy was used for the study as it is mostly used in management research and effective for exploratory research design. Creswell (2014) indicated that management and business research employs the survey strategy for research design. This strategy is exploratory in nature and it is useful in answering the ‘who, what, where, how much and how many questions in research. In addition, the descriptive and exploratory approach lays a lot of emphasis on the use of data to guide the type of techniques used for analysis. Hence, the researcher found these two research design to be the most appropriate for the study and justifies its need to supports the researcher’s overall plan in finding answers to the main research questions guiding the study.

3.4.1 Research Methodology

The type of research methodology adopted for a study has a huge influence on the method of data collection as well as skills, practices and implied assumptions. Creswell (2014) defines research methodology as procedures and plans for research that illustrates the decisions from assumptions to accurate methods of data collection and analysis.

Leedy and Ormrod (2011) stated that methodology is the theory of how research should be conducted. It also controls and direct how data are acquired and arranged as well as setup an approach for refining them. In addition, Saunders et al. (2016) mentioned that methodology should not be a justification for the choice of particular data collection technique rather; it should comprise the philosophical assumptions that the research is based on. Therefore, methodology aids a researcher to have great knowledge of scientific enquiry through the procedures that is carried out. The research philosophy adopted for this study is influenced by practical consideration concerning

the views of the relationships between knowledge to investigate and the procedure by which it is developed. Therefore, positivism research philosophy is the adopted research philosophy for this study. According to Saunders et al. (2016, p. 113) “a positivism philosophy is one that adopts philosophical stance of the natural scientist, it works with an observable social reality and that the end product of such research can be law-like generalisations similar to those produced by the physical and natural scientists”. The assumptions of positivism underpin the research strategy and methods adopted for this study. The next sub section presents the different types of methodology that can be adopted for research purposes.

3.4.1.1 Mixed Methods

Kothari (2004) mentioned two types of research methods used majorly for data collection as quantitative and qualitative methods. Saunders et al. (2016) argued that mixed methods, that is, quantitative and qualitative approaches are appropriate and possible to use within a study. In some instances, both the quantitative and qualitative approaches/methods may be needed to generate adequate insight into a complex social phenomenon (Saunders et al., 2016). Tashakkori and Teddlie (2010) mentioned that the concept of mixed methods is very broad due to its nature of combining both qualitative and quantitative data collection methods. This means that both the qualitative and quantitative methods can be used in a parallel manner or sequentially. However, during analysis, each method must be analysed individually.

3.4.1.2 Qualitative Method

According to Yin (2011), the qualitative research methodology creates the event to develop new concepts but then, it supports a constructive or interpretative paradigm. On the other hand, it can also be used to collect, integrate and present data from a variety of sources of evidence in any part of a given study. According to Saunders, et al. (2016), a qualitative data analysis will require a deductive and inductive approach. This approach will include simple categorisation of responses and identification of relationships between categories and/or themes.

3.4.1.3 Quantitative Method

The quantitative research methodology was adopted for the study because it is useful in summarising findings and also allows greater precisions in reporting results. Saunders et al., (2016) mentioned that a quantitative research methodology is interconnected with a positivistic paradigm. In addition, it has been observed as a philosophy that any quantifiable observation leading to statistical analysis is dependent on positivism. The empiricist view is that the root of knowledge

stems for the experience of human (Collins, 2010). Creswell (2014) added that a quantitative research methodology gives room for statistical analysis using computer software packages for data validation such as Statistical Package for the Social Sciences (SPSS 25) and Microsoft Office Excel. Quantitative research approach is also very effective in quantifying relationships between variables through statistical tools. The quantitative research method was used to acquire and arrange data for this study. It was also used to setup the study's approach to refine and synthesize collected data. The approach was carried out in a manner in which meaningful information was manifested leading to conclusions that will expatiate SMMEs' knowledge.

3.5 Geographic Area

The geographic area in which the research was conducted is the Roodepoort Area of Johannesburg, South Africa. The Roodepoort area is a section in the City of Johannesburg Metropolitan Municipality. The Municipality is located within Johannesburg in the Gauteng Region. Roodepoort is an area in which the population is expanding and has also recorded an increase in small businesses and industries. In general, the City of Johannesburg has been tagged as the most advanced commercial city and South African economy engine room. The choice of this geographic location is as a result of Roodepoort being ethnically diversified and a huge access to respondents within the region (Municipalities of South Africa, 2018). The study site and target population is further discussed below.

3.5.1 Study Site

The study site is the Roodepoort Chambers of Commerce and Industry (ROCCI). This site was chosen due to convenience of the researcher. The researcher is based in the Roodepoort Area of Johannesburg. This makes it easy to access events conducted by ROCCI in order to enlighten respondents on the potential benefits of the study. It also served as a platform to give guidance on the online questionnaire. The study sampled the entire population of SMMEs registered under the Roodepoort chambers of commerce and industry. ROCCI is a subsidiary of the Gauteng Chambers of Commerce and Industry. ROCCI having shifted its focus onto business development and specifically SMME growth was a great platform for this organisation. It created a room to gain information from respondents about situations of SMMEs, constraints, as well as interdependencies that is encountered. ROCCI comprises of about 35 different industry sectors of SMMEs and an estimate of 380 members altogether. The chamber also has a website in which it members network and provides support to its business region. ROCCI usually hosts networking, meet and greet events almost on a weekly basis. This helped to create a platform through which the online questionnaire

administered for the study was introduced to ROCCI members and explanation on it was effectively disseminated. This was done in order to create awareness about the research and also to inform those who were not aware of the questionnaire link sent out through email.

3.5.2 Target Population

This study explored registered companies that fall into the category of SMME group in the Roodepoort Chambers of Commerce and Industry. As at January 2018, there were, 380 active members under the Roodepoort Chambers of Commerce and Industry. The whole population was sampled as participants for this study. The sample for the study comprised of SMMEs of different industry sectors in the Roodepoort area. The study's target population was focused on SMMEs of all industry sectors that have been in existence for less than a year and/or up to nine years and above. The target of the study also concentrated on business that are in different phases which ranges from start-up, growth, established, expansion, mature and exit/close down phase. These different factors were considered for the study in order to gain insights into SMMEs' awareness/adoption of various business strategies and challenges encountered in the quest for sustainability. According to Struwig and Stead (2004), it is essential when conducting quantitative research to have a large sample in order to ensure a statistically sound result. In accordance with this, the online questionnaire was open to as much respondents as possible. The link to questionnaire was closed off for analysis once there was no more response for about one week. However, 195 respondents participated in the survey, this is about 51% of the target population.

3.6 Sampling Techniques

A simple random sampling technique was used for this study. According to Creswell (2014), simple random sampling is a sampling method that is most appropriate when participants are selected in a population in which each member of the population has an equal probability of being selected. The simple random sampling technique was used to condense the number of data collected and realise the research objectives to answer research questions.

3.6.1 Representative Sample Size

This study draws insights from Leedy and Ormrod (2010) in order to derive a sufficient sample size from the population for the study. According to Leedy and Ormrod (2010), if the symbol N denotes the population size, for smaller populations where $N = 100$, the researcher must survey the entire population. If the population size $N = 500$, the researcher must sample 50% of the population and for populations around 1,500, the researcher must sample 20% of the population. In this study,

the entire population was sampled and 195 responded. This means that 51% response rate was obtained. The response rate is valid for analysis according to the insights drawn from Leedy and Ormrod (2010).

3.7 Data Collection Methods

This study relied on both primary and secondary sources of data. The two forms of data were combined to evaluate the various business actions/strategies necessary for sustainability. It also assisted in analysing challenges that hinders sustainability of SMMEs. The primary data for this study was collected through quantitative research methodology using a survey. This was achieved by engaging with business owners within SMME sector of the Roodepoort Area. However, well-structured two part online questionnaire was designed to answer the main research questions. Survey was conducted using this questionnaire that was structured in sections. The questionnaire contained an informed consent for respondents to read, it was well-structured and self-administered through emails. This was achieved by sending the link of the questionnaire to the email addresses of registered members of SMMEs at ROCCI.

ROCCI also placed the link to the questionnaire on their official website as a reminder to its members to be part of this survey. In accordance with this, the researcher attended various events hosted by ROCCI in order to personally interact with members so as to explain, bring clarity and answer questions with regards to the survey. With regards to the questionnaire, the first part of the questionnaire contained closed-ended questions while the second part consisted of open-ended questions. The close-ended part had questions with options ranging from strongly disagree to strongly agree. The open-ended questions were required in order to gain in-depth understanding of respondents' views. The respondents had to answer in their own written words by giving their honest opinions with the possibility of not being bias. The questions were self-explanatory and very easy to understand. The next sections further breaks down the data collection methods adopted for the study.

3.7.1 Primary Data

The source of primary data for this study is through questionnaire that was purposely designed for this study. The questionnaire was designed in sub-sections as follows:

3.7.1.1 Questionnaire Design

The questionnaire is a formal standardised research instrument which was distributed on line in order to reach all registered SMMEs at ROCCI. The questionnaire was arranged in two parts i.e. Parts A and B. In order to ensure quantitative response, the part A was created to have different sections with Likert scale options of five point range. Part B on the other hand contained four open-ended questions to gain in-depth understanding into the problems being researched. The questionnaire was arranged in the following format.

PART A

Section A - The background information

The questions focused on the demographic information of the respondents such as gender, age, types of industry, years of business existence, development stage and number of employees within the company.

Section B - The strategic capabilities necessary for SMME sustainability

This part focused on the strategic plans of SMMEs. The following section asked the respondents to indicate their level of awareness and rate their adoption of strategic actions necessary for business sustainability.

Section C - The challenges faced in the application of strategic actions for business sustainability

This section focused on the identification of challenges that SMMEs face in applying the necessary strategies for the sustainability of their businesses.

Section D - Perceived Impact of strategic actions for business sustainability

The aim of this section is for the SMMEs to indicate the level of agreement that the adoption of strategic actions will lead to the sustainability of a business.

PART B (Open-ended Questions)

The questions in this section are open-ended questions intended to gain deeper understanding of the sustainability issues of SMMEs. This section also aimed at backing up responses obtained on the closed-ended questions. In this section, respondents are allowed to be more critical in their views and expatiate on their perceptions based on their personal experiences.

3.7.2 Secondary Data

The secondary source of data that was consulted includes relevant books, journals, print media (magazines and newspapers). The internet also served as a valuable source of information. These sources were systematically consulted, studied and referenced. The internet provided a huge amount of data and valuable sources of information that was relevant to this study. Using the combination of the primary and secondary sources of data was very essential in creating a useful outcome for this study.

3.8 Data Analysis Procedure

The collected questionnaire contained closed-ended and open-ended questions. The closed-ended questions was measured using five-point Likert scale that ranged from '*strongly disagree*' to '*strongly agree*' while the four open-ended questions was used to gain more insights into the understanding and opinions of SMMEs. In order to develop similarities, differences and statistical results, the closed-ended questions was analysed using the combination of Statistical Package for the Social Science (SPSS), Microsoft Excel and Microsoft Visio, while NVIVO 11 was used to analyse the open-ended section of the survey. A thematic analysis was done on the open-ended part in order to support the findings of the closed-ended questions. The closed-ended questions was analysed in a descriptive research approach while the open-ended questions was analysed using the exploratory research approach. The structured questionnaire was linked to the theoretical framework underpinning the study. Descriptive and inferential statistics was used in order to ascertain data integrity and validity. The analysis of findings was then used to draw sound conclusions and offer appropriate recommendations.

3.9 Linking Model to Questionnaire

The quantitative approach to this study was aimed at producing information about vital issues in the SMME industry in South Africa. This vital issue is subjected to the awareness and adoption of essential capabilities that leads to the sustainability of SMMEs. The challenges that SMMEs face in sustaining their businesses were also uncovered. In line with the theoretical framework chosen for this study, the questionnaire breaks down the various actions for business sustainability. The actions were stated earlier in previous chapters as *Investigating*, *Internalising*, *Integrating* and *Innovating*. These sustainable actions were further broken down in the questionnaire and measured. This was measured using the various business actions/strategies as listed in the questionnaire. The listed sustainable business actions can also be referred to as the strategic capabilities that a business

should possess in order to be sustainable. The questionnaire measured SMMEs' awareness, adoption, challenges and perceived impact of strategic capabilities for their sustainability.

3.10 Data Quality Control

Reliability and validity test was conducted to validate the integrity of collected data before presenting the findings of the study. Descriptive and inferential statistics was used in order to ascertain data integrity and validity.

3.10.1 Descriptive Statistics

The descriptive statistics technique is a technique used in research to describe variables. Saunders et al. (2016) stated that this technique usually accompanies an Exploratory Data Analysis (EDA) approach. This approach emphasizes the use of diagrams for the description and better understanding of data. In addition, Saunders et al. (2016), stated that a simple approach of summarising data for individual variables and specific values is to use frequency distribution tables. A frequency distribution was used for the analysis of this study and illustrated in form of graphs and tables.

3.10.2 Inferential Statistics

An inferential statistics is one in which inferences are drawn using data obtained from the population. For the purpose of this study, various tests and analysis were conducted. In order to establish the relationship among the research variables, a correlation analysis was performed on the variables. Other test conducted to establish relationships between the variables and non-variables includes; Parametric and Non-Parametric tests, Analysis of variances, Chi-Square, Regressions and F-tests.

3.11 Conclusion

This chapter has explained all important issues with regards to research methods and design used in obtaining findings for the study. It has justified the reasons for choosing the type of research methodology, design and approach adopted to achieve the aims and objectives of this study. The next chapter will present the research findings.

CHAPTER FOUR

PRESENTATION AND EVALUATION OF RESEARCH FINDINGS

4.1 Introduction

The previous chapter presented the research methodology, design and data collection procedures in such a way that focused on the survey questionnaire through which the study's primary data were generated. The research target population, study site, sampling techniques as well as data analysis and statistical concepts adopted for this study were presented in the previous chapter. This chapter presents the research findings. As a prologue to the discussion of the research findings, background information of SMMEs in Roodepoort area is presented. This chapter also identifies the industry in which each SMME belongs to. Other aspects presented in this chapter include the accessible strategic capabilities within SMMEs, SMMEs' knowledge of business actions/strategies and adopted strategies. In what follows, the study describes the challenges SMMEs are faced with, in the application of business strategies as well as the perceived impact of strategic capabilities and the integration strategy for sustainability.

4.2 Background Information

The background information of SMMEs that participated in this study is presented in this section.

4.2.1 Background Information of SMME Owners

According to the findings of the study, a total of 195 SMMEs participated in the study. Background information of SMME owners is presented in respect of gender, age, ethnic group (race) and qualifications.

Gender

Figure 4.1 below shows there are more female participants than their male counterparts. Male participants constituted 38.46% and female participants constituted 61.54%. The implication of this findings is that there are more female SMME owners registered with ROCCI than their male counterpart.

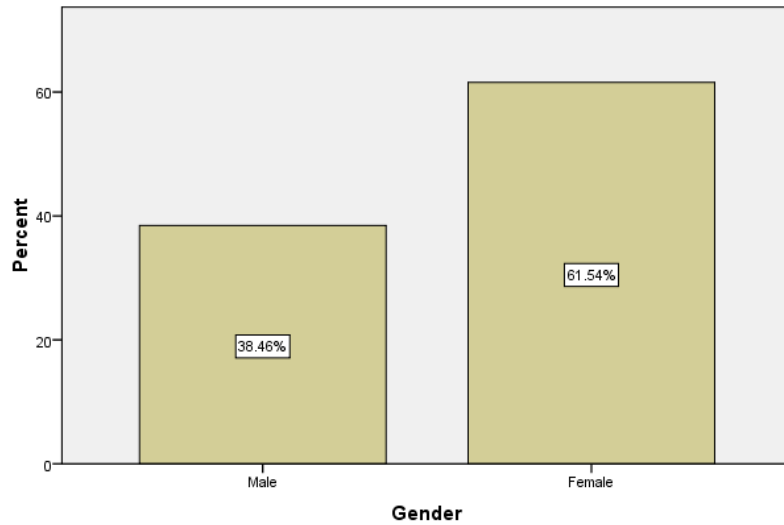


Figure 4.1 Gender Distributions of SMME Owners

Age

As described in Figure 4.2 below, a sizable number – 42.56% of participants were within the age bracket of 31-40 years, followed by participants within the age bracket 41-50 years at 34.36%. Participants within the age bracket 51-60 years constituted 14.36% and those with age bracket 23-30 years were at 8.21%. Lastly, fractions of 0.51% were above 60 years of age. The study’s findings shows that the majority of SMME owners that participated in the study were within the age bracket 31-40 years of age.

