Exploration of critical success factors for small and medium enterprise sustainability in post coronavirus pandemic: A performance measurement framework

by

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2025

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DEDICATION

I dedicate this thesis to my daughter, Cenaiya, who has been my source of motivation throughout this PhD journey. I hope that this achievement serves as a catalyst for you to always aim for success and fulfil all your aspirations in life.

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ABSTRACT

In the realm of developing countries such as South Africa, the economy depends immensely on small and medium enterprises (SMEs) as they provide employment and foster entrepreneurship. SMEs throughout the country have been negatively impacted by the COVID-19 pandemic, which places their existence and sustainability in jeopardy. Thus, the aim of the study was to determine the critical success factors, both financial and non-financial, that are essential to SME performance in the aftermath of the COVID-19 pandemic and to develop a performance measurement framework with a step-by-step improvement plan to aid SMEs in their planning strategies to mitigate challenges and enhance performance and success. The study targeted SMEs associated with Production South Africa, Durban Chamber of Commerce and Industry, Johannesburg Chamber of Commerce and Industry, and the Centre for Social Enterprise as its target population. The sample size consisted of 348 SMEs, and the questionnaire was distributed to these SMEs via a google link. The qualitative component of the data collection included interviewing six SME owners from various sectors across South Africa. Data analysis was conducted using the Statistical Package for Social Science (SPSS) and structural equation modelling using Smart PLS. The qualitative data was extracted and analysed to generate themes including, business sustainability and factors, impact of COVID-19 pandemic and primary challenges preventing performance and sustainability. The path coefficient ($\beta = 0.227$, $p = 0.002$) indicates that financial planning has a significant and direct impact on SMEs' performance. However, the impact of non-financial planning on SME performance was related to through the financial planning with a positive and significant partial mediation of 0.150 coefficient, $p = 0.003$, demonstrating an indirect effect on SME performance through its effects of financial planning. The findings also revealed that the COVID-19 pandemic had a negative impact on performance in South African SMEs with the correlation coefficient (r) of -.637 signifying a strong negative association between the COVID-19 pandemic and SME performance. The study triangulated the results from both sets of data to develop a performance measurement framework and step by step improvement plan. An effective intervention strategy for

SMEs requires implementation of the performance measurement framework supported by adequate resources, infrastructure, and government support.

Keywords: Small medium enterprises, Critical success factors, post COVID-19 pandemic, Performance measurement framework, step-by-step improvement guideline flowchart.

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LIST OF ACRONYMS AND ABBREVIATIONS

4IR	Fourth Industrial Revolution
AIS	Accounting Information Systems
ANOVA	Analysis of variance
AVE	Average variance extracted
BSC	Balanced Scorecard
BCP	Business Continuity Plan
CL	Current Liabilities
COVID-19	Coronavirus Disease of 2019
CR	Composite Reliability
CSE	Centre for Social Entrepreneurship
CSFs	Critical Success Factors
DCCI	Durban Chamber of Commerce and Industry
DTI	Department of Trade and Industry
DV	Dependent variable
EPS	Earnings per Share
GDP	Gross domestic product
GEM	Global Entrepreneurship Monitor
HOC	Higher Order Construct
HR	Human Resources
HRM	Human Resource Management
HTMT	Heterotrait-Monotrait Ratio
ICT	Information and Communications Technology
ISBDS	Integrated Small Business Development Strategy
JCCI	Johannesburg Chamber of Commerce
KPIs	Key Performance Indicators
KZN	KwaZulu-Natal
LOC	Lower Order Construct
MMR	Mixed Method Research
NAFCOC	National African Federated Chamber of Commerce
NDP	National Development Plan

NSB	National Small Business Amendment Acts
OECD	Organisation for Economic Cooperation and Development
OCF	Operating Cash Flow
PLS-SEM	Partial least squares structural equation modeling
PMF	Performance Measurement Frameworks
PMM	Performance Measurement and Management
PMS	Performance Management System
PMT	Performance Management Techniques
POPI	Protection of Personal Information
PPE	Personal Protective Equipment
R&D	Research and Development
RBV	Resource-Based View
ROA	Return on Assets
ROCE	Return on Capital Employed
ROE	Return on Equity
ROS	Return on Sales
SA	South Africa
SCM	Supply Chain Management
SD	Standard Deviation
SDGs	Sustainable Development Goals
SEDA	Small Enterprise Development Agency
SEM	Structural Equation Modelling
SMART	Specified, Measurable, Achievable, Realistic and Time-Related
SMBS	Small Medium Businesses
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
SWOT	Strength, Weakness, Opportunities, Threats
TERS	Temporary Employer-Employee Relief Scheme
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
VIF	Variance Inflation Factor
VRIN	Valuable, rare, inimitable, and non-substitutable

WHO	World Health Organization
YDA	Youth Development Agency

CHAPTER 1 – INTRODUCTION

1.1 Orientation of the study

Small, medium and micro enterprises (SMMEs), or small, medium enterprises (SMEs) as they are more commonly known, are vital to the South African economy since they generate a large number of employment opportunities and propel overall economic expansion (Enaifoghe, 2024). The classification of SMMEs in South Africa is governed by the new Schedule 1 of the National Small Enterprise Act of 1996, which was published in Government Gazette No. 42304 by the Department of Small Business Development (2019). The following is the updated definition of SMMEs under the National Small Enterprises Act of 1996, as per the amended Schedule 1: The term "small enterprise" refers to a unique and independent business that operates primarily in any of the economic sectors, as well as any branches or subsidiaries it may have, including cooperative enterprises.

For the purposes of this study the term "SMEs" is used throughout this text to simplify language and bring it into line with most of the literature and comparative studies, which use the term. Micro-enterprises are specifically included in the discussions and classifications of SMEs when appropriate. This is to improve coherence and comparison with other research both locally and internationally, not to downplay the importance of micro enterprises in the South African economy.

Overall, more than 98% of all enterprises in the nation are SMEs, and they employ a sizable share of the labour force (Rajagopaul, Magwentshu, & Kalidas, 2020b). Despite their vital role in South Africa’s economy, many SMEs struggle to survive in the current economic climate, leading to high failure rates. Over the years, SME failure rates have risen in certain regions, reaching as high as 80% during their initial years of operation (Ladzani, 2022). SME failure rates are influenced by inadequate management of internal environmental issues and an absence of external environment support (Ladzani, 2022).

In addition, the Coronavirus disease of 2019 (COVID-19) pandemic has caused extensive disruption to enterprises and forced many to adjust to a new normal,

exacerbating the issues already faced by SMEs. A large number of SMEs in South Africa experienced disruptions in their supply chains, operations, and customer demand as a result of the COVID-19 outbreak (Fubah & Moos, 2022). Due to this, a large number of SMEs experienced financial hardships, lower revenue, and increased future uncertainty (Fubah & Moos, 2022; Neeta, 2021; Rajagopaul et al., 2020b).

The ability of SMEs to improve their operational performance and efficiency is a major success factor for their survival and growth in the post COVID-19 pandemic environment (Adam & Alarifi, 2021). To assist SMEs in navigating these difficult times and maintain optimal performance to enhance sustainability, it is crucial to implement a performance measurement framework along with a step-by-step development plan. This could assist SMEs to operate more efficiently and enhance performance. SMEs can evaluate success, identify areas for improvement, and make well-informed decisions that accelerate business growth by measuring key performance indicators adequately.

In order to improve operational efficiency and performance, this study examined the significance of SMEs in South Africa, the difficulties they have faced since the COVID-19 epidemic, and the benefits of developing and implementing a performance measurement framework for SMEs. This research aimed to accomplish this by offering insightful analysis, suggestions, and strategies regarding how SMEs in South Africa can overcome past challenges and contribute to success in the dynamic business environment. The research was directed towards enhancing sustainable business operations in terms of financial planning and non-financial planning success factors to prioritise responsible conduct, efficient resource use, and steady growth in order to ensure long-term success.

1.2 Background to the study

Through job opportunities, the gross domestic product (GDP) contribution, and taxation, the SME sector is a major driver of economic growth and advancement in the South African economy. As per Msomi (2021), SMEs make up 98.5% of the South

African economy and employ 28% of the nation's workforce. SMEs are crucial as they require a higher number of labour and often recruit lower-skilled employees, providing countless opportunities for South African citizens. Moreover, SMEs are instrumental in using a country's technology, innovation, and entrepreneurship and work to rise above competition, and long-term businesses, especially during a crisis. Hence, SMEs are instrumental in the success of a market economy (Loku, Loku, & Baftiu, 2021; Olarewaju & Msomi, 2021). However, according to Kwartati, Maupa and Cahyadi (2024) SMEs face more challenges and constraints than larger organisations worldwide.

Since 1994, the South African government has been putting more effort into supporting SMEs, recognising their potential in driving economic growth through job creation and reducing unemployment rates, as well as addressing poverty. Despite these efforts, SMEs continue to struggle, and little interest has been given to understanding the reasons behind their failure in emerging and low-income countries, including South Africa (Alfoqahaa, 2018; Leboea, 2017; Lings, 2014). According to Msimango-Galawe and Hlatshwayo (2021) small firms in South Africa have a failure rate of 70-90% in their initial years of operation. The strategies which promote business sustainability in the nation's SMEs have also received minimal research exploration (Leboea, 2017). More recent data reveals that five out of every seven SMEs fail during their first year of operation (Msomi, 2021). The aforementioned findings concur with Madzimure and Tau (2021a) finding that in South Africa, SMEs fail at a rate of 75% after 42 months of operation. In light of the above-mentioned studies revealing failure rates in the country, and the importance of SMEs' economic contribution to the country, improving the success rate of South Africa's SMEs is urgent (Van Zyl, 2020).

There have been varying degrees of global impact from the Coronavirus disease 2019 (COVID-19) pandemic on SMEs and entrepreneurship. As a result of the COVID-19 pandemic, thousands of employment opportunities and jobs have been lost (Neeta, 2021). In addition, social alienation alongside other limitations and demand fluctuations led to the permanent closure of numerous enterprises, according to a study on the effects of COVID-19 on small business owners (Neeta, 2021). Since then, SMEs have been facing hitherto unrecognised challenges that have threatened their

viability since the beginning of the COVID-19 pandemic. During the pandemic, the ability of SMEs to function effectively and successfully was impacted by a number of issues, including financial constraints, a decline in customer demand, disruptions in the supply chain and restrictions stemming from the lockdown among others (Cepel, Gavurova, Dvorský, & Belas, 2020). SMEs had to adjust to new regulations regarding safety and health, adopt remote work policies, and automate their business processes in order to survive the epidemic (Bularafa & Adamu, 2021; Cepel et al., 2020). In addition to mentioning that SME are more vulnerable to crises, Alves, Lok, Luo and Hao (2020) indicate that there is no guidance available for coping with the long-term difficulties triggered by COVID-19. Many SMEs in South Africa are finding it difficult to adjust to the shifting economic climate as a consequence of the COVID-19 outbreak, which highlighted their vulnerabilities. The difficulties experienced by SMEs have been exacerbated by problems with cash flow, declining sales, and limited financing options (Alves et al., 2020).

The COVID-19 pandemic's effects on SMEs in developing nations have yet to be investigated, particularly in terms of business sustainability. COVID-19 posed inevitable challenges and shocks to all sectors of the economy, particularly SMEs, which are critical to South Africa's employment generation and economic growth (Bularafa & Adamu, 2021). A study in Indonesia by Suryani, Zulfikar and Vitria (2021) revealed that from early 2020, the start of the COVID-19 pandemic, into 2021, the country's gross profit dropped by -41.6 % in the SME sector in general. Furthermore, there was a significant difference of 62.8% between the net profit prior to and subsequent to the outbreaks. Considering both Indonesia and South Africa are developing countries with varied populations, complex socioeconomic operations, and economies in transition, an Indonesian study can be helpful in developing a South African study. Indonesian findings may be comparative to South Africa, highlight common challenges, and propose frameworks or approaches that can be used locally in South Africa in influencing policy and understanding.

South Africa has been devastated by the COVID-19 pandemic since the beginning of 2020. For instance, South Africa experienced a 5.4% decline in company profits from 2020 to 2021 (Anakpo & Mishi, 2021). Van Seventer, Arndt, Davies, Gabriel, Harris

and Robinson (2021) has further elaborated that the pandemic also resulted in the shutting down of a number of businesses and a decrease in employment rates from 57% to 38%

In South Africa, empirical studies on the challenges and achievements of small businesses are limited (Bushe, 2019). Mthimkhulu (2015), for instance, examines the limitations and growth potential of small business development, suggesting that additional empirical research is necessary to completely comprehend these dynamics. Similarly, in assessing how financial difficulties impact small enterprises' ability to succeed, Nkwinika and Mashau (2020) point out important research inadequacies.

The majority of earlier studies have been devoted to discovering why SMEs fail. To discuss a few studies, Fatoki (2014a) examined the reasons behind South Africa's high percentage of new small and medium-sized business failures, including both external (such as lack of funding) and internal (like lack of management expertise) aspects. Mabunda and Chinomona (2019) explored the high failure in start-up businesses in South Africa and low rate of transition from small to medium sized enterprises. Leboea (2017) explored the factors influencing SME failure in South Africa.

According to Safari and Das (2023), there is a lack of knowledge available to build effective policies and strategies to prevent SMEs from failing. Ma'aji, Shrubsall and Anderson (2023), recognise critical success factors (CSFs) for SMEs are crucial for developing effective business policies and strategies to avoid failure and achieve success. CSFs are characteristics that serve as variables in a business or initiative (Rodriguez, Bowyer, & Gregory, 2023) which is necessary for success (Gumel & Bardai, 2023). They are components required for an organisation to function and thrive. They are the resources, ideas, and strategies needed for success in a business (Gumel & Bardai, 2023).

Prioritising and identifying CSF is necessary to improve business efficiency and strengthen SMEs' resilience in the aftermath of COVID-19. Skills and capability, supply efficiency, customer relationships, manufacturing strategy, and technology have been identified as the CSFs in South African business (Matope & Mahove, 2021). The CSFs as identified in the study of Attar (2023) were leadership support and management

structure, technological capabilities, knowledge acquisition and creativity and innovation. These CSFs concurred with the South African findings indicating the similarities in the variables contributing to success of local South African businesses and international businesses.

By focusing on these and other crucial areas, SMEs can increase their chances of thriving in the post-pandemic environment. Although the bulk of earlier research on SMEs has focused on issues that can lead to failure, these can also contribute to success if they are avoided. Consequently, SMEs lack sufficient understanding regarding CSFs.

Performance measurement frameworks are a fundamental aspect of the decision making processes in managing and improving SME performance and success (Rojas-Lema, Alfaro-Saiz, Rodríguez-Rodríguez, & Verdecho, 2021). This means that it is imperative to develop a performance measurement framework that can assist SMEs improve their performance, success, and sustainability (Van Zyl, 2020). The performance of SMEs is a term used to understand how well a business is maintaining its operations. In the context of South Africa, SME performance includes a variety of components that affect the viability and success of businesses. This can be analysed quantitatively in terms of efficiency, financial outcomes, production level, profitability, productivity, and the dynamics of costs, revenues, and liquidity (Gupta & Batra, 2016; Zimon, 2018). Also, from a qualitative standpoint, marketing innovation, consumer satisfaction, employee conduct, leadership style, and achieving objectives can be examined (Cicea, Popa, Marinescu, & Cătălina Ștefan, 2019). Gopang, Nebhwani, Khatri and Marri (2017) define the performance of SMEs as follows: Increased productivity, enhanced profits, increased sales, employee satisfaction, production operations effectiveness and objective accomplishment. Research that focuses on the factors that affect SMEs' performance is equally important, in addition to the investigation of performance factors. Businesses need to efficiently use and integrate their organisational, human, and physical resources in order to thrive in a potentially harsh environment. As a result, they will gain sustained competitive advantages and achieve enhanced performance (Cicea et al., 2019).

With this approach of measuring performance, SMEs can monitor their progress toward significant objectives, pinpoint areas for development, and arrive at data-driven decisions that promote efficiency and growth. SME performance and sustainability can be improved by proactively identifying areas for improvement and tracking and evaluating key performance indicators, including customer retention, profitability, sales growth, and operational efficiency. Existing performance measurement frameworks have been created for large firms, however, according to previous studies, they frequently do not apply to SMEs (Zerfass & Winkler, 2016). A preliminary examination of the available literature on performance measurement found that no prior research has concentrated on the crucial success strategies of SMEs in South Africa post COVID-19 pandemic. Since the strategies of businesses have changed since the year 2020, which is when the pandemic started, research in this area is essential. Moreover, researchers continue to emphasise that SMEs require performance measurement frameworks that are basic, flexible, easy to use, and economical but no research delivers a framework with those characteristics (Pekkola & Ukko, 2016). Van Zyl (2020) proposes, for example, that there is a strong need to develop a universal and fundamental performance measurement methodology that SMEs can utilise efficiently and effectively.

The most challenging problem for most SMEs is sustaining their performance and surviving for an extended period (Lampadarios, 2017; Lim & Teoh, 2021; Rahman, AbdelFattah, Bag, & Gani, 2022). This is often due to a lack of understanding and failure to apply critical success factors, resulting in poor decision-making and problem-solving abilities that contribute to SME failure (Rajagopaul, Magwentshu, & Kalidas, 2020a). These factors include both financial and non-financial strategies. Several studies have identified essential CSFs, such as financial accessibility, human capital, strategic planning, market and product development, customer relations management, entrepreneurial orientation, support from management, and management skills (Bhise, Choudhari, Kumbhalkar, & Sardeshmukh, 2022; Lampadarios, 2016). SMEs need to concentrate on controlling expenses, customers, suppliers, information, revenue, its competitors, and sources of funding (Mabhungu, 2017). Financial availability, a collaborative environment, and managerial support are especially important for the effective adoption of CSFs in SMEs (Bhise et al., 2022). SMEs can minimise failures,

develop successful strategies, and support economic growth and development by understanding and using these CSFs (Gumel & Bardai, 2023).

Owners often lack the necessary strategies and processes to make effective long-term financial decisions and apply analysis strategies to survive the first few years of operation (Alexander-Joseph, 2017; Sharma, 2022). Studies show that SMEs in developing nations face a higher rate of failure compared to wealthy nations, with distinct issues specific to underdeveloped countries (Leboea, 2017; Okpara, 2011; Otman, 2021). South Africa is a developing nation, and this is why a study of this nature conducted within SMEs in the South African environment is important. More so, since the COVID-19 pandemic increased the already challenging environment SMEs operate within leading to many SMEs closed operations due to their inability to sustain their business (Cepel et al., 2020; Suryani et al., 2021).

In addition to the aforementioned challenges, the findings by Madzimure and Tau (2021b) reveal that the biggest issues facing SMEs include competition from foreign businesses, poor management skills and marketing abilities, and difficulty managing finances and obtaining loans. According to Mashwama, Aigbavboa and Thwala (2019), the primary obstacles that South African SMEs must overcome are a lack of resources (such as finances, technical expertise, and business expertise), education, experience, skills, and communication.

To address these challenges, it is important to evaluate the application of CSFs for decision making within a performance measurement framework. This can lead to improved operations, increased profitability, and ultimately, the survival and expansion of SMEs (Mabhungu, 2017). However, existing performance measurement frameworks for SMEs are often inadequate for generating a comprehensive business analysis that can inform decision-making (Mabhungu, 2017). Though there has been thorough research on developing and evaluating strategic frameworks for SMEs to navigate a competitive setting, including studies by Bititci, Bourne, Cross, Nudurupati and Sang (2018); Dey, Yang, Malesios, De and Evangelinos (2021); Van Zyl (2020); Yadegari, Rahmani, Khiyabani and (2018), no research has investigated the impact of strategic, human resources, operational and financial factors on SMEs' survival

strategies after a pandemic. In light of the COVID-19 pandemics devastating effects on SMEs, it is crucial to understand the pandemic's effects on business financial performance and identify strategies that can better aid in preparing SMEs to endure and recover from any future disasters or crises.

SME performance in terms of increased financial stability, profits, operational efficiency, and long-term sustainability can all be improved by concentrating on CSFs and implementing a performance measurement framework (PMF) post COVID-19 pandemic. To ensure that SMEs enhance profitability, performance and success in the post-pandemic economy, policymakers, business leaders, and communities have to collaborate and provide the necessary funding and assistance. There is a gap in literature as, although there have been PMFs developed, there are no findings on thoroughly defined and itemised performance measures for specific SMEs in particular industries. In addition, no study has been done on the development of a performance measurement framework on the critical success strategies of SMEs in South Africa following the COVID-19 pandemic. Business strategies have evolved since 2020, when the pandemic began, thus a study in this area is crucial. Performance measurement frameworks for the purposes of the study will pertain to the financial CSFs and the non-financial CSFs that need to be identified and implemented specifically in the South African environment to enhance business profitability, success, and sustainability post COVID-19 pandemic.

1.3 Research Problem

Although earlier research has shown the advantages and disadvantages of the current frameworks for measuring performance for SMEs, most of this work has concentrated on the time before the COVID-19 pandemic. Research on how SMEs in developing countries, like South Africa determine their non-financial and financial crucial success criteria for creating a PMF in the wake of COVID-19 is lacking. Since the strategies of businesses have changed since the year 2020, which is when the pandemic started, research in this area is essential. The understanding of PMF strategies in various organizational and cultural contexts of SMEs is constrained by a lack of research. For the majority of SMEs, maintaining performance and sustaining operations for an

extended period of time is the most challenging problem (Lampadarios, 2017; Lim & Teoh, 2021; Rahman et al., 2022). This frequently results from a lack of knowledge and implementation of critical business strategies, which impairs decision-making and problem-solving skills increasing the risk of SME failure (Rajagopaul et al., 2020a).

The most challenging problem for most SMEs is sustaining their performance and surviving for an extended period (Lampadarios, 2017; Lim & Teoh, 2021; Rahman et al., 2022). This is often due to a lack of understanding and failure to apply critical success factors, resulting in poor decision-making and problem-solving abilities that contribute to SME failure (Rajagopaul et al., 2020a). As previously discussed, these CSFs comprise of a combination of financial and non- financial factors. SME business owners frequently lack the processes and strategies needed to apply analysis techniques and make sound long-term financial decisions that will allow them to survive the first few years of operation (Alexander-Joseph, 2017; Bartik, Bertrand, Cullen, Glaeser, Luca, & Stanton, 2020; Sharma, 2022; Sharma & Rai, 2023). As prior research indicates that SMEs in developing countries experience a greater rate of failure than those in more established countries, as undeveloped countries incur a series of unique difficulties (Leboea, 2017; Okpara, 2011; Otman, 2021). The COVID-19 pandemic exacerbated these challenges for developing countries as many SMEs had to cease operations due to financial constraints, decrease in revenues as well as supply chain disruptions (Cepel et al., 2020; Suryani et al., 2021).

SMEs incur challenges in establishing the CSFs to utilise in decision-making. Many SMEs do not implement or utilise a performance measurement framework to enhance productivity, increase revenue, and increase profitability to aid in the survival and growth of these businesses. To address these challenges, it is important to evaluate the application of CSFs for decision making within a performance measurement framework. This can lead to improved operations, increased profitability, and ultimately, the survival and expansion of SMEs (Mabhungu, 2017). The existing performance measurement frameworks are inadequate in producing a thorough business analysis that can direct decision-making (Mabhungu, 2017). Many of the existing frameworks cater for big business and cannot be adapted to an SME environment (Van Zyl, 2020). No previous study has examined how different factors

affect SMEs' survival strategies after a pandemic, despite the fact that there has been extensive research on creating and assessing performance frameworks for SMEs to navigate a competitive setting, including studies by Dey et al. (2021); Yadegari et al. (2018) Van Zyl (2020). Understanding the pandemic's effects on business financial and non-financial performance is essential in light of the catastrophic impact that the COVID-19 pandemic had on SMEs. Additionally, crisis management strategies that can better assist SMEs in preparing to withstand and recover from any future crises or disasters should also be identified.

Despite making a substantial economic contribution to South Africa, SMEs are dealing with sustainability challenges that have been exacerbated by the COVID-19 pandemic. This is a consequence of the absence of a comprehensive and customised framework for measuring performance. More SMEs in South Africa should adopt modern performance measurement frameworks to enhance their success and contribute to economic growth. A tailored performance measurement framework with a step-by-step improvement plan for SMEs, particularly in response to the COVID-19 pandemic, is required to support their development and sustainability.

1.4 Aim of the study

This study aimed to identify the financial and non-financial planning strategies that are CSFs for SMEs and investigate their impact on performance, as well as to develop a performance measurement framework using an interactive improvement guideline flowchart to enhance SME sustainability post COVID-19 pandemic.

1.5 Research objectives.

The following research objectives were formulated to achieve these aims:

- To identify the financial CSFs for SMEs and investigate their impact on SME performance during the COVID-19 pandemic.
- To identify the non-financial CSFs for SMEs and investigate their impact on SME performance during the COVID-19 pandemic.

- To analyse and assess the effects of the COVID-19 pandemic on SMEs in terms of profitability, performance and operational efficiency.
- To develop a performance measurement framework using a step-by-step improvement guideline flowchart to enhance SME performance and sustainability post COVID-19 pandemic.

1.6 Research questions.

The following research questions were posed in order to achieve these objectives:

- What are the financial CSFs for SMEs and how did they influence performance during the COVID-19 pandemic?
- What are the non-financial CSFs for SMEs and how did they influence performance during the COVID-19 pandemic?
- How has the COVID-19 pandemic impacted the profitability, performance and operational efficiency of SMEs?
- How can a performance measurement framework using a step-by-step improvement guideline flowchart be developed to enhance SME profitability and sustainability post COVID-19 pandemic?

1.7 Scope of the study

The South African Small and Medium Enterprise sector is the study's primary area of interest. SMEs in all provinces of South Africa were chosen for the population of this study. The study targeted businesses that were affiliated with the Centre for Social Entrepreneurship (CSE), Durban Chamber of Commerce and Industry (DCCI), Johannesburg Chamber of Commerce (JCCI) and Productivity SA. These agencies were chosen as they provided access to gain contact with SMEs as they have an affiliation with a large number of SMEs across various sectors around the country. Furthermore, in compliance with the Protection of Personal Information Act (POPI Act), the SMEs would feel more comfortable to participate in the study and share information if their affiliating agency had given the researcher consent, as they would know that all necessary verification, ethical considerations and approvals had been conducted.

1.8 Significance of the study

The significance of this study is the crucial understanding and insight it offers into the successful implementation of financial and non-financial CSFs for decision making in SMEs to enhance success and sustainability in a post COVID-19 pandemic environment. This will enable these businesses to be better prepared to navigate through any potential future disasters. This research's findings have the potential to contribute to social transformation by providing SMEs with understanding and strategies for developing and maintaining a sustainable business. SMEs may be in a better position to prosper, make informed decisions, and contribute to societal change if they are provided information and guided on how to enhance performance and sustainability. The findings of this study can help to improve job creation, boost local economies through revenue, and reduce job loss statistics. SMEs are critical to local societies and their increased resilience benefits the economy. The strategies of successful small businesses can assist new small businesses from the outset to avoid future challenges and especially assist those that are struggling to survive post COVID-19.

The study's findings also have the potential to contribute to social transformation by providing SMEs with understanding and strategies for developing and maintaining a sustainable business. It is also expected that this research will result in the development of a suitable performance measurement framework for SMEs in other developing countries. The performance measurement framework may motivate SMEs to evaluate their current planning strategies to enhance performance and future plans. SMEs who implement the recommended performance measuring framework may have a better chance of surviving as they will be able to develop strategies for mitigating early failure. The capacity to identify those elements critical to SMEs' survival, define performance measurements, plan for desired performance, and monitor performance against planned objectives could be critical to these SMEs' survival (Mabhungu, 2017). Policymakers can acquire guidance from this study's findings on how to develop system processes in particular nations, how and where to enforce anti-crisis initiatives in the social or financial sector, as well as how to lessen

the impact of any potential future crisis, by using a framework designed for SMEs and based on the COVID-19 pandemics consequences (Cepel et al., 2020).

1.9 Theoretical Contributions

Developing a performance measurement framework for South African SMEs in the post COVID-19 pandemic significantly adds to the body of literature on critical success factors to enhance business success. Some earlier studies have only used a single theory to explain business success and performance measurement, which frequently falls short of capturing the complicated reality that SMEs must contend with (Arifin, Zakaria, Hasan, Ahmad, & Tumiran, 2022; Nyamubarwa & Chipunza, 2019). In order to create a more comprehensive and useful framework, this study adopts a unique approach by integrating five important theories: the Balanced Scorecard (BSC), Stakeholder Theory, Goal-Setting Theory, Contingency Theory, and Resource-Based View (RBV).

SMEs have a competitive edge, particularly during difficult times, thanks to their internal resources and capabilities, which are explained by the RBV (You, Lou, Zhang, Chen, & Zeng, 2023). In terms of the external side, Stakeholder Theory demonstrates how businesses need to take into account the demands of their suppliers, customers, workers, and the community (Freeman, Dmytriyev, & Phillips, 2021). Setting clear and transparent goals improves business performance, according to goal-setting theory (Locke & Latham, 1990). In the unpredictable post-COVID pandemic, contingency theory demonstrates the success strategies needed to adapt to the changing circumstances (Pang, Jin, & Cameron, 2023). Lastly, the Balanced Scorecard provides a helpful framework for evaluating performance across a variety of domains, including financial and non-financial aspects of businesses (Kaplan & Norton, 2001).

This study develops a new framework that better suits the volatility of South African SMEs by combining these theories. Demonstrating how these theories are incorporated into the practicality of a performance measurement framework shows how they can be used in a more flexible manner to help close the research gap. Other developing nations facing comparable difficulties may find this blended strategy helpful as well (Mavutha, Kamwendo, & Corbishley, 2023; Sungwa, 2025).

1.10 Justification for the study

Over the years, the failure rate of SMEs has increased, but it did so more drastically during the COVID-19 pandemic when some of them closed down permanently and others temporarily (Bruwer, Hattingh, & Perold, 2020). This generated economic challenges, which have substantial effects on all sectors of the economy. However, there hasn't been much empirical research on how the COVID-19 pandemic has affected various economic activities and performance, particularly the identification of financial and non-financial critical success factors to improve the performance of SMEs in South Africa. Nor has a performance measurement framework using a step-by-step guideline flowchart been developed. The study of the COVID-19 pandemic and its ramifications for the implementation of strategies for the performance and sustainability of SMEs in South Africa is thus critical. More SMEs in South Africa urgently need to employ performance measurement framework solutions, which will lead to a higher SME success rate and, as a result, increased employment. To satisfy this need, a PMF design and deployment technique that is feasible for SMEs in South Africa is required. Recent literature indicates that there is currently no interactive performance measurement framework designed for South African SMEs following the COVID-19 pandemic. A PMF that accounts for the distinct challenges that South African SMEs encounter is necessary.

Through a review of the literature, the following knowledge gaps were discovered: Even though ample research has been conducted over the years on identifying the CSFs for small businesses, in general, and specifically for SMEs, researchers have not developed an optimal PMF for an implementation of critical success strategies for decision making and business operations to enhance performance, success, and sustainability. None of the existing PMFs evaluated appear to advocate using CSFs to assess SMEs' performance post COVID-19 pandemic in an emerging country like South Africa.

The recommended framework resulting from this research study should be adaptive to a changing environment in order to accommodate changes in business operations, as was necessary during the COVID-19 pandemic. This will better prepare SMEs for any

unanticipated events, such as a national or worldwide catastrophe or the recurrence of the COVID-19 pandemic. This study proposes exploring the financial and non-financial CSFs for decision making in order to improve SME success and sustainability. This is a vital component for SME success that is absent in the South African small business sector. A user-friendly framework for performance measures was created to guide business operations and prevent failure. There are currently no interactive improvement flowchart frameworks that are simple enough for SMEs to employ for addressing issues and decision-making. Furthermore, no other interactive step by step improvement flowchart is employed in conjunction with the PMF to identify unique challenges among SMEs. As a result, using an improvement guideline flowchart in conjunction with the PMF, which was developed in this study, will enable SMEs to solve their unique challenges that may arise, specific to their business, region, or timeline, that were not identified in the PMF. These solutions could then become additional essential success factors that SMEs can incorporate into their unique PMF. This adaptability of the PMF developed from this research is critical because there is no one-size-fits-all PMF in existing literature.

Enabling SMEs not just to survive but to be sustainable in the post-pandemic environment, research into financial and non-financial CSFs, implementation of a PMF with a step-by-step improvement plan, and the identification of crisis management measures is critical. Through adoption of a proactive stance that embraces innovation, SMEs may position themselves for sustained prosperity and foster financial development and growth in a developing country like South Africa.

The study closes a significant gap in the body of knowledge regarding SMEs in South Africa. Although a lot of research uses a single theory to explain business success, it frequently ignores the ways in which various elements interact in practical situations. The Resource-Based View (RBV), Goal-Setting theory, Contingency theory, Stakeholder theory and the Balanced Scorecard framework are the five main theories that are combined in this study to provide a more comprehensive understanding of the factors that influence performance in South African SMEs. By combining these viewpoints, the study creates a novel framework that clarifies the relationships between internal resources, stakeholder needs, objectives, external circumstances, and

performance metrics. A unique and tailor-made performance measurement framework was developed in this study, incorporating the aforementioned theories and the financial and non-financial critical success factors for SME success in a post COVID-19 pandemic environment. This method builds on current theory and existing performance measurement frameworks by demonstrating how these components relate to one another in a useful way that captures the success factors in the face of difficulties and realities that South African SMEs experience.

1.11 Definition of key concepts

SME performance: SME performance is a term used to understand how effective a business is in operating. In the context of South Africa, SME performance includes a variety of components that affect the viability and success of businesses. This can be analysed quantitatively in terms of efficiency, financial outcomes, production level, profitability, productivity, and the dynamics of costs, revenues, and liquidity (Gupta & Batra, 2016; Zimon, 2018). It can also be examined, qualitatively by exploring marketing innovation, consumer satisfaction, employee conduct, leadership style, and achieving objectives (Cicea et al., 2019).

Business success: In South Africa, economic growth and sustainable development are directly linked to the success of a business (Ogujiuba & Olamide, 2021). Access to Government assistance, availability of sufficient financial resources, and a positive entrepreneurial mindset are important determinants of business success (Ogujiuba & Olamide, 2021). According to Govuzela and Mafini (2019), an entrepreneurial mindset includes innovation, a willingness to take risks, and a growth attitude, all of which are essential for the success of a business.

Business sustainability: Businesses being able sustain long-term operations by striking a balance between financial success and social and environmental responsibility is known as sustainability in the context of business viability (Figueiredo, Patrício, & Reis, 2024; Ogujiuba, Boshoff, Agholor, & Olamide, 2020). This means that businesses are resilient, efficient, and have adapted to the environmental and

market changes. These businesses have ensured their long term existence and avoided business failure by applying sustainable practices and strategies in numerous elements of their business operations (Ng & Rezaee, 2020). Business sustainability is partly directed by the Sustainable Development Goals (SDGs) of the United Nations (2015), which offer a worldwide framework for aligning business operations with sustainable development objectives (Silva, 2021).

Critical success factors: A business's ability to identify and accomplish its objectives and strategic plans depends on a number of essential components or activities, known as critical success factors. The term CSFs refers to a combination of both non-financial and financial factors affecting businesses (Bhise et al., 2022). SMEs can minimise failures, develop successful strategies, and support economic growth and development by understanding and using these CSFs (Gumel & Bardai, 2023).

Interactive flowchart for business performance*:* An interactive flowchart for the performance of a business is a graphical representation of the sequence of actions or processes within a company, emphasising the many decision points, results, and interdependencies. In contrast with standard flowcharts, interactive flowcharts enable users to actively engage in the decision-making process by giving real-time data and analysis, thus enabling them to make educated decisions based on various scenarios and results (Geissdoerfer, Vladimirova, & Evans, 2018).

Performance measurement framework: A performance measurement framework (PMF) is a structured technique that assists an organisation in assessing and tracking its progress toward its goals and objectives. It entails identifying and tracking key performance indicators (KPIs) that are aligned with a business's strategy objectives in order to evaluate performance and make educated decisions. These frameworks often comprise processes, tools, and methodologies for gathering, analysing, and reporting on important performance data (Asiaei & Bontis, 2020).

SME**:** The classification of Small, Medium, and Micro Enterprises in South Africa is governed by the new Schedule 1 of the National Small Enterprise Act of 1996, which was published in Government Gazette No. 42304 by the Department of Small Business Development (2019). The following is the updated definition of SMEs under

the National Small Enterprises Act of 1996, as per the amended Schedule 1: The term "small enterprise" refers to a unique and independent business that operates primarily in any of the economic sectors, as well as any branches or subsidiaries it may have, including cooperative enterprises.

***SME profitability**:* The ability of small and medium enterprises (SMEs) to create financial returns, generate income and maintain profit levels is referred to as SME profitability. It is a critical aspect in the development and growth of SMEs (Xuan, Thu, & Anh, 2020).

1.12 Structure of thesis

This thesis is comprised of eight chapters. These chapters are organised as follows:

Chapter One - Introduction

This chapter provides an orientation of the study. This includes an outline of the study's background, aim and objectives as well as the problem statement. In addition, the scope of the study, as well as its significance and justification were discussed. Lastly, the definition of key concepts and the structure of the thesis are illustrated.

Chapter Four - Research methodology

This chapter discusses the research approach and design, target population, sample, and the sampling technique used in the study. The research data collection instruments are also discussed, as well as the techniques for using them. In addition, the reasoning for using the chosen approaches is explained. The data analysis techniques are also detailed, along with the statistical methods that were utilised to analyse the data. Validity, reliability and ethical considerations are also presented.

Chapter Five and Chapter Six - Analysis and presentation of qualitative and quantitative research findings

These chapters illustrate the quantitative and qualitative research findings in the presentation of discussions, figures and tables. The various statistical analysis techniques conducted on both sets of data are outlined along with the respective

findings. Finally, the chapters provide the interpretation and discussion of each analysis in order to achieve the intended objectives.

Chapter Seven – Triangulation and the presentation of proposed performance measurement framework

This chapter firstly triangulates the findings of both sets of data deriving from the quantitative and qualitative analyses relating to each of the intended objectives. Thereafter, the chapter outlines the development of the performance measurement framework that resulted from the research. The interactive improvement guideline flowchart developed to be used in conjunction with the final PMF is also discussed.

Chapter Eight - Conclusions and recommendations.

This chapter concludes the thesis with a summary of the study. Thereafter, there is a discussion on how each objective was achieved, and concluding remarks are given. In addition, the recommendations made by the study are presented and the contributions and implications of the findings are provided. The chapter concludes by detailing the challenges experienced during the study, as well as potential areas for future research.

CHAPTER 2 – THEORETICAL FRAMEWORK, SMEs AND COVID-19 PANDEMIC

2.1 Structure of the literature review

The literature review is separated into two chapters. The theoretical framework of the study and the components of SMEs in South Africa are first discussed. The review focuses on the evolution of SMEs, their experiences following apartheid, the reasons why SMEs fail, and how COVID-19 has affected SMEs. The following chapter discusses the critical success factors for SMEs as well as the requirements for a PMF and a review of the existing PMFs. Lastly, the conceptual framework used in this study is presented.

Chapter 2: theoretical framework and SMEs	**Theoretical framework defined**	Resource based view theory
		Stakeholder Theory
		Goal setting Theory
		Contingency Theory
		Balanced Score-card framework
	Small medium enterprises	Definition of SME
		Business sustainability
		Overview of SMEs
		SMEs within SA COntext
		Importance of SMEs
		Reason for SME failure
	Impact of COVID-19 pandemic	Global impact of COVID-19
		Local impact of COVID-19
		Impact of COVID-19 on SMEs
		Challenges and Strategies to mitigate SME barriers identified
Chapter 3: CSF and PMS	**Review of CSFs**	Strategic planning
		Financial planning
		Human Resources planning
		Operational Planning
	Performance measurment frameworks	PMF principles
		Definitions and requirements
		SMEs and PMFs
		Analysis of existing PMFs
		Knowledge gaps
		Steps in developing an improvement guideline flowchart
	Conceptual Framework	

Figure 1: The structure of the literature review

Source: Author's compilation (2024)

2.2 Theoretical framework

2.2.1 Theoretical framework defined

The Oxford Dictionary defines "theory" as a hypothesis, or a collection of ideas designed to explain a phenomenon based on general principles that are independent of the object being described. Thus, in the context of performance measurement research, we propose that a theory is an explanatory framework or structure that aids in the understanding and rationalisation of a variety of phenomena related to performance measurement (Bititci et al., 2018). This proposed definition is consistent with the paper by Whetten (1989) on what makes a theoretical contribution, as well as Meredith (1993) theory-building paper on models, frameworks, and theories. According to Whetten (1989), it is critical to comprehend not only the phenomenon itself but also how it interacts with other phenomena, with the ultimate objective of having the ability to explain why it behaves the way it does.

2.2.2 Resource-based view theory

The resource-based view theory (RBV) proposes that a firm's competitive advantage and performance stem from the resources and capabilities it possesses (Hamel & Prahalad, 1990). Researchers in the field of management have widely employed the RBV theory which emphasises the importance of a company's resources in determining its performance. Researchers in Accounting have also utilised the RBV theory to highlight the importance of an SMEs resources. Weigel and Hiebl (2022) used the RBV theory to analyse the value-added potential of resources (accountants) in SMEs. Additionally, using the RBV to evaluate how internal resources contribute to competitive advantage, Khoza, Groenewald and Schachtebeck (2017) used the RBV theory to investigate the corporate entrepreneurial atmosphere within South African accounting SMEs. Four essential components of corporate entrepreneurship are identified by the study: reward systems, organisational support, risk tolerance, and time availability. According to the findings, creating a positive atmosphere in these domains can boost creativity and flexibility, which will enhance the competitiveness of accounting SMEs in South Africa. Moreover, this theory asserts that organisations

should establish and protect their own resources as the primary means of attaining business success and improved performance (Abrokwah-Larbi, 2024; Chumphong, Srimai, & Potipiroon, 2020; Crook, Ketchen Jr, Combs, & Todd, 2008). Enhanced business growth and sustainability depends extensively on a business's resources, such as its internal competencies, business relationships, and business reputation (Bui, Moses, & Houqe, 2020). A business could incur penalties that interrupt its cash flow and make it more difficult for it to meet its financial responsibilities if it is perceived to be using its resources to cause damage to the environment or working unethically (Bui et al., 2020). However, adopting a proactive stance on protecting the environment can boost a business's assets and provide it with a competitive advantage (Gallego-Álvarez, Segura, & Martínez-Ferrero, 2015). Eventually, this can help the company operate more consistently, with increased income and fewer financial difficulties (Bui et al., 2020).

Scholars and researchers that apply the Resource-Based View (RBV) to SMEs have used terminology like capabilities, competences, and skills to define business resources, highlighting their importance in improving long-term development and enhancing business performance (Lukovszki, Rideg, & Sipos, 2021; Soomro, Memon, & Soomro, 2025) . Assets encompass both tangible and intangible elements that a firm can utilise in its processes of creating, producing, and offering products or services. On the other hand, capabilities are the recurring patterns of actions that utilise these assets to generate products or services for the market. Assets can be categorised as the inputs or outputs of a process. (Amit & Schoemaker, 1993; Capron & Hulland, 1999; Christensen & Raynor, 2003). Machinery and equipment, building facility, and technological systems are examples of tangible resources, whereas valuable knowledge or expertise, loyalty of customers, and reputation of the brand are examples of intangible resources (Khan, Atlas, Ghani, Akhtar, & Khan, 2021) (Lukovszki et al., 2021). Another study elaborated that examples of tangible resources include capital, access to capital, and location, while intangible resources consist of knowledge, skills, reputation, and managerial capabilities (Sallah & Caesar, 2020).

RBV focuses on the business success and improved performance a business obtains from its unique resources (Abrokwah-Larbi, 2024; Liao, Liu, & Ma, 2019). In this

particular study, the internal resources of firms are defined as staff or employees and financial resources (Leonidou, Christodoulides, Kyrgidou, & Palihawadana, 2017). According to RBV, a firm must possess resources and capabilities that are valuable, rare, inimitable, and non-substitutable (VRIN) in order to achieve a competitive advantage. Within this study, managerial capabilities, employees, and stakeholders are identified as significant resources that create value for SMEs. The study also acknowledges the firm's capacity and expertise in effectively utilising its innovative capabilities, recognising them as rare and non-substitutable qualities (Musabayana, 2021).

Figure 2: Resource-based view (RBV) theory

Source: Author's compilation (2024)

The strength of this theory lies in its ability to benefit SMEs in South Africa by highlighting the crucial role of resources in their success. In this study, the RBV theory provides a comprehensive framework for examining various types of resources associated with firms (Musabayana, 2021). One advantage of applying the RBV theory to SMEs is that it assists them in identifying and utilising their unique resources and capabilities to gain a competitive advantage. The RBV suggests that a company's advantage over competitors is rooted in its distinctive and valuable resources, including tangible assets, intangible assets, human capital, and reputation (Musabayana, 2021). By using RBV, SMEs can better understand their resource strengths and weaknesses, allowing them to allocate resources more effectively and strategically. This can lead to superior performance and sustained growth in highly competitive environments. Moreover, RBV emphasises the importance of developing and protecting valuable resources, which can help SMEs build barriers to entry and deter potential competitors (Hofer & Högberg, 2021).

2.2.3 Stakeholder theory

Stakeholder theory in business is a management philosophy that suggests that companies should take into consideration the interests and needs of all stakeholders affected by their activities, rather than solely focusing on maximising wealth (Freudenreich, Lüdeke-Freund, & Schaltegger, 2020). This theory recognises that businesses have a responsibility beyond just generating profits and should actively engage with stakeholders such as customers, employees, suppliers, communities, and the environment. Stakeholder theory argues that by maintaining good relationships with all stakeholders, businesses can create long-term sustainable value and contribute to the well-being of society (Freeman, 2010; Freudenreich et al., 2020). These findings were further corroborated by that of Ehalaiye, Moses, Laswad and Botica Redmayne (2025) who indicated that according to stakeholder theory, a company can affect and be affected by a variety of actors with varying expectations, including shareholders, consumers, employees, suppliers, the community, and the environment. So, ensuring their satisfaction will enhance sustainability of businesses.

Freeman (2010), a prominent scholar in stakeholder theory, argues that managers need to consider the diverse interests of stakeholders and make informed decisions that balance these interests. Freeman (2010) highlights that stakeholders are not just seen as individuals or groups who have a financial claim in the company but also those who can affect or be affected by the organization's activities.

Stakeholder theory offers an alternative perspective on measuring business performance. Stakeholders, who can be individuals or groups associated with the enterprise, are defined as those who have a stake or influence on the organisation's performance (Kaplan, 2009). The theory identifies five stakeholder groups: shareholders, customers, communities, suppliers, and employees. Shareholders, customers, and communities create external expectations of a firm, while suppliers and employees are involved in the planning and delivery of products and services within the firm. Even though shareholders form part of the five stakeholder groups, they don’t form part of the SME sector and will not be included in the discussion of this study. Scholars applying stakeholder theory to performance measurement emphasise

the importance of centring the needs of stakeholders (Freudenreich et al., 2020). This involves setting objectives based on stakeholder expectations and understanding their contributions to the organisation's success. Once expectations and contracts are defined, the company can develop a strategy to meet those expectations. Stakeholder theory is useful in promoting a broader business mission beyond solely maximising stakeholder value in the short term. It also highlights the risks of neglecting stakeholder preferences and financial results as part of business strategy for performance (Kaplan, 2009; Waheed & Zhang, 2022).

Figure 3: Stakeholder theory

Source: Author's compilation (2024)

Using the stakeholder theory can benefit SMEs by enabling them to make better and more informed decisions. Stakeholder theory provides a comprehensive framework for SMEs to consider how different stakeholders' viewpoints might impact their decision-making processes. Considering stakeholder perspectives not only helps SMEs to identify potential risks and issues but also allows them to proactively address stakeholder concerns and build trust, leading to better overall performance and sustainability. This study emphasises the importance of stakeholder theory in effectively managing SMEs by creating value for all stakeholders (Freeman, Wicks, & Parmar, 2003).

2.2.4 Goal setting theory

The goal setting theory is a widely recognised and extensively studied theory of motivation that proposes that specific and challenging goals lead to higher performance and motivation compared to vague or easy goals. This theory has been found to be particularly applicable and beneficial for small and medium enterprises due to their unique characteristics and circumstances (Locke & Latham, 2002). One key

benefit of the goal setting theory for SMEs is increased employee motivation, which is part of HR planning and can enhance the performance of SMEs since motivated employees are more productive and efficient. Specific and challenging goals to work towards provide employees with a clear sense of direction and purpose, which enhances their motivation to perform at their best. This motivation can result in higher levels of productivity and efficiency within the organisation (Latham & Locke, 1991).

Another benefit of the theory is improved organisational performance. By setting specific and challenging goals, SMEs can focus the efforts and resources of their employees towards important objectives and outcomes. This alignment of efforts leads to improved overall performance and better results for the company (Adegun, Oloruntoba, Fasesin, & Babalola, 2022; Locke & Latham, 2002).

Additionally, goal setting has been found to enhance employee job satisfaction. When employees have clear goals that are aligned with their own personal values and aspirations, they experience a greater sense of satisfaction and fulfilment in their work. This can contribute to higher levels of employee retention and loyalty, which is particularly crucial for SMEs that often face challenges with talent attraction and retention. Moreover, the goal setting theory can facilitate effective communication and coordination within SMEs. By setting clear and specific goals, it becomes easier for managers to communicate expectations and provide feedback to employees. This facilitates a more collaborative and coordinated approach to work, which is essential for the success of SMEs that often rely on teamwork and close collaboration due to their smaller size and resources (Adegun et al., 2022; Latham & Locke, 1991). Accounting research utilising the goal setting theory by Matsoso, Nyathi and Nakpodia (2021b) revealed that when employers and employees create and execute out a plan, they are inspired to seek and achieve the goals while continuously assessing themselves for areas for development. This enhances the success and development of the business.

In summary, the goal setting theory offers several benefits for SMEs, including increased employee motivation, improved organisational performance, higher job satisfaction, and enhanced communication and coordination. By utilising the principles

of goal setting, SMEs can create a more engaged and high-performing workforce, leading to improved productivity and competitiveness within their respective industries.

Figure 4: Goal setting theory

Source: Ramachandran (2021)

2.2.5 Contingency theory

Contingency theory has been employed as a theoretical framework in accounting research to suggest that the adoption of strategies implemented in South African small enterprises are influenced by distinct financial and non-financial factors (Abba, Yahaya, & Suleiman, 2018; Zulu, 2024). This framework has previously been utilised under the assumption that factors influencing one organisation may not have identical effects on another organisation (Abba et al., 2018). In the context of the current study, contingency theory suggests that the adoption of financial and non-financial critical success factors depends on how well the practices of SMEs are aligned with specific situational circumstances faced by SMEs in South Africa.

SMEs were particularly susceptible to the disruptions brought about by the COVID-19 pandemic due to their limited size, insufficient financial resources, and inexperience in handling such a crisis (Childs, Turner, Sneed, & Berry, 2022). The COVID-19-driven circumstances raised the question of how effectively a company organisation can handle uncertain conditions (Sharma & Rai, 2023). During the COVID-19 pandemic,

SMEs were confronted with a very different set of problems and a totally new environment, both internal and external. With the COVID-19 pandemic issue affecting a wide range of business activities globally, contingency theory offers a useful framework for understanding small businesses' responsiveness and adaptability, as well as demonstrating their growth and resilience. The contingency theory was used as a theoretical underpinning for this research study.

Fiedler (1951) developed the contingency theory, which is used to describe organisational decisions that depend on both internal and external factors in a given scenario. The firm has control over its internal environments, such as its resources and experience, whereas external environments, such as changes in trends, uncertainties, and disasters, are outside its control. Accordingly, in order to gain a competitive advantage, boost performance, and ensure sustainability, businesses should work to enhance their strategy and better align it with the ever-changing internal and external and environment (Childs et al., 2022; Donaldson, 2001).

In these conditions, business decisions need to be flexible, and the company needs to be prepared to adjust to changing circumstances. Contextual considerations are thus the basis for decisions. Any organisational structure should, according to the contingency theory, be in line with three contingencies: size, strategy, and the external environment (Donaldson, 2006).

2.2.6 Balanced Scorecard framework

The scholarly paper "Relevance Lost" by Johnson and Kaplan (1987) is frequently cited as fundamental to the field of performance measurement. In this paper, the authors introduce the concept of activity-based costing which eventually gained recognition. Kaplan's subsequent research led to the creation of the Balanced Scorecard (BSC) framework (Kaplan & Norton, 1996; Kaplan, 1992a; Kaplan & Norton, 2001), which aims to provide managers with a more comprehensive view of performance by incorporating both financial and non-financial measures in business planning. This framework has since had a significant impact on performance measurement research (Bititci, Garengo, Dörfler, & Nudurupati, 2012).

Over the years, the concept of the scorecard has evolved through various papers and books by Kaplan and Norton, transforming it from a simple performance measurement tool to a complex Performance Management System (PMS) (Kaplan & Norton, 1996). Initially, the BSC aimed to provide managers with a quick but thorough view of the business, serving as a starting point for improving managerial performance. Throughout its evolution, the BSC's focus has been on involving executives in the implementation process, thus prioritising strategy and vision over control. Kaplan and Norton found that early adopters of the BSC experienced two managerial benefits: improved availability of performance information and prevention of sub-optimisation (Kaplan & Norton, 2001). By consolidating all the necessary information into one concise report, the BSC enhances the effectiveness of performance information for managers and encourages them to consider operational measures as a whole, preventing improvements in one area at the expense of another (Dudic, Dudic, Gregus, Novackova, & Djakovic, 2020; Perkins, Grey, & Remmers, 2014).

The introduction of the BSC aimed to connect different areas of study, such as quality and lean management, financial economics, and stakeholder theory, which were previously developed separately. The goal was to combine insights from each area to improve employee and process performance, leading to overall company success. By considering the preferences and expectations of various stakeholders, the business can maximise long-term stakeholder value (Kaplan & Norton, 2001). This requires a comprehensive measurement and management system that includes operational metrics as leading indicators and financial metrics as lagging outcomes, along with other metrics to track progress in driving future performance. The components of the BSC include internal processes, financial results, customer relationships, and employee training and growth. In contrast to stakeholder theory, the BSC incorporates stakeholder interests in a coherent strategy and value-creation framework, prioritising outstanding performance with stakeholders for strategy success. Unlike stakeholder theory this allow companies to develop a strategy if certain "stakeholders" are no longer essential or desirable due to changes in the external environment and internal capabilities (Kaplan, 2009).

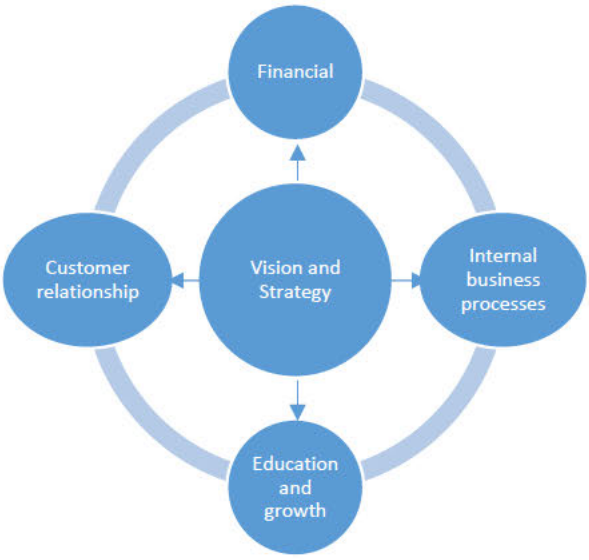


Figure 5: Balanced Scorecard model

Source: Author's compilation (2024)

To enhance long-term success, the Balanced Scorecard model seeks to strike a balance between financial results, operational effectiveness, customer satisfaction, and staff development. The Balanced Scorecard assists businesses in monitoring progress, carrying out plans efficiently, and promoting continuous development in all aspects of their operations by coordinating strategy with quantifiable goals in these areas (Kaplan & Norton, 2001). One benefit of using Kaplan's Balanced Scorecard model for SMEs is the ability to align business objectives with the strategic goals of the organisation. This model provides a holistic view of the company's performance by measuring KPIs across various dimensions, including financial, customer, internal processes, and learning and growth (Dudic et al., 2020; Raghavan & Srinivasan, 2016).

2.2.7 Theoretical gaps and the theoretical foundations

Ibrahim, Keat and Abdul-Rani (2016) stated that most of the previous research conducted on SME performance has focused on an advanced economy of developed countries and so, the findings may not be applicable in the context of less developed countries. This view highlights a research gap and the need for more research to be conducted on SME performance in these countries. In corroboration, Moses and

Hopper (2022) findings also support the need for additional research with a wider range of accounting-related research on businesses, particularly in smaller and less developed countries.

The RBV theory has been widely used by researchers in management and accounting studies. However, the RBV theory is limited to prescribing resources as the main driver of success, but there are other interconnected factors that contribute to SME success. These factors include technology, entrepreneurial strategies and skills, human resources, and marketing skills. There are various other issues with the RBV, despite the fact that it is a widely accepted theory that explains how companies employ their internal resources, such as systems, knowledge, and skills, to remain competitive. Firstly, it can be challenging for researchers to evaluate or test resources because it is not always clear what qualifies them as "valuable" or "rare" (Weigel & Hiebl, 2022). Furthermore, RBV primarily considers a company's internal assets rather than external elements like rivals, market trends, or the state of the economy (Peteraf & Barney, 2003). This is a significant problem for small enterprises, particularly in countries like South Africa where external factors may have a greater impact than internal recourses (Msomi, Matemane, & Zungu, 2024b). Despite the fact that most businesses in the real world expand and adapt, RBV treats resources as though they don't change over time (Eisenhardt & Martin, 2000). It also has a tendency to examine resources individually rather than demonstrating how they complement one another. Due to these problems, researchers suggest that RBV has to be modified or integrated with other theories in order to more accurately represent the actual difficulties that small businesses encounter.

According to Goal Setting Theory (GST), performance can be enhanced by establishing goals that are demanding, explicit, and detailed (Locke & Latham, 2002). Although this concept is effective in many large companies, it is not necessarily applicable to SMEs. Serious issues which numerous SMEs in the country face include a lack of funding, skilled workers or expertise (Msomi, 2021). As a result, having ambitious goals may not be beneficial but rather stressful or unrealistic for SMEs (van Wyk, 2023). GST also makes the assumption that the environment in which the business operates is steady, while many South African SMEs face challenges like

an unstable electricity supply, sluggish economic growth, and unclear policies (Msomi, Matemane, & Zungu, 2024a). In these circumstances, short-term survival takes precedence over goals for the future, which may be less feasible. Another problem is that, particularly in family-owned or community-based firms, many SMEs rely on collaboration and shared duties, whereas GST primarily emphasises individual aims (Tshienda, 2021). Furthermore, the theory ignores social and cultural aspects that are significant in South Africa's multicultural society. Due to these discrepancies, GST must be modified to better suit the particular requirements and circumstances of SMEs in South Africa.

Another limitation of the goal setting theory is that actionable goals and plans for a small business owner may not guarantee success; in some cases, both the goals and strategies may be inaccurate, ineffective, or misdirected. In order to lessen the impact of personality, human capital, and the environment on success, action methods and strategies must be adopted. According to Leboea (2017), however, the environment, rather than actionable goals, determines failure and success rates and selects and impacts behaviour in a mostly random manner. Since the contingency theory acknowledges the role of the external environment, its integration can compensate for this gap in the goal setting theory.

Stakeholder theory is inadequate in addressing the particular difficulties that South African SMEs face. Traditional leadership approaches, which are based on straight-forward thinking, are unable to handle the complexity and instabilities of the SME environment in South Africa (Mhlongo & Daya, 2023). To increase stakeholder engagement and business performance, entrepreneurial leadership is essential. Additionally, Dzansi and Pretorius (2009) noted that stakeholder theory frequently overlooks the realities of African SMEs, where relationships with customers, employees, and the community take priority over environmental concerns. Additionally, (Wentzel, Van Rensburg, & Muller, 2024) found that a lack of resources and strategic alignment hinders the ability of many South African SMEs, particularly those in the construction industry, to effectively involve stakeholders in the implementation of corporate social responsibility (CSR). These results imply that in

order to better fit the SME environment in South Africa, traditional stakeholder theory needs to be modified.

Applying contingency theory to South African SMEs has a number of drawbacks. This theory contends that business effectiveness is dependent upon adjusting strategy and structure to external variables. Numerous SMEs function in extremely unstable and resource-constrained settings, which restrict their capacity to apply the theory's recommended strategies for adaptation (Gopaul & Rampersad, 2020). For instance, Mabuza and Hattingh (2020) discovered that SMEs frequently use reactive rather than proactive methods to risk management, resulting in ineffective practices. Similar to this, Gopaul and Rampersad (2020) emphasised that a lack of managerial experience results in insufficient strategic decision-making abilities. These deficiencies were further highlighted by the COVID-19 pandemic, as SMEs found it difficult to properly adapt during times of crisis (Kabwe & Chikandiwa, 2022). Furthermore, the theory's focus on structural alignment ignores institutional issues that are typical in emerging markets, like complicated laws and unstable infrastructure (Matsiliza, 2020). These findings show that contingency theory needs to be modified to take into account the reality faced by small enterprises in developing nations.

Although the Balanced Scorecard is frequently used for integrating performance measures and strategic objectives, it has drawn criticism for its limited ability to adjust to the particular difficulties faced by SMEs, especially in developing nations like South Africa (Van Zyl, 2020). The application of the standard BSC is complicated and occasionally ineffective in these contexts because it does not adequately take into consideration the lack of formal structures, limited resources, and changing environments that many SMEs operate in (Mamabolo & Kerrin, 2019; Van Zyl, 2020).

As result of the aforementioned gaps of each theory, this study developed a theoretical foundation to unpack the elements affecting SME performance in the context of a developing country through blending the resource-based view theory, goal setting theory, the stakeholder theory, the contingency theory, and the Balanced Scorecard model. In this way, the limitations of each theory can be compensated for by the integration of the other theories.

This theory blend was used to bridge these gaps of each model and incorporate the operational metrics as leading indicators and financial metrics as lagging outcomes, along with other metrics to track a business's progress in driving future performance.

Specifically, the study combines the RBV, BSC, goal setting theory, contingency theory, and stakeholder theory to fill this theoretical gap and generate new knowledge in the field of SMEs (Akio, 2005; Musabayana, 2021).

Given the discussion above, the conceptual framework developed by this study is based on the integration of the five aforementioned theories/models. The diagram in Figure 6 depicts the theoretical foundations used in this investigation.

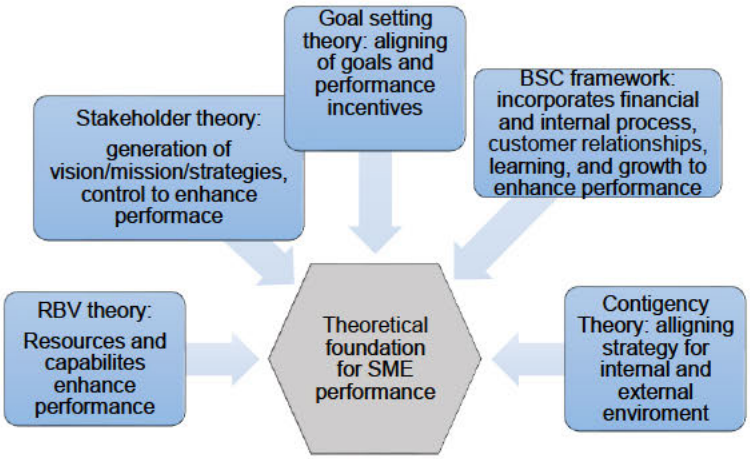


Figure 6: The theoretical foundation

Source: Author's compilation (2024)

The five theories presented above, which have been used in this study, have a strong foundation to guide the examination of issues concerning the performance of SMEs in South Africa following the COVID-19 pandemic. The beneficial features of each the five theories guided the research in producing a framework for a strategy that South Africa may use to enhance the performance of SMEs and increase their sustainability.

RBV theory can assist SMEs focus on identifying and leveraging their unique resources and capabilities to gain a competitive advantage in the marketplace. By understanding their valuable resources, SMEs can develop strategic plans that maximise their long-term profitability and sustainability.

Incorporating the stakeholder theory recognises that businesses have responsibilities not only to their owners but also to other parties who have a stake in the organisation, such as employees, customers, and the community. By considering and addressing the needs and interests of all stakeholders, SMEs can create long-term value, build trust, and improve their reputation, leading to greater success and sustainability.

The goal setting theory provides several benefits for SMEs including increased motivation and productivity among employees, as well as improved performance and achievement of organisational objectives. By setting specific, challenging, and attainable goals, SMEs can effectively align employee efforts and drive overall success in their business operations.

The Balanced Scorecard model, on the other hand, can assist SMEs align their strategic objectives with their performance measures, ensuring a balanced and comprehensive view of the organisation's performance. This model also facilitates cohesive and effective communication among different departments and stakeholders, allowing for better decision-making and strategic planning.

Integrating the contingency theory allows the identification of three contingency variables that, when aligned, can assist small businesses adapt, recover, and absorb the COVID-19 crisis while also promoting long-term growth. Due to their sizes, resources, and financial circumstances small businesses of all kinds were particularly hard hit by the COVID-19 pandemic. SMEs might effectively manage worldwide crises following COVID-19 by making wise use of their external as well as internal surroundings.

The above theories adopted by this study provide the theoretical lens through which this research examined the performance factors for SMEs. The next section discusses the performance measurements frameworks.

2.3 Definition and size classes by sector of Small Enterprise

The new Schedule 1 of the National Small Enterprise Act of 1996, as published in Government Gazette No. 42304 by Department of Small Business Development (2019), governs the categorisation of Small, Medium, and Micro Enterprises (SMMEs)

in South Africa. As per the amended Schedule 1, in terms of the National Small Enterprises Act of 1996, the revised definition of SMMEs is as follows: A "small enterprise" is defined as a separate and distinct business entity, along with any branches or subsidiaries it may have, including cooperative enterprises, that is primarily operated in any of the economic sectors or subsectors listed in column 1 of the Schedule and that meets the requirements listed in columns 3 and 4 of the Schedule to be classified as a micro, small, or medium enterprise (refer to Table 1 below).

Standardising the classification of SMMEs for legislative and policy reasons is the aim of this updated definition. Two important proxies are used in the classification:

1. Total Paid Workers' Full-Time Equivalent (FTE): The average number of full-time employees during a 12-month period is referred to here. For example, depending on the industry, a microbusiness usually employs 0–10 FTEs, small businesses employ 11–50 FTEs, and medium-sized businesses employ 51–250 FTEs. The operational scale and capacity of the company are quantified by this proxy.
2. Total Annual Turnover: This is the total amount of money a business makes in a given fiscal year, minus VAT. Sector-specific turnover criteria (such as manufacturing, retail, and construction) reflect the diverse makeup of the economy. In the trade sector, for instance, a microbusiness is one that makes between R0 and R7.5 million annually, a small business makes between R7.5 million and R25 million, and a medium- business can make up to R80 million.

Accurate business classification is achieved by combining these proxies. For a business to be eligible for a particular category, it must meet the employee and turnover limits. Through government initiatives and policies, this framework provides uniformity in the definition of SMMEs (Department of Small Business Development, 2019).

As indicated in Table 1, the New National Small Enterprise Act specifies thresholds for defining enterprise size classes by sector, using two proxies (full time employees and annual turnover).

Table 1 SME size classes by sector

Column 1	**Column 2**	**Column 3**	**Column 4**
Sectors or sub-sectors in accordance with the Standard Industrial Classification	**Size or class of enterprise**	**Total full-time equivalent of paid employee**	**Total annual turnover**
Agriculture	Medium	51 - 250	≤ 35 million
	Small	11 – 50	≤ 17 million
	Micro	0 - 10	≤ 7 million
Mining and Quarrying	Medium	51 - 250	≤ 210 million
	Small	11 – 50	≤ 50 million
	Micro	0 - 10	≤ 15 million
Manufacturing	Medium	51 - 250	≤ 170 million
	Small	11 – 50	≤ 50 million
	Micro	0 - 10	≤ 10 million
Electricity, Gas and Water	Medium	51 - 250	≤ 180 million
	Small	11 – 50	≤ 60 million
	Micro	0 - 10	≤ 10 million
Construction	Medium	51 - 250	≤ 170 million
	Small	11 – 50	≤ 75 million
	Micro	0 - 10	≤ 10 million
Retail, Motor trade and Repair services.	Medium	51 - 250	≤ 80 million
	Small	11 – 50	≤ 25 million
	Micro	0 - 10	≤ 7.5 million
Wholesale	Medium	51 – 250	≤ 220 million
	Small	11 – 50	≤ 80 million

	Micro	0 - 10	≤ 20 million
Catering, Accommodation and other Trade	Medium	51 – 250	≤ 40 million
	Small	11 – 50	≤ 15 million
	Micro	0 - 10	≤ 5 million
Transport, Storage and Communications	Medium	51 – 250	≤ 140 million
	Small	11 – 50	≤ 45 million
	Micro	0 - 10	≤ 7.5 million
Finance and Business Services	Medium	51 - 250	≤ 85 million
	Small	11 – 50	≤ 35 million
	Micro	0 - 10	≤ 7.5 million
Community, Social and Personal Services	Medium	51 - 250	≤ 70 million
	Small	11 – 50	≤ 22 million
	Micro	0 - 10	≤ 5 million

Source: Government Gazette, National Small Enterprise Act of 1996, extracted from Department of Small Business Development (2019).

According to the Government Gazette, extracted from the Department of Small Business Development (2019) from the National Small Enterprise Act, 1996, (Act No. 102 of 1996) SMEs are categorised as follows:

- Micro enterprises, dependent on the sector of SME, have ten or less full-time employees, and have a maximum annual turnover of between R5 million and R20 million (industry dependent).
- Small enterprises, dependent on the sector of SME, employ between 11 and 50 full-time employees and generate a maximum annual turnover of between R 15 million and R80 million (industry dependent).
- Medium enterprises, dependent on the sector of SME, employ more than 50 and less than 250 full-time employees and generate a maximum annual turnover of between R40 million and R220 million (industry dependent).

According to the Small Enterprise Development Agency's (SEDA) 3rd quarterly report for 2021, see (SEDA, 2022), there were 2 404 564 SMEs operating in South Africa providing 9 758 313 jobs.

2.4 Business sustainability

Businesses being able to sustain long-term operations by striking a balance between financial success and social and environmental responsibility is known as sustainability in the context of business viability (Figueiredo et al., 2024; Ogujiuba et al., 2020). This means that businesses are resilient, efficient and have adapted to the environmental and market changes. These businesses have ensured their a long term existence and avoided business failure, by applying sustainable practices and strategies into numerous elements of their business operations (Ng & Rezaee, 2020).

In addition to the above definition, sustainable business refers to a business that operates through an economically, environmentally, and socially responsible approach, taking into account the well-being of its stakeholders and future generations. This includes minimising its impact on the natural environment, promoting fair labour practices, and ensuring long-term economic viability. Sustainable businesses are committed to making a positive impact on society and the planet while still generating profits (Feil & Schreiber, 2017; Silveira, Benedicto, Silva, & Bittencourt, 2023). A study by Chen, Lin, Chen, Chao and Pandia (2021) claims that the sustainability of small businesses is enhanced where there is great need for their product/services which boosts their efficiency, growth, and overall business performance.

In 2015, the United Nations Summit on Sustainable Development introduced the Sustainable Development Goals (SDGs), which replaced the Millennium Development Goals. The SDGs comprise 17 goals and 169 targets to be accomplished by year 2030 as part of the Agenda 2030 (Silva, 2021). According to a study conducted by Silva (2021), companies and civil society have a significant responsibility in ensuring the achievement of the set goals and objectives. This highlights their indispensable and essential involvement in the sustainability of small businesses. The SDGs goals and targets were developed and implemented to enhance SME development, growth, and

performance. In terms of the studies objectives, these SDGs aligned with the contributing factors to promote enhanced performance of SMEs in South Africa.

Table 2 Extract of the objectives and goals

Objective	Goal
8. Encourage long-lasting and equitable economic expansion, provide adequate and meaningful employment opportunities for all, and ensure satisfactory work standards.	8.3 Encourage policies that focus on fostering development by supporting the formation of productive endeavours, creating jobs that are of good quality, promoting entrepreneurship, creativity, and innovation, and advocating for the formalisation and progress of SMEs, all while providing them access to financial services.
9. Develop robust infrastructure, endorse fair and sustainable industrialisation, and stimulate originality.	9.3 Enhance the availability of financial services such as feasible loans for SMEs, particularly in emerging nations, and encourage their inclusion in markets and value chains.

Source: Adapted from *Transforming Our World: The 2030 Agenda for Sustainable Development* (United Nations, 2015), as cited by Silva (2021).

Silva (2021) mentions in the extract illustrated in Table 2, the 2030 agenda which highlights objective eight and objective nine as specifically important to small business involvement encouraging the implementation of policies that support entrepreneurship, innovation, quality jobs, productive initiatives, and the expansion of SMEs with the availability of financial services. As well as enhance SMEs' access to reasonably priced loans and financial services in developing countries, these objects encourage SMEs involvement in value chains and markets. These essential objectives are those specifically motivating the research study as these enhance success, performance, and sustainability of SMEs.

It is not enough for small businesses simply to offer products and pay salaries; they must also take responsibility for preserving the environment and promoting well-being and quality of life. However, this requires accurate information and techniques, as managers need clear parameters to guide their actions and ensure reliable outcomes (Lopes Silva & Siena, 2020).

Carroll (2015) suggests that a sustainable business must not only make a profit for its owners but also take measures to protect the environment and improve the lives of those it interacts with. According to De Sousa Filho, Wanderley, Gómez and Farache (2010), various factors affect a company's behaviour in this regard, such as organisational values, stakeholder relations, external and competitive environments, internal resources, senior management's ideologies, and community expectations. To address this issue, they propose standardising the sustainable development goals as a way to establish sustainable practices in companies as crucial factors for success in sustainability. This approach could facilitate the adoption of good practices that can effectively respond to the challenges businesses face in the tough economy (Silveira et al., 2023).