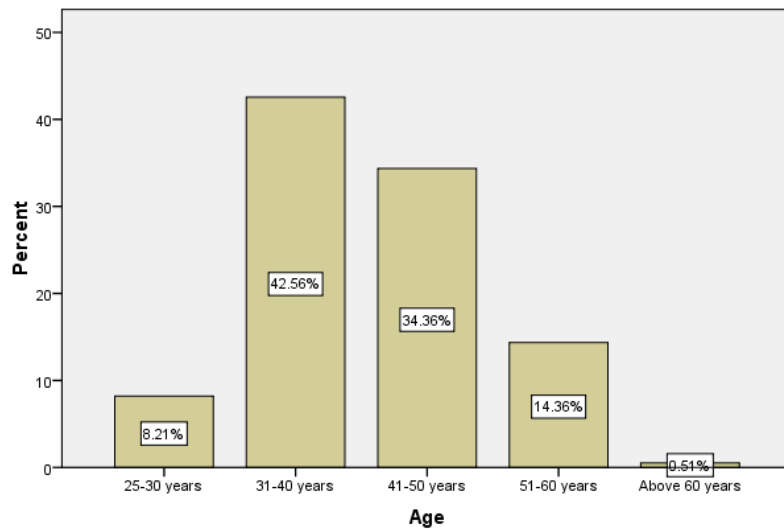


Figure 4.2 Age Distributions of SMME Owners

Ethnic Group (Race)

Figure 4.3 below shows that 61.03% of SMME owners in the Roodepoort area were Whites and 32.3% were Blacks. Coloureds and Indians were 3.59% and 2.05% respectively while only 1.03% indicated other (Asia). The implication of this result shows that majority of the business owners registered at ROCCI were of the White race followed by the Black race. The remaining ethnic groups were of little fraction of the total percentage of SMMEs registered at ROCCI.

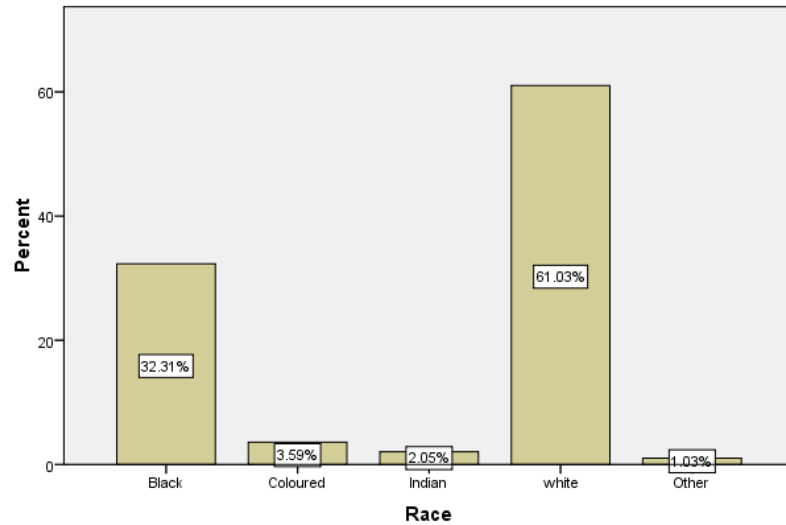


Figure 4.3 Race Distributions of SMME Owners

Qualification

As can be seen in Table 4.4 below, participants with Certificates and Diploma qualifications shared a close number at 27.69% and 27.18% respectively. This is followed by participants with 3-year University Degrees at 16.41%. 10.77% of participants have Honours Degree and those with Masters Degrees at 10.77%. Fractions of 5.64% and 1.54% are Grade 12 and below Grade 12 respectively. From the findings, it can be depicted majority of the business owners registered at ROCCI are with certificate and diploma qualification. In general, over 90% of the SMMEs that participated in the study have a formal education, ranging from a Certificate to a Master's Degree.

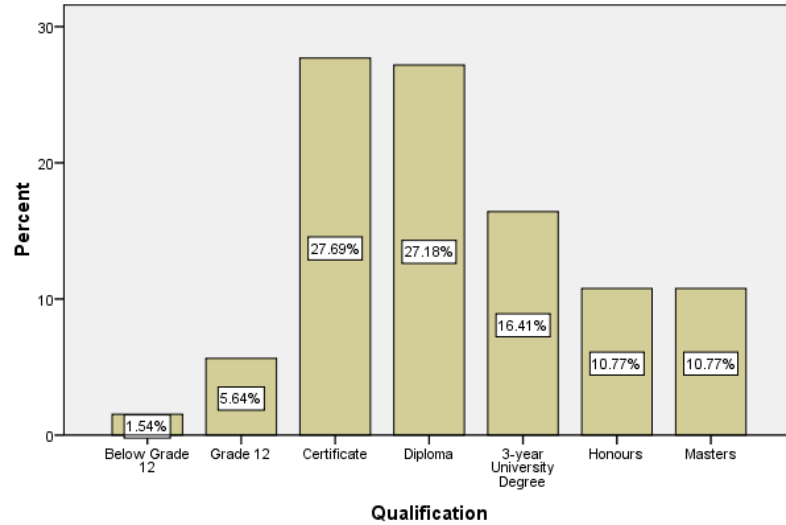


Figure 4.4 Qualification Distributions of SMME Owners

4.2.2 Background Information of SMMEs

This section presents the background information of SMMEs with regards to primary business industry, years of existence, business development stage and number of employees.

Business Industry

As depicted in Figure 4.5 below, 26.64% of SMMEs were in the Consumer Products business industry and 10.26% were in the Public Services. SMMEs in the Financial & Business Services constituted 8.72% while those in the Industrial services were at 8.21%. SMMEs in Healthcare industry constituted 6.15%. This is then followed by SMMEs that provide Research services at 5.64%. SMMEs in the Accommodation and Technology & Software had the same percentage components of 5.13%. Another 3.59% of the SMMEs were in the Hospitality & Leisure industry while SMMEs in energy and Transportation shared the same percentage component at 2.56%. The same goes with SMMEs in the Education, Media and Telecoms & Cables sharing the same percentage components of 2.05% each. SMMEs in the Communications industry constituted a fraction of 1.54% and 8.72% of SMMEs that participated in the study indicated Other Industry. The other industry as indicated by SMMEs from the research findings include but are not limited to Fashion design, Vehicle security, Information security, Digital consumer products and Beauty & Salon services.

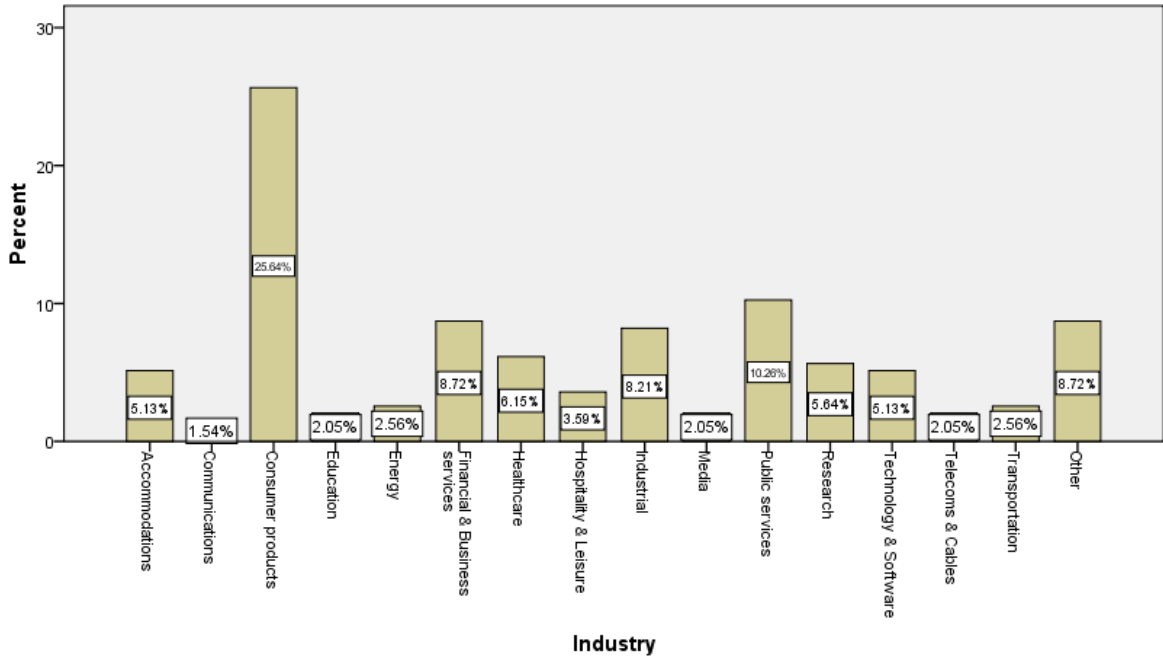


Figure 4.5 SMMEs' Primary Business Industry

Year of Existence

In Figure 4.6 below, 29.74% of SMMEs indicated that they have been in existence for more than 9 years while 26.15% indicated that they have been in existence for 3 years but less than 5 years. This is then followed by 16.41% of SMMEs that have been in existence for 1 year but less than 3 years. 11.79% of SMMEs indicated they have operating for 7 years but less than 9 years and 10.77% for 5 years but less than 7 years. Only 5.13% have been in existence for less than 1 year. The result shows that the majority of SMMEs that participated in the study have been operating for more than 9 years. This result validates the trustworthiness of the research findings, as the majority of the SMMEs that participated in the study were identified to be having many years of business experience.

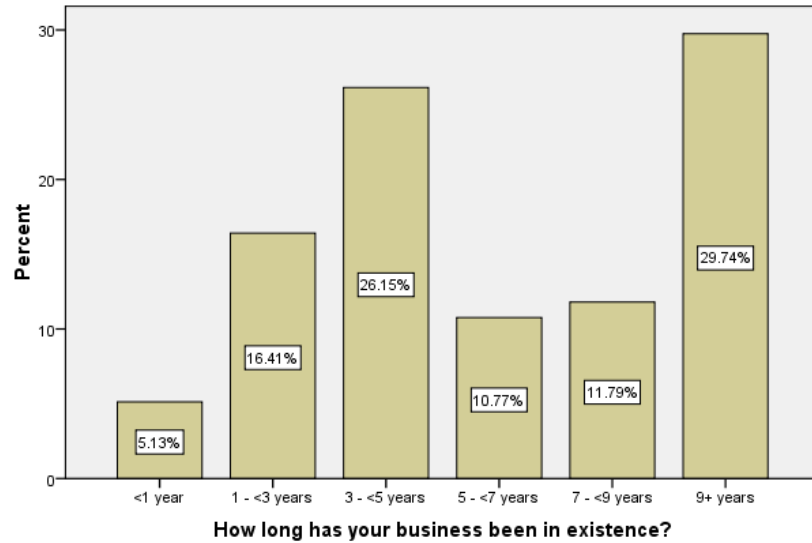


Figure 4.6 SMMEs' Years of Existence

Business Development Stage

SMMEs were asked to indicate the stage of business development their business was at the time of this study. 37.44% were in growth stage, 26.15% were in established stage and 13.33% were mature. 12.82% indicated Start-up and 10.26% were in their expansion stage. This is an indication that majority of SMMEs in the Roodepoort area that participated in this study were in the growth and established business development stages. According to Kuratko and Hodgetts (2008), SMMEs goes through certain difficulties at their start-up stage. These difficulties may include but are not limited to inadequate acquisition of resources, market positioning and insufficient business skills. On the other hand, Hang and Wang (2012) indicated that SMMEs in their growth and established stages tend to possess higher market share, business viability and sufficient business skills. Therefore, it can deduced from the findings of this study that majority of the participants possess a certain degree of market share, are viable and have sufficient business skills to provide reliable information valuable for this study.

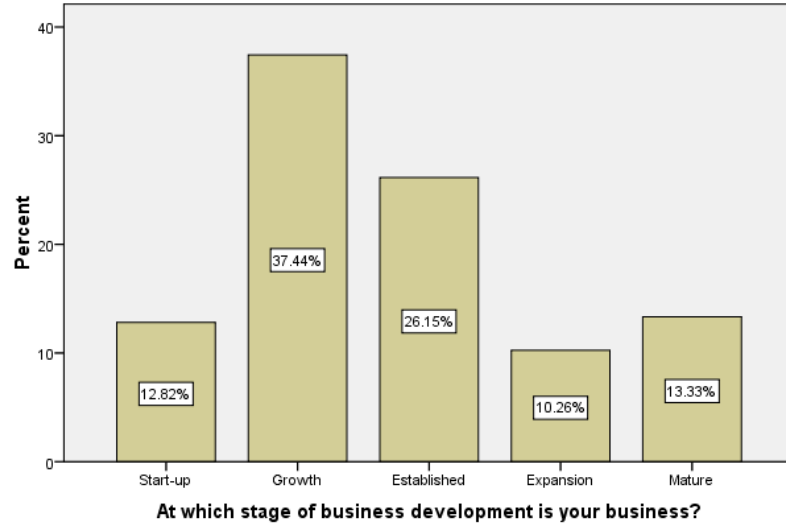


Figure 4.7 SMMEs Business Development Stage

Number of Employees

Figure 4.8 shows that 52.82% of the SMMEs that participated in the study had between 1 – 5 employees and 27.18% had between 6 – 10 employees. This is followed by 16.41% of SMMEs with 11 – 100 employees and lastly, only 3.59% of the SMMEs indicated they had between 101 – 200 employees.

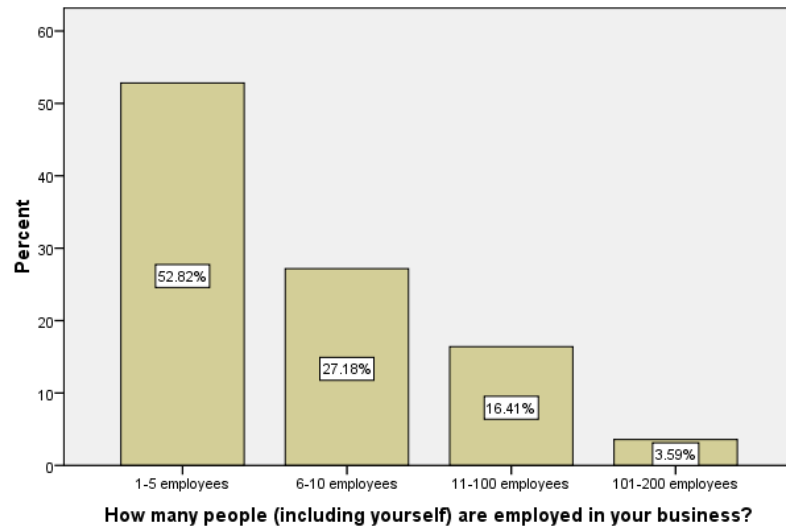


Figure 4.8 Numbers of Employees

4.3 SMMEs' Strategic Plan

To help determine the kind of strategic plan(s) SMMEs have for their business, they were asked to identify from the question, what sort of strategy or strategic plan their business have with possible answer being *we do not have a strategy, short-term, medium-term and long-term*. From the table below, it is evident that comparatively a lower number of SMMEs (15.46%) indicated they do not have a strategy or strategic plan for their business. 84.54% specified they have some sort of strategy or strategic plan for their business. This confirms the high rating of business development stage (i.e. growth and established) in Figure 4.7. Table 4.1 below indicates Yes or No responses to some of the strategic plans SMMEs have in place for their business.

Table 4.1 SMMEs' Strategic Plans

Strategic Plan	Participant's answers (%)	
	Yes	No
We do not have a strategy	15.46%	84.54%
Short-term	30.93%	69.07%
Medium-term	45.88%	54.12%
Long-term	54.64%	45.36%

4.4 Analysis of Research Questions

The aim of this study was to examine the influence of strategic capabilities on the sustainability of SMMEs in the Roodepoort Area of Johannesburg South Africa. To achieve this aim, the following research objectives were formulated in order:

1. To identify the various strategic capabilities available within the SMME industry in Roodepoort Area of Johannesburg South Africa.
2. To investigate the challenges of SMMEs in application of essential strategic capabilities for business sustainability.
3. To examine the impact of strategic capabilities on sustainability of the SMMEs in Roodepoort Area of Johannesburg South Africa.

4. To determine how the SMMEs in Roodepoort Area of Johannesburg South Africa integrate the identified key strategic capabilities for the sustainability of their businesses.

However, the analysis of the four main research questions formulated to achieve the objectives of this study are presented sequentially in the following sub-sections. It is imperative to present these analysis in line with the research objectives. The analysis below further aimed at providing solutions to address the study's problem statement as well as achieving the study's main objectives.

4.4.1 Objective One: Strategic Capabilities available within the SMME Industry

In order to meet the first research objective, Questions 10 and 11 were created in order to identify the various strategic capabilities within the SMMEs industry in the Roodepoort area of Johannesburg. Q10 required SMMEs to indicate their knowledge/awareness of 12 (twelve) identified business actions/strategies. These business actions/strategies included Risk management; SWOT analysis, Financial analysis, Target market; Business goals and objectives; Organisational change; Partnership and collaboration; Change adoption to meet customer's demand; Intervention programmes; Skills development; Profit creativity; and Products/Services adjustment to meet customer demand and market need. While Q11 required SMMEs to indicate their level of agreement that they have adopted the business actions/strategies in their businesses. The analysis of findings are presented below.