2.5 An overview of SMEs

The role of SMEs is crucial in the development of economies worldwide. They play a significant part in creating employment, generating wealth, and laying the foundation for future growth (Erdin & Ozkaya, 2020; Madanchian & Taherdoost, 2019). The performance of SMEs has a significant impact on a country's overall performance (Ombongi & Long, 2018). Ključnikov, Belás, Kozubíková and Paseková (2016) suggest that SMEs contribute to a country's macroeconomic metrics, including its GDP, added value, and state budget revenue. Ključnikov et al. (2016) also indicated that SMEs significantly contribute to economic development by expanding market supply and competition.

In addition, the ability of SMEs to adapt to shifting local market conditions is widely recognised as being essential to a country's ability to diversify its economic foundation (Van Scheers, 2018). SMEs, according to Van Scheers (2018), are an important economic performance accelerator for a country because they account for the bulk of businesses and jobs. They have a lot of innovation potential, which adds to a country's economic well-being. SMEs play a vital role in the expansion of national economies and the creation of jobs globally (Cepel et al., 2020; Erdin & Ozkaya, 2020).

Furthermore, SME development is one of the main forces behind economic expansion, and as a result, it helps to raise the standard of living for a country’s populace. These

businesses in particular generate new jobs, enhance tax revenues, and foster regional and national innovation (Berezhnytska, 2019). They are also a hub for the growth of an innovative market economy that provides answers to a wide range of social problems. SMEs, in particular, play a crucial role in filling budgets at all levels, cutting unemployment through self-employment and job creation, and producing income for the general public, all of which contribute to a higher overall quality of life. This sector of the economy has a lot of creative and intellectual potential. Because a large number of businesses are involved in innovation and intellectual activity, they actively participate in innovative events, introducing new forms of business and new technology (Berezhnytska, 2019).

In conjunction with the preceding discussion, one cannot overestimate the significance of SMEs to a nation's economy. Whether in rich or developing nations, they are increasingly recognised by governments and politicians around the world as providers of employment, economic growth, and innovation. The sector is also a key export and domestic supplier of manufacturing and service products (Muiruri, 2017). The personal success factors shift the blame for business failure from external sources such as financial and political agencies to the owners/entrepreneurs. Given Africa's alarming incidence of SME failures and dissolutions, Governments in African countries must exert more effort and provide practical solutions instead of theoretical policies which lack practical applicability. By concentrating on and devoting time and resources to tackling SME challenges, African governments will indirectly create space for development, leading to the creation of thousands of jobs by SMEs, boosting economic development of individual countries, aiding poverty reduction efforts, and increasing overall growth, as well as instilling more confidence in the majority of poor citizens who depend on their businesses to make a living (Muiruri, 2017).

Especially in emerging nations, SMEs serve as stimulants for economic growth, innovation, and competitiveness (Abdul-Azeez, Ihechere, & Idemudia, 2024). Nevertheless, they encounter obstacles such as restricted financial resources, insufficient infrastructure, and unfriendly governmental regulations which contribute to high failure rates (Abdul-Azeez et al., 2024).

In comparison to quarter three of 2020, the overall number of South African SMEs increased by 41000 (1.7%), according to the SEDA Third Quarterly Review 2021 (SEDA, 2022). This indicates that the South African economy had a little over 2.4 million SMEs in operation. Although the total number of SMEs increased, between 2020 and 2021 there was a decline of around 300,000 jobs in the sector. The fall in SME employment was responsible for 75% of the overall job losses throughout this time period (SEDA, 2022).

SMEs make a significant positive impact globally; yet they encounter various challenges that have captured the attention of academics and researchers and have also prompted government interventions to support this sector. With 50% of small enterprises failing in the first year, 70% in the second, and up to 80% in the first ten years, South Africa has a very high failure rate (Eze & Lose, 2023). Hence, it is crucial to comprehend the challenges and the critical success factors that enable SMEs to thrive and succeed.

In the following sections the term “SMEs” is often used as a general reference for small enterprises, and it should be acknowledged that in various countries, the term may vary. Each country applies its own criteria and terminology for small enterprises such as MSMEs, MSEs and SMMEs.

2.6 SMEs within the South African context

2.6.1 History of SMEs in South Africa

The chronology of South Africa's small business history according to Hetherington (1994) as cited by Ladzani (2010) is as follows:

Black African businesspeople prospered more than a century ago, especially in the transportation and agricultural sectors. They swiftly embraced contemporary technology to grow and refine the first cotton that became available for sale. Due to discriminatory policies that limited their economic participation, such as prohibitions on ownership of land, business, and education, Black African entrepreneurs were able to successfully raise cattle, manage sugar mills, and establish private schools to teach

business techniques when mission schools were unable to meet their needs. By the 1950s, however, they had been excluded from the national economy (Hetherington, 1994).

In an effort to combat discrimination as best they could, Black business leaders founded the National African Federated Chamber of Commerce (NAFCOC) in 1964. "White" industrial districts have been off-limits to manufacturing since 1979, and only Black townships have been permitted to do so. Early in the 1990s, all legislation pertaining to apartheid were repealed. Even while everyone can now buy land and start a business, the harm done by decades of persecution will take time to heal (Hetherington, 1994). Critical challenges pertaining to racial injustices, exclusionary tensions, and the underrepresentation of indigenous Black people exist despite the commendable initiative, and Black people continue to strive to overcome adversity. Even though apartheid is no longer in place, its effects persist. Redressing the historical injustices of the apartheid era has been the top priority of every South African administration since the resumption of democratic rule in the year 1994 (Musundwa & Moses, 2024).

In April 1994, when South Africa's government of national unity took office, economic empowerment and growth were top of the agenda (South Africa, 1996). The government focused on addressing South Africa's labour shortages, generating sustainable and equitable growth, and job creation. SMEs were identified as key actors in these areas. The South African SME initiative was supported by a discussion paper that the Department of Trade and Industry (DTI) published in October 1994. The study discussed methods for creating an integrated strategy. This led to the creation of the White Paper on the National Policy to create and promote SMEs in South Africa in March 1995.The two documents were crucial in rectifying SME development's poor past. SMEs are more confined and face more challenges than major firms around the world, according to the White Paper (South Africa, 1996). This includes functioning market economies.

Furthermore, constraints in impoverished communities include limited access to markets, legal and regulatory frameworks, skills training, funding, suitable premises,

efficient operations, and relevant technology. The situation is further compounded for small rural and township businesses due to South Africa's historical context. Despite this, the White Paper states that prospective businesspeople from all professions, industries, and races exist in South Africa (Kirsten, 1995).

2.6.2 Small Enterprise in South Africa – Post Apartheid

South Africa's economic progress has been disappointing from 1994 onward. The government's economic policy states that competition was suppressed by apartheid, which impeded growth, but capital restructuring has done little to assist Black entrepreneurs in finding new prospects outside of big parastatals since 1994. There are little opportunities for new businesses due to the high concentration of ownership and minimal expansion. Simultaneously, a small group of relatively educated black people has reaped enormous benefits from democracy's new opportunities (Makgetla, 2004).

The National Strategy for Development and Promotion of Small Businesses, a government White Paper from 1995, serves as the foundation for much of South Africa's legislation related to the growth of small businesses (Mhlungu, 2021). The National Small Business Act, the Transaction and Procurement Act, and the Small Business Finance Act are the three statutes included in this white paper. The National Business Act is responsible for the creation of the Small Enterprise Development Agency (SEDA) and specifies the general activities of the organisation. This Act defines SMEs in accordance with specified schedules and stipulates that SME membership in business associations is a prerequisite for eligibility for state support (Department of Small Business Development, 2019). The Integrated Small Business Development Strategy (ISBDS), which was developed as a result of the 1995 White Paper, was essential in stimulating the expansion and development of SMEs. The ISBDS offered a detailed plan for the growth of small businesses over a ten-year span, from 2005 to 2014. The ISBDS had three main goals: creating a marketplace where SMEs may advertise their goods and services; offering SMEs both financial and non-financial help; and reducing regulatory barriers (Bruneel & De Cock, 2016).

South Africa's small business legislation approved the National Small Business Act of 1995. The 2003 revision to the Act, which also provided the acting minister with the ability to create an advisory body to serve the requirements of small businesses, abolished the provisions of the National Small Business body (Mhlungu, 2021). The Act was once more amended in 2004 to include provisions for the Small Enterprise Development Agency's (SEDA's) creation. The Act's primary goals were to establish SEDA and then to address issues pertaining to the Agency's administration, operation, and function (South Africa, 2004).

In order to improve the legal and institutional framework that supports SMEs in South Africa, the National Small Enterprise Amendment Act of 2016 (Act No. 26 of 2016) was passed. Formalising and empowering the SEDA as a single entity to offer SMEs non-financial assistance, such as business development, training and mentorship was a major aspect of the amendment (Republic of South Africa, 2016). The Act also encouraged targeted support for cooperatives as part of equitable economic growth and highlighted the need for streamlined regulatory procedures to lower entrance and compliance obstacles for small businesses. The Act's overall goal was to create a more supportive atmosphere for small business growth and entrepreneurship in South Africa (Republic of South Africa, 2016).

2.6.3 SME performance

The concept of SME performance is complex and includes a range of characteristics and measures. Business approach management of processes, management of quality, and customer satisfaction are some of the both internal and external factors that affect it (Lamb, Darouichi, & Jonczyk Sédès, 2022). SMEs' distinct strengths, limitations, opportunities, and risks should be reflected in performance measurement frameworks that are different from those used by big businesses (Sardana, 2009). Development planning, a formal framework, and a culture of innovation are important components of worldwide SMEs' success (Lamb et al., 2022; Terziovski, 2010). The performance of SMEs in the short and long term is also influenced by economic and social issues (Cicea et al., 2019).

Research on the success of SMEs in developing nations identifies a number of important factors that lead to enhanced performance. Adoption of imported materials and equipment can enhance SME performance, especially for smaller businesses (Bilgin, Lau, Keung, & Ender, 2012). For SMEs to succeed in developing countries, strategic orientation which includes markets as well as entrepreneurial, and educational orientations is essential (Sa'id, 2022). Unexpectedly, SME performance is not significantly enhanced by structured or unstructured financial sources, with unstructured financial sources possibly hindering it (Bilgin et al., 2012). SME financial performance is strongly impacted by intellectual capital components, especially human and relational capital, with structural capital showing benefits over time (Tran, Doan, & Tran, 2022). Industry effects and firm-specific factors including ownership type, age, and size affect financial performance (Ahinful, Boakye, & Osei Bempah, 2023). Financial performance is improved by managerial connections and inter-firm collaboration, which is enhanced by business resources (Zulu-Chisanga, Chabala, & Mandawa-Bray, 2021). The financial performance of SMEs is surprisingly unaffected by government assistance. These results underline the significance of technology adoption, inter-firm interactions, and intellectual capital management for SMEs in developing nations, while also emphasising the intricate role of government assistance and funding sources (Zulu-Chisanga et al., 2021).

2.6.4 SME challenges and reasons for failure

Through their entrepreneurial business efforts, SME owners provide work possibilities for themselves, their relatives, and the local communities. These entrepreneurial business ventures contribute to the local economy's growth. As a result, many small business owners face issues that threaten their long-term existence, which has a negative influence on local economies (Bushe, 2019; Dyer, 2019). Eze and Lose (2023) research findings revealed that the failure rate of SMEs in South Africa is extremely high in their first few years of existence, with 50% of small enterprises failing in the first year, 70% in the second, and up to 80% in the first ten years. In addition, Msimango-Galawe and Hlatshwayo (2021) indicate that small firms in South Africa

have a failure rate of between 70-90% in their initial years of operation. Despite the fact that the government has put in place SME development efforts to create jobs and improve the economy, just a few of SMEs survive. The majority of SMEs owned by South Africans have a hard time surviving for more than 3.5 years (Mabunda & Chinomona, 2019). In the first five years, half of all small new enterprises failed. This high failure rate has a severe impact not just on small business owners, but also on the local community and the country's economy (Alexander-Joseph, 2017). Dyer (2019) indicated that half of the newly developed small businesses have not survived beyond the five-year mark.

SME expansion in Africa is hampered by numerous obstacles (Nikolić, 2015). Other researchers agree, noting that, in addition to their good contributions to development, SMEs confront challenges that limit their long-term viability. It is regrettable that, according to statistical data, there is a probability of over 75% that newly established businesses and start-ups will fail and shut down within a period of three to five years. It is also worrisome that the South African government expends approximately R2 billion yearly in aiding start-ups, related sponsored activities, and new businesses around the nation, given this high probability. Consequently, for every three to five years, the government loses approximately R2 billion when these new ventures and start-ups fail (Mabunda & Chinomona, 2019).

There are a number of key challenges that SMEs face in South Africa which could explain the high failure rate. Many SME owners and workers lack essential experience, knowledge, and skills. A study by Musie (2015) found that only 6.2% of entrepreneurs started a business with profit in mind, while 52.1% started out of desperation. This may be due to the lack of formal financial education and limited employment opportunities, which leave people with no choice but to start their own businesses. As a result, many business owners lack the necessary background or experience to run a successful enterprise (Musie, 2015).

In general, the informal sector, where many SMEs operate, has a high proportion of low-skilled workers and few people with higher education, according to Castro-Silva and Lima (2023). Therefore, the level of skills, and education of SME owners and

workers should be considered when assessing the long-term potential for growth and viability in the SME sector, as recommended by SEDA (2019).

Other challenges SMEs face in South Africa are a rise in crime, reduced customer satisfaction, reduced employee empowerment, inability to add value, insufficient use of technology, limited resources, poor customer interactions, undeveloped infrastructure, and an absence of business monitoring. These factors all been recognised as major causes of the high failure rate of SMEs, according to extensive research (Eller, Alford, Kallmünzer, & Peters, 2020; Naradda Gamage, Ekanayake, Abeyrathne, Prasanna, Jayasundara, & Rajapakshe, 2020). Furthermore, the study of Muiruri (2017) highlighted that competency and capability, access to finance, bad management, electrical supply, negative perception and access to trustworthy information, government backing, and corruption are at the top of the list of obstacles for SMEs. In another study by Ayandibu, Ngobese, Ganiyu and Kaseeeram (2019) on the constraints that hinder SME sustainability, it was revealed that the major challenges experienced by small businesses in KwaZulu-Natal are poor planning, financial difficulties, a lack of adequate technology, limited training and education, poor management, and poor customer relations. Small business owners in South Africa frequently lack business knowledge, which is to blame for the substantial number of failures of SMEs (Mabunda & Chinomona, 2019). As highlighted in the discussion above, the challenges and reasons for failure are common to SMEs in the different parts of the world.

Due to the dearth of outside equity, many new SMEs are compelled to rely on bank loans, overdrafts, and supplier credit for early-stage finance. Even though SMEs are heavily reliant on debt, they have very little access to capital, especially in developing nations (Rungani & Potgieter, 2018). According to data presented by the Global Entrepreneurship Monitor (GEM) in 2015, South Africa possesses similar opportunities for accessing formal financial assistance as other emerging nations. It was found that a mere 27% of start-up businesses had plans for procuring funds from established lending institutions, indicating that most newly formed enterprises were unable to secure financing from conventional financial sources. However, this trend observed in South Africa is not unique, it is shared by other developing countries that were studied

as part of the GEM's research (GEM, 2015). Although South Africa has a large selection of funding plans and programmes provided by funding organisations in both the public and commercial sectors, knowledge of and participation in these initiatives have been quite low, particularly for government-supported initiatives. The rejection rate for SME financing applications has been high, particularly for initiatives backed by banks. Some of the reasons are listed as follows:

- a common lack of knowledge about finance initiatives,
- a discrepancy between the products available on the supply side and those needed by the SME market, and
- a difference between the majority of SMEs' statuses and the minimal requirements for business loans (Department of trade and industry, 2015).

Moreover, the following features of SMEs were discovered in a South African based study of Van Zyl (2020): SME owners in South Africa are more distracted than normal, leaving them with less time to focus on their businesses, they have crucial skills shortages, an untrained workforce; and inadequate basic literacy and numeracy levels and the vast majority of SMEs are categorised as "small" or smaller. Furthermore, South African SMEs face the following challenges leading to a significant fail rate; excessive oversight and inadequate bureaucracy; adversarial labour unions and stringent labour regulations; lack of the necessary expertise to run a business; high labour intensity; language and cultural barriers creating communication challenges; and difficulty competing for skilled workers (Van Zyl, 2020).

A study by Fubah and Moos (2022) also revealed that a significant issue that SMEs in entrepreneurial ecosystems deal with is limited access to funding and credit for start-ups. The majority of banks and other credit sources do not offer initial start-up funding for SMEs in developing nations like South Africa. Since SMEs lack collateral required to obtain a loan from lenders, they struggle with raising capital and have restricted access to financial facilities (Paul, Parthasarathy, & Gupta, 2017). Banks and other financial facilities and credit sources tend only to assist SMEs later in their development by giving them resources like capital (Fubah & Moos, 2022). Yoshino and Taghizadeh Hesary (2016) emphasise that SMEs typically find it more difficult to get funding than larger enterprises.

Another issue that SMEs have is a lack of availability of physical infrastructure, particularly information infrastructure (Yoshino & Taghizadeh Hesary, 2016). When compared to big corporations, which frequently list their operations on stock exchange marketplaces, drawing investors who want to join in such ventures, SMEs have greater barriers to acquiring information about funding choices. Lack of contacts is also a contributing cause to SMEs' lack of knowledge, as networking with other businesses provides access to relevant and helpful information that can help SMEs expand and thrive.

In addition, a lack of research and development (R&D) is also suggested by earlier studies of SMEs (Yoshino & Taghizadeh Hesary, 2016). R&D is crucial for all businesses since it produces original ideas that keep a business competitive. Lack of funding for R&D may also be a contributing factor in SMEs' low levels of success. This finding is concurrent with that of Matekenya and Moyo (2022), who indicate that innovation is essential to the growth and development of SMMEs. However, a lack of funding prevents smaller or slower-growing businesses from investing in R&D, which may be the cause of their poor survival rate. A lack of managerial skills (Bilal & Al Mqbali, 2015), accounting, and sales skills is another significant problem for SMEs (Fubah & Moos, 2022). Other difficulties experienced by SMEs include a lack of government support (Fubah & Moos, 2022), restrictive government laws (Ngcobo & Sukdeo, 2015), inaccessible markets (Yoshino & Taghizadeh Hesary, 2016), a lack of innovation, the high cost of labour (Giancotti & Mauro, 2020), and a lack of confidence (Ngcobo & Sukdeo, 2015).

There are several other challenges that South African SMMEs must overcome in order to expand and thrive. These difficulties can be divided into macro and micro-economic aspects. With the use of pertinent reports, the discussion that follows identifies some of the key factors affecting SMMEs.

Macroeconomic Elements:

Economic climate: SMEs are significantly impacted by the state of the economy. Interest rates and inflation, for example, have a direct effect on operating expenses and capital availability (Department of Small Business Development, 2020). The South

African Reserve Bank (2021) emphasises how small enterprises' financial stability, especially those engaged in import/export operations, can be impacted by exchange rate volatility.

Government policies: The expansion of SMMEs can be aided or hindered by policies pertaining to taxes and regulations. According to the National Planning Commission (2020), government assistance for small businesses such as tax incentives and subsidies, is essential to their survival, particularly during difficult economic times like the COVID-19 pandemic.

Market demand: Decline in consumer spending during economic downturns have a direct impact on the demand for SMME goods and services. Changes in global demand patterns might also present South African small enterprises with new opportunities as well as obstacles (Department of Small Business Development, 2020).

Microeconomic Factors:

Financing access: Obtaining financing is one of the biggest obstacles facing SMMEs. According to the Department of Small Business Development (2020), small business owners find it challenging to secure bank loans due to excessive interest rates and a lack of collateral. Additionally, a lot of SMMEs have trouble bringing in investment, which restricts their capacity to grow.

Supply chain problems: Disruptions to their supply chains are a common problem for SMMEs. According to Lewis and Gasealahwe (2017), logistical constraints are a problem for small enterprises, particularly during difficult economic times or when they depend on international suppliers.

Competition: Larger businesses which are wealthier in resources usually pose a serious threat to smaller businesses. According to the Department of Small Business Development (2020), small firms are at a disadvantage since they are unable to implement extensive marketing campaigns or competitive pricing strategies due to a lack of resources.

In addition to the aforementioned challenges, the greatest challenge faced by SMEs in recent times was the COVID-19 pandemic which disrupted SME operations worldwide in 2020.

2.6.5 COVID-19 - Definition and Origin

The coronavirus outbreak was first detected in the province of Hubei in China. A theory was that the virus spread from animal to humans through residents of Wuhan interaction with a live animal in the seafood industry. The coronavirus disease of 2019 (abbreviated "COVID-19"). The virus also goes by the name "SARSCoV-2." On December 1st, 2019, Wuhan, China, reported the initial symptoms in the first known coronavirus case (Ozili, 2020).

Thereafter, the World Health Organization (WHO) proclaimed the coronavirus a global pandemic on March 11, 2020. This became a worldwide emergency due to its impact on every economy and population of the world. According to Mohammad, Hoque, Shikha, Anwar, Hamid and Tat (2020), a coronavirus is one of the most contagious infections and typically strikes after exposing a person to a severe acute illness of respiratory problems. The virus spread widely throughout several countries and presented a crisis for public health. In addition to its negative effects on human health, COVID-19 also caused an abrupt decline in commodity prices, financial revenues, foreign currency receivables, international bank flows, and tourism and hotel occupancy due to travel restrictions, as well as leading to a frozen labour market hindering a connected global economy (Abideen, 2020).

2.6.6 Impact of COVID-19 pandemic globally

As the globe grows more interconnected and the global village becomes a reality, the occurrence of pandemics increases, as does the economic effect of diseases (Fernandes, 2020). A pandemic can have a variety of economic consequences. The most obvious route of impact is greater mortality and morbidity, which leads to reduced human resources in the future and increased health costs for impaired people. However, in the case of the COVID-19 pan

demic, the association between mortality rate and economic impact is unreliable; this pandemic primarily impacted the economy in other ways (Fernandes, 2020). The interconnected supply chain routes in the new linked world means that a demand or supply disruption in one part of the world will have an impact on the entire planet.

China accounts approximately 16% of world GDP (Baldwin & Di Mauro, 2020). Thus, many supply networks were interrupted as a result of China's manufacturing embargo. With the spread of the outbreak to other regions of the world, particularly countries with large economic consequences such as the United States, Germany, and France, the market's equilibrium between demand and supply was disrupted, resulting in an economic shock (Baldwin & Di Mauro, 2020). Due to a decreased demand and supply shortfalls, many factories, automobile manufacturers, luxury goods manufacturers, and businesses have closed around the world. Some of these will never re-open. Businesses were forced to lay-off staff in order to avoid bankruptcy (Fernandes, 2020). This raised the unemployment rate and continues to increase poverty (McKee & Stuckler, 2020).

Furthermore, oil demand was dramatically reduced by the closure of factories and increased travel restrictions. Simultaneously, however, the two biggest oil producers, Saudi Arabia, and Russia, argued and began producing large volumes of oil. As a result, oil prices fell precipitously (Nicola, Alsafi, Sohrabi, Kerwan, Al-Jabir, Iosifidis, Agha, & Agha, 2020). The United Nations Conference on Trade and Development (UNCTAD) announced that the COVID-19 pandemic might cost up to $2 trillion globally by 2020 (Kolahchi, De Domenico, Uddin, Cauda, Grossmann, Lacasa, Grancini, Mahmoudi, & Rezaei, 2021) . According to World Economic Prospects, GDP fell by 7 percent in the first six months of 2020. Kolahchi et al. (2021) predicted that by restoring regular economic activity and avoiding further outbreaks, the GDP would cease to fall in the latter part of the year.

Furthermore, the economies of the European Union, the United States of America and Japan, which make over half of the global GDP, are built on commerce, services, and industry. A recession occurred in some of these established economies as a result of the actions they had to take to stop the pandemic, which included closing their borders

and substantially reducing economic activity. Most African nations as well as the remainder of the world trade mostly with China, whose economy makes up roughly 16% of the world's GDP where the coronavirus first impacted social and economic activities. For these big economies, the Organisation for Economic Cooperation Development (OECD) predicted a drop in rates of economic growth as follows: Since the Global GDP declined by 0.412% in the first quarter of 2020, China is now 4.9% rather than 5.7%, Europe is now 0.8% instead of 1.1%, and the rest of the world is now 2.4% instead of 2.9%. UNCTAD predicted that there will be a 5 percent to 15% decline in foreign direct investment as a result of the pandemic (Abideen, 2020).

According to a number of articles and studies, businesses worldwide may not have been resilient to the pandemic's effects (Amankwah-Amoah, Khan, & Wood, 2021; Fubah & Moos, 2022; Meyer, Prescott, & Sheng, 2022; Pant & Jedrzejczak, 2022; Sharma & Rai, 2023). As a result, most firms were caught off guard and were unprepared to adjust to the numerous measures put in place to save lives (Seetharaman, 2020). Most businesses were unable to use the opportunity given by the pandemic in ICT for e-commerce (Anakpo & Mishi, 2021), as seen by the numerous failures documented (Bhatti, Akram, Basit, Khan, Raza, & Naqvi, 2020).

A study by Bartik et al. (2020) discovered that the pandemic outbreak, with its lockdown and movement restrictions, forced over 43% of business owners to shut either temporarily or permanently, retrenched about 40% of employees, which resulted in shorter work hours and low productivity, and that approximately 75% of small businesses ran the risk of going out of business within two months of the outbreak due to insufficient preparedness. Consequently, many businesses are still struggling with financial, operational and solvency issues (Bartik et al., 2020).

A study by Ozili (2020) posed two main questions: How did a health crisis turn into an economic catastrophe? and why did the world economy collapse as a result of the coronavirus outbreak? According to Ozili (2020), the virus's propagation prompted the execution of the social-distancing strategy, which in turn forced the closure of money markets, corporate buildings, shops, and events because in-person financial and commercial activity was no longer possible. Secondly, the exponential rate of the

virus's spread caused purchasers, investors, and international business partners to flee for safety, which had a negative impact on purchasing and investment as well as the economy's overall health (Ozili, 2020).These findings were further corroborated by those of Bui, Moses and Dumay (2022) who emphasise how drastic effects of the COVID-19 pandmeic forced many businesses to close as contact, in person shoppping was no longer allowed in complying with the restrictions and protocols of government. This had a significant negatvie effect on the country as a whole.

In summary, the COVID-19 pandemic posed serious risks to the world and had a negative effect on the global economy. Both short-term and long-term repercussions include diminished human capital, decreased GDP, stock market shocks, aberrant market patterns, loss of revenue, and postponed commercial operations. Human health and the economy were affected as a result. The detrimental global impact of the COVID-19 pandemic, extending its negative effects to the local South African economy and its SMEs.

2.6.7 Impact of COVID-19 on South African economy and SMEs

South Africa was not immune to the detrimental impacts of the COVID-19 pandemic. For instance, the growth rate in South Africa declined by 5.4% in the first year that the pandemic started (Arndt, Davies, Gabriel, Harris, Makrelov, Modise, Robinson, Simbanegavi, Van Seventer, & Anderson, 2020). The data and relevant facts supplied by businesses who responded to surveys administered by Statistics South Africa are crucial in determining the pandemic's economic impact. The necessity of getting correct information as near to real time as possible has been brought to light by the pandemic. Therefore, Statistics South Africa conducted an experimental study between 30 March 2020 and 13 April 2020 to ascertain the initial impact on businesses and the overall economy. Financial performance in relation to trade status, business impact, turnover, import and export of goods, purchases, price variations, financial strain and assistance, business survival, and workforce are the main topics of the basic survey used to conduct the business impact research. In this preliminary survey conducted in the early stages of the pandemic in 2020, 85.4% of the 707 South African firms surveyed indicated that their turnover was below average; 46.4% of the

responses showed a temporary closure in business; and 36.8% of employers said they anticipated a decline in the size of their workforce (Statistics South Africa, 2020). This decline was a negative consequence as no business wants to decrease staff. 28.3% of respondents said their workforce had cut back on hours; and 19.6% said they had made temporary personnel (part–time or short-term workers) reductions; 19.1% of respondents said that the cost of the materials, products, or services (which was applicable to the specific type of business) they purchased increased more than usual; access to financial resources showed a reduction in 23.8% of cases; 30.6% of respondents said they could go more than a month without any turnover, while 54% said they could go between one and three months; and 43.0% of the workforce could not meet their business demands. Over 40% of businesses indicated that they were not confident that their business had the financial resources to continue operating throughout the COVID-19 pandemic. With just 28.6% being confident of having enough financial resources.

According to Fubah and Moos (2022), despite the lockdown restrictions in South Africa being eased to Alert Level 2 by August 2020 many enterprises, especially SMEs faced difficulties in resuming operations and some had to close their doors permanently. In the beginning of 2021, the lockdown was raised to Alert Level 4 again, making it even more challenging for SMEs to continue operating. When lockdown was implemented, normal business operations could not continue as there were several limitations on the capacity of customers to enter stores and purchase items. Some businesses could not operate at all as they were seen as non-essential. South Africa stands out as a country with one of the longest lockdowns in the world, leading to the complete closure of many SMEs, particularly those that were barely surviving (Fubah & Moos, 2022).

Figure 7 provides a summary of the challenges and coping mechanisms based on responses from the participants in the study of Fubah and Moos (2022).

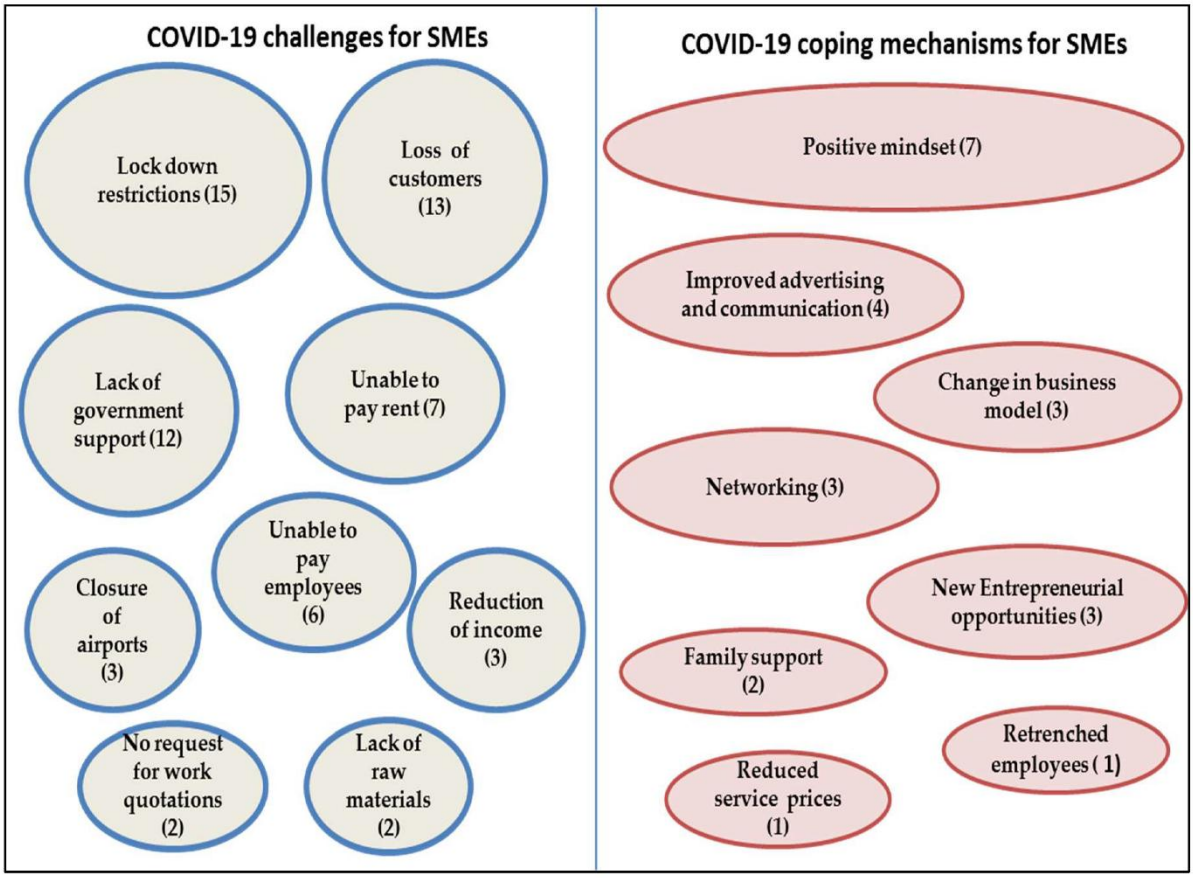


Figure 7: COVID-19 impact on SMEs

Source: (Fubah & Moos, 2022)

The study by Fubah and Moos (2022) found that the main challenges for SMEs during the COVID-19 pandemic included lockdown restrictions in terms of an inability to continue normal operations in light of several limitations on the capacity of customers to enter stores and items purchased, some businesses could not operate at all as they were seen as non-essential. Businesses suffered a loss of customers, as the study indicated, did not come back after the lockdown; lack of government support, many participants indicated they had applied for but were not successful in obtaining support; and being unable to pay rent. While some participants were more specialised businesses doing airport repairs, others mainly operated on the premises of the airport. They consequently had no business because of the shutdown and airport closures (Fubah & Moos, 2022). Also, the participants in the study of Fubah and Moos (2022),

who used raw materials, indicated that their major challenge was the lack of raw materials to meet the demand for their products.

On the other hand, the study also identified various coping mechanisms employed by SMEs, such as maintaining a positive mindset, improving advertising and communication efforts, changing their business models in terms of the way they plan and operate their business, and networking with others. Networks (such as family, business, and social networks) provide businesses with resources such as information, knowledge, and access to expert advice, all of which can help any business grow. The majority of small businesses rely on friends and family for their start-up funding because it is difficult to get loans from banks due to SMEs novelty and lack of collateral. Participants identified family support as a particular coping strategy for their business during COVID-19 (Fubah & Moos, 2022). Also, according to the participants in Fubah and Moos (2022) study, in order to maintain their income and cope with the challenges brought by the pandemic, they needed to find and develop new job opportunities. Among these opportunities were working for food and grocery delivery businesses and participating in agricultural activities.

Despite the stringent lockdown precautions, as of August 22, 2021, there had been 2,690,973 infections in South Africa, with a projected 79,421 deaths. This resulted in a sharp increase in the number of business collapses. A growing number of enterprises were liquidating, according to Statistics South Africa in 2021, with 261 cases recorded in March 2021, an increase of almost 47% from February's cases. Of those cases, it was reported that 61 and 10 were voluntary liquidations, respectively. These were 47% more than the same period in 2020, and the first quarter of 2021 saw an 18.9% increase in liquidations compared to the same period in 2020 (Rogerson & Rogerson, 2020). The government sought to intervene in the economy by taking out roughly R500 million, but this intervention did not reach SMEs, which are the main engines of the economy (Rogerson & Rogerson, 2020). Due to border closures and lockdowns that restricted people's ability to travel, the pandemic's disruptions meant SMEs earned less money (Akande & Afrogha, 2022).

Moreover, incalculable levels of human sufferings were caused by the COVID-19 pandemic, which caused chaos in Africa's SMEs. Businesses with a revenue of more than R15 million but less than R500 million are usually the least resilient during times of crisis, despite the fact that they control economies and employ almost 80% of people in both the informal and formal sectors (Rajagopaul et al., 2020a). SME operations in South Africa already strained by a weakening national economy became more stressful as a result of additional COVID-19 shocks. In 2020, analysts expected that about 60% of SMEs would shut down before the pandemic was over (Rajagopaul et al., 2020a).

Evidence suggests that the already decelerating growth in the SME sector in South Africa has declined further when the COVID-19 pandemic started in early 2020. The government's declaration of a lockdown, limited mobility, trade shutdown, and social distancing hampered the flow of products and services, which is the economy's backbone on which SMEs rely for day-to-day operations. The global economic and social systems depend heavily on SMEs and the employees who work for them. So, the coronavirus's unrivalled ramifications putting SMEs' critical role in jeopardy posed significant threat in South Africa’s economy and social systems. Controlling the infection, sustaining employee pay, reducing long-term costs, and avoiding business failure were all essential in such circumstances. The global recession further put consumers and suppliers of SMEs in danger of going out of business (Bularafa & Adamu, 2021).

The study by Rajagopaul et al. (2020a) revealed that McKinsey & Company worked with a number of SMEs in 12 South African industries over the course of 2019 and 2020 during the COVID-19 pandemic. These firms experienced many of the problems already discussed, including:

- A shortage of low and medium cost finance options is impeding business growth. Only six percent of the examined SMEs received government assistance, while only nine percent received money from private sources.

- Due to their poor opportunity awareness and lack of financial literacy, SMEs encountered major challenges in acquiring the essential assistance, even when financing was available.
- 25% of respondents stated that they were not able to use financial reliefs like UIF and PAYE, and 36% of respondents said they were not receiving government loans or assistance. The two biggest reasons for not using such assistance, in addition to not qualifying, were that entrepreneurs were unaware of the opportunities or could not locate the information required to apply.
- Slowing demand compelled SMEs to alter their expansion plans and look for new markets for their goods. According to the study, between 40% and 60% of small business owners stated they believe the COVID-19 situation would result in a loss of more than five percent for the fiscal year.
- Accessing the right marketplaces for the sale of goods was challenging. Several SMEs described having trouble communicating with potential clients. SMEs frequently place an undue emphasis on a select few clients, and occasionally a whole business may be built around a single local redistributor. Using digital technology to create online marketplaces and micro sales platforms that give producers access to new customers is one way to get around this problem.
- Cash flow management and liquidity were constrained.
- Many SME businesses with low degrees of maturity and newer SME businesses lacked the organisational, financial, and strategic frameworks common to bigger businesses. Due to this, they were unable to expand their firm to the utmost extent possible with the available funding. This could be a result of a lack of available cash flow, a dependency on clients paying invoices on time, or an ignorance of how to establish and run the business properly and which key performance indicators need to be tracked (Rajagopaul et al., 2020a).

The aforementioned findings concurred with other studies within the South African context on SMEs struggles during the COVID-19 pandemic. In a study conducted by Akande and Afrogha (2022), businesses were categorised based on their resilience to the impacts of COVID-19 on their operations. The study found that 50% of businesses with lower levels of resilience had less than one percent capacity to adjust their

production, 14% were able to conduct online business and sustain remote working, and only 19% were able to implement outside delivery. These findings support the findings of Shafi, Liu and Ren (2020) which indicated that businesses were unprepared and therefore unable to cope with the crisis. From this, it can be inferred that businesses in this category were at a higher risk of facing severe consequences such as increased failure rates if they were unable to adapt (Akande & Afrogha, 2022).

Regarding the businesses that demonstrated high resilience, a significant number of them were able to adapt and make considerable adjustments during the closure period. Akande and Afrogha (2022) findings show that 82% of these businesses temporarily shut down but still had a 57% capacity to adapt their production, a nearly 100% ability to conduct online transactions, a 95% capability to offer outside delivery, and 78% capacity for remote working. These resilient businesses had a greater chance of survival during the lockdowns because they were able to shift their operations online and explore alternative delivery methods (Akande & Afrogha, 2022). Other studies have also highlighted the importance of businesses being able to adapt and utilise technology, such as ICT for e-commerce, in order to cope with challenging situations (Anakpo & Mishi, 2021; Bhatti et al., 2020). It is worth noting that these businesses were well-prepared or had similar activities in place before the outbreak, ana so were able to adjust their operations quickly. On the other hand, businesses with moderate resilience, despite having the capacity to adjust their production/services during the closure period, showed a lower ability to conduct online transactions, offer outside delivery, and engage in remote working, with probabilities of 64%, 100%, 19%, 8%, and 44% respectively (Akande & Afrogha, 2022).

Akande and Afrogha (2022) study determined that 87% of businesses in high resilient business category experienced some form of short-term financing difficulties. Of those businesses, eight percent had delayed payments to suppliers, three precent had delayed payments to landlords, 0.7% had delayed tax payments to authorities, and three percent had overdue obligations to financial institutions. Additionally, 0.7% of these businesses had filed for bankruptcy/insolvency, and 11% indicated they would fall behind on their outstanding liabilities in the next six months (Akande & Afrogha, 2022).

In the study, the low resilient category comprised 13% of businesses. Among these businesses, 95% delayed payments to suppliers, 81% delayed payments to landlords, 60% delayed tax payments to authorities, and 27% had overdue obligations to financial institutions. Additionally, 17% of these businesses filed for bankruptcy/insolvency, and 37% indicated they would fall behind on outstanding liabilities in the next six months. A substantial number (79%) of businesses were unable to adjust their activities after lockdowns immediately, putting them at risk of failure and employee layoffs. While only 13% of businesses showed signs of being unable to meet their current obligations and potentially filing for bankruptcy at the time of the survey, this still had significant implications for the economy. The South African government provided stimulus packages to support businesses during the pandemic, but accessing these packages proved difficult for many. This classification of resilience can inform preparedness for future pandemics and regular health checks for business survival. Learning from past pandemics is crucial in ensuring businesses' continued existence, as these events cannot be prevented. Overall, business survival is essential for economic well-being (Akande & Afrogha, 2022).

2.6.8 Impact of COVID-19 on SMEs in other countries

The performance and survival of Nigerian SMEs was significantly negatively correlated with COVID-19 sub-variables like the imposed national lockdown, movement restrictions, and restrictions on international travel, according to a study by Abideen (2020). These findings correlate with a study conducted in Malaysia by Hasanat, Hoque, Shikha, Anwar, Hamid, Abdul and Huam (2020) which indicated that the novel COVID-19 pandemic variables negatively impacted on business performance. A study conducted in India in the first few months after the pandemics began in 2020. Rathore and Khanna (2020) revealed that SMEs had already lost 17% of their annual sales from the previous year. Surprisingly, 70% of respondents believed they would not survive for another quarter, and the remaining 30% of respondents believed they would not survive for more than a month, Since the lockdown went into effect in early 2020, just 45% of jobs were retained; and direct-to-consumer sellers were more likely to be unable to deliver or sell produce from existing stockpiles. According to Rathore and

Khanna (2020), the resurrection of the industry in the following months was essential for millions of people's livelihoods as well as India's economic resurgence.

A study in North Africa by Alexander-Joseph (2017) discovered that the COVID-19 pandemic had a detrimental effect on SMEs, which could have led to the closure of some businesses due to a fall in demand and supply, a decrease in revenue, and in some cases, mass employee layoffs. The expense of operating a firm is enormous, and during the pandemic, there were no returns, and clients were not purchasing items. One reason why these tiny firms failed was that crucial financial analysis success approaches were not applied in these enterprises.

In Kuwait, 45% of business owners indicated that they stopped or suspended operations when lockdowns were implemented in March 2020. According to a Kuwaiti COVID-19 business impact survey, another 26% were on the verge of failing as a result of an over 80% decline in revenue (Bensirri Public Relations, 2020) as cited by Al-Fadly (2020). Lockdown was responsible for the failure of over 29% of SMEs surveyed in India for a study done by Sharma and Rai (2023). The published findings demonstrate that businesses were dealing with two shocks: a shortage of raw materials and the collapse of the final output market. The decline in demand had the most influence (53%) and was followed by the raw material supply (36%). Over 90% of the sample companies reported a decline in turnover from 2020 to 2021. The study's SMEs with the biggest turnover declines were small and micro companies, at 43.47% and 60.75%, respectively. The range of the percentage change in turnover for medium businesses was 80% to 25%. 17% of SMEs had delays in making payments. According to studies, 26% of SMEs shut down between January 2020 and May 2020, in some developing nations, such as Bangladesh and Ireland, this percentage nearly doubled to 50% (Gorjian Khanzad & Gooyabadi, 2021).

In the aftermath of the COVID-19 pandemic, however, working capital problems, late payments, labour shortages, loan and repayment issues, a lack of funds for investing in new ventures, a lack of demand for goods and services, significant disruptions in raw materials supplies, and rising production costs still presented major obstacles for businesses as they tried to revive. On the other hand, businesses that embraced e-commerce platforms fast and had spare cash to spend on them either kept up their

prior performance levels or saw a rise in employee attrition. Some businesses shifted to producing masks, sanitizer, and product home delivery, among other things. Therefore, businesses may be able to continue growing and surviving during economic shocks if they have the financial means and adaptability to adopt new business models and investigate new business prospects (Sharma & Rai, 2023).

2.6.9 Impact of COVID-19 on SME operations

In terms of the following section, it is important to note that there are SMEs with no specialised departments like strategic planning or human resources. But that doesn't imply that these functions do not exist. Most of the time, these duties are still being performed, typically by the owner, a small group of employees, or authorised staff members who perform multiple responsibilities (Mokomane & Potgieter, 2020). For example, even though a small business may not have a formal HR department, someone will undoubtedly be in charge of staff management, hiring, and even termination of employees (Mokomane & Potgieter, 2020) . Similar to financial planning and operational strategy, budgeting, cost control, and operational decision-making continue to take place on a regular basis even in the absence of a chief financial officer or strategic planning team. This indicates that, although in a less formal or structured way, COVID-19 had an impact on each of these functional areas. SMEs had to change how they handled operations, finances, and employees, usually under extremely strict circumstances. Therefore, the fundamental elements of operational management, financial planning, and human resources are present in SMEs and were greatly impacted by the pandemic, even though the terminology may imply formalised processes.

2.6.9.1 **Human Resource Management**

The COVID-19 pandemic created a challenging and intricate environment for managers and human resources (HR) professionals, necessitating the development of creative solutions to help them maintain their companies and support their staff members during these unforeseen events (Shaw, Main, Findley, Collie, Kristman, & Gross, 2020). Working conditions, which encompass various aspects such as working hours, compensation, and the physical and mental demands of the job, are

fundamental to paid work and employment relationships. The COVID-19 crisis had a significant impact on these working conditions, with many companies implementing remote work arrangements to ensure business continuity (Aitken-Fox, Coffey, Dayaram, Fitzgerald, Gupta, McKenna, & Wei Tian, 2020; Gourinchas, 2020). Adams-Prassl, Boneva, Golin and Rauh (2020) found that employees who could not do their duties from home were more likely to be retrenched. Overall, staffing underwent a substantial change in organisations as a result of COVID-19 (Campello, Kankanhalli, & Muthukrishnan, 2020). Organisations that were experiencing financial difficulties as a result of the pandemic downgraded their workforces by reducing recruitment of high-skill jobs more than low-skill jobs in an effort to reduce costs and maintain their operations (Campello et al., 2020). They also froze or drastically reduced the hiring process, or they laid off their employees. Indeed, millions of people lost their jobs as a result of the COVID-19 outbreak (Blustein, 2020; Hamouche, 2021).

A study by Bilan, Mishchuk, Roshchyk and Joshi (2020) highlighted that a business's ability to attract and retain talent is vital to its competitiveness. Hiring and retaining qualified employees is a difficult task for HR managers in small and medium businesses, particularly in transition economies where talented workers are frequently "leaching out" due to labour migration. Employers experience difficulties in filling vacancies due to a lack of skilled workers and internal issues of employment attractiveness, such as remuneration and career opportunities (Bilan et al., 2020). The COVID-19 pandemic had a significant impact on employment in SMEs exacerbating these difficulties as many of the firms were forced to lay-off or furlough employees in order to cut costs, and some were even forced to shut down entirely, resulting in job losses (Belas, Gavurova, Dvorsky, Cepel, & Durana, 2022). Contractors and subcontractors also faced cash flow issues, necessitating furloughs and layoffs to meet payroll obligations (Alsharef, Banerjee, Uddin, Albert, & Jaselskis, 2021).

The global outbreak and lockdown caused a roughly 25% decrease in employment for the SMEs that were the subject of the study by Sharma and Rai (2023) . There was a 47.15% decrease in the number of informal labourers employed. Unexpectedly, throughout that time, formal workers' and family workers' employment grew by 12.58%

and around five percent, respectively. Approximately 49% of the 225 enterprises that were included in the study indicated a rise in formal employment. These businesses were mostly classified as medium and small businesses (Sharma & Rai, 2023). A study by Bochtis, Benos, Lampridi, Marinoudi, Pearson and Sørensen (2020) further revealed that the travel bans considerably reduced the available workforce during the COVID-19 pandemic.

2.6.9.2 **Strategic planning**

Research by Andrews, Boyne, Law, Walker, Andrews, Boyne, Law and Walker (2012) shows that in the absence of a strategic plan, SME performance degrades over time. Of all strategy groups, those businesses with no coherent strategy generally attained the lowest levels of performance (Leitner & Güldenberg, 2010). Small businesses are more susceptible to crisis situations despite the fact that they benefit from their learning capacities through their agility, adaptability, and creativity (Hollnagel, Woods, & Leveson, 2006). This is because they have fewer resources and less access to the global market. The effects of COVID-19 on 5800 small enterprises were investigated by Bartik et al. (2020). A significant number of job cuts and shutdowns were identified, and there was a potential for further closures as the crisis continued to persist. To navigate challenging circumstances effectively and regain stability in the aftermath of COVID-19, SMEs must prioritise the development of robust crisis planning strategies (Gorjian Khanzad & Gooyabadi, 2021; Muñoz, Kimmitt, Kibler, & Farny, 2019). According to Hauser, Eggers and Güldenberg (2020), prioritising operations over strategic planning results in suboptimal choices that lack consistency across planning activities for firms.

2.6.9.3 **Financial planning**

SMEs are very susceptible to permanent closure following major catastrophes, in part because they are unable to cover their costs while operating at a reduced capacity (Schrank, Marshall, Hall-Phillips, Wiatt, & Jones, 2013). The largest obstacle to both a short-term and long-term recovery for SMEs during and after the COVID-19 situation is a lack of financial resources. Between March 28 and April 4 2020, more than 580 SMEs participated in a survey performed by Bartik et al. (2020). The findings show that there were widespread layoffs, business closures, varying opinions of the probable

length of the COVID-19 related disruptions, and financial uncertainty. The majority of SMEs surveyed intended to seek assistance. Based on information obtained from another survey conducted by the OECD in 2020, approximately 62% of SMEs experienced a decline in sales during the months of 2020 when compared to the corresponding period in 2019. The negative effects of this downturn were particularly severe for numerous small enterprises operating in industries such as tourism, hospitality, hotels, and food services. For example, the COVID-19 pandemic forced over 47% of SMEs providing hospitality services and 54% of tourism companies to shut down (Amadi-Echendu & Thopil, 2020). The COVID-19 pandemic unquestionably represented an external shock of unmatched severity for SMEs, leading to a major decline in their revenues and profits. In the initial four months of the pandemic, according to McKinsey's global empirical studies, approximately 25% to 36% of small enterprises folded, possibly permanently (Dua, Ellingrud, Mahajan, & Silberg, 2020).

Moreover, in developing countries, SMEs face several challenges in accessing finances, resulting in the failure of countless businesses. One of the obstacles to the survival and growth of SMEs in these countries is a lack of financing or cash (Manzoor, Wei, & Sahito, 2021). SMEs also frequently lack funds and capital from investors, forcing them to concentrate on their own profitability in order to survive and grow (Min, Sawang, & Kivits, 2021). In addition, SMEs face challenges with their suppliers. Some suppliers have no loyalty towards the businesses who have been their long-standing clients. While business suppliers frequently maintain long-term relationships with their consumers, this is not necessarily due to genuine loyalty (Jelinek, 2021). Suppliers lack empathy when businesses go through difficulties and are ready to witch to other business clients who pay them more. Buyers generally follow purchase patterns. After making significant investments in the exchanges over time, they believe their relationship with their supplier is secure, so they continue operating in the same way. Some studies suggest that buyer complacency may promote supplier entrenchment (Jelinek, 2014, 2021).

During the COVID-19 pandemic, strict lockdown measures led to decreased economic activity. Numerous studies have examined the financial performance of companies during this time, utilising metrics such as return on equity (ROE) and return on assets

(ROA) (Ballal & Bapat, 2022). One such study by Fu and Shen (2020) looked specifically at the performance of Chinese energy companies, finding that COVID-19 had a detrimental effect on their performance. Productivity dwindled, resulting in reduced revenue and the failure to cover fixed costs, ultimately leading to poor corporate performance in the industry. In their study, Rababah, Al-Haddad, Sial, Chunmei and Cherian (2020b) investigated the effects of COVID-19 on the overall financial performance of publicly traded Chinese enterprises. They discovered that the virus had the biggest impact on small and medium-sized enterprises. Furthermore, the data indicates that, in comparison to other regions and industries, the ones most severely impacted by COVID-19 exhibited a more significant fall in their financial performance. Indicators of this include a drop in overall sales, profitability, and investment in businesses across all industries.

The aforementioned results are consistent with the research conducted by Shafi et al. (2020), whose findings showed that, in terms of profit decline, more than two-thirds of enterprises reported that the COVID-19 outbreak would cause their profit to drop by more than 60% in 2020. The results of Nguyen (2022), similarly showed that the COVID-19 pandemic had a detrimental effect on the financial performance of businesses and caused a decline in net profits of firms. Bularafa and Adamu (2021) corroborated this, stating that the COVID-19 pandemic-related lockdown limitations had a markedly detrimental impact on SMEs' financial performance. Research on how profitability fared during the pandemic by Daryanto, Maharani and Wiradjaja (2021); Rahmi and Sumirat (2021) further supported the findings that profitability decreased as a result of the COVID-19 pandemic.

2.6.9.4 **Operational strategies**

Customers' behaviours changed as a result of lockdowns brought on by the COVID-19 pandemic (Donthu & Gustafsson, 2020). Customers all across the world have re-evaluated their purchasing patterns as a result of this crisis, and the demand for home delivery, online shopping, and cashless payments surged (Pantano, Pizzi, Scarpi, & Dennis, 2020). Businesses had to adapt their operations to accommodate these new customer preferences. As a result of these shifts in consumer behaviour, some businesses prospered while others shut down. During a crisis, businesses who are

adaptable and use the right business strategies are likely to survive and thrive while others fail (Chan & Muthuveloo, 2020). For instance, during a financial crisis, consumers place a greater emphasis on product durability, become more price-sensitive, cut costs by buying items at lower prices, and concentrate on buying inexpensive and accessible products (Calvo-Porral, Stanton, & Lévy-Mangin, 2016). The change in habits puts pressure on business to adapt to the new demands. Companies should thus assess their business models, focus on consumers, value propositions, value demonstrations, and capabilities, according to Ritter and Pedersen (2020). Businesses should always be advancing rather than relying on their past successes during challenging times like a crisis through implementing appropriate marketing programmes, creating innovative goods and services, determining new customer needs and wants, and offering new values to the customers. Implementing appropriate marketing strategies and techniques, had a significant impact on how well businesses fared in dealing with the dangers and difficulties posed by the COVID-19 pandemic (Fuciu, 2020).

Furthermore, the goal of a supply chain is to satisfy consumer demands, and to do this, supply chain management (SCM) must give special consideration to the influence on the chain of supplier selection, information systems, product control, and product falsification. The COVID-19 pandemic caused supply chain disruptions, which posed an extraordinary risk for businesses in a variety of industries and hampered their operational planning strategies. The demand for products as well as the supply of raw materials needed to make products decreased (Paul & Chowdhury, 2020).

The COVID-19 pandemic also impacted the competitiveness of SMEs. One study discovered that it is tough for SMEs to remain competitive due to the multiple barriers preventing them from keeping up with their biggest competitors (Haseeb, Hussain, Kot, Androniceanu, & Jermsittiparsert, 2019). In the realities of cheaper imports from other countries, some customers choose these imported products as it is cheaper for them to do so. These are severely impacting demand for local SMEs. Customers are progressively purchasing globally at lower prices rather than supporting local businesses (Haleem, Jehangir, & Ullah, 2019). The South African government makes

it difficult for small and micro enterprises to survive without protection and restrictions from these cheaper imports.

In addition, SMEs that fail to adapt to technological advancements risk losing competitiveness. Technological innovation is getting more difficult, expensive, and risky as corporate procedures change, competition rises, and technology advances at a rapid pace. Technology is a critical resource in any business. Technology has a significant impact on long-term competitiveness and profitability. A company's success is dependent on its capacity to adapt to technological advancements (Indrawati, 2020). SMEs recognize the importance of learning and adopting new manufacturing technologies to thrive in a globalized market but lack resources. Certain areas require assistance, knowledge, and training for SMEs to improve their abilities efficiently (Türkeș, Oncioiu, Aslam, Marin-Pantelescu, Topor, & Căpușneanu, 2019).

During the pandemic, there were further difficulties managers had to overcome in order to carry out their managing duties. Because business processes were significantly slowed down by the procurement of raw materials for the manufacturing and delivery of completed products, it was a big challenge for managers to either refrain from deviating from the set and adopted plan or to depart from it as little as possible during COVID-19 (Miklosevic, Markuz, & Sigurnjak, 2022). The psychological element (caring for employees who are stressed due to the COVID-19 pandemic), growing pricing of raw materials essential for business, and the inability to plan due to economic instability brought on by the COVID-19 pandemic were three main issues.

Moreover, because of the COVID-19 pandemic, managers were more likely to experience stress themselves while carrying out their duties and devoting more effort to ensuring that employees were happy and the group as a whole was healthy (Miklosevic et al., 2022). Prior to beginning their operations, managers create organisational goals and identify the resources and actions required to attain those goals through planning (Turkalj & Miklošević, 2017). Since there were daily unscheduled absences from work during COVID-19, daily operations were difficult to manage. This made it difficult for managers to fulfil all managerial responsibilities, especially planning. All managerial tasks were affected by the COVID-19 pandemic's

effects, but none more so than the performance of leadership roles (Miklosevic et al., 2022).

In addition, due to severed relations with existing suppliers and travel restrictions, new suppliers had to be sourced and the process of establishing new supplier relations had to start (Chilwana, 2021). Late invoice payments also negatively impact small and medium enterprises. Reduced money inflows at any time may force payee businesses to postpone payment to their own suppliers in a variety of circumstances. This has repercussions if, like their clients, these providers rely on incoming funds to cover their expenses. This form of chain reaction has the ability to disrupt the supply chain for both customers and suppliers, resulting in strained relationships between both parties (Chilwana, 2021).

Moreover, an analysis anticipated a 1000% rise in PPE costs compared to pre COVID-19 levels. Compliance with government regulations led to higher expenditure by Brazilian enterprises for COVID-19 PPE and customer screening methods. This was an unanticipated additional expenditure for organisations, which had few customers (Sarwar, Qureshi, Fatima, Naeem, & Inayat, 2020). With the pandemic came increased expenditures for managing safety, providing pandemic-related safety training, and obtaining the necessary PPE to safeguard personnel adequately (Alsharef et al., 2021).

Furthermore, businesses around the world were affected by delayed delivery of critical stock for business, as evidenced by research conducted in Pakistan, which found that respondents were experiencing significant delays in buying goods and services since many of their suppliers were operating at a low capacity and the travel restrictions imposed by government impeded some supply routes (Butt, 2022). Inventory was also lost and wasted as it expired and perished during lockdown. In a study by Andzenge (2022), respondents highlighted the negative impact of loss and delays of inventory due to the pandemic and also emphasised the loss and wastage of the perishable inventory which went past the sell by date while in lockdown.

The pandemic also caused delays in production which resulted in minimal to no income. The actual lockdown led to site closures causing delays in project completion.

Other related project delays and cancellations were due to supply chain disruptions and government restrictions. Alsharef et al. (2021) indicated that several projects were delayed, postponed, or suspended due of the government's COVID-19 pandemic restrictions.

2.6.9.5 **Operational efficiency, effectiveness, and economic sustainability**

In addition to the aforementioned challenges that affected SMEs, the COVID-19 pandemic affected their operational efficiency, effectiveness, and economic sustainability. These are the key pillars for long term viability. Operational efficiency in terms of SMEs ability to deliver their products and services with few resources was immensely impacted as they faced reduced staff, disruptions in their supply chain and higher operational costs (Sarker, Rahman, Islam, Bhuyan, Supra, Ali, & Noor, 2022). Due to restricted access to materials and rising operating costs, Ndlovu (2023b) concluded that SMEs in the KwaZulu-Natal construction sector in South Africa decreased efficiency as a result of these disruptions. This was corroborated by Shafi et al. (2020) in Pakistan, who indicated that similar issues caused operational inefficiencies in the vast majority of SMEs.

Effectiveness in terms of SMEs ability to achieve their sale goals and meet their customers' demands decreased as customers buying behaviours changed as restrictions posed a challenge for market access (Anakpo & Mishi, 2021). According to Simango and Zhou (2025), travel limitations caused SMEs in the South African tourism industry to see a decrease in commercial activity, but they also highlighted that during the pandemic, strategic planning became more crucial, which helped some SMEs adjust and operate better. Similar results were observed by Abuhussein, Barham and Al-Jaghoub (2023) in Jordan, where SMEs used strategic restructuring and digital transformation to remain competitive in quickly transforming circumstances.

Because their survival was put at risk by decreased sales and cash flow issues, the pandemic also jeopardised the financial sustainability of SMEs. Despite support from the government, many South African SMEs struggled to remain profitable, according to Govender (2023b). Juergensen, Guimón and Narula (2020a) discovered that SMEs in Europe encountered difficulties with liquidity and primarily survived by means of

temporary government measures like loan guarantees and wage subsidies. These studies show how prevalent the COVID-19 issues were, highlighting how crucial readiness, adaptability, and financial support are to keeping SMEs operating through crises. The above discussion reveals how the impacts of the pandemic locally within South African SMEs were similar to those in other parts of the world.

2.6.10 Other challenges of SMEs since COVID-19 pandemic

Whilst coping with the challenges arising with the COVID-19 pandemic, SMEs in South Africa have also faced other unforeseen challenges since 2020. There have been catastrophic events occurring in the province of KwaZulu-Natal which affected the local SMEs as well as SMEs in other parts of the country. SMEs based in KZN were directly affected by these events of looting and flooding. While SMEs in other parts of South Africa were indirectly affected in terms of delays in service delivery where their suppliers were from KZN with delayed deliveries or stock being compromised.

2.6.10.1 Violent disruptions and civil unrest

Following the former President Jacob Zuma's arrest, the African National Congress political parties' supporters became enraged, which resulted in violence and civil unrest in the provinces of Gauteng and KwaZulu-Natal in July 2021. South Africa, already severely ravaged by the impacts of the COVID-19 outbreak, was further rocked by the unexpected instability (Chipkin, Vidojevic, Rau, & Saksenberg, 2022; Kalina, 2021; Mundhree & Beharry-Ramraj, 2022; Vhumbunu, 2021). The impact of the nine-day long unrest was significant and intense, and it is still possible to see those effects today. The demonstrations caused major property damage, job loss, damage to people's livelihoods, and stopped vital services, including medical care, that were essential in battling the COVID-19 outbreak (Vhumbunu, 2021). There was extensive inventory loss and company destruction. In the study of Mundhree and Beharry-Ramraj (2022), eight percent of small firms investigated claimed to have lost everything in their business and had their properties completely destroyed, whilst almost 50% indicated that their properties had been damaged.

In addition, the upheaval exposed the absence of flexible and responsive leadership, compounded the problems brought on by COVID-19, and weakened public trust. Politics, corruption, bad governance, and a lack of accountability have all had a negative impact on recovery, with the most severe effects being seen by the society's most marginalised groups. The protests significantly damaged the economy and infrastructure, and the on-going escalation was worrying (Vhumbunu, 2021). The looting and civil unrest were attributed to politics with the intention of causing economic sabotage. Chipkin et al. (2022) thus suggests that political instability and violence are exacerbated when the ruling party's elites engage in turf wars. It is still uncertain how many small businesses in KwaZulu-Natal and Gauteng will ever fully recover. This is especially true for a large number of small enterprises (both official and informal) and individuals in KwaZulu-Natal, who were just starting to recover from the COVID-19 pandemic and the riots and looting when the recent catastrophic rain storms in Durban, KwaZulu-Natal, wiped out all avenues of recovery (Pant & Jedrzejczak, 2022).

2.6.10.2 **Flooding**

While many businesses and households were working to recover from the impacts of COVID-19 and the looting and unrest destruction of the previous year, KwaZulu-Natal had to cope with the devastation caused by flooding 2022. The province was adversely impacted by the biggest floods in almost three decades, which killed over 400 people, left over 63 persons missing, and severely damaged community properties and important infrastructure such as roads and bridges. The floods affected not just residents and homes, but also businesses (Mbandlwa, 2023). Due to the abrupt suspension of business operations, small enterprises were adversely affected (Motsoere, 2022). Many businesses in the affected areas of KZN faced a significant setback. Businesses that supply commodities to the entire country and other countries bore the brunt of the floods. Companies in Durban, KZN, including South African Breweries and Toyota South Africa, suffered significant negative impacts. The impact on production and sales extended to customers in other countries. Both enterprises halted production to address and repair extensive flood damage (Hattingh, 2022).

The ability of SMEs to manage, adapt to, and benefit from changes like these in the external environment is necessary for the sustainability of local economic processes

(Pant & Jedrzejczak, 2022). Business development and sustainability remain difficult, however, as the country struggles to overcome the triple problem of unemployment, poverty, and rising inequality, and the likelihood that these issues will be solved is dwindling. With the nation's electrical supply being a constant struggle and the effects of climate change contributing to these challenges, there will inevitably be further disruptions. Therefore, in order to address these problems, there is a growing need for industry and government to adapt to the changing environment and generate possibilities for corporate improvement. Accountability, trust, and political will are necessary to hasten the recovery process, which might, in the short to medium-term, increase small business resilience while tackling some of the socioeconomic issues the nation is now facing (Makhaye & Subban, 2022). Notably, there is an increasing need for agile governance due to the country's worsening violence and flood disasters, as well as the effects of the global pandemic. Small businesses need help managing the complexity and uncertainty in the environment they operate in as a result. To solve the complicated problems small businesses confront and create resilience, government, businesses, organised structures, and local communities must work together (Makhaye & Subban, 2022).

2.6.10.3 **Russian/ Ukraine war**

The Russian invasion of Ukraine hindered global economic growth and raised the cost of commodities (mostly food and energy), which increased inflation and reduced real household income. The recovery of the South African economy's GDP and, more significantly, employment has lagged behind that of the rest of the world. The real GDP was 1.7% below pre-COVID-19 levels in the fourth quarter of 2021, while total employment was still more than ten percent below pre-pandemic levels. The business environment in which SMEs must operate is exceedingly difficult. In 2021, a 1.9% growth was projected for 2022 and 2023, indicating that the economic recovery was expected to continue. Despite this, there are major downside risks. According to SEDA (2022), compared to previous years, 2022 would see greater inflation rates for both businesses and consumers. Additional downside risks identified by SEDA (2021) include more severe load shedding than anticipated, a high probability of additional

COVID-19 waves, and the potential for societal unrest similar to that which occurred in July 2021.

2.6.10.4 Loadshedding

In addition to the aforementioned challenges, a national loadshedding problem causes electricity disruptions thereby bringing some business operations to a standstill. Eskom, South Africa's principal energy provider, has employed load shedding since 2008 due to a number of issues, including inadequate maintenance of its electricity-generating equipment (Kusakana, 2020). Given that South African SMEs rely on electricity to function, it is concerning as load shedding directly causes or prolongs delays in economic activities. To put it another way, when load shedding is present, the majority of SMEs in South Africa cannot generate income as there are no business operations during these affected hours (Mbomvu, Hlongwane, Nxazonke, Qayi, & Bruwer, 2021b).

2.6.10.5 Logistic delays

Further to the above, South Africa's logistics sector is currently characterised by inefficiencies and poor service reliability, which are mostly brought on by underfunding of state-owned infrastructure and an unequal distribution of freight between railway and road transportation (Desraj, 2021). Because of this, businesses in the logistics sector face a range of challenges, including those related to maintenance and infrastructure. A lack of investment in vital infrastructure and inadequate maintenance have resulted in a crowded and inefficient port system, a road network, and a move away from rail travel. The road infrastructure's rising deterioration has led to longer driving times, more frequent vehicle maintenance, and downtime for repairs because it has become necessary to take detours and drive slower. This causes significant delays in the delivery of the goods to the clients (Desraj, 2021).

Fortunately, the COVID-19 restrictions have all been lifted, which helps increase economic activity. Future job creation may benefit from this, but the SME sector still has a long way to go to make up for lost employment and economic stagnation. To survive such a volatile environment, firms need to change, and react fast in decision making (Elali, 2021). In a turbulent age, the only dependable advantage is a superior

capacity for reinventing your business model before circumstances force you to, as Vlikangas and Hamel (2003) so eloquently described. Competitiveness, adaptability, leadership, and proactivity distinguish successful businesses from unsuccessful ones. For this reason, a wide range of businesses must try to apply innovative methods and concepts in order to gain a competitive edge, handle new challenges, and keep up with the rapid advancements and changes taking place in the environment (Elali, 2021).

2.6.11 Coping mechanisms for SMEs

Studies have concluded that in response to the challenges experienced by SMEs since the COVID-19 pandemic some coping mechanisms SMEs found for relief and to support continued business operations were as follows:

Efficient financial management - Kim and Mason (2020) suggest that efficient financial management, particularly managing financial operations, has helped businesses weather economic downturns. This underlines the need of good financial management in protecting enterprises against economic disruptions.

Negotiations - Negotiating with suppliers and commercial property landlords is critical to ensuring financial stability for franchisors and franchisees. Negotiations are difficult since all sides want to cut expenses or supply while keeping in some income (Bretas & Alon, 2020).

New innovative opportunities - Entrepreneurs' rapid and inventive thinking helped them recognise and capitalise on new innovative and fresh opportunities to provide products/services to customers during the pandemic (Fubah & Moos, 2022).

Low credit rates and extended payback period - Iqbal, Pabon and Mahmood (2020) highlighted that when cash was tight during the COVID-19 pandemic, the most frequently requested type of assistance was low credit rates, appealing terms and conditions for small businesses, and an extended payback time.

Increased usage of technology - SMEs used technology for online orders so customers could still purchase without having to worry about physically visiting the

business during COVID-19. Online sales increased by 180% in a study by Fairlie and Fossen (2021) as consumers shifted away from in-store purchasing. In order to continue in business, some businesses had to regularly advertise their services. They used technology to communicate with and update clients on their availability for business (Fubah & Moos, 2022). Regardless of management opposition, the pandemic forced a large number of organisations to adopt developing technology in order to move to remote working and skill development efforts. Responding to worldwide travel restrictions and quarantine measures, multinational firms that formerly depended on industrial-scale business travel agreed to embrace remote working. Following the worldwide crisis brought on by the pandemic, many businesses shifted to remote work (Amankwah-Amoah, Khan, Wood, & Knight, 2021).

Laying-off staff - COVID-19 made it challenging for some businesses to make profits. As a result, businesses who paid their employees monthly before the pandemic were unable to pay their salaries. As a result, in order to cut expenses, some businesses were forced to lay off staff (Fubah & Moos, 2022).

Working with competitors - Networking with other similar businesses might have helped businesses share ideas and grow more successfully. Despite COVID-19 challenges, some businesses relied on networking to remain operational and share clients, that is to get other businesses clients and in return, give them their clients when they were not available (Fubah & Moos, 2022).

These aforementioned coping mechanisms aided SMEs in navigating through the uncertainties and disruptions brought about by the COVID-19 pandemic. The section below highlights the assistance obtained to aid the recovery of these businesses.

2.6.12 Assistance obtained to aid in recovery of SMEs

In order to aid in the recovery of SMEs after facing the aforementioned challenges arising from the pandemic, some SMEs had no assistance from the various funds available whilst others reached out and successfully obtained assistance in the following way:

Personal loans: Hahn and Hossain (2021) indicated that many businesses suffered early-stage losses during the COVID-19 pandemic and were still struggling to stay in operation in 2021. Some resorted to personal loans in a desperate attempt to save their collapsing businesses.

Unemployment Insurance Fund (UIF) / Temporary Employer-Employee Relief Scheme (TERS) funds: In response to the pandemic, the South African government implemented measures to keep people in their jobs, such as paying subsidies to supplement income (Köhler & Hill, 2022). The expansion of the UIF to provide wage support to affected workers was initially budgeted for R40 billion, or eight percent, of the government's R500 billion fiscal package (Bhorat, Köhler, Oosthuizen, Stanwix, Steenkamp, & Thornton, 2020). This was done through existing benefits for sickness, reduced work time, and unemployment and new schemes, such as the TERS. TERS was the labour market's biggest response to the pandemic in South Africa. TERS, funded by the UIF, was essentially a wage subsidy designed to shield workers from layoffs by paying wages to enterprises that have closed down their businesses entirely or in part due to the pandemic (Köhler & Hill, 2022).

2.7 Chapter summary

This chapter has discussed the theoretical framework used in this study. There was a blend of five theories that underpinned this study. The history of SMEs in South Africa and small businesses post-apartheid was outlined. The chapter also highlighted the importance of SMEs and their reasons for failure. Thereafter the global and local impact of COVID-19 pandemic on SMEs was addressed. The challenges faced by SMEs post COVID-19 pandemic were also discussed, and the coping mechanisms and assistance obtained to aid in recovery were emphasised. The following chapter, chapter three, will discuss the CSFs for SME success and a synthesis of the CSFs that was used in the data collection instrument. Performance measurement frameworks will also be reviewed and gaps in literature identified. Lastly, the conceptual framework used in this study will be presented.

CHAPTER 3 – CRITICAL SUCCESS FACTORS AND PERFORMANCE MEASUREMENT FRAMEWORKS

3.1 Critical success factors for SMEs success

3.1.1 Definition of business success

In South Africa, economic growth and sustainable development are directly linked to the success of business (Ogujiuba & Olamide, 2021). Access to government assistance, availability of sufficient financial resources, and a positive entrepreneurial mindset are important determinants of business success (Ogujiuba & Olamide, 2021). According to Govuzela and Mafini (2019), an entrepreneurial mindset includes innovation, a willingness to take risks, and a growth attitude, all of which are essential for the success of a business. Alfoqahaa (2018) points out that a straightforward definition of success based on meeting established goals may not be sufficient as goals can be poorly defined whereas, Gangwani, Zhu and Furht (2023) indicated that success in general refers to accomplishments made possible by either making a profit or reaching modest life goals. Although there are many variables that influence how we define success for businesses based on various business perspectives, the general notion of business success stays the same. While some people base their predictions mostly on financial indicators, others look at a business's historical financial records, human resource information, or demographic data to gauge its performance.

3.1.2 Critical success factors for SMEs

According to Raynus (2016), CSFs refer to crucial activities or components that contribute to an organisation's achievement of its objectives and goals. These are essential factors that guarantee business success. Consequently, it is critical to identify them at the organisational level and incorporate them into planning and strategies to compete effectively in the economy (Alfoqahaa, 2018). These factors are especially important for SMEs because of their limited resources and the ever-changing contexts in which they function (Malesu & Syrovátka, 2025b). CSFs are the areas in which adequate achievements will contribute to success and improved competitive

performance for SMEs. CSFs are directly related to an SME's mission and strategic goals (Olaitan & Flowerday, 2017). The elements listed in the following section constitute the CSFs for implementing a performance measuring system for SMEs. It is theorised that if these variables are effectively applied in a SME, the SME will be successful in positioning itself more competitively (Olaitan & Flowerday, 2017).

CSFs for SMEs are conceptualised in a variety of ways, taking into account both external and internal factors. SMEs can create strategies that maximise their strengths and minimise their limitations by having a thorough awareness of these characteristics. Businesses can utilise this information to create environments that support both the growth and sustainability of SMEs (Wan Rohaida Wan, Haitham, Rafikul, & Murni, 2024). The following sections in the chapter discuss the various CSFs to enhance SME performance leading to improved growth and sustainability.

3.1.3 KPIs for performance measurement are linked to SME goals.

The first CSF is concerned with the alignment of performance measurement to SME's goals. Key performance indicators (KPIs) are quantitative measures that assist an organisation in defining and measuring progress toward achieving organisational goals (Parmenter, 2015; Reh, 2011). KPIs, according to Reh (2011), must reflect the enterprise's aims, be critical to a SME's success, and be quantifiable. To facilitate the process of scientific decision-making in a SME, the owner-manager should connect the KPI of performance measurements to the enterprise's defined strategy. However, as previously noted, the majority of SME owner-managers lack management and strategic planning skills (Apulu & Ige, 2011). Furthermore, the issue of running a business with little resources is a disadvantage for SMEs, therefore many do not see the necessity to meticulously create KPIs (Olaitan & Flowerday, 2017).

SME owner-managers should agree to documenting their KPIs (both strategic and operational). This must be completed prior to beginning the deployment and execution of enterprise performance measurement metrics. The benefit of this approach is that the exercise will force the owner-manager to examine the SME's strategic goals and objectives critically. Loopholes and gaps that prevent harmony between both the two interconnected elements can be discovered and handled immediately (Olaitan &

Flowerday, 2017). Successful KPIs are contemporary and future-oriented, rather than historical in nature (Parmenter, 2015). This will guarantee that the SME clearly communicates the SME's direction to all employees. The SME's vision and strategic goals will subsequently be reflected in all everyday operations and procedures (Olaitan & Flowerday, 2017)

3.1.4 Ownership of the process by the SME owner-manager

The owner-manager must be the most vocal supporter of the performance measurement technique (Parmenter, 2015). In order to attain optimal and accurate findings, he or she must make time to monitor and analyse the team's progress with the execution and future use of the measuring equipment within the SME. The expectations of the owner-manager should be based on the agreed-upon performance measurement measures for each part of the enterprise's business activities (Parmenter, 2015). Furthermore, it is the owner-manager’s responsibility to choose a key employee to drive internal performance measurement and reflect on deviations from the company's strategic goals (Albayrak & Gadatsch, 2012). In order to handle faults that may result from the organised execution of the performance assessment system, the owner-manager must also put in place an intervention mechanism (Olaitan & Flowerday, 2017),

3.1.5 Constant evaluation and realignment of measuring metrics

In accordance with Parmenter (2015), SMEs consider performance measurement projects to be part of their responsibilities. However, the owner-manager rarely pays the requisite attention or devotes the necessary human and material resources to ensure a desired outcome is truly representational of how well the SME is functioning toward the aim of reaching its target according to the plan (Olaitan & Flowerday, 2017). To avoid this, it is suggested that the owner-manager engage facilitators to drive performance measurement system activities within the SME. The facilitator must be well-versed in the causal relationships that exist between all aspects of the business: financial; and non-financial as well as internal and external (Cocca & Alberti, 2010). This facilitator is also in charge of informing the rest of the team. The facilitators have to possess the owner-delegated manager's power to

assess progress at every level of the organisation. According to Biazzo and Garengo (2012), the successful execution of a performance measurement system such as the balanced scorecard in a SME necessitates the commitment of a project leader/owner who would also ensure that the right metrics are adapted or tailored to the SME's unique business needs and operating environment (Olaitan & Flowerday, 2017).

3.1.6 Review of critical success factors for SME performance

A study done by Dyer (2019) revealed that optimising performance requires a thorough comprehension and use of effective strategies by small businesses. As such, Yacus, Esposito and Yang (2019) suggest that the lack of performance measures is a major factor in small business failure. The authors continued by saying that small businesses need financial resources, suitable business skills, and financial expertise in order to maintain stability after the first five years of operation. Dyer (2019) declares that, even though a number of studies on small business failure have been carried out in the past, it is vital to look at the established business analysis techniques that SMEs have successfully applied. In order to continue sustaining their operations after the five-year mark, small enterprises must have the knowledge and comprehension of effective performance measurements.

Furthermore, it can be seen that certain factors, such as a lack of financial resources or business acumen, are essential and SMEs need to overcome to ensure success. If these factors are absent, there is a good chance that some SMEs will succeed, but it is not a guarantee. Therefore, further investigation into the ways in which important strategies affect SMEs' performance is necessary (Alfoqahaa, 2018).

3.1.6.1 **Strategic planning**

Significance of strategic planning

The component that makes all other parts of a business work correctly is strategic planning (Gumel, 2019). This component is crucial to the development and administration of SMEs since it is in the forefront of the management process (Wolf & Floyd, 2017). According to Gareth (2010), strategic planning is a critical tool for organisational success because it enables an organisation to be proactive rather than reactive in shaping its future; it enables

an organisation to initiate and influence actions in order to assert control over its destiny. As a result, strategic planning is defined as the blueprint or pointer that guides an organisation toward achieving its intended goals and objectives through effective strategic planning, which includes strategy formulation, implementation, evaluation, and control. Strategic planning is the process of forecasting a company's future position by identifying the company's ideal prospective state (John-Eke & Eke, 2020). This method is a critical component of strategic planning for any company's survival (Sotirios & Nikolaos, 2016). Strategic planning, according to the literature, is a process that comprises a number of activities that will establish a corporation's current position, including its vision and mission (John-Eke & Eke, 2020).

Nature of strategic planning

Strategic planning is a sophisticated process that serves as a beneficial instrument for leadership and growth (Arend, Zhao, Song, & Im, 2017). Strategic planning is critical for the growth of SMEs, particularly at the first stage of environment scanning (Cheng, Kadir, & Bohari, 2014). The entrepreneur can gain access to the internal and external surroundings that influence the business by using strategic planning measures in business planning. As a result, the entrepreneur can effectively use existing resources and make quick decisions to achieve commercial success (Delmar & Shane, 2003). Additionally, the keys to corporate success are formulating an acceptable plan, successful implementation, monitoring, and evaluating organisational performance (Tapera, 2014). Currently, the quickly changing and increasingly competitive environment has generated a need for effective yet adaptable strategic planning in business in order to maintain a competitive advantage. Gumel (2019) expands on this concept by saying that in order to effectively communicate a SME's vision, mission, and objectives to all stakeholders, the formalisation and documentation of strategic planning is necessary.

Strategic planning is divided into two parts: ends and means - also known as focusing on what has to be done and how it will be done (Nickols, 2016). The goals of a strategic plan might be wide, far-reaching, and long-term, or they can be precisely focused, well-defined, and short-term (Nickols, 2016). The outcomes are frequently known as aims, goals, aspirations, or targets (Arend et al., 2017). Furthermore, a specific set of responsibilities is included in strategic planning, which include the following: outlining the goals and

objectives for the business or financial plan, both financial and non-financial; drafting out detailed action plans that are required to accomplish the goals and objectives; assigning resources in accordance with the company's strategy, goals, and objectives; and skilfully managing several SMEs operating as a component of an investment portfolio; carrying out the strategy and mission by defining and communicating them in a clear manner and continuously improving lower-level planning procedures that support management; keeping an eye on developments and results and adjusting as needed to meet the strategic intent outlined in the goals and objectives; redefining the strategic goals, objectives, and mission at each level and making necessary revisions (Nickols, 2016).

Moreover, three studies, David and David (2017); Kabeyi (2019); Mhlungu (2021), outline the procedures for conducting strategic planning in the context of SMEs, including setting goals, establishing strategies, conducting situational analyses, completing strength, weakness, opportunity, threats (SWOT) analyses, conducting environmental analyses both inside and outside the company, identifying strategic issues brought to light by various evaluations, formulating strategies, implementing and overseeing the strategic plan. More information on each of these processes can be found in the sections that follow.

Setting SMEs objectives

One of the first steps in strategic planning is to outline the SME's objectives. Setting objectives for a SME has an impact on all other aspects of its development and administration since it presents a set of strategic plans on how to implement all SME features efficiently (Jardioui, Garengo, & El Alami, 2020; Thompson, Janes, Peteraf, Sutton, Gamble, & Strickland, 2013). Some researchers have discovered a correlation between well-defined goals and SME success (e.g., (Smith, 2020; Zwikael, Pathak, Singh, & Ahmed, 2014). Objectives, according to Smith (2020), are statements that indicate what SMEs intend to achieve. SME objectives, or their strategy, set the tone and framework for what the business expects to accomplish in a given amount of time. Establishing and executing well defined objectives also directly supports a SME in functioning in a way that is meaningful to owners and management, as well as providing a reference point for evaluations (Hughes, 2017; Jardioui et al., 2020).

The specified, measurable, achievable, realistic, and time-related (SMART) technique for establishing effective management goals was initially introduced in 1981. Nowadays, the SMART method is widely regarded as the gold standard for setting effective, quantifiable goals and objectives in management (Les MacLeod EdD, 2012; van der Grift, van der Ree, Fahrig, Findlay, Houlahan, Jaeger, Klar, Madrinan, & Olson, 2013).

According to this technique, the objectives of a SME should be specific and clear enough for everyone to comprehend, and the goals should contain metrics that can be used to determine whether or not the SME has achieved its objectives. All employees should be able to meet SME targets. Realistic goals will ensure that they are doable and pertinent to the SME. Lastly, defining a detailed timetable will help determine target dates for when a particular goal should be completed (Nwachukwu, Chládková, & Fadeyi, 2018). Objectives are both means (short-term) and end (long-term) goals. SME objectives serve as a framework for all managerial decisions and as standards against which actual accomplishments may be measured (Hughes, 2017). Establishing explicit SME objectives leads to the development of mission and vision statements (Nwachukwu et al., 2018). The vision and mission statements of a company are critical components of its strategic management approach. Well-crafted and clear vision and mission statements serve as the framework for corporate objectives and strategies, as well as positively representing businesses to their many users (Rahman, Syuhada, Senik, & Nadzri, 2020). In general, vision is a picture of the future that depicts the future if all strategic goals are realised (Alshameri & Green, 2020; Taiwo & Lawal, 2016). David and David (2017) define vision as a well-articulated statement that encompasses both current and future management procedures. The vision statement should address the question, "What do we want to be?" As a result, it must be unambiguous in order to serve as a foundation for mission statement formulation.

The mission statement, on the other hand, expands on the vision statement's purpose in order to develop a strategic orientation for a firm and guide all operations in companies (Taiwo & Lawal, 2016). As a result, it should be able to answer questions like "What is our business?", "What is the organisation's goal?", "Why does the organisation exist?", and "What is the organisation seeking to accomplish?" (David & David, 2017; Duygulu, Ozeren, Işıldar, & Appolloni, 2016). The mission statement of an organisation indicates its

aim and the stakeholders it wishes to serve (David & David, 2017), as well as the organisation's character and identity (Duygulu et al., 2016; Slintak & Dvorský, 2019).

Moreover, and this is just as crucial to acknowledge, while the vision statement provides a long-term orientation for the goals and characteristics of a SME (Coetzee, 2019), the mission statement, in contrast, acts as a guide for achieving the vision. SME owner-managers can better understand whether and how their businesses must evolve over the next five to ten years in order to pursue growth and sustainability by having a clear vision and mission statement. The creation of strategic objectives, vision statements, and mission statements is crucial for the long-term success of small and medium enterprises (Hawthorne, 2015).

Situational analysis

According to Straková, Pártlová, Dobrovič and Váchal (2018), situational analysis is necessary for owner-managers to make wise decisions. Situational analysis comprises evaluating the environmental factors affecting SMEs, such as needs, shifting consumer preferences, supplier behaviour, and competition, as well as the evolution of macroeconomic factors, including the characteristics of SMEs' internal resources (Straková et al., 2018). In order to enhance strategic planning, a SWOT analysis is commonly included in a situational analysis (Christine Namugenyia, Shastri L Nimmagaddab, & Torsten Reinersc, 2017; Smith, 2020).

A SWOT analysis is a strategic management method used to analyse how well an organisation's current strategy can deal with changes in the business environment (Rangkuti, 2013). Strength, Weakness, Opportunity, and Threats are the four words that make up the acronym SWOT. The capacity to compete and develop strength is the definition of strength. Weaknesses are inherent defects that limit one's ability to grow and survive. Internal strength and weakness take precedence. While opportunities are potential actions for progress and threats are highly potent challenges that have the ability to inhibit strength, intensify weakness, and stifle opportunity. External and environmental issues bring both opportunities and risks (Thamrin, Herlambang, Brylian, Gumawang, & Makmum, 2017). The information produced by the SWOT analysis can subsequently be used by SME owner-managers to develop strategic plans. The identification of strategic

issues forms the cornerstone of the strategic planning process (Burgelman, Floyd, Laamanen, Mantere, Vaara, & Whittington, 2018). Strategic issues must be addressed following the completion of the SWOT analysis (Addae-Korankye & Aryee, 2021).

Strategy development, implementation, and control

A SME's strategy focuses on bridging the gap among means and ends (Nickols, 2016). According to Kabeyi (2018), a SME's strategic formulation encompasses all aspects (e.g., creating a mission, vision, and objectives; recognising challenges and possibilities from the outside as well as the benefits and drawbacks from within; offering an alternative or competing strategies; and choosing strategies for SMEs).

The process of putting plans and goals into action, meanwhile, is known as strategic implementation (Tawse & Tabesh, 2021). This process aims to achieve both the short and long-term goals of a SME. So, strategic implementation is a method of developing a SME by introducing and integrating innovative procedures into the SME's structure. Accordingly, it is crucial to ascertain through implementation whether a SME's personnel, resources, cultural backgrounds, and procedures all follow the established methods (Thompson et al., 2013). The ability of the owner-capacity management to make decisions and complete critical tasks in a fast, reliable, and effective manner is critical to the strategic planning and successful operation of a SME (Majama & Magang, 2017).

Thompson et al. (2013) highlight that strategy implementation and execution can be described as a series of steps which include: creating a budget for the essential activities in the SME's value chain; implementing policies and procedures that align with the strategy; adopting and encouraging best practices to ensure the successful execution of value activities; supplying staff with the data, and tools for communication, and operating systems they need to successfully complete their allocated tasks; advancing the execution process; and continually assessing and improving the progress and achievement of the strategy.

In this process, as per existing literature, strategy control can help the owner-manager assess the SME's performance. Monye and Ibegbulem (2018) findings demonstrated that strategic planning improves organisational performance, which in turn affects profitability in the long run, and that strategic planning intensity is determined by managerial,

environmental, and organisational factors. Based on this, Monye and Ibegbulem (2018) claim that the efficacy of strategic planning may be measured in terms of the extent to which it effects organizational performance, which affects profitability.

After looking into how strategic planning affects organisational performance, Adetowubo-King (2018) concluded that in order to accomplish organisational goals and support the expansion and development of organisations in Nigeria, top management should take a more active role in the strategic planning process. Adetowubo-King (2018) also suggest that firms pay close attention to their operating environment and take this into account while developing and implementing strategies.

Furthermore, Sandada, Pooe and Dhurup (2014); Wijethunge and Pushpakumari (2014) conclude that in their research findings demonstrate a positive association between strategic planning and business performance in SMEs who are moderately active in the strategic planning process. According to Skokan, Pawliczek and Piszczur (2013), firms that have a documented complete strategic deed perform 80% better in terms of observed performance indicators than other organisations that do not have a defined or published strategic plan.

3.1.6.2 **Financial Planning**

Obtaining finance for SMEs can be challenging, especially for those with little to no credit history or collateral to offer (Olarewaju & Msomi, 2021). This frequently makes it more difficult to obtain capital from conventional financing sources like bank loans or credit lines and forces them to turn to unconventional sources like angel investors, venture capital, or crowdfunding (Rogo, Shariff, & Hafeez, 2017). For SMEs to maximise their cash flow, optimise their use of available financial resources, and make well-informed decisions regarding possible investments or expansion prospects, they must also implement excellent financial management techniques. This includes setting financial goals and objectives, making and adhering to budgets, and routinely checking finances. The success and expansion of SMEs depend heavily on finance and financial management. SME access to capital, cash flow management, and investment decision-making can all be facilitated by efficient financial management techniques and financing (Olarewaju & Msomi, 2021). In order to secure the long-term viability of their businesses, SME owners

must possess a thorough understanding and adeptness in financial management (Kirsten, 2018; Mhlungu, 2021).

Sound financial management for SMEs is built on financial planning as well as financial control. It offers the foundation for budgeting, forecasting, and decision making which is essential for any firm to succeed (Fatoki, 2014b). As stated by Wolmarans and Meintjes (2015), the process of projecting future expenses, assessing financial resources, and selecting the best combination of debt and equity funding to support operations is known as financial planning. SMEs can prioritise their financial demands, make the most use of their financial resources, and allocate resources more effectively and efficiently in order to increase performance and efficiency (Cheche, Muathe, & Maina, 2017; Mhlungu, 2021; Olarewaju & Msomi, 2021).

Overall, financial management and planning plays a critical role in the success of SMEs. Financial management helps SMEs to efficiently manage resources, reduce risk, and maximise profitability by offering crucial financial information and assisting the strategic decision-making process (Ayoko, 2021; Matsoso, Nyathi, & Nakpodia, 2021a). Thus, in order to guarantee improved performance and the long-term viability of their businesses, SME owners and managers must create and put into practice efficient financial management procedures (Lubawa, 2021; Vu & Nga, 2022).

However, in recent years, there has been a shift towards considering non-financial performance as well. Non-financial measures are important because they provide a more holistic view of business performance, which includes aspects such as customer satisfaction, employee satisfaction, innovation, and sustainability (Bititci, 2015; Bititci, Mendibil, Nudurupati, Garengo, & Turner, 2006; Kaplan & Norton, 1996; Nudurupati, Garengo, & Bititci, 2021).

There are several reasons why non-financial performance measures are gaining importance. First, financial performance measures are limited in that they only measure outcomes, whereas non-financial measures can provide insights into the drivers of those outcomes, such as customer satisfaction or employee engagement (Lttner, Larcker, & Meyer, 2003). Second, non-financial measures are often leading indicators of future financial performance (Kaplan & Norton, 1996). For example, high levels of employee

satisfaction can lead to lower turnover rates, which in turn can reduce recruitment and training costs and improve productivity, ultimately leading to improved financial performance. Third, non-financial measures are often more relevant to stakeholders such as customers and employees, who are increasingly interested in the social and environmental impact of businesses (Lttner et al., 2003). Otley (2001) revealed that the factors listed below are the financial factors that enhance the success of SMEs:

Financial management analysis

For SMEs, relying on internal sources of funds makes financial performance a crucial factor, which can be assessed through financial ratios. These ratios allow finance managers to compare the company's financial performance with competitors or benchmarks (Al-Matari, Al-Swidi, & Fadzil, 2014; Otley, 2001). However, studies suggest that there is no single set of ratios that can provide a comprehensive view of a business's financial performance, and a combination of ratios should be used for a complete analysis. Financial ratios should be utilised in conjunction with other financial components to cover many areas of the enterprise's performance (Simpson, Padmore, & Newman, 2012).

In addition, a financial management framework for SMEs should be simple yet effective. Accounting performance assessment can act as a motivating and monitoring tool for managers and divisions, particularly in responsibility centres involving investments, costs, revenues, and profits (Mabhungu, 2017; Otley, 2001). The responsibility centre's output should be utilised to evaluate the success of every division or manager. Yet, there seems to be little consensus on the effectiveness of financial performance management strategies in encouraging and directing the operations of a company's management and employees.

Moreover, research conducted by Ahinful et al. (2023); Mabhungu (2017); Otley (2001), for example, asserts that financial performance metrics including costs, sales revenue, as well as profitability represent controllable components of business performance. Mabhungu (2017) maintains, on the other hand, costs, sales revenue, and profitability measure results cannot be used to manage performance. He advocates measuring the actions that cause success rather than performance outputs. Therefore, the procedures and processes that have an impact on an enterprise's performance should be the focus of

a performance measurement framework intended to enhance a business's performance (Mabhungu, 2017).

Previously, most SMEs evaluated their performance mainly on their profit margin (Halabi, Barrett, & Dyt, 2010; Jardioui et al., 2020; Kaplan & Norton, 1996). Profit metrics are used to inspire and monitor the performance of departments, executives, and workers, ensuring that everyone in the business dedicates his or her attention to achieving the organisation's goals (Drury, 2008; Otley, 2001). As a result, the results of the responsibility centre may be used to evaluate the performance of every division or manager (Drury, 2008). Yet, there appears to be little agreement on the usefulness of profit methods in encouraging and overseeing the operations of an enterprise's management and staff. Otley (2001) elaborates that that financial performance measurements, such as profitability, in the financial statements of a business reflect predictable aspects of its performance. He advocates for assessing performance-enhancing activities instead of performance outcomes. According to some academics, profitability metrics should not be regarded crucial success determinants because they analyse past performance instead of forecasting future achievement (Kaplan & Norton, 1996). As a result, a performance assessment system designed to improve an enterprise's success and survival may place a greater emphasis on metrics other than profit.

However, sales growth, profitability, cash flow, debt level, market share, and ratio analysis are all commonly used to evaluate an organisation's financial success. (Halabi et al., 2010). The quick ratio, current ratio, times interest earned, net profit margin, return on assets (ROA), gross profit margin, return on investment (ROI), earnings per share (EPS), return on equity (ROE), return on capital employed (ROCE) and return on sales are (ROS) all important financial measures to consider (Al-Matari et al., 2014; Hegazy & Hegazy, 2012).

- Net operating cash flow: Net cash flow from operations is one of the most important financial performance indicators for a company. The classic adage "Cash is King" as discussed by Mungal (2015); Otley (2001); Omopariola, Windapo, Edwards and El-Gohary (2021) is much more applicable to SMEs than to huge corporations because cash is the lifeblood of SMEs. According to Bhandari and Iyer (2013), cash income is more essential than accounting income since it is used to buy products,

settle debt, pay salaries and wages, and pay bills, among other things. If a company's cash reserves are depleted, it will fail to satisfy its obligations, leading to insolvency. A good financial cash flow from operations may suggest that the company is profitable and, as a result, viable (Bhandari & Iyer, 2013). The most well-documented cause of financial difficulty and SMEs' failure is a cash shortage (Mungal, 2015; Omopariola et al., 2021; Ramukumba, 2014). This may imply that one of the primary financial performance measures in the performance evaluation system for SMEs should be net operating cash flow. To anticipate business failure, financial performance ratios determined by net operating cash flow should be calculated. According to Bhandari and Iyer (2013), the following metrics should be computed:

- To assess the liquidity of the enterprise, it is essential to compute the OCF/CL ratio, which represents the ratio of operating cash flow (OCF) to current liabilities (CL).
- The OCF/Sales ratio, also known as the operating cash flow margin, is used to measure the enterprise's ability to convert revenues into cash. This ratio provides insights into both operational profitability and liquidity. Unlike traditional profit margins, which rely on multiple indicators of profitability, the OCF/Sales ratio utilises a single measure of profitability.
- In order to evaluate the company's ability to generate cash from its assets, it is crucial to calculate the OCF/Asset ratio, which measures the return of operating cash flow on total assets.
- The Acid-test ratio, or Quick ratio, can be employed as a conventional metric to gauge liquidity. It is calculated by subtracting the inventory from the current assets and then dividing the result by current liabilities. A lower value in this ratio suggests that the company may be facing financial difficulties. However, it is important to assume that the company maintains accurate accounting records and prepares accurate income reports. This is not often the case in SMEs (Ng, Harrison, & Akroyd, 2013b), and so the use of ratio analysis may be problematic.
- Profitability measures: Despite its well-documented shortcomings, profit is the most often used financial performance indicator for evaluating firm

performance (Kaplan & Norton, 1996; Otley, 2001). The accounting profession, which provides advice as to how financials must be constructed for reporting purposes to owners as well as other interested parties, also measures profitability. As a result, despite academics' loud calls for firms to integrate non-financial and financial indicators, there is a considerable bias towards profitable performance indicators (Mabhungu, 2017).

Prior research indicates that small businesses have highlighted the importance of cash flow to their survival. Regardless of the size of the business, sound cash management is essential to its long-term viability (Isle, Freudenberg, & Sarker, 2018; Omopariola et al., 2021). When assessing their liquidity, it has been suggested that small enterprises exhibit greater volatility in earnings and cash flow and are less liquid than their larger competitors (Isle et al., 2018).

Management of revenue

Revenue management is a management accounting practice that aims to improve an enterprise's long-term survival by generating sales and managing its limited resources (Fitriasari, 2020; Ng et al., 2013b). This is accomplished by providing an economical service or product at the proper time that satisfies the consumer's requirements. This could be an effective method of enhancing the profitability of SMEs. Because of their modest size and strict control by the owner/manager, SMEs place less emphasis on the financial management role of coordination, control, and responsibility (Otley, 2001). Revenue growth improves the enterprise's cash flow position, which is critical for its survival (Fitriasari, 2020; Ng et al., 2013b). Revenue management is gathering and analysing data to get insight into consumer habits, trends, and demand patterns in order to estimate profitability. Revenue data is gathered from point-of-sale systems, barcode scanners, as well as websites. After that, the data is analysed using management accounting techniques such forecasting, Cost-volume profit analysis, linear programming, the BSC, forecasting budgets (Mabhungu, 2017; Ng et al., 2013b). Sales volume growth is the most essential metric for a profitable and successful business. Many businesses increase overall earnings by boosting their volume of sales (Biggart, Burney, Flanagan, & Harden, 2010; Shirokova, Vega, & Sokolova, 2013). According to Shirokova et al. (2013), sales growth provides a more accurate assessment of small business growth than profit measurements. Suppliers

enhance sales by urging stores to purchase more goods in exchange for longer payment periods. This is further explained by Duary, Das, Arif, Abualnaja, Khan, Zakarya and Shaikh (2022) who elaborate that deferred payment terms are a well-known and essential tactic for increasing revenue and attracting and retaining customers. Makhitha and Mbedzi (2022) elaborated that payment choices, shop loyalty card discounts, and lay-buy arrangements are all essential elements of excellent customer service that also increases sales.

Management of expenses and purchases

Cost management leads to more effective business operations. For example, cost-cutting measures implemented by a struggling company during a business restructuring scheme can result in improved performance and, as a result, business recovery (Laitinen, 2011). Biggart et al. (2010); Mabhungu (2017) regard cost control as a significant success factor as well. Controlling costs, particularly inventory and store charges, is one of the most important ways to improve an enterprise's profitability. Inventory management will include wastage management via in-store inspections (Ng et al., 2013b). This is expected to be a significant factor for SMEs in all industries.

In addition, a study by Nicastro and Carillo (2021) highlights that businesses tend to sell off slightly damaged goods or almost expired products at a discounted prices as a mechanism to recover some cost of product and to avoid wastages. This is beneficial to the seller to try and recover costs. Similarly, some businesses bought goods in bulk in order to achieve a discount. Previous studies elaborate that companies will adjust prices and provide allowances, discounts, and special offers for early payments, bulk purchases, and purchases made outside of peak seasons (Hariyana, Wardani, & Salsbila, 2021). Lean manufacturing is also a mechanism to cut expenses. Lean manufacturing reduces non-value-adding tasks that are necessary and gets rid of non-value-adding activities that do not offer any value at all. Lean manufacturing aims to boost output and cut waste, both of which improve client satisfaction which increases sales (Goshime, Kitaw, & Jilcha, 2019).

Management of sources of finance

The inability to obtain money is frequently listed as one of the factors that contribute to the demise of SMEs (Ramukumba, 2014; Reginald & Millicent, 2014; Zizi, Oudgou, & El Moudden, 2020). Because SMEs cannot readily obtain money from banking institutions, SMEs must create solid connections with their suppliers in order to obtain items on credit and establish good credit agreement terms for flexible repayment. As a result, it is reasonable that a performance assessment framework should identify and quantify the drivers of this interaction with suppliers. The evaluation of the size of the relation may allow SMEs to check the relationship on a regular basis for the advantage of the company. Some claim that lack of funding is not a key cause of SMEs failing, however (Ramukumba, 2014; Zizi et al., 2020). Financial support alone may not be sufficient to assure an enterprise's success. In order for the firm to succeed, monetary support needs to be used correctly and efficiently. Some SMEs with sufficient resources have been discovered to mismanage those resources, resulting in the failure of the firm (Ramukumba, 2014; Reginald & Millicent, 2014). Pticar (2016) expresses that that the sort of financing available in financial planning is critical because it affects the financial plans focus.

As a result, the argument for shifting the focus from issues related to a shortfall in funds to the viability of the firm, the entrepreneurial qualities of the owner/managers, and the adoption of current management approaches to enhance the efficiency and survival of SMEs is compelling. As previously stated, one of the essential aspects for the success and survival of SMEs is access to inexpensive sources of credit (Ramukumba, 2014; Reginald & Millicent, 2014). It has been recorded that the most significant difficulty encountered by most SMEs is the high cost of borrowing, which results in a high cost of conducting business, which is detrimental to their sustainability (Mabhungu, 2017). A study by Asikhia, Fasola, Makinde and Akinlabi (2020) discovered that the main obstacle impeding the performance of SMEs was finance availability. Having access to credit funds results in a significant positive impact on the sales of a SME. Therefore, it is imperative that SMEs in every sector pay close attention to the costs associated with using various funding sources in order to reduce operating costs and thereby increase the enterprise's success and survival (Serrasqueiro, Leitão, & Smallbone, 2021).

According to an analysis conducted by Pticar (2016), there are three types of funding: start-up financing, current financing, and development financing. In their business planning, SME managers and owners must incorporate all three funding options. These forms of loans should always be used for the development, management, and growth of SMEs. Furthermore, the sort of financing available critical because it affects the financial plan's focus. According to (Pticar, 2016), because the three major funding sources have distinct functions, businesses frequently incorporate all three into their plan.

- Seed money is provided by starting finance to help SME activities get off the ground.
- Current financing: guarantees that there are sufficient short-term loan options available to satisfy the short-term needs of SMEs today.
- Development financing: guarantees an adequate number of long-term funding sources for growth, expansion, and new investments.

All three sources of financing are necessary for the successful development, management, and financial planning of SMEs (Mhlungu, 2021; Pticar, 2016).

Budgetary management

A budget is an accounting method used by SMEs to arrange and control their finances (Fatoki, 2014b). According to Matsoso et al. (2021a), one management tool that may be utilized for SME financial management, control, and monitoring is a budget. There are two purposes for a budget. A budget shows the financial implications or parts of a corporation in connection to strategic goals (Fatoki, 2014a). Businesses may be able to save money by implementing financial budget constraints (Fatoki, 2014a). Identification, acquisition, and assessment of non-financial and financial data pertaining to SME future operations are all part of the SME budgeting process (Fatoki, 2014a; Matsoso et al., 2021a). The execution of SME activities is hampered by a lack of budgeting (Maziriri & Chivandi, 2020). SMEs can increase their profitability, by budgeting (Fortuna, 2021).

Management of investments

According to Igwe, Amaugo, Ogundana, Egere and Anigbo (2019), investment is the act of putting money, effort, and time into something in order to profit from it or achieve a beneficial money, effect, or time. Traditionally, investing has been seen as an

external activity in which SMEs look to external investors, institutions, and organizations for funding and grants (Lasher, 2016). However, when it comes to SMEs, investing is simply the act of setting aside money with the hope of making a profit or having a beneficial impact in the future (Block, Hirt, & Danielsen, 2013). It is necessary for SMEs to have an investment approach in place which deposits the company's profits in an efficient manner, so it appreciates for future usage. These Business investments aid in both future growth and emergency scenarios.

Management of technological software

The emergence of digital and technological real-time guidance systems, 4IR, in the twenty-first century has altered financial control operations. These guiding systems assist SME managers and owners in correctly establishing and managing their company's finances (Das, Kundu, & Bhattacharya, 2020; Mhlungu, 2021). The vast majority of contemporary real-time guiding systems are made up of software designed with enhanced financial control in mind. Among the most popular options for financial administration and control are Sage Intact, Kissflow Finance, QuickBooks, Xero and Oracle Finance Cloud. These software programs provide data and analysis for daily and monthly financial decision-making and/or financial management, acting as financial regulatory systems for SMEs (Mhlungu, 2021).

Small businesses can improve information flow and cut costs by implementing effective accounting information systems (AIS), which will ultimately increase profitability (Das et al., 2020; Lekhanya, 2016). Moreover, strategic utilisation of AIS can give small businesses a competitive edge and boost their market share (Das et al., 2020). On the other hand, the absence of AIS in SMEs can result in prolonged lead times and cycle times in business transactions, reduced utilisation of resources, and decreased productivity. However, the lack of access to technology caused by underdeveloped telecommunication infrastructure and limited broadband connectivity in rural KwaZulu-Natal is limiting the use of technology by small business owners and managers (Lekhanya, 2013).

Management of Suppliers

Supplier selection refers to the process by which SMEs locate and engage in a contract with suppliers. Supplier selection is to identify and distinguish suppliers who are in an

appropriate state or position to function while demonstrating the best potential for meeting a company's ongoing demands (Kim, 2009; Van der Westhuizen & Ntshingila, 2020). Supplier selection, according to Harwood (2009), is one of the most critical aspects of supply chain management. It is also one of the most taken for granted regions. Despite the considerable academic literature, effective evaluation and selection of important raw material suppliers remains a difficulty in many businesses. Previous research reveals that when selecting a supplier, SMEs evaluate price as well as a range of other aspects like flexibility, delivery, quality, and service (Rajput & Bakar, 2012). Choosing the right supplier for a SME helps ensure that goods and services are delivered in the right quantities, at the right price, and on schedule.

Moreover, supplier selection criteria assist a SME in verifying competent suppliers; the evaluation process typically includes analysis of various essential supplier performance characteristics such as cost, delivery punctuality, and quality. When suppliers are picked utilising these variables, supplier performance and the buying organisation's operational performance are predicted to improve. As a result, a SME's ability to achieve a competitive advantage is strengthened (Kim, 2009). Van der Westhuizen and Ntshingila (2020) evaluated the impact of supplier selection, supplier development, and information sharing on business performance. A beneficial association between supplier selection and SMEs' company performance was hypothesized. The correlation between positive factor loading (0.863) and business performance supports the existence of a positive linear link between supplier selection and company performance. The ability of SMEs to choose the right supplier and reap the benefits of supplier relationships also have an impact on how relationships are managed. It was determined that this could increase business performance (Van der Westhuizen & Ntshingila, 2020).

Amoako-Gyampah, Boakye, Adaku and Famiyeh (2019), who investigated how supplier relationship management affects a company's performance corroborate these findings. Their findings reveal that effective collaboration with suppliers in a developing country can enhance business performance. Thus, it is recommended that companies establish policies and procedures to strengthen partnerships with suppliers and leverage their internal and external resources for better collaboration. Ramukumba (2014) highlights the benefits of good relationships with suppliers by stating that

because SMEs cannot easily get funds from banks, they must develop strong relationships with their suppliers in order to obtain purchases on credit and negotiate favourable credit agreement conditions for flexible repayment (Ramukumba, 2014). Lastly, by choosing the supplier that best suits their needs, SMEs can lower transaction risks while simultaneously increasing operating efficiency (Tong, Wang, & Pu, 2022).

3.1.6.3 **Human Resources planning**

In today's world, Human Resource Management (HRM) is considered vital to the success of SMEs (Hung, Cant, & Wiid, 2016). At first, SMEs generally prioritise their financial and marketing aspects but later on realise the importance of HRM. SMEs are required to learn how to develop and implement HRM as the company grows and staff numbers increase (Mazzarol, 2003). The main purpose of HR is to create and maintain a productive workforce to fulfil organisational needs. Companies with successful HRM practices typically experience lower absenteeism and employee turnover rates, and better retention and skills development (Hung et al., 2016). Findings from the study of Wuen, Ibrahim and Ringim (2020) revealed that human resources training and development processes, employee engagement, performance appraisal systems and inclusiveness has a significant positive impact on SME performance.

Employee recruitment

Finding and employing the best candidate for a position that has to be filled in a SME while staying within a certain budget and timeframe is known as recruitment (Adam, 2020). It entails sourcing an individual with the necessary abilities, skills, and disposition to achieve an SME's objectives (Schenk, 2017). The recruitment process involves various steps, including planning, strategy development, candidate searching, screening, evaluation, and control (Adam, 2020). For SMEs to find the ideal candidate, all these steps must be followed. The COVID-19 pandemic has had a substantial influence on workplace operations, however these changes extended to the recruitment process (Al-Abbasi & Masri, 2020). As a result, SME owners must recognise the pandemic's impact and adapt their recruitment processes accordingly to better serve their businesses in the post-COVID-19 environment (Mhlungu, 2021).

In a post COVID-19 environment, owner-managers must alter the methods they use to hire and recruit top talent (Schenk, 2017). Changes in the work environment brought on by the pandemic considerably influenced the recruitment process (Al-Abbasi & Masri, 2020). SMEs, in the post-COVID-19 world, will likely require candidates who possess specific attributes, such as fitting a particular role, possessing all the necessary abilities and cultural prerequisites of the SME, and being able to work virtually and remotely in the increasingly digital space. Having skilled and motivated employees through effective HRM can give SMEs a competitive edge and positively impact overall performance. These employees need to be competent to efficiently operate in the working environment (Adam, 2020; Schenk, 2017). Hiring individuals with good customer engagement skills has a significant influence on the complete buying experience. A crucial component of front house job hires is their friendliness and helpfulness, which affects customers' decisions in stores (Makhitha & Mbedzi, 2022).

In addition, Setiyani, Djumarno, Riyanto and Nawangsari (2019) emphasised that in order to increase efficiency within their workforces, organizations also need to carefully evaluate how to locate and retain top millennial personnel, given the rapid advancement of technology. Businesses will become more competitive as a result of this productivity growth. Furthermore, Setiyani et al. (2019) asserts that flexible work environments are believed to provide a number of benefits to employees.

Employee training and development

SMEs often hesitate to allocate funds for employee training and development. This is due to the fact that training and development can be costly and results in a loss of work productivity as employees attend training sessions (Mazzarol, 2003). However, studies reveal that this perspective is misguided, and that training and development should be thought of as an investment because it is critical, not optional, for business success. To retain high-quality employees, training and development are vital as they foster loyalty. Such training can also enhance job performance, equip employees with new skills and improve their self-management abilities (Aguinis & Kraiger, 2009). Additionally, organisations that invest in training and development can experience

improved overall performance, increased output quality and quantity, and enhance their reputation (Aguinis & Kraiger, 2009).

Jaworski, Ravichandran, Karpinski and Singh (2018) highlight that it is critical to begin evaluating and reiterating newly acquired skills after training. Employees are required to go through training and orientation upon employment. Employees are automatically assessed to determine their level of aptitude for their current employment after a ninety-day probationary period (Jaworski et al., 2018).

Furthermore, the fourth industrial revolution in South Africa, exacerbated by the COVID-19 pandemic, has led to significant work disturbances (Agrawal, De Smet, Lacroix, & Reich, 2020; Grimbald, Ziraba, Ekure, & Ketuma, 2020). This disruption has resulted in a shift in future work opportunities that can impact how SMEs develop and educate their workforce (Grimbald et al., 2020). Therefore, it is imperative for employees to receive comprehensive training to effectively acclimatise to new environments like the fourth industrial revolution (4IR) and COVID-19. Besides, employees must be trained in all areas of SMEs since such pedagogy is crucial for not only employees but also the overall development of the SMEs they work for (Agrawal et al., 2020; Grimbald et al., 2020).

Employee performance evaluation and incentives

Performance evaluations involve a formal process of monitoring employees with the goal of enhancing their performance and productivity (Hung et al., 2016). Rynes, Gerhart and Parks (2005); Sardi, Sorano, Garengo and Ferraris (2021) propose that performance evaluations contribute to improved performance in two ways: providing constructive feedback on individual performance and linking administrative decisions on rewards and punishments to motivation. The objective of performance evaluations is therefore to furnish employees with information that facilitates better performance while motivating them to put that information to use (Dike, Anetoh, Eboh, & Obiorah, 2021; Rynes et al., 2005). Managers/owners must conduct performance evaluations as a means of ensuring that their employees meet the expected performance standards. In addition to learning more about the skills, motivations, and strengths of their staff members, evaluations enable owner-managers to get unbiased feedback

based on standard metrics. This information can help them make more equitable decisions about bonuses, raises, and promotions for their staff members and help them better plan for their future years in SMEs (Angka & Darma, 2016). Research done by Caza, McCarter and Northcraft (2015) emphasised that employers are starting to offer completely personalised rewards by allowing workers to choose the type and quantity of benefits they receive. The specifics of the incentive choice vary from simple choices such as picking a package from a list to situations where an employee's whole benefits package is customised. Caza et al. (2015) further elaborates that some companies only give out awards that their employees truly earned by meeting targets in order to cut costs and simultaneously improve conduct, morale, and productivity in the workplace. According to Dike et al. (2021), at certain companies located in the Nigerian state of Anambra, performance reviews have a major impact on worker performance. Employee performance has been shown to be significantly correlated with management through the use of objective appraisal methods, 360-degree feedback appraisal methods, and goal-setting appraisal methods. In summary, performance reviews are essential for worker productivity, advancement, pay raises, and job satisfaction.

Employee inclusion

For SMEs to thrive and be effectively administered, it is imperative to involve employees in the decision-making process (Shore, Cleveland, & Sanchez, 2018). In fact, employee involvement is fundamental to the establishment of SMEs (Asokk, Gudda, Bhati, & Vanishree, 2021). Shore et al. (2018) indicate that incorporating employees in decision-making endows them with power and can contribute greatly to the overall success of SMEs. Additionally, employee inclusion in decision-making fosters a sense of encouragement among employees, directly leading to an increase in their productivity (Shore et al., 2018). Thus, permitting employee involvement can generate positive outcomes, enhancing employees' performance management (Asokk et al., 2021).

Moreover, encouraging inclusivity in the workplace can lead to a positive atmosphere and spawn fresh ideas and strategies (Dhakal, Connell, & Burgess, 2018). One instance of this can be seen in a study done by Adams, Meyers and Sekaja (2020)

which indicated that prosperous companies had managers who actively engaged their employees in all aspects of the business. These SMEs further kept their employees informed of any updates and offered employees the chance to give input on decisions that would impact them. Hence, integrating employees through informing them and encouraging their input is essential in coordinating and managing SMEs (Dhakal et al., 2018).

Ayoko (2021); Hung et al. (2016); Sardi et al. (2021), identify employee motivation, recruiting competent individuals, employee development and training, and employee performance evaluation as HRM components that influenced small business success. The development and management of SMEs depend on human resource management as well as other subjects covered in this section. Owner-managers have a duty to uphold the law at all times and select employees who are capable, fit for the job, and flexible in any circumstance. Along with recruiting and training new hires, SMEs also need to manage and enhance their workforce. Owners and managers of SMEs should involve their employees in decision-making as well.

3.1.6.4 **Operational Planning**

Operations are the regular tasks that SMEs perform in order to increase their worth and generate profits. According to Hu and Kee (2022), operations encompass both short-term and long-term functioning of SMEs. They serve to ensure that SMEs function effectively and efficiently, thereby highlighting the importance of operations management (Clegg, 2018). Operational planning involves the management of all activities related to the production of goods and services offered by businesses (Heizer, 2016). This includes the sourcing and procurement of components, production process management, quality assurance, and distribution. Good operations management guarantees timely delivery of quality products and services to customers and the market (Heizer, 2016).

In addition, the scope of operations management includes inbound and outbound logistics, quality assurance, and turning inputs into outputs (Aziri & Ismaili, 2020). By combining contemporary technologies and information systems to improve SMEs' productivity and production processes, the Fourth Industrial Revolution has completely

transformed operations management and increased efficiency and effectiveness. These technological advancements have, in turn, boosted the revenue of many SMEs (Leseure, 2017).

Marketing Aspects

According to Jaworski (2018), marketing is a broad field that encompasses several activities, institutions, and procedures aimed at creating and exchanging valuable offerings for customers, partners, clients, and the larger society. Marketing is crucial to strategic planning and the long-term success of SMEs. SMEs can leverage marketing to reach potential clients, build brand awareness, foster healthy competition, generate revenue, develop customer loyalty, and create a lasting impression in the industry and market (Mhlungu, 2021).

Van Scheers (2011) concludes that the following indicators can be used to assess the success of SMEs: profitability is typically the first thing that comes to mind when considering success; an expanding client base is an indication that an SME is efficiently approaching target audiences; client satisfaction demonstrates that an SME recognises the customer's requirements; another important indication of corporate performance is employee happiness and owner fulfilment.

- Nature of marketing

Jaworski (2018) states that the success of a SME relies heavily on the owner-manager's capability to promote the enterprise's goods or services effectively. Regardless of an SME's exceptional products and remarkable customer service, if potential buyers are unaware of its existence, the business's performance and sales will suffer. Marketing is a multi-dimensional concept that extends beyond the realm of sales (Gilligan & Lowe, 2018). Gala (2018) suggests that to gain insight into marketing strategies and practices, one must comprehend the essence of marketing.

Gala (2018) and Gilligan and Lowe (2018) both claim that the following characteristics best describe the essence of marketing: Effectively managing SMEs "marketing mix" that is, product, place, price, and promotion is the managerial responsibility of marketing. Marketing is the human endeavour of using tactics that work to satisfy

people's insatiable demands and desires. The main economic goal of marketing is to produce a profit. Marketing is both an art and a science, involving understanding human behaviour through psychology in order to create demand for products or services. Marketing plans are designed to acquire new, desirable customers in a customer-centric manner. In order to understand the preferences and expectations of customers, consumer orientation, which involves conducting surveys and market research is a crucial component of marketing. Goal orientation is the process of attempting to satisfy the profit-related goals of both buyers and suppliers. Interaction between buyers and sellers entails the sharing of ideas and information in the context of marketing. Marketing practices are dynamic and constantly evolving to improve effectiveness and efficacy. The creation of utility for consumers is a key aspect of marketing, achieved through product or service form, availability, ownership, and timely availability (Mhlungu, 2021).

- Promotions

Promotion, is any activity that communicates the advantages of a product and persuades people to buy more or larger quantities of it (Hariyana et al., 2021). According to Makhitha and Mbedzi (2022), promotional components are sales strategies that encourage customers to make a purchase, such as displays and in-store advertising. Posters put up in stores are regarded as in-store advertising, even when window and in-store displays serve as visual adverts for the products that retailers offer. In order to draw people into stores, discounts and other sales promotions are also used which help retailers to attract and retain customers and, in turn, increase sales (Makhitha & Mbedzi, 2022).

- Social media

Bizhanova, Mamyrbekov, Umarov, Orazymbetova and Khairullaeva (2019) emphasise that if most of the customer base uses social media, then so should businesses. The World Wide Web has been used to swiftly disseminate marketing messages to a large number of people through page views and advertising more effectively and quickly, with a minimal marketing cost benefiting countries across the world.

Management of competitors

To achieve success and longevity in the business world, it is crucial for enterprises to effectively manage their competitors. While focusing on customers is important, giving equal attention to competitors is essential for gaining a competitive edge (Mabhungu, 2017; Oly Ndubisi & Iftikhar, 2012). Understanding competitors and their operations is part of this management process (Reginald & Millicent, 2014). Businesses must provide distinctive and superior products to competitors in order to thrive in the market. They must also exploit the flaws and vulnerabilities of competitors (Oly Ndubisi & Iftikhar, 2012; Reginald & Millicent, 2014). As a result, it could be crucial to take their competitors' performance into account while creating a framework for measuring SMEs' success through benchmarking (Taschner, 2016). To maintain a sustained competitive edge, manufacturing companies need to innovate and produce products that align with performance to boost productivity and stay ahead of the competitors by aligning with the international market (Hutahayan, 2020).

Benchmarking involves comparing a company's performance with that of its competitors, and it is crucial to ensure business growth (Laukkanen, Nagy, Hirvonen, Reijonen, & Pasanen, 2013b; Sutia, Riadi, Fahlevi, Istan, Juhara, Pramono, Purwanto, Purba, & Munthe, 2020). There are two types of benchmarking: internal and external. External benchmarking is more effective in generating high performance and a long-term competitive advantage (Reginald & Millicent, 2014). Along with benchmarking, SMEs should network with competitors to share knowledge and resources (Gunawan, Jacob, & Duysters, 2016). Due to its reliance on internal company views that may not accurately represent market realities, internal benchmarking may not result in higher customer satisfaction or better business performance. Thus, rather than viewing rivals as competitors, it is critical to build long-term mutually beneficial partnerships with them (Tucker & Pitt, 2009).

According to Mabhungu (2017) research on competition management, the majority of owner/managers felt that all of the competitor management traits examined had low performance measuring parameters. Results showed that the majority of SMEs were concerned with performance metrics related to competitor awareness. Three metrics are used to measure this: the number of competitors, new entrants, and exits every

period. SMEs can assess how they measure up against competitors in the market by using these measures. Long-term growth in SMEs has been proven to be fueled by this business environment scanning and ongoing observation of competitors' behaviour, notably their strengths and weaknesses (Laukkanen et al., 2013b; Oly Ndubisi & Iftikhar, 2012; Sutia et al., 2020).

Employee commitment

For any enterprise to be successful and sustainable, it is crucial to have dedicated employees (Ali & Anwar, 2021). To ensure the survival of SMEs, it is necessary to create a work environment that fosters employee commitment (Bosch, Tait, & Venter, 2006). SME owner/managers can promote employee commitment by offering support, cultivating inspiration, building individual relationships, staying positive, and recognising the value of their employees' work (Kruger & Rootman, 2010). Consequently, employee commitment is a defining feature of successful SMEs, and key indicators of employee commitment include employee participation, autonomy, job satisfaction, motivation, loyalty, recognition, feedback, growth opportunities, and learning (Kruger & Rootman, 2010; Valaei & Rezaei, 2017). Neglecting to motivate employees can result in dissatisfaction and low commitment, leading to negative outcomes such as frequent absenteeism, high staff turnover, tardiness, and reduced productivity levels (Hutchinson, Donnell, Gilmore, & Reid, 2015). Therefore, a performance evaluation system implemented should incorporate employee commitment as an essential element. Previous research has discovered a link between employee motivation monitoring and business performance (Suriyankietkaew & Avery, 2014). An African study done by Mabhungu (2017) identified a positive correlation between SMEs' profit levels and the amount of variables that impact employee motivation. Mabhungu (2017) elaborates those measures of employee commitment, such as staff morale, desire to put in extra time without pay, and willingness to go above and beyond, may not be high among most SMEs' workforce.

Managerial competence

Managerial competence is described as having the appropriate expertise, abilities, and knowledge to plan, manage, and oversee the activities of a business or organisation (Byukusenge, Munene, & Orobia, 2021; Hormiga, Batista-Canino, & Sánchez-Medina, 2011). To effectively manage these activities, an individual must be capable of collecting and analysing data to arrive at sound decisions and take the necessary steps to achieve objectives (Byukusenge et al., 2021). Previous research suggests that possessing strong managerial skills is linked with improved financial performance. For example, Sanda, Sackey and Fältholm (2011) discovered a positive correlation between managerial behaviour and firm performance in small Ghanaian companies. This demonstrates that executives who possess strong managerial abilities are better suited to drive organisations towards success. Ahmad, Halim and Zainal (2010); Byukusenge et al. (2021), and Orobia, Nakibuuka, Bananuka and Akisimire (2020) also found that a manager's skills, knowledge, attitude, and traits have a notable influence on their effectiveness within their role and thus businesses' financial performance.

Furthermore, a study conducted by Fatoki (2014c) found that businesses owned by immigrants in South Africa performed better when the owners had higher education and related experience compared to those who did not. Similarly, Ssekakubo, Ndiwalana and Lwanga (2014) investigated the relationship between managerial competence and the financial performance of SACCOs in Uganda's Eastern region and established that there was a positive correlation between the two variables. This trend was also found in research by (Ng & Kee, 2018; Zacca & Dayan, 2018). Therefore, it seems that enhancing the owner/manager's managerial competence will correspondingly improve the financial performance of their business.

One CSF required for the sustainability of the SME is the owner and manager's competency. Therefore, it can be asserted that the ability of the management and administrative function to measure performance is crucial for SMEs to remain viable (Erasmus, Reynolds, & Fourie, 2019). Thus, owners/managers of small businesses can develop considerable knowledge and abilities to make timely and correct financial choices by developing their financial literacy. These simplify the necessary service or

stock purchase, production, or both. The ability to make strategic investment decisions helps businesses seize market opportunities and thrive and lowers the risk of failure. A study by Hossain (2020) discovered a very high positive correlation between small business financial and nonfinancial growth and managers financial literacy skills. According to the study's findings, small businesses can flourish both financially and non-financially when their managers have adequate financial literacy. Additionally, small businesses must use effective business management techniques, maintain consistency in record-keeping, and prepare for, forecast, and monitor business growth, among other things.

Management of inventory

The main goal of inventory management is to achieve uninterrupted production and sales, reduce holding costs, and improve customer service by avoiding excessive or insufficient inventory levels (Orobia et al., 2020). By achieving these objectives, organisations can improve their profitability and liquidity. Effective inventory management requires proper planning and budgeting, as well as accurate sales forecasts (Fortuna, 2021; Matsoso et al., 2021a). It involves determining the appropriate quantity of inventory to order and hold at any given time, taking into consideration the associated costs (Orobia et al., 2020). Holding too much inventory can lead to capital being tied up, inventory deterioration, obsolescence, and loss through theft (Islam, Pulungan, & Rochim, 2019; Karim, Nawawi, & Salin, 2018). Conversely, insufficient inventory can result in sales interruptions, poor customer relations, and underutilised equipment. Therefore, effective inventory management requires the knowledge, skills, and abilities to plan, monitor, and control inventory levels (Islam et al., 2019; Karim et al., 2018).

In addition, small business managers who possess knowledge of inventory management strategies and skills for applying them will improve their inventory management, ultimately leading to improved sales and profits (Orobia et al., 2020). It is important for managers to have knowledge of the “know-what,” “know-when,” “know-how,” and “know-why” in order to effectively plan, monitor, and control their inventory. Businesses must also consider the dynamic nature of customer preferences and avoid overstocking which may negatively affect financial performance. Adopting dynamic

capabilities is necessary to efficiently manage inventory and avoid the risk of not meeting customer demands or excessive investment in inventory (Ahmed, Modibbo, Modu, & Muhammad, 2016; Karim et al., 2018). Ahmed et al. (2016) conducted a study on the impact of inventory management on Nigerian conglomerate companies from 2010 to 2014. According to a Pearson correlation and multiple regression analysis, inventory management and financial performance have a favourable and substantial relationship. The study discovered that the companies' sales and profit levels were hampered by a lack of suitable inventory management systems. Similarly, Kasim, Zubieru and Antwi (2015) examined the effect of inventory management on the financial performance of SMEs in Ghana's northern region. Their findings indicate that the manner in which inventory is kept has a positive impact on the financial success of SMEs. Inventory is one of the most difficult assets in a corporation to maintain since it is prone to theft and obsolescence as tastes and preferences change. It is consequently critical to keep track of inventory movements and minimise avoidable losses that can wreak havoc on a company's financial performance (Ogbo & Ukpere, 2014). Afrifa and Tingbani (2018) demonstrate that good and efficient inventory management can have a major impact on financial performance.

As referred to in the study of Orobia et al. (2020), inventory management has a large direct effect on financial success. This means that improvements in inventory management have a beneficial impact on financial performance. McCauley (2020) highlights the benefits of using the JIT system for inventory management. The author emphasise that the goal is to reduce inventory levels and distribution lead times by streamlining product movement from suppliers to customers, leading to cost savings and increased efficiency for businesses. JIT was originally defined as the manufacture of goods to meet consumer demand in terms of time, quality, and quantity. This will also result in lower purchasing costs due to the reduction of surplus inventory that is likely to become obsolete and then discarded (McCauley, 2020).

Management of customers

Salaheldin (2009) emphasized that you cannot manage what you do not measure, hence SMEs that do not measure customer-related factors are not efficiently managing their customers (Zakari & Ibrahim, 2021).

This is contrary to the advice given by Azmat and Samaratunge (2013), who highlighted how crucial it is for SMEs to manage their customer base by fostering a sense of trust and loyalty that results in client retention. The best indicators of customer retention and loyalty, according to Adam, Ibrahim, Ikramuddin and Syahputra (2020); Lampadarios (2017); Laukkanen, Nagy, Hirvonen, Reijonen and Pasanen (2013a), are the number of recurring purchases made during a specific time period and the number of regular customers lost within that same period. The majority of customer management variables appear to be rarely or never measured by many SMEs' owners and managers (Mabhungu, 2017) . The results of Zakari and Ibrahim (2021) demonstrate a favourable and statistically significant correlation between SME performance in Nigeria and customers' perceptions when SME services match their expectations.

According to a research study conducted by Alfoqahaa (2018), customer service was found to be the biggest contributor to the success of SMEs. However, simply implementing customer service activities is not enough. The key to excellence in customer service lies in the way these activities are carried out (Adam et al., 2020). SMEs should prioritise providing "personal care" to their customers by showing empathy, consideration, listening, and respect. This approach is consistent with the theory that customer service impacts business success through customer satisfaction and loyalty, as demonstrated in a previous study by (Ogunnaike, Salau, Adeniyi, & Tairat, 2014). The was further corroborated by Mostafa and Kasamani (2021), who indicate that when customers have a good shopping experience, their loyalty rises, and they are more inclined to make repeat purchases. For the majority of buyers, positive experiences encountered during the shopping process have an impact.

Moreover, past studies have argued that personalised service from front-of-house personnel is crucial to the client's happiness. Customers are more inclined to repurchase a product, refer it to others, and not purchase from rival companies as a result, increasing brand loyalty (Mostafa & Kasamani, 2021). Another argument was made by (Mostafa & Kasamani, 2021) who indicate that building customer loyalty decreases the chances of customers turning to rival competitors. Being focused on

customers instead of competitors serves as a business compass for successful businesses (Ives, Cossick, & Adams, 2019).

Management of utilities

Load shedding is a method used to reduce the pressure on an electricity grid by temporarily cutting off the supply of electricity or limiting its usage when there is too much demand (Steenkamp, 2016). In South Africa, Eskom, the main energy supplier, has been employing load shedding since 2008 due to various factors, such as insufficient maintenance on its energy infrastructure (Winkler, Keen, & Marquard, 2021). The duration of load shedding depends on the level of electricity demand and can range from one to eight hours (Du Venage, 2020).

The reliance of South African SMEs on electricity to carry out their business operations means that load shedding leads directly to the interruption of operations for these businesses (Phiri, 2018). This means that during load shedding, most SMEs in South Africa are unable to generate income (Ateba, Prinsloo, & Gawlik, 2019). As well as facing challenges such as limited access to markets and financing, most SMEs cannot afford alternative power sources like generators and inverters to remain operational during load shedding (Mkhwebane & Ntuli, 2019). This puts them in a precarious position since they still need to pay employees and cover relevant business expenses even when they are unable to generate income. Research conducted previously by Phiri (2018) confirms that load shedding impedes the sustainability of South African SMEs by negatively impacting their financial performance, in terms of profitability and efficiency, as well as their financial position, in terms of solvency and liquidity. This has made it difficult for these businesses to contribute positively to the overall economy of the country through generating income and cash flow that could help the government alleviate poverty and distribute wealth (Mbomvu, Hlongwane, Nxazonke, Qayi, & Bruwer, 2021a).

A study by Ashley (2017) revealed that businesses in Africa often face challenges with their energy and water supplies, which can be unreliable and intermittent, making it difficult to maintain efficient business operations. Therefore, it is crucial for these businesses to be self-sufficient and secure their own sources of electricity and water.

Many participants in studies have identified backup supplies as a critical operational factor for success, given the deficiencies of the water and electricity infrastructure in African nations (Ashley, 2017). These backup supplies account for half of manufacturing costs, and businesses must consider these essential expenses when operating an outlet or factory. As a result, businesses should invest in their own generators for electricity, including backups for each type of generator, such as diesel and gas, as fuel sources may not be continuously available. Backup water supplies, such as tanks or borehole water, are also necessary in case of shortages or interruptions in water service (Ashley, 2017).

3.1.7 Synthesis of literature

This literature review formed the basis of a guideline which was incorporated in detail into each section of the survey questionnaire and semi structured interviews used by this research. The subsequent subsections provide a summary of these critical success factors for SME sustainability and the impact of COVID-19 that was further investigated in the questionnaire and interviews.

3.1.7.1 **Strategic planning success factors**

Based on the strategic planning literature, this chapter has revealed certain factors that are crucial for the growth and success of SMEs post COVID-19 pandemic and can result in significant achievements. Listed in the table below are the identified critical success factors extracted from literature which were included in the development of the questionnaire.

Table 3 Strategic planning success factors

Author and year	Findings from the literature	Key CSF identified	Statement in Questionnaire
(Mhlungu, 2021; Mkhonza & Sifolo, 2022)	Establishing a clear vision through planning for SMEs to adapt operations and survive during and post COVID-19 is crucial.	Establishing a vision taking the COVID-19 pandemic into account.	Establishing a vision for the SME taking COVID-19 into consideration.

Gumel (2019); Rahman et al. (2020)	In order to effectively communicate a SME's vision, mission, and objectives to all stakeholders, documentation of strategic planning is vital.	A mission statement and business vision for an SME's objectives are essential.	Creating and linking the mission statement to the vision.
Jardioui et al. (2020); Nickols (2016),	It is essential to establish and outline well defined SME objectives.	Outline business objectives.	Creating business objectives.
Nickols (2016) Arend et al. (2017); Smith (2020)	Drafting out detailed action plans to achieve the planned objectives and business goals are vital.	Plans to achieve planned objectives.	Creating plans to accomplish the objectives.
Mhlungu (2021); Straková et al. (2018)	Conducting an environmental analysis outside the business is essential.	Examining external factors and performing a situational analysis of environmental factors.	Examining the outside world, including technology, economy, politics, technology, competition, and legislation.
David and David (2017); Kabeyi (2019); Mhlungu (2021)	Examining the businesses internal factors is just as essential.	Examining internal factors.	Examining internal factors including resources, human resources, finances, corporate culture, and marketing.
Mhlungu (2021); Rahman et al. (2020)	It is crucial to identify the main priorities of the SME that should be tackled first.	Identifying priorities of SMEs.	Determining the priorities for the SME.
Coetzee (2019); Hawthorne (2015)	Creating a strategic plan is crucial for SMEs to better understand if their business should evolve to pursue growth and the costs involved.	Designing a strategic plan.	Designing a strategic plan (e.g. growth, cost, product strategy).
Majama and Magang (2017); Tawse and Tabesh (2021)	It is crucially important to have plans in place to implement the designed strategic plan. Putting the	Implementing a strategic plan.	Implementing a strategic plan.

	plans into action is vital.		
Adetowubo-King (2018); Monye and Ibegbulem (2018); Thompson et al. (2013)	SMEs need to have the necessary supplies available to help with the carrying out of the plans.	Necessary resources to implement the plan.	Having enough resources to carry out the strategic plan.
Adetowubo-King (2018); Majama and Magang (2017)	With implementation, a more active role in the monitoring of the progress of the strategic plan is essential to determine if critical tasks are carried out in a fast, reliable, and effective manner.	Monitoring the strategic plan.	Monitoring outcomes and progress of the strategic plan.
Mhlungu (2021); Mkhonza and Sifolo (2022)	Revised strategic planning strategies are necessary in a post COVID-19 pandemic.	Revising the current strategic planning strategies is required.	Revised strategic planning strategies are required since the COVID-19 pandemic.

3.1.7.2 **Financial planning success factors**

Furthermore, based on the financial planning literature, this chapter has revealed certain factors that are crucial for the recovery, growth and success of SMEs post COVID-19 pandemic. Listed in the table below are the identified critical success factors extracted from literature which were included in the development of the questionnaire.

Table 4 Financial planning success factors

Author and year	**Findings from the literature**	**Key CSF identified**	**Statement in Questionnaire**
Al-Matari et al. (2014); Hegazy and Hegazy (2012).	The current ratio is essential in financial planning to evaluate an organisations financial success.	Calculation of the current ratio.	Evaluation of liquidity: current ratio.
Arisudhana (2023); Liu,	The studies emphasis that the debt to sales ratio is an important part of the financial planning to assess the firm's	Calculation of the debt to sales ratio.	Evaluation of liquidity: debt to sales ratio.

Liang and Liu (2024)	liquid to enhance business success. Financial success is positively impacted by sales growth and liquidity, as measured the various liquidity ratios.		
Arisudhana (2023); Nasution, Sembiring, Batubara and Putri (2022)	In financial planning, the inventory to cost of sales ratio is a crucial tool for evaluating liquidity since it shows how well a company is controlling its inventory levels in relation to sales, which helps to maximise cash flow and prevent stockouts or overstocking.	Calculation of the inventory to cost of sales ratio.	Evaluation of liquidity: inventory to cost of sales ratio.
Bhandari and Iyer (2013); Oranefo and Egbunike (2023)	In financial planning, the creditors to purchases ratio is a crucial tool for evaluating liquidity since it shows how well a company handles its short-term supplier obligations, guaranteeing stable operations and consistent cash flow.	Calculation of the creditors to purchases ratio.	Evaluation of liquidity: creditors to purchases ratio.
Arisudhana (2023); Liu et al. (2024)	The study emphasises the debt-to-equity ratio as part of the financial planning to assess the firm's liquid to enhance business success. Financial success is positively impacted by sales growth and liquidity, as measured by the various liquidity ratios.	Calculation of the debt-to-equity ratio.	Evaluation of liquidity: debt to equity ratio.
Ado, Rashid, Mustapha and Lateef (2021); Akintoye, Adegbie and Onyeka-Iheme (2020)	In financial planning, calculating profitability using profit before and after taxes is essential since it offers information about a business's operational effectiveness and tax management, assisting in the formulation of strategic choices for long-term growth.	Calculation of profit before tax. Calculation of profit after tax.	Evaluation of profitability: profit before and after tax.
Enyi (2005); van Heerden and Coetzee (2019)	Using the profit to capital employed ratio to evaluate profitability is crucial in financial planning because it shows how well a business uses its capital to turn a profit, which informs investment choices and operational plans.	Calculation of the profit to capital employed ratio.	Evaluation of profitability: profit to capital employed ratio.
Afrifa (2016); Jooste (2007)	The net operating cash flow to current liabilities ratio is a crucial tool for financial planning since it evaluates a company's capacity to satisfy short-term obligations with cash generated from core operations, giving information on operational efficiency and liquidity.	Calculation of the net operating cash flow to current liabilities ratio.	Evaluation of profitability: net operating cash flow to current liabilities ratio.
Afrifa (2016); Guda (2013)	In financial planning for SMEs, the net operating cash flow to sales ratio is essential for evaluating profitability since it measures how well a business turns revenues into actual cash from	Calculation of the net operating cash flow to sales ratio.	Evaluation of profitability: net operating cash flow to sales ratio.

	operations, showing liquidity and operational efficiency.		
Fitriasari (2020); Ng, A. Harrison and Akroyd (2013a)	The studies indicated that in terms of financial planning, revenue growth improves an enterprise's cash flow position, which is critical for its survival.	Ways to increase revenue growth.	Strategies for increasing revenue growth.
Biggart et al. (2010); Laitinen (2011); Mabhungu (2017)	Cost cutting measures implemented by a business can result in improved performance and are regarded as a significant success factor.	Implementing cost cutting and control measures.	Cost cutting measures for controlling expenses.
Ng et al. (2013a)	One of the most important ways for an enterprise to improve profitability is by controlling costs particularly inventory purchases.	Cost cutting and controlling inventory purchases.	Cost cutting measures for controlling purchasing and inventory.
Amoako-Gyampah et al. (2019); Ramukumba (2014); Van der Westhuizen and Ntshingila (2020)	Building a good relationship with suppliers' aids in flexibility of payments and ensures goods are delivered in the right quantities, for right prices and on time. Obtaining purchases on credit and negotiating flexible and favourable payment conditions enhance business success.	Flexible and favourable payment conditions.	Negotiating discounts for prompt payments to suppliers.
Hariyana et al. (2021); Nicastro and Carillo (2021)	Businesses tend to sell at discounted prices, adjust prices, provide allowances, and give special offers to enhance early payments.	Incentives for early payments to increase income.	Providing incentives for prompt payments from customers.
Mhlungu (2021); Pticar (2016)	Sources and availability of seed funding is critical to help SMEs get off the ground to enhance success and growth.	Seed funding is essential.	Access to initial financing (start-up money for starting operations).
Mhlungu (2021); Pticar (2016)	Sources and availability of current funding ensures that there is finance available to satisfy the short-term needs of SMEs to enhance success and growth.	Current funding is essential.	Access to current financing (enough money for short-term needs).
Mhlungu (2021); Pticar (2016)	Sources and availability of development funding ensures that funding is available for long term growth expansion and new investments.	Development funding is essential.	Access to development financing (enough money for long-term growth and expansion).
Fatoki (2014b); Fortuna	The studies emphasises that an SME's activities are hampered by a lack of budgeting. SMEs can increase their	Implement budgeting	Creating budgets to monitor and control cost.

(2021); Matsoso et al. (2021a)	profitability and success by implementing budgeting to control expenses.		
Igwe et al. (2019); Lasher (2016)	It is necessary for SMEs to have an investment approach in place which deposits the business profits in an efficient manner, so it appreciates for future usage. These business investments aid in both future growth and emergency scenarios.	Have investments in place.	Having an investment approach in place.
Das et al. (2020); Lekhanya (2016)	Small businesses can improve information flow and cut costs by implementing effective accounting information systems (AIS), which will ultimately increase profitability and give small businesses a competitive edge.	Introduce accounting software.	Utilising 4IR accounting software.
Mhlungu (2021); Mkhonza and Sifolo (2022)	Revised financial planning strategies are necessary in a post COVID-19 pandemic.	Revising the current financial planning strategies is required.	Revised financial planning strategies are required since the COVID-19 pandemic.

3.1.7.3 **Human resources planning success factors.**

Moreover, based on the human resources planning literature, this chapter has revealed certain critical success factors for SME growth and success post COVID-19 pandemic. These factors, which were incorporated in the development of the questionnaire, are listed in the table below.

Table 5 Human resources planning success factors

Author and year	**Findings from the literature**	**Key CSF identified**	**Statement in Questionnaire**
Adams et al. (2020); Schenk (2017)	Employing the best candidate for a position by sourcing an individual with the necessary abilities, skills, and disposition to achieve an SME's objectives is crucial.	Hiring skilled and competent employees.	Hiring competent employees based on their abilities and strengths.
Mazzarol (2003); Wuen et al. (2020)	Providing HR training on development processes has a significant positive impact on SME performance as its seen as an investment and is critical for business success.	Training to employees increases performance of the business.	Providing training in new developments and technology.

Asokk et al. (2021); Wuen et al. (2020)	Employee inclusiveness also enhances SME performance. Employee involvement in decisions is fundamental to SMEs.	Include employees in decision making.	Involving employees in decision making processes.
Dike et al. (2021); Sardi et al. (2021)	Performance evaluations contribute to improved productivity by providing constructive feedback on individual performance and linking decisions to rewards and punishments for motivation.	Use a performance evaluation system to enhance productivity.	Using employee performance evaluation techniques to enhance productivity.
Caza et al. (2015); Dike et al. (2021)	Employers personalise employees' rewards packages to motivate them to perform better. Awards are only given to employees who truly earn it by meeting targets to improve conduct, morale and productivity	Provide incentives to enhance productivity.	Providing employees incentives / rewards as motivation for productivity.
Mhlungu (2021); Mkhonza and Sifolo (2022)	Revised HR planning strategies are necessary in a post COVID-19 pandemic.	Revising the current HR planning strategies is required.	Revised HR planning strategies are required since the COVID-19 pandemic.

3.1.7.4 **Operational planning success factors**

The operational planning literature reveals further critical success factors for SMEs' success after the COVID-19 pandemic. These were included in the development of the questionnaire and are listed in the table below.

Table 6 Operational planning success factors

Author and year	**Findings from the literature**	**Key CSF identified**	**Statement in Questionnaire**
Gala (2018); Gilligan and Lowe (2018)	Marketing plans are essential to acquire new, desirable customers in a customer-centric manner.	Designing a marketing plan.	Creating and using a marketing plan.
Gala (2018); Gilligan and Lowe (2018)	To understand the preferences of customers and consumer orientation, conducting surveys and market research is a crucial component of marketing.	Conducting market surveys and research.	Conducting market research.
Makhitha and Mbedzi (2022)	Strategies to attract and retain customers are essential for business to increase sales.	Strategies to attract new customers.	Creating a plan to find new customers.
Van Scheers (2011)	Client satisfaction demonstrates that an SME recognises the customer's requirements; another important indication of corporate performance is employee happiness and owner fulfilment.	Monitoring customer satisfaction	Tracking customer complaints and satisfaction.