4.4.1.1 Q10 - SMMEs' Knowledge/Awareness of Strategic Capabilities

To probe the formation of the opinions about strategic capabilities, the researcher required SMMEs to indicate their knowledge and/or awareness of the identified business actions/strategies in order to determine the sustainability of their businesses. This question was intended to offer some insight on SMMEs' knowledge on how to integrate the strategic capabilities into their businesses. The responses of participants are presented in Table 4.2 which shows that a significant number SMMEs have heard of and are aware of the listed business strategies while a comparative low number of SMMEs indicated they have never heard of the business strategies. Apart from the intervention programmes and partnership and collaboration which has low ratings in terms of integrate or how to do it, majority of the participants indicated they know a little, quite a bit and a lot about how to implement these business strategies into their businesses. This is an indication that SMMEs perceive these business strategies to be critical for the sustainability of their businesses and their potentials to alleviate some of the challenges SMMEs are faced with.

Table 4.2 Q10 - SMMEs' Knowledge/Awareness of Business Actions/Strategies

Business Actions/Strategies	Never heard of it	Heard of but know nothing about how to do it	Heard of and know a little about how to do it	Heard of and know quite a bit about how to do it	Heard of and know a lot about it
Risk analysis	6.15%	18.46%	27.18%	34.36%	13.85%
SWOT analysis	4.62%	14.36%	24.10%	23.59%	33.33%
Financial analysis	4.62%	20.00%	23.08%	27.18%	25.13%
Target market	1.03%	8.21%	21.54%	40.51%	28.72%
Business goals & objectives	6.67%	19.49%	28.72%	29.74%	15.38%
Organisational change	8.72%	20.51%	29.74%	23.59%	17.44%
Partnerships & collaborations	5.64%	25.13%	31.79%	18.46%	19.97%
Adopting changes to meet customer demands	2.56%	20.51%	24.62%	23.08%	29.23%
Intervention programmes	30.26%	37.95%	11.79%	11.28%	8.72%
Skills development	6.15%	21.54%	22.05%	34.36%	15.90%
Creativity of profit	1.54%	12.31%	27.69%	34.87%	23.59%
Adjusting products/services	2.05%	12.31%	29.74%	33.85%	22.05%

It was necessary to conduct statistical significance test on the above results. As a result, F-Test (ANOVA and Correlation) was conducted on SMMEs' knowledge/awareness of business strategies and how to integrate the strategies in order to sustain their businesses. The corresponding results are presented in Table 4.3 and 4.4 below. As can be seen in Table 4.2 above, there are 12 strategic capabilities/business strategies which are referred to as variables. These variables are tested and are shown in the tables below to be statistically significant to test the knowledge/awareness of SMMEs vis-à-vis the integration of the business strategies for the sustainability of their businesses.

A two-way mixed effect model was used to test ANOVA and intra-class correlation coefficient on SMMEs' Knowledge/Awareness of Business Actions/Strategies, with confidence interval set at 95%. The result shows that the 12 variables (strategic capabilities) are statistically significant where the p value is less than or equal to 0.05. Therefore:

H_0 : The variables are not significant; and

H_1 : The variables are significant

As depicted in the tables below, there is difference in means across the Strategic Capabilities (12 variables). The associated p value is .000, where the value of p when ≤ 0.05 (less than or equal to 0.05) is an indication that the hypothesis is statistically significant.

So H_0 was rejected because the value of p is less than 0.05, which is a strong evidence to reject the null hypothesis of no difference in means across the group of variables. Therefore, the variables are statistically significant to test the knowledge/awareness of SMMEs vis-à-vis the integration of the business strategies for the sustainability of their businesses.

Table 4.3 ANOVA Test on SMMEs' Knowledge/Awareness of Business Actions/Strategies

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig
Between People	1844.393	194	9.507		
Within People					
Between Items	341.430	11	31.039	56.039	.000
Residual	1181.986	2134	.554		
Total	1523.417	2145	.710		
Total	3367.810	2339	1.440		

Grand Mean = 3.37

Table 4.4 Intra-class Correlation Coefficient on SMMEs' Knowledge/Awareness of Business Actions/Strategies

Intra-class Correlation Coefficient							
	Intra-class Correlation ^a	95% Confidence Interval		F Test with True Value 0			
		Lower Bound	Upper Bound	Value	df1	df2	Sig
Single Measures	.574 ^b	.521	.629	17.165	194	2134	.000
Average Measures	.942 ^c	.929	.953	17.165	194	2134	.000

Two-way mixed effects model where people effects are random and measures effects are fixed.

a. Type C intra-class correlation coefficients using a consistency definition-the between-measure variance is excluded from the denominator variance.

b. The estimator is the same, whether the interaction effect is present or not.

c. This estimate is computed assuming the interaction effect is absent, because it is not estimable otherwise.

4.4.1.2 Q11 - SMMEs' Adoption of Strategic Capabilities

This Q11 was a follow-up question to achieve the first research objective in order to identify the various strategic capabilities available within SMMEs in the Roodepoort area of Johannesburg. Participants were required to agree to the level at which they have adopted the business actions/strategies in their businesses. Similar to table 4.2 above where SMMEs indicated they have not heard and know nothing about how to integrate intervention programmes in their businesses, the same can be seen in Table 4.5 below where a sizable number of participants strongly disagree and disagree to have taking part in government intervention programmes in the adoption business actions/strategies. This indicates that many SMMEs in the Roodepoort area of Johannesburg have neither integrated intervention programmes into their businesses nor have taking part in government intervention programmes for the sustainability of their SMMEs. However, a sizable number of participating SMMEs indicated by agreeing and strongly agreeing that they have adopted the various business actions/strategies for the sustainability of their businesses.

Table 4.5 Q11 - SMMEs' Adoption of Business Actions/Strategies

Business Actions/Strategies	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Identified possible risk associated with running the business	8.21%	21.54%	0.51%	51.28%	18.46%
Identified strengths, weaknesses, opportunities & threats	8.72%	19.46%	0.15%	49.23%	22.05%
Have a knowledge of financial situation in terms of assets, liabilities, profits and loss	3.08%	7.18%	0%	55.38%	34.36%
Identified specific customers to sell good/services to	2.56%	9.74%	0%	49.74%	37.95%
Laid out goals that the business wants to achieve at certain period e.g. profit target, business growth target	8.21%	27.69%	0.51%	41.03%	22.56%
Made changes to business due to changes to economic conditions, competitive environment & product demand	7.18%	26.67%	2.05%	43.59%	20.51%
Worked together with other organisations to share finance, knowledge & people to achieve common goals	17.95%	33.33%	2.05%	27.18%	19.49%
Adopted changes to meet customer demands e.g. price change and product/service change	6.15%	19.49%	2.05%	48.72%	23.59%
Took part in government intervention programmes for SMMEs	46.15%	32.31%	0.51%	15.90%	5.13%
Have trained employees in order to improve their skills	8.72%	23.08%	2.05%	46.67%	19.49%
Have been creative in ideas of making profit	3.08%	13.85%	1.03%	53.33%	28.72%
Adjusted products/services to fit any change/trends within market	4.62%	8.21%	0.51%	54.36%	32.31%

To further probe the results presented in Table 4.5 above, a reliability test was conducted on the 12 business actions/strategies identified as variables. These 12 variables were used to determine the level at which SMMEs in the Roodepoort area of Johannesburg have adopted the various strategic capabilities within their businesses. The listed variables and statistics are based on all cases within the valid data provided for each variable in the procedure. Key identifier such as Q11.1, Q11.2, to Q11.12 was used in the reliability statement below. The result of the executed reliability test included Alpha model to execute Cronbach's Alpha Analysis on all 12 variables, ANOVA with F-

Test, as well as Intra-class Correlation Coefficient (ICC). Confidence interval is set at 95% with mixed type of consistency as depicted in the statistical statement below.

```
RELIABILITY
/VARIABLES=Q11.1 Q11.2 Q11.3 Q11.4 Q11.5 Q11.6 Q11.7 Q11.8 Q11.9 Q11.10
Q11.11 Q11.12
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=CORR ANOVA
/SUMMARY=TOTAL
/ICC=MODEL(MIXED) TYPE(CONSISTENCY) CIN=95 TESTVAL=0.
```

It is also essential to unpack Alpha Analysis model and its concept before presenting the reliability test results. According to Tavakol and Dennick (2011), Alpha analysis was developed by Lee Cronbach in order to provide an accurate measure of internal consistency of scale. This can be interpreted in numbers ranging from 0 to 1. Internal consistency test is used to identify the extent to which all items/individual items in a scale measure the same construct and/or perception. Tavakol and Dennick indicated that a Cronbach's Alpha value near 0.7 to 0.95 is acceptable. Therefore, the resulting value of Cronbach's Alpha reliability test conducted on the adopted variables is rounded to 0.91 and it is presented in table 4.6 below.

$$0.91 \times 0.91 = 0.83;$$

$$1.00 - 0.83 = 0.17$$

As can be seen in the calculation above, Cronbach's Alpha value is 0.91 for the case processing summary of 195 SMMEs. If the least acceptable Cronbach's Alpha value is near to or equal to 0.7 but less than 0.95, the reliability of the variables measured on SMMEs' adopted business actions/strategies is said to be acceptable, internally consistent with no redundancy. The Cronbach's Alpha value 0.91 means there is only 0.17 error variance and/or random error in the test.

Table 4.6 Reliability Test on SMMEs' Adopted Business Actions/Strategies

Case Processing Summary			
		N	%
Cases	Valid	195	100.0
	Excluded ^a	0	.0
	Total	195	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.913	12

The F-Test conducted on SMMEs' adopted business actions/strategies are presented in Table 4.7 and 4.8 below. The F-Test was conducted in order to test the significance of the 12 adopted items that were thought to be contributing factors to the sustainability of SMMEs.

H_0 : The variances are not the same or equal;

H_1 : The variances are the same or equal.

The ANOVA test shows that there is difference in means across the adopted business strategies/actions. The associated p value is .000 where the p value is less than or equal to 0.05 ($p \leq 0.05$) is an indication that the hypothesis is statistically significant.

The reason is that H_0 is the research hypothesis (i.e. when H_0 is accepted, it implies that H_1 is rejected and when H_0 is rejected, automatically H_1 is accepted). In Analysis of Variance (which is a test for significant deference in means), a p value less than 0.05 means that there is a significant difference in means across the scale (which also means that we accept H_0 : The variances are not the same or equal). Therefore, when there is a significant difference in means across the scale; it implies that the variances are not the same or equal. Conversely, a p value greater than 0.05 means that there is no significant difference in mean (which also means that we reject H_0 : The variances

are not the same or equal). Because, no significant difference means that the variances are the same or equal.

Therefore, H_0 is accepted since the value of p is less than 0.05, a very strong evidence to reject the alternative hypothesis (H_1) of no significant difference in means across the scale (i.e. the variances are the same or equal) item. Therefore, the variances are significantly different and reliable. This means the variables are acceptable, internally consistent with no redundancy.

Table 4.7 ANOVA Test on SMMEs' Adopted Business Actions/Strategies

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig
Between People		1730.772	194	8.922	84.732	.000
Within	Between Items	719.827	11	65.439		
People	Residual	1648.090	2134	.772		
	Total	2367.917	2145	1.104		
Total		4098.688	2339	1.752		

Grand Mean = 3.51

Table 4.8 Intra-class Correlation Coefficient on SMMEs' Adopted Business Actions/Strategies

Intra-class Correlation Coefficient							
	Intra-class Correlation ^a	95% Confidence Interval		F Test with True Value 0			
		Lower Bound	Upper Bound	Value	df1	df2	Sig
Single Measures	.468 ^b	.414	.527	11.552	194	2134	.000
Average Measures	.913 ^c	.894	.930	11.552	194	2134	.000

Two-way mixed effects model where people effects are random and measures effects are fixed.

- Type C intra-class correlation coefficients using a consistency definition-the between-measure variance is excluded from the denominator variance.
- The estimator is the same, whether the interaction effect is present or not.
- This estimate is computed assuming the interaction effect is absent, because it is not estimable otherwise.

4.4.2 Objective Two: SMMEs' Challenges in the Application of Strategic Capabilities

This section presents the findings that addressed the second research objective that required the formulation of Q12. However, Q12 asked SMMEs to indicate the types of challenges they are faced with, in the application/integration of the essential business actions/strategies for the sustainability of their businesses. Based on the overall experiences and perceptions of SMMEs with regards to the challenges they are faced with in the application of business actions/strategies for the sustainability of their businesses, Table 4.9 below shows the results of the survey. As presented in the table below, SMMEs generally do not agree that lack of managerial skills, operations skills and business skills are challenges faced in the application of business strategies. However, a substantial number (above 50%) of SMMEs thought that poor access to finance and credit; insufficient business owner's equity; poor infrastructure; lack of access to market; lack of adequate research and development; lack of training and development programmes inadequate educated workforce; lack of innovative mind-set; and poor access to information technology were generally some of the challenges they are faced with in the application of essential business actions/strategies for the sustainability of their business.

Lastly, an overwhelming number (above 80%) of SMMEs indicated that Lack of government support and interventions; inconsistent labour law; high tax rate; lack of business network and partnership; high supply chain and transportation cost; highly competitive business environment; and high crime rates are the major challenges faced in the application of business actions/strategies for the sustainability of their businesses. The findings in Table 4.9 can be related to the results presented above in Tables 4.2 where SMMEs indicated that they have never heard of and know nothing or a little about how to integrate partnership and collaboration with other businesses as well as intervention programmes. The same can be said of the results presented in Table 4.5 where SMMEs (above 50%) strongly disagreed and disagreed to have worked together with other organisations to share finance, knowledge and people to achieve common goals as well as taking part in government interventions programmes.

Factor analysis would be conducted and presented in section 4.5.3 below to validate the significance of the 20 factors identified as challenges in the application of business actions/strategies for the sustainability of SMMEs in general.

Table 4.9 Q12 - SMMEs' Challenges in the Application of Business actions/Strategies

Challenges	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Poor access to finance and credit	9.74%	13.33%	1.54%	36.9%	38.46%
Insufficient business owner's equity	14.36%	17.44%	1.54%	34.36%	32.31%
Lack of managerial skills	23.59%	25.64%	2.56%	30.77%	17.44%
Lack of operational skills	23.08%	29.74%	2.56%	28.21%	16.41%
Lack of business skills	22.05%	35.38%	2.05%	22.05%	18.46%
Poor infrastructure	14.87%	23.08%	2.56%	34.87%	24.62%
Lack of government support and interventions	4.62%	8.21%	1.03%	28.72%	57.44%
Inconsistent labour laws	2.56%	10.26%	2.05%	34.36%	50.77%
High Tax rate	2.05%	7.69%	1.03%	32.82%	56.41%
Lack of business network and partnership	10.77%	10.77%	2.56%	40.00%	35.90%
High supply chain cost	6.15%	10.26%	1.03%	29.74%	52.82%
Lack of access to markets	5.64%	20.51%	1.03%	31.79%	41.03%
Lack of adequate research and development	8.72%	13.33%	3.59%	33.85%	40.51%
Lack of training and development programmes	12.82%	18.97%	1.03%	30.77%	36.41%
Inadequate educated workforce	14.87%	24.62%	3.16%	27.18%	30.26%
High transportation cost	8.21%	12.31%	1.54%	28.72%	49.23%
Highly competitive business environment	3.08%	6.67%	1.03%	35.38%	53.85%
Lack of innovative mind-set	9.74%	14.87%	1.54%	31.79%	41.54%
Poor access to information technology	11.79%	16.41%	1.03%	21.03%	49.74%
High crime rate	2.05%	9.23%	1.54%	15.90%	71.28%

4.4.3 Objective Three: Impact of Strategic Capabilities on Sustainability of SMMEs

This section addresses the third research objective that examines the impact of strategic capabilities to ensure sustainability of SMMEs in the Roodepoort area of Johannesburg. To gain insight into the impact that these business actions/strategies have on SMMEs' sustainability, first, the study formulated Q13 that requires participants to indicate their level of agreement that adopting/performing the business actions/strategies has led to the sustainability of their businesses. This question was intended to find out if SMMEs recognised the value or relevance (if any) of strategic capabilities to the sustainability of their businesses. In other words, do strategic capabilities lend themselves to the sustainability of SMMEs? It is important to find out what SMMEs in Roodepoort area of Johannesburg think about the interface between adopting and performing the various strategic capabilities (in form of business actions/strategies).