Van Scheers (2011)	Customer interaction to recognise consumer requirements is an important function to ensure client satisfaction.	Customer interaction to identify requirement.	Interacting with customers based on their needs and requirement.
Makhitha and Mbedzi (2022)	Discounts and other sales promotions are also used to help retailers to attract and retain customers and, in turn, increase sales	Offering discounts to attract customers.	Promoting services or goods through things like discounts, prizes, or specials.
(Bizhanova et al., 2019)	Social media marketing is a strategy that reaches a greater customer base as most customers use social media and this strategy through page views is effective and cheap.	Using social media to reach and attract customers.	Benefiting from digital marketing tools (e.g. social media, viral and content marketing).
Mabhungu (2017); Reginald and Millicent (2014)	In order to thrive in a competitive business environment, monitoring competitors is essential to ensure businesses provide distinctive superior products at attractive prices and to exploit the flaws and vulnerabilities of competitors.	Monitor similar business to explore their vulnerabilities.	Monitoring competitors' entrants/exits/performance in the industry.
Hutahayan (2020); Taschner (2016)	Benchmarking against competitors in the same industry is an essential part of business success.	Benchmark against other similar businesses.	Benchmarking from competitors in the industry.
Gunawan et al. (2016); Tucker and Pitt (2009)	SMEs should network with competitors to share knowledge and resources. rather than viewing rivals as competitors; it is critical to build long-term mutually beneficial partnerships with them.	Network and build partnerships with competitors.	Engaging in collaboration with competitors.
Ali and Anwar (2021); Bosch et al. (2006)	To ensure the survival of SMEs, it is necessary to create a work environment that fosters employee commitment.	Create a working environment to promote employee commitment.	Creating an environment to foster employee commitment.
Mabhungu (2017)	The study discovered that employee motivation improved productivity and SMEs profit levels	Motivate employees to improve productivity	Motivating employees to increase commitment and productivity.
Byukusenge et al. (2021); Hossain (2020); Sanda et al. (2011)	Managers capable of collecting and analysing data to arrive at sound decisions and take the necessary steps to achieve objectives is important. Possessing strong managerial skills is linked with improved financial performance of an SME.	Hiring competent managers with necessary skills.	Employing competent managers with expertise and experience.

Matsoso et al. (2021a); Orobia et al. (2020)	Inventory management strategies are crucial to achieve uninterrupted production and sales, reduce holding costs, and improve customer service by avoiding excessive or insufficient inventory levels.	Proper inventory management strategies are crucial to maintain uninterrupted operations.	Implementing inventory management strategies to avoid excessive/insufficient levels.
Adams et al. (2020); Azmat and Samaratunge (2013)	It is crucial for SMEs to manage their customer base by fostering a sense of trust and loyalty that results in client retention.	Gaining and maintaining customer loyalty is essential for retention of customers.	Increasing customer retention by gaining customer loyalty and trust.
Van der Westhuizen and Ntshingila (2020)	The process of good supplier selection, supplier development and retention, and information sharing effectively enhances business performance.	Strategies to select and keep suppliers enhance performance.	Implementing supplier selection and retention strategies to enhance supplier performance.
Ateba et al. (2019); Mkhwebane and Ntuli (2019); Phiri (2018)	Loadshedding directly affects SMEs as they are unable to generate income and have interruption to operations during these hours. Generators are essential but SMEs cannot afford this essential component to back-up electricity.	Generators are essential to promote business continuity during load shedding.	Implementing backup electricity supplies during load-shedding.
Ashley (2017)	Water supplies in South Africa are unreliable and intermittent and backup supplies such as tanks and borehole water are identified as a critical operational factor for success.	Backup of water supplies are critical for operational continuity.	Implementing backup water supplies during shortages/interruptions.
Mhlungu (2021); Mkhonza and Sifolo (2022)	Revised operational planning strategies are necessary in a post COVID-19 pandemic.	Revising the current operational planning strategies is required.	Revised operational planning strategies are required since the COVID-19 pandemic.

3.1.7.5 **SME performance**

In conjunction with the preceding synthesis, the literature review revealed the following variables affecting SME performance amid the COVID-19 pandemic which are listed in the table below.

Table 7 SME performance amid the COVID-19 pandemic

Author and year	Findings from the literature	Statement in Questionnaire
Al-Fadly (2020)	Business owners stopped or suspended operations after the pandemic started.	SMEs temporarily closed (suspended services or production) due to the COVID-19 outbreak.
Akande and Afrogha (2022)	SMEs in the study had the capacity to adapt their productions when the pandemic started.	SMEs adjusted or converted, partially or fully, their production or the services they offer in response to the COVID-19 outbreak.
Fairlie and Fossen (2021)	SMEs used technology for online orders so customers could still purchase without having to worry about physically visiting the business during COVID-19.	SMEs started or increased business activity online.
Akande, Hosu, Kabiti, Ndhleve and Garidzirai (2023)	The findings indicate that a minimal percent (less than 10%) of low resilient SMEs implemented delivery services during the pandemic.	SMEs started or increased delivery or carry out of goods or services.
Bularafa and Adamu (2021); Cepel et al. (2020)	SMEs had to adjust to new regulations regarding safety and health, adopt remote work policies, and automate their business processes in order to survive the epidemic.	SMEs started or increased remote work arrangements for their workforce.
Akande et al. (2023)	The study's findings revealed a staggering 95% of payments to suppliers were delayed since the COVID-19 pandemic started.	SMEs delayed payments to suppliers due to the repercussions of the COVID-19 outbreak.
Akande et al. (2023)	The study's findings revealed a staggering 81% of payments to landlords were delayed since the COVID-19 pandemic started.	SMEs delayed payments to their landlords due to the repercussions of the COVID-19 outbreak.
Akande et al. (2023)	The study's findings revealed 60% of tax payments to authorities were delayed, and 27% of SMEs have had overdue obligations to financial institutions since the pandemic.	SMEs been overdue on their obligations to a financial institution.
Akande et al. (2023)	13% of businesses showed signs of being unable to meet their obligations and potentially filing for bankruptcy at the time of the survey, this still had significant implications for the economy.	SMEs filed for insolvency or bankruptcy.
Akande et al. (2023)	SMEs would fall behind on their outstanding liabilities in the next six months.	SMEs fell in arrears in many of their outstanding liabilities.

Blustein (2020); Hamouche (2021)	Since the pandemic, businesses froze or drastically reduced their hiring processes, or they laid off their employees.	SMEs laid off workers due to the repercussions of the COVID-19 outbreak.
Fubah and Moos (2022)	Key issues that SMEs in South Africa faced in adapting operations during the COVID-19 pandemic were identified in this study, including lockdown limitations, lost customers, a lack of government support, and a shortage of raw materials.	SMEs faced challenges in adapting their operations to the impact of COVID-19.
Kalemli-Ozcan, Gourinchas, Penciakova and Sander (2020)	Despite conflicting effects on overall operations, research indicates a sharp reduction in profitability and a considerable decline in the financial stability of SMEs during COVID-19.	The financial stability of SMEs significantly declined due to the impact of COVID-19.
Enwereji (2022)	Due to lockdowns, travel limitations, and fewer in-person encounters, SMEs saw a substantial decrease in customer engagement during the COVID-19 pandemic.	Customer engagement for SMEs significantly declined during the COVID-19 period.
Govender (2023a)	The effectiveness of government assistance programmes during COVID-19 was limited since many South African SMEs found it difficult to obtain or utilise them.	SMEs struggled to utilise available government support and relief measures effectively during COVID-19.
Ndlovu (2023a)	Due to disruptions in the global supply chain, reduced manufacturing capacity, and restricted access to raw materials, this study indicated that the pandemic significantly reduced productivity among SMEs' employees.	Employee productivity in SMEs was adversely affected by the pandemic.
Ndlovu (2023a)	SMEs' supply chains were significantly disrupted during the pandemic.	SMEs experienced disruptions in the supply chain as a result of COVID-19.
Fapohunda (2020)	In order to increase profitability and maintain business operations, SMEs successfully applied cost control strategies such inventory management, budgeting, and process optimisation.	SMEs effectively utilised cost-cutting measures to enhance profitability.
Nguyen, Bekrar, Le, Artiba, Chargui, Vo and Trinh (2024)	Adoption of innovation and technology greatly improves SMEs' performance.	Innovation and technology adoption contribute significantly to the profitability of SMEs.
Msomi and Olarewaju (2021)	Financial support is essential for increasing the profitability of SMEs and access to financing has a substantial impact on their viability.	Access to funding options positively influenced the profitability of SMEs.
Mandipa and Sibindi (2022)	A business's financial performance and profitability are greatly impacted by efficient working capital management.	SMEs effectively managed their working capital to maximise profitability.

Nkwinika and Obokoh (2024)	South African SMEs were better positioned to increase their profitability and competitiveness if they regularly examined and adjusted to market trends.	SMEs consistently analysed and adapted to market trends to enhance profitability.
Alakkas, Alhebry, Alhumoudi, Al-Matari and Khan (2023)	Despite overcoming technological and economic obstacles, SMEs who adopt efficient cost management systems to manage operating costs greatly increase profitability and overall business performance.	SMEs effectively managed their operating costs, contributing to overall profitability.
Ogbu and Olatunde (2019)	SMEs with more effective organisations typically have better project outcomes in terms of quality and cost, which results in more satisfying returns on investment.	The return on investment (ROI) for SME's major projects has been satisfactory.
(Fathima, 2023)	According to a South African study on SMEs, strategic pricing can greatly increase profits when it is combined with well-defined goals and effective pricing expertise.	The pricing strategy adopted by SME is conducive to maximising profits.
Nasimiyu (2023)	According to a study on SMEs in Kenya, financial stability and profitability are greatly increased by efficient cash flow management.	SMEs efficiently managed their cash flow, positively impacting profitability.

Based on the above literature review, the following hypotheses were formulated:

Hypothesis: (H1) – Financial planning has a significant effect on SME performance.

Hypothesis: (H2) – Non-financial planning has a significant effect on financial planning.

Hypothesis: (H3) – Non-financial planning has a significant effect on SME performance.

Hypothesis: (H4) – Non-financial planning has a significant effect on SME performance through its effect on financial planning.

Hypothesis: (H5) – The COVID-19 pandemic had a negative impact on SME performance and operational efficiency.

3.2 Performance Measurement Frameworks

3.2.1 Overview of PMFs

A well-functioning performance measurement framework (PMF) is crucial for aiding managers in monitoring organisational performance and assessing how well strategic goals have been achieved (Koufteros, Verghese, & Lucianetti, 2014). Failure to manage knowledge resources effectively can hinder a company from fully capitalising on its strengths. As the adage goes, "You can't manage what you can't measure". This highlights the importance of measuring a company's underlying resources to achieve positive organisational outcomes (Kaplan & Norton, 1996). It is suggested that innovative organisational control systems, such as PMF, are necessary for businesses to extract maximum value from their knowledge-related capacities and knowledge management initiatives (Cleary, 2009; Taouab & Issor, 2019).

A PMF, while essential in management accounting control systems, is a complex system that is often misconstrued (Atkinson, Kaplan, Matsumura, & Young, 2011). Neely, Mills, Platts, Richards, Gregory, Bourne and Kennerley (2000) define PMF as the process of evaluating past actions, while Simons (2000) explains their function as monitoring the execution of a business's strategy by comparing a business's strategic objectives with its actual results. A PMF is useful in assessing individual as well as organisational performance and can aid organisations in understanding their current position and forecasting future strategies and practices. However, a conventional PMF is usually limited to financial strategies, such as turnover, operating profits, or expenses (Asiaei & Bontis, 2020).

Due to their weaknesses, traditional PMF approaches have gradually been replaced with non-financial measures due to growing competitive pressures and external demands (Taylor & Taylor, 2013). Both practitioners and academics have recognised the necessity of using contemporary PMFs to alleviate issues with traditional PMFs and gain a competitive advantage (Kaplan & Norton, 2001). The Balanced Scorecard, with its multi-dimensional approach, is one example of an effective synthesis of non-financial and financial measures. In today's socially and environmentally conscious

world, organisations must supplement their PMFs with environmental and social indicators to manage their success factors effectively (Kraus & Lind, 2010).

The current study introduces a new aspect, the social and environmental perspective, to the Balanced Scorecard model developed by Kaplan and Norton. The original model consisted of four dimensions: financial, customer, internal business process, and innovation and learning. However, by including a social and environmental dimension, companies can better assess and measure the underlying factors that contribute to success and use their strategic resources more effectively (Adams, Muir, & Hoque, 2014; Asiaei & Jusoh, 2017). Additionally, this integration of social and environmental measure into performance measurement provides a more comprehensive and fair assessment of corporate success and emphasises the value that corporations can bring in the future (Adams et al., 2014).

Financial performance is often defined in terms of sales growth and profitability. Business performance primarily focuses on aspects that contribute to achieving financial objectives (Adams et al., 2014; Taouab & Issor, 2019). However, non-financial indicators like product quality and marketing effectiveness are viewed more broadly. Organisational effectiveness is applicable when various and inconsistent goals pertaining to stakeholders are considered, as noted by Venkatraman and Ramanujam (1986) and illustrated in figure 8. Thus, emphasis must be placed on both financial and business performance in measuring success. Based on this approach, this study adopts a multidimensional perspective on organisational performance that incorporates both financial and non-financial indicators as illustrated in the figure below, rather than focusing solely on either one (Asiaei & Bontis, 2020).

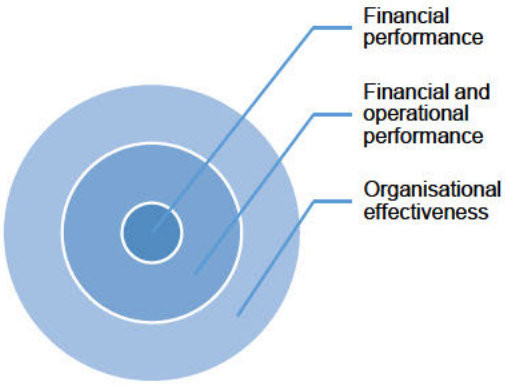


Figure 8: Defining the business performance domain

Source: Asiaei and Bontis (2020); Venkatraman and Ramanujam (1986)

3.2.2 Definitions of a performance measurement framework

Franco-Santos, Kennerley, Micheli, Martinez, Mason, Marr, Gray and Neely (2007) reviewed definitions of business performance measurement frameworks and found that there is no widely accepted definition. Subsequently, Ates, Garengo, Cocca and Bititci (2013) corroborated this finding in their research on performance management definitions. Furthermore, Barr (2014) notes that there is a lack of consensus on the terminology used in performance measurement within the field. This seems to be a consequence of academics from diverse fields and sectors engaging with the subject of business performance management, resulting in a multitude of definitions that offer distinct viewpoints on performance measurement and management (Ates et al., 2013; Franco-Santos et al., 2007; Neely, Kennerley, & Adams, 2007; Neely, 2007). In light of this, performance assessment and management include multiple terms with varying definitions, with "ach term providing a different viewpoint on the topic (Neely, 2007).

Further complicating this issue, there is a lack of clear distinction between performance measurement and performance management. According to Ates et al. (2013), performance management is both a precursor to and a follow-up of performance measurement, with measurement supporting management. Ates et al. (2013) argues, however, that any attempt to separate these two activities would be futile. Ates et al. (2013) explain that performance management involves the process of managing a

company's performance, which is tracked using performance measurement. At the core of this process is an information system that provides feedback to control performance. This information system serves as the PMF.

Franco-Santos et al. (2007) present examples of multiple definitions of organisational performance measurement from different perspectives. One such perspective is the operational perspective, which focuses on evaluating the efficiency and effectiveness of previous organisational actions. In this approach, once the business strategy is executed, its validity and substance are monitored by a cascade of metrics that are taken into account by the strategic perspective and applied throughout the organisational tiers. From a management accounting view, performance evaluation is seen as a tool for budgeting and management planning.

The term “performance measurement system” (PMS), which is interchangeable with the term “performance measurement framework”, consists of three keywords with the following definitions:

- The word "performance," refers to results and their outcomes obtained from processes, goods, and services that allow comparison and assessment relative to goals, standards, past performance, and other organisations. Therefore, the word "performance" indicates that any metric used to determine actual success in a PMS must be linked to a goal or target.
- "Measurement" refers to the process of analysing numerical data on the input, output, and performance features of services, goods, processes, and the business as a whole. Barr (2014) defines measurement as a comparison that provides objective proof of the extent to which a performance result is emerging over time. Meanwhile, an observation that yields knowledge (reduces uncertainty) about a quantity is a measurement (metric) (Hubbard, 2014).
- Within the context of performance measurement, a "system" is a group of measurements (metrics) (Neely, 2007; Zeglat, AlRawabdeh, AlMadi, & Shrafat, 2012).

Neely (2007) and Zeglat et al. (2012) offer comprehensive definitions of PMFs as an instrument for assessing how well a business is doing in relation to its policies, practices, and tactics for reaching its goals. Many researchers cite Neely (2007) definitions as performance is the efficiency and effectiveness of previous acts. A measure is a statistic that quantifies how effective and/or efficient a particular action is. A performance measurement system is thus a collection of measurements used to determine the efficacy and productivity of actions.

This research adopted a straightforward, generic definition of a business's performance measurement framework adapted from (Van Zyl, 2020). A criterion that measures the way the business performs with regard to its defined objectives.

3.2.3 Performance measurement framework principles

A performance measurement strategy outlines how an organisation manages its performance using various systems. Management systems encompass, but are not limited to, strategy design and evaluation; incentive/bonus plans; informal non-financial performance measurements; managerial accounting; management by objectives; formal non-financial performance metrics; and employees' appraisal and review (Bititci, Carrie, & McDevitt, 1997b).

An information system that facilitates the closed loop deployment and feedback system is at the heart of the performance measurement process. This is the performance measurement system, and it ought to integrate all essential system information (as described above). In this context, integration implies that the performance measurement system could enable the correct deployment of a business's strategic and tactical objectives, as well as provide a structured framework for pertinent information to feed into the right points to facilitate decision and control processes. To achieve the goals it sets effectively, this management system, i.e. the performance measurement system, should incorporate the strategic and environmental components relevant to the business, as well as the organisational framework and its procedures, activities, and relationships with one another (Bititci et al., 1997b).

Figure 9: Closed loop deployment and feedback system

Source: (Bititci et al., 1997b)

As illustrated in Figure 9 above, the performance measurement system should follow a deployment method first to identify the business vision and business objectives. The CSFs for business enhancement, and the critical tasks action plan follow these to derive at the performance measures (Bititci et al., 1997b). The goal of this process is to provide a proactive closed loop control system in which corporate and functional strategies are deployed to all business processes, activities, tasks, and employees, and feedback is obtained through the performance measurement system to enable appropriate management decisions. As deployment decreases the feedback increases.

An ideal PMF would meet the following criteria:
(1) The PMF would consist of a limited number of measures to track potentially as few as three financial and three non-financial measures. This is a case of frugality. If there are excessive metrics, cognitive boundaries are reached, and knowledge is lost.
(2) The non-financial measurements included would forecast future financial performance - in other words, they would function as driving performance measures (and the financials as lagging indicators). Non-financials that have not been shown to be leading indicators would be ignored, unless they were tracked as compliance, ethical, and security "must-dos" for businesses (Neely, 2007).
(3) These procedures would pervade the organisation, in other words, they would apply everywhere. Measurements that extend throughout an organisation can be

totalled from the bottom to the top and dissected downwards, offering managers drill-down capacity. Measurements that pervade an organisation also allow performance to be evaluated across units.

(4) The system of measuring would be stable. Measures would be implemented gradually in order to retain public's understanding of long-term goals and consistency in an organisation's behaviour.

(5) Individuals would be awarded for performance on these parameters, that is, performance on both financial and non-financial measures recognised to be strong indicators of financial success (Neely, 2007). This study focused on examining the application of a performance measurement framework, specifically in SMEs.

3.2.4 SMEs and performance measurement framework requirements

Research suggests that SMEs play a crucial role in economic growth and are increasingly becoming important contributors to the economy (De Vries & Margaret, 2003; Dutta & Evrard, 1999; Mikhailitchenko & Lundstrom, 2006; Van Gils, 2005). SMEs account for a significant portion (70%) of global production and are expected to have a positive impact during times of crisis (Fubah & Moos, 2022; Herbane, 2010; Moore & Manring, 2009). According to Prashantham and Birkinshaw (2008), small local enterprises possess the agility, market knowledge, and innovation capacity to succeed alongside multinational corporations. Collaboration allows these businesses to operate on a global scale and seize opportunities worldwide. SMEs play a crucial role in economic growth and innovation, particularly within cross-cultural networks and open-innovation environments. However, as acknowledged by the available literature, SMEs are unlikely to adopt performance measurement procedures due to contextual factors (Cook & Wolverton, 1995; Garengo, 2009; Garengo, Biazzo, & Bititci, 2005; Smith & Smith, 2007; Wiesner, McDonald, & Banham, 2007).

Furthermore, current knowledge about performance measurement in SMEs is limited to traditional perspectives. Moreover, Bititci et al. (2012) discovered a paucity of theoretical or research evidence regarding the ways in which variations in the surroundings of SMEs could help or hinder them. The primary questions are whether SMEs in open-innovation-driven global networks should use traditional performance

measurement processes or if their distinct advantages could help them succeed in this changing environment even in the absence of performance monitoring. Bititci et al. (2012) also discuss the potential obstacles to performance measurement that SMEs might encounter and whether these new problems would make their current problems worse or if their traits and the operating environment in the future would make some of these obstacles less severe.

The ability to measure an organisation's performance is frequently cited as a key factor in its success because it improves business performance by monitoring and evaluating core business activities (Taouab & Issor, 2019). This means that having a competent performance measurement framework in place that businesses can use to prosper and survive is critical. An optimal performance measurement framework is needed to enable a company to create performance goals and conduct regular performance reviews. This ensures that the organisation remains on track to achieve its goals. The emphasis should not be solely on the results, however, but also on the variables that influence the results. The best performance measurement framework for small enterprises should be adaptive to their changing needs. It is crucial to create a framework for small businesses that is uncomplicated, unambiguous, and focused while also producing relevant data (Mabhungu, 2017).

Measuring an organisation's success also relates to its sustainability. One can contend that the presence of a performance measurement framework affects managers' perspectives and organisational behaviour because management is encouraged to be proactive rather than reactive. This is especially true if the performance indicators are geared toward the future rather than the past, as most financial metrics are (Gallani, Kajiwara, & Krishnan, 2015). As a result, if any operational issues are expected to arise in the future, a company can begin preparing for them immediately, ensuring the company's existence and continuity (Mabhungu, 2017).

Although some researchers believe that large organisations' performance measurements are inadequate for SMEs (Cocca & Alberti, 2010), empirical investigations conducted by Albayrak and Gadatsch (2012) demonstrate that the fundamental principles of large corporations' PMFs can be adapted for SMEs.

According to the aforementioned authors, the main distinction in adaptation involves the design of the PMF. The design must be lean, and its toolkit must include functions that directly address the operational and strategic objectives of the SME (Albayrak & Gadatsch, 2012). Similarly, Garengo et al. (2005) suggest that SMEs can adapt established metrics if the organisation carefully develops the performance measurement metrics in a manner that directly represents its own strategic objectives and goals. The following are the essential components of a PMF for an SME:

- Financial and non-financial performance indicators must be measured. It is commonly known that judging a company's performance solely on financial indicators is no longer an appropriate approach to determining a company's health (Kaplan & Norton, 2007). The Balanced Scorecard is widely regarded as a good instrument in this respect.
- Performance indicators must be founded on a proper strategic objective that is practical in the setting of business adaptation. This aspect prescribes that management must only alter a measure if it can be demonstrated that its elements will result in actions that will improve the enterprise's performance (Tenhunen, Ukko, Markus, & Rantanen, 2002).
- Measures must be tailored to the environment of the business. The relationship among performance metrics must be properly aligned with the SMEs' operating situation.
- The adoption of performance measurements must also be consistent with the enterprise's fundamental objectives and goals (Flapper & Stoop, 1996).

CSFs should be considered before an SME embarks on establishing and implementing a specific performance monitoring metric within the business. These CSFs provide a critical link between the strategic goals of an SME and the performance measurement indicators vital to successful decision making processes in the SME’s environment (Olaitan & Flowerday, 2017). Table 8 illustrates a list of requirements for a performance measurement framework for SMEs in developing countries.

Table 8 Requirements for a performance measurement framework for SMEs in developing countries

Component	Details	References
Identifying and setting clear goals and objectives:	This component requires the identifying a mission, vision, and objectives for the business. Putting these measures in place will provide the SMEs with a focus and direction. In addition, it is emphasised that SMEs should set objectives using a combination of financial and non-financial performance measures	(Khan, Sheikh, & Zainab, 2024; Ramdan, Abd Aziz, Abdullah, Samsudin, Singh, Zakaria, Fuzi, & Ong, 2022).
Identifying Key performance Indicators (KPIs):	This component requires the identification of KPIs that are relevant and measurable. These indicators should comprise both financial and non-financial factors, monitor both non-financial aspects (e.g., staff morale, customer happiness) and financial factors (e.g., cash flow, profitability), guarantee a comprehensive understanding of business accomplishments and pinpoint areas in need of strategic enhancement.	(Fajarika, Trapsilawati, & Sopha, 2024; Garcia-Martinez, Kraus, Breier, & Kallmuenzer, 2023; Kamble, Gunasekaran, Ghadge, & Raut, 2020; Matsoso & Benedict, 2016; Shahbaz, Javed, Dar, & Sattar, 2014).
Utilise resources efficiently	This component necessitates the utilisation of affordable, readily available resources for SMEs' performance measurment, maintaining efficacy while taking budgetary constraints into account.	(Kamble et al., 2020; Sousa & Aspinwall, 2010)
Building capacity	This component highlights the necessity of offering performance measurement tool training for SMEs in order to improve abilities and expertise for successful implementation.	(Olaitan & Flowerday, 2017; Saunila, 2016)
Benchmarking	This component examines SME performance in relation to industry norms. It also identifies areas that require improvement and establishes reasonable objectives.	(Kamble et al., 2020; Sutia et al., 2020; Taschner, 2016)
External environmental factors and COVID-19 impact	This component takes into account the impact of outside variables such as regional political, social, and economic environments, particularly the disturbances brought on by COVID-19. Including the examination of how the pandemic has affected SME operations, taking into account personnel, market access, and supply chain interruptions evaluates how external changes impact business performance, allowing for prompt adjustments. This helps SMEs evaluate resilience, understand changes brought on by pandemics, and adjust recovery and resilience strategies.	(Akande & Afrogha, 2022; Bruwer et al., 2020; Mkhonza & Sifolo, 2022; Ndlovu, 2023a; Vhumbunu, 2021)

Source: Author compilation (2025)

Identifying the requirements for a PMF for SMEs is a starting point in developing a framework for the South African context. The table highlights that the requirements for a PMF in an SME setting include identifying and setting clear goals and objectives, identifying KPIs, utilising resources efficiently, building capacity, benchmarking, and external environmental factors and the impact of COVID-19 pandemic. These components identified in the above table, set the tone to address the study's research questions. The section that follows will review the existing PMFs.

3.2.5 Review of the existing performance measurement frameworks

The objective of this section of the literature review is to analyse the development of performance measurement by categorising it into eras in order to identify key themes (Bititci et al., 2012). According to Johnson (1981), performance measurement can be traced back to double entry bookkeeping in the late 13th century, which remained unchanged until the Industrial Revolution. Throughout the 19th century, performance management underwent various stages, intersecting with other management subjects and generating its own sub-fields.

The Industrial Age marked the introduction of mass production models by Ford and Crowther (1922) and the subsequent specialisation of labour (Taylor, 1911). This necessitated the monitoring of employees' production as the shift from piecework to the wage system took place (Johnson, 1981). The growth of multiple factories, along with increased organisational and administrative complexity, led to the decentralisation of power and control. Consequently, departmental and divisional budgeting systems were established (Bourne, Neely, Mills, & Platts, 2003; Chandler Jr, 1977). These shifts were mirrored in government agencies (Williams, 2004).

Quality control and motion-time study are two examples of more sophisticated efficiency control techniques that were established in the 1950s, during the early phases of globalisation. But these methods frequently led to higher output at the price of customer and employee happiness (Schonberger & Schonberger, 1982; Suzaki, 1987). During the 1960s and 1980s, the economy's emphasis switched from supply to demand, and as a result, performance measurement grew to take into account other factors including customer satisfaction, time, flexibility, and quality. More thorough and

equitable methods were developed as a result of the identification of performance measurement as a complicated topic. Around this time, earlier works on strategy management started to merge with the literature on performance measurement, with an emphasis on putting planned techniques into practice and getting desired outcomes (Hayes & Abernathy, 2007; Johnson & Kaplan, 1987; Kaplan, 1992b, 1992a; Neely, Gregory, & Platts, 1995; Slack, 1983). It became increasingly important not only to execute the right strategies, but also accomplish the right goals.

In other terms, it had become extremely important that one accomplish the right things aside from executing the right things (Drucker, 1994). As a result, during the integrated performance measurement period, considerable attention was given to what to assess and how these metrics generated strategy implementation (Bititci et al., 1997b). Such work led to the creation of multiple performance frameworks and models that aided in the alignment of performance metrics with strategic plan (Atkinson, Waterhouse, & Wells, 1997; Bititci et al., 1997b; Bourne, Mills, Wilcox, Neely, & Platts, 2000; Cross & Lynch, 1988; Fitzgerald, Brignall, & Silvestro, 1991; Kaplan & Norton, 2001). In addition, researchers explored how success factors should be used to control an organisation's performance (Hayes & Abernathy, 2007; Johnson & Kaplan, 1987; Kaplan, 1992a; Neely et al., 1995). Hax and Majluf (1984); Schendel and Hofer (1979); Simons (1995); Goold and Quinn (1990) all advocate for the development of short-term performance measures as strategic controls that are directly related to the attainment of long-term strategic goals.

As a result, a variety of researchers posed the key question: How must success factors be utilised to control an organisation's performance? (Bourne et al., 2000; Meekings, 1995). This led to the creation of the idea of performance management as a practice, in which assessment methods facilitate the management of an organisations' performance (Adair, Simpson, Birdsell, Omelchuk, Casebeer, & Gardiner, 2003; Bititci, Carrie, & McDevitt, 1997a; Cummings & McCubbrey, 2004; Neely et al., 2000; Nudurupati & Bititci, 2005).

These investigations additionally identified system maturity, management structure, management style, culture and size, and communication and information systems as

critical success factors influencing the failure or success of performance measurement (Chenhall, 2003; Franco & Bourne, 2003; Simons, 1995). Simultaneously, the importance of connecting human-resource-based systems for performance management with systems for organisational performance-measurement was realised (Baker, 2000; Corona, 2009; Dutta, 2009; Kaplan & Norton, 1996). This led to fresh approaches on performance management, such as the collaboration of metrics and management measures (Mendibil & MacBryde, 2005; Van Vijfeijken, Kleingeld, Van Tuijl, Algera, & Thierry, 2006). In a similar manner, with the field of quality-management, strategies including Lean Enterprise and Six-Sigma were frequently used performance measurement model to maintain and improve the performance of strategies and organisations (Baker, Beitsch, Landrum, & Head, 2007; Banuelas, Tennant, Tuersley, & Tang, 2006; Swinehart & Smith, 2005).

Questions like how to monitor and oversee the efficacy of innovation, research activities, and processes were also investigated in R&D activities and organizational innovation (Adams, Bessant, & Phelps, 2006; Chiesa, Frattini, Lazzarotti, & Manzini, 2009). Many authors suggested that social and environmental concerns, should affect the design and implementation of performance-measurement systems from operational, supply-chain and strategic perspectives (Liu & He, 2005; Molina-Azorín, Tarí, Claver-Cortés, & López-Gamero, 2009; Tsai & Hung, 2009; Wood, 2010).

As the field expanded and matured, additional smaller sub of performance metrics started appearing. On subfield focuses on performance measurement in SMEs, the bulk of performance measurement research, while theoretically legitimate, fails to account for the basic distinctions between SMEs and bigger enterprises. As a result, performance-measurement practices are not widely adopted in SMEs (Franco & Bourne, 2003; Garengo et al., 2005; Smith & Smith, 2007; Wiesner et al., 2007). Another subfield that emerged from conventional performance measurement publications involved performance management and measurement across distinct parts of an organization. Supply chains and collaborative organisations are examples of this. In this subfield, studies which investigate performance measurement within supply chains, analyse informational and operational issues before suggesting process-based ways to measuring supply chain performance (Hernández-Espallardo,

Rodríguez-Orejuela, & Sánchez-Pérez, 2010; Kroes & Ghosh, 2010; Vachon & Klassen, 2008).

The research on performance measurement in collaborating organisations recognises the growing complexity caused by possible conflicts among individual business performance measurement issues and collaborating business performance measurement considerations. There are cultural, technological, operational and organizational tensions (Bititci, Mendibil, Martinez, & Albores, 2005; Hsin Chang, Wang, & Wei Kao, 2010; Parung & Bititci, 2006). Another topic that sprung from traditional performance measurement literature is performance evaluation and leadership in the public sector, with numerous publications covering all aspects of public sector organisations. Because the existing literature on performance measurement is mostly focused on the public and commercial sectors, scholars are studying whether the body of knowledge may be utilised to direct the formation of performance measurement systems in non-profit organisations (Cairns, Harris, Hutchison, & Tricker, 2005; Micheli & Kennerley, 2005; Moxham, 2010).

Another area of research is the feedforward and feedback controls that are part of a PMF. Feedback controls keep monitor goal accomplishment, whereas feedforward controls concentrate on goal setting based on outside information (Bititci, 2015; Fowler, 1999; Pavlov & Bourne, 2011). Strategy and a PMF have a mutually impacting relationship that is deeply intertwined. Based on the strategy, the PMF modifies and changes, In this process, the strategy is impacted by the feedforward signal from the PMF (Keegan, Eiler, & Jones, 1989). The feedback signal from the PMF may include various measures that have different characteristics, such as being internal or external, financial, customer-oriented, process-oriented, or focused on learning and growth (Fitzgerald et al., 1991; Kaplan & Norton, 1996; Neely, Adams, & Kennerley, 2002). These varying characteristics have prompted the creation of a number of frameworks to direct the application of performance indicators inside businesses in order to attain alignment and efficient management (Bititci, 2015).

It is clear that there have been multiple stages in the evolution of the performance measurement domain, including budget management, productivity management,

integrative performance measurement, and integrative performance management. It is appropriate to highlight a performance measurement perspective that is becoming more and more popular, but occasionally controversial. Nearly all academic studies on performance measurement reference “Relevance Lost” by Johnson and Kaplan (1987) for the conceptual underpinning. In this publication the authors introduce the concept that became known as activity-based costing. Kaplan's research grew into the Balanced Scorecard framework (Kaplan & Norton, 1996); Kaplan (1992a); (Kaplan & Norton, 2001), which influenced the majority of the research on performance measurement and management presented thus far (Bititci et al., 2012).

In addition to understanding the evolution of PMFs, understanding the principles of PMFs in relation to organisational control theory is also crucial. Control in management and organisational controls literature is divided into technical and social dimensions (Smith & Bititci, 2017; Tessier & Otley, 2012). Technical control involves structured and bureaucratic elements of an organisation, such as performance measurement, goal setting, rules, procedures, and review processes. Social control, on the other hand, focuses on the cultural and behavioural aspects of an organisation, including shared values, teamwork, group decision-making, open sharing of information, and trust. Performance management represents the technical control element, while organisational control involves the social control component. Performance measurement and organisational control and include Simons (1995) four management levers:

1) Belief systems offer direction, values, and a purpose to handle strategic uncertainties,
2) Interactive frameworks include stakeholders in the decision-making process to make sure that organisational objectives are reached,
3) Diagnostic systems use performance metrics, feedback, monitoring, targets, and reviews, and
4) Boundary systems, which include rules, regulations, codes of conduct, and the like, permit innovative thinking within predetermined parameters.

The technical controls dimension of performance measurement and management (PMM) is primarily represented by the theoretical concepts and PMFs discussed earlier in this chapter, according to Bititci et al. (2018). This is because prior PMM research has focused on technical aspects of PMM. Researchers argue that whereas the social dimension phenomenon is well-established, nothing is known about the relationship between PMM's social and technological control components. They highlight Simons (1995) framework, Tessier and Otley (2012), and Smith and Bititci (2017) as viable approaches to help theorise the connection between the social and technical elements of PMM.

Table 9 is a review of the existing performance measurement frameworks designed specifically for the SME environment. The table discusses each framework's contribution, key component, limitations as well as whether it incorporates both financial and non-financial factors in its design.

Table 9 Comparison of existing frameworks

Authors	Contribution	Key Framework Components	Financial & non-financial KPIs included?	Limitations
Garengo and Bernardi (2007)	SMEs can use performance measurement as a learning and growth tool.	KPI relevance, stakeholder emphasis, and learning orientation.	Yes, it includes both financial and non-financial factors.	Restricted to purely theoretical investigation. The study was conducted pre COVID-19 pandemic.
Taticchi, Tonelli and Cagnazzo (2010)	Focuses on a balanced collection of KPIs and provides SMEs with an organised method for measuring performance.	Financial and operational metrics are integrated using the Balanced Scorecard approach.	Yes, it includes both financial and non-financial factors.	Possibly overly general and devoid of instances particular to a given industry. The study was conducted pre-COVID-19 pandemic.

Kirsten, Vermaak and Wolmarans (2015)	Emphasises how accountants may help SMEs use performance evaluation methods like the Balanced Scorecard.	Balanced Scorecard and financial ratios.	Yes, it includes both financial and non-financial factors.	Lacks more comprehensive SME owner-manager insights and is restricted to the viewpoints of accountants. The study was conducted pre COVID-19 pandemic.
Erasmus et al. (2019)	Creates a Balanced Scorecard with an emphasis on important success factors specifically for South African SMEs.	Internal procedures, learning and development, financial performance, and customer satisfaction.	Yes, it includes both financial and non-financial factors	Mostly focused on manufacturing; it might not be applicable to all SMEs. The study was conducted pre COVID-19 pandemic.
Ahmad and Zabri (2016)	Draws attention to how important non-financial metrics are for Malaysian SMEs.	Innovation metrics and customer focus .	Yes, it includes both financial and non-financial factors	Restricted to a comparatively advanced SME ecosystem. The study was conducted pre COVID-19 pandemic.
van Dyk, Van Eeden and Smit (2017)	Focuses on supply chain maturity and presents a framework for measuring performance for the bulk export sector of the wine industry.	Logistical effectiveness, customer satisfaction, and supply chain performance.	Yes, it includes both financial and non-financial factors	Sector-specific; it might not be applicable to other SME industries. The study was conducted pre-COVID-19 pandemic.
Phornlaphatrachakorn (2017)	Shows how strategic PM affects the success of SMEs.	Financial, customer-focused, and strategic KPIs.	Yes, it includes both financial and non-financial factors.	Low generalisability; particular to Thailand. The study was conducted pre-COVID-19 pandemic.

Heinicke (2018)	Integrates social, environmental, and economic factors into SME performance indicators and suggests a methodology for measuring sustainable performance.	Economic performance, sustainability, and corporate social responsibility (CSR).	Yes, it includes both financial and non-financial factors	Primarily concerned with sustainability, not necessarily applicable to all SMEs. The study was conducted pre COVID-19 pandemic.
Van Zyl (2020)	Suggests the Business Development Scorecard (BDSC), which is adapted for South African SMEs and incorporates a fifth perspective, basic literacy, into the Balanced Scorecard.	Basic literacy, progressive implementation, and strategic alignment.	Yes, it includes both financial and non-financial factors	Restricted to South Africa; more verification is needed across a variety of SME areas. The study was conducted pre COVID-19 pandemic.

Source: Author compilation (2025)

Table 9 is an illustration of existing performance measurement frameworks designed specifically for SMEs over the years 2007 to 2020. These frameworks were reviewed based on their contribution, key components, limitations and incorporation of both financial and non-financial factors

Table 9 reveals that no framework, regardless of business size, meets all the requirements outlined in Table 8 for a South African SME PMF. Due to the demanding level of expertise, consultants, management and financial resources required for implementation, the majority of PMFs are not possible for SMEs. Nonetheless, there is at least one framework that fulfils each specific requirement listed in Table 8, suggesting that an optimal PMF for a South Africa SME may involve integrating components of multiple frameworks.

Particularly in the aftermath of the COVID-19 pandemic, SMEs frequently find that traditional performance evaluation frameworks are over complicated and inappropriate to adapt to their small business (Lestari, Farida, & Susilowati, 2023). According to Pekkola, Saunila and Rantanen (2016), SMEs working in volatile environments cannot

use complex performance measurement frameworks that are too complicated and multi-staged for established large businesses. SMEs need more flexible and adaptive methods instead. Five common human capital competencies are identified by Tam (2021) as being essential to the success and sustainability of SMEs. Value development and sustained competitive advantage are now the main priorities instead of profit-centric approaches due to the COVID-19 pandemic (Kassab, Nordin, Amlus, & Ahmad, 2022). According to Lestari et al. (2023), SMEs should use Key Performance Indicators that cover both short-term criteria to overcome challenges during the pandemic and medium to long-term criteria to overcome challenges post-pandemic, such as production, quality control, marketing, financial management, and human resources. According to these findings, SMEs should implement more flexible performance measurement frameworks that are especially designed for these types of businesses and can be swiftly adjusted to changing conditions while preserving essential business continuity and profitability indicators.

3.2.6 Gaps in Literature

Significant gaps exist in the literature on South African SME performance measurement frameworks, especially those that incorporate both financial and non-financial key success factors, according to recent research. By adding a fifth perspective, basic literacy in the study of Van Zyl (2020), Business Development Scorecard, a version of the Balanced Scorecard is customised for the South African environment. The lack of actual use of this framework, however, indicates a gap between developments in theory and practical application.

According to Maduekwe and Kamala (2016), Cape Metropolis SMEs use both financial and non-financial indicators, but their efficacy is hampered by the lack of organised, integrated frameworks. Pre-strategy planning, strategy planning, strategy implementation, and post-strategy implementation are the four crucial processes that Mabesele (2020) identifiy as being necessary for integrated performance measurement; however, current frameworks frequently ignore these phases. There is also considerable reliance on financial planning factors across a number of businesses. Bouba (2022) observed that Pretoria's manufacturing SMEs mostly use

financial planning strategies such as ratio analysis. The connection between employee engagement and performance management in South African enterprises was investigated by Govender and Bussin (2020). They discovered that inadequate training, a lack of employee empowerment, and poor communication led to a decrease in the efficacy of current frameworks for performance, such as the BSC.

According to Ladzani (2010), there is a need for standardised performance frameworks because SMMEs in Limpopo do not compare their management performance to competitors trends and best practices. The COVID-19 pandemic has made the problems that South African SMEs already face worse, highlighting the need for a reliable, easy to use performance measurement framework. The operations and financial success of SMEs in South Africa were severely impacted by the COVID-19 pandemic. About 80% of SMEs suffered significant income losses, according to findings by Mkhonza and Sifolo (2021), especially in industries like finance and business, retail, transport and manufacturing. Msomi and Ntuli (2024) further corroborated this finding and highlighted how proper financial planning success factors are required for SMEs in the country since the COVID-19 pandemic. Businesses that utilised advanced computer technologies to operate and continue with sales during the restricted phases of the pandemic thrived. Another study, concurred that the financial health of SMEs was severely affect by the pandemic in terms of loan availability, interest rates, and repayment schedules, suggesting that sound financial planning techniques are essential for sustainability.

To enhance long term sustainability of SMEs, equal importance should be given to non-financial factors in the planning of businesses as many of the current research and framrworks put more emphasis of the financial planning components. The aforementioned studies have highlighted the importance of identifying and implementing financial factors. While others have highlighted the non-financial critical success factors such as strategic planning, operational planning and human resources planning to assist SMEs within volatile environments especially in the wake of the COVID-19 pandemic. A stronger emphasis should be placed on a transition to a digital setting and the introduction of computer and accounting software which will make many SMEs thrive and continue operations in the event of any future pandemics.

There are no known frameworks that have been modified to suit the post COVID-19 pandemic environment and challenges faced by SMEs. To help businesses with their recovery strategy and to better prepare for any future uncertainties, disaster coping methods must be incorporated. These are lacking in the current frameworks.

In addition to the aforementioned discussion, it must also be acknowledged that despite the abundance of reports on SMMEs in South Africa, the data is often contradictory. Consequently, only a few statistics, the most relevant and presumably reliable, are included in this section. These figures are not meant to give a complete picture of the SMEs' industry; rather, they are meant to give context. The absence of a consolidated, national source for trustworthy SMME statistics is one of the main challenges. Conflicting data is commonly provided by a number of agencies (Department of Small Business Development, 2020; SEDA, 2022; Statistics South Africa, 2020). This happens as a result of their different definitions and measurements for SMMEs. Some focus on employee numbers and sales, while others also include industry or legal frameworks (Department of Small Business Development, 2020; SEDA, 2022; Statistics South Africa, 2020). Because of this, the literature varied and sometimes contradictory. This has been noted where possible. This mismatch is a prevalent problem in South African SMME studies. These variations indicate that a more dependable mechanism for gathering and disseminating SMME data is still required in South Africa. Researchers, legislators, and entrepreneurs would be able to make better analysis with more consistent data (Mavutha et al., 2023; Sungwa, 2025).

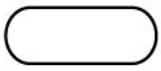
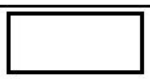
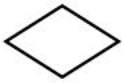
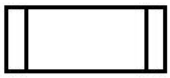
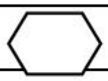
3.2.7 Interactive guideline flowchart design

John Von Neumann was responsible for the initial conception of flowcharts in 1945. Unlike algorithms, flowcharts employ a unique array of symbols to map out solutions to problems and are widely used in programming (Obilikwu, Kwaghtyo, & Udo, 2019). Flowcharts offer a clear representation of the workings and sequence involved in a system, making them a go-to tool in problem-solving. They serve as a blueprint for the design of a problem-solving strategy, whether it pertains to program flow, organisational situations, or presentation components (Obilikwu et al., 2019). Flowcharts are utilised in a variety of contexts to convey information through diagrams,

and are often incorporated into documents to enhance readability (Chaudhuri, 2020; Shakil, Ullah, & Lutfi, 2013). In some cases, the use of flowcharts is essential to clarify complex scenarios so problems can be solved directly. One of the primary functions of flowcharts is to facilitate project design, as they offer an effective way to break down a problem into smaller parts that are easier to manage (Arrish, Afif, Maidorawa, & Salim, 2014). Ultimately, the simplicity and efficacy of flowchart implementations make it an ideal communication tool for explaining program logic, analysing problems, and developing programs, as well as for maintaining and coding them in different formats (Chaudhuri, 2020).

Table 10 illustrates the standard symbols used to create a flowchart.

Table 10 Flowchart symbols

Symbol description	Symbol shape	Symbol function
Oval		Used to indicate beginning and end of a flowchart
Parallelogram		Used to execute input and output processes
Rectangle		Processing, used for arithmetic operations
Diamond		Utilized to symbolise a decision-making process of selecting between two or three different options
Arrows		Flow lines are utilised to show the logical direction of flow for connections between symbols
Circle		Page connector
		Off-page connector
		Pre-defined process utilised to depict a set of related statements that carry out a specific processing function
		Pre-processor

Source: Obilikwu et al. (2019)

3.2.7.1 **Steps to creating a flowchart design**

A performance measurement framework is made up of a series of processes that are based on several quality management systems, improvement frameworks and self-assessment methodologies (Bititci, 2002). A PMFs procedures are as follows:

(0) Outline, motivate, and dedicate to management: The framework is presented in an overview to spread awareness among the users (Ghobadian & Gallear, 2001). This is an exchange of knowledge on performance assessment as well as quality improvement that is suited to the development, resources, and targets of an organisation, and it may be used at all levels in a SME (Bititci, 2002). This first phase provides incentive, with the goal of creating and maintaining commitment to the PMFs adoption. According to Sousa and Aspinwall (2010), to implement PMF, an organization must first obtain the necessary expertise and resources. Training, team creation, and establishing a quality council could be investigated in this phase (Ghobadian & Gallear, 2001).

(1) Develop a vision, purpose, and strategy to define the organisation's culture and future goals: To this end, the contributions and needs of stakeholders are identified (Neely et al., 2002). This technique guarantees that such a plan is in place, or that an existing one is developed or improved, by focusing on objectives as drivers and outcomes. According to Sousa and Aspinwall (2010), the emphasis should be predominantly on management practices. Satisfaction with clients' initiatives, supplier engagement programmes, and innovations could all be explored.

(2) Establish the initial or current state: An evaluation of the SME's present condition is conducted. Normally, the management can state it, but he or she lacks evidence to support it. A gap analysis with external data can be performed (Bititci, 2002). Since time is limited, the focus should be on management processes (Ghobadian & Gallear, 2001), which create the bulk of difficulties. Much research provide examples of self-assessment procedures (Ahmed, Yang, & Dale, 2003). According to Sousa and Aspinwall (2010), a formal self-evaluation should be completed. Using statistical control of processes, for example, can help management learn more about a process.

(3) Define and prioritise objectives: Using information from steps one and two, an SME's objectives are anchored in reality in this step. Management gives organisational guidance through a set of objectives (Ghobadian & Gallear, 2001). A first step is taken to connect objectives to processes, and methods of evaluating them are investigated. Because of the scarcity of resources to address everything at once, objectives must be prioritised and organised according to their significance (internal and external) and complexity (easier or harder to accomplish). A strategy can be built through connecting the most essential elements to identify potential interactions. Essentially, the decision is taken on which objective will be addressed first. According to Sousa and Aspinwall (2010), focus should be on creating a strategy, minimising quality costs, and addressing health, safety, and environmental problems. System integration strategies are also developed in this phase.

(4) Create a PMF: A PMFs initial design is based on the data acquired in the previous three steps. The accessibility of resources is a key concern. Depending on the structure of an organisation, PMS can focus on improving or managing specific factors associated with objectives. Dale, Boaden, Wilcox and McQuater (1997) focus on policies, managerial styles, internal/external environments, organisational structure, and change processes. The survey discovered a lack of innovation-related measures. In response to the absence of innovation-related measures, these authors offer the BSC as a foundation because it is simple and widely accepted by larger enterprises. According to Sousa and Aspinwall (2010), a culture transformation programme should be started by identifying and sharing quality progress metrics, and using technological innovations. This phase involves create and delivering a strategy-based business case.

(5) Plan execution: This includes developing the information required for developing internal improvement capability (Ghobadian & Gallear, 2001), i.e. creating a solution strategy. It may include a root cause analysis of the difficulties, as well as recommendations from individuals (Hudson, Lean, & Smart, 2001), which are necessary for introducing knowledge and achieving acceptance of change. A risk evaluation should also be conducted. The

Performance Managers in charge of assessing the improvement strategy, as well as monitoring the evolution of added targets, should be introduced, or changed. 'Performance measurement record sheets,' for example, could be used. According to Sousa and Aspinwall (2010), this phase should engage employees in quality improvement and hold those who perform a procedure accountable. In addition, focus should be on processes and the amount of activities inside each should be limited (Ghobadian & Gallear, 2001). In addition, activities must be immobilised and non-value-added activities reduced. This phase needs to implement policy deployment (Ghobadian & Gallear, 2001).

(6) Implement actions: This is the most essential phase that will determine whether a PMF succeeds or fails. In order to substantiate the important modifications, completed activities and measurements (Hudson et al., 2001) must be presented. This is effectively the PMFs use stage. At this point, the SME should make fact-based decisions (Ghobadian & Gallear, 2001), and the organisation's goals ought to be conscience and connected to decisions, activities, and development. According to Sousa and Aspinwall (2010), this involves employing error-proof methods and re-sequencing processes with employee participation. This phase has a people focus (Ghobadian & Gallear, 2001). Process control methods of maintaining control over the process of change (Kaynak, 2003).

(7) Review, standardise, and know: At this point, the accomplished enhancements are recognised by the PMF established which will contribute to the dissemination of the findings throughout the organisation. Furthermore, through standardisation, efforts can be implemented to guarantee that the improvements made are preserved. If improvement is not as good as expected, management's dedication will be tested. SMEs should be capable of dealing with internal factors and require the ability to adjust to their purposes and surroundings. This final step is the PMF's review phase (Lohman, Fortuin, & Wouters, 2004) and is when improvements must be proposed. According to Sousa and Aspinwall (2010), improvements must be examined. This stage should concentrate on the market (Ghobadian & Gallear, 2001). The

procedures/activities that were chosen as targets and effectively enhanced should be standardised.

3.3 Conceptual framework

Miles and Huberman (1994) characterise a conceptual framework as a graphic or textual description, that explains, either visually or in narrative form, the primary objects to be studied, the key components, concepts, or variables and the hypothesized relationships among them. This is done to provide a preliminary theory about phenomena occurring. According to Maxwell (2008), a research study's conceptual framework is the relationship that exists between the concern variable, aims, and beliefs. The preliminary theory that guides the investigation is the conceptual framework. The main obligation of the conceptual framework is to serve as a model for what is currently accessible in the subject domain. This serves to inform the remainder of the study design by helping to evaluate and improve the goals, create realistic and pertinent questions, choose the most effective methods, and identify potential validity threats (Leboea, 2017).

A conceptual framework also gives a foundation for the researcher to build his or her views on factors that interact with one another to form a "general system theory" (Drack & Pouvreau, 2015; Von Bertalanffy, 1972). Turner and Endres (2017) propose applying general system theory to investigate novel ways to social or organisational difficulties.

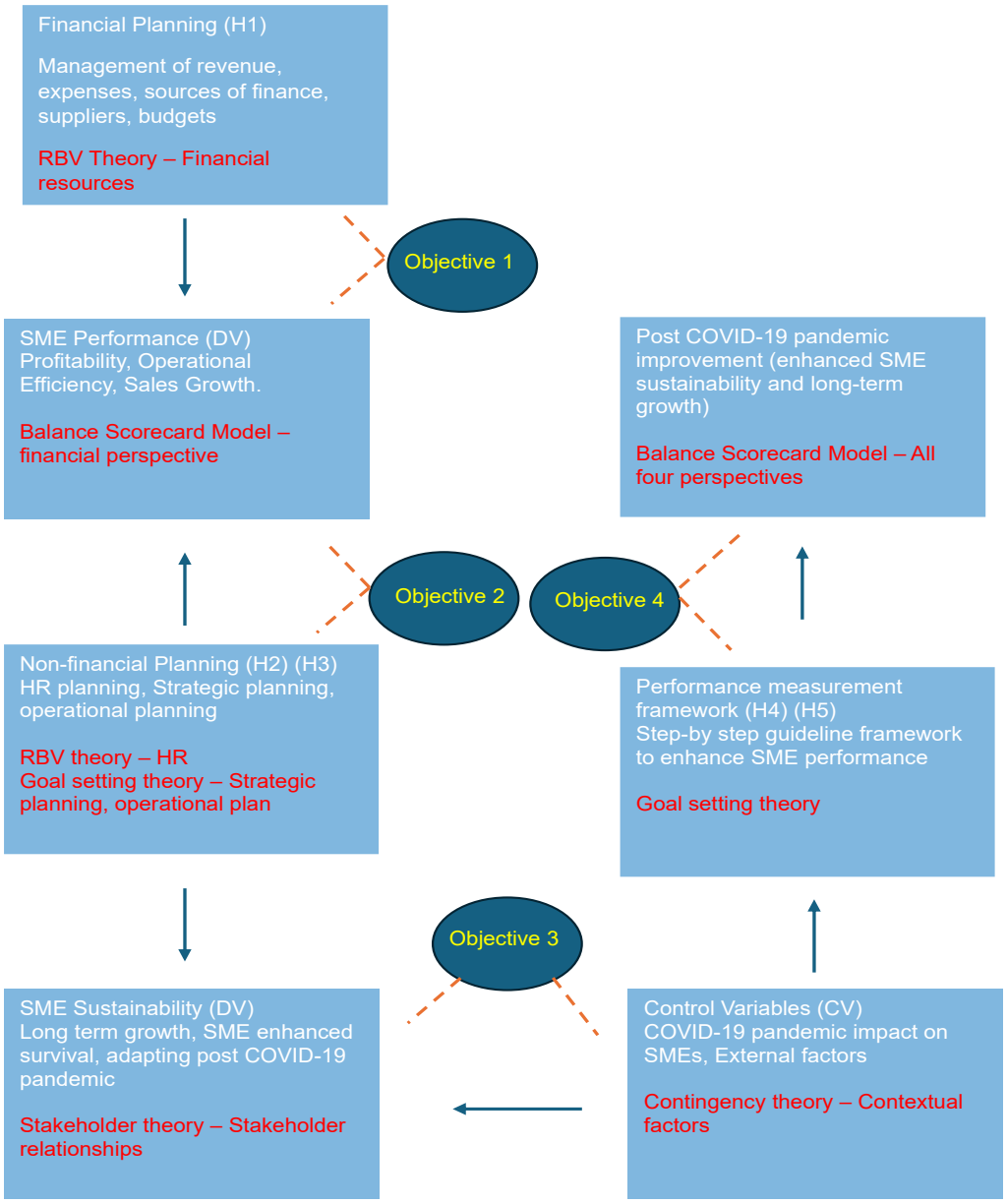


Figure 10 Conceptual Framework

Source: Author's compilation (2024)

Figure 10 above illustrates the framework used in the study. Hypothesis one, which predicts that financial planning has a significant effect on SME performance, was tested. This relationship represented an arrow from financial planning towards SME

performance indicating that enhanced financial planning strategies such as management of revenue, expenses, sources of finance, suppliers, budgets will ultimately lead to enhanced SME performance – profitability and operational efficiency. This is guided by the RBV theory which depicts the importance of financial resources in driving enhanced SME performance and sustainability. This is also guided by the BSC model – using the financial perspective in driving business performance. Ultimately these tests addressed the objective one of the study, which was to identify the financial critical success factors for SMEs and investigate their impact on SME performance during the COVID-19 pandemic as well as answering the first research question, which was, “What are the financial CSFs for SMEs and how did they influence performance during the COVID-19 pandemic?”.

Hypotheses two, which indicates non-financial planning has a significant effect on financial planning, implies that with enhanced non-financial planning strategies such as strategic planning, operational planning and human resources planning, SMEs can significantly improve their financial decisions and financial planning strategies. This is depicted by an arrow from non-financial planning to SME performance. Similarly, hypothesis three, which indicates that non-financial planning has a significant effect on SME performances implies strategic planning, operational planning and human resources planning significantly improves the performance of an SME. Hypothesis four indicates that non-financial planning has a significant effect on SME Performance through its effect on financial planning. This tested an indirect significant relationship between non-financial planning and SME performance through the effects of financial planning. This test was guided by the RBV which depicts the importance of a business’s non-financial resources in enhancing SME performance. It is also underpinned by the goal setting theory according to which the setting of realistic and relevant goals enhances the performance of SMEs through strategic planning and operational plan factors. The stakeholder theory also guides hypotheses two, three and four as satisfying all stakeholders needs (internal or external) are essential in the success of SMEs. These tests addressed the objective two, which was to identify the non-financial critical success factors for SMEs and investigate their impact on SME performance during the COVID-19 pandemic, as well as answering the second

research question which was “What are the non-financial CSFs for SMEs and how did they influence performance during the COVID-19 pandemic?”.

Hypothesis five which indicates that the COVID-19 pandemic has a negative impact on SME performance and operational efficiency, was reflected as a moderating effect where the COVID-19 pandemic significantly impacted the operational efficiency and performance of SMEs. By incorporating the contingency theory, it was shown that SME strategies, including financial and non-financial planning, must be adjusted to take into consideration external events, such as the COVID-19 pandemic, as well as internal factors, like an SME’s organisational structure and available resources. The effects of the COVID-19 pandemic and other control variables were demonstrated to be contextual factors that impact the relationship between CSFs and performance, suggesting that SMEs must adapt their strategies to survive and thrive in times of uncertainty. Overall, these tests addressed objective three, which was to analysis and assess the effects of the COVID-19 pandemic on SMEs in terms of profitability, performance, and operational efficiently, as well as answering the third research question, which was, “How has the COVID-19 pandemic impacted the profitability and operational efficiency of SMEs?”.

Both hypothesis four and hypothesis five in conjunction with the financial and non-financial critical success factors derived from hypothesis one and hypothesis three guided the design and development of the performance measurement framework and the step-by step improvement plan to assist SMEs in a post COVID-19 pandemic environment. This was underpinned by the goal setting theory to develop clear goals to enhance performance and sustainability of SMEs post COVID-19 pandemic. Also, the Balanced Scorecard model, using all four of the perspectives - customer, internal processes, financial and learning, and growth - underpinned this framework. These four phases together enhance internal processes, customer satisfaction, financial stability and development and growth will enhance the improvement of SMEs. Ultimately, this addressed objective four, which was to develop a performance measurement framework using a step-by-step improvement guideline flowchart to enhance SME performance and sustainability post COVID-19 pandemic, as well as answering the fourth research question which was, “How can a performance

measurement framework using a step-by-step improvement guideline flowchart be developed to enhance SME profitability and sustainability post COVID-19 pandemic?".

Enhancing SME sustainability and sustained success is the ultimate goal, and the performance measurement framework's implementation will make this possible. SMEs will ensure their performance and sustainability in the aftermath of a pandemic by using the guideline flowchart for continuous enhancement.

3.4 Chapter summary

This chapter discussed the critical success factors for SME success. The chapter also reviewed PMFs, gaps in literature, and an interactive guideline flowchart design. In addition, the chapter presented the conceptual framework used in this study. The next chapter, chapter four details the research methodology and processes used for data collection. This includes the research paradigm, research design, target population and sample size, data collection instrument, data collection, and data analysis. The chapter also highlights the validity and reliability of the study as well as its ethical considerations. The time horizon and the inclusion and exclusion criteria are also stipulated.

CHAPTER 4 - RESEARCH METHODOLOGY

4.1 Research, research methods and research methodology.

The two terms "re" and "search" combine to form the term "research." This signifies a fresh search. Therefore, research is a systematic inquiry into or endeavor to discover new information regarding things already known (Pandey & Pandey, 2021). The method by which a researcher conducts research is known as research methodology. The path is channeled by various routes through which researchers express the phenomenon under study, define the study's objectives, collect data, analyse and interpret the data to present the findings and draw conclusions (Sileyew, 2019). Methodology is a research technique that integrates ontological and epistemological concepts into instructions for conducting research and rules, methods, and practices that regulate research. The paradigm that leads the research activity, specifically ideas about the nature of reality and humankind (ontology), the understanding of the theory that guides the research, as well as how understanding can be achieved (epistemology), all influence the choice of research design (methodology) (Nayak & Singh, 2021).

4.2 Research Onion model

The "Research Onion" proposed by Saunders, Lewis and Thornhill (2009, 2016) serves as a theoretical framework for constructing a research methodology process. It involves developing a systematic approach that incorporates philosophical beliefs and assumptions to guide the selection of research methods. Methodology plays a crucial role in ensuring the coherence between the research questions and the chosen tools, techniques, and underlying philosophy. As such, it is a fundamental aspect of any research study.

Figure 11 illustrates the Research Onion, which offers a comprehensive outline of the key tiers or phases that must be executed to develop a successful methodology. Establishing the research philosophy, selecting appropriate approaches, methods, and strategies, as well as defining temporal parameters form the foundation of the research

methodology and guide the research design, the primary means and techniques of data collection and analysis (Raithatha, 2017).

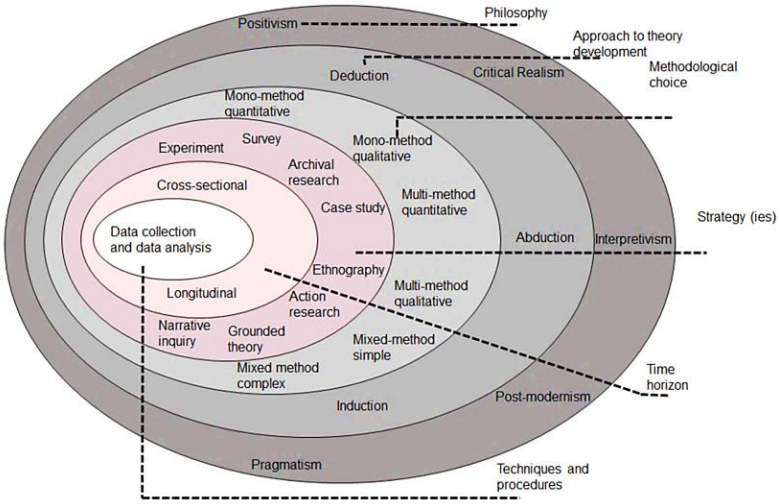


Figure 11: Research onion model

Source: Saunders et al. (2009, 2016)

The Research Onion Illustration, as discussed by Melnikovas (2018), comprises six integral layers:

1. The **research philosophy** serves as a foundation for the study, defining the ontology the fundamental nature of reality; epistemology, as the origins and character of knowledge or evidence; and axiology, the principles, beliefs, and ethics involved in research.
2. The **method of theory development** is influenced by the research philosophy at the outer level and typically consists of deductive, inductive, and abductive approaches. When using the deductive approach, the researcher begins with a pre-existing theory, poses a question or hypothesis, and subsequently collects data either to confirm or reject the hypothesis. Conversely, the inductive approach commences with observation and data collection, progressing to description and analysis for the formation of a theory. The abductive approach involves the observation of an empirical phenomenon, followed by research which results in the best guess or conclusion based on the available evidence. While the deductive approach is primarily used for testing existing theories, the

inductive method is commonly employed for theory development or in fields where minimal research exists on a topic. The abductive approach generally begins with a surprising fact and alternates between induction and deduction in order to determine the most probable explanation.

3. **The selection of methodology** decides whether the research will use a quantitative, qualitative, or a combination of both approaches.
4. **Strategy** is the approach to gathering and evaluating data and consists of experiments, surveys, archival research, case studies, ethnography, action research, grounded theory, and narrative inquiry.
5. **The time horizons** layer establishes the research's time frame, which can either be cross-sectional or short-term, where data is collected at a specific point in time, or longitudinal, where data is collected repeatedly over an extended period to facilitate comparison.
6. The **methods and protocols** comprise of selecting sample populations, creating questionnaire materials, and gathering and examining data, such as primary or secondary sources among others (Melnikovas, 2018).

Saunders et al. (2016) suggest that the Research Onion is a useful instrument to systematise research and establish research design by progressively advancing through is layers. The construction of this research methodology chapter was developed in accordance with the principles and methods of the Research Onion.

4.3 Research paradigm.

Researchers' mental models or frames of reference that are used to structure reasoning and observations determine their study design and conduct. Paradigms are mental models or frameworks (belief systems) (Nayak & Singh, 2021). The phrase "research paradigm" refers to a worldview of a general philosophical orientation towards the nature of research and the world that is brought to the study. This is also referred to as a basic set of beliefs that guide action. There are four philosophical worldviews that are used in research (Creswell & Creswell, 2018).

4.3.1 Post-positivist paradigm

Post-positivist presumptions, which are more appropriate for quantitative than for qualitative research, are used in traditional research methodology. This perspective is also referred to as the scientific process or scientific investigation. Deterministic post positivists believe that causes (presumably) control effects or outcomes. Thus, the research of post-positivists reflects the need to identify and assess the variables that affect results, such as those found in experiments. This paradigm is reductionist, however, because the concepts need to be reduced to a reasonable, testable set, similar to the components of hypotheses and research questions. The knowledge in post positivism is based on investigation of the objective reality that exists "out there" in the world through the most objectively accurate methods (Creswell & Creswell, 2018).

4.3.2 Transformative paradigm

This paradigm integrates scholarly inquiry with political action and political reform agendas, in accordance with a transformational worldview, in order to confront social injustice at all levels. As a result, research in this paradigm involves a reforming action plan that might change not only the participants' lives but also those of the institutions in which they work, reside, and do their research. In addition, specific concerns that speak to modern social issues like inequality and empowerment are addressed (Creswell & Creswell, 2018).

4.3.3 Constructive paradigm

Constructivism or social constructivism is frequently combined with interpretivism to provide a methodology for qualitative research. People seek to understand the world in which they live and work, according to social constructivist theory. People give their experiences subjective meanings. This study was located within the constructivism and interpretivism to concentrate on the complexity of viewpoints rather than attempting to categorise or order them because of the diversity and multiplicity of their meanings. The goal of the study was to rely on participants' impressions of the scenario under inquiry as much as feasible (Creswell & Creswell, 2018).

4.3.4 Pragmatic paradigm

The pragmatic paradigm is a problem-centred, consequences focused, and practice-oriented approach for real-world situations. Pragmatism as a worldview considers the practicalities of and arises from situations, actions, and consequences in the real world rather than prior events (Creswell & Creswell, 2018). Researchers place a strong emphasis on the study topic and question and use all methods accessible to them to comprehend the concern. In contrast to what might be regarded as absolutely and objectively "true" or "real," pragmatism emphasises "what works". The pragmatic approach supports the use of pluralist methodologies to acquire information about the research problem and hence utilises a mixed method approach to research (Creswell & Creswell, 2018).

Listed below are the assumptions underlying research conducted within the pragmatic paradigm:

- There is no one philosophy or reality system to which pragmatics is devoted. This is relevant to mixed methods research since researchers regularly use both quantitative and qualitative hypotheses in their work.
- Researchers have the flexibility to choose. This gives researchers the freedom to select the research methodologies, approaches, and procedures that best suit their requirements and goals.
- The world is not seen as an absolute unity by pragmatics. Similar to this, researchers using mixed methods consider a variety of techniques for gathering and evaluating data rather than sticking to just one (such as quantitative or qualitative).
- Therefore, pragmatism allows the mixed methods researcher to use a variety of approaches, worldviews, and assumptions in addition to various data gathering and analysis techniques.

The pragmatic paradigm was used for this study since it was the most appropriate. Pragmatism prioritises the research problem and selects approaches to real-world problems according to their efficacy. Additionally, it accommodates both subjective and objective perspectives, facilitating the use of a mixed methods approach to data collection.

4.4 Research design.

Creating a suitable framework for a study is the aim of research design. A research design is a strategy that develops research questions based on the study's goals and objectives into data and interpretations in research. A research design outlines all the procedures that must be followed throughout the study's execution in order to accomplish the set goals of the study and subsequently address the research questions by compiling relevant research findings. As such, it acts as a guide for the approach that should be used in a study (Abutabenjeh & Jaradat, 2018). Thus, the research questions, data gathering tools, and data analysis procedure are all described in the research design (Rinjit, 2020). A research study's design can be thought of as its blueprint. The main goal of a research design is to outline how the study intends to find the solutions to its research questions.

There are three types of research designs: mixed methods, qualitative, and quantitative. The research paradigm for a study must be carefully considered while selecting an acceptable research methodology (Creswell & Creswell, 2018).

4.4.1 Quantitative approach

Quantitative research is defined by deductive methods used in the research process that aim to confirm or deny preexisting beliefs (Leavy, 2022). This type of research involves measuring variables and examining relationships between variables in an effort to discover patterns, correlations, or merely fortuitous interactions. Researchers may take advantage of statistical data generated using linear data collection and analysis techniques. Neutrality, objectivity, and the gathering of a statistical picture from a large sample are the values that underpin quantitative research. When the main goal of a study is to evaluate or explain, this method is typically appropriate (Leavy,

2022). In addition, in examining the relationship between variables and evaluating ideas and models in a scientific way, researchers use quantitative research methodology. This involves analysing numerical data using scaling techniques and organised tools. The research findings are then presented in a structured format (Creswell & Creswell, 2018). One benefit of this approach is that it allows researchers to interpret and explain systematic differences in scores accurately, providing meaningful insights into the real world that the scores represent (Creswell & Creswell, 2018).

4.4.2 Qualitative approach

Inductive knowledge-building procedures that aim to create meaning are often what define qualitative research (Leavy, 2022). Researchers use this approach to examine social phenomena with rigour, to gain a thorough understanding of them, in order to analyse the meanings that people attribute to various actions, circumstances, and occurrences, or to gain a thorough understanding of a specific social phenomenon. The qualitative approach generates in-depth information from a small sample. The relevance and value of people's diverse experiences and perception processes guide qualitative research. This approach is usually suitable when a study's main objective is to describe, explain, or investigate (Leavy, 2022).

4.4.3 Mixed methods approach

In mixed methods research (MMR), both quantitative and qualitative data are obtained, examined, and merged to achieve a study's set of objectives. The phases of a research project are coordinated or integrated such that the qualitative elements of the study impact the quantitative components or vice versa. MMR makes use of both quantitative and qualitative data to gain a thorough understanding of the subject under study. This approach is often suitable when the primary objective of a study is to describe, explain, or explore a phenomenon. It is frequently employed in social science research aiming to inspire social action or community development (Leavy, 2022).

Explanatory sequential mixed methods strategies start with quantitative research, analyse the results, and then build on the results with qualitative methods to offer a

more in-depth interpretation. The qualitative data is viewed as explanatory because it helps to explain the initial quantitative data results. It is seen as sequential because the qualitative phase comes after the quantitative phase (Creswell & Creswell, 2018). Explanatory study attempts to explain observed occurrences, situations, or behaviours to answer why and how questions. In contrast, descriptive research investigates what, where, and when of a phenomenon. In research, the explanatory approach aims to "connect the dots" by identifying causes and results of a target event. In order to find explanations for observed events, one must have good theory and interpretative skills, as well as intuition, insights, and personal experience (Nayak & Singh, 2021).

The opposing method to the explanatory sequential design is the exploratory sequential mixed approach. In the exploratory sequential technique, the researcher starts by conducting qualitative research to understand participant perspectives better. The knowledge gathered from the qualitative data analysis is subsequently applied to develop a second, quantitative phase. The qualitative phase can be used to design a measurement tool that is most appropriate for the sample being studied, identify the best instruments to use in the follow-up quantitative phase, design an intervention for an experiment, create an app or website, or define the variables that must be addressed in a follow-up quantitative study (Creswell & Creswell, 2018).

Convergent mixed methods refer to a research approach that combines quantitative and qualitative data to gain a thorough understanding of the research problem. In this approach, the researcher collects both types of data simultaneously and combines them during the analysis phase. Any contradictions or inconsistencies in the findings are examined and explained in this design (Creswell & Creswell, 2018).

The triangulation of mixed method data is a process that uses multiple data sources or research approaches to validate or corroborate findings in a study. It involves the integration of qualitative and quantitative data, or the use of multiple qualitative or quantitative methods, to enhance the overall understanding and credibility of research results. For deductive projects guided by a conceptual map, quantitative methods are preferred and can be supplemented with qualitative methods (Valencia & Mercedes, 2022).