The Table 4.10 below present SMMEs' perceived understanding of agreement that adopting and/or performing business actions/strategies has led to the sustainability of their businesses. More than 70% of SMMEs that participated in the study considers adopting/performing business actions/strategies to have led to the sustainability of their businesses. A sizable number of SMMEs (41%) strongly disagreed and disagreed that taking part in government intervention programmes such as, SEDA technology programmes and DTI incubation support programmes has not led to the sustainability of their businesses. This could be an indication that those SMMEs that disagreed did not succeed in their application for government support and interventions. This could be an indication that the SMMEs have not adequately integrated the various strategic capabilities. The results may also be attributable to the Broad-Based Black Economic Empowerment (B-BBEE), which is a South African racial selective programme implemented by the South African government to amend the inequalities of Apartheid. A lower number (less than 16%) of SMMEs indicated does not apply – they did not adopt or perform business actions.

Table 4.10 Q13 - Relevance of Strategic Capabilities for SMMEs' Sustainability

Business actions/strategies	Strongly disagree	Disagree	Neutral	Agree	Does not apply- I did no adopt the action
Conducting analysis to identify possible risks associated with running the business e.g. financial risk.	2.05%	8.72%	1.54%	77.95%	9.74%
Conducting SWOT analysis to identify the strengths, weaknesses, opportunities and threats of the business.	2.05%	5.64%	1.03%	82.05%	9.23%
Analysing your finances to know your assets, liabilities, profit, loss etc.	2.05%	4.10%	1.03%	83.08%	9.74%
Identifying specific customers to sell your goods/services to.	1.03%	2.05%	0.51%	89.74%	6.67%
Laying out goals that the business wants to achieve at a certain period of time e.g. having a profit target, business growth target etc.	2.56%	13.85%	2.05%	73.33%	8.21%
Making changes to your business because of changes to e.g. economic conditions, competitive environment, product demand etc.	2.05%	7.18%	1.03%	83.08%	6.67%
Working together with other organisations to share finances, knowledge and people in order to achieve a common goal.	4.62%	12.31%	2.56%	69.23%	11.28%
Adopting changes to meet customer demands e.g. price change, product/service change.	2.05%	5.13%	0.51%	85.13%	7.18%
Taking part in government intervention programmes for SMMEs e.g. SEDA technology programme, DTI incubation support programme.	24.10%	17.44%	4.62%	37.95%	15.90%
Training your employees in order to improve their business skills.	3.08%	11.28%	1.03%	78.46%	6.15%
Being creative in your ideas of making profit.	1.54%	4.10%	0.51%	89.74%	4.10%
Adjusting your products/services to fit to any changes/trends within the market.	1.03%	3.08%	0.51%	90.26%	5.13%

Secondly, to gain insight into the impact that business actions/strategies have on SMMEs' sustainability, it is necessary to find out from SMMEs' perspective the impact that business actions/strategies have on the sustainability of their businesses. Hence, the study formulated Q14 to address the impact. Figure 4.9 below provides the pertinent information regarding the impact of strategic capabilities on the sustainability of SMMEs. The description of the results of the study is presented according to the sequence of impact assessment as portrayed in Figure 4.8 below. The lowest number of SMMEs (3.08%) described the impact of adopting/performing business action/strategies for the sustainability of their business as no impact. It is necessary to point out that no impact assessment is understood by the potential and actual challenges related to the integration or adoption of business actions/strategies namely, lack of government support and interventions; inconsistent labour laws, high tax rate; lack of business network and partnership; high supply chain and transportation cost; highly competitive business environment; and high crime rate.

The second highest number of SMMEs (34.36%) identified the impact of adopting/performing business actions/strategies as small positive impact. The last group in terms of sequence with the highest number of SMMEs representing 62.56% indicated that the impact of business actions/strategies on their businesses is large positive impact. For the SMMEs in these latter categories (small positive impact and large positive impact) there is a beneficial correlation between adopting and performing business actions/strategies for the sustainability of their businesses. It is noted therefore that adopting and performing business actions/strategies for the sustainability of SMMEs, while avoiding the potential challenges, may engender positive outcomes.

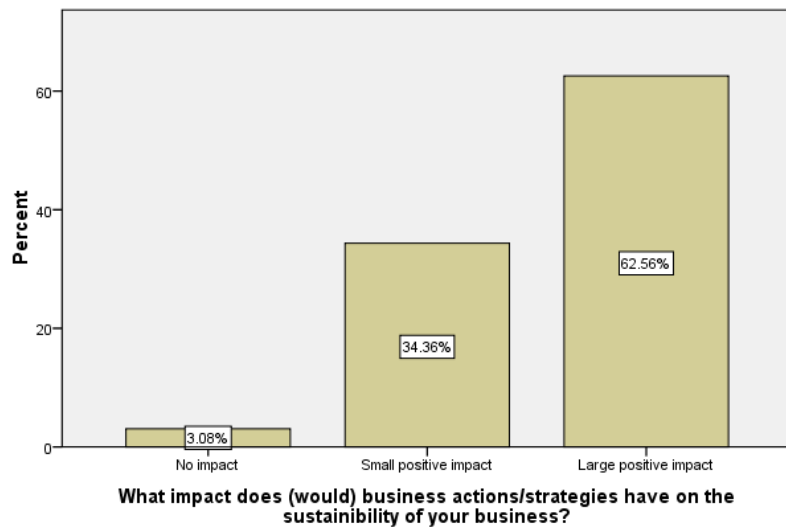


Figure 4.9 Q14 - Impact of Business Actions/Strategic on the Sustainability of SMMEs

4.4.4 Objective Four: Integration of Strategic Capabilities for SMMEs' Sustainability

Having identified the different challenges SMMEs are faced with in the adoption of strategic capabilities for the sustainability of their businesses through the survey questionnaire, follow-up open-ended questions required participants (SMMEs) to further specify in writing, other challenges they have encountered or are aware of in gaining access to the necessary business actions/strategies. They were also required to respond in writing on how could or have business actions/strategies negatively affected their business operations; explain how they intend to integrate or fit the necessary business actions/strategies into their businesses; and lastly, to explain what they considered the benefits of adopting/performing business actions for the sustainability of their businesses.

These sets of questions sought to address the fourth main research objective that hopes to determine how the SMMEs in Roodepoort Area of Johannesburg, South Africa will integrate the identified key strategic capabilities for the sustainability of their businesses.

4.4.4.1 SMMEs' Opinions of Strategic Capabilities for Sustainability

The goal of the written responses was to have deeper understanding of the opinions and perceptions of SMMEs on strategic capabilities for the sustainability of their businesses. The written responses was able to provide SMMEs' direct understanding on how to integrate and/or fit identified key strategic capabilities into their businesses for sustainability. The open-ended questions were also meant to probe SMMEs' responses to the quantitative questions whether or not their perceptions regarding strategic capabilities were correlated.

SMMEs' responses to the four in-depth open-ended questions were analysed through NVivo 11 software. 55 usable written (qualitative type of) responses from all participants were imported, coded, queried and summarised into themes in NVivo 11 application for presentation in this section of the study. The following themes were generated and are discussed:

- Challenges in Gaining Access to Strategic Capabilities;
- Negative Effect of Performing Business Actions/Strategies;
- Integrating Strategic Capabilities to ensure Sustainability; and
- Benefits of Performing Business Actions/Strategies.

Challenges in gaining Access to Strategic Capabilities – Since the quantitative survey has done most of the thinking for the participants in terms of identifying about twenty possible challenges,

it was necessary to understand first-hand, the opinions of SMMEs regarding the kind of challenges they face or are aware of in gaining access to the necessary strategic capabilities for the sustainability of their businesses. Cases were identified and queried after generating the themes for challenges. Figure 4.10 below shows the frequency of words in Word Cloud, generated after running the word frequency query. As can be seen in the figure below, *business*, *funds*, *funding*, *government*, *inadequate* and *crime* were prominent and commonly occurring words that were mostly used by participants in summary.



Figure 4.10 Word Cloud on Challenges in gaining Access to Strategic Capabilities

Word frequency query results are then supported by presenting some of the written responses received by SMMEs in order to highlight their different opinions regarding the theme. In no particular order, one participant indicated that the challenge faced was inadequate “funds [for] advance training”. The second participant stated “that there is no fund[s] and we have to wait for next financial year end”. Another participant claimed that “inadequate access to funds” were the challenges faced with. In view of the foregoing, another participant indicated that “funding is a bit difficult, this affects expansion of business” To avoid repetitions on the cases of funds, two other participants indicated that “getting [access] to funds to develop and improve my business” and ‘getting funds to develop employees” were the challenges they are faced with in gaining access to strategic capabilities for the sustainability of their businesses.

The next aspect of challenges deals with the frequency of the word *government* and *inadequate*. A participant made mention that “getting in touch with the right people in government to do business with” is the challenge their SMME is faced with. Following to that, another participant thought that “government [is] not showing adequate support” to their business. A participant clearly stated that “inadequate funding from government and [other] private sectors” to support their business were the challenge faced with. Lastly, in this category, three participants mentioned BEE. The first stated that “focus of government is on BEE”. The second participant stated that “government support is on the black community than other races and the third participant supported this notion by indicating that “black empowerment is a barrier for government intervention”. To avoid repetition, few participants mentioned crime as a challenge but a participant clearly stated the “crime rate is high”. Hence, crime is identified as one of the major challenges SMMEs are faced with in the Roodepoort area of Johannesburg. Another participant stated that “gaining contracts is sometimes difficult due to lack of trust from certain category of clients”.

As depicted in figure 4.11, the figure below shows the corresponding word frequency tree map that shows that *business*, *funds*, *funding*, *government*, *inadequate* and *crime* were the commonly occurring words in the challenges query.

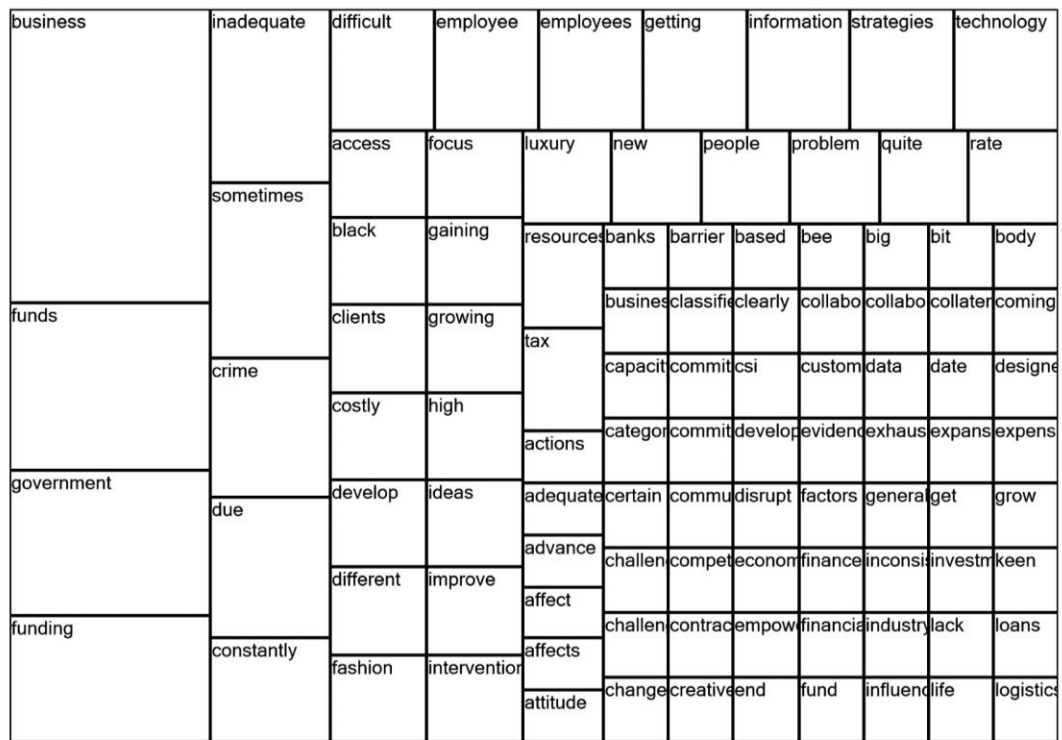


Figure 4.11 Word Frequency Tree Map on Challenges

negative effect of performing business actions/strategies is “when I have to constantly think of better ways to market my business, it is exhausting and time consuming”. Lastly, a participant stated that “when taxes rate are high, it affect business profit”.

As was the case in Figure 4.12, Figure 4.13 below shows the corresponding word frequency tree map that shows that *business*, *lack*, *time* and *funds* were the commonly occurring words in the negative effect query

business	funds	high	information	support	access	adequate	business	capital			
		come	due	fund	gaining	growth	ideas	lead	leave		
	affects	constantly	lot	research	sales	small	strategies	training	trust		
	employees	consuming	much	additional	attitude	beverage	big	bigger	certain	challenge	change
		cost	new	affected	backwa	clearly	constant	consum	created	csi	data
lack	affect	costly	organisatic	another	bakery	closing	designs	expans	get	good	gotten
		bee	customers	process	anticipa	barrier	collabo	develop	favoure	grow	improvin
time	government	difficult	profit	appoint	based	collabo	enough	food	hugely	industry	intervent
		approa	better	commu	especi	genera	improv	invested	level		
								investing	little		

Figure 4.13 Word Frequency Tree Map on Negative Effect

Integrating Strategic Capabilities to ensure Sustainability – in this theme, the study sought to establish how SMMEs in the Roodepoort area of Johannesburg will integrate and/or fit the necessary strategic capabilities into their businesses in order to ensure sustainability. As can be seen in Figure 4.14 below, *business*, *research*, *improve*, *market*, *customer* and *strategies* were the prominent and most commonly occurring words that were used by participants in summary.

customers would like us to improve on our products”. In what follows, “know my target market and know which corporate to target for CSI” was mentioned by another participant. CSI mentioned by the participant stands for Corporate Social Investment. The last participant indicated that “constant market research to know how to improve on product” is the strategy to integrate for the sustainability of their business. The word frequency tree map below in Figure 4.15 corresponds with Figure 4.14 above to show that *business, research, improve, market, customer* and *strategies* were the commonly occurring words in the integration of business actions/strategy query.

business	customer	help	able	benefit	better	business	constantly	ensure	funds		
		know	goals	governme	grow	ideas	improvement	improving	investing		
	strategies	marketing	level	skills	sourcing	target	treatment	access	access		
		align	new	make	achieve	already	apply	attention	availability	availability	background
research	constant	product	place	achieve	become	change	checks	client	clients	codes	collaboration
			products	actions	bring	collaboration	conduct	continue	corporate	corrective	creative
improve	development	training	resource	advance	building	collaboration	csi	due	exclusive	fashion	feasible
			work	affordable	buy	colour	customer	ethics	framework	target	global
market	employees	work	situation	ahead	capacity	coming	development	evaluation	improvement	increase	integrating
			allows	challenges	comply	done	events	income	industry	invest	involved

Figure 4.15 Word Frequency Tree Map on the Integration of Business Actions/Strategy

Benefits of Performing Business Actions/Strategies – in this last theme, the study hopes to identify through SMMEs, what was considered the benefits of performing business actions/strategies for the sustainability of their businesses. The figure below outlines some of the commonly used words in this theme, some of which include but are not limited to *business, growth, better, grow, help, profit, increase* and *improvement, provides* and *sustainability*.



Figure 4.16 Word Cloud on the Benefits of Performing Business Actions/Strategy

In view of SMMEs’ responses to the survey questionnaire on the impact that business actions/strategies have on the sustainability of their businesses in Section 4.4.3 above, there is a beneficial correlation between the impact of adopting the businesses actions/strategies and the benefits of performing the businesses actions/strategies. It can be noted that adopting and performing business actions/strategies for the sustainability of SMMEs produces some benefits to the businesses. A participant supports this notion by indicating that some of the benefits of performing business actions/strategies produce “Strong leaders, honest code of ethics and business conduct and attracts the right people with the same morals and values”. The next participant clearly stated that it leads to the “Sustainability of the business” and produce “advanced knowledge to attract opportunities”. Another participant noted that, performing business actions will produce benefits such as “clear set targets; manageable targets; and achievable targets”.

In what follows, another participant stated that “It helps you prepare for financial shortfalls”. The next stated that it “gives mission focus; allows for change management; identifies deviations; and change of markets”. The next set of benefits were laid out by a participant who stated that “it provides smooth running of the business; it will lead to the sustainability of the business; it will enhance easy collaboration with other organisations; [and] it will allow the business to achieve it[s] goals”. To avoid repetition of response, few participants mentioned growth. One of the participant

stated that it will “improve growth in business”, another stated “helps business grow” and the last stated that “business actions will help improve knowledge of growing your business”. In view of principles, a participant listed the benefits of performing business actions as “it guides the fundamental principles to run the business; the application of business actions provides more opportunities for the business; it promotes the chances of sustaining the business much longer than it would have been without performing business actions; it create good employer and employee relationships; it provides techniques to mitigate any business risks; and it provides strategies for financial risks”.