4.4.4 The research design for the study

Based on the study's aim and objectives, a combination of deductive/quantitative and inductive/qualitative methods was deemed appropriate. According to Bryman (2016), deduction involves some element of induction, and vice versa. Deductive and inductive approaches are more accurately seen as tendencies rather than distinct methods. In situations where neither qualitative nor quantitative approaches alone are enough to address research questions fully, mixed method designs are necessary (Bryman, 2016; Morgan, 1998).

This study employed a convergent mixed methods research approach that combined quantitative and qualitative data to gain a thorough understanding of the research problem. The researcher collected both types of data simultaneously and triangulated them during the analysis phase. The data analysis from the questionnaire was combined with the data analysis from the interviews. In this way, the qualitative outcomes were integrated with the quantitative results, and the researcher interpreted the results from both datasets. Afterwards, the results were synthesised into a single output. To ensure accuracy and validity, the qualitative and quantitative methods were triangulated by comparing the qualitative results with the quantitative statistical results.

Johnson, Onwuegbuzie and Turner (2007) identify seven phases of mixed methods research analysis: (a) data reduction, (b) data display, (c) data transformation, (d) data correlation, (e) data consolidation, (f) data comparison, and (g) data integration. Figure 12 illustrates the research process for this study.

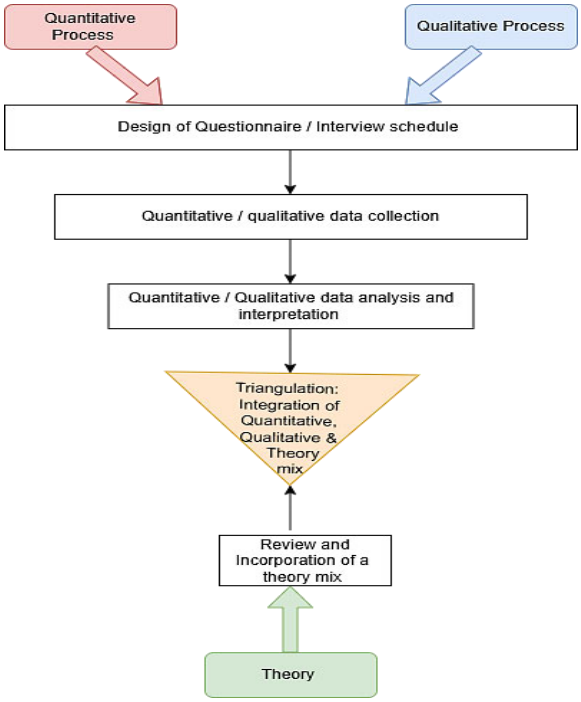


Figure 12: Research process for the study

Source: Author's compilation (2024)

The mixed methods approach involves using different research methods to strengthen and improve the reliability of the findings. Creswell, Clark, Gutmann and Hanson (2003) explain that collecting and analysing data in a sequential or simultaneous manner helps researchers gain a deeper understanding of the research problem. This approach was chosen so that the researcher could gain a more comprehensive understanding of the changes required for a marginalised group by combining quantitative and qualitative data. According to Creswell and Plano Clark (2023); Malina, Nørreklit and Selto (2011), a mixed methods technique is used iteratively or concurrently in research to produce a stronger research outcome than either method used on its own. Overall, integrating qualitative and quantitative techniques allows researchers to investigate more complicated social and human characteristics and relations. Furthermore, using a multimethod approach, according to Bans-Akutey and Tiimub (2021); Tashakkori, Teddlie and Teddlie (1998), adds the benefit of triangulation, which involves validating data and outcomes by integrating data from multiple sources and methods. This approach allows for a more complete understanding of the topic being studied and ensures that enough data is collected to

answer the research questions. Kumar (2018) believes that the mixed methods approach overcomes the limitations of using only qualitative or quantitative methods. By combining thematic analysis and statistical data, researchers can draw broader conclusions. Hence this methodological process was used for data collection to answer the research questions: What are the critical success factors for SME performance? And how did the COVID-19 pandemic impact SMEs?

The aforementioned approaches were triangulated to attempt to determine the CSFs of SMEs precisely in order to enhance performance, success, and sustainability. According to Creswell and Plano Clark (2023), triangulation is a key strategy in mixed methods research that involves the combination of multiple methods, data sources, investigation methods, or theoretical perspectives in order to corroborate, validate, cross-validate, or build on initial findings, leading to a comprehensive understanding of the research problem. The comprehensive understanding obtained through triangulation helps to enhance the validity and reliability of research findings and provides a more nuanced and holistic perspective on the research topic.

To gain an overall understanding of SME practices, CSFs, the impact of COVID-19, and requirements for a PMF, a quantitative questionnaire was administered to participants. The use of a quantitative method allowed for statistical tests to establish relationships between variables and to provide an explanation of the findings which were analysed to develop the proposed PMF (Creswell & Creswell, 2018). Concurrently, the qualitative interviews were conducted with SMEs to identify the CSFs of SMEs as well as the challenges and impact of COVID-19. These interviews were conducted to gain a deeper understanding than the responses provided in the questionnaire. These two sets of data were analysed and incorporated in the development of a PMF. The research design choices set the foundation for the target population and sample size used in the study.

The study's methodological research design of a mixed method study was chosen to identify the financial and non-financial planning strategies that are CSFs for SMEs and investigate their impact on performance, as well as to develop a performance measurement framework using an interactive improvement guideline flowchart to

enhance SME sustainability post COVID-19 pandemic. The use of the quantitative data collection tool was to achieve objective one which was to identify the financial CSFs for SMEs and investigate their impact on SME performance during the COVID-19 pandemic. This was also used achieve objective two which was to identify the non-financial CSFs for SMEs and investigate their impact on SME performance during the COVID-19 pandemic. The qualitative interviews were used in conjunction with these quantitative findings to further inform the overall findings of the study. In the same way, the quantitative finding was used to achieve objective three which was to analyse and assess the effects of the COVID-19 pandemic on SMEs in terms of profitability, performance and operational efficiency. The qualitative data collection tool was used to further inform the quantitative data collected. Thereafter, the findings from the first three objectives were triangulated to design and develop a performance measurement framework using a step-by-step improvement guideline flowchart to enhance SME performance and sustainability post COVID-19 pandemic. This was done in achievement of objective four.

4.5 Target population and sample size

The term "target population," commonly referred to as the "universe," refers to every person who is a member of a real or hypothetical collection of people, events, or objects to which the results of the study apply. This means that the entire group of elements or objects that are pertinent to a study's investigation is the target population (Pandey & Pandey, 2021).

Sampling, on the other hand, is the procedure of choosing potential participants out of a population so that each one has a chance of becoming a member of the research study's sample. True representation of the population in line with its characteristics can be found in a quality sample (Pandey & Pandey, 2021).

Businesses affiliated with the Durban Chamber of Commerce and Industry (DCCI) Durban Chamber of Commerce and Industry NPC (2025), Johannesburg Chamber of Commerce and Industry (JCCI) Johannesburg Chamber of Commerce and Industry (2025) , Centre for Social Entrepreneurship (CSE) Centre for Social Entrepreneurship (2025) and Productivity SA Productivity South Africa (2025) were the focus of the

study. The demographic of the representatives of the sample consisted of owners or senior managers from all industry sectors where SMEs operate was. The SMEs consisted of businesses in the agriculture, mining, manufacturing, electricity, gas and water, construction, trade and accommodation, transport and communication, finance and bus services and community sectors. The participants' SMEs' years of operation ranged from two years or less to 11 years or more. Their number of employees ranged from less than five to less than 200. Also, the years of experience as a manager for participants ranged from zero to two years to more than 10 years, and their academic qualifications ranged from high school and below to a postgraduate degree.

The study's rational for the choice of the agencies included was due to the fact that all four organisations are respectable and significant in their support for small business development in South Africa. The DCCI and JCCI are well-known for their support and promotion of businesses in the two main business hubs of Durban and Johannesburg. Productivity SA and CSE are reputable organisations that focus on businesses pertaining to the incubation, development, and sustainability of SMEs. JCCI and DCCI support business consultancy services, enterprise growth, and training for skill development. They help the communities in Gauteng and KZN by offering insight into contemporary issues and spotting commercial prospects within the industry, which helps to sustain businesses and create a favourable environment for them to succeed.

Productivity SA is committed to increasing productivity and creating jobs in South Africa while promoting socioeconomic progress and international competitiveness through creative thinking and cooperative alliances. The CSE is committed to the development and promotion of sustainable social entrepreneurship through mentorship and strategic partnerships with industry, government, community, and educational institutions. All these enterprises have a connection to businesses across the various sectors of SMEs throughout the country providing a good spread of and access to SMEs in South Africa. These agencies together ensured the study's questionnaire was distributed to SMEs at all growth stages, from start-ups to more established medium-sized businesses, giving a comprehensive understanding of the opportunities and difficulties that SMEs in South Africa face.

Furthermore, in compliance with the POPI Act going through an affiliated agency reassured SMEs that all necessary verification, ethical considerations, and approvals were completed making them more comfortable with participating in the study and sharing information.

The following criteria were used to choose participants:

- Participants from SMEs: An owner/ senior manager from all industry sectors where SMEs operate was required. The SMEs consisted of businesses in the construction, agriculture, manufacturing, trade and accommodation, service, and retail sector etc.
- The study targeted SMEs that are affiliated with the Durban Chamber of Commerce and Industry (DCCI), Johannesburg Chamber of Commerce (JCCI), Productivity SA and Centre for social entrepreneurship. A gatekeeper's letter was obtained from each of the agencies prior to the commencement of data collection. See ANNEXURE A.
- The respondents were selected from the database extracted from DCCI, JCCI, Productivity SA and Centre for social entrepreneurship.

Table 11 illustrates the total number of SMEs from the respective agencies' databases which formed the population for the study.

Table 11 Total population for the study

Agency	**SMEs on database**
DCCI	2500
JCCI	500
Productivity SA	432
Centre for social entrepreneurship	300
Total population of SMEs for the study	3732

Source: Author's compilation (2024)

As illustrated in Table 11, the total population for this study was 3732 SMEs across South Africa. These figures were retrieved from a senior manager or president of the various agencies.

4.5.1 Sampling technique

A sample is a subset of a broader population of persons, objects, or elements selected for assessment. A sample is representative in the notion that every sampled item has represented the features of a known number of units in the population. Sampling methods are divided into two categories: probability and non-probability sampling. The decision between probability and non-probability sampling is determined by the study objectives (Nayak & Singh, 2021).

Probability sampling is frequently referred to as "random sampling" or "chance sampling." Each member of the population has an equal chance of being chosen for the sample in this sampling approach. Here, the selection of one component over another is solely based on blind chance. Probability can be used to verify the results of probability calculations or random sampling. For example, probability can be used to measure estimation errors or the significance of results from a random sample (Kothari, 2004).

Non-probability sampling is a method of sampling that does not give a basis for determining the probability for the inclusion of each item from the population in the sample. Non-probability sampling is also known as judgment sampling, purposeful sampling, or deliberate sampling. The researcher carefully selects the sample's constituent parts in this type of sampling. In other words, with non-probability sampling, researchers deliberately choose specific units to create a sample on the assumption that the selected sample will be typical or representative of the total population (Kothari, 2004).

Simple random sampling, a probability sampling design, was used in this study. Every member of the population has an equal chance of participating in a study when this simple random method of sampling is used (Creswell & Creswell, 2018). This sampling strategy can maximise generalisability while minimising bias (Mhlungu, 2021).

SME owners or senior management representatives were chosen randomly as potential respondents. Taking parsimony into account, and maximising the resources available, the researcher opted for online questionnaires to reach more participants in a quicker, cheaper manner than physically conducting fieldwork.

In complying with the new POPI Act, the agencies consented to distribute the questionnaire link via email to SMEs listed on their respective databases. The SMEs responses were sent directly to the researcher and no one else had access to this information. There was a high possibility of a favourable response as the request to participate came from the SMEs' affiliated agencies, making them feel secure sharing information and completing the questionnaire.

4.5.2 Questionnaire sample size

Numerous techniques and procedures can be used to calculate the sample size for categorical data. Based on the Krejcie and Morgan Formula, from the target population of 3732 SMEs, a sample size was calculated using the following formula developed by Chaokromthong and Sintao (2021); Rahi (2017), with the following variables:

n = sample size; X^2 = chi-square for 1 degree of freedom at the desired confidence level (reliability level 95%) (3.841); N= population size; p= population proportion (assumed to be (0.50) since this would provide the maximum sample size) and d² = degree of accuracy expressed as a proportion (0.05²).

$$n = \frac{\boldsymbol{X^2 Np\,(1-p)}}{\boldsymbol{d^2(N-1) + X^2 p\,(1-p)}} \qquad 4.1$$

$$n = \frac{3.841(3732 \text{ x } 0.50)\,(1 - 0.50)}{0.050^2\,(3732 - 1) + 3.841 \text{ x } 0.50\,(1-0.50)}$$

$$n = 3583.653 / 10.28775$$

$$= 348.3417657$$

$$n = 348$$

Therefore, the sample size for this study was 348 SMEs operating in South Africa.

Mhlungu (2021) utilised the same methodological approach for quantitative data collection where the researcher administered online questionnaires with respondents (SMEs) affiliated to selected agencies (The Durban, Minara, and Johannesburg Chambers of Commerce and Industry) in South Africa. The study employed a simple random sampling technique and, in comparison, the sample size used in the study of Mhlungu (2021) equated to 335 SMEs. There were only 125 SMEs who answered the questionnaire in Mhlungu (2021) study, meaning that the response rate was only 37.3%. As a result, Mhlungu (2021) concluded that the findings are solely applicable to the study participants and not to the broader community of SMEs.

4.5.3 Interview sample size

The most crucial indications of high-quality research are not always the quantity of participants or the length of the observations. Instead, the emphasis of quality assessment should be on the depth, richness, and appropriateness of the data, as well as whether or not the data, after analysis, provides enough evidence to address the research questions. When used to indicate credibility, the words saturation or data sufficiency imply that there was a sufficient amount of data collected to identify all relevant factors for the study issue. This is commonly referred to as "information power" (Stenfors, Kajamaa, & Bennett, 2020). Qualitative research typically uses limited sample sizes in order to analyse individual cases thoroughly. Purposeful sampling was employed to gather specific information relevant to the research question. The number of participants needed is influenced by various factors, including philosophical, methodological, and practical considerations. Denzin and Lincoln (2011) argue that the size of qualitative samples should be small enough to enable in-depth, case-based research rather than attempting to develop vast information on the issue through large sample sizes. In this study, the researcher chose interviewees on the basis of the study's scope, the difficulty or accessibility of the topic, the data quality, and the study methodology.

Semi-structured interviews were held with SMEs not related to the DCCI, JCCI, CSE, and Productivity SA agencies. These interviews were conducted either telephonically

or using Zoom and MS Teams. All interviews took place at the availability and convenience of the SME owners or senior managers to gain a deeper understanding of the critical success factors for SME sustainability and the impact of COVID-19 on SME performance.

A number of issues restricted the study's ability to interview a larger number of people. The study's narrow focus, geographical restrictions, difficulty contacting key decision-makers, time constraints, and the busy schedules of SME owners, resource limitations in terms of finance for conducting further interviews, and businesses' reluctance to participate owing to confidentiality concerns are some of these. External factors like challenges in the aftermath of the COVID-19 pandemic also made SMEs less keen to participate. The decision for using a smaller sample size was influenced by these difficulties. Many businesses are in survival mode, just barely surviving, and did not want to disclose information about their business. With that being said, information saturation was reached with the interviews of just six participants.

The theoretical saturation point in the data collection process is when no new concepts, themes, or categories can be identified (Low, 2019). Theoretical saturation is achieved by collecting dense data. After in-depth interviews with six SME representatives yielded no new information, no additional interviews were conducted. While sample size is important, data saturation should be the primary goal in qualitative research (Low, 2019).

To ensure reliable information and responses, respondents were chosen from the manufacturing, retail, construction, and service industries. The selection of six participants was deemed appropriate and representative as recommended by (Vasileiou, Barnett, Thorpe, & Young, 2018), since obtaining richer and more useful in-depth data from each individual reduces the need for a large sample size. The respondents represented the retail, manufacturing, construction, and service sectors. There were two respondents from KwaZulu-Natal, two from Gauteng, one from Western Cape, and one from Eastern Cape in South Africa. They provided valuable insight on the CSFs that are implemented in their SMEs. Since they are owners/managers of these SMEs, they had a broad and deep perception of the SME they worked with, as well as a holistic, and comprehensive view of the overall

successes and decision-making processes in their SMEs. They also had unique insight into the challenges deriving from the COVID-19 pandemic that their SME faced. The six SME owners were selected using convenience sampling due to their willingness to participate in the study and their availability. Each SME was personally contacted to ensure that they did not form part of the agencies used to collect the quantitative data, and the owner was informed that the respondent could be either themselves or a senor representative. A which point, for all respondents, the owner themselves opted to participate in the interview. Based on the lack of wiliness to participate in the interview, the researcher had to reach out to many different SMEs in the different sectors, trying to incorporate the various geographical locations of South Africa to make sure that the sample was representative of the different locations and sectors. This improved the contextual diversity and richness of the data that was gathered.

4.6 Data collection instruments

Research instruments refer to the tools that are utilised to collect specific information from the targeted population. These tools may include a structured questionnaire or any other measuring instrument that can extract the data required for achieving the overall research objectives (Bougie & Sekaran, 2019; Kumar, 2018).

To collect data, a researcher needs a range of devices or tools. Tests are measurement instruments that help researchers gather and analyse data. A tool's complexity, use, interpretation, design, and management could all be different. Each tool is suitable for acquiring a particular type of data. From the available tools, one must select those that provide the data needed to test the relevant theories. The researcher may need to modify or develop new research equipment because existing tools are not always suitable in new situations (Pandey & Pandey, 2021). In this study, the two instruments used for gathering data were questionnaires for the quantitative data and interviews for the qualitative data.

4.6.1 Survey questionnaire

Primary data was acquired using a meticulously designed questionnaire due to the unavailability of any pre-existing information to meet the specified research goals. Questionnaires are extensively employed to collect primary data in quantitative studies, enabling the researcher to obtain first hand and tailor-made information from a specific group (Gray, 2016). A questionnaire is a research tool that consists of a series of questions or statements designed to elicit standardised responses from respondents. It is a device for obtaining answers to questions by employing a form that respondents fill out on their own. It is a systematic collection of questions or statements that are sent to a sample of the population from which data is required (Nayak & Singh, 2021). Surveys and questionnaires are used by decision-makers and researchers from various academic and industrial sectors to gather information for specific, crucial questions. In fact, surveys and questionnaires are effective tools for acquiring information. Once the relevant variables have been identified and theoretically characterized, a specific scale needs to be chosen.

Closed and open inquiries are the two main types of scaling approaches. Scaling is the process of establishing a continuum or continuous sequence of values, on which the measured objects are positioned. To select the best scaling method for a questionnaire, a variety of things should be taken into account. An open-ended questionnaire gives the respondent the freedom to provide in-depth responses. Contrarily, a closed inquiry requires the respondent to select from a constrained set of possible responses, Likert scale choices, or multiple-choice questions, (for example, see Taherdoost (2019)). The most popular type of scaling found in questionnaires is the Likert scale. This scale includes Likert items, which are straightforward statements with a five or seven-point scale from "strongly disagree" to "strongly agree," on which respondents can express their level of agreement or disagreement with a statement (Nayak & Singh, 2021; Taherdoost, 2019).

Another scaling approach is an attitude scale which, according to Kumar (2018), is a tool that assesses respondents' attitudes through either open or closed-ended questions and can be in the form of a summated rating scale, Thurstone scale, or

Guttman scale. The Likert scale, however, which uses equally weighted items to reflect the respondent's attitude towards a statement, is the easiest to construct and is widely used by researchers and academics (Kumar, 2018).

The Thurstone scale, also referred to as the 'equal-appearing interval', assigns 'weights' or attitudinal values to each item or statement. This type of scale measures the significance of individual items/statements based on respondents' absolute attitudes, rather than relative attitudes, which is executed through a scale of intervals. Conversely, the Guttman scale, a scale ratio, is infrequently used in research since it is one of the most challenging scales to construct.

Kumar (2018) categorises measurement scales into four groups. The first group is the nominal scale, which classifies objects in a data set using shared attributes but does not measure or order them. The second group, the ordinal scale, ranks objects based on their order of magnitude within subgroups. The third group, the interval scale, also ranks objects based on magnitude but within equally defined spaced units or intervals. Lastly, the ratio scale, although similar to the nominal, ordinal, and interval scales, has a zero starting point, making it an absolute scale. Kumar (2018) emphasises that understanding these measurement scales is crucial for refining and finalising questionnaires and analysing the data acquired through the scales using SPSS.

In this study, primary data was collected using a survey questionnaire method with closed questions on a Likert scale as well as opened ended questions. In compliance with the POPI Act, a link to the online questionnaire was sent to a senior representative of each agency (DCCI, JCCI, CSE and Productivity SA) who sent an email on the researcher’s behalf to all SMEs on their databases across South Africa. Once completed, the responses were sent directly to the researcher. The study employed two types of measurement, an ordinal scale as well as a nominal scale. A nominal scale involves grouping events or objects into distinct categories, and is frequently used for labelling or naming (Krieger, 2018). On the other hand, an ordinal scale arranges non-numerical concepts in a particular sequence, such as from strongly disagree to strongly agree, and focuses on order rather than distance between values (Arvidsson, 2019). Nominal scales were employed in this study to analyse the

demographic data, and ordinal scales were used to analyse the 5-point Likert type scale results to evaluate the importance of each of the five CSF aspects.

Following a thorough examination of the objectives and assessment instruments of the study, a primary data gathering method was selected in the form of a questionnaire. To formulate specific inquiries in accordance with the questionnaire structure, an extensive questionnaire consisting of 95 questions/statements was developed, and divided into seven categories, including SME demographic profiles, strategic planning, financial planning, human resources planning, operational planning, SME planning SME operating, financing and survival variables and SME planning variables with respect to COVID-19. ANNEXURE B of this thesis includes a copy of the questionnaire.

Table 12 illustrates the design of the survey questionnaire for this study and exhibits the focus areas and descriptions of the type of statements for each section.

Table 12 Survey questionnaire design

Section	Area	Number of statements	Statement number	Type of statement
A	1. Demographic profile of SME	8	1.1 – 1.8	Selection of an appropriate choice from a list of options provided.
B	Critical success factors			Level of agreement that these strategies are essential in promoting sustainability of SME on Likert scale (strongly disagree – strongly agree)
	2. Strategic planning	12	2.1 – 2.12	Likert scale
	3. Financial planning	21	3.1 – 3.21	Likert scale Selection of an appropriate choice from a list of options provided.
	4. Human resource planning	10	4.1 – 4.10	Likert scale
	5. Operational planning	19	5.1 – 5.19	Likert scale
C	6. SME performance variables during COVID-19	11	6.1– 6.11	Level of agreement that these strategies are essential in promoting sustainability of SME on Likert scale (strongly disagree – strongly agree)
	7. Impact of COVID-19 on planning	10	7.1-7.10 8.1-8.3	
	8. Net Profit %	3	9.1-9.18	

	9. Impact of COVID-19 on SME operational efficiency and profitability	18		
	10. Open ended question to elaborate on any other factors not incorporated in questionnaire	1	10	Short answer

Source: Author's compilation (2024)

4.6.1.1 **Scaling of questionnaire**

For sections B and C, the Likert scale responses were scaled according to following scaling:

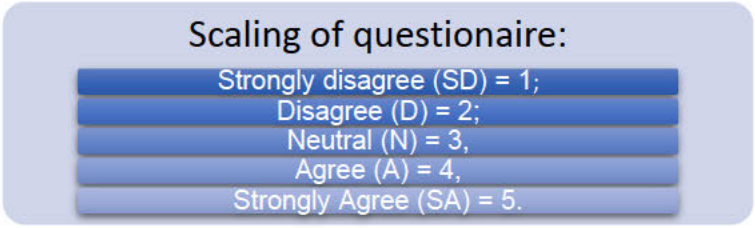


Figure 13: Scaling of Questionnaire

Source: Author's compilation (2024)

4.6.1.2 **Questionnaire labelling for data analysis**

The tables in this section reflect the variable names for each statement in the questionnaire and the labels assigned for analysis.

Table 13 Demographic profile

Variable name	**Label**
Sector of SME	SES
Size of SME	SIS
Years SME operating	YSO
Number of employees	NOE
Years of experience	YOE
Qualification of owner/manager	QOO
SME sustainable in 10 years	SI10
SME utilises PMF	SUP

Source: Author's compilation (2024)

Table 14 Strategic planning critical success factors

Variable name	Statement	Label
Establishing a vision	Establishing a vision for the SME taking COVID-19 into consideration	EAV
Link mission to vision	creating and the mission statement and linking it to the vision	LMV
Creating business objectives	Creating business objectives	CBO
Plans to accomplish objectives	Creating plans to accomplish the objectives	PAO
Examining outside world	Examining the outside world, including technology, economy, politics, technology, competition, and legislation	EOW
Examining internal forces	Examining internal factors including resources, human resources, finances, corporate culture, and marketing	EIF
Determining the priorities	Determining the priorities for the SME	DTP
Designing strategic plan	Designing a strategic plan (e.g., growth, cost, product strategy)	DSP
Implementing strategic plan	Implementing a strategic plan	ISP
Resources for strategic plan	Having enough resources to carry out the strategic plan	RSP
Monitoring strategic plan progress	Monitoring outcomes and progress of the strategic plan	MSPP
Revising strategic plan strategies	Revised strategic planning strategies are required since the COVID-19 pandemic.	RSPS

Source: Author's compilation (2024)

Table 15 Financial planning critical success factors

Variable name	Statement	Label
Evaluating current ratio	Evaluation of financial health: current ratio	ECR
Evaluating debt to sales ratio	Evaluation of financial health: debt to sales ratio	EDSR
Evaluating inventory to cost of sales ratio	Evaluation of financial health: inventory to cost of sales ratio	EICS
Evaluating creditors to purchases ratio	Evaluation of financial health: creditors to purchases ratio	ECPR
Evaluating debt to equity ratio	Evaluation of financial health: debt to equity ratio	EDER
Evaluating return on assets	Evaluation of financial health: return on assets	ERA
Evaluating profit to capital employed ratio	Evaluation of financial health: profit to capital employed ratio	EPCE

Evaluating cash flow to current liabilities	Evaluation of financial health: net operating cash flow to current liabilities	ECFCL
Evaluating cash flow to sales	Evaluation of financial health: net operating cash flow to sales	ECFS
Strategies to increase revenue	Implementation of strategies for increasing revenue growth	SIR
Measures to control expenses	Application of cost cutting measures for controlling expenses	MCE
Measures to control purchases/inventory	Application of cost cutting measures for controlling purchasing and inventory	MCPI
Negotiating supplier discounts	Negotiating of discounts for prompt payments to suppliers	NSD
Providing customer discounts	Provision of incentives for prompt payments from customers	PCD
Access to initial financing	Access to initial financing (start-up money for starting operations)	AIF
Access to current financing	Access to current financing (enough money for short-term needs)	ACF
Access to development financing	Access to development financing (enough money for long-term growth and expansion)	ADF
Budgets to control costs	Creation of budgets to monitor and control cost	BCC
Investment approach strategy	Establishment of an investment approach	IAS
Using 4IR Accounting software	Utilisation of 4IR accounting software	4IRAS
Revising financial plan strategies	Revised financial planning strategies are required since the COVID-19 pandemic	RFPS
Net profit 2020	Average net profit percentage in 2020	NP20
Net profit 2021	Average net profit percentage in 2021	NP21
Net profit 2022	Average net profit percentage in 2022	NP22

Source: Author's compilation (2024)

Table 16 Human resources planning critical success factors.

Variable name	**Statement**	**Label**
Hiring competent employees	Hiring competent employees based on their abilities and strengths	HCE
Providing new technology training	Providing training on the new developments in technology	PNTT
Involving employees in decisions	Involving employees in decision making processes	IEID
Utilising an employee performance evaluation	Using employee performance evaluation techniques to enhance productivity	UEPE
Providing employees incentives/rewards	Providing employees incentives / rewards as motivation for productivity	PEIR
Providing employee task feedback	Giving employees feedback on their tasks	PETF
Employing multi-faceted people	Employing multi-faceted people who can work in various positions	EMFP

Employing people for specific position	Employing people based on their skills and personal strengths for a specific position	EPSP
Training employees for new challenges	Training employees to adapt to the new challenges resulting from COVID-19	TENC
Revised HR planning strategies	Revised HR planning strategies are required since the COVID-19 pandemic	RHRP

Source: Author's compilation (2024)

Table 17 Operational plan critical success factors

Variable name	Statement	Label
Using marketing plan	Creating and using a marketing plan	UMP
Conducting marketing research	Conducting market research	CMR
Plan to find new customers	Creating a plan to find new customers	FNC
Tracking customer complaints/satisfaction	Tracking customer complaints and satisfaction	TCCS
Identifying customers requirement	Interacting with customers based on their needs and requirements	ICR
Promotion through discounts/specials	Promoting services or goods through things like discounts, prizes, or specials	PTDS
Benefiting from digital marketing	Benefiting from digital marketing tools (e.g., social media, viral, and content marketing)	BFDM
Monitoring competitors' performance	Monitoring competitor's entrants/exits/performance in the industry	MCP
Benchmarking from competitors	Benchmarking from competitors in the industry	BFC
Collaborating with competitors	Engaging in collaboration with competitors	CWC
Environment fostering employee commitment	Creating an environment to foster employee commitment	EFEC
Motivating employees to increase productivity	Motivating employees to increase commitment and productivity	MEIP
Employing competent experienced managers	Employing competent managers with expertise and experience	ECEM
Implementing inventory management strategies	Implementing inventory management strategies to avoid excessive/insufficient levels	IIMS
Retaining customers through loyalty and trust	Increasing customer retention by gaining customer loyalty and trust	RCLT
Implementing supplier retention strategies	Implementing supplier selection and retention strategies to enhance supplier performance	ISRS
Loadshedding electricity backup implementation	Implementing backup electricity supplies during load-shedding	LEBI
Water supplies backup implementation	Implementing backup water supplies during shortages/interruptions	WSBI
Revised operational planning strategies	Revised operational planning strategies are required since the COVID-19 pandemic	ROPS

Source: Author's compilation (2024)

Table 18 Impact of COVID-19 on SMEs - Operating activity/ short term financing and survival

Variable name	Statement	Label
Temporarily closed operations	This SME temporarily closed (suspended services or production) due to the COVID-19 outbreak.	TCO
SME adjusted production/services	This SME adjusted or converted, partially or fully, its production or the services it offered in response to the COVID-19 outbreak,	APS
SME increased business online	This SME started or increased business activity online	IBO
SME increased delivery services	This SME started or increased delivery or carry out of goods or services	IDS
SME increased remote work	This SME started or increased remote work arrangement for its workforce	IRW
SME delayed payments to suppliers	This SME delayed payments to suppliers due to the repercussions of the COVID-19 outbreak	DPS
SME delayed payments to landlord	This SME delayed payments to its landlords due to the repercussions of the COVID-19 outbreak	DPL
SME overdue financial institution obligations	This SME was overdue on its obligations to a financial institution	OFIO
SME filed for insolvency/bankruptcy	This SME filed for insolvency or bankruptcy	FIB
SME in arrears on outstanding liabilities	This SME fell in arrears in one or more of its outstanding liabilities	AOL
SME laid off workers	This SME laid off workers due to the repercussions of the COVID-19 outbreak,	LOW

Source: Author's compilation (2024)

Table 19 COVID-19 effect on planning activities of SME.

Variable name	Statement	Label
COVID-19 negatively affected strategic planning	The COVID-19 pandemic negatively impacted the SME's strategic planning.	NSPL
COVID-19 negatively affected strategic performance	The COVID-19 pandemic negatively impacted the SME's strategic performance.	NSPE
COVID-19 negatively affected financial planning	The COVID-19 pandemic negatively impacted the SME's financial planning.	NFPL
COVID-19 negatively affected financial performance	The COVID-19 pandemic negatively impacted the SME's financial performance.	NFPE
COVID-19 negatively affected HR planning	The COVID-19 pandemic negatively impacted the SME's HR planning.	NHPL

COVID-19 negatively affected HR performance	The COVID-19 pandemic negatively impacted the SME's HR performance.	NHPE
COVID-19 negatively affected operational planning	The COVID-19 pandemic negatively impacted the SME's operational planning.	NOPL
COVID-19 negatively affected operational performance	The COVID-19 pandemic negatively impacted the SME's operational performance.	NOPE
Crisis management measures implemented	Since COVID-19 pandemic, the SME has implemented crisis management measures to prepare for any potential future pandemics.	CMMI
Requires assistance to implement crisis management measures	The SME requires assistance to implement crisis management measures to remain agile in future disasters/outbreaks.	RACM

Source: Author's compilation (2024)

Table 20 COVID-19 impact on SME operational efficiency and profitability

Variable name	**Statement**	**Label**
Productivity of operations	Extent to which the pandemic affected the productivity and efficiency of the SME's operations.	POO
Challenges adapting operations	The SME faced challenges in adapting its operations to the impact of COVID-19.	CAO
Decline in financial stability	The financial stability of the SME significantly declined due to the impact of COVID-19.	DFS
Customer engagement declined	Customer engagement for the SME significantly declined during the COVID-19 period.	CED
Struggled government support	The SME struggled to utilise available government support and relief measures effectively during COVID-19.	SGS
Employee productivity affected	Employee productivity in the SME was adversely affected due to the pandemic.	EPA
Disruptions in supply chain	The SME experienced disruptions in the supply chain as a result of COVID-19.	DSC
Cost cutting measure for profitability	SMEs effectively utilised cost-cutting measures to enhance profitability	CMP
Innovation contributes to profitability	Innovation and technology adoption contributed significantly to the profitability of the SME.	ICP
Funding contributes to profitability	Access to funding options positively influenced the profitability of the SME.	FCP
Working capital maximise profitability.	The SME effectively managed their working capital to maximise profitability.	WCMP
Adapt market trends for profitability	The SME consistently analysed and adapted to market trends to enhance profitability.	AMTP
Strong financial performance	The financial performance of the SME in the last fiscal year was strong.	SFP

Achieves target revenues	The SME consistently achieved its revenue targets.	ATP
Manages operating costs effectively	The SME effectively managed its operating costs, contributing to overall profitability.	MOCE
ROI satisfactory	The return on investment (ROI) for the SME's major projects was satisfactory.	ROIS
Pricing strategic for maximising profits	The pricing strategy adopted by the SME was conducive to maximising profits.	PSMP
Manages cash flow	The SME efficiently managed its cash flow, positively impacting profitability.	MCF

Source: Author's compilation (2024)

4.6.2 Semi structured interview schedule

A two-way approach called an interview allows for the exchange of information and ideas. Although the interview's social research objective calls for a range of responses from the two interview participants, it is a social scenario between two people which requires both sides to speak to each other. During an interview, a rapport is developed between the interviewer and the interviewee. When social and cultural obstacles, as well as physical distance, are removed between them, a free flow of ideas can take place. A list of questions created and implemented specifically for the purpose of testing a presumption or hypothesis is known as an interview schedule (Pandey & Pandey, 2021). In a variety of sectors, open-ended replies are frequently utilised to investigate and comprehend participants' experiences and opinions. The interview schedule increases both the intensity of a study's engagement and the rate of responses as a result of the face-to-face contact between interviewer and interviewee. There is an opportunity to explain the unanswered questions to the respondent. Interviews allow the interviewer to observe the respondent's behaviour (Nayak & Singh, 2021).

The semi-structured interview was designed as follows:
Section A: introduction to the study
Section B: questions about the SME:

1. Do you think that your business is currently sustainable (yes/no and why)?

2. What, in your opinion, are the main financial success factors that can promote performance and sustainability for your business/SME?
3. What in your opinion are the main non-financial success factors that can promote performance and sustainability for your business/SME?
4. What are the main challenges that prevent your business/SME from performing well and being sustainable?
5. How did the COVID-19 pandemic impact your business/SME?
6. How have you attempted to cope with or recover from the negative effects of COVID-19 on your business/SME?
7. What assistance did you obtain to cope with or recover from COVID-19's impact on your business/SME?
8. What do you think needs to be done to assist your business/SME to become sustainable?

Section C: closing remarks.
A copy of the interview schedule is attached in ANNEXURE C.

Thematic analysis was conducted on the data acquired through the interviews using the nodes generated from the NVivo software. These themes were used to theorise what should be incorporated in the final performance measurement framework.

4.7 Questionnaire data collection

The questionnaire was designed using google forms and the data was collected from SMEs via a link to answer the questionnaire electronically. The link was sent out by the DCCI, JCCI, Productivity SA and CSE representatives to the SMEs on their respective databases. In terms of the POPI Act, the researcher did not have access to any databases and all communication to SMEs was done by the agencies. Once the SME completed the questionnaire, the response was sent directly to the researcher via google forms.

4.8 Data analysis

Data was analysed in two phases: the quantitative phase and the qualitative phase. Different techniques to data analysis were required since, as was previously mentioned, semi-structured interviews were used to acquire qualitative data, while questionnaires were used to gather quantitative data. NVivo version 12 was used to perform a thematic analysis of the transcripts of the qualitative data, while SPSS version 27 and PLS - Structural Equation Modelling (SEM) were utilised to analyse the quantitative data.

4.8.1 Quantitative data

The study made use of SPSS version 27.0 to analyse the data gathered throughout the survey process. Data for this study, which was cross-sectional in nature was gathered at over a limited period of time. Rahman and Muktadir (2021) summarises SPSS as a comprehensive, sophisticated, and user-friendly software tool for statistical data analysis. The most significant advantage of SPSS is that it is built to manage enormous amounts of data with multiple variables (Jasrai, 2020). It also supports a range of formats, including, Excel, and runs on a variety of operating system platforms (Rahman & Muktadir, 2021).

Analysis of quantitative data.

For this study, both descriptive and inferential statistics were generated using the SPSS version 27.0. Additionally, PLS SEM (partial lease square structural equation modelling) was performed using Smart PLS software. As noted by Hayes (2021), simple coefficients from descriptive statistics are used to summarise data that has been gathered and then presented as a representative sample of the target demographic. For a single variable, these statistics yield measurements of central tendency, dispersions, and frequencies (Bougie & Sekaran, 2019). Frequencies denote how frequently different subcategories of a phenomenon occur (Bougie & Sekaran, 2019). For this particular research, tables and percentage forms were employed to present frequencies in chapter six.

The mean value, which signifies the average response selected by the representative sample for a particular question item, was used as the measure of central tendency (Bougie & Sekaran, 2019). Additionally, this study used the standard deviation as a measure of dispersion since it illustrates the typical degree of variability among data that is gathered (Sileyew, 2019). The standard deviation was utilised in this study to ascertain the overall range of responses within the data obtained from the participating SMEs.

The demographic data was examined to focus on SMEs' performance measurement procedures and critical success factors for the development of a proposed performance measurement framework. Data was gathered on the sector of the SME, the number of staff members, the duration that the business was in operation, and its profitability over the past three years. The data took into account the owner/highest manager's level of education.

4.8.1.1 **Data analysis for objective one and two**

The research utilised a two-step fragmented reflective-reflective model for objective one: to investigate the effect of financial critical success factors on SME performance during COVID-19; and for objective two: to investigate the effect of non-financial critical success factors on SME performance during COVID-19.

This method was selected due to the anticipated significant connection between the lower-order and higher-order elements, despite the varying number of hidden factor items. Through this approach, it was feasible to structure all the lower-order components regarding financial planning, non-financial planning, and SME performance, and acquire scores for latent variables to assess the higher-order elements.

Higher-order constructs, also called hierarchical component models in the context of Partial lease squares (PLS-SEM), provide researchers with a framework to represent constructs in a more abstract way (Lohmöller, 2013). These constructs consist of a higher-level component that represents a broader concept in contrast to lower-level components that represent more specific aspects. This approach extends traditional

construct conceptualisations that usually only consider a single level of abstraction. Higher-order constructs have several advantages. For instance, they help simplify models by reducing the number of relationships in a path model (Edwards, 2001; Johnson, Rosen, & Chang, 2011; Polites, Roberts, & Thatcher, 2012). Instead of including multiple relationships between independent and dependent constructs, researchers can summarise the independent constructs within a higher-order construct. This eliminates the need for relationships from the lower-level components to the dependent constructs, resulting in a more streamlined and concise model.

The study aimed to explore the relationships between various constructs by using a reflective-reflective high-order approach. This involved modelling three direct effects and one indirect effect. To do this, a model connecting all the lower-order constructs was created and estimated. The scores of the lower-order constructs were then used as inputs for the higher-order constructs to test the study's hypotheses (Huang, 2021; Mbilla, 2023).

The structural equations model was then graphically displayed, demonstrating that the external conceptual variables predict the purpose of the endogenous conceptual variable. An endogenous variable is the dependent variable, and exogenous variable is another word for independent variable (Henseler, 2017). For the first order or lower order model, the dependent/endogenous variables were financial planning and SME performance, and the independent/exogenous variables are strategic planning, HR planning and operational planning. For the higher order model, the endogenous variables were SME performance and financial planning, and the exogenous variables were non-financial planning.

These variables all evaluated using the scores of the items on the scales specific to each latent variable. Hypotheses were developed based on proposed links between latent variables, notably the expected impact of the exogenous variable. Because each survey question only assessed one of the different indicators of each variable, correlations between all indicators and their related latent variables were employed as reflective indicators in this study.

To establish consistency in the findings, the researcher checked the data for unengaged responses and deleted outliers. To examine the quantitative objectives, inferential and descriptive analysis were performed using the questionnaire data. This study included several diagnostic measures from previous literature to determine the constructs' reliability and validity. These measures included examining item factor loadings for indicator reliability, evaluating scale reliability with composite reliability (CR) and Cronbach's alpha, assessing convergent validity with average variance extracted (AVE), and evaluating discriminant validity with cross-loading using the Fornell-Larcker criterion and heterotrait-monotrait ratio (HTMT).

The SEM study included diagnostic tests for multicollinearity, normality, discriminant validity, and concept reliability and validity, all of which were passed. Data analysis using SEM necessitates particular protocols, such as ensuring that the factor loadings in each construct exceed 0.5 (Byrne, 2016). Henseler (2017) argue that the issue of consistency in PLS necessitates the removal of indicators when doing so improves indicator reliability. This additionally enhances the Average Variance Extracted (AVE) and Construct Reliability (CR) (Henseler, 2017).

The factors from the questionnaire in ANNEXURE B were removed since they showed low factor loading (Hair, Hair Jr, Sarstedt, Ringle, & Gudergan, 2023). The deleted variables from the strategic planning, financial planning, HR planning and operational planning critical success factors were excluded from further analysis in this study. These variables are listed in Table 21.

Table 21 Deleted variables.

Variable name	Statement	Label
Strategic planning		
Establishing a vision	Establishing a vision for the SME taking COVID-19 into consideration	EAV
Link mission to vision	creating a mission statement and linking to the vision	LMV
Examining outside world	Examining the outside world, including technology, economy, politics, competition, and legislation	EOW
Examining internal forces	Examining internal factors including resources, human resources, finances, corporate culture, and marketing	EIF
Determining the priorities	Determining the priorities for the SME	DTP

Revising strategic plan strategies	Revised strategic planning strategies are required since the COVID-19 pandemic.	RSPS
Financial planning		
Evaluating debt to sales ratio	Evaluation of financial health: debt to sales ratio	EDSR
Evaluating inventory to cost of sales ratio	Evaluation of financial health: inventory to cost of sales ratio	EICS
Evaluating creditors to purchases ratio	Evaluation of financial health: creditors to purchases ratio	ECPR
Evaluating debt to equity ratio	Evaluation of financial health: debt to equity ratio	EDER
Evaluating return on assets	Evaluation of financial health: return on assets	ERA
Evaluating profit to capital employed ratio	Evaluation of financial health: profit to capital employed ratio	EPCE
Measures to control expenses	Applying cost cutting measures for controlling expenses	MCE
Measures to control purchases/inventory	Applying cost cutting measures for controlling purchasing and inventory	MCPI
Providing customer discounts	Providing incentives for prompt payments from customers	PCD
Investment approach strategy	Having an investment approach in place	IAS
Using 4IR accounting software	Utilising 4IR accounting software	4IRAS
Revising financial plan strategies	Revised financial planning strategies are required since the COVID-19 pandemic	RFPS
Human resources planning		
Involving employees in decisions	Involving employees in decision making processes	IEID
Providing employees incentives/rewards	Providing employees incentives / rewards as motivation for productivity	PEIR
Employing multi-faceted people	Employing multi-faceted people who can work in various positions	EMFP
Employing people for specific position	Employing people based on their skills and personal strengths for a specific position	EPSP
Training employees for new challenges	Training employees to adapt to the new challenges resulting from COVID-19	TENC
Revised HR planning strategies	Revised HR planning strategies are required since the COVID-19 pandemic	RHRP
Operational planning		
Using marketing plan	Creating and using a marketing plan	UMP
Conducting marketing research	Conducting market research	CMR
Plan to find new customers	Creating a plan to find new customers	FNC
Promotion through discounts/specials	Promoting services or goods through things like discounts, prizes, or specials	PTDS

Monitoring competitors' performance	Monitoring competitors' entrants/exits/performance in the industry	MCP
Benchmarking from competitors	Benchmarking from competitors in the industry	BFC
Collaborating with competitors	Engaging in collaboration with competitors	CWC
Implementing inventory management strategies	Implementing inventory management strategies to avoid excessive/insufficient levels	IIMS
Retaining customers through loyalty and trust	Increasing customer retention by gaining customer loyalty and trust	RCLT
Loadshedding electricity backup implementation	Implementing backup electricity supplies during load-shedding	LEBI
Water supplies backup implementation	Implementing backup water supplies during shortages/interruptions	WSBI
Revised operational planning strategies	Revised operational planning strategies are required since the COVID-19 pandemic.	ROPS

Source: Author's compilation (2024)

Research structure and hypothesis

This study explores the relationship between financial planning and non-financial planning on SME performance. The reflective model based on the stipulated hypotheses is indicated in figure 14.

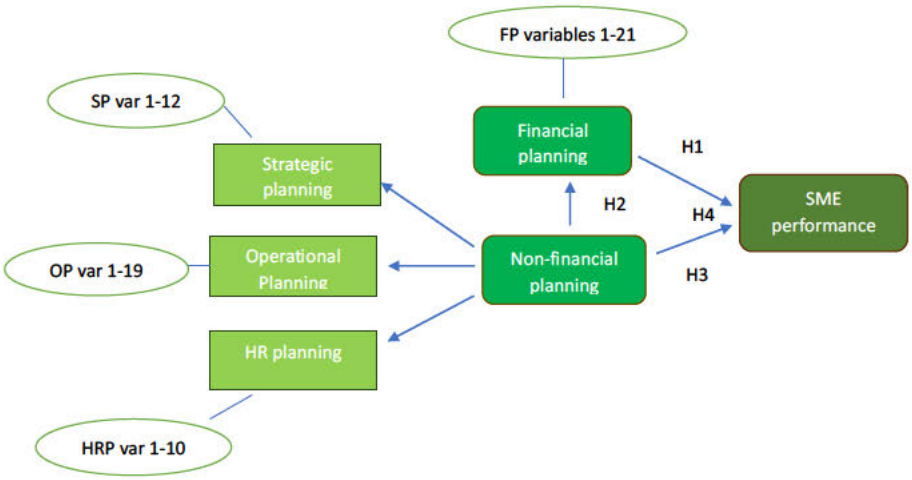


Figure 14: Reflective model

Source: Author’s compilation (2024)

As illustrated in figure 14, the relationships explored for these objectives were as follows:

- The effect of non-financial planning variables i.e., strategic planning, operational planning, and human resources planning, on SME performance,
- The effect of financial planning variables on SME performance, and
- The effect of non-financial variables on financial planning variables and their influence on SME performance.

4.8.1.2 **Data analysis for objective three**

Statistical analysis was used to analyse objective three: to examine the impact of the COVID-19 pandemic on SME profitability and operational efficiency. The following analysis techniques were conducted.

Frequency distribution percentages of responses

Descriptive analysis describes a sample's statistics without making inferences. The study’s descriptive statistics include information about the respondents' SME, sector, education, employee count, and business sustainability. Frequency percentages were calculated based on this information to guide subsequent analyses. Xiao and O'Neill (2016) consider descriptive statistics fundamental statistical information. The analysis was conducted using SPSS version 27.0 for descriptive statistics analysis.

One-sample t-test

In order to ascertain whether a mean score differed from a scalar number, this study employed a one-sample t-test. When comparing the means of two groups, the one-sample t-test yields significant results (Al-Kassab, 2022). The one-sample t-test compares mean score differences against normally distributed continuous data sets (interval or ratio). The one-sample t-test calculates a single mean score (Gerald, 2018). The test compares a single sample's mean against a predetermined value to determine significant differences (Al-Kassab, 2022).

To test the hypothesis that the sample group and population were associated with a statistically significantly different mean, a one-sample t-test was performed. There are three conditions to accept statistically significant difference:

1) If the t-value is greater than the critical value,
2) If the p-value is less than 0.05, or
3) If the confidence interval (lower and upper) does not cross zero. That is, the lower limit cannot be negative if the upper limit is positive.

If any one of the above conditions is satisfied, then the sample is statistically different from the population or known group (Flannelly, Jankowski, & Flannelly, 2020; Mishra, Pandey, Singh, Gupta, Sahu, & Keshri, 2019). To test the relationship between the impact of the COVID-19 pandemic and the performance of SMEs, the study performed a one study t- test to see if the sample response was significantly different to the widely accepted hypothesis that COVID-19 had a negative impact on business operational efficiency and performance.

Subsequently, correlation and linear regression analyses were conducted to confirm the results from previous analyses.

Pearson's correlation

A Pearson's correlation coefficient analysis was conducted to establish whether a statistically substantial relationship between the impact of the COVID-19 pandemic and SME performance exists. This was done to confirm the reliability of the observed relationship. A positive correlation indicates a directly proportional relationship between construct A and construct B, while a negative correlation indicates an inversely proportional relationship between the constructs. The p-value is statistically significant if it is less than 0.05.

Linear regression analysis

Linear regression analysis, which is a parametric technique, was used in the study to examine the relationship between the dependent and independent variables. The

regression analysis delved into the nuanced relationship between the predictor variable (PV), in this case COVID-19, and the dependent variable (DV), - in this case SME performance. The constant term, denoted by B, signified the expected value for SME performance when the impact of COVID-19 is zero. The associated t-value is highly significant if it is less than 0.0005 ($p < 0.0005$). In this case, the constant term significantly deviates from zero. The R^2 value indicated the model's explanatory power. The Beta value serves as the standardised coefficient. The overall F-statistic, degrees of freedom and if the p-value is less than 0.005 ($p < .005$), will indicate if the model is statistically significant or not.

4.8.2 Qualitative data

The interview respondents feedback for objectives one, two, and three was analysed using thematic analysis and NVivo software. This was triangulated with the quantitative analysis and incorporated into the performance measurement framework.

MS Word was used to transcribe the interviews after the data was collected. NVIVO 20, a qualitative software package, was used for coding and analysis once the interview data had been examined and validated. Codes were created and assigned corresponding to participants' discussions. Following this, analysis tools, including word clouds, tree maps, cluster analysis, and word trees were employed to understand the data thoroughly, find patterns and commonalities, and develop pertinent themes and subthemes. The main themes corresponded to the research and interview questions. Because the subthemes draw from what the dialogues reflect, they are "inductive" in nature and inform the main themes. A second round of analysis utilising the previously indicated approaches was conducted to validate them further. Hierarchy charting was used to assess the themes' magnitude and applicability after themes and subthemes were identified.

Thematic analysis was used to analyse the data collected from responses. Thematic analysis is widely recognised as the primary and most commonly utilised approach in qualitative data analysis (Campbell, Orr, Durepos, Nguyen, Li, Whitmore, Gehrke, Graham, & Jack, 2021). This method is acknowledged as a robust and versatile tool that requires researchers to perform analysis with a high degree of rigour and attention

to detail (Kiger & Varpio, 2020). Thematic analysis involves the identification, analysis, and reporting of patterns or themes in data (Braun & Clarke, 2006, 2022). It is a descriptive method that effectively consolidates data in a flexible manner, allowing for integration with other analysis techniques (Vaismoradi, Turunen, & Bondas, 2013). Castleberry and Nolen (2018); Dodd, Cheston, Procter, Heneker, Gray, Fox and Nolan (2018); Yin (2011) offer a comprehensive model for conducting meticulous thematic analyses of qualitative data to derive meaning from it. The framework comprises the following distinct steps, which were followed in conducting thematic analysis for this research study.

Familiarisation with data/Compiling:

The purpose of this step is to prepare the data in a way that allows for the discovery of meaningful solutions to research inquiries. If transcribing is necessary for interview data, it is advised that the researcher performs the transcription themselves (Sutton & Austin, 2015). In this particular study, the researcher personally transcribed all interviews. The collected responses were compiled, and relevant textual information for use in the analysis procedure was arranged.

Generating initial codes/Disassembling:

After compiling the data, the second phase of the procedure involves segregating it by disassembling it into significant groups, a task accomplished by coding, as explained by (Sutton & Austin, 2015). Coding facilitates the conversion of raw data into usable form, identifying relevant concepts, ideas, and themes that bear relevance to one another. In this study, the data was scrutinised and segregated in readiness for coding, after which the similarities and variations within the data were identified through coding. Visual aids generated by the NVivo software aided in the graphic representation of such data.

Searching for themes among codes/Reassembling:

The next stage in the process entails mapping codes or categories and subsequently synthesising and conceptualising them to form themes that capture insightful aspects of the data and are relevant to the research question while representing patterns in

responses (Braun & Clarke, 2006, 2022). Braun and Clarke (2006, 2022) indicate that codes and theme-codes construct a framework for structuring and analysing the data.

Reviewing, defining and naming themes / Interpreting:

This is a vital and important stage of the research project. The interpretation stage involves the researcher drawing analytical conclusions from the codes and themes supplied by the data. According to Braun and Clarke (2006, 2022), interpretation should begin in the first three steps and the researcher should not wait until the end of the analysis process to make interpretations.

Yin (2011) outlines requirements for interpreting qualitative data. The first is that readers should be able to follow how interpretations have been developed, understanding the beginning, middle, and end. Therefore, the interpretation must be thorough and logically built. The second requirement is that interpretations must be carried out fairly, which implies that the same conclusions should be reached if the same set of data was supplied to other researchers. Third, interpretations should accurately portray the underlying data. Fourth, interpretations should add value to the understanding of the research issue in connection with current literature. Finally, data methodologies and subsequent interpretations should obtain credibility and collegial respect (Castleberry & Nolen, 2018; Yin, 2011).

Thematic analysis was used to analyse qualitative data for this study, and fair results were produced utilising the raw data, which was turned into themes and were displayed by means of diagrams and thematic maps.

4.8.3 Analysis of the objective four

The analysis used for objectives one, two and three were discussed in the sub-section above. Since those objectives required statistical analysis to achieve. The achievement for objective four: **to develop a performance measurement framework using a step-by-step improvement guideline flowchart to enhance SME performance and sustainability,** is discussed in the below.

Upon completion of the analysis and interpretation for objective one, two, and three, the researcher drew up conclusions based on these analyses. Conclusions from both the quantitative and qualitative analyses were triangulated incorporating a theory blend and, using the gaps identified in existing literature, formed the basis for the design and development of the performance measurement framework using the step-by-step improvement guideline to enhance SME performance and sustainability.

4.9 Validity

The precision and dependability of research equipment, data, and findings are referred to as validity. Nothing is more crucial in research than validity. If inquiries asking respondents to recall their behavior are not valid instruments for probing informants' past behavior, the data gathered by those instruments is invalid. Only if the instruments and data are valid, can valid findings and conclusions be drawn from the data (Nayak & Singh, 2021). A measuring device or instrument is regarded as legitimate when it measures the expected outcome. For instance, an IQ test should only evaluate intelligence and nothing else (Pandey & Pandey, 2021).

4.9.1 Predictive or concurrent validity

Predictive validity is a particularly powerful sort of criterion validity, that assesses whether an instrument reliably predicts another factor of interest (Nayak & Singh, 2021). Predictive validity refers to the capability of the research instrument to predict a result. Concurrent validity, on the other hand, is concerned with how a questionnaire compares to a concurrent second evaluation (Creswell & Creswell, 2018).

4.9.2 Content and face validity

Face validity is a superficial indication of whether indicators make sense on a surface. For a questionnaire, face validity describes how accurately the questions/statements correspond to the problem(s) they are intended to measure (Creswell & Creswell, 2018). Face validity is founded on researcher consensus: if everybody agrees that asking people "How old are you?" is a legitimate way to determine age, then that question is a valid means of determining age unless proven otherwise (Nayak & Singh, 2021). When an instrument contains appropriate content for measuring a complicated

notion or construct, however, it has content validity. This evaluates whether the instrument obtains the results it was intended to measure. In this study, the questionnaire was subjected to face validity testing through a pilot study prior to its distribution to the participants.

4.9.3 Construct validity

Validity is measured by statistical methods that evaluate how well a study tool measures the target outcomes. The amount that each construct contributes to the overall variance of a phenomenon determines the construct validity of a research instrument (Rinjit, 2020). When there is a close fit between the construct ostensibly measured and actual observations obtained using the instrument, the measuring instrument has high construct validity. In other words, an instrument has high construct validity if it allows the inference that a unit of analysis (an individual, a region, etc.) has a specific complex trait and it confirms theoretical predictions. For individuals to agree that a specific measure has high construct validity, they must first agree that the construct is legitimate (Nayak & Singh, 2021).

4.10 Reliability

Reliability relates to the degree to which an instrument returns the same response on multiple measurements of the same phenomenon. The concept of reliability refers to consistency across many measurements. "Instruments" can be items like machines (apparatuses), scales, or questions. The quantity of decimal places for which a measurement allows is referred to as precision. Accuracy corresponds to the precision of the scale of an instrument (Nayak & Singh, 2021).

Internal consistency is a metric for reliability that is tested statistically using the Cronbach Alpha. Internal consistency can be impacted by elements like question wording, respondent mood at the time of interaction with the researcher, as well as the physical environment where the field study took place (Kumar, 2018; Rinjit, 2020). Cronbach's alpha is a quantitative statistical measurement of the degree of correlation among a questionnaires items (Nayak & Singh, 2021).

The Cronbach Alpha coefficient was used to calculate the questionnaire's reliability in order to assess the data instrument's internal consistency. The researcher's survey questionnaire was designed to acquire relevant information on what constitutes a success factor for SME performance and profitability, within a performance measurement framework that measures an SMEs agility to cope with changes within the environment post COVID-19 pandemic.

4.10.1 Pilot study reliability test

The demographic profile of respondents included the following criteria: the SMEs were from the manufacturing (8), construction (3), trade (4), transport (2), finance (3), agriculture (2), and other (2) sectors. They represented a wide variance in the sector and the years of operation ranging from less than two years (4), 3-6 years (8), 7-10 years (5), to more than 11 years (7). Three respondents had a high school qualification, eight had a diploma, nine had a degree, four had a postgraduate degree, The researcher contacted various SME owners or when the owner was not available, a senior manager, to answer the questionnaire. Being an owner or senior manager, they would have a thorough understanding regarding the CSFs discussed in the study. These participants had no relation to the researcher. They were randomly contacted to assist in the completion of the questionnaire.

The reliability of the survey questionnaire used in this study was evaluated by measuring its Cronbach Alpha coefficient, which was also used to evaluate the instruments internal. Except for the demographic section, all components of the online survey were examined. The best approach to make sure an instrument is appropriate and reliable is to pilot it before using it for the main investigation. This makes it possible for the researcher to assess the quality of the instrument used to collect data for the main study. Therefore, improving and modifying the survey questionnaire as needed in light of the reliability test results was the main objective for conducting the pilot test to evaluate the research instrument's dependability.

The items measuring strategic planning for SMEs had a reliability statistic of 0.929 and a mean value of (M=55.75) with a standard deviation of (SD=5.944). Additionally, an analysis of variance (ANOVA) test with F = 3.469 and P = 0.001 showed that the

instrument's internal consistency was good suggesting that the instrument was valid and reliable. As a result, reliable variance may explain 92.9% of the variation in scores. The instruments Cronbach alpha coefficient was more than 0.5 (50%). According to Cronbach (1947, 1951) recommendations, this indicates that the instrument was valid and reliable of the results. For a detailed representation of the analysis, refer to Table 22 below.

Table 22 Reliability test - strategic planning in SMEs

Items	Mean	Standard Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SP1. Establishing a vision for the SME taking COVID-19 into consideration	4.63	.770	.558	.929
SP2. Creating the mission statement and linking it to the vision	4.75	.532	.770	.921
SP3. Creating business objectives	4.67	.565	.857	.917
SP4. Creating plans to accomplish the objectives	4.71	.550	.842	.918
SP5. Examining the outside world, including technology, economy, politics, technology, competition, and legislation	4.42	1.060	.430	.945
SP6. Examining internal factors including resources, human resources, finances, corporate culture, and marketing	4.71	.550	.811	.919
SP7. Determining the priorities for the SME	4.63	.711	.725	.921
SP8. Designing a strategic plan (e.g., growth, cost, product strategy)	4.75	.532	.834	.919
SP9. Implementing a strategic plan	4.71	.550	.826	.919
SP10. Having enough resources to carry out the strategic plan	4.46	.721	.651	.925
SP11. Monitoring outcomes and progress of the strategic plan	4.67	.565	.841	.918
SP12. Revised strategic planning strategies are required since the COVID-19 pandemic.	4.67	.637	.720	.922

Source: Author's compilation (2024)

Table 22 shows the results of the reliability test for the items measuring financial planning of SMEs. A reliability statistic of 0.974 was found, with a total mean of 87.71 and a standard deviation of 16.158. The ANOVA test, with F = 1.125 and P = 0.320, did not support the internal consistency of the instrument indicating that the pilot study's instrument may not be totally valid and reliable. However, this does not negate that 80.2% of the variance in the scores that can be considered reliable variance.

Table 23 Reliability test - SMEs financial planning

Items	Mean	Standard Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
FP1. Evaluation of liquidity: current ratio	4.21	.884	.791	.973
FP2. Evaluation of liquidity: debt to sales ratio	4.17	.917	.803	.973
FP3. Evaluation of liquidity: inventory to cost of sales ratio	4.13	.992	.870	.972
FP4. Evaluation of liquidity: creditors to purchases ratio	4.08	.974	.841	.972
FP5. Evaluation of liquidity: debt to equity ratio	4.08	.974	.841	.972
FP6. Evaluation of profitability: Profit before and after tax	4.21	.977	.783	.973
FP7. Evaluation of profitability: profit to capital employed ratio	4.13	.992	.839	.972
FP8. Evaluation of profitability: Net operating cash flow to current liabilities	4.21	.884	.926	.972
FP9. Evaluation of profitability: Net operating cash flow to sales	4.25	.847	.929	.972
FP10. Implement strategies for increasing revenue growth	4.33	.868	.848	.972
FP11. Applying cost cutting measures for controlling expenses	4.46	.721	.778	.973
FP12. Applying cost cutting measures for controlling purchasing and inventory	4.29	.908	.766	.973
FP13. Negotiating discounts for prompt payments to suppliers	4.17	.917	.819	.973
FP14. Providing incentives for prompt payments from customers	4.04	1.042	.725	.974
FP15. Having access to initial financing (start-up money for starting operations)	4.17	1.007	.585	.975
FP16. Having access to current financing (enough money for short-term needs)	4.13	1.035	.767	.973
FP17. Having access to development financing (enough money for long-term growth and expansion)	4.08	1.100	.896	.972
FP18. Creating budgets to monitor and control cost	4.38	.875	.861	.972
FP9. Having an investment approach in place	4.00	1.063	.902	.972
FP20. Utilizing of 4IR Accounting software	3.96	.999	.341	.977
FP21. Revised financial planning strategies are required since the COVID-19 pandemic	4.25	.847	.821	.973

Source: Author's compilation (2024)

Reliability statistics for the items that measure the effectiveness of human resources planning (see table 24), were grounded on 0.850, with a total mean score of 26.17 and a standard deviation of 3.497. With F = 2.111 and P = 0.05, the ANOVA test also demonstrated the strong internal consistency of the pilot research instrument. This

suggests that 85.0% of the score variance was reliably accounted for the changes in the independent variable.

Table 24 Reliability test - human resources planning effectiveness

Items	Mean	Standard Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
HRP1. Hiring competent employees based on their abilities and strengths	4.54	.658	.414	.861
HRP2. Providing training on the new developments and technology	4.54	.658	.805	.799
HRP3. Involving employees in decision making processes	4.21	.779	.583	.835
HRP4. Using employee performance evaluation techniques to enhance productivity	4.42	.776	.774	.798
HRP5. Providing employees incentives / rewards as motivation for productivity	4.29	.908	.657	.823
HRP6. Revised HR planning strategies are required since the COVID-19 pandemic	4.17	.816	.617	.829

Source: Author's compilation (2024)

The reliability statistics for the items that measure operational planning effectiveness were 0.979, with 82.96 as the mean score and 17.224 as the standard deviation. Additionally, an ANOVA test indicated that the instrument used for the pilot study had reliable and valid internal consistency, with F = 3.408 and P = 0.040. It is therefore clear from this result that 97.9% of the variance in these scores was also reliable.

Table 25 Reliability test - operational planning

Items	Mean	Standard Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
OP1. Creating and using a marketing plan	4.54	.884	.904	.977
OP2. Conducting market research	4.25	1.073	.894	.977
OP3. Creating a plan to find new customers	4.50	1.022	.930	.976
OP4. Tracking customer complaints and satisfaction	4.54	1.021	.928	.977
OP5. Interacting with customers based on their needs and requirement	4.58	.881	.904	.977
OP6. Promoting services or goods through things like discounts, prizes, or specials	4.25	1.073	.768	.978
OP7. Benefiting from digital marketing tools (e.g., social media, viral and content marketing)	4.42	.974	.743	.978
OP8. Monitoring competitors' entrants/exits/performance in the industry	4.29	1.083	.843	.977

OP9. Benchmarking from competitors in the industry	4.29	1.160	.848	.977
OP10. Engaging in collaboration with competitors	4.13	1.116	.741	.978
OP11. Creating an environment to foster employee commitment	4.46	1.021	.747	.978
OP12. Motivating employees to increase commitment and productivity	4.50	1.022	.933	.976
OP13. Employing competent managers with expertise and experience	4.38	1.096	.870	.977
OP14. Implementing inventory management strategies avoid excessive/insufficient levels	4.25	1.113	.872	.977
OP15. Increasing customer retention by gaining customer loyalty and trust	4.50	1.022	.897	.977
OP16. Implementing Supplier selection and retention strategies to enhance supplier performance	4.29	1.160	.826	.978
OP17. Implementing backup electricity supplies during load-shedding	4.38	1.096	.775	.978
OP18. Implementing backup water supplies during shortages/interruptions	4.29	1.122	.769	.978
OP19. Revised operational planning strategies are required since the COVID-19 pandemic	4.13	1.262	.713	.979

Source: Author's compilation (2024)

Furthermore, the items measuring the impact of COVID-19 on SMEs had reliability statistics of 0.981, a mean score of 33.46 overall, and a standard deviation of 8.683. Additionally, an ANOVA test yielded F = 2.167 and P = 0.040, indicating a valid and trustworthy internal consistency for the pilot study's instrument. Consequently, this suggests that 98.1% of the variation in the scores may be relied upon.

Table 26 Reliability test - impact of COVID-19 on SMEs

Items	Mean	Standard Deviation	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
IC1. COVID-19 pandemic had a negative impact on the strategic planning of the SME	4.21	1.179	.923	.978
IC2. COVID-19 pandemic had a negative impact on the strategic performance of the SME	4.29	1.042	.900	.979
IC3. COVID-19 pandemic had a negative impact on the financial planning of the SME	4.29	1.160	.932	.977
IC4. COVID-19 pandemic had a negative impact on the financial performance of the SME	4.38	1.056	.903	.979
IC5. COVID-19 pandemic had a negative impact on the human resources planning of the SME	4.08	1.213	.857	.981

IC6. COVID-19 pandemic had a negative impact on the human resources performance of the SME	4.13	1.116	.940	.977
IC7. COVID-19 pandemic had a negative impact on the operational planning of the SME	4.04	1.233	.958	.976
IC8. COVID-19 pandemic had a negative impact on the operational performance of the SME	4.04	1.233	.958	.976

Source: Author's compilation (2024)

Pilot studies, also called feasibility studies, are small studies conducted before larger studies to evaluate feasibility of future larger projects (Malmqvist, Hellberg, Möllås, Rose, & Shevlin, 2019; Morin, 2013). As such, the importance of pilot studies in research cannot be overstated. In addition to identifying design issues, pilot studies can provide valuable information about feasibility, practicality, resources, time, and cost before conducting the actual research (Malmqvist et al., 2019). For this study, a total of 24 participants from different locations were recruited for the pilot study (Browne, 1995; O'Neill, 2022). Consequently, the results from the reliability statistics of the items that measures SMEs' strategic planning, financial planning, human resources planning, operational planning, and the impact of COVID-19 on SMEs indicated a high percentage of reliability. The findings show that the high-reliability coefficients for each segment are, correspondingly, 0.929, 0.974, 0.850, 0.979, and 0.981. For a detailed representation of the analysis, refer to Table 27 below.

Table 27 Reliability test of the study instrument

STRATEGIC PLANNING: RELIABILITY STATISTICS			
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items		N of Items
.929	.945		12
Scale Statistics			
Mean	Variance	Standard Deviation	N of Items
55.75	35.326	5.944	12
FINANCIAL PLANNING: RELIABILITY STATISTICS			
.974	.975		21
87.71	261.085	16.158	21
HUMAN RESOURCES PLANNING: RELIABILITY STATISTICS			
.850	.853		6
26.17	12.232	3.497	6
OPERATIONAL PLANNING: RELIABILITY STATISTICS			
.979	.980		19
82.96	296.650	17.224	19
COVID-19 IMPACT: RELIABILITY STATISTICS			

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items		N of Items
.981	.981		8
Scale Statistics			
Mean	Variance	Standard Deviation	N of Items
33.46	75.389	8.683	8

Source: Author's compilation (2024)

The researcher received an abundance of information, ideas, and feedback on the instrument's content, structure, and wording from the pilot study. The initial questionnaire was modified based on feedback. This included rewriting and rephrasing statement items, adding additional statements for the Impact of COVID-19 pandemic to achieve the intended objective, adjusting format, changing table structure, rearranging sections, and aligning with research questions. The final questionnaire, attached in ANNEXURE B was then sent to the respondents in the sample electronically via email.

4.11 Ethical considerations

All research studies should aim for minimal risk and adhere to ethical considerations. This particular study posed minimal risk for participants and employed an analytical framework based on three ethical principles (respect for persons, beneficence, and justice) outlined in the Belmont report (National Commission for the Proptection of Human Subjects of Biomedical and Behavioral Research, 1978). Respect for persons was prioritised by obtaining consent, prior to the commencement of data collection, from SMEs owners and the affiliating agencies (The Durban Chamber of Commerce, Johannesburg Chamber of Commerce, and Productivity SA Agencies) and ensuring participants had the opportunity to make their own decisions. The consent form included information on the study's purpose and objectives, participants' right to withdraw, and the maintenance of anonymity and confidentiality. Participants were not required to provide personal details, and their names were coded to maintain anonymity and confidentiality during presentation of the study's findings. The form for informed consent is included as ANNEXURE B and C.

Beneficence emphasises the importance of avoiding harm, prioritising potential benefits, and minimising any possible negative effects. In conducting this study, all stakeholders involved faced no financial, psychological, social, health, or political risks. The potential advantages of this research lie in improving the performance and sustainability of SMEs. With the results of the study, SMEs had the ability to identify crucial factors for their sustainability. Therefore, the study aimed to reduce risks and increase benefits for all the parties involved.

Being treated equitably on an individual and societal level is signified by the principle of justice (National Commission for the Proptection of Human Subjects of Biomedical and Behavioral Research, 1978). To ensure that this principle was upheld in the study, a simple random sampling approach was used to provide all members of the populations with an equal opportunity to partake. Similar ethical considerations were taken in the selection of SMEs, where only those who volunteered to participate were interviewed and there was no discrimination against those who declined to participate in the study.

Additionally, full ethical approval was granted from the University of KwaZulu-Natal before any data was collected by administering questionnaires to SMEs owners and conducting interviews with the affiliating representatives. The protocol reference number for this study was HSSREC/00005559/2023. A copy of the ethical clearance is supplied in ANNEXURE D.

4.12 Time horizon

Cross-sectional field surveys measure independent and dependent factors at the same time (e.g., use a single questionnaire/interview), whereas longitudinal field surveys measure dependent variables later than independent variables (Nayak & Singh, 2021). The research study was cross-sectional in that data on SMEs' perceptions and implementation of critical success factors was gathered all at once rather than over a lengthy period of time.

4.13 Inclusion and exclusion selection criteria.

Inclusion:

Businesses with less than 250 employees are classified as Small, Medium and Micro Enterprises by the South African Department of Trade, Industry.

The respondents had to be an SME owner or a senior manager/representative from the SME.

The geographical location of SMEs was limited to those operating within South Africa.

The SMEs eligible were those that are current members of the DCCI, JCCI, CSE, or Productivity SA agencies.

The study only included SMEs whose owners or senior managers gave their informed agreement to take part in surveys or interviews.

Exclusion:

Large Enterprises with more than 250 employees or those with higher turnover thresholds were not included.

SMEs that are not registered members of the DCCI, JCCI, Productivity SA, or CSE agencies were not included.

SMEs that did not fully complete the data instrument with all the information required for the study were excluded.

The study sample did not include any SME whose owner or senior manager refused to take part in questionnaires or interviews.

4.14 Chapter summary

In this chapter, a detailed explanation of the research methodology, paradigm, approach as well as the instruments used to carry out this study was provided. The chapter covered various aspects such as the research design, target population and sample size, the method and tool employed for data collection, data analysis software and techniques conducted, and the assurance of validity and reliability. Additionally, the ethical considerations that this study was bound by were highlighted. The time horizon and the inclusion and exclusion criteria were also indicated. In the following

chapter, the focus shifts to the analysis and interpretation of the qualitative data and thereafter the analysis of the quantitative data.