Furthermore, a participant stated that the “business will grow big and other opportunities can be explored”. Another stated that the benefit is “to help increase sales”. The next stated that that will be “increase in profit, [and] higher rate of client base”. In terms of market share, a participant stated that the “Business strategies can help make a business unique from similar businesses”. Another thought that “it gives room for great ideas to improve a business, grow the business and make more profit”. The next stated that the benefit is for “Analysing the current market and economic influence”. Two participants stated that it will give room for “knowing customer demands better” and the other stated that it will provide “competitive advantages; cost savings; and eradication of unnecessary wastages”. To avoid repetition, the last participant indicated that the benefits of performing business actions/strategies will allow “knowing your strength and weaknesses relative to the business”. As was the case in Figure 4.16 above, the word frequency tree map below in Figure 4.17 corresponds with the commonly occurring words in the benefits associated with performing business actions/strategy which include but are not limited to *business, growth, better, grow, help, profit, increase* and *improvement, provides* and *sustainability*.

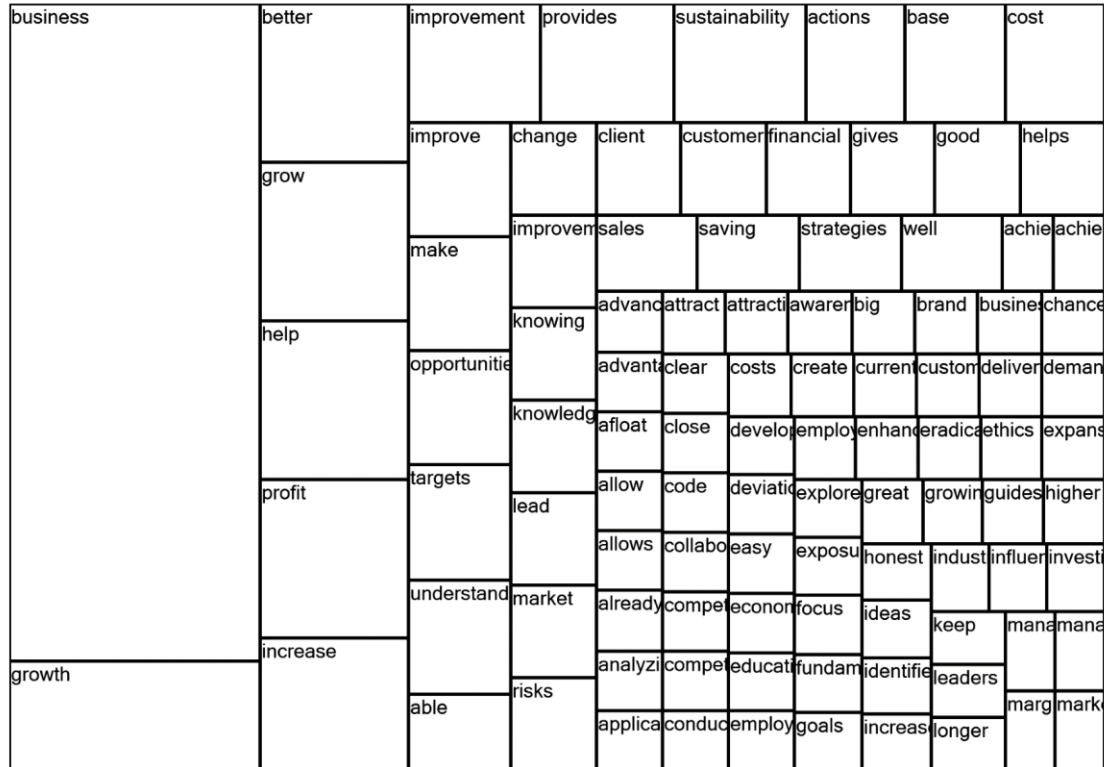


Figure 4.17 Word Frequency Tree Map on the Benefits of Performing Business Actions/Strategy

All the presented written responses from SMMEs in the Roodepoort area of Johannesburg validate the business actions/strategies identified by the researcher in the survey questionnaire. The written responses by SMMEs shows that the survey questionnaire is reliable and adequate to provide answers to the main research questions in order to achieve the objectives of this study.

4.5 Evaluation of Research Findings

This section evaluates the research findings presented in the previous sections above. The evaluation of research findings deals with inferential statistics mainly in the form of Chi-Square test to validate the significance and reliability of study’s findings.

4.5.1 Significance of Research Findings

The evaluation of the research findings was conducted bearing in mind the context of the main research questions through the use of inferential statistics such as F-Test and Chi-Square tests. This method of analysis is conducted in order to establish and validate the understanding of the significance of the variables used and their influence on SMMEs’ perceptions towards strategic

capabilities. Significance tests was conducted on the total number of SMMEs (195) that participated in the study to establish significance of variables that could offer valid and suitable answers to the main research questions. To establish significance of variables, if there is no association within the categorised variables, the p value will be greater than 0.05 (> 0.05) and this will indicate the case of no evidence of bias but a lower value of p will indicate the rejection of null hypothesis (H_0) which indicates bias. The evaluation of findings will provide and confirm the hypothesis by examining the value of p. therefore, the value of p when it is less than or equal to 0.05 ($p \leq 0.05$) indicates that the hypothesis is statistically significant. This means significance is established.

The intervening question the study sought to address was the perceptions of SMMEs about the overall experience of adopting and performing business actions or strategies for the sustainability of their businesses. To establish and have an understanding of their perceptions, SMMEs were required to indicate their overall experience by specifying the perceived impact of strategic capabilities on the sustainability of their businesses as well as the challenges they thought would affect the adoption of strategic capabilities. The first part of the analysis sought to address SMMEs' overall experience on the perceived impact that business action/strategies have on the sustainability of their businesses. An inferential analysis was conducted to validate the reliability of findings on SMMEs' agreement to adopting/performing business actions, which have led to the sustainability of their businesses. As can be seen in Table 4.11 below, there were 12 business actions/strategies (N of items) that were taken into consideration. These actions/strategies include:

- Performing/conducting analysis to identify possible risks associated with running the business;
- Conducting SWOT analysis to identify the strengths, weaknesses, opportunities and threats of the business;
- Analysing your finances to know your assets, liabilities, profit, loss etc.;
- Identifying specific customers to sell your goods/services to;
- Laying out goals that the business wants to achieve at a certain period of time e.g. having a profit target, business growth target etc.;
- Making changes to your business because of changes to e.g. economic conditions, competitive environment, product demand etc.;
- Working together with other organisations to share finances, knowledge and people in order to achieve a common goal;
- Adopting changes to meet customer demands e.g. price change, product/service change;

- Taking part in government intervention programmes for SMMEs e.g. SEDA technology programme, DTI incubation support programme;
- Training your employees in order to improve their business skills;
- Being creative in your ideas of making profit; and
- Adjusting your products/services to fit to any changes/trends within the market.

The above listed business actions/strategies are identified as variables and are represented with keys such as Q13.1 to Q13.12, as presented in the Reliability Statement below.

```
RELIABILITY
/VARIABLES=Q13.1 Q13.2 Q13.3 Q13.4 Q13.5 Q13.6 Q13.7 Q13.8 Q13.9 Q13.10
Q13.11 Q13.12
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=CORR ANOVA FRIEDMAN
/SUMMARY=TOTAL
/ICC=MODEL(MIXED) TYPE(CONSISTENCY) CIN=95 TESTVAL=0.
```

The result of the executed reliability tests included Alpha model to execute Cronbach's Alpha analysis which shows ANOVA with Friedman's Chi-Square Test results and the Intra-class Correlation Coefficient results. From Table 4.11, the value of Cronbach's Alpha reliability tests conducted on the adopted and/or performed business actions/strategies for the sustainability of SMMEs is 0.896 rounded to 0.90. Therefore;

$$0.90 \times 0.90 = 0.81$$

$$1.00 - 0.81 = 0.19$$

If the least acceptable Cronbach's Alpha value is said to be near to or equal to 0.7 but less than 0.95, the reliability of the 12 variables measured on the adopted and/or performed business actions/strategies for the sustainability of SMMEs is said to be acceptable, internally consistent with no redundancy. The Cronbach's Alpha value 0.90 means there is only 0.19 error variance and/or random error in the test.

Table 4.11 Reliability Tests on SMMEs' Adopted/Performed Business Actions for Sustainability

Case Processing Summary			
		N	%
Cases	Valid	195	100.0
	Excluded ^a	0	.0
	Total	195	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics	
Cronbach's Alpha	N of Items
.896	12

Friedman's Chi-Square Test was conducted alongside the reliability test to show significant correlation between adopting/performing business actions/strategies and its relevance to the sustainability of SMMEs. This is depicted in Tables 4.12 and 4.13 below.

H_0 : The variances are not the same or equal;

H_1 : The variances are the same or equal.

The ANOVA test shows that there is difference in means across the adopted business strategies/actions. The associated p value is .000 where the p value when it is less than or equal to 0.05 ($p \leq 0.05$) is an indication that the hypothesis is statistically significant. We reject H_1 since the value of p is less than 0.05. This is a very strong evidence to reject the alternative hypothesis that the variances are the same or equal across the scale. The variances are significantly different and reliable. Hence, the instrument (variables) used are reliable and are statistically significant.

Table 4.12 ANOVA Test on Adopted/Performed Business Actions/Strategies for Sustainability

	Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People	732.560	194	3.776	306.048	.000
Within People Between Items	139.660 ^a	11	12.696		
Residual	839.174	2134	.393		
Total	978.833	2145	.456		
Total	1711.393	2339	.732		

Grand Mean = 3.79

a. Kendall's coefficient of concordance $W = .082$.

Table 4.13 Intra-class Correlation Coefficient on Adopted/Performed Business Actions/Strategies

	Intra-class Correlation ^a	95% Confidence Interval		F Test with True Value 0			
		Lower Bound	Upper Bound	Value	df1	df2	Sig
Single Measures	.418 ^b	.364	.477	9.602	194	2134	.000
Average Measures	.896 ^c	.873	.916	9.602	194	2134	.000

Two-way mixed effects model where people effects are random and measures effects are fixed.

a. Type C intra-class correlation coefficients using a consistency definition-the between-measure variance is excluded from the denominator variance.

b. The estimator is the same, whether the interaction effect is present or not.

c. This estimate is computed assuming the interaction effect is absent, because it is not estimable otherwise.

4.5.2 Impact Assessment of Research Findings

An impact assessment was conducted and summed up in a few categories that may be broadly characterised as *large negative impact* and *large positive impact*. An inferential analysis of the research questions pertaining to the impact of business actions/strategies is presented in the table below. As can be seen in Table 4.14 and 4.15, data from SMMEs in the Roodepoort area of

Johannesburg show a significant correlation between the adopted business actions/strategies and its impact on the sustainability of their businesses. It is inferred from the tables below that a significant number of SMMEs perceived their overall experience of adopting/performing business actions/strategies to have large positive impact. This perception is due to the effectiveness and significance of strategic capabilities to improve sustainability of SMMEs.

Table 4.14 Nonparametric Test on the Impact of Business Actions/Strategies for Sustainability

What impact does (would) business actions/strategies have on the sustainability of your business?

	Observed N	Expected N	Residual
No impact	6	65.0	-59.0
Small positive impact	67	65.0	2.0
Large positive impact	122	65.0	57.0
Total	195		

Table 4.15 Chi-Square Tests of the Impact of Business Actions/Strategies for Sustainability

Chi-Square Test Statistics

	What impact does (would) business actions/strategies have on the sustainability of your business?
Chi-Square	103.600 ^a
df	2
Asymp. Sig.	.000

a. 0 cells (.0%) have expected frequencies less than 5. The minimum expected cell frequency is 65.0.

4.5.3 Factor Analysis of Findings – SMMEs’ Challenges

The second part of the analysis sought to address the challenges SMMEs are faced with in the application of business actions/strategies by conducting a factor analysis to address the factors that were taken into consideration. With reference to the challenges faced in the application of business actions/strategies within SMMEs in the Roodepoort area of Johannesburg, a number of factors were taken into consideration. These factors include but are not limited to poor access to finance and credit; lack of government support and interventions; High Tax rate; lack of business network and

partnership; and high crime rate to mention a few. The need to investigate the dimensionality of the variables used is necessary, hence a factor analysis was conducted. The analysis was conducted on the total number of 195 SMMEs in the Roodepoort area of Johannesburg that participated in the study in order to validate the research findings.

As can be seen in Table 4.16, Kaiser-Meyer-Olkin (KMO) was used to measure sampling adequacy which has a value of 0.912 rounded to 0.91. As was the case of Cronbach's Alpha Analysis where the value near to or equal to 0.7 but less than 0.95 is acceptable, so is Kaiser-Meyer-Olkin. According to Tavakol and Dennick, (2011) Kaiser-Meyer-Olkin can be described as the number that measures the proportion of variance in the variables that is explained by the underlined factors. A high value close to 1.0 usually denotes that the factor analysis may be useful for data, and the value less than 0.50 in the factor analysis indicates that the results may not be useful for data analysis.

The same can be said of Bartlett's Test of Sphericity in Table 4.16 which suggested that the 20 variables (factors) that were considered as challenges SMMEs are faced with in the adoption of business actions/strategies are statistically significant at .000 where the p value is set to be at less than or equal to 0.05.

Table 4.16 Factor Analysis – KMO and Bartlett's Test on SMMEs' Challenges

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.912
Bartlett's Test of Sphericity	Approx. Chi-Square	2626.411
	Df	190
	Sig.	.000

The initial communalities shown in Table 4.17 below are correlation analyses of the proportion of variance accounted for in each variable while the extraction communalities are the estimated variance in each variable accounted for by the challenges in the factor solution. Each extraction has a high value above 0.1, which makes each factor analysis useful for data analysis.

Table 4.17 Factor Analysis – Communalities of SMMEs’ Challenges

Communalities		
	Initial	Extraction
[Poor access to finance and credit]	1.000	.768
[Insufficient business owner's equity]	1.000	.738
[Lack of managerial skills]	1.000	.844
[Lack of operational skills]	1.000	.867
[Lack of business skills]	1.000	.802
[Poor infrastructure]	1.000	.726
[Lack of government support and interventions]	1.000	.703
[Inconsistent labour laws]	1.000	.765
[High tax rate]	1.000	.674
[Lack of business network and partnership]	1.000	.598
[High supply chain cost]	1.000	.661
[Lack of access to markets]	1.000	.669
[Lack of adequate research and development programmes]	1.000	.700
[Lack of training and development programmes]	1.000	.718
[Inadequate educated workforce]	1.000	.269
[High transportation cost]	1.000	.697
[Highly competitive business environment]	1.000	.487
[Lack of innovative mind-set]	1.000	.714
[Poor access to information technology]	1.000	.831
[High crime rate]	1.000	.490

Extraction Method: Principal Component Analysis.

Assessing table 4.18 below, it can be seen that the first Eigenvalue (9.0) of the first challenge (*Poor access to finance and credit*) for adopting/performing business actions/strategies is considerably larger than the second Eigenvalue of the second challenge (*Insufficient business owner's equity*) which is at 2.1. In what follows, the first challenge accounts for 45% of the total variance and the second variable considered account 10% of the total variance. This is an indication that the scale items are unidimensional based on the Reckase (1979) recommendations of Total Variance. It is important to also note that only the first 4 scale items in the Total variance are greater than the value of 1.0. Together, the first 4 challenges amounts to almost 69% of the total variance in the original variables. This is a suggestion that the four latent challenges, if addressed, will be associated with the success of business actions/strategic that will lead to the sustainability of SMMEs. Finally, there is none of

the variances described in the Initial Eigen solution that is lost in the Extraction solution; all the first 4 scale items remain the same at almost 69%.

Table 4.18 Factor Analysis Total Variance

Component	Total Variance Explained					
	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.016	45.079	45.079	9.016	45.079	45.079
2	2.162	10.808	55.887	2.162	10.808	55.887
3	1.439	7.193	63.080	1.439	7.193	63.080
4	1.102	5.508	68.588	1.102	5.508	68.588
5	.895	4.473	73.061			
6	.715	3.574	76.636			
7	.640	3.198	79.834			
8	.543	2.714	82.548			
9	.511	2.553	85.101			
10	.474	2.370	87.471			
11	.415	2.075	89.546			
12	.346	1.729	91.275			
13	.329	1.647	92.922			
14	.288	1.441	94.363			
15	.273	1.365	95.728			
16	.226	1.128	96.856			
17	.205	1.027	97.884			
18	.175	.875	98.759			
19	.135	.676	99.435			
20	.113	.565	100.000			

Extraction Method: Principal Component Analysis.

As can be seen in Tables 4.19 below, each of the components tested has strong factor loading above the absolute value of 0.3 (which is considered the minimum standard value of factor loading). There are four components in the table below and each scale item tested in Component 1 appeared to be with strong factor loadings. This is an indication that all the 20 factors taken into consideration to

be challenges SMMEs are faced with in the adoption of business actions/strategies are valid and reliable for data analysis.