CHAPTER 5 - ANALYSIS AND INTERPRETATION OF QUALITATIVE DATA

5.1 Overview of the analysis of qualitative data

The study employed a mixed method approach and was divided into two stages – a qualitative stage and a quantitative stage. This entailed the blending of quantitative and qualitative methods, and philosophical presumptions. In addition to collecting and analysing both sets of data, this approach involved utilising both types of research design to improve the study. This chapter presents an analysis of the collected qualitative data along with a discussion of the conclusions drawn. The goal of the qualitative research design was to investigate how COVID-19 affected SME performance and what success elements were crucial for SME performance. The interviews with SMEs' owners served as the primary information source. To validate the inferences made from the qualitative data, the preceding chapter evaluated the quantitative statistics obtained from the survey. The data from the statistical analyses validated the study's inductive and qualitative analytical approach.

5.2 Process of Qualitative Data Collection

The method employed to gather qualitative data was hybrid. A total of six small-business owners consented to participate in semi-structured interviews for the study. Interviews were performed online via Ms Teams/Zoom as well as in-person. Using a convenience sample technique, the SME owners from the manufacturing, retail, construction, and service sectors were asked to indicate whether they preferred an online or in-person interview, as well as their preferred time and date for the interview. Three of the interviews were conducted in person, and the remaining three were conducted virtually over Ms Teams/Zoom. The interviews lasted between twenty and thirty minutes. Before commencing with the interview, the researcher requested consent from the participants to record the interview. The participants were then assured that their identities and their business’s identities would be kept confidential during the study and that their names would be encoded. After the interviews were

conducted and recorded successfully, the next phase analysed and interpreted the qualitative findings.

5.3 Definitions of Qualitative Data Analysis Techniques

The analysis of the qualitative data required the application of several approaches. To promote simple interpretation of the data and enable a deeper understanding, the methods used to analyse the data for this study, which was conducted using NVivo software version 14, are listed below with a brief explanation. Qualitative data can be presented in a variety of ways. The identification of themes and sub-themes resulted from the application of diverse techniques.

5.3.1 Word Clouds

One method that is frequently used to display text data graphically is the creation of word clouds. In a word cloud analysis, a word's frequency is used to create a visual representation of the word. With this method, the more times a word appears in the text under analysis, the bigger the image of the word gets (DeNoyelles & Reyes-Foster, 2015; Khrais, 2020).

Figure 15 illustrates the word cloud for all study interview data.

Figure 15: Word cloud for all study interview data

Source: Author's compilation (2024)

A visual, graphical representation of text data is provided by a word cloud diagram. The above figure illustrates the importance of key terms that SME owners regularly

used to discuss the influence of COVID-19 pandemic on SME performance in South Africa as well as the crucial success factors for SME performance.

5.3.2 Tree–maps

Tree maps show the data frequently used according to block size. Consequently, the most frequently used phrases are represented by the larger blocks. The entire map offers a thorough understanding of how the data is arranged in relation to reference size (Scheibel, Trapp, Limberger, & Döllner, 2020). Since tree maps are efficient and scalable, all empty space is eliminated, and spaces are used to their fullest when displaying one. Data can be presented in a categorised manner, highlighting its enormous value in a variety of sectors (Long, Hui, Fook, & Zainon, 2017).

Figure 16 illustrates a tree map for all study interview data.

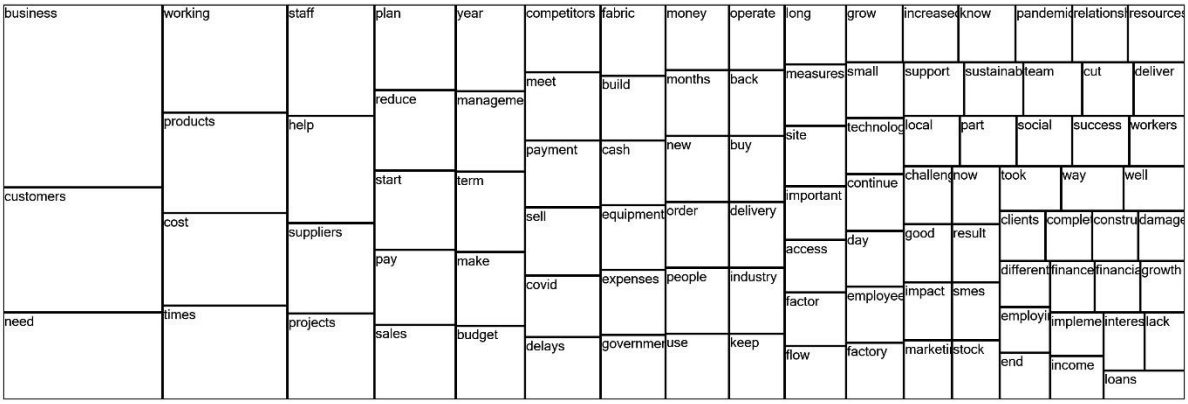


Figure 16: Tree map for all study interview data

Source: Author's compilation (2024)

The Tree map diagram was derived from the tree-map analysis of all the data. The words that SME owners most frequently used are depicted in the larger blocks of the diagram above.

5.3.3 Cluster analysis.

Cluster analysis makes use of bubble diagrams. In these diagrams, the data (key words) are represented as "bubbles". There are more mentions or references to key words with larger the bubble sizes. Furthermore, the proximity of the bubbles suggest a relationship between the terms (Williams, 2020). Figure 17 illustrates a cluster analysis for all study interview data.

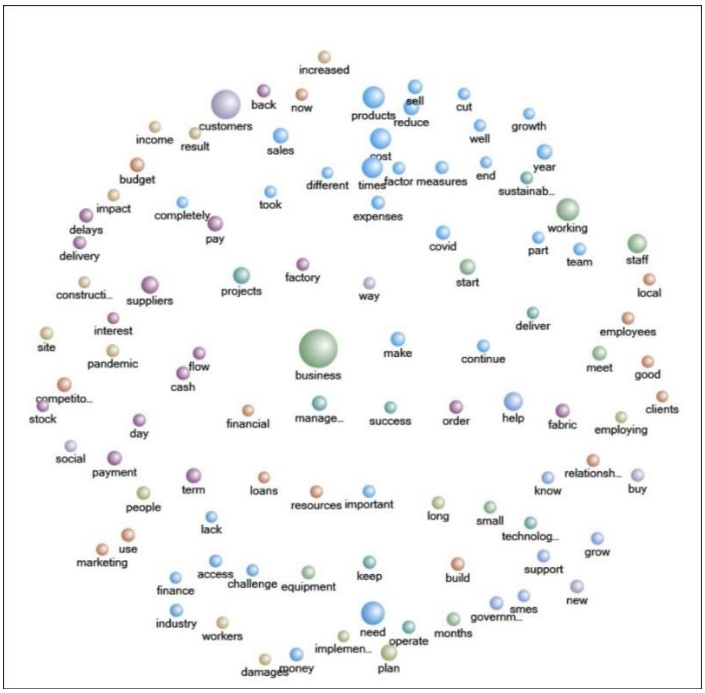


Figure 17: Cluster analysis for all study interview data

Source: Author's compilation (2024)

The cluster analysis diagram that was produced from all of the data shows the key terms that the SME owners utilised. Relationships between phrases or words are indicated by the bubbles' proximity.

5.3.4 Hierarchy charts

In a hierarchy chart, the concentration of responses in a particular area are represented by the node's size. Consequently, the larger the node, the more

voluminous or concentrated the replies are in that particular area (AL-Dosari, Fetais, & Kucukvar, 2024). Figure 18 illustrates the hierarchy chart for all study interview data.

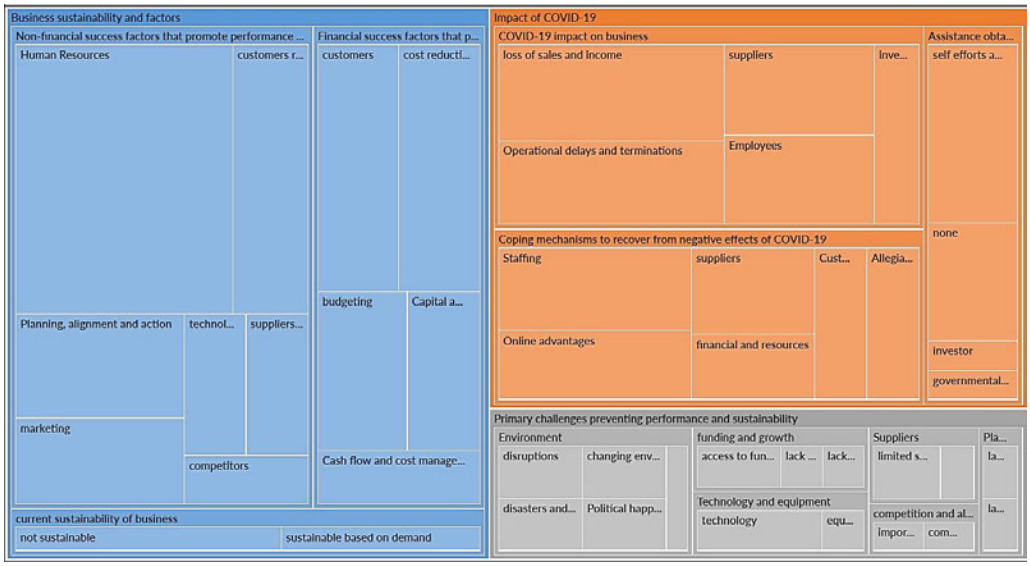


Figure 18: Hierarchy chart for all study interview data

Source: Author's compilation (2024)

The hierarchy chart analysis diagram derived from all the data demonstrates the concentration of responses in different areas. In this study, the hierarchy chart reflects the concentration of responses for the critical success factors for SME performance and the impact of COVID-19 on SME performance.

5.3.5 Word trees

Important terms are displayed in word trees together with the words or phrases to which they are related. This enables one to observe the connections between these terms and other terms, phrases, and points of view (AL-Dosari et al., 2024).

Figure 19 illustrates a word tree for the word "customer".

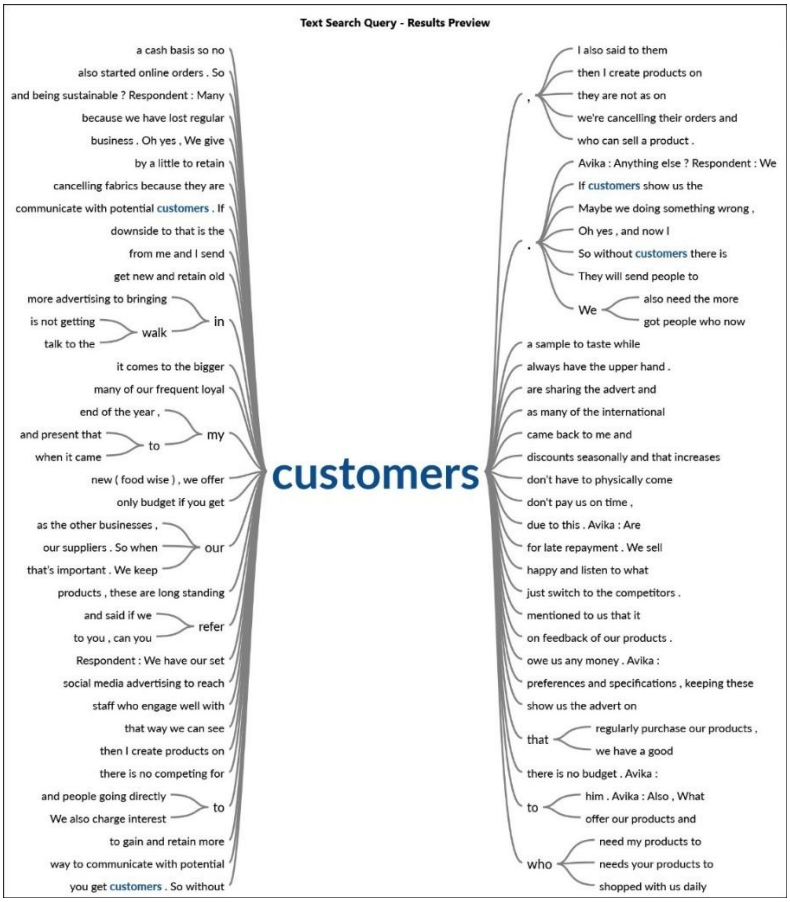


Figure 19: Word tree - customer

Source: Author's compilation (2024)

The word tree diagram illustrates how the SME owners explored the term "customer" in their context. The illustration makes it possible to see how words relate to one another and to other words, sentences, and points of view by showing the important words or sentences that are associated with that word.

5.4 Theme presentation and analysis

Deep qualitative analysis up to level five, was conducted using NVivo on the qualitative data that was acquired for this study. Three major themes emerged from the analysis, which are as follows:

- **Business sustainability and factors,**
- **Impact of COVID-19 pandemic on SMEs, and**

- **Primary challenges preventing performance and sustainability.**

For every theme, there were several sub-themes that emerged. The demographic details of respondents are represented below.

5.5 Respondent characteristics

This section highlights the characteristics of the interview respondents. The sectors of the various SMEs interviewed is reflected on the figure below.

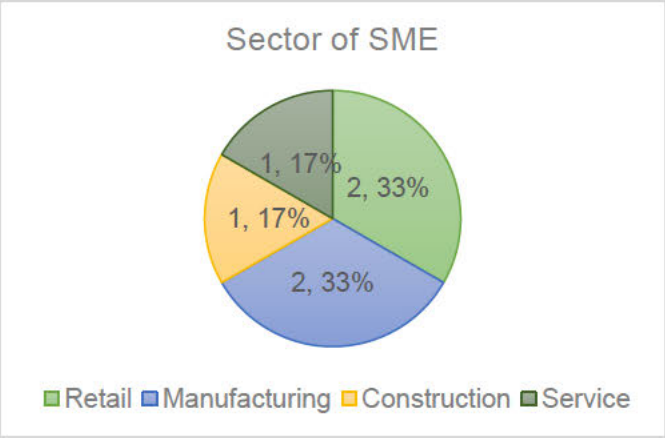


Figure 20: Sector of SME

Source: Author's compilation (2024)

There was a good distribution of key sectors including of construction, service, manufacturing, and retail sectors, represented by the SMEs that participated in the qualitative study. One respondent represented the construction sector, two respondents represented the manufacturing sector, one respondent represented the service sector, and two respondents represented the retail sector. These respondents were from the various provinces of South Africa as represented in Figure 21.

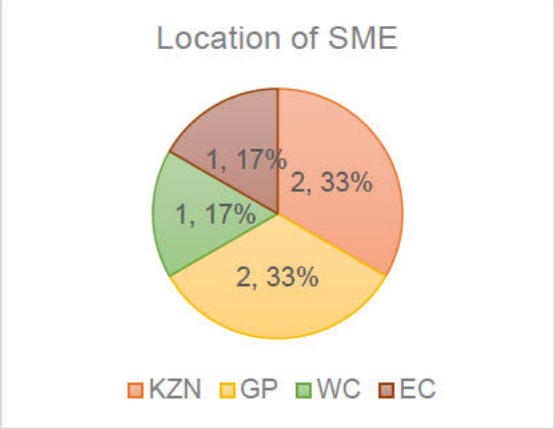


Figure 21: Location of SME

Source: Author's compilation (2024)

Two respondents were from KwaZulu-Natal, two respondents were from Gauteng province, one respondent was from Western Cape and one respondent was from the Eastern Cape. This is a good distribution of SMEs from four different provinces in South Africa. The table below summarises the characteristics of the interview respondents.

Table 28 respondent characteristics

Participant	Sector	Location	Position	Years of experience
1	Retail	Durban, KZN	SME Owner	6
2	Retail	Johannesburg, Gauteng	SME owner	10
3	Retail	Eastern Cape	SME Owner	5
4	Manufacturing	Western Cape	SME Owner	12
5	Construction Company	Johannesburg, Gauteng	Owner	8
6	Manufacturing	KwaZulu Natal	Owner	10

5.6 Theme One - Business sustainability and factors

This primary theme examined if the businesses were sustainable and the factors that influenced this. This pertained to the financial and non-financial critical success factors for SME sustainability. The breakdown of sub-themes within theme one is illustrated in Figure 22.

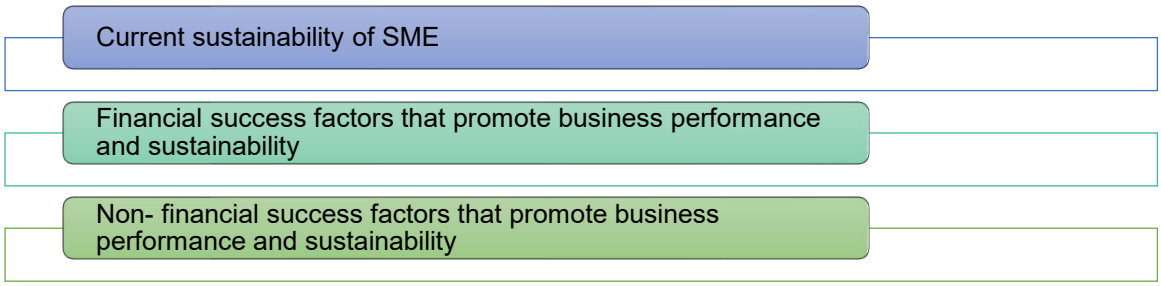


Figure 22: Theme one subtheme breakdown

Source: Author's compilation (2024)

Figure 23 illustrates the cluster analysis for theme one.

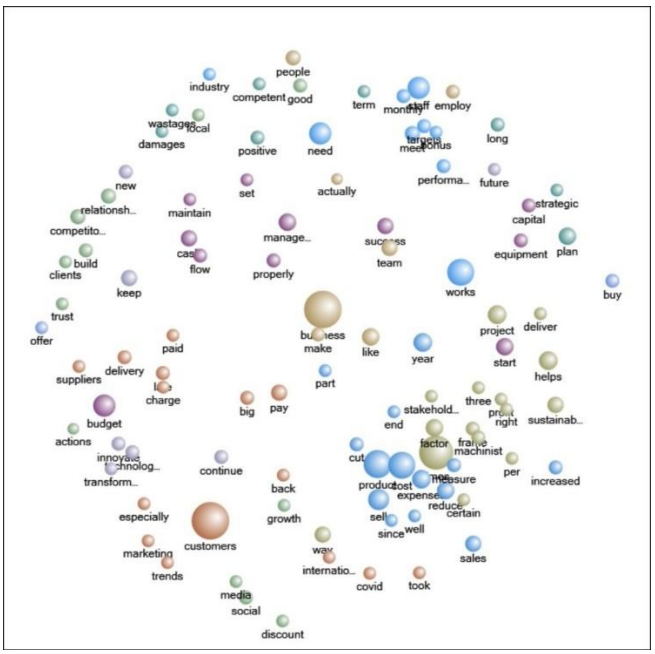


Figure 23: Cluster analysis for theme one

Source: Author's compilation (2024)

Presented in the figure 24 is the hierarchy chart for theme one as a summary of all the subthemes that were derived from the theme.

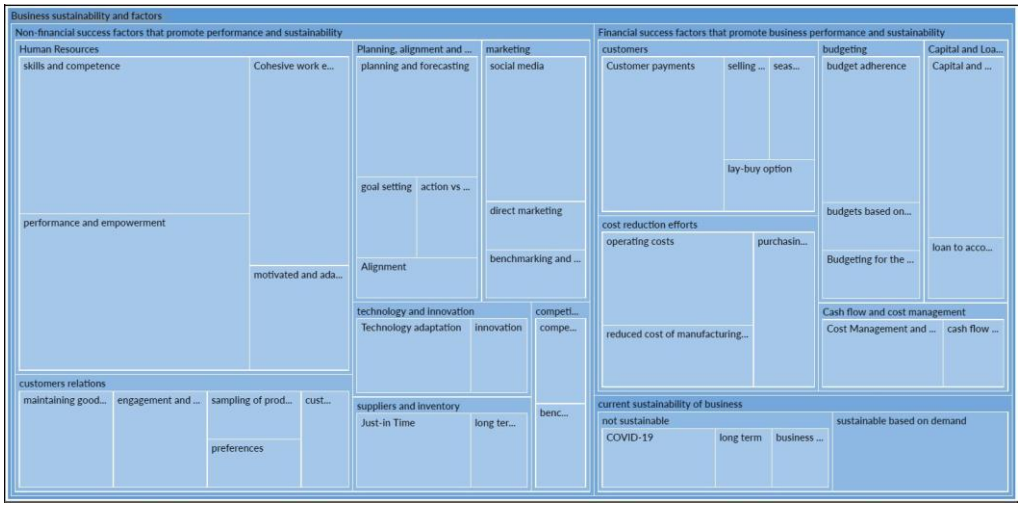


Figure 24: Hierarchy chart for theme one

Source: Author's compilation (2024)

The three main sub-themes that emerged from this theme are discussed in detail in the subsections that follow.

5.6.1 Current sustainability of business

The sub-sections below discuss the respondents' perceptions of whether or not their SME was sustainable.

5.6.1.1 **Not sustainable**

Some respondents indicated that their businesses were not sustainable due to the following reasons.

a) Business not performing, long term projections and COVID-19

For one respondent the business was not performing as well as it previously did. This reduction in performance led to the perception that the business would not be sustainable in the future.

Participant 1: Business isn't as good as we would like it to be.
Participant 3: But I don't see the business being sustainable in the future.
Participant 1: it's not sustainable.
Participant 3:Especially because of COVID-19 that took a huge knock on the environment. Especially around here.

Another respondent felt their business was not sustainable long-term and/or in the future. Additionally, a respondent emphasised that, due to the COVID-19 pandemic, they felt their SME was not sustainable as the pandemic impacted the business considerably.

5.6.1.2 **Sustainable based on demand**

Two businesses however were seen as sustainable, due to the nature of their business. There was demand for their products and/or services provided even during the pandemic.

Participant 5: We have the market here for our services. We have the demand.
Participant 4: Yes, because I'm in the fashion industry and there's always a need for clothing.

These responses imply that, having a great demand for the product offered impacts whether or not a business has long term sustainability. The finding echoes the results of a study by Chen et al. (2021) which revealed that small businesses have thrived where there is great need of and demand for their products/services which boosted their efficiency, growth, and overall business performance enhancing sustainability.

5.6.2 Financial success factors that promote business performance and sustainability

This key subtheme examined the financial critical success factors that promote business performance and sustainability.

5.6.2.1 **Budgeting**

Budgeting was a high ranked financial factor.

a) Budget adherence and budgeting for the future

Most businesses did institute a budget and tried to adhere to it. This included basic income and expense monitoring. Budgeting for operational expenses and future inflows and outflows of the business was deemed important in any business environment. This was evident from the responses below.

> *Participant 2: We just do a budget.*
>
> *Participant 3: We do the basic financial statements and budgeting processes; we budget quarterly in the year.*
>
> *Participant 4: We try to stick to our budgets and reduces expenses elsewhere if we go over budget in one department, so we balanced off.*
>
> *Participant 1: But you can only budget if you get customers. So, without customers there is no budget.*
>
> *Participant 1: And budgeting for the future can be done.*

However, one respondent felt that budgets were based on their customers. Hence without customers, there could not be a budget. Budgeting for the future was seen as a sustainability factor. This was a logical argument given that sustainability was about the future of the business. Fatoki (2014a) highlight the need for budgeting by indicating that applying financial budget limits help businesses conserve monetary resources. Another study indicated that budgeting allows SMEs to boost their profitability (Fortuna, 2021).

5.6.2.2 **Cash flow and cost management.**

Cash flow and cost management were also highly ranked financial factors. The term “cashflow is king” could not be more emphasised in this context. SMEs did express the importances of cost management and its benefit for their business. This was informed by the following.

a) Cost Management and Efficiency of Projects

Cost management efficiency was crucial to avoid losses. For some businesses, cost measurement and efficiency were done through proper project management and planning. Once a project was received, planning and execution required appropriate

leadership, workforce, and resources to ensure completion within time and budget. This was inclusive of employees and external stakeholders as well as time factors due to paying workers hourly rates.

> *Participant 5: Project performance reviews help us ensure we deliver profitable projects, from inception, by picking projects that are the right fit for our business by doing our due diligence. Once the project is awarded to us, the next step is to plan out the work to successfully complete the project on time and within budget. This means having the right leadership, workforce, and equipment available to execute the work. Failure to properly manage and deliver projects can result in losses.*

> *Participant 6: We measure our cost with a time factor so it so for a machinist to sew a product. Like we pay them per an hour or two hours or three hours. So, when we are looking at holistically in a timeline and a time frame and we have different stakeholders, we have machinist, we have a pattern maker, and we have a factory that works within that time frame. If we can start eliminating certain times within this cost factor, then we can be able to sustain more profit margin and we can reduce our expenses in that way.*

> *Participant 3: Managing business expenses is of utmost importance, we have to be in full control of all cash outflows of the business, we have to always aim to spend what we planned to spend and even better, save where we can.*

The aforementioned response concur with the study conducted by Kumar, Mangla, Kumar and Song (2021) which emphasised on the importance of cash management efficiency, good leadership, and a reliable workforce to minimise expenses, and in turn, increase profits.

b) Cash flow management.

Cash flow management was also important for sustainability. This included timely billing, receiving of payments, monitoring accounts, and managing budgets. Having a positive cash flow enabled sustainability and profitability as well as the ability to have reserves for unforeseen circumstances.

> *Participant 5: Cash flow management is critical in our business. The amount of cash coming in and going out needs to be properly managed to ensure the business's success. This means making sure we are billing for projects and getting paid in a timely manner, keeping our accounts payable and receivable in check, and properly managing our project budgets through our*

cost reporting system. Maintaining a positive cash flow allows us to pay debts and expenses, reinvest in the business, and maintain a buffer for emergencies.

Participant 2: Proper management of cash is of utmost importance in any business environment. You have to make sure the expenses are paid on time, and you are making enough money to allow for that quick payment. And always ensure that you have some extra cash left aside for the rainy day.

Prior research indicates that small businesses have come to understand the importance of cash flow to their survival. Regardless of the size of a business, sound cash management is essential to its long-term viability (Isle et al., 2018). When assessing their liquidity, it has been suggested that small enterprises exhibit greater volatility in earnings and cash flow and are less liquid than their larger competitors (Isle et al., 2018).

5.6.2.3 **Capital and loans.**

Some respondent reported that having capital was important. Accordingly, some respondents indicated that without capital, they had to rely on loans.

a) Capital and assets.

Some respondents had enough capital to start and operate successfully without requiring loans and this was a key factor in their SME's sustainability. Such access to capital allowed for the acquisition of necessary assets and equipment such as machinery and vehicles.

Participant 1: We had sufficient capital to start and run the business over the past four years so that was a success factor for us. We didn't need loans.

Participant 4: We had access to startup capital to start the business so that helped setting up the equipment etc.

Participant 5: Construction is a capital-intensive business, large amounts of our capital are invested in fixed assets such as large and small plant, heavy equipment and machinery, and vehicles.

Access to start-up capital and long-term capital is crucial for the initiation of the business, the everyday operational efficiency of the business and the long term planning and growth of the business. Pticar (2016) expresses that the sort of financing available in financial planning is critical because it affects a business's financial plans focus. Mabhungu (2017) concur with the respondents above by indicating that having sufficient capital available in the business improves the enterprises operational efficiency, success, and survival.

b) Loan to boost sales.

However, for those businesses that did not have access to capital, they had to incur loans to cope with low sales income.

> *Participant 2: We have loan which we took when we opened the business that helps with the expenses. Also, this had boosted our sales due to having money to invest in marketing.*
>
> *Participant 6: We were forced to take out a loan in my personal capacity just to keep the business operating*

In the unfortunate circumstance that businesses do not possess the additional funds, as most businesses in South Africa face, securing funding or a loan is necessary to operate the business efficiently. Asikhia et al. (2020) discovered that the main obstacle impeding the performance of SMEs is finance availability. Having access to credit funds did have a significant positive impact on the sales of the SME.

5.6.2.4 **Cost reduction efforts**

There were some respondents who utilised cost reduction methods to remain sustainable.

a) Purchasing cost reduction

Efforts were made to reduce purchasing costs. This included bulk buying and purchasing slightly damaged raw materials at discounted prices. Nicastro and Carillo (2021) describe a similar tendency for cost cutting in SME that sell off slightly damaged goods or almost expired products at discounted prices as a mechanism to recover

some cost of product and to avoid wastages. This is beneficial to the buyer as well, as they are saving money rather than paying full price for the goods.

> *Participant 4: We also buy slightly damaged raw materials- fabrics, so we get them at a reduced cost.*
>
> *Participant 6: We buy in bulk, and they give us a discount.*
>
> *Participant 2: We try and negotiate discounts with our supplier if the outer packages of the non- perishables are slightly damaged and then mend the packaging before sale. We also sell the item at a reduced cost to customers, which increased sales as the item is much more expensive elsewhere. This is a cost saving and sales increasing method that worked for us over the years.*

Promotion is any activity that communicates the advantages of a product and persuades people to buy more or larger quantities of it (Hariyana et al., 2021). Previous studies elaborate that companies adjust prices and provide allowances, discounts, and special offers for early payments, bulk purchases, and purchases made outside of peak seasons (Hariyana et al., 2021).

5.6.2.5 **Operating costs**

Respondents also put measures in place to reduce operating costs. For example, one business saved on delivery expenses by purchasing from local suppliers.

> *Participant 2: We also put measures to reduce costs in the business.*
>
> *Participant 3: Umm, also, we try to minimize costs as much as possible.*
>
> *Participant 4: We support local businesses so that saves us money in terms of delivery expenses.*

Previous research highlights the importance of managing costs, indicating that it results in more efficient business operations. For instance, a failing company's cost-cutting efforts during a corporate restructuring plan may boost performance and ultimately lead to a business recovery (Mabhungu, 2017). Cost control is also viewed by Biggart et al. (2010); Mabhungu (2017) as a critical success component.

5.6.2.6 **Reduced cost of manufacturing allows cheaper price to clients.**

An interesting point was made by one respondent. They effectively reduced expenses by optimising the SME's cost model. By reducing manufacturing costs related to making the products through streamlining processes and eliminating unnecessary time, they were able to increase profit margins and reduce expenses. Hence, they made products at a lower cost while maintaining the same selling price, resulting in higher profit margins.

> *Participant 6: OK, so on my end it would be having to look at my internal team and see how we can measure their work and where we can try and remove time and add time. So let me start again. We measure our cost with a time factor so it so for a machinist to sew a product. Like we pay them per an hour or two hours or three hours. So, when we are looking at holistically in a timeline and a time frame and we have different stakeholders, we have machinist, we have a pattern maker, and we have a factory that works within that time frame. If we can start eliminating certain times within this cost factor, then we can be able to sustain more profit margin and we can reduce our expenses in that way. And then once we get that part right by reducing our expenses, when I go and I sell a product to my customer, I have already reduced my expenses, and I have also reduced wastages in the production process greatly. Where I can, I reuse materials, and indirect materials to reduce wastages. If that answers your question. So, this increases sales and profits because I cut costs and unnecessary processing, and I am reducing wastages in the process.*
>
> *Participant 4: That the business has a year and year growth since in fact since COVID my business has grown well because I supply ecommerce and ecommerce has also boomed. Sales have grown and well it grew between the end of 2020 and 2022 and then it took a big dip in 2023. But cutting the costs and changing the way we do things internally has really helped with increasing sales.*

This respondent described lean manufacturing in great detail as a mechanism to save on costs so that they could increase sales. Goshime et al. (2019) highlight the importance of lean manufacturing and its impact on customer happiness and corporate productivity. Research has shown that lean manufacturing, can be used to identify activities that provide value and those that do not. Lean manufacturing reduces non-value-adding tasks that are necessary and gets rid of non-value-adding activities that do not offer any value at all. Lean manufacturing aims to boost output and cut waste, both of which improve client satisfaction which increases sales (Goshime et al., 2019).

5.6.2.7 **Customers**

Customer were seen as a key financial factor in the following ways.

a) Customer payments

Customer payments were a key source of revenue. To ensure this, some respondents adhered to the following.

- **Cash basis, prompt payments and interest on overdue payments.**

Some respondents charge interest for late payments or offer an extended period for payment interest free if customers purchase a big order. The is further explained by Duary et al. (2022) who elaborate that deferred payment terms are a well-known and essential tactic for attracting and retaining customers. Suppliers urge stores to buy more goods in exchange for longer payment periods by offering these kinds of facilities and incentives to merchants. Moreover, interest will not accumulate to the provider during the prearranged period of late payment. However, after the allotted time period has elapsed, the supplier will charge their retailer/customers a higher interest rate. This kind of agreement, which allows for a fair payment delay, is sometimes referred to as a trade credit facility in the inventory system.

> *Participant 3: we get prompt payments from our clients; they pay on time.*
>
> *Participant 4: We also charge interest to customers for late repayment.*
>
> *Participant 6: there are delays. I think that when it comes to the bigger customers, they are not as on time as I thought they would be, especially if they're such big corporations. We normally get paid in a 60-day turnaround depending on an agreement that we give to them. But sometimes with delays, we sometimes get paid in 90 days, which really affects our business because when I do a cash flow budget, we need to pay our suppliers. So, when our customers don't pay us on time, it's a big cost factor. And I can't charge them interest for late payment because when I when I sell a product to them that is a fixed price and then obviously, I add back on that the downside to that is the customers always have the upper hand. If I am late in my delivery, they can charge me, they can penalise me like a five percent or ten percent on my late delivery. So, when I do my costings, I've always got affected these types of things in.*

Charging customers interest on their overdue accounts may prompt them to make a repayment. This can recover cash owed to the business more speedily. However sometimes this was not possible due to fixed pricing agreements with certain customers which limited the ability to implement interest charges.

- Customer services to increase sales.

Some businesses offered lay-buy options to increase sales and allowed customer flexible repayment plans.

> *Participant 6: We do lay-buy options and those increased sales.*
>
> *Participant 4: We are flexible in terms of customer re-payments, since the customer only takes delivery of the product when the item is paid in full.*

Makhitha and Mbedzi (2022) elaborate that payment choices, shop loyalty card discounts, and lay-buy arrangements are all essential elements of excellent customer service. By encouraging consumer convenience, these payment choices boost sales, attract more consumers, and enhance in-store customer service.

- **In store promotions and seasonal discounts**

Some respondents offered their customers seasonal discounts and in store promotions which led to an increase in sales.

> *Participant 2: We give customers discounts seasonally and in store promotions and that increases sales.*
>
> *Participant 4: We generally have promotions on last season's stock before we introduce the new collections.*

According to Makhitha and Mbedzi (2022), promotional components are sales strategies that encourage customers to make a purchase, such as displays and in-store advertising. Posters put up in stores are regarded as in-store advertising, even when window and in-store displays serve as visual advertisements for the goods that retailers offer. In order to draw people into stores, discounts and other sales promotions are used which then help retailers increase sales (Makhitha & Mbedzi, 2022).

- **Re-use and selling of by-products.**

Some businesses also sell by-products such as off-cut fabrics, to limit waste and can bring in added income.

> *Participant 6: We try to firstly reuse the by-products and if we can't then we sell off-cut fabrics to the informal traders so that brings in more income, there are no wastages.*

Mozumder, Uddin, Schneider, Raiyan, Trisha, Tahsin and Newase (2022) concur with the above respondent by indicating that underutilizing by-products could lead to increased disposal costs and decreased profitability. Therefore, using by-products could help produce products that have a high value, increasing sales revenue and promoting economic growth (Mozumder et al., 2022).

5.6.2.8 **Suppliers**

a) Long term relationship and repayment agreements

Building a long-term relationship with a supplier was helpful in ensuring consistent supply of products and promoting trust. These relationships led to creating repayment agreements for flexible payment.

> *Participant 1: We have suppliers which we use for years so we built the relationship and trust with them, and we can rely on their delivery of products timeously. We have also agreed on credit repayment plans which allows us additional time to repay our suppliers when sales are slow.*
>
> *Participant 2: In business, you got to make sure you have good business relationships with your suppliers, so they are more lenient on payment when cash isn't always available timeously*
>
> *Participant 5: Our suppliers are so understanding and accommodate payments a few days late. It all about giving your word and sticking to it. These builds trust between your suppliers and you.*

Ramukumba (2014) highlights the benefits of good relationships with suppliers by stating that because SMEs cannot easily get funds from banks, they must develop strong relationships with their suppliers in order to obtain purchases on credit and negotiate favourable credit agreement conditions for flexible repayment (Ramukumba, 2014).

The above findings highlight the financial planning success factors that promote business performance and sustainability. These findings are also closely aligned with the theory blend of the study. The RBV theory emphasises that a business's internal resources in terms of their capabilities, including drawing up budgets regularly for decision making, proper management of cash inflows and outflows, and management of costs and cost reduction is linked to sustained competitive advantage enabling business success (Khoza et al., 2017). The stakeholder theory emphasises that maintaining good relationships with key stakeholders such as customers and suppliers including attracting and retaining customers by offering discounts and retaining suppliers by honouring their repayment terms and conditions enhances business operating efficiency (Ehalaiye et al., 2025). The financial perspective of the BSC model is also aligned to the factors, such as cost reduction efforts, enhanced access to funding, and promotions and discounts to increase sales, which were identified in the research as strategies to enhance profitability and improved cash flow in the business (Dudic et al., 2020).

5.6.3 Non-financial success factors that promote performance and sustainability

Results show an increasing focus on non-financial success factors which promote performance and sustainability. These are outlined below.

5.6.3.1 **Recruitment based on skills and competence.**

Recruitment factors were the most highly ranked non-financial factors. Having the right skills and competence levels impact business sustainability.

a) Qualification competence and experience

Two business focused on qualifications and experience in the field in order to ensure that the right skills were recruited.

> *Participant 3: The candidates need to have relevant qualification and have experience in the field.*
>
> *Participant 4: We hire people with experience in the industry.*

Participant 1: We can't afford wastages in our products and damages to the equipment if handled by incompetent workers.

Participant 6: We need competent people working on our garments to avoid damages and wastages.

Participant 5: We ensure long-term sustainability, by employing competent individuals in management positions who know what they are doing, which enables us to deliver quality work which helps us to keep a positive cash flow.

Having the right skills also ensured that there was minimal damage to equipment and material caused by improper use. This saved on operating costs. Staff must also be quality driven as this can drive a positive cashflow through quality work. Literature corroborates the respondents' assertions that having qualified, skilled and motivated employees through effective HRM can give SMEs a competitive edge and positively impact overall performance (Adam, 2020; Schenk, 2017). This entails sourcing an individual with the necessary abilities, skills, and experience to achieve an SME's objectives (Schenk, 2017).

b) Good engagement skills

Respondents highlighted that staff must have good customer engagement skills which can attract and retain customers.

Participant 2: We hire staff who engage well with customers, who are friendly, customer focused and can sell a product.

Participant 3: We need people that can engage with customers, communication is key in our environment. So, staff have to come out of their shell to main sure they attract customers, assist them with products and make sales.

Makhitha and Mbedzi (2022) similarly highlight that customer service elements, such as courteous and informed salespeople, have a significant influence on the complete buying experience. The importance of sales assistants was also underlined by the author, who noted that the most crucial component of their job is their friendliness, which affects customers' decisions in stores. When assisting with sales or when customers are inside a business, all employees must be helpful and friendly (Makhitha & Mbedzi, 2022).

c) Training and probation

Some staff are kept on probation to ascertain if they are capable and competent. Staff are also sent for trainings to stay up to date with developments in the field.

> *Participant 3: Also, all new staff have to firstly go for training and then a three-month probation period where we see if they competent for the position.*
>
> *Participant 4: We are always sending our staff for trainings and courses to be up to date with the new developments in the sector.*
>
> *Participant 5: We always ensure that all employees are fully trained to stay abreast with the new technological developments. During covid-19, whilst they were working from home, I ensured they underwent training to cope in these stressful times. They also did online trainings which I regularly monitored progress.*
>
> *Participant 1: Training is compulsory for all new employees. They need to understand the business operations and become proficient with the operating system we use.*

This practice is supported by Jaworski et al. (2018) who state that it is critical to begin evaluating and reiterating newly acquired skills after training. Employees are required to go through training and orientation upon employment. Employees are automatically accessed to determine their level of aptitude for their current employment after a ninety-day probationary period (Jaworski et al., 2018). To retain high-quality employees, training and development are vital as they foster loyalty. Such training can also enhance job performance, equip employees with new skills and improve their self-management abilities (Aguinis & Kraiger, 2009).

5.6.3.2 Cohesive work environment

Creating a cohesive work environment can promote employee motivation and productivity which can impact sustainability.

a) Employee inclusion, teamwork, and collaboration

Respondents emphasised that employees were included in decision-making which promoted inclusion and gaining of their knowledge in business plans.

Participant 3: We also value our employees' opinions, and they get involved in the plans and decisions we make in the business. We do regular team building to uplift staff spirits.

Participant 4: We encourage teamwork, in our industry, we can't work in isolation. From one station, the garment is then passed on to the next station, so there is constant collaboration.

Participant 6: Also, breakfast is provided every Friday morning as staff socials.

Participant 2: We have a short informal team meeting every morning before we start work. This is more a motivational talk, builds momentum to start the day. Employees is also free to express their concerns and make suggestion on business operational needs. Also, getting them involved in making decisions on business operations make them feel more valued.

Collaboration and teamwork are crucial in some businesses, especially when the product must go from one section to the next. Staff socials such as weekly breakfasts served to build cohesion. Shore et al. (2018) emphasise the value of incorporating employees in decision-making indicating that this endows them with power and can contribute greatly to the overall success of SMEs. Additionally, employee inclusion in decision-making fosters a sense of encouragement among them, directly leading to an increase in their productivity (Shore et al., 2018). Thus, permitting employee involvement can generate positive outcomes, enhancing employees' performance management (Asokk et al., 2021).

5.6.3.3 **Performance and empowerment**

It was important to promote staff performance and empower them to perform. Staff performance can promote business performance.

a) Performance driven and rewards.

At some businesses, staff were rated based on their performance and achievement of targets. They were provided with a bonus incentive for achieving good performance.

Participant 2: We give them a Christmas bonus for good performance so they know they must work consistently.

Participant 3: We work on a performance evaluation system and rate staff performance, and they get a bonus based on that. We also give staff reward vouchers at year end.

Participant 6: We have team meetings and staff need to explain why they didn't meet targets for the week. And they need to work together to meet targets.

Participant 4: Our staff work on an output basis, so if they meet the monthly targets, they get a production bonus. That's an incentive to meet targets monthly.

Research done by Caza et al. (2015) emphasise that employers are starting to offer completely personalised rewards by allowing workers to choose the type and quantity of benefits they receive. The specifics of the incentive choice vary from simple choices such as picking a package from a list to situations where an employee's whole benefits package is customised. Caza et al. (2015) further elaborate that some companies only give out awards that their employees truly earn by meeting targets in order to cut costs and simultaneously improve conduct, morale, and productivity in the workplace.

b) Restructuring

Some of the SMEs had to restructure to survive. They focused on streamlining using a lean staff model assigning clear responsibilities to each staff member. In addition, remote work allowed for the administrative team to manage key aspects of the business effectively, leading to improved efficiency and productivity.

Participant 6: so, I really did get some big wins in this last couple of years because uh, we have defined our business model, and we realise that we do not need a lot of staff to make our small business a success. And so, we cut down on people we employ, and we have given more defined tasks to each person in our team and with the remote working, our team has actually managed to like the administrative part of our team, actually managed the physical aspect of our business.

Participant 5: We did some major re-organisation in the business to maintain business continuity.

The global economic crisis has forced far too many organisations to rearrange their corporate settings in an attempt to survive and get over their financial challenges (Chaddha, 2016). In recent times, a lot of companies started to restructure their operational structures in an attempt to become more profitable, successful, and efficient. One common management strategy for restructuring is downsizing (Chaddha, 2016).

c) Local employment

Some businesses employed local people which also served to uplift the community.

> *Participant 4: We employ local people, so we help with the unemployment rate in the community.*
>
> *Participant 3: We seek to always employ locals in the area to help the economy grow, we also make sure we give them the necessary training needed.*

Bartik (2020) highlight the benefits of local job creation for increasing employment rates and the local economy. Higher employment rates bring financial advantages for the society as well as social benefits that go beyond simply providing employment to people, like less crime and benefits for family members (Bartik, 2020).

5.6.3.4 **Motivated and adaptable**

Some of the businesses also tried to recruit staff that were motivated and adaptable to the work environment.

a) Motivated, driven, and adaptable to the environment

Employers recruited employees who were eager and motivated to learn.

> *Participant 2: With regards to HR, we seek to employ young motivated willing to learn individuals.*
>
> *Participant 3: Staff must be able to fit into the hybrid working environment and maintain that work life balance.*
>
> *Participant 6: When recruiting employees, look for staff that can easily adapt to our working environment, they are flexible, willing to be trained and adapt to new ways of doing things*

They must also be adaptable to an ever-changing environment inclusive of hybrid working. Setiyani et al. (2019) emphasise that in order to increase efficiency within their workforces, organisations also need to evaluate how to locate and retain top millennial personnel carefully, given the rapid advancement of technology. Businesses will become more competitive in the highly competitive business world as a result of this productivity growth. Furthermore, Setiyani et al. (2019) asserts that flexible work environments are believed to provide a number of benefits to employees.

5.6.3.5 **Customers relations**

Customer relations were seen as another very strong non-financial factor. This was a logical argument as customer relations were important to attract and retain a customer base.

a) Engagement, feedback, and maintaining good relations.

Customers were asked for feedback on products sold which served as informative for the businesses. Furthermore, engaging with customers to establish their wants and needs was seen as crucial.

> *Participant 2: We talk to the walk-in customers on feedback of our products.*
>
> *Participant 4: We keep our customers happy and listen to what their requirements are and provide them with exactly what they need.*
>
> *Participant 6: I create products on customers preferences and specifications, keeping these latest trends in mind.*
>
> *Participant 3: We have good relationships with our clients.*
>
> *Participant 1: We have our set customers that regularly purchase our products, these are long standing customers that we have a good relationship with and that's important.*

In addition, maintaining good relationships was equally important for existing customers. Long-standing customers proved to have loyalty to the business and brand. According to Mostafa and Kasamani (2021), when customers have a great shopping experience, their loyalty rises and they are more inclined to make repeat purchases. For the majority of buyers, positive experiences encountered during the shopping process have an impact. Moreover, past studies have argued that personalised service from front-of-house personnel is crucial to the client's happiness. Customers are more inclined to repurchase the product, refer it to others, and not purchase from rival companies as a result, increasing brand loyalty (Mostafa & Kasamani, 2021).

b) Customer focus over competitors

An interesting point was made by one respondent who indicated that instead of focusing on competitors, they rather focused on customers. The rationale for this was that if customers were happy then they would not approach competitors for the same product/s.

> *Participant 6: It's funny that most I'm sure most businesses look at their competitors, but I really don't because I feel like my biggest part of my business is having to build a relationship with my customer, that trust and that relationship that I build with them is the only thing I focus on. So, I don't really worry about my competitors.*
>
> *Participant 3: My customers are my priority not what is happening in other businesses. I have confidence in my products offered and my customer base established that I don't not fear any competition.*

This stems from the same rationale made by Mostafa and Kasamani (2021) who indicate that building customer loyalty decreases the chances of customers turning to rival competitors. Ives et al. (2019) claim that being passionate and focused on their customers instead of the competitors serves as their business compass.

5.6.3.6 **Marketing**

Marketing was highly ranked as a critical success factor and informed by the following.

a) Social media

Social media marketing was inexpensive yet had the most reach. Hence incentives were also provided via social media whereby a customer could show and share and advertisement on social media and receive discounts.

> *Participant 1: We use social media.*
>
> *Participant 2: Our social media specials also spiked business during and since COVID. So that is our main way of communicating with potential customers.*
>
> *Participant 3: If customers show us the advertisement on social media, they get a special discount on certain items. In that way we can see customers are sharing the advert and they are doing the promotion for us.*

Bizhanova et al. (2019) emphasises that if most of the customer base uses social media, then so should businesses. The World Wide Web has been used to disseminate marketing messages swiftly to a large number of people through page views and advertising more effectively and quickly with minimal marketing costs benefiting countries across the world.

b) Direct marketing

However, traditional direct door-to-door and contact, in person marketing was still being used and remained effective.

> *Participant 1: We prefer going directly to customers to offer our products and services.*
>
> *Participant 4: We directly engaged with the long-standing customers to maintain business during the pandemic.*

In this digital age, it was noted that some businesses still chose to use direct marketing. It is possible that their target audiences do not use social media, or that they lack the technological ability to transition to a digital platform. It is also possible that, based on previous experience, having customers interact with the products in person was beneficial and increased sales, so the business maintains this marketing strategy.

c) Benchmarking and trends

One business had the privilege of benchmarking against international businesses and bringing trends to South Africa through international visits.

> *Participant 6: For marketing, I benchmark against the international overseas trends and in my visits overseas, I shop the latest trends and bring it back to South Africa with a marketing plan and present that to my customers, this enhanced my business.*

To maintain a sustained competitive edge, manufacturing companies need to innovate and produce products that align with performance to boost productivity and stay ahead of the competitors by aligning with the international market (Hutahayan, 2020).

5.6.3.7 **Planning, alignment, and action**

Planning was an important factor. This was complemented by alignment and action.

a) Planning and forecasting

Strategic planning and reporting were done to promote long-term success and sustainability. Forecasting and planning of activities revolved around a given period.

> *Participant 5: Strategic planning and reporting are also an important tool we implement for ensuring long-term success.*
>
> *Participant 1: So definitely a lot of strategic planning when we do forecast and everything that we do, we've got a plan in advance.*
>
> *Participant 2: We've increased on our strategic plans for like six months at a time and then we roll it out. We revise our SWOT analysis yearly.*

The component that makes all other elements of the businesses operate effectively is strategic planning (Gumel, 2019). The growth and management of SMEs depend on this element since it is essential to the management process (Wolf & Floyd, 2017). David and David (2017); Kabeyi (2019); Mhlungu (2021) indicate that to ensure SME success, implementing strategic planning within the SME environment should include setting goals, developing strategies, doing situational analyses, and completing SWOT analyses. A correlation has been found by several academics between the success of SMEs and well-defined goals (e.g., (Smith, 2020; Zwikael et al., 2014).

b) Goal setting, alignment, actions vs outcomes

Along with planning, goal setting was important in order to determine business trajectory.

> *Participant 3: Creating strategic objectives per department and for the company for the year.*
>
> *Participant 5: By aligning our actions with our core values and goals we planned, we build a strong reputation and establish trust with our clients, employees, subcontractors, suppliers, and other stakeholders, which is a key driver of our growth, it's so important.*
>
> *Participant 5: A proper execution process of the plan also is critical as it helps drive growth in our company by ensuring that the necessary actions are taken to achieve the desired results. Once executed, the following up, monitoring process is also critical to ensure we are executing the established plan.*

Aligning goals and values was seen an important so all stakeholders including staff, customers, suppliers and others can share the vision of growth and sustainability.

Apart from planning and goal settling, the actual actions were equally important to achieve outcomes and results. Some researchers have discovered a correlation between well-defined goals and SME success (e.g., Smith (2020); Zwikael et al. (2014)). Objectives, as indicated by Smith (2020), are "statements that indicate what SMEs intend to achieve". In light of this, SME objectives provide the framework and context for what they hope to accomplish in a given amount of time (i.e., their strategy). Establishing and executing well defined objectives also directly supports an SME in functioning in a way that is meaningful to owners and management, as well as providing a reference point for evaluations (Hughes, 2017). Nickols (2016) highlights that executing a business's strategy and mission by clearly articulating and expressing them, and continually enhancing lower-level planning processes that assist management, monitoring progress and outcomes, and making any necessary adjustments to achieve the strategic intent is critically important to the success of a business (Nickols, 2016).

5.6.3.8 **Competitors**

Competitors were seen as a non-financial factor which had a direct bearing on sustainability.

a) Benchmarking and competitor monitoring

One respondent benchmarked against competitors in order to keep abreast and ahead of them.

> *Participant 4: There are many local and international competitors. We try to benchmark against our competitors to stand above the rest.*
>
> *Participant 1: We do check with our competitors so that they don't offer the same products at a higher price than we do.*
>
> *Participant 3: We are always keen on the offerings of our competition in the industry. This helps us keep abreast.*

Some SMEs monitored competitors and their offerings. To achieve success and longevity in the business world, it is crucial for enterprises to manage their competitors effectively. While focusing on customers is important, giving equal attention to competitors is essential for gaining a competitive edge (Mabhungu, 2017; Oly Ndubisi

& Iftikhar, 2012). To survive in the market, enterprises should aim to offer unique and superior products compared to competitors, while also taking advantage of competitor weaknesses and gaps (Oly Ndubisi & Iftikhar, 2012; Reginald & Millicent, 2014).

5.6.3.9 **Inventory**

Supplier and stock (inventory) were non-financial factors which affected business operations.

b) Just-in Time

Some businesses utilised a just-in-time approach. This saved storage time and cost and mitigated wastage.

> *Participant 1: we always have minimal stock on hand and order more on a just in time (JIT) principle.*
>
> *Participant 6: So that means as we need, we not sitting with a lot of stock for long periods of time without sales being made.*

McCauley (2020) highlights the benefits of using the JIT system. The author emphasises that the goal is to reduce inventory levels and distribution lead times by streamlining product movement from suppliers to customers, leading to cost savings and increased efficiency for businesses. JIT was originally defined as the manufacture of goods to meet consumer demand in terms of time, quality, and quantity. This will also result in lower purchasing costs due to the reduction of surplus inventory that is likely to become obsolete and then discarded (McCauley, 2020).

5.6.3.10 **Technology and innovation**

Being in the current epoch, technology was invaluable before a number of aspects of business as well as for innovation.

a) Technology adaptation and innovation

Respondents highlighted that importance of adapting to the ongoing digital transformation and use technology strategically. Businesses that are resistant to technology and stick to traditional methods will struggle to stay afloat and to compete with those that are embracing technological transformation.

Participant 1: Innovation and adaptation to technological changes have helped our businesses to adapt quickly to digital transformation. All our finances are now done digitally.

Participant 5: Those SMEs that refuse to innovate and continue to operate the same way they always have are going to struggle to keep pace with those that embracing this technological transformation. We were fortunate to be in a position to transform.

Participant 5: Our innovation and incorporating these new accounting technologies and digital tools into our businesses have set ourselves for continued success in the future.

In line with technology, businesses positioned themselves for future sustainability through the innovation of integrating new technologies into their business operations. Small businesses can improve information flow and cut costs by implementing excellent accounting information systems (AIS), which will ultimately increase profitability (Lekhanya, 2016). Moreover, strategic utilisation of AIS can give small businesses a competitive edge and boost their performance (Lekhanya, 2016).

The above findings highlight the non-financial planning success factors, such as the strategic planning, HR planning, and operational planning, that promote business performance and sustainability. These findings are also closely aligned with the theory blend of the study. Internal resources, such as recruitment based on skills and competence and having employees with good engagement skills, are essential to promote competitive advantage based on the RBV theory (Lukovszki et al., 2021; Soomro et al., 2025). The BSC – specifically the learning and growth perspective is aligned with the identified factors such as staff training and probation period, employee inclusion and collaboration, and performance driven rewards. The BSC's – customer perspective is aligned with the identified factors of maintaining good relationships with customers to enhance retention of customers (Dudic et al., 2020; Raghavan & Srinivasan, 2016). Employee motivation is enhanced by the use of performance driven rewards, as described by the goal setting theory, to motivate employees and further enhance commitment. Setting of clear goals and proper planning in a business also enhances operations (Matsoso et al., 2021b). A business's efforts in enhancing relationships with key stakeholders, such as suppliers, customers, and employees, is a mechanism as emphasised in the stakeholder theory to enhance business success (Freudenreich et al., 2020). Benchmarking against competitors is also a strategy

aligned with the stakeholder theory to monitor the business practices of similar businesses in the same industry.

5.7 Theme Two - Impact of COVID-19 pandemic on SMEs

This primary theme examines the impact of the COVID-19 pandemic on SMEs as well as key coping mechanisms employed to deal with the impact. The following figure is a breakdown of the three subthemes aligned for this theme.

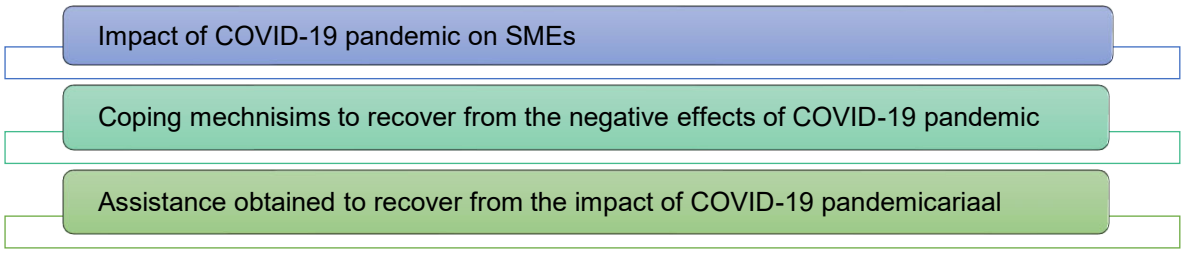


Figure 25: Breakdown of sub-themes

Source: Author's compilation (2024)

Figure 26 illustrates the hierarchy chart for theme two.

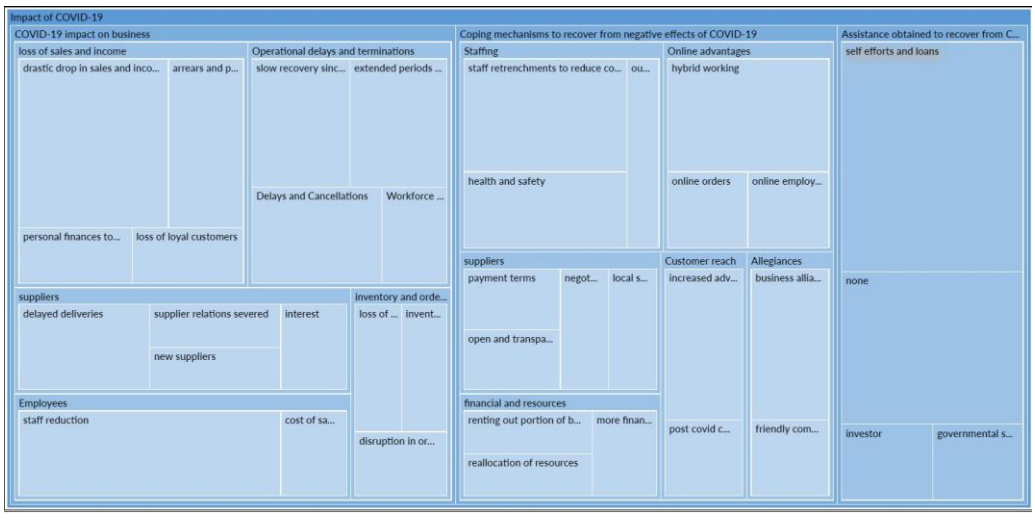


Figure 26: Hierarchy chart for theme two

Source: Author's compilation (2024)

Illustrated below is the tree map of theme two.

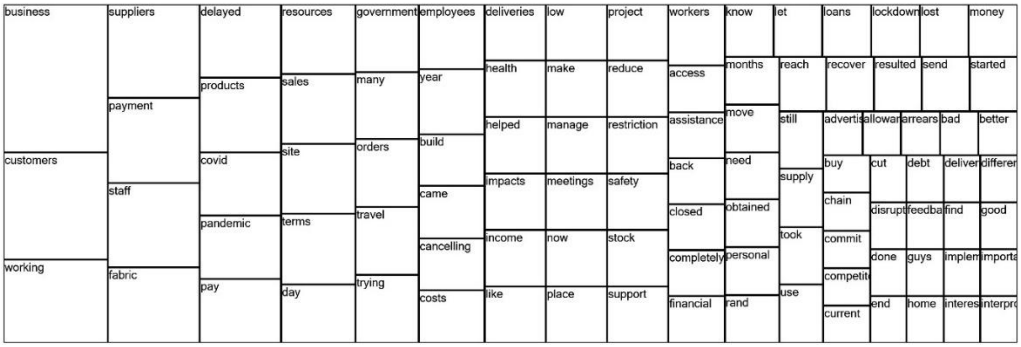


Figure 27: Tree map of theme two

Source: Author's compilation (2024)

The three main sub-themes that were informed by theme two are discussed in detail in the subsections that follow.

5.7.1 COVID-19 impact on business.

The COVID-19 pandemic was seen to have a strong negative impact on all aspects of SMEs. This was informed by the following.

5.7.1.1 **Loss of sales and income**

The loss of sales and income was seen as the highest ranked impact. This was informed by the following subthemes.

a) Drastic drop in sales and profits

The COVID-19 pandemic severely impacted sales causing a significant decline in profits. SMEs suffered as their products and/or services were not seen as essential products and/or services during the nation-wide lockdown which led to a halt of and cancellations in some operations resulting in low sales and profits.

> *Participant 1: This pandemic took our sales from completely high to completely low in 2020. At the end of 2021 to 2022, we had seen an increase in sales and profits.*

Participant 3: Business was bad, sales was low as our business wasn't seen as important while the lockdown was taking place so in the first year of COVID profits were very low. It slowly picked up in the latter years.

Participant 4: Income was very low, sales were low. We barely made any profits. Its only since 2022 we are seeing profits again.

Participant 5: The start of COVID-19 also had significant financial impacts on the business. As projects have been delayed or cancelled, we suffered from reduced cash flow and revenue impacting on our profits. As the lockdown eased and operations started again, we started to see improvements in this area.

The aforementioned responses are in alignment with the study by Shafi et al. (2020) which revealed that, in terms of profit decrease, more than two-thirds of businesses predicted that the COVID-19 pandemic would cause their profit to drop by more than 60% in 2020. The results of Nguyen (2022) , which showed the COVID-19 pandemic had a detrimental effect on the financial performance of SMEs and caused a decline in net profits in firms, further corroborate this. Bularafa and Adamu (2021) further support this finding, stating that the COVID-19 pandemic-related lockdown limitations had a detrimental impact on SMEs' financial performance. Research conducted by Daryanto et al. (2021); Rahmi and Sumirat (2021) on the impact of profitability during the pandemic further support this study's findings that profitability declined.

Respondents indicated, however, that there was a rise in sales and profits as the lockdown restrictions eased towards 2021 when many SMEs saw an increase in sales and improvements in conditions as they entered the year 2022.

b) Arrears, payment plans and personal finances for payments.

Some SMEs indicated that they were in arrears especially when it came to rent payments.

Participant 2: We were owing money for rent. We hadn't paid for three months. Before we came to some sort of payment plan.

Participant 4: We were in arrears on our rent for months.

Participant 1: We struggled to pay suppliers for the current stock we had when we closed.

Participant 6: Payments were delayed. Had to use personal finances to pay off debts.

Some SMEs owners had to rely on their personal finances to pay suppliers and other related debts as the business was not generating revenue. These responses are consistent with the findings of Akande and Afrogha (2022) who indicate that 95% of SMEs experienced some form of short-term financing difficulties during the pandemic. Among these businesses, 95% delayed payments to suppliers, 81% delayed payments to landlords, 60% delayed tax payments to authorities, and 27% had overdue obligations to financial institutions (Akande & Afrogha, 2022).

5.7.1.2 **Operational delays and terminations**

There were also operational delays as well as cancellations experienced by businesses.

a) Delays, cancellations, and extended closure

The pandemic caused delays in production which resulted in minimal to no income. The actual lockdown led to site closures causing delays in project completion. Other related project delays and cancellations were due to supply chain disruptions and government restrictions. Alsharef et al. (2021) indicated that several projects were delayed, postponed, or suspended due of the government's COVID-19 pandemic restrictions.

Participant 4: With no production being done, there was no income.

Participant 5: The most significant impacts of the pandemic on us have been project delays and cancellations. These disruptions have resulted from supply chain disruptions, workforce shortages, and government restrictions on work. As the virus spread which resulted in lockdowns which lead to site closures and causing project delays.

Participant 1: During the COVID-19 pandemic, we closed the business for 1,5 years.

Participant 4: Oh, the pandemic was so unexpected and had such a big impact on our business. We shut down. We didn't work for months.

Businesses had to be closed for extended periods due to lockdown regulations. This amounted to no income.

b) Workforce Shortage

There was also a shortage in the workforce due to travel restrictions and safety concerns.

> *Participant 5: We have struggled to find enough workers due to travel restrictions. Also, concerns about worker safety have led to a reduction in on-site staff.*
>
> *Participant 2: Some employees went home to be with their families out of fear for their lives when the lockdown started. We were short staffed. Others didn't have any means to travel to work due to the lockdown.*

Similarly, Bochtis et al. (2020) reveal that travel bans considerably reduced the available workforce during the COVID-19 pandemic.

5.7.1.3 **Inventory and orders.**

The ordering of stock and existing stock was affected adversely in the following ways.

a) Disruption in orders, inventory loss

Inventory orders were disrupted due to lockdown restrictions and some inventories were not delivered.

> *Participant 6: At the beginning of COVID in 2020 in March, all of the orders that we had in place were held back. So that was a bit worrisome.*
>
> *Participant 2: The lockdown was bad, as we lost a lot of inventory. Since our business wasn't classified as the essential, we were closed during the level five and four… our perishable stock got expired.*
>
> *Participant 3: When sales were low, a lot of our inventory were not sold by the sell by date and had to be disposed of.*

Inventory was also lost and wasted as it expired and perished during lockdown. The above findings concur with Andzenge (2022) study in which respondents reiterated the negative impact of loss and delays of inventory due to the pandemic and also emphasised the loss and wastage of the perishable inventory which went past the sell by date during the lockdown.

5.7.1.4 **Suppliers**

There were also problems pertaining to suppliers during the COVID-19 pandemic.

a) Delayed deliveries and interest

Due to the travel restrictions, non-essential supplies were not permitted into the country which in turn delayed delivery of critical stock for businesses. Businesses around the world were affected by this situation, as evidenced by research conducted in Pakistan, which found that respondents were experiencing significant delays in buying goods and services since many of their suppliers were operating at a low capacity due to the travel restrictions imposed by government (Butt, 2022).

> *Participant 2: Also, our stock deliveries were delayed with the restriction of interprovincial travel.*
>
> *Participant 4: Back then we had suppliers out of the province, so when we started working again, there was delays with delivery of our fabrics.*
>
> *Participant 4: We were owing money to suppliers and had to pay interest.*
>
> *Participant 3: We experienced challenges with the turnaround time from our suppliers.*

Due to minimal sales, some businesses were also owing on payments to suppliers and suppliers were charging interest on overdue accounts.

b) Supplier relations severed and new suppliers.

Some supplier relations were severed due to payment issues. Hence long-standing relationships collapsed.

> *Participant 2: Our suppliers kept sending reminders to make payments of our outstanding debt. We had to pay interest cos we were in arrears. We had good relations with suppliers but because of taking long to pay during COVID they no longer want to supply us.*
>
> *Participant 2: Had to find new suppliers. Also, our stock deliveries were delayed with the restriction of interprovincial travel.*
>
> *Participant 3: We were charged interest on delayed payments, since we didn't have sufficient cash inflow in the business*

Due to severed relations with existing suppliers and travel restrictions, new suppliers had to be sourced and the process of establishing new supplier relations had to restart. Late invoice payments may negatively impact SMEs. Reduced money inflows at any

time may force payee businesses to postpone payment to their own suppliers in a variety of circumstances. This has repercussions if, like their clients, these providers rely on incoming funds to cover their expenses. This form of chain reaction has the ability to disrupt the supply chain for both customers and suppliers, resulting in strained relationships between both parties (Chilwana, 2021).

5.7.1.5 **Employees**

Unfortunately, the COVID-19 pandemic also had an impact on employees.

a) Staff reduction

Staff were lost both through the pandemic as well as though staff reduction. This was due to the lack of income in the business and the inability to pay staff which forced businesses to lay-off staff.

> *Participant 1: So, we lost all our employees. No business took place during this time.*
>
> *Participant 2: We had to let go of about 20% staff. Cos we couldn't afford to pay them.*
>
> *Participant 4: With no production being done, there was no income and sadly we had to let go of many of our valuable staff.*
>
> *Participant 5: As a result of uncertainties, we were forced to reduce costs, lay off workers,*

The COVID-19 pandemic also had a significant impact on employment in SMEs as many of the firms were forced to lay-off or furlough employees in order to cut costs, and some were even forced to shut down entirely, resulting in job losses (Belas et al., 2022). Contractors and subcontractors faced cash flow issues, necessitating furloughs and layoffs to meet payroll obligations (Alsharef et al., 2021).

b) Cost of safety

There was also added expenses related to staff in terms of ensuring safety mechanisms that were mandated by law. This included PPE, sanitisers, social distancing measures and other related measures. All these added expenses put strain on businesses especially during a time of minimal income.

Participant 5: We have had to take strict measures to ensure the safety of workers on-site, such as enforcing social distancing, providing personal protective equipment (PPE), and implementing cleaning protocols. This was at an addition cost on our business.

Participant 2: We spent a lot of money on all those mandatory products required by government which was never budgeted for. New masks for employees, and sanitizers for the shop was an added expense for us.

With the pandemic, came increased expenditures for managing safety, providing pandemic-related safety training, and obtaining the necessary PPE to adequately safeguard the personnel (Alsharef et al., 2021). An analysis in the study of Sarwar et al. (2020) anticipated a 1000% rise in PPE costs compared to pre-COVID-19 levels. Compliance with government regulations led to higher expenditure by enterprises worldwide for COVID-19 PPE and customer screening methods. This was an unanticipated additional expenditure for organisations, which had few customers.

5.7.2 Coping mechanisms to recover from negative effects of COVID-19

Having established the negative effects of the COVID-19 pandemic on South African SMEs, this primary subtheme outlined the coping mechanisms employed by the SMEs to recover from negative effects of the COVID-19 pandemic.

5.7.2.1 **Financial measures and resources**

An emphasis was made on the financial measures and resources of businesses.

a) More financial management measures

For some respondents, more financial management and control, such as streamlined payment processes and monitoring and reporting on cash flow within the supply chain process, was necessary.

Participant 5: Implementing better financial management on projects to ensure timeous payments and safeguard cashflows throughout the entire construction supply chain.

Participant 6: We tried to manage our finances better since the pandemic started, we cut down many expenses, reduced many non-essential costs to save money.

Participant 3: The business had implemented better control of cash outflows. We closely monitored all payments, delaying some unnecessary payments which wasn't essential.

Kim and Mason (2020) suggest that efficient financial management, particularly managing financial operations, has helped businesses weather economic downturns. This underlines the need for good financial management in protecting enterprises against economic disruptions.

b) Renting out portion of business property

One business resorted to renting/letting out a portion of their property to bring in rental income during low sales periods.

Participant 1: We now let out part of the business premise as a rental to make some income for our repayments while we trying to pick up sales again.

Since sales were low during the pandemic, there was zero to minimal income generated in the business, the respondent opted to partition off part of the premises and rent it out to bring in some income. This helped with inflow of cash during the difficult period.

5.7.2.2 **Suppliers**

Measures were also incorporated in terms of suppliers. These included the following.

a) Negotiating

Challenges faced with cancelled orders led to renegotiations with suppliers to reduce supply. This however reinforced the commitment to supporting suppliers despite a reduced demand and maintaining good relations over time.

Participant 6: It was having to reach out to my resources that my fabric guys because they were the most important. Without fabrics, we can't make any items. It was having to chat with them, and you know being there to support them as well. Also saying if I because most of the SME's and businesses, were cancelling fabrics because they are customers, we're cancelling their orders and, on our end, we had to commit to our fabric suppliers to say OK, we might not take 50,000 Rand of what we said we were going to buy from you…. We can probably only take 25,000 Rand, so half of it. And so, in order to try and recover that 25,000 that we can't commit to you, we will try and do it later in the year.

Participant 4: We initially had to cancel orders with the suppliers, then we sat with them and negotiated reduced quantity of supplies just to maintain good relations and continue some business operations.

Negotiating with suppliers and commercial property landlords is critical to ensuring financial stability for franchisors and franchisees. Negotiations are difficult since all sides want to cut expenses or supply while keeping in some income (Bretas & Alon, 2020).

b) Open and transparent

Open and transparent communication with suppliers was key in strengthening relationships. This allowed both suppliers and customer to build a mutual understanding and to reach alternative arrangements.

Participant 6: So, it's having to have these types of meetings with our suppliers and our other resources to just give them some positive feedback which really helped build and strengthen those relationships. And then when it came to my customers, I also said to them I was very open and honest to say what we can deliver, what we can't deliver and they were also very good to me by saying can you make masks, what can you do for us to try and build it and incorporate it in this lockdown to try and promote it on their side.

Participant 2: We tried to be honest with the suppliers and told them we have not much income, there are no sales during this lockdown. We barely making any money. And some were so understanding towards us.

Entrepreneurs' rapid and inventive thinking helped them recognise and capitalise on fresh opportunities to provide products/services to customers during the pandemic (Fubah & Moos, 2022).

c) Payment terms and local suppliers

Payment terms were negotiated and extended from 60-day to 120-day terms, with certain suppliers. Whilst it was not the ideal arrangement, it still allowed for flexibility and maintained trust with suppliers.

Participant 6: Also, you know from other stakeholders or asking them to give you extended payment terms. Maybe 120-day payment terms as opposed to 60-day payment terms, and these were all on us. Meetings and plans that we had to put in place, for example, my biggest fabric supplier, uh. We move

from a 60-day payment term to 120-day payment term to and this is only because of our continuous purchases from them that they trusted us that we could do this for them, but it doesn't always work.

Participant 4: We now have local suppliers and not the out of province suppliers like we did in the past.

Some businesses had to focus on dealing with local suppliers and no longer with suppliers from other provinces to decrease delivery times and costs. Iqbal et al. (2020) highlight that when cash was tight during the COVID-19 pandemic, the most frequently requested type of assistance was low credit rates, appealing terms and conditions for small businesses, and an extended payback time.

5.7.2.3 **Staffing**

Coping mechanisms relating to staffing was another crucial measure.

a) Outsourcing delivery and online orders

Some businesses began outsourcing services such as delivery which had a positive impact on sales as customers were reluctant to come to stores.

Participant 2: We now started outsourcing delivery and that has increased business as customers received their products at the safety and comfort of their homes.