Table 4.19 Factor Analysis – Component Matrix

Component Matrix^a				
	Component			
	1	2	3	4
[Poor access to finance and credit]	.686	-.046	.110	.532
[Insufficient business owner's equity]	.773	-.192	.151	.282
[Lack of managerial skills]	.719	-.537	.186	-.064
[Lack of operational skills]	.690	-.574	.208	-.133
[Lack of business skills]	.604	-.568	.322	-.108
[Poor infrastructure]	.779	-.293	.184	-.005
[Lack of government support and interventions]	.550	.477	.389	-.149
[Inconsistent labour laws]	.505	.504	.480	-.158
[High tax rate]	.370	.491	.480	.255
[Lack of business network and partnership]	.740	.123	-.141	.123
[High supply chain cost]	.704	.161	-.126	.352
[Lack of access to markets]	.809	-.008	-.114	.024
[Lack of adequate research and development programmes]	.742	.068	-.344	-.162
[Lack of training and development programmes]	.787	.065	-.236	-.196
[Inadequate educated workforce]	.384	-.190	-.220	.193
[High transportation cost]	.599	.158	-.488	.273
[Highly competitive business environment]	.585	.316	-.073	-.197
[Lack of innovative mind-set]	.796	.007	-.186	-.212
[Poor access to information technology]	.772	.127	-.156	-.441
[High crime rate]	.584	.383	-.049	-.011

Extraction Method: Principal Component Analysis.

a. 4 components extracted.

The pattern matrix shown in Table 4.20 below are executed with oblique rotations (Oblimin with Kaiser Normalization). The rotated pattern matrix represents both the loadings and correlations between the variables and challenging factors. As depicted in the Table below, almost each row of the components tested has strong factor loading above the absolute value of 0.3. Similar to Table 4.19 above, there are four components in Table 4.20 below the absolute value of 0.3 and each scale item tested in Components 1, 3 and 4 appeared to be with strong factor loadings. This is an

indication that all the 20 factors taken into consideration to be challenges SMMEs are faced with in the adoption of business actions/strategies are valid and reliable for data analysis.

Table 4.20 Factor Analysis – Pattern Matrix

Pattern Matrix ^a				
	Component			
	1	2	3	4
[Poor access to finance and credit]	-.151	-.313	.258	.705
[Insufficient business owner's equity]	.000	-.531	.190	.449
[Lack of managerial skills]	.085	-.871	-.050	.046
[Lack of operational skills]	.095	-.912	-.069	-.043
[Lack of business skills]	-.044	-.933	.010	-.076
[Poor infrastructure]	.158	-.677	.124	.136
[Lack of government support and interventions]	.282	-.058	.718	-.105
[Inconsistent labour laws]	.213	-.070	.798	-.155
[High tax rate]	-.168	.030	.803	.238
[Lack of business network and partnership]	.418	-.103	.134	.380
[High supply chain cost]	.231	-.033	.187	.606
[Lack of access to markets]	.461	-.272	.077	.282
[Lack of adequate research and development programmes]	.755	-.074	-.092	.146
[Lack of training and development programmes]	.726	-.160	-.002	.089
[Inadequate educated workforce]	.133	-.170	-.197	.366
[High transportation cost]	.491	.202	-.135	.609
[Highly competitive business environment]	.602	.045	.247	-.007
[Lack of innovative mind-set]	.687	-.244	.002	.056
[Poor access to information technology]	.869	-.179	.074	-.193
[High crime rate]	.468	.114	.328	.182

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 13 iterations.

4.1 Conclusion

In this chapter, SMMEs' articulation of responses to the research questions were presented. The chapter also presented the different SMMEs' strategic plans for the sustainability of their businesses. SMMEs' knowledge/awareness of strategic capabilities were presented along with the adopted strategic capabilities. The overall experiences of SMMEs regarding the challenges they face in the application of business actions/strategies and the impact of adopting and performing business actions/strategies were presented. The chapter also presented written responses on SMME's opinions on the integration of strategic capabilities for sustainability. This opinions provided further insight and/or understanding of participant's perceptions towards strategic capabilities for the sustainability of SMMEs. Lastly, evaluation of research findings was presented in the form of statistical analysis to validate the significance and reliability of the study's findings. Factor analysis of findings with regards to the challenges SMMEs are faced with in adopting and performing business actions/strategies were tested and validated. The next chapter presents the discussion of findings.

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.1 Introduction

In this chapter, the discussion of findings from the data analysis of the study is presented. This chapter correlates the discussion of findings with the objectives of the study as well as the research questions. The chapter aims to verify the accomplishment of the study's research objectives and indicate whether answers to the research questions has been provided. The discussion on the findings from the questionnaire obtained will provide better clarity and validation or nullify the assumptions on the relationship 'strategic capabilities' and 'sustainability' of SMMEs in the Roodepoort Area of Johannesburg, South Africa. These two factors when put together in the study can be used to explain the connection between various key business actions/strategies available and the sustainability of SMMEs within the Roodepoort Area.

In order to achieve this connection, this study established how various strategic capabilities were identified within the SMME sector using variables referred to as business actions/strategies. The interrelatedness of the knowledge/awareness and adoption rate of these variables by SMMEs in the Roodepoort Area was used to establish the identification of the essential strategic capabilities. The study further highlights what the effects of challenges faced by SMMEs are on the sustainability within the Roodepoort Area. The link between strategic capabilities and sustainability likewise explains what the perceived impacts of business strategies/actions are on the sustainability of SMMEs within Roodepoort Area. The study also indicated the interrelatedness of different measures of capabilities with sustainability. These strategic measures include; sensing capabilities, seizing capabilities, transforming capabilities and innovation capabilities. The mediating factors were further used to expatiate on how SMMEs in the Roodepoort Area intends to integrate key business actions/strategies to ensure sustainability of their businesses

5.2 Discussions relative to the study's research questions and objectives

The formulated research questions and objectives in the study were expressed in such a way that it is linked to one another. Simultaneously it was also used to ensure that all research questions were answered and research objectives were met. The next subsections presents discussions on the findings relative to the research questions and research objectives.

5.2.1 To establish SMMEs identification of various strategic capabilities

In order to provide answers to the first research question which sort to identify the various strategic capabilities available within the SMME sector in the Roodepoort Area. Research questions were set for the participants to gain insights on knowledge/awareness of SMMEs awareness of strategic capabilities. This was achieved by breaking down strategic capabilities into various business actions/strategies identified as 'variables'. A follow-up question was used to answer the first research question by testing SMMEs level of adoption of these various variables. In relation to achieve this, the correlation coefficient between the two mediating factors indicated in section 5.1 revealed that a positive and statistically significant relationship exists between the knowledge/awareness of SMMEs and the identification of the various business strategies for the sustainability of SMMEs. Therefore, there is an indication that the first research objective has been achieved.

In a further attempt to probe the first research question, the adoption rate of business strategies by SMMEs was tested. However, a Cronbach's Alpha reliability test conducted indicted a value of 0.91. This is an indication that a statistically significant correlation coefficients has been attained at level of $p < 0.05$. In addition, judging from the correlation of coefficient, the knowledge/awareness and the adoption level of business strategies by SMMEs are more positively associated with identifying the various strategic capabilities available. This means that these SMMEs possess the sensing capabilities needed to identify essential business actions/strategies for the sustainability of their businesses. Possessing the sensing capability will aid SMMEs to seize the necessary opportunities, transform these opportunities and become innovative for sustainability. According to Kesler and Kate (2010), identifying, understanding and adopting the essential strategic capabilities is very important for the sustainability of small businesses. This suggests why majority of these SMMEs are aware and adopted the essential strategic capabilities for the sustainability of their businesses.

However, a low percentage of these SMMEs are aware but disagree on adopting certain business actions/strategies set as variables due to several constraints. Some of these constraints were identified in the study as challenges. These identified challenges includes but not limited to having low level in their sensing capabilities and having low adoption rate of business actions/strategies. The low adoption rate could be attributed to SMMEs having heard of but know a little about how to carry out the necessary business actions/strategies. Some of these business actions/strategies with

low adoption rate were identified as intervention programmes, partnership and collaborations, organisational change and risk analysis.

5.2.2 To establish the implications of challenges faced in the application of strategic capabilities for SMME sustainability

To fulfil the second objective of this study, the research question associated to the research objective was answered. In this regard, results obtained from the study indicates that a positive relationship exists between SMMEs challenges in application of strategic capabilities and its sustainability. This is an indication that there is a correlation coefficient between these two constructs and the second objective has been achieved. The study shows that the construct of the challenges identified were statistically significant as the correlation coefficient indicates $p < 0.05$. The second research question was aimed at investigating the challenges of SMMEs in application of essential strategic capabilities for business sustainability. The study was able to establish various challenges faced in the application of essential business strategies for sustainability. Based on their overall experiences and perceptions of SMMEs in the Roodepoort Area of Johannesburg, various challenges were identified among the twenty listed in the study.

The outcome of the findings was that majority of the challenges identified has been linked to poor access to funds, inconsistent labour laws, lack of training and development, highly competitive business environment, high crime rates, lack of partnerships and collaboration, inadequate research and development, lack of innovation and inadequate educated workforce. This is an indication that SMMEs may be aware and might have adopted various business actions/strategies. However, they are faced with many limitations as indicated in the outcome of the research findings. This will affect their seizing capabilities, as they will not be able to seize opportunities identified within their business environment due to challenges they are faced with. These limitations are the implications that could be associated to them not being able to seize opportunities needed in the application of strategic capabilities. This in turn hinders sustainability of SMMEs. This argument was supported by Tallot and Hillard (2016) who indicated that seizing available opportunities within the business environment is highly advantageous, as it enhances business sustainability.

The factor analysis of this study has specified all these challenges mentioned as the implications associated with adopting/performing business strategies. These challenges amounts to about 69% of total variance in the variables being tested. This shows the extent which if these challenges are associated with the success and sustainability of SMMEs. Inan and Bititci (2015) mentioned that the lack of sustainability of small businesses is as a result of economical, ecological and social

challenges. This serves as the implication of integrating strategies into business plans and models. This confirms SEDA's (2016) argument that there is a high rate of SMME failures due to various factors that cannot be met by small businesses. Some of these factors can be linked to the challenging factors identified in this study. The pattern matrix implemented with the use of oblique rotation indicated a correlation between variables and the challenging factors identified in the study. This shows that all twenty challenging factors specified are relatable by SMMEs as some of the implications of adopting business strategies for sustainability. The challenges faced in gaining access to key strategic capabilities were further highlighted in section 5.2.4.1 of the study. This section stipulated the direct opinions of SMMEs and will be discussed later in the study.

5.2.3 The relationship between perceived impact of strategic capabilities and SMME sustainability

This section discusses the research findings from the third research question. The question was aimed at examining the impact of strategic capabilities on the sustainability of SMMEs in the Roodepoort Area of Johannesburg. Findings from the study provided answers to research question three and objective three of this study. The outcome revealed how SMMEs are able to recognise the link between the relevance of strategic capabilities to business sustainability. There was a positive relationship between the linkages of these two variables. This relationship is as a result of a large amount of SMMEs agreement to have adopted/performed business actions/strategies which has led to the sustainability of their businesses. In this context, small businesses that want to be distinguished and be sustainable must possess/perform business strategies. In consent to this, Terziovski (2010) mentioned that small businesses must understand the impact of business strategies. Understanding and performing these business strategies by SMMEs will aid in the outperforming its rivals in a competitive business environment.

The major business strategies can be identified as capacities, capabilities, resources and skills. These are strategies when adopted/performed has been attributed to having a huge impact on business sustainability (Zhou & Li, 2010). However, this study has shown that there is no correlation between adopting/performing government intervention programmes (e.g. SEDA and DTI) and sustainability. As these were the strategies mentioned by SMMEs in Roodepoort Area not to be significant for business sustainability. This could also be associated to the findings of the study which has revealed that less number of SMME agreed to adopting/performing some specific business strategy. An indication that these small percentage have not succeeded in gaining government support and intervention programme. They also do not perceive government support

and intervention programme as business strategies that have a positive impact on their businesses. Inferential analysis on impact assessment of the various business strategies in the study has shown a correlation between adopting/performing business strategies and the sustainability of business. This implies that a link exists between the ‘perception of the impact of business strategies’ and its significance on ‘sustainability of businesses’.

5.2.4 Establishing SMMEs opinions on how to integrate identified key strategic capabilities for the sustainability of their business

The research question four and objective four of this study were created in order to analyse how SMMEs in the Roodepoort Area will integrate strategic capabilities to ensure sustainability of their businesses. To answer this research question and meet the research objective, a qualitative type of questionnaire of an open-ended question was formulated. The intention was to have a greater understanding of how SMMEs will fit the necessary strategic capabilities to ensure sustainability of their businesses. In order to correlate the findings of the quantitative research questions to the research objectives, open-ended questions were asked to probe these quantitative research questions. These open-ended questions were asked in order to establish the challenges (if any) faced by SMMEs in gaining access to necessary business actions/strategies; identify negative effect (if any) of business actions/strategies on business operations; establish how SMMEs will fit necessary business actions/strategies for business sustainability; indicate the benefits of performing business action/strategies for SMME sustainability. The findings revealed that the sustainability of SMMEs is greatly dependent on integrating specific business actions/strategies. However, in the process of integrating these strategies, different SMMEs had different opinions. The following subsections presents the different opinions of SMMEs answered the research questions and achieved the research objectives.

5.2.4.1 Establishing the challenges in gaining access to the necessary strategic capabilities for the sustainability of SMMEs

The outcome of this study with regards to SMME opinions indicated that challenges such as inadequate access to funds, lack of government support and lack of collaborative ventures with larger firms are barriers to sustainability of SMMEs in the Roodepoort Area. The result shows that there is a correlation between SMME sustainability and gaining access to the necessary strategic capabilities. The access to necessary strategic capabilities is hugely affected by the various challenges identified in the study. Insufficient support by the government due to the B-BBEE policy is a barrier linked to funding of SMMEs in the Roodepoort Area. This suggests the opinion of

SEDA (2016) that the barriers faced by SMMEs in South Africa varies from one location to another. However, the lack of trust of large businesses for small business has also been established as a challenge associated with collaborations. The funding and support challenges identified are indications that although SMMEs recognises essential business strategies for business sustainability, adoption/performing these strategies could be challenged by lack of access to funds.

The result of the study is not in outright support of Inan and Bititci (2015) which suggests that SMMEs failure may be linked to two major factors. These factors were mentioned as inability to fit into the business environment and the lack of meeting market demands by SMMEs. Through the outcome of this study, implications of identified challenges was based on the inability of SMMEs to implement specific business strategies. These specific business strategies were identified as inability to improve business, inability to provide better training to employees and lack of partnerships/collaborations with larger firms. The findings also revealed a high crime rate as a challenging factor to business sustainability in the Roodepoort Area. This finding demonstrates a significant result and can be linked with the statistics of a response rate of 71.28% achieved through the questionnaire.

5.2.4.2 Indicating the negative impact of performing business strategies on business operations of SMMEs

This section further discusses the outcome from the opinions formed by SMMEs in the Roodepoort Area. The result shows the correlation between strategic capabilities of SMMEs and its negative effect (if any) on its sustainability. The end result indicated that although adopting/performing business strategies has positive impact on SMME sustainability, there are negative effects to performing these business strategies. Contrary to an indication by Park and Byung-Keun (2013) that once SMMEs possess business strategies, they will have all the necessary capabilities as this will ensure sustainability of the business. The outcome of the study has shown that even when SMMEs have the necessary business strategies, it could still negatively affect the business. This negative effect can subsequently impact on the sustainability of SMMEs adversely. The study deduced that essential business strategies such as creativity for profit, adjustments of products/services, skills development and government interventions were challenging factor to a negative effect on business sustainability and operations. This findings shows that all these essential business strategies are interwoven with continuous and consistent effort in order to ensure the sustainability and uninterrupted business operations. In affirmation to this result, Chew, Yan and Chea (2015) mentioned that when adopting an appropriate business strategy, a business needs to

constantly review its capabilities and undergo continuous performance assessment in order to achieve business goals and objectives. One of the outcome of the study is that the inconsistency in the creativity for profit, and continuous innovation strategy for business significantly correlates with a negative impact on SMME sustainability and business operations. Based on the findings, some factors were established to having a negative impact on business operations and sustainability. These identified factors' negative impact is linked with SMME profitability, customer retention and improvements of business operations. Another outcome is that the lack of consistent adjustments of products and services to meet market demand significantly affects customer satisfaction and reduces business profitability. Consistent skills and development training of employee has also been found by the study to affect business sustainability and operations. These negative effects was directly linked to a high cost of consistent training and development programmes and updates of business systems which then impacts negatively on business profitability. Other detrimental effects linked to sustainability includes losing trained employees when they leave the business to go and work elsewhere. This will be at the cost of the business as valuable employees will leave at the expense of the business.

5.2.4.3 Indication of how SMMEs integrates necessary business strategies into its business for sustainability

The findings revealed that there is a relationship between business strategies that SMMEs are aware of and integration of these strategies into their business. As SMMEs indicated that necessary strategies will be integrated through aligning business goals with its vision, complying with codes of ethics, having business frameworks, constant research and development, conducting market research and encouraging mentorship programmes. This correlates with the objective one of the study. The reason is that, SMMEs were able to identify the business strategies that they are aware of and have adopted. These identified strategies by SMMEs then confirms the various ways that their strategic capabilities has been integrated into their businesses.

However, integrating business strategies such as collaborative work, alignment of government policies, research and development does not positively correlates with the business sustainability. The lack of correlation could be linked with the challenges that has been previously established in the study by SMMEs. Such challenges includes lack of government support, lack of trust from larger business and lack of access to funds. Generally, due to these challenges, the sustainability of the business will be hindered. This could be related to the conclusion of Terouid and Ries (2016)

that when SMMEs properly align their resources and processes, value will be created. However, the lack of process alignment and proper resources will have a detrimental effect on the business.

5.2.4.4 The relationship between performing business strategies and business sustainability

Evidence of the study has shown that business strategies adopted is significant to business sustainability. However, the variance in the impact of these business strategies is established as a result of some detrimental factors that limits the positive impacts. The correlation between adopted business strategies and sustainability of SMMEs is an affirmation of the study's result which indicates a large positive impact of strategies on business sustainability. This study has attributed the benefits of relationship between performing business strategies and sustainability with a positive outcome. The positive outcome is in form of recurring words, they include SMMEs ability to set and achieve targets, being ethical, attracting larger business for collaborative work, growth and business sustainability. Using the word frequency tree map, these recurring words were identified as benefits for performing business strategies. This is an indication of a reliability of the result as these benefits can be clearly linked with sustainability of SMMEs. The recurring benefits from the outcome of the study significantly correlates with the concept of sustainability. This reliability was achieved by comparing the identified benefits with sustainability measures such as organisational values, networking, strategic objective and customer satisfaction/retention. In support of this findings, Boons and Ludeke-Frund (2013) mentioned that sustainability is directly linked to business benefits such as customer satisfaction, value creation, innovation and profitability for a business.

5.3 Discussion of Findings in relation to theoretical framework

This section of the study addresses the findings of the study in relation to the adopted theoretical framework. In terms of the relationship between strategic capabilities and sustainability, the findings are discussed in relation to the sustainable business model. The discussion of the study's findings shows how the major steps in integrating sustainable business development interacts. The outcome of this study supports the theory of the Sustainable Business Model proposed by Birkin et al. (2009). This model explains the concept of business sustainability as the fore front to competitive advantage and binds an organisation's sustainability agenda to its business model. The study recognised the relationship among actions for business sustainability.

These actions includes four (4) major business sustainability actions such as Investigating, Internalising, Integrating, Innovating; the study also recognised from the theoretical framework the

business process improvements which includes Capability and Understanding, Commitment as well as Partnership. For this study, business process improvements were identified as business actions/strategies. These strategies were broken down into different business actions/strategies to link with business sustainable actions. Three of these business strategies each were tested against the different business sustainable actions to determine SMME sustainability. These business actions/strategies includes: Risk analysis; SWOT analysis; Financial analysis; Target market; Business goals/objectives; Organisational change; Partnerships and collaborations; Adopting change to meet customer demands; Intervention programmes; Skills development; Creativity for profit and Adjusting products/services. The next sections explains the links between performing business sustainable actions, the different business strategies/actions and sustainability of SMMEs.

5.3.1 The relationship among Investigating, business strategies and business sustainability

The findings of this study supports the notion that integrating sustainable development into the business model is essential for business sustainability. In this regard, investigation as the first step in the business sustainable action is very important. The study associated business strategies such as SWOT analysis, Risk analysis and financial analysis as the first three set of business strategies linked to investigating as one of the four business sustainable actions. This is maintained by Schoeman and Krupp (2015) who indicated that business process improvement should be supported by conducting essential business analysis and performing business sustainable actions as this will lead to sustainability. This indication explains why the result of the study has shown a statistically positive outcome.

This outcome indicates that a high percentage of SMMEs in the Roodepoort Area have a perception that performing/adopting business strategies leads to sustainability of their businesses. On the contrary, the study has shown that the rate of SMMEs awareness and adoption of various business strategies linked with investigation is low. However, this low adoption rate could be related to the SMMEs who indicated that they have heard of but know nothing or little about how to carry out the necessary business actions/strategies. This could be as a result of various challenges that has been identified as limitations in the application of business strategies. This outcome can be interpreted to mean SMMEs do not possess the sensing capability that is needed for them to identify essential capabilities needed for sustainability. SMMEs also do not possess the necessary capabilities needed for them to analyse their internal and external environment to ensure their sustainability. On the other hand, the result indicated that in general performing business actions/strategies is directly linked to the sustainability of small businesses.

5.3.2 The relationship among Internalising, business strategies and business sustainability

This section shows the link among the different businesses actions/strategies that has been associated with internalising which is the second step to the business sustainable action. The following three business strategies were indicated in the study. This includes identification of target market; setting business goals/objectives; and accommodating change within the business. The internalising stage indicates whether clear details obtained from the investigating step was adopted to ensure business sustainability. This supports the argument by McCann and Selsky (2012) that maintained that organisations must have a clearly set out objectives to improve business strategies. This improvement can also be acquired through having business targets and cultivating an organisational learning process, as this will encourage effective change decisions that will lead to business sustainability.

The study was able to establish an outcome which showed that although a large percentage of SMMEs in the Roodepoort Area specified their awareness/adoption rate as low, they were still able to obtain some details from the investigating step. This can be attributed to the study's outcome which indicated that a high percentage of SMMEs agreed to being aware of/and adopted the strategy of identifying their target market. An indication which supports the results that the information on carrying out business strategies from investigating stage has aided in their identification of target market. This can also be linked to the outcome that shows a low percentage for SMMEs on the challenges identified under managerial and business skills. It can also be translated that SMMEs possess the necessary skills for their business. This indicates that they possess the seizing capability needed for them to seize the available opportunity within their business environment where they operate.

The seizing capability will hence aid the necessary business actions/strategies in sustaining their business. Conversely, a negative result of business strategies such as setting business goals/objectives and accommodating change within the business was obtained. This is with regards to internalising as a business sustainable action. This suggests that a low awareness of business strategies such as setting business goals/objectives and accommodating change within the business can also be linked to a low level of adoption. The consequence of this outcome is that a high percentage of SMMEs in the Roodepoort Area have never heard of and know little or nothing of how to do it. On the other hand, the outcome on perception of these business strategies still led to SMMEs' agreement which indicated that performing the business strategies at this stage will lead to sustainability of their businesses. However challenges such as lack of adequate research and

development, highly competitive business environment and poor access to finance may be tagged as limitations to performing these business strategies.

5.3.3 The relationship among Integrating, business strategies and business sustainability

The study highlighted ‘Partnerships and collaborations’, ‘adopting changes to meet customer demands’ and ‘intervention programmes’ as business strategies associated with ‘Integrating. This being the third step in the business sustainable action of the sustainable business model. A similar evidence according to Chew, Yan and Chea (2015) indicated that value for organisations can be created through meeting market demands, transforming learning outcomes to actions and ensuring useful partnerships are maintained. The study’s outcome supports this statement as this stage explored to indicate if SMMEs meets their customer demands, transforms their learning outcomes into actions and achieve networking and partnerships for their businesses. This was backed by evidence of a positive result, in which a high number of SMMEs indicated their knowledge and agreement to have adopted actions that ensure customer demands are met. This indicates that SMMEs possess the transforming capability needed for them to transform the available opportunity to suitable results. The suitable results are essential for the sustainability of their business within the competitive environment where they operate.

However, the level of awareness/adoption rate for partnerships and collaboration was very low. This could be attributed to the outcome of challenges which was identified to be lack of business network and partnerships. On the other hand, the low level of awareness/adoption with regards to intervention programmes could also be linked to challenges identified in the study as lack of government support and lack of training and development. This outcome also has a negative effect on SMMEs transforming capabilities. The transforming capability is essential in converting outcomes gathered through the seizing of opportunities into useful outcomes for business sustainability. Nevertheless, the agreement of SMMEs that business strategies positively impacts business sustainability indicates the significance of this study. This shows that there is a relationship between ‘integrating’ as a step in business sustainable actions and ‘adopting changes to meet customer’ demands regarding business process improvement. However, partnerships and collaboration plus intervention programmes were also linked to the business sustainable action integrating. However, the study’s outcome shows that the challenging factors identified, limits the extent to which SMMEs in the Roodepoort Area can be sustainable.

5.3.4 The relationship between among, business strategies and business sustainability

This section presents the outcome of this research with regards to the relationship among business Innovation, different business actions/strategies and its impact on business sustainability. Innovation as an action for business sustainability was identified in the study to be essential for the sustainability of SMMEs. This stage of the business sustainable action necessitates the provision of necessary capabilities that will encourage innovation. The outcome of the study shows that there is a relationship between performing business actions related to innovation and the sustainability of businesses. A very high percentage of SMMEs in the Roodepoort Area indicated their awareness of the different business strategies linked with innovation. These business actions includes but are not limited to skills development, creativity for profit and adjusting products/services. The study established that the perceived impact of these business actions/strategies positively impact on the sustainability of a business.

In the contrary, the outcome of this study shows that even though there is a great awareness of these business strategies, there is a low rate of their adoption. The study associates this low rate of adoption with the challenges identified in the study as the limitation to their innovation capabilities and sustainability of their businesses. These identified challenges was found to be the major limitations faced by SMMEs in acquiring innovation capability for the sustainability of their businesses. Some of these challenges includes ; lack of access to funds, poor infrastructure, lack of government support, lack of business partnerships, lack of access to market, lack of innovative mind set, poor access to information technology and lack of adequate research and development. The list of these challenges is in accordance with SEDA (2016) but almost in contrary to some other researchers that identified limitations to sustainability as mainly micro, macro and psychological factors (Coleman, 2013; Yoshino & Taghizadeh-Hesary, 2016 & Cornelius de Man & Strandhagen, 2017). This study has found that the micro, macro and psychological factors are not core challenging factors, but only forms part of the challenging factors to sustainability.

5.4 Conclusion

This chapter extensively discussed the findings of the study with regards to the research questions and research objectives. The outcome shows that a statistically significant relationship exists between strategic capabilities and sustainability of SMMEs in the Roodepoort Area. In order to answer the research questions and meet the research objectives, business strategic capabilities were broken down into twelve business actions. These actions were used to determine the statistical correlation of the factors that were tested. The study established that the SMMEs in the Roodepoort

Area were able to identify the necessary strategic capabilities required for the sustainability of their businesses. This study further established that the adoption rate of some of the business strategies were low due to low level of awareness and challenges that limits them from applying these business strategies in their businesses. However, a proposition exists that the knowledge/awareness and the adoption level of business strategies are positively associated with identifying the various strategic capabilities available.

The outcome of this study further established that SMMEs were able to identify challenges that hinders business sustainability. This was indicated by the correlation between challenges faced by SMMEs and the negative effect that it has on business sustainability. The study also showed that through SMMEs perception, they were able to identify the link that exists between the relevance of strategic capabilities and business sustainability. This study's outcome shows that a positive impact of strategic capability can be linked with business sustainability. This is because a significant relationship exists between these two. Conversely, the study further found that possessing the essential business strategies is interwoven with continuous and consistent effort in order to ensure the sustainability and uninterrupted business operations. When a business does not put in consistent and continuous effort in performing some business actions, it will negatively affect business sustainability.

The study further indicated that SMMEs in the Roodepoort Area will integrate business strategies for sustainability by aligning business goals with visions, complying with codes of ethics, having business frameworks, constant research and development, conducting market research and encouraging mentorship programmes. This associates with SMMEs ability to identify the business strategies that they are aware of and have adopted. These already identified capabilities were part of business strategies indicated by SMMEs as strategies they intend to integrate into their businesses to ensure sustainability. The study establishes that the correlation between adopted business strategies and sustainability of SMMEs is an affirmation of the study's result which indicates a large positive impact of strategies on business sustainability.

This study has attributed the benefits of relationship between performing business strategies and sustainability with a positive outcome. The discussion of findings for this study was further extended to the theoretical framework. This study was underpinned by the Birkin et al (2009) model. The model integrates various actions for business sustainability such as Investigating, Internalising, Integrating, and Innovating; with business process improvements such as Capability and Understanding, Commitment as well as Partnership. The study established that a relationship

exists between performing business sustainability actions and the sustainability of business. The study further indicated that sustainability of businesses can be achieved through possessing various measures for strategic, performing actions for business sustainability and carrying out business process improvements.

CHAPTER SIX

SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

6.1 Introduction

The study is concluded in this chapter. The chapter round off the discussions and provides the summary of findings from the literature review and the summary based on the findings of the study. It also provides analysis on SMMEs' perceptions with regards to strategic capabilities for the sustainability of their businesses. It then offers a number of recommendations based on the observations and deductions established on the perceived opinions expressed and implied from the responses of SMMEs.

6.2 Summary of findings from the literature review.

The previous chapters of this study containing the theoretical framework and literature review has been used to indicate the relationship that exists between strategic capabilities and sustainability of SMMEs. A huge amount of research has been conducted to indicate that business strategies are the mediating factors between strategic capabilities and sustainability of SMMEs. The outcome of this study has thus been used to gain a deeper awareness into strategic decisions made by SMMEs. It has also been used to expatiate on the challenges SMMEs face in sustaining their businesses. Different studies that have been conducted in the past focused majorly on strategic capabilities and sustainability. Little has been done to identify how the essential strategic capabilities will lead to sustainability of SMMEs. According to SEDA (2016), there is a huge number of failure rate in SMMEs as majority of SMMEs in South Africa fold up within an average period of three and half years. Marcotte (2012) added that the reasons behind SMME failure has not been fully established, but some identified reasons for failure includes; lack of necessary capabilities, lack of managerial expertise and the lack of the identification of essential capabilities that will ensure sustainability. This study has been able to indicate how strategic capabilities is associated with the sustainability of SMMEs through the influence of performing identified business strategies. The next section presents summary of findings based on the primary sources of information.

6.3 Summary of findings based on the close-ended questions

The findings of this study has provided reliable outcomes to the research questions and also been used to achieve the research objectives. This section presents the findings from the close-ended question. The findings in this study indicates that SMMEs are able to identify business actions/strategies as essential strategic capabilities necessary for the sustainability of their businesses. This implies that a high percentage of SMMEs in the Roodepoort Area possess a sensing capability needed for the identification of strategic capabilities. This is due to their high their rate of awareness and adoption of essential actions/business strategies for business sustainability. The low adoption rate could also be attributed to SMMEs having heard of but know nothing/ know a little about how to carry out the necessary business actions/strategies. Some of the business actions/strategies were identified as intervention programmes, partnership and collaborations, organisational change and risk analysis.

This study found that a large amount of challenges faced by SMMEs in the Roodepoort Area has been identified as poor access to funds, inconsistent labour laws, lack of training and development, highly competitive business environment, high crime rates, lack of partnerships and collaboration, inadequate research and development, lack of innovation and inadequate educated workforce. The outcome of the study indicates that SMMEs may be aware and might have adopted various business strategies, however, they are faced with many challenges. These SMMEs facing these challenges also lack the seizing capabilities. This is so because SMMEs will not be able to seize the opportunities that they have already identified due to challenges they are faced with.

The outcome of the study shows that a correlation exists between adopting/performing certain business actions/strategies for SMMEs' sustainability. Inferential analysis on the impact assessment of the various business strategies in the study shows that a correlation exists between adopting/performing business actions/strategies and the sustainability of businesses. This infers that a link exists between the 'perception of the impact of business actions/strategies' and its significance on the 'sustainability of businesses'. However, government support and intervention programmes (e.g. SEDA and DTI) were the strategies mentioned by SMMEs in Roodepoort Area not to be significant for business sustainability. This could also be associated to the findings of the study which has revealed that less number of SMME agreed to adopting/performing some specific business strategy. An indication that these small percentage have not succeeded in gaining government support and intervention programme. They also do not perceive government support and intervention programme as business strategies that have a positive impact on their business.

6.4 Summary of findings based on the open-ended questions

This section of the study summarises the findings from the open-ended questions of the study. The outcome from this part of the study discovered that the sustainability of SMMEs is greatly reliant on integrating specific business strategies into business models. The findings were mainly based on the different opinions of SMMEs which was used to answer the research questions and achieved the research objectives. They established challenges such as inadequate access to funds, lack of government support and lack of collaborative ventures with larger firms as barriers to sustainability of SMMEs in the Roodepoort Area. Insufficient support by the government due to the BBBEE policy is a major barrier linked to funding of SMMEs in the Roodepoort Area. The challenges identified are indications that although SMMEs recognise essential business strategies for business sustainability, but adopting/performing these strategies are challenged by lack of access to the necessary capabilities.