Participant 2: We also started online orders. So, customers don't have to physically come to the store.

Another SME used technology for online orders so customers could still purchase without having to worry about physically visiting the business during COVID-19. Online sales increased by 180% in a study by Fairlie and Fossen (2021) as consumers shifted away from in-store purchasing.

b) Staff retrenchments to reduce cost and sales

Unfortunately, some business had to retrench staff in order to keep sales competitive. The saving of the cost of having staff was used to negate an increase in sales prices.

Participant 3: Then after some time we went through a business reshuffle and had to retrench staff who were not meeting deadlines just to cut costs.

Participant 2: We also restructured to reduce staff.

Participant 4: Also, we had to downsize the business since we retrenched many staff. This also helped us reduce our sales prices by a little to retain customers as many of the international competitors are cheaper.

COVID-19 made it challenging for some businesses to make profits. Many businesses who paid their employees monthly before to the pandemic were unable to pay their salaries. As a result, in order to cut expenses, some businesses were forced to lay off staff (Fubah & Moos, 2022).

5.7.2.4 **Customer reach**

A strong focus was made on extending customer reach.

a) Increased advertising

More advertising was done both physical and via social media to reach out and attract customers.

Participant 1: We also doing more advertising to bringing in customers.

Participant 2: We do more social media advertising to reach customers.

In order to continue in business, some businesses had to advertise their services regularly. They used technology to communicate with and update clients on their availability for business (Fubah & Moos, 2022).

5.7.2.5 **Business alliances and friendly competition**

Some businesses enacted interesting approaches to coping. This included friendly allegiances with competitors. There was a collaborative approach among similar businesses to refer customers mutually. This reciprocal approach benefited both businesses as it expanded their customer base and fostered more business cooperation.

Participant 1: We also spoke to similar businesses in the industry who offer different products and said if we refer customers who needs your products to you, can you refer customers who need my products to me.

Participant 2: They will send people to buy from me and I send customers to him.

Participant 2: I work with the local competitors. We chose to sell different but similar products so there is no competing for customers.

Some had a friendly relationship with competitors. Whilst having slightly similar products, they did not poach each other's customers. Networking with other similar businesses might have helped businesses share ideas and grow more successfully. Despite COVID-19 challenges, some businesses relied on networking to remain operational and share clients, that is to get other businesses clients and in return, give them their clients when they were not available (Fubah & Moos, 2022).

5.7.2.6 **Online advantages**

Some business exploited technology and its advantages during the pandemic.

a) Remote and hybrid working

Working remotely was helpful in mitigating office related expenses, as well as cutting down on travel costs which were incurred by businesses.

Participant 3: the staff is still allowed to work from home. We work on a hybrid approach where we only go to the office twice a week. We also have network backups, in terms of modems for every staff member to work uninterrupted from home.

Participant 2: We have cut travel costs for those staff that get travel allowances.

Participant 5: Setting clear remote-working arrangements,

Although numerous technologies for remote working have been available for at least a decade, most organisations chose not to employ them. Regardless of management opposition, the pandemic forced a large number of organisations to adopt developing technology in order to move to remote working and skill development efforts. Responding to worldwide travel restrictions and quarantine measures, multinational firms that formerly depended on industrial-scale business travel agreed to embrace remote working.

The findings relating to the impact of the COVID-19 pandemic on SMEs, as illustrated above, are aligned with the contingency theory. This theory theorises that management styles should not have a rigid way of operating internally in the business but have to also rely on external environment factors (Abba et al., 2018; Zulu, 2024). The identified findings, such as a decrease in revenues and profits, delays in operations, and employee terminations, emphasise that businesses need to adjust and adapt their business processes to the environment and economy to enable them business continuity in uncertain times (Sharma & Rai, 2023). The major disruptions to business operations during the COVID-19 pandemic indicated that the business processes and strategies at the time were not effective in ensuring there were no disturbances during times of uncertainty. Businesses had to react in panic to ensure financial viability and business continuation during the pandemic by cutting costs, negotiating with suppliers, easing payment terms, increasing marketing, and introducing hybrid working (Childs et al., 2022).

5.7.3 Assistance obtained to recover from COVID-19 impact

This primary subtheme determined measured if any assistance was obtained to recover from the COVID-19 impact. Holistically, results imply that no assistance was obtained for most of the businesses.

5.7.3.1 **None**

Most respondents indicated that no assistance was received. Some did not receive feedback on their applications made to government for assistance.

> *Participant 1: no assistance, it's all self-assistance.*
>
> *Participant 4: we didn't obtain any assistance since COVID-19.*
>
> *Participant 6: I must say I did reach out to a government support, and they did nothing for me. You don't even get any feedback from the government. So, you know, they were talking about how they can give there was like I think R5,000,000 that was available for SMEs to do certain things.*
>
> *Participant 6: The I think it was also the SME part of the government, and they did nothing, so it's almost like as a small business we must look out for ourselves.*

Even though it was publicised on national television that there were ample

supports for small businesses through various relief funds to remain sustainable through the COVID-19 pandemic, the majority of respondents indicated that their efforts to seek assistance were in vain. They received no support from government or any other relief scheme to assist them in sustaining operations through the pandemic.

5.7.3.2 **Self-efforts**

In the absence of governmental or other assistance, most SMEs relied on their own efforts to endure the pandemic. Some relied on their own marketing strategies, which primarily involved consistently advertising themselves to customers. They also had to rebuild their businesses post-pandemic using their own existing resources. Funding was obtained through personal loans to sustain operations and manage financial needs.

> *Participant 1: Our marketing and promoting techniques.*
>
> *Participant 1: No, we haven't, we just putting ourselves out there every day basically.*
>
> *Participant 4: We just picking up the pieces and trying to build the business from the effects of the pandemic ourselves with the resources we currently have.*
>
> *Participant 5: but primarily obtained funding through own efforts or individual capacity just to keep operations running.*
>
> *Participant 6: we have to use our own resources, personal resources, taking loans and trying to manage ourselves and even trying to get loans.*
>
> *Participant 2: we now took out a second loan from the bank to help us financially.*

These findings concur with Hahn and Hossain (2021) who indicate that many Swedish businesses suffered early-stage losses and are still struggling to stay in operation. Some resorted to personal loans in a desperate attempt to save their collapsing businesses.

5.7.3.3 **Investor**

Two businesses managed to attain an investor which seemed to have assisted them during the COVID-19 pandemic when sales were low.

Participant 3: We managed to get one investor on board, so that helped us a bit.

5.7.3.4 **Governmental support for employees**

There were some instances of government support for employees only in terms of UIF and TERS.

Participant 5: Employees obtained government support, mainly through the UIF and TERS.

Participant 6: We got support from UIF to bring in some income for employees

In response to the pandemic, the South African government implemented measures to keep people in their jobs, such as paying subsidies to supplement income (Köhler & Hill, 2022). The expansion of the Unemployment Insurance Fund (UIF) to provide wage support to affected workers was initially budgeted for R40 billion, or eight percent, of the government's R500 billion fiscal package (Bhorat et al., 2020). This was done through existing benefits like sickness, reduced work time, and unemployment, as well as new schemes, such as the Temporary Employer-Employee Relief Scheme (TERS). TERS funded by the UIF, and acted as a wage subsidy designed to shield workers from layoffs by paying wages to enterprises that have closed down their businesses entirely or in part due to the pandemic (Köhler & Hill, 2022).

5.8 Theme three: Primary challenges preventing performance and sustainability.

This key theme outlined the primary challenges faced by respondents' businesses which prevented good performance and sustainability. Figure 28 illustrates the six subthemes that were derived from theme three.

Figure 28: Sub- themes derived from theme three

Source: Author's compilation (2024)

Figure 29 illustrates the word cloud related to theme three.

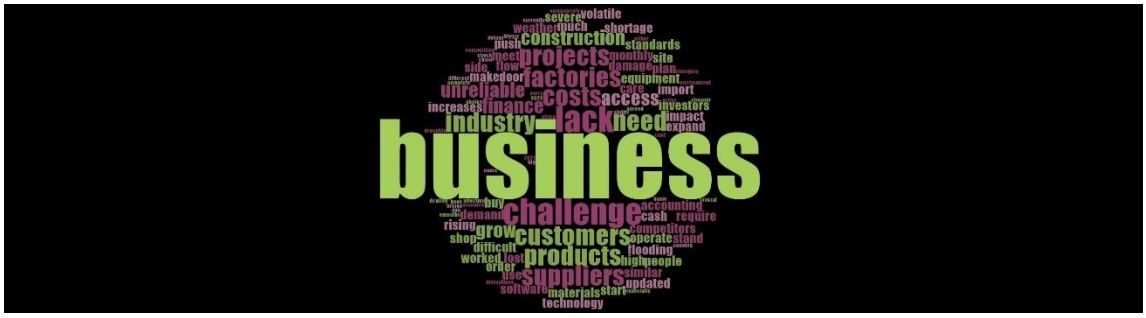


Figure 29: Word cloud for theme three

Source: Author's compilation (2024)

Illustrated below is the cluster analysis for theme three.

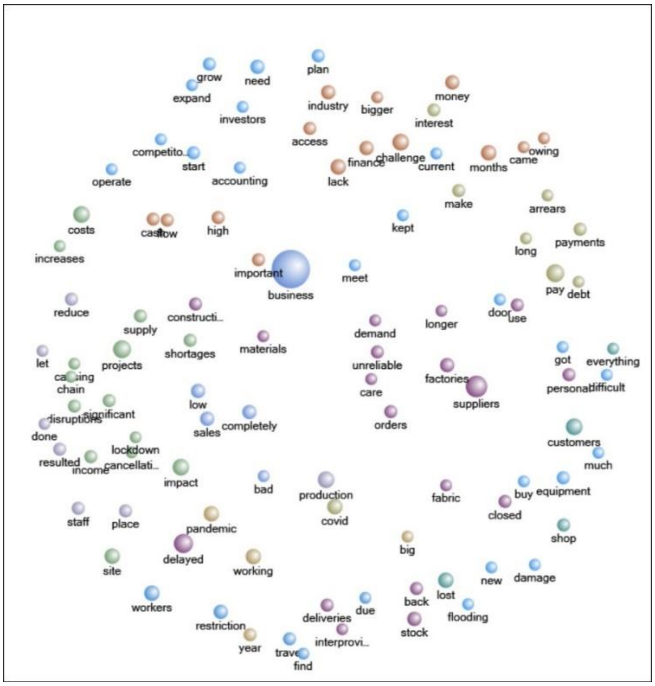


Figure 30: Cluster analysis for theme three

Source: Author's compilation (2024)

The six main sub-themes that emerged from theme three are discussed in detail in the subsections that follow.

5.8.1 Environment

The business environment was a highly ranked challenge. This entailed the following.

5.8.1.1 **Changing environment**

The environment was volatile and regularly changing and one needed to stay current and relevant in offerings. Failing to meet customer needs and other industry standards resulted in customers going to competitors instead.

> *Participant 3: Our sector is so demanding that we have to keep up with the ever-changing environment, as in, if we are not up to the same standards as the other businesses, our customers just switch to the competitors.*

> *Participant 6: They are unreliable and because our industry is so volatile, the business is so volatile.*

To survive such a volatile environment, firms need to change, and react fast in decision making (Elali, 2021). Vlikangas and Hamel (2003) so eloquently state that in turbulent times, the only dependable advantage is a superior capacity for reinventing a business model before circumstances forces one to. Competitiveness, adaptability, leadership, and proactivity distinguish successful businesses from unsuccessful ones. For this reason, a wide range of businesses must try to apply innovative methods and concepts in order to gain a competitive edge, handle new challenges, and keep up with the rapid advancements and changes taking place in the environment (Elali, 2021).

5.8.1.2 **Political happenings**

The political environment also had a direct bearing on businesses. For example, the July 2021 looting caused damage to businesses both physically and financially. Some have still not recovered fully since then.

> *Participant 2: We were also looted in July 2021 and lost everything that was in our shop.*
>
> *Participant 6: yes, the looting caused too much destruction, damage to shop fittings as well.*

Following the former President Jacob Zuma's detention, the political parties' supporters became enraged, which resulted in violence and looting in the provinces of Gauteng and KwaZulu-Natal. In these provinces, there was extensive inventory loss and company destruction. Eight percent of small firms investigated claimed to have lost everything in their business and had their properties completely destroyed, compared to 42% who said their properties had been damaged (Mundhree & Beharry-Ramraj, 2022).

5.8.1.3 **Disruptions**

There were also disruptions such as logistical disruptions which led to delayed projects. In addition, a national loadshedding problem caused electrical disruptions thereby further bringing some operations to a standstill. Since 2008, load shedding has been used by Eskom, the main energy provider in South Africa, as a result of several problems, including poor maintenance of its electricity-generating machinery

(Kusakana, 2020). Respondents have corroborated that load shedding either directly causes or prolongs delays in economic activities is concerning, as these SMEs are heavily dependent on energy for their operations. Load shedding prevented these SMEs without alternative energy sources from earning an income, since they cannot operate during the impacted hours.

> *Participant 5: Loadshedding has had a significant impact on our construction projects and the wider supply chain of construction materials, causing delays and also increasing costs.*
>
> *Participant 5: Transport and logistics disruptions brings our projects to a halt as crucial components don't arrive on site as scheduled.*
>
> *Participant 3: During loadshedding hours, it brought our business operations to a halt since we are dependent on technological devices and the internet for our operations. This impacts on us not meeting deadlines.*

As indicated in the study by Desraj (2021), South Africa's logistics sector is currently characterised by inefficiencies and poor service reliability, which are mostly brought on by underfunding of state-owned infrastructure and an unequal distribution of freight between railway and road transportation. Because of this, businesses in the logistics sector face a range of challenges, including those related to maintenance and infrastructure.

These sentiments concur with the respondents who also indicated that they experienced logistical delays. Road infrastructure's rising deterioration has led to longer driving times, more frequent vehicle maintenance, and downtime for repairs because it has become necessary to take detours and drive slower. This causes significant delays in the delivery of goods to clients.

5.8.1.4 **Labour shortages**

There were labour shortages due to the rising cost of skilled workers which led to increases in labour, and therefore operating cost.

> *Participant 5: And also, labour shortages, hiring and retaining skilled employees due to the rising costs of skilled workers. This increases our operating costs and reduces cash flow.*
>
> *Participant 6: In two years, two of my best employees resigned as they got better opportunities overseas.*

According to Bilan et al. (2020) findings, a business's ability to attract and retain talent is vital to its competitiveness. Hiring and retaining qualified employees is a difficult task for HR managers in SMEs, particularly in transition economies where talented workers are frequently "leaching out" due to labour migration. Employers experience difficulties in filling vacancies due to a lack of skilled workers and internal issues about employment attractiveness, such as remuneration and career opportunities (Bilan et al., 2020).

5.8.1.5 **Disasters and weather**

The changing weather patterns are bringing a rising occurrence of natural disasters such as severe storms and flooding. This causes damage to business property, equipment, and stock.

> *Participant 1: And then the severe floods in 2022 damaged our business property further.*
>
> *Participant 5: Unpredictable weather events in South Africa, where we experienced rising occurrences of severe storms, flooding, droughts, and other extreme weather affecting our business premise and operations.*
>
> *Participant 3: The rainstorms caused devastation in our area and our business. We incurred a lot of losses in terms of damage to equipment, inventory and shop liftings.*

The devastating floods in KwaZulu-Natal and other parts of the country in 2022 wreaked havoc on communities, killing many people and affected businesses (Mbandlwa, 2023). Businesses that supply commodities to the entire country and other countries had to bear the brunt of the floods. Enterprises halted production to address and repair extensive flood damage (Hattingh, 2022).

The respondents also concur that the changing weather patterns affected their business. This severe destructive weather affected business property, equipment and inventory which hampered business operations.

5.8.2 Funding and growth

Funding and growth remain a key challenge. This was a logical finding and was

composed of the following elements:

5.8.2.1 **Access to funding**

There was a critical needed for funding and the challenge lies in the current limited access to funding. In addition, the current high interest rates exacerbate the expense of obtaining loans and related financial assistance. The actual access to short-term cash flow to cover operating costs posed a significant challenge for some businesses.

> *Participant 2: We also need finance; we are lacking access to money.*
>
> *Participant 5: Lack of access to funding remains a challenge in our industry and especially our business. High interest rates make financing expensive. Our access to short-term cash-flow to carry costs on multiple projects for months is important, and one of the bigger challenges facing our industry.*
>
> *Participant 6: We don't have access to additional funding to assist us in business operations*

In developing countries, "SMEs' access to finance" faces several challenges, resulting in the failure of countless businesses. One of the obstacles to the survival and growth of SMEs in these countries is a lack of financing or cash (Manzoor et al., 2021).

The respondents also shared the same sentiment as access to funding remained a challenge to assist in business operations. This funding incurred high interest rates which SMEs count not afford.

5.8.2.2 **Lack of investors for growth**

There was also a lack of investors to invest in and grow SMEs.

> *Participant 3: Also, we don't have sufficient investors, we are just meeting revenue but to grow the business we are lacking investors.*

SMEs frequently lack funds and capital from investors, forcing them to concentrate on their own profitability in order to survive and grow (Min et al., 2021).

5.8.3 Suppliers

There were also various challenges experiences in terms of suppliers.

5.8.3.1 **Limited suppliers and shortages, supplier loyalty**

Due to shortages from suppliers, some businesses were not able to fulfil customer demands on time and up to quality standards. Some suppliers did not prioritise their customers' needs leading to delays and forcing businesses to consider other suppliers with lesser quality alternatives.

> *Participant 5: Also, the shortage of construction materials has an impact on our ability to meet demand and complete projects within agreed time and quality standards.*
>
> *Participant 6: I could say on this on the factory supplier side, they don't care about your business. Sometimes I have orders to push out and I don't have the suppliers readily available to take the manufacturing job, I could say on this on the factory side, they don't care about your business. You left going to suppliers who weren't your first choice, who lack modern technology who take longer to produce the order. Sometimes, unreliable machines, unreliable manpower.*
>
> *Participant 4: Dealing with many different factories and the outsourced resources pose a challenge for me. There are many similar businesses using these factories to make their products and there is no loyalty from these suppliers, a lack of empathy irrespective of your past long-standing relationship. It's like they will go with the person that pays them more and that is difficult for a small business like me.*

Some suppliers have no loyalty towards the businesses who have been their long-standing clients. They lack empathy when businesses go through difficulties and are ready to switch to other business clients who pay them more. Business suppliers frequently maintain long-term relationships with their consumers, although this is not necessarily due to genuine loyalty (Jelinek, 2021). Buyers generally follow purchase patterns. After making significant investments in the exchanges over time, they believe their relationship with their supplier is secure, so they continue with the programme. Other studies go even farther, claiming that buyer complacency may promote supplier entrenchment (Jelinek, 2014, 2021).

The same sentiments were expressed by the respondents who indicated that there was a shortage of materials to meet customers' demand. Supplier delivery was also unreliable as they were not radially available to complete the jobs to maintain operational efficiency. A lack of loyalty also posed a challenge for these businesses.

5.8.4 Competition and alternatives

As with any business environment, the competition and alternatives remained a reality.

5.8.4.1 **Competition and cheaper imports**

There seems to be competition for some businesses, and it is difficult for them to stay ahead of competitors or to stand out. A recent study discovered that it is tough for SMEs to remain competitive due to the multiple barriers they face in keeping up with their biggest competitors (Haseeb et al., 2019).

> *Participant 3: we have too much competition in the industry. It's difficult to stand out in the market.*
>
> *Participant 4: Many customers mentioned to us that it worked out cheaper for them to import the products from overseas than to buy them locally. And that's a big challenge for us because we have lost regular customers due to this.*
>
> *Participant 2: There is just too much of competition in this area. It's so hard to stay on top of them and stand out from the rest.*

In ongoing realities of cheaper imports from other countries, some customers choose cheaper, imported products to save money. The government does not do anything to protect SMEs from these cheaper imports. Haleem et al. (2019) concurred that customers are progressively purchasing globally at lower prices rather than supporting local businesses.

5.8.5 Planning and guidance

The lack of planning and proper guidance led to difficulties in navigating business trajectory.

5.8.5.1 **Lack of strategic planning**

Some businesses could not plan strategically resulting in an inability to grow. Hence more strategic planning is needed. This was also concurred by Andrews et al. (2012) shows that in the absence of a strategic plan, SME performance degrades over time. Leitner and Güldenberg (2010) also indicated that of all strategy groups, those

businesses with no coherent strategy generally attained the lowest levels of performance.

> *Participant 2: We need to start more strategizing to grow the business. We need to plan to expand. We don't do those now. We currently don't do any planning.*
>
> *Participant 3: We don't review our business plans and objectives regularly.*

According to Hauser et al. (2020), firms prioritise operations over strategic planning. A lack of strategy leads to suboptimal choices that lack consistency across planning activities. Respondents acknowledged that strategizing and planning was required in their businesses.

5.8.5.2 **Lack of guidance**

In addition, SMEs indicated that businesses need guidance and/or mentorship on key aspects of how to grow the business, identifying opportunities, and making a start in the right direction.

> *Participant 2: I need help like with mentors to guide with what steps to take to grow my business. What is the starting point for me? I see potential in my business, and I want to expand to reach all parts of SA.*
>
> *Participant 4: We don't plan because we don't know where to start or how to go about doing it. We need some guidance on how we can expand operations and become more reachable to customers to bring in more income.*

Respondents acknowledged that they require assistance and guidance to grow their business. They also indicated that didn't plan as they didn't have the knowledge to do so. Mentorship can help emerging entrepreneurs avoid costly mistakes. Empirical research by St-Jean, Tremblay, Janssen, Baronet, Loué and Nafa (2017) shows that mentoring relationships have positive cognitive and affective learning outcomes, such as improving self-efficacy, identifying opportunities, developing skills, clarifying business vision, reducing isolation and uncertainty, and creating higher objectives for struggling businesses.

5.8.6 Technology and equipment

There were also challenges related to technology and equipment that respondents identified. In current times, technology is a necessity. However, was a lack of high-level technology and latest software for some of the businesses. This was challenging as their competitors utilised technology for remote working during the pandemic. SMEs that failed to adapt to technological advancements risked losing competitiveness. SMEs recognise the importance of learning and adopting new manufacturing technologies to thrive in a globalised market but lack resources. In addition, business do not have updated financial related software as used by their competitors.

> *Participant 1: We don't have the high-tech technology and software that our competitors use who kept working remotely during the pandemic.*
>
> *Participant 2: We don't have latest updated accounting software either.*
>
> *Participant 3: We don't have the updated accounting system that many other similar businesses operate on.*
>
> *Participant 4: We have old equipment so we can't push out as much production as we would like on a monthly basis. We don't have the finance to buy this new equipment with new technology that we require.*

Having old and outdated equipment was a challenge to SMEs because their old equipment could not cope with as much production levels as newer equipment. This impacted the efficiency of their production and operations. However, newer equipment is too expensive for them to acquire. Technological innovation is getting more difficult, expensive, and risky as corporate procedures change, competition rises, and technology advances at a rapid pace. Technology is a critical resource in any business. Technology has a significant impact on long-term competitiveness and profitability. Indrawati (2020) concur that a company's success is dependent on its capacity to adapt to technological advancements. Many SMEs in South Africa, however, lack the resources to get access to any technology in the first place.

5.9 Chapter summary

This chapter described the qualitative data that was obtained from the SME owners' qualitative interviews. An inductive, theoretical thematic analysis was applied to the data and compared with earlier studies in order to validate and confirm the findings. The combination of three main themes and several sub-themes revealed the critical success factors for SMEs and the COVID-19 pandemic's effects on SMEs in South Africa. The chapter also discussed coping mechanisms and the challenges that SMEs faced. The extensive discussion of the results from the analysis of the qualitative data allowed for the investigation of several important findings. The next chapter discussed the statistical techniques employed in conjunction with quantitative procedures to measure and verify the accuracy of the rich qualitative data gathered, to corroborate its credibility.

CHAPTER 6 - ANALYSIS AND INTERPRETATION OF QUANTITATIVE DATA

6.1 Overview of the quantitative data analysis

The main objectives of the study were to identify the financial and non-financial analysis strategies that are critical success factors for SMEs' performance, examine the influence of the COVID-19 pandemic on SMEs and develop a performance measurement framework using an interactive improvement guideline flowchart to enhance SME sustainability. This chapter presents the results of the data analysis carried out on data obtained from a quantitative questionnaire. It also includes an interpretation of the data analysis. Two types of statistical analysis were performed: descriptive statistics, which summarise and describes the data, and inferential statistics, which help make inferences and draw conclusions about the population based on a sample. Conducting both types of analysis provides a comprehensive understanding of the collected data (Bougie & Sekaran, 2019; Pallant, 2020). Demographic details of the study participants were analysed using descriptive statistics in the form of tables. Inferential statistics, such as VIF, construct validity and reliability, Fornell-Larcker criteria, Heterotrait-Monotrait ratio, normality and Partial Least Squares Structural Equation Modelling, were used to analyse the scaled measurements and test the conceptual framework and hypotheses. Microsoft Excel, SPSS version 27, and SmartPLS 4.1 software were used for the analysis.

6.2 Types of data, coding of data, and response rate

Zikmund, Babin, Carr and Griffin (2013) state that nominal (descriptive) and ordinal (ranking) data are further subcategories of categorical data. Consequently, nominal, and ordinal scales were used to measure categorical data. The nominal scales measured characteristics of the respondent and the SMEs. The ordinal scales measured their level of agreement with the various financial and non-financial planning strategies on SME performance and sustainability, as well as the impact of COVID-19 pandemic on SMEs' performance.

Once data was collected, the responses were graded from one to five on a five-point Likert scale that included the following options: strongly disagree, disagree, neutral, agree, and strongly agree. The data was coded with 1 = strongly disagree; 2 = disagree; 3= neutral; 4 = agree and 5 = strongly agree. The participants were asked to express how they felt about each of the questions or statements that were asked on the scale.

Each agency representative sent out links to the online questionnaire through email to all affiliated SMEs. Links were sent to all SMEs on their databases. There were numerous reminders sent between the four agencies over a period of eight months, from May 2023 to December 2023. The total population of SMEs for the study was 3732. The sample size was 348 and the total number of responses was 282. This equated to a response rate of 81%. Mellahi and Harris (2015) assert that getting a high enough response rate in any research project's data gathering stage is essential. It is important to ensure that there are sufficient replies to the data collection since Speklé and Widener (2018) suggest that a low survey response rate could indicate coverage bias. Alabbas, Daud and Adnan (2024) state that a response rate of 50% is appropriate. According to Mangione (1995) a response rate in the range of 70% to 85% is regarded as particularly good. Therefore, the study’s response rate of 81% was sufficient for further analysis.

6.3 Demographic profile

The personal traits of individuals being surveyed are crucial in shaping their opinions and feedback on a matter in the field of social sciences. To address this, the study examines a range of personal factors for both subject matter (SMEs) and respondents, including their experience, education, tenure in their profession, type of business, size of business, and number of employees. This frequency distribution exploration aims to offer a more comprehensive view of the respondents' backgrounds as well as the setting of the SMEs.

6.3.1 Sector and Size of SME

The initial demographic characteristic considered was the sector of SMEs. In social science studies, it is important to know respondents' sector status, especially when their opinions on a specific topic of interest to the researcher are needed. The following table displays the number of participants in the study according to different sectors within SMEs.

Table 29 Sector and size of SME

Sector of SME	**Frequency**	**Percent**
1 – Agriculture	13	4.6
2 – Mining	11	3.9
3 – Manufacturing	74	26.2
4 – Electricity, gas, water	12	4.3
5 – Construction	29	10.3
6 – Retail	89	31.6
7 – Transport & Communication	13	4.6
8 – Finance and bus services	14	5.0
9 – Community	2	0.7
10 – Other Service	25	8.9
Total	**282**	**100**
Size of SME	**Frequency**	**Percent**
1 – less than R150 000	114	40.4
2 – less than R5 million	111	39.4
3 – less than R25 million	30	10.6
4 – less than R50 million	27	9.6
Total	**282**	**100**

Source: Author's compilation (2024)

Table 29 above reflects the participants' responses to the statement "sector of SME". The table shows a distribution across the various sectors operating in South Africa. The largest sector in the sample surveyed was the retail, constituting 31.6% respondents. The second largest sector was manufacturing amounting to 26.2%. Following, are the construction industry, represented by 10.3%, other service industry – largely indicated by responses as the food and beverage industry which amounted

to 8.9%. The remaining sectors with minimal respondents were agriculture, transport, and communication totalling 4.6%; mining amounting to 3.9%; electricity, gas and water totalling 4.3%, finance and business services equating to 5.0% and lastly, community services (0.7%).

Table 29 above also reflects the participants' responses to the statement "size of SME". The size of an SME can impact on how respondents perceive the critical success factors for that specific type of SME. The size is measured by the maximum turnover in South African Rand (industry dependent). The table provided indicates the sizes of the SMEs in the quantitative sample. 40.4% of the respondents owned/managed businesses with a turnover of less than R150 000. 39.4% of the respondents owned/managed businesses with a turnover of less than R5 million. 10.6% owned/managed businesses with a turnover of less than R25 million, and just 9.6% of the businesses had a turnover of less than R50 million.

6.3.2 Years of operation and number of employees

The table below reflects the year of operation of the SME as well as the number of employees.

Table 30 Years of operation and number of employees

Years of operation	Frequency	Percent
1 – 2 years or less	41	14.5
2 – 2 to 5 years	120	42.6
3 – 6 to 10 years	65	23
4 – 11 years or more	56	19.9
Total	**282**	**100**
Number of employees	**Frequency**	**Percent**
1 – less than 5	148	52.5
2 – less than 20	78	27.7
3 – less than 50	29	10.2
4 – less than 200	27	9.6
Total	**282**	**100**

Source: Author's compilation (2024)

Table 30 above reflects the participants' responses to the statement "Years of operation". The number of years a person has been running a business can impact their comprehension of and ability to recognise the critical factors for success in a specific type of SME. The table provided showcases the duration of operation for the SMEs in the sample. Almost half of the SMEs were operating below the five-year mark at the time of the study, with a mere 19.9% in operation for more than 11 years. 23% of the SMEs had been in operation between six to ten years. 42.6% were in operation between two to five years and 14.5% were newly operating businesses that had been in operation for less than two years.

The number of full-time employees in a business can impact perceptions of critical success factors in a specific size of SME. The table provided showcases the number of employees in the SMEs included in the sample.

Table 30 above also reflects the participants responses to the statement "number of employees". About half of the respondents (52.5%) had less than five employees employed in their business. 27.7% respondents employed less than 20 employees. 10.2% employed less than 50 employees in their SME, while 9.6% employed less than 200 employees. This indicates that the majority of business that participated in this study were small businesses.

6.3.3 Years of experience as an owner/ manager

Table 31 Years of experience

	Frequency	Percent	Valid Percent	Cumulative Percent
1 – 0 to 2 years	48	17.0	17.0	17.0
2 – 3 to 6 years	111	39.4	39.4	56.4
3 – 7 to 10 years	62	22.0	22.0	78.4
4 – more than 10 years	61	21.6	21.6	99.6
Total	282	100	100	

Source: Author's compilation (2024)

Table 31 above reflects the participants' responses to the statement "years of experience as an owner/manager". The years of experience as an owner/manager affects the respondents' understanding of the identification, development, and implementation of critical success factors and their impact on an SME. 17% of respondents had less than two years of experience as an owner/manager, the majority of respondents 39.4% had three to six years of experience, 22% had seven to ten years' experience, and the remaining 21.6% had more than ten years of experience.

6.3.4 Qualifications of owner/manager

Assessing education through surveys can be challenging, as someone's educational achievement is just one aspect of their overall educational experience (Mbilla, 2023). Therefore, it is important to create a reliable and valuable measure of educational accomplishment. Regardless of whether it is directly related to a particular study, testing for a person's educational degree is a typical approach because it is highly linked to several other aspects. Table 34 shows the greatest degree of education earned by each participant.

Table 32 Qualification of owner/manager

	Frequency	Percent	Valid Percent	Cumulative Percent
1 - High school or below	92	32.6	32.6	32.6
2 – Diploma	70	24.8	24.8	57.4
3 – Degree/ professional Qual	80	28.4	28.4	85.8
4 – Post graduate or higher	33	11.7	11.7	97.5
5 – Other qualification	7	2.5	2.5	100
Total	282	100	100	

Source: Author's compilation (2024)

The majority (32.6%) of respondents had high school qualifications or below. 24,8% had obtained a diploma at tertiary level. 28.4% possessed a degree or professional qualification in their relevant fields. 11.7% had a post graduate degree or higher, and only 2.5% had obtained other qualifications.

6.3.5 Foresee SME operating in ten years.

The owners/managers perception as to whether they foresaw their SME operating in the next ten years was a depiction of the sustainability their SME. It was crucial to gain an understanding of the current state of the SMEs used in the study. It was also important to gauge the owner's direction for the future operations of their business. Table 35 indicates participants' opinions on the operations of their SME in ten years.

Table 33 Foresee SME operating in ten years

	Frequency	Percent	Valid Percent	Cumulative Percent
1 – No	41	14.5	14.5	14.5
2 – Yes	241	85.5	85.5	100
Total	282	100	100	

Source: Author's compilation (2024)

A total of 41 SMEs (14.5%) indicated that their SME would not be sustainable in the next ten years. The majority of SMEs, however, representing 85.5% felt that they would still be operating their business in the next ten years.

6.3.6 Utilisation of a PMF

Lastly, the demographic profile extracted the utilisation of a performance measurement framework by the SMEs. Table 36 displays whether the SME used a PMF to enhance the planning and decision-making processes at the time of the study.

Table 34 Utilisation of PMF

	Frequency	Percent	Valid Percent	Cumulative Percent
1 – No	145	51.4	51.4	51.4
2 – Yes	137	48.6	48.6	100
Total	282	100	100	

Source: Author's compilation (2024)

Table 34 reflects the participants responses to the question "Does the SME utilise a PMF?" The majority of participants, 145 representing 51.4% of respondents, indicated

that they did not use a PMF to enhance decision making processes in their SME. 48.6% indicated that their SME utilises a PMF.

6.4 Descriptive analysis

Typically, the first step in any data analysis is to describe the data set. Descriptive statistics can be divided into three categories: summarising the sample through frequency or percentage, as well as providing metrics. Variance, standard deviation, percentile, interquartile range, range, and coefficient of variation are all types of dispersion or variation measures. Mean, mode, and median are some of the central tendency metrics employed. Categorical data is frequently examined using frequencies, whereas quantitative data uses various methods (Mbilla, 2023). Descriptive statistics serve to outline and describe the main characteristics of the study's data. The most commonly used components for this purpose are frequency tables, rankings, mean, median, mode, skewness, kurtosis, and standard deviation.

6.4.1 Analysis and interpretation of the frequency distribution/mean of responses

The mean and standard deviation table for section B of the survey questionnaire: critical success factors are discussed in this section.

6.4.1.1 **Critical Success Factors**

The previous section provided information on the percentages of respondents for various demographic questions. To further understand the responses, it is necessary to look at the average values and the level of variation (standard deviations) for each statement. The table below displays the mean scores and standard deviations for the responses to the 43 statements from the questionnaire. Based on research by Hair, Joseph, Hult, Ringle, Sarstedt, Danks and Ray (2021), indicators that have a weight that is not statistically significant should be removed if the loading is also not significant. If a loading is low but still statistically significant, such as 0.50 or below, it is recommended to consider removing the indicator unless there is strong evidence supporting its inclusion based on measurement theory. Therefore, all loadings below 0.06 were removed and not used for further analysis.

Table 35 Loadings, mean, and standard deviation

	Indicators	Loadings	Mean	SD
Finplan	Access to current financing (ACF)	0.764	4.011	1.083
	Access to development financing (ADF)	0.814	4.035	1.055
	Access to initial financing (AIF)	0.652	4.067	1.081
	Budgets to control costs (BCC)	0.822	4.138	0.910
	Evaluating cash flow to current liabilities (ECFCL)	0.784	4.103	0.979
	Evaluating cash flow to sales (ECFS)	0.771	4.032	0.947
	Evaluating current ratio (ECR)	0.728	3.812	1.054
	Negotiating supplier discounts (NSD)	0.699	3.826	1.096
	Strategies to increase revenue (SIR)	0.804	4.092	1.003
HRplan	Hiring competent employees (HCE)	0.836	4.184	1.059
	Providing employee task feedback (PETF)	0.767	4.152	1.004
	Providing new technology training (PNTT)	0.859	4.082	1.172
	Utilising an employee performance evaluation (UEPE)	0.701	3.890	1.208
Opplan	Benefiting from digital marketing (BFDM)	0.754	4.050	1.151
	Employing competent experienced managers (ECEM)	0.739	4.174	1.099
	Environment fostering employee commitment (EFEC)	0.744	3.972	1.157
	Identifying customers' requirements (ICR)	0.780	4.234	0.896
	Implementing supplier retention strategies (ISRS)	0.736	4.145	1.002
	Motivating employees to increase productivity (MEIP)	0.820	4.287	0.941
	Tracking customer complaints/satisfaction (TCCS)	0.809	4.057	1.125
SMEperf	SME delayed payments to landlord (DPL)	0.838	2.972	1.274
	SME delayed payments to suppliers (DPS)	0.807	3.387	1.233
	SME in arrears on outstanding liabilities (AOL)	0.840	2.596	1.151
	SME filed for insolvency/bankruptcy (FIB)	0.686	1.986	0.512
	SME overdue on financial institution obligations (OFIO)	0.751	2.518	1.086
Stratplan	Creating Business Objectives (CBO)	0.736	4.138	1.034
	Designing strategic plan (DSP)	0.848	3.387	1.233
	Implementing strategic plan (ISP)	0.903	4.227	1.071
	Monitoring strategic plan progress (MSPP)	0.836	4.113	1.079
	Plans to accomplish objectives (PAO)	0.815	4.174	1.015
	Resources for strategic plan (RSP)	0.810	4.028	1.133

Source: Author's compilation (2024)

In reflective models, the relationship between a latent variable and observable variables is typically shown through outer loadings. These loadings indicate how much each observable variable contributes to the latent variable. When loadings are lower, they are usually considered to be less important in explaining the latent variable.

It is generally recommended that loadings should be at least four or higher than five to be considered significant contributors to the construct being measured see Howard (2016). Every loading was greater than 0.600 according to the computation. AIF (0.652) had the lowest loading, but ISP (0.903) had the highest loading. For the following data analysis process, thirty-one (31) indicators were included.

Table 35 illustrates the mean and standard deviation (SD) for the critical success factors for financial planning strategies as follows: ACF with a mean of 4.011 and a standard deviation of 1.083. ADF with a mean of 4.035 and a standard deviation of 1.055. AIF with a mean of 4.067 and a standard deviation of 1.081. BCC with a mean of 4.138 and a standard deviation of 0.910. ECFCL with a mean of 4,103 and a standard deviation of 0.979. ECFS with a mean of 4.032 and a standard deviation of 0.947. SIR with a mean of 4.092 and a standard deviation of 1.003. ECR with a mean of 3.812 and a standard deviation of 1.054. NSD with a mean of 3.826 and a standard deviation of 1.096. The respondents were in significant agreement that the above variables are highly relevant as critical success factors for SME performance as the means of all responses were between 3.812 (representing an average response of neutral to agree) and 4.138 (representing an average response of agree) and the variations among them were low, with the highest standard deviation at 1.096. This depicts consensus and implies that financial planning strategies should include these variables as critical success factors to manage SME performance better.

The mean and standard deviation for the critical success factors for human resources planning strategies were as follows: HCE with a mean of 4.184 and a standard deviation of 1.059. PETF with a mean of 4.152 and a standard deviation of 1.004. PNTT with a mean of 4.082 and a standard deviation of 1.172. The respondents were in significant agreement as the mean for responses was above four indicating an overall agreement with the respective statements. The exception was UEPE with a mean of 3.890 and a standard deviation of 1.208 representing an average response of between neutral and agree to the respective statements. The variations among the responses were low, however, with the highest standard deviation at 1.208 which depicts consensus. This implies that human resources planning strategies should include the aforementioned variables to manage SME performance better.

The mean and standard deviation for the critical success factors for operational planning strategies were as follows: BDFM with a mean of 4.050 and a standard deviation of 1.151. ECEM with a mean of 4.174 and a standard deviation of 1.099. ICR with a mean of 4.234 and a standard deviation of 0.896. ISRS with a mean of 4.145 and a standard deviation of 1.002. MEIP with a mean of 4.287 and a standard deviation of 0.941. TCCS with a mean of 4.057 and a standard deviation of 1.125, all representing an average response of agree. EFEC with a mean of 3.972 and a standard deviation of 1.157 indicating an average response of neutral to agree, was the only exception. The variations among the responses were low, however, with the highest standard deviation at 1.157 which depicts consensus. This implies that operational planning strategies should include the aforementioned variables to manage SME performance better.

The mean and standard deviation for the critical success factors for strategic planning strategies were as follows: CBO with a mean of 4.138 and a standard deviation of 1.034. ISP with a mean of 4.227 and a standard deviation of 1.071. MSPP with a mean deviation of 1.015. RSP with a mean of 4.028 and a standard deviation of 1.133. Participants responded to all of the above variables with agreement to their respective statements. DSP with a mean of 3.387 and a standard deviation of 1.233 representing an average response of neutral to agree to their respective statements was the exception. The variations among responses were low, however, with the highest standard deviation at 1.233 which depicts consensus. This implies that operational planning strategies should include the aforementioned variables to manage SME performance better.

SME performance is a latent variable that is not measured directly in the data. Instead, the factors mentioned below are the observed indicators of latent SME performance: SME delayed payments to landlord (DPL), SME delayed payments to suppliers (DPS), SME in arrears on outstanding liabilities (AOL), SME filed for insolvency/bankruptcy (FIB), SME overdue on financial institution obligations (OFIO).

The mean and standard deviation for the variables that most affected SME performance during the COVID-19 pandemic were as follows: DPL with a mean of

2.972 and a standard deviation of 1.274. AOL with a mean of 2.596 and a standard deviation of 1.151. OFIO with a mean of 2.518 and a standard deviation of 1.086. These variables had an average response of disagree to neutral to the respective statements. DPS, on the other hand, with a mean of 3.387 and a standard deviation of 1.233 represented an average response of neutral to agree to the statement. Contrastingly, FIB with a mean of 1.986 and a standard deviation of 0.512 elicited an average response of strongly disagree to disagree to the statement.

Overall, the standard deviation of the data was less than 0.50 and the mean, with the exception of FIB, was higher than the scale average, indicating that the respondents applied the instrument effectively.

6.4.1.2 **SME Performance**

Analysis and interpretation of the frequency distribution of responses to the level of agreement that these performance variables affected SMEs during COVID-19 pandemic are provided in this section. The subsection below provides the percentages of responses received for the statements in section C of the questionnaire.

Table 36 SME Performance

	Frequency distribution of responses									
SME Performance	SD		D		N		A		SA	
	(N)	%	(N)	%	(N)	%	(N)	%	(N)	%
Temporary closed operations	31	11	111	39.4	0	0	34	12	106	37.6
SME adjusted production/services.	7	2.5	77	27.3	6	2.1	131	46.5	61	21.6
SME start/increased business activity online	18	6.38	153	54.26	3	1.06	60	21.28	48	17.02
SME increased delivery services	18	6.4	138	48.9	0	0	79	28	47	16.7
SME increased remote work	15	5.3	154	54.6	1	0.4	74	26.2	38	13.5
SME delayed payments to suppliers	26	9.2	66	23.4	0	0	153	54.3	37	13.1
SME delayed payments to landlord	26	9.2	122	43.3	1	0.4	100	35.5	33	11.7
SME overdue financial institution obligations	24	8.5	180	63.8	1	0.4	62	22.0	15	5.3
SME filed for insolvency/bankruptcy.	27	9.6	243	86.2	2	0.7	9	3.2	1	0.4
SME in arears on outstanding liabilities	25	8.9	171	60.6	0	0	65	23	21	7.4

SME laid off workers	31	11	141	50	0	0	103	36.5	7	2.5

Source: Author's compilation (2024)

Table 36 above reflects the participants' responses to the statement "This SME temporarily closed (suspended services or production) due to the COVID-19 outbreak" The results show that the SMEs were evenly split between those that closed operations and those who continued working. A total of 31 and 11 representing 11% and 39.4% strongly disagreed and disagreed indicating that they did not close operations. 34 and 106 representing 12% and 37.6% indicated they agreed and strongly agreed that they closed operations due to the pandemic. These statistics indicate that 50% of SMEs were affected by loss of income during the period of non-operations. These findings concur with that of Akande et al. (2023) who also indicated that 50% of the less resilient and 64% of the moderate resilient businesses closed their operations during the pandemic.

The participants' responses to the statement "This SME adjusted or converted, partially or fully, its production or the services it offers in response to the COVID-19 outbreak" are as follows: the majority of SMEs indicated that they adjusted their production processes, or their services rendered. Seven and 77 representing 2.5% and 27.3% responded as strongly disagree and disagree, indicating that they did not adjust their production or services rendered. The above findings also concur with the study of Akande et al. (2023) which found that 57% of high resilient businesses had the capacity to adjust production during the pandemic.

The participants' responses to the statement "This SME started or increased business activity online" are as follows: The majority of SMEs indicated that they did not start or increase business activity online. Just 21.28% and 17.02% representing 60 and 48 SMEs indicated agree and strongly agree implying that they started or increased business activity on online platforms to continue business operations during the pandemic. This study's findings are in between the 19% and 100% of moderate and high resilient businesses who conducted business online during the pandemic (Akande et al., 2023). However, the majority of this study's businesses did not conduct online business activities.

In terms of the participants responses to the statement “This SME started or increased delivery or carry out of goods or services”, the SMEs were split between those who offered delivery services to their consumers and those who did not. Only a total of 126 indicated they offered delivery to customers. 28% indicated agree and 16.7% indicated strongly agree. The remaining SMEs disagreed indicating that they did not transport their products to their customers to increase business activity during the restrictions caused by the pandemic. Once again this is in line with Akande et al. (2023), as just 19% and eight percent of the less and moderate resilient businesses implemented delivery services.

The participants’ responses to the statement “This SME started or increased remote work arrangement for its workforce” indicate that the majority of SMEs did not offer employees the option of working remotely during the pandemic. This could be due to the nature of the businesses they operated. A total of 112 businesses, 26.2% and 13.5%, indicated agree and strongly agree that they offered employees remote working so operations could continue during the lockdown restrictions. This finding aligns the 44% of the moderate resilient businesses who engaged in remote working in Akande et al. (2023) study but is a very different finding from the 95% of high resilient businesses that switched to working remotely (Akande et al., 2023).

The participants’ responses to the statement “This SME delayed payments to suppliers due to the repercussions of the COVID-19 outbreak” indicate that the majority of SMEs had financial difficulty during the pandemic and delayed payments to their suppliers. 54.3% and 13.1% indicated agree and strongly agree respectively, amounting to 190 SMEs delaying paying their suppliers. This could have also resulted in these affected SMEs having to pay additional interest on their amounts owing. This finding does not corroborate Akande et al. (2023) finding that only eight percent of the high resilient businesses delayed payments to suppliers, however, it does align with the majority (95%) of less resilient businesses who delayed payments to suppliers in the same study.

The participants’ responses to the statement “This SME delayed payments to its landlords due to the repercussions of the COVID-19 outbreak” also show that almost

half on the respondents had financial difficulty which resulted in delays in paying their rent during the pandemic. 133 SMEs, 35.5% and 11.7% representing 100 and 33 SMEs respectively, responded as agree and strongly agree to delayed payments to their landlords. There was no correlation with the less resilient and high resilient businesses who indicated that 81% and three percent delayed payments to their landlord (Akande et al., 2023).

Even though the participants responses to the statement “This SME has been overdue on its obligations to a financial institution” indicate that SMEs had challenges resulting in delays in payments to landlords and suppliers, the majority of SMEs (204) disagreed to the above statement that they were overdue on financial institution obligations. Just 66 and 15, representing 22% and 5.3% indicated agree and strongly agree that they were overdue on financial institution obligations. This could be due to the South African banks allowing customers a three-month relief period in which they were not obliged to repay their debt. This ultimately only delayed their repayment by three months, but it did help consumers during the hard lockdown period when the majority of operations across the county were closed. Just three percent of high resilient businesses had obligations overdue to financial institutions in the findings of Akande et al. (2023). However, there was a significant alignment with 27% of the less resilient businesses that were overdue in obligations to financial institutions in Akande et al. (2023) study.

Even though businesses had financial difficulty during the pandemic, only ten businesses filed for insolvency or bankruptcy as shown by the participants’ responses to the statement “This SME filed for insolvency or bankruptcy.” 3.2% and 0.4% representing nine and one SMEs, indicated agree and strongly agree that they filed for bankruptcy due to financial difficulty. This finding concurs with Akande et al. (2023) finding that only 0.7% of the high resilient businesses filed for bankruptcy.

The participants’ responses to the statement “This SME has fallen in arrears in any of its outstanding liabilities”, once again, as in the aforementioned tables, indicate the majority of SMEs were not in arrears on outstanding liabilities. 65 and 21 representing 23% and 7.4% respectively, indicated agree and strongly agree that they were in arrears on liabilities. With this outstanding debt, additional charges would be incurred

in terms of interest, increasing the repayment amounts for businesses. These findings once again, align with the finding of Akande et al. (2023) that reveals that 37% of less resilient businesses had fallen in arrears of outstanding liabilities.

In terms of the participants' responses to the statement "Laid off workers due to the repercussions of the COVID-19 outbreak", a total of 103 and seven SMEs, representing 36.5% and 2.5% responded agree and strongly agree to retrenching employees during the pandemic. This increased the unemployment rate and the financial difficulties of the country. It also indicates the extent to which SMEs incurred financial difficulties in which they could not sustain themselves and retain their employees. These retrenchments resulted in key players in the industry and specialists in the field no longer playing a crucial role in enhancing success and growth for these SMEs. SMEs lost highly talented and skilled employees and had to restart the process of recruitment and training once business operations stabilised and growth occured in the SME again.

The descriptive statistics related to the impact of the COVID-19 pandemic planning variables are illustrated in Table 37.

Table 37 Descriptive statistics on COVID-19 impact planning variables.

Planning variables	Min	max	Mean	Median	Stan. dev	Kurtosis	Skewness
CMMI - Crisis management measures implemented	1.000	5.000	2.929	3.000	1.377	-1.316	0.063
NFPE - COVID-19 negatively affected financial performance	1.000	5.000	4.277	4.000	0.920	3.130	-1.705
NFPL - COVID-19 negatively affected financial planning	1.000	5.000	4.184	4.000	1.011	2.130	-1.556
NHPE - COVID-19 negatively affected HR performance	1.000	5.000	4.089	4.000	1.070	1.387	-1.365
NHPL - COVID-19 negatively affected HR planning	1.000	5.000	4.053	4.000	1.072	1.180	-1.286
NOPE - COVID-19 negatively affected operational performance	1.000	5.000	4.160	4.000	0.945	1.525	-1.313
NOPL - COVID-19 negatively affected operational planning	1.000	5.000	4.113	4.000	1.001	1.664	-1.382

NSPE - COVID-19 negatively affected strategic performance	1.000	5.000	4.156	4.000	0.998	1.880	-1.456
NSPL - COVID-19 negatively affected strategic planning	1.000	5.000	4.128	4.000	1.013	1.590	-1.390
RACM - Requires assistance to implement crisis management measures	1.000	5.000	4.266	4.000	0.819	3.634	-1.579

Source: Author's compilation (2024)

This section provides the analysis and interpretation of the frequency distribution of level of agreement that the COVID-19 pandemic impacted on SME planning activities. The subsection below provides the mean, standard deviation, skewness, and kurtosis for the responses received for the statements in the questionnaire. To understand the responses further, it is necessary to look at the average values and the level of variation (standard deviations) for each statement. The tables below display the mean scores and standard deviations for the responses to the ten statements.

Table 37 illustrates the mean and standard deviation for the critical success factors for financial planning strategies as follows: CMMI with a mean of 2.929 indicates that most respondents disagreed with or remained neutral to the statement with a standard deviation of 1.377. NFPE with a mean of 4.277 indicates that most respondents agreed to strongly agreed with the statement with a standard deviation of 0.920. NFPL with a mean of 4.184 indicates that most respondents agreed to strongly agreed with the statement with a standard deviation of 1.011. These statistics are consistent with previous studies by Bartik et al. (2020); Dua et al. (2020); Gorjian Khanzad and Gooyabadi (2021); Păunescu and Mátyus (2020) that also reveal that the COVID-19 pandemic had a negative effect on the financial planning and financial performance of SMEs. NHPE, with a mean of 4.089 indicates that most respondents agreed to strongly agreed with the statement with a standard deviation of 1.070. NHPL with a mean of 4.053 indicating that most respondents agreed to strongly agreed with the statement with a standard deviation of 1.072. These findings concur with findings from Adams-Prassl et al. (2020); Aitken-Fox et al. (2020); Campello et al. (2020); Hamouche (2021); Shaw et al. (2020) who also revealed that the COVID-19 pandemic had a negative effect on the HR planning and HR performance of SMEs.

NOPE with a mean of 4.160 and a standard deviation of 0.945 indicates that most respondents agreed to strongly agreed with the statement. NOPL with a mean of 4.113 and a standard deviation of 1.001 indicates that most respondents agreed to strongly agreed with the statement. These results are consistent with a number of other studies revealing that the COVID-19 pandemic had a negative impact on various elements in the operational planning and operational performance of SMEs (Chan & Muthuveloo, 2020; Donthu & Gustafsson, 2020; Paul & Chowdhury, 2020; Ritter & Pedersen, 2020).

NSPE with a mean of 4.156 and a standard deviation of 0.998 indicates that most respondents agreed to strongly agreed with the statement. NSPL with a mean of 4.128 indicates that most respondents agreed to strongly agreed with the statement and a standard deviation of 1.013. These findings corroborate results of earlier studies on the strategic performance and planning of SMEs. According to the findings, the COVID-19 pandemic had a negative effect on SMEs' strategic performance and planning (Diez, Duval, Fan, Garrido, Kalemli-Ozcan, Maggi, Peria, & Pierri, 2021; Gorjian Khanzad & Gooyabadi, 2021; Miklosevic et al., 2022; Pedauga, Sáez, & Delgado-Márquez, 2021). RACM with a mean of 4.266 and a standard deviation of 0.819 indicates that most respondents agreed to strongly agreed with the statement.

The respondents were in significant agreement that the COVID-19 pandemic had a negative impact on the strategic planning, financial planning, operational planning, and human resources planning of their SMEs as the means of all responses were all between 4.053 and 4.277 (representing an average response of agree to strongly agree) with low variations among them (the highest standard deviation was 1.072) indicating consensus. The closeness of the median to the mean indicates a relative consistency of the central tendency measures and validates this assertion. This implies that the COVID-19 pandemic had a significantly negative effect on all planning strategies of SMEs.

It is concerning that the mean for “Since COVID-19 pandemic, the SME has implemented crisis management measures to prepare for any potential future pandemics” was 2.929, indicating that the majority of SMEs disagreed, remained

neutral to, or were unsure about implementing crisis management measures in order to prepare for any future outbreaks. Furthermore, the mean for "The SME requires assistance to implement crisis management measures to remain agile in future disasters/outbreaks" was 4.266, indicating that the majority of SMEs agreed to strongly agreed that they require assistance to implement crisis management measures.

The results of the data's normality distribution for each of the study's specific indicators are displayed in Table 37. Each of the distinct indicators in Table 37 has a unique skewness value, ranging from -1.705 to 0.063 which is within the threshold for ideal representation.

Table 37 also includes the kurtosis value for each of the various indicators used in the study. Except for NFPE and RACM all other variables were within the acceptable range. However, on Byrne and Van de Vijver (2010) range, all variables were normally distributed.

Table 38 Cronbach Alpha for impact of COVID-19 variables

Reliability Statistics			
	Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	No. of Items
COVID-19 Impact	0.907	0.913	10

The table above provides the reliability scores for the COVID-19 impact variables which exceed the recommended Cronbach's alpha value threshold. This indicates a degree of acceptable and consistent scoring for this section. The reliability analysis exceeds 0.70, which denotes a high degree of reliability.

Figure 31 below reflects the average net profit percentages for three years from 2020 to 2022. These were absolute profitability values that were converted to scales.

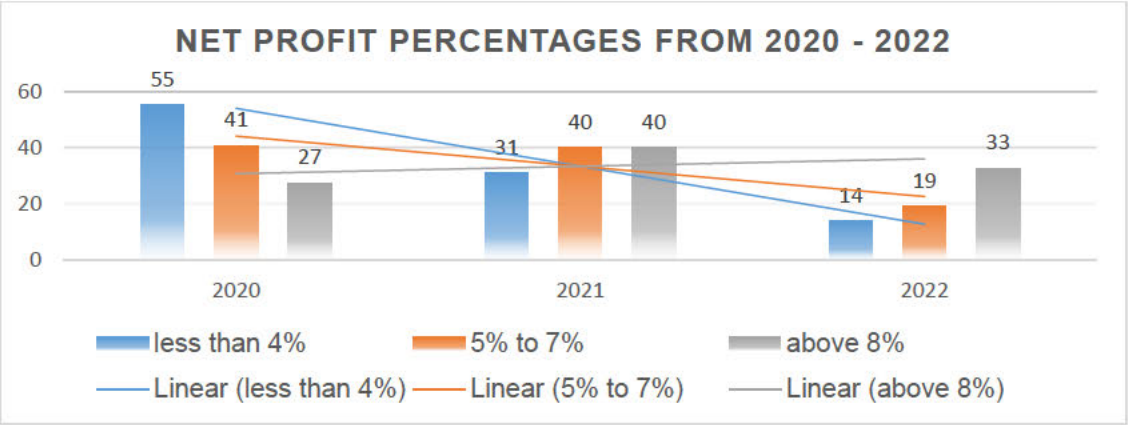


Figure 31 Net profit percentages

Source: Author's compilation (2024)

Figure 31 shows the decline in the "less than 4%" and the incline in the "above 8%" net profits as the COVID-19 pandemic progressed and as lockdown restrictions lifted and business operations picked up. For the year 2020, the start of the COVID-19 pandemic, 55.32% of SMEs reported their net profit percentages were less than four percent, 40.78% indicated their net profit percentages were in the range of five to seven percent and a mere 27.3% indicated an above eight percent profit percentage. As the pandemic progressed into the second year, the net profit percentages for 2021 improved as a reduction to 30.85% of respondents reported their profit percentages were in the category of less than four percent, 40.04% in the five to seven percent range and an increase to 40.07% of respondents indicating an above eight percent profit percentage.

As the intense lock down restrictions eased off in late 2021 going into 2022, business activities picked up and the majority of SMEs were undergoing normal operations. This is shown by an incline in the net profit percentages with only 13,83% in the less than four percent range, 19,15% in the five to seven percent range and the majority of respondents (32.62%) reporting a net profit of above eight percent. These statistics are on par with SEDA (2022) which indicates that the average net profit percentage of SMEs in all sectors in South Africa as per the SEDA quarterly report was 2.7% in 2020; 6.4% in 2021 and increased to 8.5% in 2022. The report by SEDA (2022) further reveals that over the past few years, the SME sector has seen many storms pass

through. Most disruptive of these were the COVID-19 pandemic and (movement) limitations put in place to stop the virus's spread.

These statistics further indicate that the pandemic severely affected the financial performance of SMEs. The impact of the restrictions and lockdowns, minimal movement, and restrictions in business activities severely negatively affected SMEs. The statistics are in alignment with the results of a study by Shafi et al. (2020) which indicate that in terms of profit decline, over two-thirds of enterprises predicted that during 2020 their profit would be decreased by more than 60% due to the COVID-19 outbreak. This was further supported by Nguyen (2022) who indicates that the COVID-19 pandemic had a negative impact on the financial performance of businesses and decreased net profits. Bularafa and Adamu (2021) also concur that the lockdown restrictions arising from the COVID-19 pandemic had a significantly negative effect on the financial performance of SMEs. Studies on the effects of profitability during the pandemic by Daryanto et al. (2021); Rahmi and Sumirat (2021) support the findings of the study that profitability was negatively affected. Only once the lockdown restrictions were lifted, were there signs of improvement in business performance, as was the case in the net profit percentages in this study from 2020 to 2022.

Table 39 Frequency distribution percentages of impact of COVID-19 and operational efficiency and performance of SME

	Frequency distribution of responses									
Impact of COVID-19 on SMEs	SD		D		N		A		SA	
	(N)	%	(N)	%	(N)	%	(N)	%	(N)	%
Extent to which the pandemic affected the productivity and efficiency of the SME's operations.	6	2.1	14	5.0	11	3.9	193	68.4	58	20.6
The SME faced challenges in adapting its operations to the impact of COVID-19.	6	2.1	8	2.8	10	3.5	174	61.7	84	29.8
The financial stability of the SME significantly declined due to the impact of COVID-19.	3	1.1	14	5.0	11	3.9	177	62.8	77	27.3
Customer engagement for the SME significantly declined during the COVID-19 period.	8	2.8	31	11.0	22	7.8	153	54.3	68	24.1

The SME struggled to utilise available government support and relief measures effectively during COVID-19.	19	6.7	28	9.9	18	6.4	151	53.5	66	23.4
Employee productivity in the SME was adversely affected due to the pandemic.	22	7.8	29	10.3	14	5.0	169	59.9	48	17.0
The SME experienced disruptions in the supply chain as a result of COVID-19.	11	3.9	11	3.9	9	3.2	187	66.3	64	22.7

	Frequency distribution of responses									
Performance of the SME	SD		D		N		A		SA	
	(%)	%	(%)	%	(%)	%	(%)	%	(%)	%
The SME effectively utilised cost-cutting measures to enhance profitability.	29	10.3	49	17.4	34	12.1	138	48.9	32	11.3
Innovation and technology adoption contributed significantly to the profitability of the SME.	36	12.8	48	17.0	16	5.7	146	51.8	36	12.8
Access to funding options positively influenced the profitability of the SME.	12	4.3	29	10.3	22	7.8	151	53.5	68	24.1
The SME effectively managed their working capital to maximise profitability	21	7.4	62	22.0	8	2.8	147	52.1	44	15.6
The SME consistently analysed and adapted to market trends to enhance profitability.	33	11.7	51	18.1	33	11.7	124	44.0	41	14.5
The financial performance of the SME in the last fiscal year was strong.	46	16.3	112	39.7	46	16.3	49	17.4	29	10.3
The SME consistently achieved its revenue targets.	40	14.2	138	48.9	22	7.8	51	18.1	31	11.0
The SME effectively managed its operating costs, contributing to overall profitability.	23	8.2	87	30.9	33	11.7	114	40.4	25	8.9
The return on investment (ROI) for the SME's major projects was satisfactory.	34	12.1	67	23.8	19	6.7	105	37.2	57	20.2
The pricing strategy adopted by the SME is conducive to maximising profits.	35	12.4	87	30.9	22	7.8	106	37.6	32	11.3
The SME efficiently managed its cash flow, positively impacting profitability	38	13.5	98	34.8	29	10.3	88	31.2	29	10.3

Source: Author's compilation (2024)

Table 39 above presents the frequency distribution for responses regarding the impact of COVID-19 on SMEs and SME performance. The responses reveal a substantial extent of agreement with all the statements on how COVID-19 negatively affected SMEs. For the statement "The pandemic negatively affected the productivity and

efficiency of the SME's operations", a total of 68.4% agreed and 20.6% strongly agreed that their productivity and efficiency were negatively affected. 61.7% agreed and 29.85% strongly agreed that their SME faced challenges in adapting its operations to the impact of COVID-19. A mere 14 SMEs disagreed with this statement. With regards to the statement "The financial stability of the SME significantly declined due to the impact of COVID-19", a total of 90.1% expressed their agreement amounting to 254 SMEs indicating a decrease in financial stability of their business. A total of 153 and 68 SMEs agreed and strongly agreed with the statement "Customer engagement for the SME significantly declined during the COVID-19 period" equating to 78.4% who confirmed that customer engagement decreased during the pandemic. With regards to government support, just 16.6% disagreed that their SME struggled to utilise available government support and relief measures effectively during COVID-19. Most SMEs, 76.9% expressed that they struggled to utilise government support effectively. For the statement, "Employee productivity in the SME has been adversely affected due to the pandemic", most SMEs expressed their agreement amounting to 76.5% (217 SMEs) who indicated that employee productivity was negatively affected. Lastly, regarding "The SME has experienced disruptions in the supply chain as a result of COVID-19", the majority of participants agreed and strongly agreed, 66.3% and 22.7% respectively, indicating that their supply chain was disrupted.

The second part of the table reflects the impact on performance of the SME variables. For the statement "The SME effectively utilises cost-cutting measures to enhance profitability", 48.9% and 11.3% agreed and strongly agreed respectively, indicating that they believed they used cost cutting measures to increase profits in their SME. A total of 78 SMEs indicated their disagreement with the statement. For "Innovation and technology adoption contribute significantly to the profitability of our SME", the majority of respondents (64.6%) agreed that adopting technology advancements impacted profitability whereas, 84 respondents disagreed. A staggering 219 respondents expressed agreement with the statement "Access to funding options positively influences the profitability of our SME." For the statement, "The SME effectively managed their working capital to maximise profitability", 52.1% and 15.6% agreed and strongly agreed respectively implying that they believe they managed working capital effectively. Only 29.4% disagreed with the statement.

The table further reveals that for the statement “The SME consistently analyses and adapts to market trends to enhance profitability” respondents answers were more favourable with 58% agreeing. 29.7% disagreed with the statement indicating that their SME does not adapt to market trends to increase profits. A staggering 158 SMEs responded by disagreeing with the statement “The financial performance of the SME in the last fiscal year was strong”. Just 27.7% indicated that their financial performance was strong in the last year. A concerning 63.1% of respondents disagreed to “The SME consistently achieves its revenue targets”, with only 82 of the respondents indicating that they meet sales targets.

Almost half of the respondents (49.3%) answered positively to “The SME effectively manages its operating costs, contributing to overall profitability” indicating a belief that their SME can manage operating costs effectively, while 39.1% disagreed that they were able to manage costs effectively. With regards to the statement “The return on investment (ROI) for the SME major projects has been satisfactory,” 57.2% of the respondents believed that their ROI for their SME projects was satisfactory. 101 SMEs disagreed that their ROI was satisfactory. 43.3% of respondents felt that their pricing methods were not conducive to enhancing profits by responding negatively to the statement “The pricing strategy adopted by the SME is conducive to maximising profits.” 138 SMEs, on the other hand, believed their pricing strategies were conducive to maximizing profits. Lastly, for the statement “The SME efficiently manages its cash flow, positively impacting profitability,” almost half of the respondents answered negatively to the statement with 47.8% disagreeing and 41.5% agreeing. So almost half of respondents believed they were not managing their cash flows effectively.

6.5 Inferential statistics

6.5.1 Collinearity statistics (VIF)

It is typical practice to evaluate the collinearity between the formative indicators in a study using the variance inflation factor (VIF). Substantial issues with collinearity between the formative indicators are indicated by a VIF value of five or above. However, as other research has shown, collinearity issues can also occur with VIF levels lower than three (Becker, Ringle, Sarstedt, & Völckner, 2015; Mason &

Perreault Jr, 1991). The VIF values should ideally be close to or less than three. The VIF in a multiple regression analysis is used to quantify the degree of multicollinearity among a set of predictors. Values of multicollinearity more than four (4) are frequently seen as being unduly high. The study's collinearity statistics are shown in the following table.

Table 40 VIF

	Indicators	VIF
Finplan	ACF	3.011
	ADF	3.225
	AIF	1.997
	BCC	2.875
	ECFCL	3.361
	ECFS	3.230
	ECR	1.774
	NSD	1.635
	SIR	2.682
HRplan	HCE	1.777
	PETF	1.837
	PNTT	1.984
	UEPE	1.560
Opplan	BFDM	1.660
	ECEM	1.748
	EFEC	1.932
	ICR	2.002
	ISRS	1.815
	MEIP	2.456
	TCCS	2.121
SMEperf	DPL	2.777
	DPS	2.165
	AOL	2.068
	FIB	1.355
	OFIO	1.775
Stratplan	CBO	3.077
	DSP	3.131
	ISP	4.342
	MSPP	3.762
	PAO	3.679
	RSP	3.436

Source: Author's compilation (2024)

According to the information in Table 40 above, there were no problems with multicollinearity since all constructions' collinearity statistics were less than five. The results show that the VIF, which measures the degree of multicollinearity among the variables in this study, was within a reasonable range.

6.5.2 Construct reliability and validity

Cronbach's Alpha is a measure of how consistent or reliable the components of a construct are. It is used to determine how closely the various parts of a construct are related to each other. The value of Cronbach's Alpha can range from zero to one. A negative value suggests a serious flaw in the measurement, often caused by the polarity of certain score items being reversed in relation to others. It is important for the polarity of items to be aligned correctly (Becker et al., 2015; Hair, Risher, Sarstedt, & Ringle, 2019).

Cronbach's Alpha provides general guidelines for assessing construct reliability and validity. An Alpha value below 0.60 is considered unacceptable, while a range of 0.60-0.70 is minimally acceptable. A value of 0.70-0.80 is considered respectable, 0.80-0.90 is considered very good, and above 0.90 is considered strong (Hair et al., 2019).

Computed as the variance of all construct-related indicator variables divided by the variance, the **composite reliability (CR)** is another reliability metric similar to Cronbach's Alpha. However, Cronbach's Alpha implies that factor loadings are constant for every item, whereas CR takes items' varied factor loadings into account. In general, CR levels of 0.7 or greater are regarded as appropriate (Hair et al., 2019). CR is also known as the McDonald’s coefficient.

The measure known as the **average of variance extracted (AVE)** is used to determine the extent to which a construct captures variance compared to the variance caused by measurement error. This measure is important for assessing convergent validity. In most cases, an AVE value of 0.5 or higher is considered necessary, as having a lower value means that the variance caused by measurement error is greater than the variance explained by the construct, which is not desirable (Hair et al., 2019).

Table 41 Scale reliability and convergence validity analysis

	Cronbach's α	rho_A	CR	AVE
Finplan	0.909	0.910	0.925	0.580
HRplan	0.806	0.839	0.871	0.629
Opplan	0.886	0.900	0.910	0.592
SMEperf	0.845	0.855	0.890	0.619
Stratplan	0.906	0.909	0.928	0.682

Source: Author's compilation (2024)

Table 41 presents the extracted data for average variance, composite reliability values, factor loadings, and Cronbach's Alphas for every indicator. The scale reliability and convergent validity results are presented, namely Cronbach's alpha and CR for reliability and AVE for convergent validity. While Cronbach's Alpha's internal consistency reliability measure yields lower values than composite reliability, it assumes identical thresholds (Hair et al., 2019). The study's constructs passed the internal consistency test, as indicated by values above 0.70 for both the composite reliability between $0.871 \leq \alpha < 0.928$ and Cronbach's Alpha between $0.86 \leq \alpha < 0.909$ (Bougie & Sekaran, 2019).

Higher values of composite reliability often suggest higher levels of reliability, according to Hair et al. (2019). For example, in exploratory research, reliability levels between 0.60 and 0.70 are deemed acceptable, whereas values between 0.70 and 0.90 are deemed adequate to good. While higher values of composite reliability generally indicate higher levels of reliability, however, values of 0.95 and higher pose issues because they imply item repetition, which weakens construct validity (Diamantopoulos, Sarstedt, Fuchs, Wilczynski, & Kaiser, 2012; Drolet & Morrison, 2001). Table 41 indicates that the composite reliability was between 0.871 and 0.928.

The method used to assess the convergent validity of a construct is calculating the average variance extracted (AVE) for all the items related to the construct. The AVE is obtained by squaring the loading of each indicator onto the construct and finding the average. If the AVE is 0.50 or higher, the construct explains at least 50% of the variance in its items, which is considered acceptable (Sarstedt, Hair Jr, Cheah, Becker, & Ringle, 2019). In terms of convergent validity, if every construct's factor loading value

is greater than 0.5, meaning that each construct explains at least half of the AVE values of the indicators, the convergent validity is good. Bagozzi and Yi (1988); Fornell and Larcker (1981), however, go so far as to claim that an AVE of at least 0.50 indicates excellent convergent validity. In this study, the constructs have convergent validity since, as shown in Table 42, the AVE ranges within $0.580 \leq AVE \leq 0.629$, which is over the 0.50 barrier. This implies that each construct's elements are internally consistent.

6.5.3 Discriminant validity

Finding evidence of a high correlation between the constructs serves as a test for a model's validity. This is accomplished by comparing a construct's relationship to other constructs to its Square Root of Average Variance Extracted (AVE). The general consensus is that the Square Root of AVE should be higher than the correlation between the construct and other constructs. If not, the construct offers no distinction or special ability to explain (Mbilla, 2023). In this study, discriminant validity of the constructs was explored using cross loadings, Fornell-Larker Criteria, and the Heterotrait-Monotrait Ratio (HTMT), as shown in the tables below.

6.5.4 KMO and Bartlett’s test

Two tests that determine if data is suitable for structure detection are displayed in the KMO and Bartlett's Test table below. One statistic that shows the percentage of variance in the variables that could be attributed to underlying causes is the Kaiser-Meyer-Olkin Measure of Sampling Adequacy. In general, high scores (around 1.0) suggest that the data might benefit from a factor analysis. The factor analysis's findings are unlikely to be especially useful if the value is less than 0.50.

In order to determine whether the variables are unrelated and hence unsuitable for structure detection, Bartlett's test of sphericity tests the hypothesis that the correlation matrix is an identity matrix. The data may benefit from a factor analysis if the significance threshold has a low value (less than 0.05). The rotated component matrix explains this below.

Table 42 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.886
Bartlett's Test of Sphericity	Approx. Chi-Square	5820.534
	df	465
	Sig.	<.001

Source: Author's compilation (2025)

As illustrated in the table above, for factor analysis, each requirement is satisfied. That is, the significant value for the Bartlett's Test of Sphericity should be less than 0.05 and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy should be larger than 0.500.

6.5.5 Cross-loadings

Cross-loadings, which assess the distinctiveness of a variable, can be utilised to ascertain why an indicator variable demonstrates a higher degree of association with its intended underlying variable compared to other potential underlying variables. As stated by Fornell and Larcker (1981), an indicator's cross-loadings should exceed its loadings on alternate latent variables assigned to the constructs.