The outcome of this study further established the relationship between strategic capabilities of SMMEs and its negative effect on its sustainability. This is an indication that although adopting/performing business strategies has positive impact on SMME sustainability, there are negative effects to performing these business strategies. The findings of the study suggested that it is very important for SMMEs to be continuous and consistent in performing their business strategies in order to ensure sustainability. SMMEs are aware of how to integrate essential business strategies into their business for sustainability. SMMEs indicated that this can be achieved through aligning business goals with their vision, complying with codes of ethics, having business frameworks, constant research and development, conducting market research and encouraging mentorship programmes.

These identified strategies by SMMEs then confirms the various ways that their strategic capabilities has been integrated into their businesses. However, integrating business actions/strategies such as collaborative work, alignment of government policies, research and development does not positively correlates with business sustainability. The result of this study has revealed the benefits of performing business strategies for the sustainability of SMMEs. These benefits were established by SMMEs as the ability to set and achieve targets, being ethical, attracting larger business for collaborative work, growth and business sustainability. These benefits were indicated by SMMEs through the word frequency and tree map in Chapter four. This frequency tree map identified the benefits of performing business strategies in recurring words. The event of the recurring words is an indication of the reliability of the result. These benefits can be

clearly linked with sustainability of SMMEs. The recurring benefits from the outcome of the study significantly correlates with the concept of sustainability.

6.5 Recommendations

This section of the dissertation makes a number of recommendations and suggestions for further research on strategic capabilities for business sustainability.

6.5.1 Government Support and Intervention Programmes

Research findings suggest that many SMMEs find government support and intervention programmes a challenge. Therefore, South African government need to look at why this is identified as a challenge. Government in their capacity should endeavour to establish effective communication channel between government and businesses, 'Government-to-Business' (G2B). G2B which is an initiative that allows relationships between the government and businesses. Government should also create more awareness on the different intervention programmes available to support SMMEs. It is understandable that the South African government has redressed the inequalities of Apartheid and came up with BBBEE. The government should however, provide alternative programmes that will benefit other races.

6.5.2 Networking and Partnership with Large Organisations

The findings of the study suggest that SMMEs find it a challenge to collaborate and network with large organisations. It is suggested that there should more flexibility in organisational structure of large companies to accommodate business relationships with SMMEs. As noted in the study, SMMEs thought that they miss out on big business opportunities due to lack of trust from large organisations. These findings may be attributed to the risks that large organisations associate with investing in small businesses. Therefore, the study suggest that SMMEs should be more pro-active in their networking and marketing strategies in order to gain the trust of these large organisations. This will also establish the benefits that these large organisations will achieve in collaborating with SMMEs. Some of which may include but are not limited to more client base; less effort on training and development programmes; and spend less on marketing products and services.

6.5.3 Trust should be established between SMMEs and clients

As noted earlier in the study, SMMEs indicated that trust between them and their clients is a challenge. It is suggested that SMMEs should build the business-to-consumer (B2C) relationships.

Since their clients are the end-user of their products, SMMEs should be consumer oriented by conducting market research to know the demands of their customers. They should also be ethical and professional in their dealings with clients. Another recommendation from the study suggests that there should be corporate bodies (such as Chambers of Commerce and Industry) that will create a platform for both SMMEs and potential clients meet and greet. This will create a better business-to-consumer relationship such as customer trust, customer preferences and loyalty.

6.5.4 Consistent Labour Law and low Tax Rates

Inconsistent labour laws and high tax rates were identified by SMMEs as challenges faced by SMMEs in the sustainability of their businesses. The study takes note that when taxes are too high, it affects business profits and makes it difficult for small businesses to expand. It is suggested that government should be more lenient on labour laws and tax rates to accommodate small businesses. This will benefit SMMEs and if SMMEs are successful, this would boost the economy of the country.

6.5.5 Reduced Crime Rate

The study takes note of high crime rates identified by SMMEs has a challenge. Crime rates can be high due to lack of employment. Therefore, the study suggest that government and other private sectors should provide job opportunities to citizens in order to reduce crime rates. Government should encourage and support SMMEs in providing mentorship and community outreach programmes to empower citizens. Department of Community Safety and liaison should collaborate more with small businesses and community members to establish community policing to support the South African Police Services in order to control crime rates.

6.5.6 Limitation and Suggestion for Further Research

The research findings and discussion of the study acknowledged that there is limitation on the opinions and perceptions of SMMEs that deals exclusively with SMMEs in the Roodepoort area of Johannesburg. However, the study helps to understand the varying degrees of similarities and differences on the perceptions of SMMEs regarding the awareness of the significance of adopting and performing business actions/strategies for the sustainability of their businesses. For further research, the opinions and gradations presented in this study may not necessarily apply to other SMMEs in different region or province. This calls for scholarly examination and investigation into how other measures of strategic capabilities can be used to sustain businesses in other regions of

South Africa. There is the possibility for further research to present a national proposal for determining influencing factors for SMMEs' sustainability.

6.6 Thesis Conclusion

There are various degrees of similarities and differences in the research findings amongst SMMEs in the Roodepoort area of Johannesburg. A significant portion of the research findings indicates that SMMEs have heard of and are aware of the relevance of adopting and performing business actions/strategies for the sustainability of their businesses. The recommendations of this study should improve the appreciations and the relevance of integrating strategic capabilities for the sustainability of SMMEs as well as provide recommendations in which SMMEs can overcome the challenges faced in the application of essential strategic capabilities for business sustainability.

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APPENDICES

Appendix 1: Ethical Clearance Letter



22 January 2018

Ms Abiola Afolakemi Ajikanju (210513233)
School of Management, IT & Governance
Westville Campus

Dear Ms Ajikanju,

Protocol reference number: HSS/0003/018M

Project title: Strategic capabilities and sustainability of SMMEs' in Gauteng: A case of Roodepoort area in Johannesburg

Approval Notification – Expedited Application

In response to your application received on 10 December 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shamila Naidoo (Deputy Chair)

/ms

Cc Supervisor: Dr SO Atiku
Cc Academic Leader Research: Professor Isabel Martins
Cc School Administrator: Ms Angela Pearce

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3587/8350/4557 Facsimile: +27 (0) 31 260 4609 Email: ximbao@ukzn.ac.za / snymnm@ukzn.ac.za / mohunp@ukzn.ac.za

Website: www.ukzn.ac.za

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Appendix 2: Informed Consent Letter

COLLEGE OF LAW AND MANAGEMENT
SCHOOL OF MANAGEMENT, INFORMATION TECHNOLOGY AND GOVERNANCE

Masters (Entrepreneurship) Research Project

Researcher: Abiola Ajikanju (+27 84 957 1748)

Supervisor: Dr. S. O. Atiku (+27 844 360 0270)

Research Office: Ms P Ximba (Tel: +27312603587)

Dear Respondent,

My name is Abiola Ajikanju, student at the School of Management, Information Technology and Governance of the University of KwaZulu-Natal (UKZN). You are invited to participate in research project titled: Strategic Capabilities and Sustainability of SMMEs' in Gauteng: A case of Roodepoort Area in Johannesburg. The aim of this study is to examine the extent to which strategic capabilities are necessary in addressing the challenges faced by SMMEs to ensure their sustainability.

In the questionnaire, the following keywords are used:

Strategic capabilities: are the unique and core competencies that SMMEs possess which helps to differentiate itself from its rivals. SMMEs with strategic capabilities have the ability to perform certain activities that will help determine and manage its opportunity and threat.

Sustainability: has been distinguished as more than just maintaining the environment, but endurance of a business to pursue opportunities, new products development and ensuring profitability over a long period of time.

SMMEs: According to the Gauteng SMMEs policy framework (2014) and the National Small Business Act, SMME was defined as a distinctive and separate business unit which comprises of non-government enterprises and corporative organisations. It is managed by a single owner or more. SMMEs include different branches or subsidiaries and carried on in any sector or subsector of the economy. Through your participation, I hope to examine the influence of strategic capabilities on sustainability of SMMEs in South Africa. The results of the survey are intended to contribute to expanding academic knowledge in the field of entrepreneurship management. Professional entrepreneurship practitioners can also use the information in the study to enhance practice.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in the survey. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, IT and Governance of UKZN. Your responses will not be used for any purposes outside of this study.

Data collected will be stored during the study and archived for 5 years. After this time, all data will be destroyed.

If you have any questions or concerns about completing the questionnaire or about participating in the study, you may contact me or my supervisor at the numbers listed above. The survey should take you about ten minutes to complete. Your time to take part in this survey is highly appreciated.

Sincerely,

Investigator's signature: _____

Date: _____

Appendix 3: Questionnaire

UNIVERSITY OF KWAZULU-NATAL
COLLEGE OF LAW AND MANAGEMENT
SCHOOL OF MANAGEMENT, INFORMATION TECHNOLOGY AND GOVERNANCE
Masters (Entrepreneurship) Research Project
Researcher: Abiola Ajikanju (+27 84 957 1748)
Supervisor: Dr. S. O. Atiku (+27 844 360 0270)
Research Office: Ms P Ximba (Tel: +27312603587)

CONSENT

I (Full names of participant) hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

I declare that my participation in this study is entirely voluntary.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at abatanabi@yahoo.com / 210513233@stu.ukzn.ac.za or the phone numbers provided above.

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researcher then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557 - Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

SIGNATURE OF PARTICIPANT.....

DATE.....

QUESTIONNAIRE

Topic: Strategic Capabilities and Sustainability of SMMEs' in Gauteng: A case of Roodepoort Area in
Johannesburg

Part A:

Section A: Demographic Information

This section of the questionnaire refers to your background information. The information will allow me compare groups of respondents. Once again, I assure you that your response will remain confidential.

Please select the applicable option by placing an X in the box.

1. What is your gender?

Gender	X
Male	
Female	

2. What is your age group?

Age	X
Below 25 years	
25 – 30 years	
31 – 40 years	
41 – 50 years	
51 - 60 years	
Above 60 years	

3. What is your ethnic group?

Ethnic Group	X
Black	
Coloured	
Indian	
White	
Other	

4. What is your highest qualification?

Qualifications	X
No formal education	
Below Grade 12	
Grade 12 (Matric)	
Certificate	
Diploma	
3-year University Degree	
Honours	
Masters	
Ph.D.	
Other	

5. What is your company's primary business industry? (Select **ONE** option only)

Business industry	X
Accommodations	
Communications	
Consumer products	
Education	
Energy (electricity, gas & water)	
Financial and Business services	
Healthcare	
Hospitality and Leisure	
Industrial	
Media	
Pharmaceuticals	
Public services (social and personal services)	
Research	
Technology & Software	
Telecoms and Cables	
Transportation	
Other	

5.1 If you selected 'OTHER' in the above, please specify the nature of your business:

6. How long has your business been in existence?

Years of existence	X
< 1 year	
1 - <3 years	
3 - <5 years	
5 - <7 years	
7 - <9 years	
9+ years	

7. At which stage of business development is your business?

Business development stage	X
Start-up	
Growth	
Established	
Expansion	
Mature	
Exit/Close down	

8. How many people (including yourself) are employed in your company?

Employees	X
1 - 5 employees	
6 - 10 employees	
11 - 100 employees	
101 - 200 employees	

Section B: Strategic Capabilities within SMMEs

9. What sort of strategy or strategic plan does your business have. **Tick ALL that apply**

9.1 We do not have a strategy	9.2 Short-term	9.3 Medium-term	9.4 Long-term	9.5 Other: (Please specify) _____

10. Indicate your **KNOWLEDGE/AWARENESS** of the following business actions/strategies:

Business actions/strategies	Never heard of it	Heard of but know nothing about how to do it	Heard of and know a little about how to do it	Heard of and know quite a bit about how to do it	Heard of and know a lot about it
10.1 Risk analysis (Identifying possible risks associated with running the business e.g. financial risk)					
10.2 SWOT analysis (Identifying strengths, weaknesses, opportunities and threats of the business)					
10.3 Financial analysis (Understanding of your asset, liability, profit, loss etc.)					
10.4 Target Market (Identifying specific customers to sell goods/services to)					
10.5 Business goals and objectives (Setting goals of what a business wants to achieve at a certain period of time e.g. having a profit target, business growth target etc.)					
10.6 Organisational change (Making changes to the business because of changes to e.g. economic conditions, competitive environment, product demand etc.)					
10.7 Partnerships and collaborations					

(Working together with other organisations to share finances, knowledge and people in order to achieve a common goal)					
10.8 Adopting changes to meet customer demands e.g. price change, product/service change					
10.9 Intervention programmes (Taking part in government intervention programmes for SMMEs e.g. SEDA technology programme, DTI incubation support programme)					
10.10 Skills development (Training given to employees in order to improve business skills)					
10.11 Creativity for profit (Being creative in ideas of making profit)					
10.12 Adjusting products/services to fit to any changes/trends within the market					

11. Indicate your level of agreement that you have **ADOPTED** the following actions/strategies in your business:

Business actions/strategies	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
11.1 We have identified possible risks associated with running the business e.g. financial risk					
11.2 We have identified the strengths, weaknesses, opportunities and threats of the business					
11.3 We have a knowledge of our financial situation in terms of assets, liabilities, profit, loss etc.					
11.4 We have Identified specific customers to sell our goods/services to					
11.5 We have laid out goals that the business wants to achieve at a certain period of time					

e.g. having a profit target, business growth target etc.					
11.6 We have made changes to our business because of changes to e.g. economic conditions, competitive environment, product demand etc.					
11.7 We have worked together with other organisations to share finances, knowledge and people in order to achieve a common goal					
11.8 We have adopted changes to meet customer demands e.g. price change, product/service change					
11.9 We took part in government intervention programmes for SMMEs e.g. SEDA technology programme, DTI incubation support programme					
11.10 We have trained our employees in order to improve their business skills					
11.11 We have been creative in our ideas of making profit					
11.12 We have adjusted our products/services to fit to any changes/trends within the market					

Section C: The CHALLENGES faced in the application of business actions/strategies within SMMEs

12. Please indicate your agreement that **YOUR SMME** faces/faced the following **CHALLENGES**

Challenges	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12.1 Poor access to finance and credit					
12.2 Insufficient business owner's equity					
12.3 Lack of managerial skills					
12.4 Lack of operational skills					
12.5 Lack of business skills					
12.6 Poor infrastructure					
12.7 Lack of government support and interventions					
12.8 Inconsistent labour laws					

12.9 High Tax rate					
12.10 Lack of business network and partnership					
12.11 High supply chain cost					
12.12 Lack of access to markets					
12.13 Lack of adequate research and development					
12.14 Lack of training and development programmes					
12.15 Inadequate educated workforce					
12.16 High transportation cost					
12.17 Highly competitive business environment					
12.18 Lack of innovative mind-set					
12.19 Poor access to information technology					
12.20 High crime rate					

Section D: Perceived Impact of Strategic Capabilities on the Sustainability of SMMEs

13. Indicate your level of agreement that **ADOPTING/PERFORMING** the following actions/strategies has led to the **SUSTAINABILITY** of **YOUR** business:

Business actions/strategies	Strongly Disagree	Disagree	Neutral	Agree	Does not apply – I did not adopt the action
13.1 Conducting analysis to identify possible risks associated with running the business e.g. financial risk					
13.2 Conducting SWOT analysis to identify the strengths, weaknesses, opportunities and threats of the business					
13.3 Analysing your finances to know your assets, liabilities, profit, loss etc.					

13.4 Identifying specific customers to sell your goods/services to					
13.5 Laying out goals that the business wants to achieve at a certain period of time e.g. having a profit target, business growth target etc.					
13.6 Making changes to your business because of changes to e.g. economic conditions, competitive environment, product demand etc.					
13.7 Working together with other organisations to share finances, knowledge and people in order to achieve a common goal					
13.8 Adopting changes to meet customer demands e.g. price change, product/service change					
13.9 Taking part in government intervention programmes for SMMEs e.g. SEDA technology programme, DTI incubation support programme					
13.10 Training your employees in order to improve their business skills					
13.11 Being creative in your ideas of making profit					
13.12 Adjusting your products/services to fit to any changes/trends within the market					

14. What impact does (would) business actions/strategies have on the sustainability of your business?

Large Negative impact	Small negative impact	No impact	Small positive impact	Large Positive impact

Part B: Integration of Strategic capabilities for the sustainability of SSMEs.

1. What kind of challenges have you are you aware of in gaining access to the necessary business actions/strategies for the sustainability of your business?

2. How could/have business actions/strategies negatively affected your business operations?

3. Please explain how you will integrate/fit the necessary business actions/strategies into your business in order to ensure the sustainability of your business.

4. Please explain or list what you consider to be the benefits of performing business actions/strategies.

Thank you for your time!