As indicated in Table 43, all indicators exhibited flawless and superior loadings in their designated latent variables in comparison to other variables. Items relating to the same construct must load on that construct higher than on any other construct. This is the case for this study as indicated by the shaded elements.

Table 43 Cross-loadings

	Finplan	HRplan	Opplan	SMEperf	Stratplan
ACF	0.764	0.530	0.404	0.071	0.370
ADF	0.814	0.529	0.392	0.072	0.345
AIF	0.652	0.445	0.289	0.048	0.336
BCC	0.822	0.496	0.318	0.055	0.338
ECFCL	0.784	0.459	0.402	0.046	0.367
ECFS	0.771	0.498	0.485	0.040	0.389
ECR	0.728	0.445	0.299	0.030	0.398

NSD	0.699	0.409	0.417	0.090	0.414
SIR	0.804	0.484	0.411	0.061	0.421
HCE	0.582	0.836	0.438	-0.033	0.541
PETF	0.460	0.767	0.474	-0.020	0.336
PNTT	0.571	0.859	0.484	0.022	0.472
UEPE	0.321	0.701	0.476	-0.080	0.374
BFDM	0.450	0.482	0.754	-0.031	0.467
ECEM	0.418	0.473	0.739	-0.041	0.348
EFEC	0.232	0.352	0.744	-0.062	0.285
ICR	0.356	0.428	0.780	-0.078	0.360
ISRS	0.371	0.339	0.736	-0.069	0.263
MEIP	0.451	0.495	0.820	-0.095	0.365
TCCS	0.361	0.492	0.809	-0.062	0.399
AOL	0.095	0.007	-0.114	0.840	-0.035
DPL	0.023	-0.078	-0.079	0.838	-0.074
DPS	0.023	-0.100	-0.085	0.807	-0.079
FIB	0.082	0.058	0.054	0.686	-0.059
OFIO	0.059	-0.015	-0.093	0.751	-0.032
CBO	0.435	0.492	0.405	-0.001	0.736
DSP	0.392	0.478	0.335	-0.123	0.848
ISP	0.445	0.486	0.402	-0.087	0.903
MSPP	0.376	0.421	0.390	-0.086	0.836
PAO	0.377	0.432	0.399	-0.012	0.815
RSP	0.427	0.455	0.438	-0.035	0.810

Source: Author's compilation (2024)

All financial and non-financial planning-related variables are shown in Table 43. The factor loadings for ACF to SIR are greater than 0.600, and they are larger than the loadings for the ACF and SIR variables in all other columns. The same is true for the HR planning variables; the factor loadings for the HCE-UEPE variables are larger than all other columns and are more than 0.600. In a similar vein, every variable in the columns pertaining to operational planning, SME performance, and strategic planning is larger than 0.600, surpassing the values of every other column in that corresponding row.

6.5.6 Fornell-Larcker Criteria

The correlation between a latent variable and all other latent variables should be higher when squared, compared to the average variance extracted (AVE) of that latent variable (Fornell & Larcker, 1981).

Table 44 Fornell-Larcker criterion

	Finplan	HRplan	Opplan	SMEperf	Stratplan
Finplan	0.762				
HRplan	0.628	0.793			
Opplan	0.501	0.581	0.770		
SMEperf	0.075	-0.029	-0.079	0.786	
Stratplan	0.495	0.558	0.477	-0.071	0.826

Source: Author's compilation (2024)

The squared correlation between each latent variable and other latent variables was smaller than its own squared correlation, as indicated by the table. Every value on the shaded diagonal, which represents the AVE squared, is higher than the values below it. Consequently, every latent variable in the study passed the discriminant validity test.

6.5.7 Heterotrait-Monotrait Ratio (HTMT)

In order to address the lack of sensitivity of the Fornell-Larcker and cross-loading criteria, HTMT, a measure of discriminant validity, was created. The correlation between variables is measured via HTMT. The absence of discriminant validity is evident in HTMT threshold figures that are closer to one. It is appropriate to have a threshold figure of 0.85 or 0.90. Henseler, Ringle and Sarstedt (2015) suggest that high HTMT values indicate the existence of issues related to discriminant validity. They propose that in structural models where there are constructs that are conceptually very similar, such as cognitive satisfaction, affective satisfaction, and loyalty, a threshold value of 0.90 can be used.

Table 45 Hererotrait-Monotrait ratio

	Finplan	HRplan	Opplan	SMEperf	Stratplan
Finplan					
HRplan	0.710				
Opplan	0.542	0.683			
SMEperf	0.095	0.109	0.130		
Stratplan	0.545	0.635	0.516	0.089	

Source: Author's compilation (2024)

The discriminant validity of the study's constructs is displayed in Table 45. The relationships between the various constructs are shown via discriminant validity. The table shows that the discriminant validity of the constructs was sufficient because the individual correlation result for each variable was less than 0.85. Kline (2011) states that constructs that have values less than 0.85 pass the discriminant validity test. The ideal measure of discriminant validity is the HTMT, which should load less than one as it does in Table 45. The tables above indicate that there were no validity problems in the study's constructs. Hence the HOC could be created.

6.5.8 Normality

Kurtosis and Skewness were utilised to ascertain the data's normalcy by determining how regularly distributed the data was. Skewness indicates the direction (either left or right) of the variable data. Kurtosis, on the other hand, indicates how tall or steep the comprehensive data display is (Mbilla, 2023). The skewness and kurtosis results are displayed in the Table 46.

Table 46 Normality table

	Indicators	Loadings	Mean	SD	Kurtosis	Skewness
Finplan	ACF	0.764	4.011	1.083	0.742	-1.148
	ADF	0.814	4.035	1.055	0.945	-1.183
	AIF	0.652	4.067	1.081	1.355	-1.336
	BCC	0.822	4.138	0.910	2.487	-1.412
	ECFCL	0.784	4.103	0.979	1.383	-1.235
	ECFS	0.771	4.032	0.947	1.100	-1.047
	ECR	0.728	3.812	1.054	0.216	-0.825
	NSD	0.699	3.826	1.096	0.359	-0.936
	SIR	0.804	4.092	1.003	1.602	-1.331
HRplan	HCE	0.836	4.184	1.059	2.588	-1.688
	PETF	0.767	4.152	1.004	2.575	-1.577
	PNTT	0.859	4.082	1.172	1.539	-1.529
	UEPE	0.701	3.890	1.208	0.386	-1.158
Opplan	BFDM	0.754	4.050	1.151	1.391	-1.446
	ECEM	0.739	4.174	1.099	2.395	-1.704
	EFEC	0.744	3.972	1.157	0.412	-1.131
	ICR	0.780	4.234	0.896	3.851	-1.756
	ISRS	0.736	4.145	1.002	2.016	-1.487
	MEIP	0.820	4.287	0.941	3.757	-1.860
	TCCS	0.809	4.057	1.125	1.256	-1.388

SMEperf	DPL	0.838	2.972	1.274	-0.696	0.780
	DPS	0.807	3.387	1.233	-1.427	0.126
	AOL	0.840	2.596	1.151	-0.910	-0.644
	FIB	0.686	1.986	0.512	1.529	2.048
	OFIO	0.751	2.518	1.086	-0.411	0.899
Stratplan	CBO	0.736	4.138	1.034	2.009	-1.498
	DSP	0.848	3.387	1.233	1.106	-1.329
	ISP	0.903	4.227	1.071	2.354	-1.682
	MSPP	0.836	4.113	1.079	2.088	-1.555
	PAO	0.815	4.174	1.015	2.276	-1.561
	RSP	0.810	4.028	1.133	1.211	-1.351

Source: Author's compilation (2024)

Table 46 shows the outcomes of the data normalcy distribution for each of the indicators used in the study. The degree of symmetry in a variable's dispersion is measured by its skewness. When a variable's answer distribution leans to the left or right, it is said to have a skewed distribution. A negative skewness suggests more large values, while a positive skewness shows more small values. A skewness value of −1 to +1 is ideal, however a value of −2 to +2 is acceptable. Values greater than -2 and +2 indicate significant nonnormality (Hair et al., 2019). Each of the distinct indicators in Table 46 had a unique skewness value, ranging from -1 to +1. Except for FIB with a skewness of +2 all variables were within the acceptable range.

The table also includes the kurtosis value for each of the indicators used in the study. Kurtosis measures if the distribution is overly peaked (a highly narrow distribution with the majority of responses in the centre). A higher positive kurtosis value implies that the distribution is more peaked than typical. Conversely, a lower negative kurtosis suggests a form that is flatter than normal. Similar to skewness, the general rule follows that if the kurtosis exceeds +2, the pattern of distribution is overly peaked. A kurtosis of less than −2 implies a too flat distribution. When skewness and kurtosis are near to zero, the response pattern is termed normal (Hair et al., 2019). Except for ICE, MEIP, and FIB all other variables were within the acceptable range. However, all variables fell within the acceptable range as per Byrne and Van de Vijver (2010) who indicate that kurtosis is seen in data only when the value drops between of -7 and +7 (Byrne & Van de Vijver, 2010).

Thus, the researcher concluded overall that the data from the SEM was regularly distributed.

6.5.9 Attainment of objective one and objective two: PLS-SEM

- Objective one: To identify the financial critical success factors (CSFs) for SMEs and investigate their impact on SME performance during the COVID-19 pandemic.
- Objective two: To identify the non-financial critical success factors (CSFs) for SMEs and investigate their impact on SME performance during the COVID-19 pandemic.

Due to the expected strong correlation between the lower- and higher-order constructs with unequal latent component items, this analysis employed the fragmented two-stage reflective-reflective high-order model (Sarstedt et al., 2019). In this model, the Lower Order Construct (LOC), which serves as the input for the second stage Higher Order Construct (HOC), must first be created and validated. The analysis was conducted using a software known as Partial Least Square-Structural Equation Modelling (PLS-SEM), which is a variance-based structural equation model. Since the main objective of the first-order analysis was to ensure that the scores generated for the second-order analysis were valid, trustworthy, and suitable for their intended application, it was not necessary to concentrate on the path analysis.

In this section, the PLS-SEM model illustrates how financial and non-financial critical success factors were interconnected and impacted SME performance. The structural model shown in Figure 31 captures both the direct and indirect effects of these factors. Additionally, Figure 31 displays the corresponding R square values.

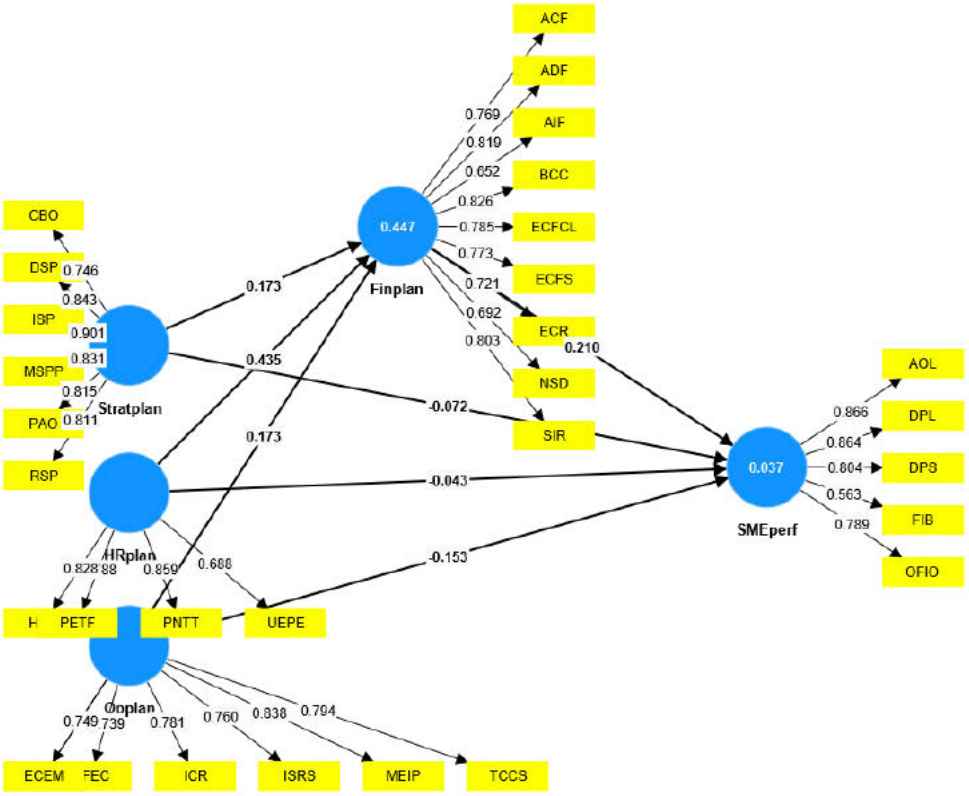


Figure 32: Lower-order construct model

Source: Author's compilation (2024)

Figure 32 reflects the lower construct model validated by Table 43 Cross-loadings, Table 44 Fornell-Larcker criterion, and Table 45 Hererotrait-Monotrait ratio.

Table 47 Path co-efficient and indirect effects LOC model

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Path co-efficient					
Finplan -> SMEperf	0.210	0.217	0.069	3.038	0.002
HRplan -> Finplan	0.435	0.437	0.062	7.023	0.000
HRplan -> SMEperf	-0.043	-0.043	0.092	0.468	0.640
Opplan -> Finplan	0.173	0.171	0.059	2.912	0.004
Opplan -> SMEperf	-0.153	-0.156	0.090	1.705	0.088
Stratplan -> Finplan	0.173	0.174	0.064	2.695	0.007

Stratplan -> SMEperf	-0.072	-0.081	0.082	0.879	0.380
Indirect effects					
HRplan -> Finplan -> SMEperf	0.091	0.095	0.034	2.677	0.007
Opplan -> Finplan -> SMEperf	0.036	0.037	0.017	2.120	0.034
Stratplan -> Finplan -> SMEperf	0.036	0.038	0.020	1.848	0.065

Source: Author's compilation (2024)

A path coefficient is a measure of the strength of the relationship between two latent variables. T statistics are an indication of significance: values above 1.96 are significant at a 0.05 level or 95% confidence level.

Table 47 shows that there was a positive relationship between financial planning and SME performance with the original sample of 0.210. The T statistic of 3.038 indicates a strong significance indicating that the more financial planning strategies an SME has in place, the more significant these are to the performance of the SME. Likewise, there was a positive relationship between HR planning and financial planning of 0.435. However, there was a negative relationship between HR planning and SME performance of -0.043. The T statistics of 0.468 reveals that this was an insignificant relationship. In the same way there was a negative relationship between operational planning and SME performance and strategic planning and SME performance in the original sample of -0.153 and -0.072 respectively, however, their T statistics of 1.705 and 0.879 indicate that these were insignificant relationships. Both operational planning and financial planning and strategic planning and financial planning show a positive relationship in the original sample of 0.173. Their T statistics 2.912 and 2.695 respectively, indicate a strong significance. This suggests that the more operational planning and strategic planning strategies in place, the more significantly they impact the financial planning of an SME.

Table 47 indicates the indirect paths in the lower-order construct model. There was a positive indirect relationship of 0.091 in which HR planning impacts financial planning which then impacts SME performance. There was also a positive indirect relationship

of 0.036 in which operational planning impacts financial planning which then impacts SME performance. Lastly, a positive relationship of 0.036 was indicated by the path of strategic planning, impacting financial planning which then impacts SME performance. With regards to the T statistics for the indirect paths, there was more significance for HR planning impacting SME performance (T=2.677) and operational planning impacting SME performance (T=2.120) than for strategic planning impacting SME performance (T=1.848).

6.5.9.1 **Higher-order analysis**

Once the validity and reliability of the lower-order constructs were established, construct scores were introduced into the higher-order construct in a reflective model. As part of the validation of the higher order construct measurement model, each of the constructs of financial planning, non-financial planning, and SME performance was assessed for discriminant validity, convergent validity, and reliability, as shown in Table 48. These metrics were subject to the same standards and limitations as the lower-order constructions. In this way, these constructs' validity and reliability were validated for use in the higher-order analysis.

Table 48 High-order reliability and validity

	Latent Variables	Cronbach's α	rho_A	CR	AVE	1	2	3
1	Finplan	0.909	0.911	0.925	0.580	0.762		
2	Nonfinplan	0.774	0.790	0.869	0.689	0.661	0.830	
3	SMEperf	0.845	0.881	0.888	0.619	0.067	-0.083	0.787

Source: Author's compilation (2024)

For the Higher-Order Construct (HOC), Table 48 above merged the results of the discriminant validity, convergent validity, and scale reliability. The table indicates that there are no problems with validity and reliability since the study's constructs passed the internal consistency test, as indicated by the values above 0.70 for both the composite reliability and Cronbach's Alpha (Bougie & Sekaran, 2019). The composite reliability for the constructs was between 0.869 and 0.925 indicating high levels of internal consistency while still below the threshold of 0.95 for sufficient item variation without item repetition. From Table 48, it is also clear that the constructs possessed

convergent validity within the HOC as their AVE ranges within 0.580 ≤ AVE ≤ 0.689 above the threshold of 0.50. This suggests good internal consistency of the items within each construct.

Furthermore, the squared correlation between each latent variable and other latent variables was smaller than their own squared AVE, as indicated by Table 48. The values below the shaded diagonal, which represent the square of the AVE, are all less than the values above them. For each latent variable in the investigation, the discriminant validity test was therefore successful.

6.5.9.2 **Structural model**

Models are certified as appropriate for their intended use once the measurements and structural models for the higher-order and lower-order constructs have been validated. To determine the associations within the data, the hypotheses that were put forth for this study were evaluated. For each hypothesis under discussion, the structural model findings are shown in Table 50 for the regression model summary and in Figure 33 for the route analysis. Three direct paths and one indirect approach were evaluated, as can be seen in Figure 33 and Table 50, to correspond to the different hypotheses in this investigation.

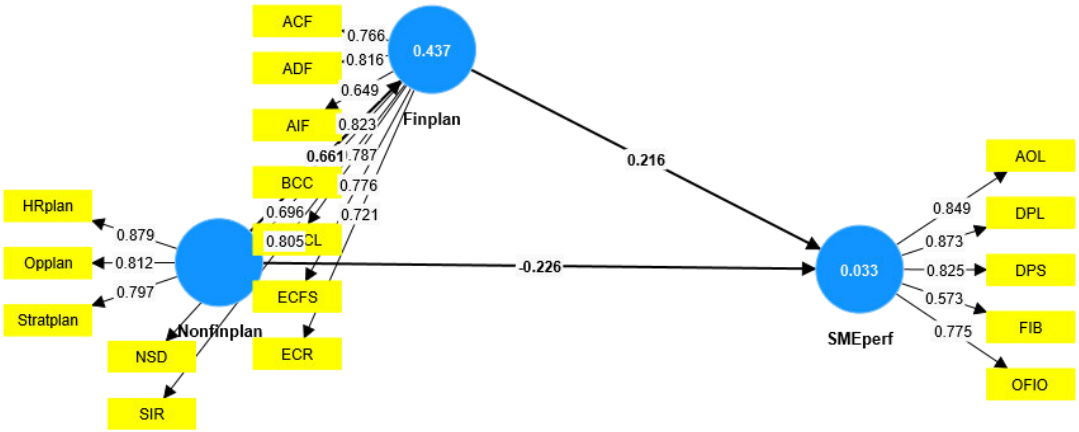


Figure 33 Second order structural model

Source: Author's compilation (2024)

Figure 33 above illustrates the structural model including all indicators.

The magnitude of each indicator's factor loading value, which is positioned above the arrow between the variables and indicators, can be seen in the PLS output image above, as well as the size of the path coefficient, which is located above the arrow line between exogenous and endogenous variables (Hariyana et al., 2021). Furthermore, the size of the R-squared is given, which is precisely within the circle of endogenous variables (SME Performance). The R-squared number was used to assess the structural model's goodness of fit. The R-squared value in the equation for latent variables indicates that the inner model is being assessed. The R-value indicates how well an exogenous (independent) variable in a model can explain the endogenous (dependent/bound) variable (Hariyana et al., 2021).

Figure 33 above contains the regression model for the structural equation modelling (SEM). The path from non-financial planning to financial planning (original sample =0.661, p values = 0.000, n = 282) shows that non-financial planning exerts a significant direct positive effect on financial planning. The R-squared value of 0.437 suggests that the model can explain the phenomenon of financial planning as influenced by non-financial planning with a variance of 43.7%. In a similar vein, the path coefficient from financial planning to SME performance (original sample = 0.216, p values = 0.002 and n=282) shows that financial planning exerts a significant direct positive effect on SME performance. However, the path co-efficient from non-financial planning to SME performance (original sample = -0.226, p value = 0.003 and n=282) reveals that non-financial planning does not exert a significant effect on SME performance. The R-squared of 0.033 implies that financial planning and non-financial planning explain 3.3% variance in SME performance. This low percentage is as a result of non-financial planning’s indirect effect on SME performance. The effect of non-financial planning on SME performance is only felt through its effects of financial planning.

Table 49 Path co-efficient and indirect effects HOC Model

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Path co-efficient					
Finplan -> SMEperf	0.216	0.227	0.068	3.163	0.002
Nonfinplan -> Finplan	0.661	0.661	0.051	12.980	0.000
Nonfinplan -> SMEperf	-0.226	-0.239	0.075	3.021	0.003
Indirect effects					
Nonfinplan -> Finplan -> SMEperf	0.143	0.150	0.048	2.997	0.003

Source: Author's compilation (2024)

As illustrated in Table 49 above, there was a positive relationship between financial planning and SME performance with the original sample of 0.216. The T statistics of 3.163 indicates a strong significance indicating that the more financial planning strategies in place, the more significant these are to the performance of the SME. Likewise, there was a positive relationship between nonfinancial planning and financial planning. The T statistics represent the strongest significance of 12.980 implying that the more non-financial planning implemented the more this will impact the financial planning of the SME. However, non-financial placing has a negative direct impact on SME performance of -0.026 while there is a positive indirect of between non-financial planning on SME performance (as illustrated in Table 49 above), with an original sample of 0.143 and a T statistic of 2.997 showing a strong significance.

Table 50 Regression path model

	Paths	B	σ	T-stat	P	Decision
	Direct effects					
H_1	Finplan -> SMEperf	0.227	0.068	3.163	0.002	Supported
H_2	Nonfinplan -> Finplan	0.661	0.051	12.980	0.000	Supported
H_3	Nonfinplan -> SMEperf	-0.089	0.063	1.305	0.192	Not supported
	Indirect effects					
H_4	Nonfinplan -> Finplan -> SMEperf	0.150	0.048	2.997	0.003	Supported

Source: Author's compilation (2024)

The second path of the model explored the relationship between financial planning critical success factors and SME performance in SMEs across South Africa. The result of the relationship showed a significant and positive 0.227 coefficient, implying that a one percent change in financial planning strategies could increase the performance of SMEs by 22.7% in South Africa. The significant financial factors that contributed to the significant influence on SME performance were access to current financing, access to developmental financing, access to investment financing, budgets to control costs, evaluating cash flow to current liabilities, evaluating cash flow to sales, evaluating current ratio, negotiating supplier discounts, and strategies to increase revenue. This finding is in line with the study's hypothesis and earlier projections, that it is critical to comprehend the overall importance of financial planning techniques in improving the performance of South African SMEs. Furthermore, the finding implies that improving financial planning procedures could have directly resulted in increased SME performance, which should be considered when establishing policy direction. The main findings of the above analysis demonstrate the importance of critical financial planning success factors in improving the performance of SMEs. Some of the most important elements for SMEs to succeed are their financial development and management methods (Kirsten, 2018). According to Fadil and St-Pierre (2021) the financial viability of SMEs is heavily dependent on financial activities including planning, development, and management.

The statistically significant financial planning CSFs as illustrated in table 50, concurred with the findings of many previous researchers who also concluded that these CSF affected business performance. Literature highlights having main forms of financing (initial capital, current financing and developmental financing) as significant (Mhlungu, 2021; Pticar, 2016; Serrasqueiro et al., 2021), developing a budget (Fortuna, 2021; Matsoso et al., 2021a; Mhlungu, 2021), reducing inventory and purchasing cost by (Mhlungu, 2021; Nicastro & Carillo, 2021; Van der Westhuizen & Ntshingila, 2020), strategies to increase revenue (Duary et al., 2022; Makhitha & Mbedzi, 2022; Shi, Zhang, Tiwari, & Tao, 2022), and analysing cash flow ratios and current ratios (Isle et al., 2018; Ng et al., 2013b) as these components of having a financial plan were statistically significant financial aspects key to SME performance.

The statistically significant financial planning CSFs as indicated above are also effectively linked to the theories of the study. The findings related to the access to current, developmental and investment financing, controlling of costs, and management of supplier relationships are linked to the resource based view theory as these provide a competitive edge (Khoza et al., 2017). This indicates the importance of financial resources in driving enhanced SME performance and sustainability. This is also guided by the BSC model – using the financial perspective in driving business performance. The findings show that profitability, liquidity, revenue growth, and cost efficiency are tied to the critical performance metrics. This can be advantageous to SME planning, decision making, business performance, and sustainability (Dudic et al., 2020; Raghavan & Srinivasan, 2016). In addition, the findings relating to negotiating supplier discounts, and strategies to increase revenue are linked to the stakeholder theory, emphasising the importance and benefits of strong, good relationships with external stakeholders, such as customers and suppliers, to promote cost saving and revenue building processes (Ehalaiye et al., 2025).

The positive correlation between financial planning strategies and SME performance is consistent with Musando (2013) research which highlights that financial planning has beneficial effects on the success and enhanced performance of SMEs. Musando (2013) further elaborated that financial planning aids SMEs in maintaining their capital, mitigating risks, improving operational efficiency, and enhancing their ability to take advantage of opportunities. Furthermore, financial planning alleviates financial crises, facilitates access to credit, minimises losses stemming from human mistakes, offers collateral for loan security, and serves as a framework for directing business activities. This finding was also consistent with a later study by Dobrovic, Lambovska, Gallo and Timkova (2018), whose findings reveal that financial planning indicators were statistically significant in their analysis. Since the profit indicator is the top priority, businesses have always prioritised making money. Cash flow has always received a lot of attention.

The results of the study corroborate those of Lubawa (2021); Vu and Nga (2022) who conclude that to ensure enhanced performance and the long-term success of their businesses, it is essential for SME owners and managers to develop and implement effective financial critical success factors. The study's findings are also supported by

Cheche et al. (2017); (Kirsten, 2018) who conclude that financial planning enables SMEs to allocate resources efficiently and effectively, allowing them to prioritise their financial needs and optimise the use of their financial resources to enhance efficiency and business performance.

However, this study's findings contradict the results of Mabhungu (2017) who suggests that the performance and success of SMEs are influenced by non-financial planning strategies as opposed to financial planning. Mabhungu (2017) argues that it is essential to focus on measuring non-financial planning strategies rather than financial planning strategies to improve the overall performance of SMEs. This study's findings indicate that the performance of SMEs can be enhanced by measuring and managing non-financial planning strategies only as far as they affect financial planning strategies.

As illustrated in Table 50, it can be concluded that Hypothesis 1 is supported; Hypothesis: (H1) – there is a significant effect of financial planning on SME performance. Indicating that financial planning is directly positively and statistically significant to influence SMEs' performance.

The study's statistically significant non-financial critical success factors illustrated in Table 50 concur with those of many previous studies. For strategic planning, the statistically significant variables for SME performance were: creating business objectives (Williams Jr, Smith, R Aaron, C Manley, & C McDowell, 2020), developing a strategic business model (Mhlungu, 2021), implementing and monitoring a strategic plan (Majama & Magang, 2017), identifying priorities and strategies (Mhlungu, 2021), having adequate resources to achieve the strategic plan (Mhlungu, 2021). The operational planning and HR planning key factors were: hiring people who are a good fit for the job based on their personal strength and skill (Adams et al., 2020; Mhlungu, 2021; Schenk, 2017), providing training to staff (Agrawal et al., 2020; Grimbald et al., 2020; Mhlungu, 2021), giving employees feedback on tasks (Mhlungu, 2021), utilising a performance evaluation (Angka & Darma, 2016; Caza et al., 2015) as well as increasing digitalisation (Mhlungu, 2021), hiring competent managers (Ng & Kee, 2018; Zacca & Dayan, 2018), fostering employee commitment (Ali & Anwar, 2021; Valaei & Rezaei, 2017), supplier retention strategies (Amoako-Gyampah et al., 2019;

Van der Westhuizen & Ntshingila, 2020) and monitoring customer needs and satisfaction (Alfoqahaa, 2018; Mhlungu, 2021; Mostafa & Kasamani, 2021) to enhance SME performance.

The statistically significant strategic planning, HR planning, and operational CSFs as indicated above are also effectively linked to the theories of the study. The findings related to creating business objectives, implementing and monitoring a strategic plan, identifying priorities and strategies, and having adequate resources to achieve the strategic plan are linked to the goal setting theory and RBV theory. The goal setting theory places emphasis on the setting of clear goals to enhance business performance (Adegun et al., 2022; Locke & Latham, 2002). Furthermore, creating business objectives and implementing and monitoring a strategic plan is in alignment with the theory as it gives direction and focus to employees. This increases commitment. The RBV theory emphasis having adequate resources in terms of capabilities and strengths to achieve business goals (Abrokwah-Larbi, 2024; Chumphong et al., 2020; Crook et al., 2008). In addition, the BSC model's internal process perspective is also linked to the strategic planning CSFs as these are critical internal processes that enable a business to plan properly and make decisions to remain financially viable (Dudic et al., 2020; Raghavan & Srinivasan, 2016). Using this theory blend, the goal-setting theory helps management and employees stay motivated and focused with the same goals in mind. The RBV theory makes sure that internal strengths are used strategically, and the BSC internal process perspective makes sure that these strategies are carried out effectively through strong internal systems.

In terms of the HR planning CSFs, hiring people who are a good fit for the job based on their personal strengths and skills, utilising a performance evaluation, and hiring competent managers are linked to the stakeholder theory and the RBV theory as well as the BSC (learning and growth perspective). The RBV theory highlights competitive advantage contributed by internal resources, such as the business's employees' strengths (Abrokwah-Larbi, 2024; Chumphong et al., 2020; Crook et al., 2008). The stakeholder theory identifies employees as key stakeholders in the business environment whose capabilities impacts on business success. It is also emphasised that their well-being and satisfaction should be supported to enhance success

(Ehalaiye et al., 2025). These findings are also directly linked to the Balanced Scorecard model – specifically the learning and growth perspective which highlights building the skills, leadership, and motivation of employees as a way to improve long-term performance (Dudic et al., 2020; Raghavan & Srinivasan, 2016). This theory blend not only enhances the internal processes but also enhances critical stakeholder relationships which helps promote financial viability as well as growth for the business.

In terms of the operational planning CSFs, fostering employee commitment, supplier retention strategies, and monitoring customer needs are aligned with the RBV theory, stakeholder theory and BSC model (customer perspective). The RBV theory highlights competitive advantage contributed by internal resources such as committed employees, as well as external resources, such as customer satisfaction and retaining suppliers (Abrokwah-Larbi, 2024; Chumphong et al., 2020; Crook et al., 2008). The stakeholder theory identifies the needs of key stakeholders in the business environment such as increasing commitment of the employee, keeping the same suppliers by establishing a good business acumen, and keeping customers happy to enhance success (Ehalaiye et al., 2025). These findings are also directly linked to the Balanced Scorecard model – specifically the customer perspective which highlights that customer satisfaction and retention is a way to improve long-term performance (Dudic et al., 2020; Raghavan & Srinivasan, 2016).

As per findings illustrated in Table 50, Hypothesis 2 was also supported. Hypothesis: (H2) – there is a significant effect of non-financial planning on financial planning. Indicating that non-financial planning has direct positive influence on financial planning of SMEs during COVID-19 pandemic.

The result of the relationship showed a significant and positive 0.661 coefficient implying that one percent of change in non-financial planning strategies could increase the impact of financial planning strategies by 6.61%. These findings are corroborated by Monye and Ibegbulem (2018) study on how strategic planning affects organizational profitability and performance: the effectiveness of strategic planning may be gauged by how much profitability has an impact on organizational performance. The study's conclusions showed that managerial, environmental, and organisational factors

influence the intensity of strategic planning, and that strategic planning increases financial planning and profitability, which ultimately enhances organisational performance (Monye & Ibegbulem, 2018). This finding also concurs with that of Mabhungu (2017) who, as stipulated earlier, indicates that SMEs can be enhanced by measuring and managing non-financial planning strategies that are likely to affect financial planning strategies which ultimately impact SME performance.

However, as illustrated in Table 50, Hypothesis 3 is not supported: Hypothesis: (H3) – there is a significant effect of non-financial planning on SME performance.

Since there was a statistically insignificant negative influence of non-financial planning on SMEs performance during the pandemic. The result of the relationship, however, showed a significant and negative 0.089 coefficient, implying a one percent change in non-financial planning strategies could decrease the performance of SMEs by 8.9% in South Africa. This finding contradicts the finding of Anggadwita and Mustafid (2014) who reveal that non-financial planning variables, such as operational planning and human resources planning, had a direct significant impact on SME performance in their study. As opposed to the financial planning variables such as growth and profitability. This study's finding of a negative relationship between non-financial planning factors and SME performance also contradicts other previous research by Donkor, Donkor and Kwarteng (2018); Gumel (2019); Lim and Teoh (2021) who all concluded that non-financial planning strategies had a direct significant positive relationship on SME performance. The study's findings however, correlate with those of Wuen et al. (2020) who revealed that human resources planning in terms of recruitment and processes and rewards and incentives had a negative influence on SME performance in their study. However, other variables in their study such as training and development processes, employee engagement and inclusiveness, and performance appraisal systems had a positive significant impact on SME performance. Gumel (2019) also reveals that strategic planning had a significant direct impact on SME performance.

Lastly, as illustrated on Table 50, the fourth hypothesis tested the indirect relationship between non-financial planning and SME performance through its effects of financial planning.

Hypothesis: (H4) – there is a significant effect of non-financial planning on SME performance through its effect of financial planning of the SME.

The findings indicated a positive and significant partial mediation with a 0.150 coefficient, implying that a one percent change in non-financial planning could increase SME performance by 15% through its effects of financial planning. Thus, Hypothesis 4 was also supported. The impact of non-financial planning on SMEs performance is only felt through financial planning. In other words, financial planning fully mediated the relationship between non-financial planning and SMEs performance during the COVID-19 pandemic. This finding is in line with Mabhungu (2017) who suggests that the success and survival of SMEs are influenced by non-financial performance, through its impact on financial performance. However, financial performance directly impacts the success and survival of SMEs without influencing non-financial performance. Mabhungu (2017) argues that it is essential to focus on measuring non-financial performance rather than financial performance in order to improve the overall performance of SMEs. By measuring and managing non-financial critical success factors that are likely to affect financial performance CSFs, the performance of SMEs can be enhanced. Monye and Ibegbulem (2018) study's conclusions also support these findings as they show that non-financial planning strategies increases financial planning and profitability, which ultimately enhances organisational performance.

Thus study’s findings are also supported by Dobrovic et al. (2018) whose study highlighted financial planning indicators as statistical significant.

Dobrovic et al. (2018) study observed that businesses believe having a successful and current information system is essential to their success. Rentability of investment is a crucial metric when it comes to the significance of the financial viewpoint. However, consumer satisfaction, a non-financial indicator, was also revealed as a key component. Since only a satisfied client may complete a business transaction and hence accomplish an organisation's goals, a corporation cannot achieve profit or

positive cash flow without a satisfied consumer (Dobrovic et al., 2018). Thus, non-financial indicators are felt through their effect on financial planning indicators. In the same light, (Kaplan & Norton, 2001) indicate that, while financial planning indicators evaluate the immediate effects of managerial decisions in areas like revenue growth, asset utilisation, and cash flows, non-financial planning indicators measure things like customer service and quality of products that are likely to have a significant impact on enhancing financial performance.

Dobrovic et al. (2018) findings align with this study's hypothesis and previous expectations and are significant for comprehending the overall implications of financial planning strategies and the incorporation of non-financial planning in improving the performance of SMEs in South Africa. This study's findings also indicate that financial planning strategies are even more crucial in their direct connection to SME performance when they are influenced by non-financial planning strategy inclusion. This finding highlights the practicality of the expenses involved in implementing financial planning strategies for improving SME performance. Moreover, it suggests that enhancing financial planning strategies alone cannot directly lead to improved SME performance without the non-financial variables, which should be considered when determining policy direction.

Contrary to existing literature, financial planning strategies have a greater direct impact on driving SME performance compared to non-financial planning strategies. Since non-financial planning strategies do indirectly influence SME performance through financial planning, these factors should not be omitted in the planning strategies of SMEs. Therefore, there is room for improvement in financial planning efforts and non-financial efforts to achieve better results and enhance SME performance. It is important to note that while the findings align with previous research in terms of the causal relationships, the explanatory power varies, suggesting that different sectors of the economy may respond differently to these factors. These findings have implications for policies aimed at supporting the sustainability of small businesses in South Africa.

6.5.9.3 **Summary of findings for objective one and objective two**

All the descriptive statistics, inferential statistics and summary statistics were suitable for this study except for communalities. There were no reliability and validity issues, as all thresholds were satisfied. There was an absence of multicollinearity issues, which is a precondition for structural equation modelling. While financial planning has direct effects on SMEs performance, the effects of non-financial planning such as strategic, HR and operational planning are only felt through their impacts on financial planning.

Objective one was fulfilled by the identification of the statistically significant financial critical success factors for enhancing SME performance as indicated below: Access to current financing, access to development financing, access to development financing, budgets to control costs, evaluating cash flow to current liabilities, evaluating cash flow to sales, evaluating current ratio, negotiating supplier discounts, and implementing strategies to increase revenue. Findings also reveal that the financial planning strategies were directly and significantly correlated with SME performance.

Objective two was completed with the identification of the statistically significant non-financial critical success factors for enhancing SME performance as indicated below: hiring competent employees, providing employee task feedback, providing new technology training, utilising an employee performance evaluation, benefiting from digital marketing, employing competent experienced managers, environment fostering employee commitment, Identifying customers requirement, implementing supplier retention strategies, motivating employees to increase productivity, tracking customer complaints/satisfaction, creating business objectives, designing strategic plan, implementing strategic plan, monitoring strategic plan progress, plans to accomplish objectives, and resources for strategic plans. Findings reveal that the non-financial planning strategies were indirectly significantly correlated to SME performance through their effects on financial planning strategies.

These critical success factors identified by this study were incorporated into the development of the performance measurement framework to achieve objective four.

6.5.10 Attainment of objective three

Objective: To analyse and assess the effects of the COVID-19 pandemic on SMEs in terms of profitability, performance and operational efficiency.

6.5.10.1 One-sample t-test

Table 51 One-sample statistics

	N	Mean	Std. Deviation	Std. Error Mean	Cronbach's α
COVID19SMEimpact	282	40.3546	7.61450	0.45344	0.906
Profitability	282	5.4921	1.92297	0.11451	0.769

Source: Author's compilation (2024)

Table 52 One-sample test

				Significance			95% Confidence Interval of the Difference	
	t-value	t-test	df	One-Sided p	Two-Sided p	Mean Diff	Lower	Upper
COVID19 SME Impact	41	-1.423	281	0.078	0.156	-0.64539	-1.5380	0.2472
Profitability	5	3.747	281	0.001	0.001	0.42908	-0.2037	0.6545

Source: Author's compilation (2024)

This part of the study aimed to assess the repercussions of the COVID-19 pandemic on the profitability and operational efficiency of SMEs. The tables above furnishes comprehensive one-sample statistics for both the COVID-19 SMEs impact and profitability variables. The mean for COVID-19 SMEs impact was 40.3546, exhibiting a standard deviation of 7.61450, whereas the mean for profitability stands at 5.4921, accompanied by a standard deviation of 1.92297. It is noteworthy that the Cronbach's Alpha values indicate robust internal consistency for both variables.

The table above also summarises the outcomes of the one-sample t-test, providing a comparative analysis between the sample mean and the population mean for each

variable. Regarding COVID-19 SMEs Impact, the corresponding t-value was -1.423, yielding a p-value of 0.156. The mean difference was -0.64539, and the 95% confidence interval spanned from -1.5380 to 0.2472. In contrast, for profitability, the t-value was 3.747, with a p-value of 0.001. The mean difference was 0.42908, and the 95% confidence interval ranged from -0.2037 to 0.6545.

The literature review presaged a negative influence of COVID-19 on SMEs operational efficiency. To scrutinise this hypothesis, three pivotal criteria were considered: the t-value in relation to the critical value, the p-value, and the confidence interval. The t-value for performance (-1.423) did not exceed the critical value of 1.650, signifying a lack of statistical distinction between the sample mean and the population mean. The p-value, 0.156, surpasses the conventional significance level of 0.05, reinforcing the conclusion that there is no statistically significant difference from the population mean indicating that the study's results concurred with the abundance of previous research indicating that COVID-19 impacted negatively on SMEs globally (Meyer et al., 2022; Rahmi & Sumirat, 2021; Sharma & Rai, 2023). Furthermore, the confidence interval, extending from -1.5380 to 0.2472, underscores the assertion that the sample mean is not markedly different from the population mean.

Conversely, the results pertaining to profitability are discernibly dissimilar, substantiated by a t-value of 3.747 and a p-value of 0.001. The confidence interval, from -0.2037 to 0.6545, does not traverse zero, signifying a statistically significant disparity between the sample and population means.

In summation, this investigation furnishes compelling evidence indicative of the adverse impact of COVID-19 on SME profitability, in consonance with extant literature (Bularafa & Adamu, 2021; Daryanto et al., 2021; Nguyen, 2022; Rahmi & Sumirat, 2021; Shafi et al., 2020). Profitability exhibited a pronounced disparity, suggesting a noteworthy effect on the profitability of SMEs. Profitability was worst hit at the start of the pandemic in 2020 and gradually improved in the following years. The easing of lockdown restrictions and resumption of economic operations in the latter years contributed to this.

It is imperative to acknowledge that the COVID-19 SMEs impact efficiency did not demonstrate statistically significant difference in the sample, meaning it was the same as the population and concurred with literature that there was a negative impact of COVID-19 on SMEs. Other researchers corroborate these findings, stating that the COVID-19 pandemic had a considerable negative influence on the performance and operational efficiency of firms due to a decrease in overall sales (Nguyen, 2022; Rababah, Al-Haddad, Sial, Chunmei, & Cherian, 2020a; Shen, Fu, Pan, Yu, & Chen, 2020) . The COVID-19 pandemic has negatively impacted the industry's operations, manufacturing, and sales. According to Rababah et al. (2020a), SMEs were the hardest hit by the pandemic. Furthermore, their data shows that, when compared to other organisations, the serious impact locations, and industries most affected by COVID-19 experienced a more drastic decline in financial performance and profitability. Shaik (2021) conclude similarly when investigating the negative effects of the COVID-19 pandemic on Saudi Arabian businesses.

6.5.10.2 Correlation and linear regression

The study further conducted a correlation and liner regression analysis to confirm the results from the one-sample T-test.

Table 53 Correlation between COVID-19 and SME PERFORMANCE

Construct A	Construct B	Pearson's correlation (r)	p-value
COVID-19	SME PERFORMANCE	-.637	<.05

*Note: * Correlation is significant at the 0.05 level (two-tailed)*

Source: Author's compilation (2024)

Table 53 provides a concise yet crucial insight into the correlation between the COVID-19 pandemic and SME performance, shedding light on the relationship between these two constructs. The correlation coefficient (r) of -.637 signifies a strong negative association between COVID-19 and SME performance. The negative value indicates that as the impact of COVID-19 increased, there was a corresponding decrease in SME operational efficiency. This negative correlation was statistically significant, as

denoted by the p-value being less than 0.05, confirming the reliability of the observed relationship.

The findings presented in this table suggest that the challenges posed by the COVID-19 pandemic had a substantial adverse impact on the operational efficiency and performance of SMEs. The negative correlation coefficient underscores the potential vulnerabilities and disruptions that SMEs may face when grappling with the consequences of the pandemic. The significance at the 0.05 level further reinforces the reliability of this observed correlation, supporting the assertion that the relationship between COVID-19 and SME performance is not likely due to random chance.

Table 54 Linear regression between COVID-19 and SME PERFORMANCE

Variables in the equation	B	Beta	t	p-value	R^2	F	df	p-value
Constant	14.276	-	13.842	<.0005	.404	191.600	1; 280	<.05
COVID-19	-.630	-.637	3.600	<.0005				

Source: Author's compilation (2024)

The regression analysis, as presented in Table 54, delves into the nuanced relationship between the predictor variable, COVID-19, and the dependent variable (DV) - SME performance. The constant term, denoted by B = 14.276, signifies the expected value of SME operational efficiency when the impact of COVID-19 is zero. The associated t-value of 13.842 is highly significant ($p < .0005$), suggesting that the constant term significantly deviates from zero. The model's R squared value of .404 suggests robust explanatory power, indicating that approximately 40.4% of the variability in SME operational efficiency was accounted for by the included variables. The coefficient for COVID-19, represented by B = -0.630, demonstrates a negative relationship with SME operational efficiency. This implies that, on average, a one-unit increase in the impact of COVID-19 was associated with a decrease of 0.630 units in SME operational efficiency. The Beta value of -0.637, serving as the standardised coefficient, emphasises the relative contribution of COVID-19 to SME operational efficiency compared to other variables. The associated t-value of 3.600 is statistically significant ($p < .0005$), underscoring the significance of the negative relationship. This

suggests that the impact of COVID-19 had a tangible and adverse effect on SME operational efficiency. The overall F-statistic of 191.600, with degrees of freedom (1, 280) and a p-value < .05, indicates that the model is statistically significant, reinforcing the collective impact of the included variables. These results collectively suggest that as the impact of COVID-19 intensified, SME operational efficiency and performance tended to decline.

Consistent with the outcome of the statistical analysis, empirical evidence suggests that the COVID-19 pandemic has had a major impact on SMEs globally and has significantly affected their operational efficiency and performance (Al-Fadly, 2020; Gregurec, Tomičić Furjan, & Tomičić-Pupek, 2021; Juergensen, Guimón, & Narula, 2020b). This impact is visible in a number of areas, such as financial performance, employment, and operations. However, the most immediate and obvious impact of the pandemic on SMEs has been on their financial performance. The sudden and widespread economic shutdowns resulted in a sharp decline in revenues for many businesses, while also increasing their expenses due to new health and safety measures and the need to adapt to new ways of working. This put a strain on their cash flow and profitability, leading to financial difficulties for many SMEs (Gregurec et al., 2021).

As illustrated in Table 36, the findings of the study indicated 39% of SMEs laid off workers, 31% were in arrears of outstanding liabilities, 47% delayed payments to landlords 67% delayed payments to suppliers, and 50% temporary closed operations during the difficult times in the midst of the COVID-19 pandemic. Other studies similarly conclude that the pandemic had a significant impact on employment in SMEs as many of the firms were forced to lay off or furlough employees in order to cut costs, and some were even forced to shut down entirely, resulting in job losses (Belas et al., 2022). This has had a major impact on the livelihoods of employees and their families, as well as on the overall economy (Belas et al., 2022). Omar, Ishak and Jusoh (2020), reveal that the pandemic disrupted the smooth operation of SMEs as a result of the extensive lockdowns and social distancing measures which forced many businesses to close temporarily or drastically change their operations in order to comply with health and

safety guidelines. This resulted in delays, disruptions, and added costs, all of which can negatively impact the performance of SMEs.

Many SMEs rely on global supply chains for their products or raw materials, and the pandemic greatly disrupted these supply chains. Travel restrictions, border closures, and disruptions in transportation all led to delays and shortages in supplies, causing further operational and financial challenges for SMEs (Zutshi, Mendy, Sharma, Thomas, & Sarker, 2021). Therefore, based on the above analysis, Hypothesis: (H5) - There is a negative impact of the COVID-19 pandemic on SME performance and operational efficiency, is supported.

6.6 Chapter summary

This chapter featured the quantitative analysis and discussion, with an emphasis on useful and detailed quantitative statistics gathered by the survey approach. The quantitative analysis provided a reliable technique for supporting or refuting the qualitative analysis findings in relation to the study's topics and theoretical frameworks. Statistical procedures based on quantitative techniques examined the plausibility of the qualitative data and confirmed its accuracy. The findings were presented and discussed utilising descriptive statistical techniques in the format of tables and other figures to represent the quantitative data collected. A variety of statistical analysis techniques were utilised using SPSS and Smart PLS to attain the study's objectives to identify the financial and non-financial CSFs for SME performance as well as to assess the effect of the COVID-19 pandemic on SME profitability and operational efficiency and performance. The following chapter presents the triangulation of both qualitative and quantitative findings to highlight the study's significant results in relation to the research questions. It also describes the performance measurement framework developed as a result of the findings of the study.

CHAPTER 7 - TRIANGULATION AND PERFORMANCE MANAGEMENT FRAMEWORK

7.1 Overview of the methodological triangulation process

A methodological triangulation approach was used in this study. Based on a mixture of theories and the qualitative and quantitative findings from chapters five and six, a proposed performance measurement framework was developed that incorporates a step-by-step improvement guideline flowchart.

Triangulation can take place both within and across procedures, according to methodological triangulation. This study involved the between method or cross method triangulation by combining two or more data collection techniques or methodologies. When two or more research techniques are used to explore the same phenomenon, the strengths of one approach are used to offset the weaknesses of another, a technique known as triangulation (Flick, 2018; Fusch, Fusch, & Ness, 2018). Triangulation was used to ensure accuracy, "truth value," "applicability," "consistency," and "neutrality" in this study that used questionnaires for quantitative data collection and interviews with open-ended questions for qualitative data collection (Fusch et al., 2018). Bans-Akutey and Tiimub (2021) suggest that triangulation helps corroborate research findings, particularly when data from several methodologies point in the same direction, confirming the results and achieving accuracy.

In the subsections to follow, the results in relation to each research objective will be presented and triangulated to set the foundation for the development of the performance measurement framework.

7.2 Results in relation to the research questions

The study aimed to achieve four main research questions. The data collection and analysis processes were conducted to address the first three research questions. Once those research questions were addressed, these results informed the fourth research question, which was how to develop the performance measurement framework using an interactive guideline flowchart.

7.2.1 Results relating to research question one

Research question one: *What are the financial CSFs for SMEs and how did they influence performance during the COVID-19 pandemic?*

From the qualitative data, the main sub-themes which emerged that highlighted the financial critical success factors for SME performance, extracted from section 5.6.2 are listed below: Conversations with SME owners in section 5.6.2.1 revealed that budgeting adherence to manage costs effectively and to complete work within a specified time was highly ranked as a critical success factor for their businesses. Respondents also indicated that proper management of cash flows was essential for their business success.

Section 5.6.2.3 revealed that having access to capital and loans was crucial for efficiency of businesses. Access to capital to start and operate the SME successfully without requiring loans was a key factor in its sustainability. For those not in the position to access capital, securing funding or a loan was necessary to operate the business efficiently. Purchase reduction costs such as bulk buying and receiving discounts to save money were seen as a common practice among respondents in order to maintain business efficiency as indicated in section 5.6.2.4. Measures were put in place by some respondents to reduce operating costs, for example using cheaper delivery options and purchasing from local suppliers (see section 5.6.2.5). Some SMEs made efforts to reduce manufacturing costs in order to sell their products to clients at cheaper prices.

Customers were seen as a key financial factor in many ways. Strategies relating to customers satisfaction and attraction highlighted in section 5.6.2.7 emphasised selling off by-products at cheap prices to bring in additional income and reduce waste in the business. Some SMEs sold to customers on a cash basis to ensure prompt payments whilst some charged interest on overdue payments to encourage quick repayments. Some respondents offered in store promotions and seasonal discounts to increase sales and maintain customer retention. Lastly, section 5.6.2.8 relating to supplier strategies included SMEs establishing long term relationships with their suppliers in an effort to retain them, by building trust which increases the reliability of their products

delivered. Some respondents drew up repayment agreements for flexible repayments given their good business history.

The quantitative findings substantiated revelations made in the qualitative analysis above as statistically significant financial planning critical success factors with factor loadings of more than 0.60 emerged from the quantitative data. The quantitative analysis proved these factors to be statistically significant to the performance of SMEs. There was a general consensus among respondents that the following financial planning critical success factors, extracted from table 35 in section 6.4.1.1 were essential for enhancing business performance.

Most respondents saw forecasting by creating budgets to monitor and control cost as crucial. The mean of this factor was 4.138. Having some access to funding was also seen as critical, be it initial funding (mean of 4.067) which is start-up money for starting operations, access to current funding (mean of 4.011) which is enough money for short-term needs or development funding (mean of 4.035) which is enough money for long-term growth and expansion. There was consensus that having access to funds was critical to maintaining business operations.

The quantitative results also revealed that financial management ratio analysis was required to evaluate the financial health of an SME. There was strong agreement that the net operating cash flow to current liabilities (mean of 4.103), net operating cash flow to sales (mean of 4.032) and current ratio (mean of 3.812) were positively statistically significant to SME performance. Finally, both negotiations for discounts for prompt payments to suppliers (mean of 3.826) and implementing strategies for increasing revenue growth (mean of 4.092) were deemed critical to enhance sales in the business. In addition to respondents' level of agreement, these financial factors were also shown to be positively statistically significant to the performance of SMEs. These financial strategies from the quantitative data correlate with the finding that emerged from the qualitative results. This indicates a triangulation of data from both methods. Thus, these financial critical success factors were incorporated in the development in the performance measurement framework.

7.2.2 Results relating to research question two

Research question two: *What are the non-financial CSFs for SMEs and how did they influence performance during the COVID-19 pandemic?*

From the qualitative data, the main sub-themes which emerged that highlighted the non-financial critical success factors for SME performance, extracted from section 5.6.3 are listed below:

7.2.2.1 **Strategic planning**

Conversations with SME owners revealed that strategic planning success factors to promote long-term success and sustainability were creating strategic objectives for the business, as indicated in section 5.6.3.7; aligning the planned actions with the SMEs core values and goals; performing a SWOT analysis to identify the businesses strengths, weaknesses, opportunities, and threats; and ensuring the proper execution of plans. These success factors were deemed vital in the planning and implementation of strategies. In recent years, due to the economic downturn, respondents indicated that they had to restructure to survive. They had to streamline processes and lay-off workers to improve efficiency and productivity in their businesses (see section 5.6.3.3). Businesses also employed locals in the area to uplift community and reduce unemployment rates.

The quantitative statistics supported strategic planning as crucial to the success of SMEs. The statistically significant strategic planning critical success factors with factor loadings of more than 0.60 emerging from the quantitative data, extracted from Table 35 in section 6.4.1.1 are reflected below:

There was a general consensus among respondents that creating business objectives (mean of 4.138) is a crucial part of the strategic planning process. Creating plans to accomplish the objectives (mean of 4.174) was also highlighted as important. There was less agreement from respondents that designing a strategic plan (e.g. growth, cost, product strategy) (mean of 3.387) was important to SME performance. Perhaps this indicates their lack of time or dedication to designing their own plan. However, implementing a strategic plan (mean of 4.227), monitoring outcomes and progress of

the strategic plan (mean of 4.113), and having enough resources to carry out the strategic plan (mean of 4.028) all were deemed critical to businesses by respondents. Besides respondents' level of agreements, the above factors were also proven to be positively, statistically significant to the performance of SMEs.

7.2.2.2 **Human resources planning**

Interviews with SME owners revealed that several human resources planning success factors are both recruiting employees that are motivated, driven, and adaptable to a changing working environment, as indicated in section 5.6.3.4, as well as recruitment based on candidates' skills and competence, qualification, experience, and good engagement skills (see section 5.6.3.1). These were highlighted as essential to business success. In addition, SME owners indicated that having the right skills and competence levels can impact business sustainability. Owners also deemed it necessary for business success that newly appointed staff undergo training to stay up to date with the developments in the field, while some employees underwent a probation period to ascertain their competence and capability for the position (see section 5.6.3.1). At some businesses, staff are rated based on their performance and achievement of targets. They are provided with a bonus incentive for achieving good performance. This practice was highlighted as a success factor for some respondents in section 5.6.3.3.

The above was further supported by quantitative statistics as human resources planning factors were derived from the analysis. The statistically significant human resources planning critical success factors with loadings of more than 0.60 emerging from the quantitative data, extracted from Table 35 in section 6.4.1.1, are reflected below:

The quantitative findings substantiated the qualitative analysis's finding that hiring competent employees based on their abilities and strengths (mean of 4.184) was deemed crucial for business success. Providing training to employees on the new developments in technology (mean of 4.082) was also highlighted as important by the majority of SMEs. Giving feedback to employees based on their tasks (mean of 4.152) showed a high level of agreement among respondents as a critical success factor.

Lastly, utilising an employee performance evaluation technique to enhance productivity of employees (mean of 3.890) had a level of agreement indicating its importance to business success. In addition to respondents' level of agreement, the above factors were proven as positively, statistically significant to the performance of SMEs.

7.2.2.3 **Operational planning**

The qualitative findings revealed that the consensus is that creating a cohesive work environment as indicated in section 5.6.3.2, can promote employee motivation and productivity which can impact on the sustainability of a business. Employee inclusion in decision making, promoting teamwork and collaboration was also important for SME performance (see section 5.6.3.2). Section 5.6.3.5 highlighted those respondents viewed customer relations such as customer engagement, feedback and maintaining good relationships, as a strong success factor to attract and retain customers. Furthermore, being customer focused rather than putting focus on competitors was crucial to ensure customer satisfaction and retention. However, some respondents indicated in section 5.6.3.8, that benchmarking against competitors and competitor monitoring was crucial to stay ahead of the competition and ensure business success. Section 5.6.3.6 indicated marketing practices were highly ranked as a success factor by most respondents. These practices included different techniques such as social media, direct marketing, and benchmarking against trends in the industry. Lastly, section 5.6.3.10 revealed that in the current epoch, technology as well as using it to be innovative, was invaluable. The respondents saw it as important to adapt to the ongoing digital transformation and use technology in their businesses.

These operational planning critical success factors were also derived from the quantitative results. The statistically significant operational planning critical success factors with loadings of more than 0.60, extracted from Table 35 in section 6.4.1.1, are reflected below: Employing competent managers with expertise and experience (mean of 4.174) was a highly ranked success factor for SMEs. Respondents were also in agreement that creating an environment to foster employee commitment (mean of 3.972) as well as motivating employees to increase commitment and productivity (mean of 4.287) were key factors in operational planning for SME success. Further to

the above, interacting with customers based on their needs and requirements (mean of 4.234) as well as tracking customer complaints and satisfaction (mean of 4.057) were highlighted as important for attracting and retaining customers to improve sales.

Marketing components, such as benefiting from digital marketing tools (e.g. social media, viral and content marketing) (mean of 4.050) were also seen as critical with a high level of agreement among respondents that marketing was a contributing factor to business success. Lastly, implementing supplier selection and retention strategies to enhance supplier performance (mean of 4.145) was highly ranked as a success factor by respondents. Further to respondents' level of agreements, the above factors were also proven as positively, statistically significant to the performance of SMEs.

These non-financial strategies from the quantitative data correlate with the findings that emerged from the qualitative results showing a triangulation of data from both methods. The results were further validated by a theory mix and were incorporated into the development of the performance measurement framework.

7.2.3 **Results relating to research question three**

Research question three: *How has the COVID-19 pandemic impacted the profitability, performance and operational efficiency of SMEs?*

The main sub-themes which emerged from the qualitative data that highlighted the objective impact of COVID-19 on SME performance are listed below: Conversations with SME owners, discussed in section 5.7.1, revealed that the COVID-19 pandemic severely impacted sales causing a significant decline in profits. SMEs suffered as their products and/or services were not seen as essential products and/or services during the nation-wide lockdown which led to a halt in some operations resulting in low sales and profits. Some SMEs indicated that they were in arrears especially when it came to rent payments, whilst others had to rely on their personal finances to pay suppliers and other related debts as businesses were not generating revenue (see section 5.7.1.1). The respondents also emphasised that the lockdown regulations resulted in delays in production and inventory delays from suppliers as a result of supplies not being regarded as essential and the shortage of workforces due to the travel restrictions (see

section 5.7.1.2). Respondents also expressed challenges with suppliers as a major downfall during the pandemic as many of them were charged interest on late repayments, and many supplier relations were severed due to payment issues (see section 5.7.1.4). Businesses were also forced to undergo employee lay-offs due to their lack of income (see section 5.7.1.5).

Section 5.8 discussed the primary challenges experienced by the SMEs preventing adequate performance and sustainability. Both the business environment (see section 5.8.1.1) and the political environment (see section 5.8.1.2) also had a direct bearing on businesses. For example, the July 2021 looting caused damage to businesses both physically and financially. Some have still not recovered fully since then. Respondents also highlighted that the national loadshedding problem causes electrical disruptions bringing some operation to a standstill (see section 5.8.1.3). In addition, the changing weather patterns are bringing a rising occurrence of natural disasters such as severe storms and flooding. This causes damage to business property, equipment, and stock (see section 5.8.1.5). The conversations with SMEs also emphasised that there is a critical needed for funding and the challenge lies in the limited access to funding as discussed in section 5.8.2. In addition, the high interest rates exacerbate the expense of obtaining loans and related financial assistance. The actual access to short-term cash flow to cover operating costs poses a significant challenge for some businesses. Some respondents also indicated, as discussed in section 5.7.3 that they had challenges obtaining government assistance. After numerous attempts, they got no feedback or assistance. Supplier challenges were also discussed as many respondents experienced delivery delays, shortages of supplies crucial to continued operations, and a lack of empathy and no customer loyalty to long standing customers from supplier as they switched to higher paying customers (see section 5.8.3). Section 5.8.4 illustrates that respondents also indicated that competition in the industry made it difficult to stand out. Cheaper imports from other countries meant a loss of business for some respondents.

The lack of planning and attainment of proper guidance leads to difficulties in navigating the business trajectory. Some businesses cannot plan strategically resulting in an inability to grow. Hence, more strategic planning is needed. In addition, businesses need guidance and/or mentorship on key aspects to grow the business,

identifying opportunities, and making a start in the right direction (see section 5.8.5). Lastly, there was a lack of modern technology and latest software for some of the businesses. This posed challenges as their competitors utilised technology for remote working during the pandemic. SMEs that fail to adapt to technological advancements risk losing competitiveness (see section 5.8.6).

The quantitative findings substantiated revelations made in the qualitative analysis above. The quantitative data showed a significant agreement among respondents about critical success factors for SMEs. These factors, extracted from Tables 36 in section 6.4.1.2, are as follows: SME delayed payments to landlord (47% agreed), SME delayed payments to suppliers (67% agreed), SME in arrears on outstanding liabilities (30% agreed), SME filed for insolvency/bankruptcy (4% agreed), SME overdue on financial institution obligations (27%) and laid off workers (39% agreed) while almost half the SMEs closed operations temporarily (49.6% agreed) due to the financial difficulties faced during the COVID-19 pandemic . There was a general consensus among respondents who strongly agreed that SMEs require assistance to implement crisis management measures, as indicated by the high mean of 4.266. The findings shown in Figure 31 also reveal that at the start of the pandemic in 2020, 55% of SMEs had a less than four percent net profit percentage and this dropped to just 14% of SMEs having a less than four percent net profit percentage as lockdown restrictions lifted in 2022. Section 6.4.1.1, table 36 reveals that just 38.3% of respondents indicated that they started or increased business activity online. 44.7% of respondents increased or started delivery services to get products to customers. 39.7% of respondents increased remote working.

Table 39 shows that respondents were in consensus (91.5% in agreement) that the SME faced challenges adapting its operations during the pandemic. 90.1% agreed that their business’s financial stability significantly declined, 78.4% were in agreement that their customer engagement declined, 76.9% struggled to obtain government support and relief measures and 89% indicated that they experienced disruptions in supply chains a result of the pandemic. In addition, Table 39 revealed that a total of 89% of SMEs indicated that the pandemic negatively affected the productivity and efficiency of SME's operations. 91.5% of respondents faced challenges adapting its operations

due to the pandemic. 90.1% indicated that their financial stability had declined, 78.4% indicated that their customer engagement declined and 89% indicated they experienced supply chain disruptions. These challenges were also exposed in the findings generated from the qualitative data emerging from the interviews where respondents shared the same sentiments on the effect of the COVID-19 pandemic on their SMEs.

The respondents also highlighted their coping mechanisms to recover from the negative effects of the COVID-19 pandemic (see section 5.7.2). Respondents explained that to overcome their challenges with suppliers, they negotiated a reduction in their supply. This reinforced their commitment to support suppliers despite a reduced demand in products to maintain good supplier relations. Payment terms were also negotiated to be extended from 60-day to 120-day terms with certain suppliers (see section 5.7.2.2). Whilst this was not an ideal arrangement, it allowed for flexibility and maintained trust with suppliers. One business began introducing delivery services which had a positive impact on their sales as customers were reluctant to come to the store. Unfortunately, some businesses had to retrench staff in order to keep sales competitive. The saving on the cost of having staff was used to negate an increase in sales prices (see section 5.7.2.3). Some businesses had unexpected approaches to coping, including friendly allegiances, even with competitors. There was a collaborative approach among similar businesses to refer customers mutually. This reciprocal approach benefited both businesses as it expanded their customer bases and fostered more business cooperation (see section 5.7.2.5). The respondents also indicated that working remotely (see section 5.7.2.6) was helpful in mitigating office related expenses, as well as cutting down on travel costs incurred by the business. The description of coping mechanisms was unexpected knowledge derived from the interviews which was not part of the questionnaires but was incorporated in the development of the PMF.

7.3 Attainment of research question four

Research question four: *How can a performance measurement framework using a step-by-step improvement guideline flowchart be developed to enhance SME profitability and sustainability post COVID-19 pandemic?*

7.3.1 Design and development of the performance measurement framework

The sections that follow will discuss the incorporation of a theory blend into the design and development of the performance measurement framework.

7.3.1.1 Incorporation of theory mix in the design of the framework

This study incorporated elements from the resource-based view theory, stakeholder theory, goal setting theory, contingency theory and the Balanced Scorecard in the design and development of the performance measurement framework.

Resource-based view theory

According to the resource-based view theory (RBV), a firm's performance and competitive advantage are determined by the capabilities and resources it has. Hardware and network infrastructure are examples of tangible resources, while software patents and strong partnerships with suppliers are examples of intangible resources.

This theory's strength is its capacity to help South African SMEs by emphasising the critical role resources play in their development. For SMEs, one benefit of applying the RBV theory is that it helps them recognise and capitalise on their special assets and skills to obtain a competitive edge. According to the RBV, a company's unique and valued resources such as its reputation, human capital, tangible and intangible assets, and physical assets are what give it an edge over competitors.

Therefore, for the design of an SME's PMF, it is crucial to identify the SMEs strategic resources, financial resources, human capital resources, and operational planning resources which could lead to superior performance and sustained growth in highly competitive environments. These elements were included in the development of the PMF in the study.

Stakeholder theory

Stakeholder theory is a business management philosophy that holds that organisations should consider the interests and demands of all stakeholders affected by their actions rather than focusing exclusively on enhancing business value. This theory acknowledges that businesses have a larger responsibility than merely making money and should actively connect with stakeholders such as consumers, employees, suppliers, communities, and the environment. Stakeholder theory states that by maintaining excellent relationships and meeting the needs of all stakeholders, businesses may develop long-term sustainable value and contribute to societal well-being.

Therefore, the design of the PMF incorporated elements of the stakeholder theory by the identification and analysis of expectations of all stakeholders, in terms of customers, suppliers, employees, and competitors and enforcing the creation of good relationships between the SME and these stakeholders to enhance the operational efficiency and performance.

Goal setting theory

The goal setting theory emphasises that creating difficult goals leads to employee motivation and a strong sense of purpose. Setting defined and difficult goals enables SMEs to focus their employees' attention and resources on vital objectives and achievements. This synchronisation of activities leads to increased overall performance and better outcomes for the SMEs. Setting clear and detailed goals allows managers to convey expectations and provide feedback to staff more effectively. This allows for a more collaborative and coordinated approach to work,

which is critical for the success of SMEs, since they frequently rely on cooperation and tight collaboration due to their smaller size and fewer resources.

Therefore, the PMF designed in this study reflects elements of the goal setting theory in the identification of SMEs goals and objectives. Including employees in the decision-making processes and introducing a performance rewards system was also incorporated to enhance employee motivation, improve organisational performance, increase job satisfaction, and enhance communication and coordination.

Contingency theory

With the COVID-19 pandemic affecting a wide spectrum of global business activities, contingency theory provides a good framework for analysing small businesses' responsiveness and flexibility, as well as their growth and resilience. The contingency theory describes how organisational decisions are influenced by both internal and external events in a given setting. The firm has control over its internal environments, such as its resources and experience, but not over its external environments, which include trends, uncertainties, and disasters. According to the theory, in order to achieve a competitive edge, enhance performance, and assure sustainability, organisations should endeavour to improve their strategy and better align it with the ever-changing internal and external environment.

Therefore, the PMF developed by this study incorporates crisis management strategies and coping mechanisms to maintain operational efficiency and business continuity in times of crisis.

Balanced Scorecard framework

The Balanced Scorecard framework was designed to provide managers with a more comprehensive overview of performance by including both financial and non-financial variables into business planning. The goal was to apply insights from each area to improve employee and process performance, resulting in overall business success. The Balanced Scorecard consists of internal operational performance strategies, financial performance strategies, customer interactions, and employee recruitment, training, and development.

Therefore, the study incorporated elements of the Balanced Scorecard in developing the PMF by including financial planning strategies and non-financial planning strategies. Benchmarking against principles of the BSC, the PMF also ensures that SMEs possess the ability to align business objectives with the strategic goals of the organisation to enhance performance and operational effectiveness.

Table 55 below illustrates how the quantitative and qualitative findings identified from the quantitative and qualitative analysis and triangulated (as indicated in sections 7.2.1 – 7.2.3) drive enhanced SME performance and should be incorporated in the PMF. These findings are guided by the theory blend in the theoretical framework

Table 55 Findings in relation to the theoretical framework

Findings	**Guided by a theory blend in the theoretical framework:**
- Schedule planning sessions with management and employees to design and implement a customised PMF. - Identify the SMEs goals and objective, Revise the vision and mission for the SME	The findings relating to scheduling planning sessions with management and employees to design and implement a customised PMF and identifying the SMEs goals and objectives as well as revising the vision and mission for the SME are underpinned by **the internal process perspective of the Balanced Scorecard model and the goal setting theory.** When a business enhances their internal processes by conducting planning sessions with both management and employees this enhances the communication and strategy alignment and enables the business to better monitor performance to identify improvement as aligned with the internal processes from the perspective of the BSC model. Working collaboratively provides a clear goal and objective which is agreed on by both management and employees to improve internal efficiency in the business. This is aligned with the goal setting theory which recommends establishing clear and achievable goals in order to enhance performance. Involving the employees in contribute towards the development of the goal setting and business vision enhances commitment and responsibility. These strategies then ensure that business processes are in place and employee efforts are coordinated to produce significant results.
Implement the following strategic planning strategies: - Create Business Objectives, - Create Plans to accomplish objectives, - Design and implement a strategic plan,	Both the r**esource-based view (RBV) theory** and the g**oal setting theory** support the recommendation to use strategic planning techniques, such as establishing company objectives, making action plans, designing and carrying out a strategic plan, and making sure there are enough resources. As indicated in the RBV theory, the use of internal resources such as business knowledge and skilled workers, enhances the long-term competitive advantage of a business. That exceptional performance relies on business resources is the central

- Ensure you have resources to implement and monitor the plans.	assumption of the RBV theory ensuring that it is easily accessible and efficiently distributed. Reflected in the goal setting theory, understanding of goals, enhancing commitment by employees and enhancing business performance are all improved by the development and implementation of well-defined and clear objectives and strategies. So, the strategic planning process not only makes sure that a business properly uses its internal resources (RBV), but it also encourages individuals to be responsible and motivated (goal setting theory).
Implement the following financial planning strategies: - Implement basic budgeting to control costs. - Evaluate the current ratio, cash flow to current liabilities ratio, and cash flow to sales ratio. - Iimplement strategies to increase revenue, such as store promotions, seasonal discounts. - Consider selling on a cash basis or charging interest on overdue payments for quick payments. - Negotiate supplier discounts and flexible payment terms. - Buy in bulk to save money. - Use local delivery and purchase from local suppliers	The **RBV theory** and the financial perspective of the **Balanced Scorecard (BSC**) model both fit well with the suggested financial planning components. These factors include budgeting, analysing financial ratios, finding ways to increase revenue, and lowering costs. Under the RBV paradigm, financial resources are seen as important strategic assets that can help keep a competitive edge when used correctly. So, by implementing budgeting, calculating the liquidity ratios and implementing supplier negotiations as well as bulk buying to save costs, businesses will be better at utilising their financial resources. Also, the BSC model's – financial perspective which highlights key financial strategies such as profits, controlling costs, managing cash flow, and improved sales is also directly maintained by these strategies. Thereby, businesses can improve financial performance by implementing and effectively managing financial resources and aligning them with measurable financial objectives.
Implement the following human resources planning strategies: hire competent, motivated, qualified, and experience employees; provide training on technological developments; implement a probation period to assess new employees' competence; utilise an employee performance evaluation system to allocate bonuses; provide employees with regular feedback on performance.	The identified HR planning strategies, which include hiring qualified and driven staff, providing training on new technology, implementing probation periods, evaluating performance for bonuses, and providing frequent feedback are all underpinned by the integration of the st**akeholder theory**, the learning and growth perspective of the **BSC model**, and the **RBV**. The RBV assumes that in placing emphasis on competent and motivated employees, businesses enhance their competitive advantage because human capital is a significant and unique strategic resource. This assumption is also part of the BSC model's learning and growth perspective, which places emphasis on skill development, performance management, and staff development as critical aspects in business development and future success. The stakeholder theory also places emphasis on seeing employees as valuable stakeholders whose needs, growth, and well-being must be taken care off. These strategies are seen as

	those which strengthen accountability and enables trust within a business,
Implement the following operational planning strategies: create a cohesive environment fostering employee commitment; motivate employees to increase productivity; include employees in decision making processes; track customer requirements, satisfaction, and complaints; implement supplier retention strategies; adapt to new technology in the field; benefit from digital marketing – social media; monitor and benchmark against competitors.	The operational planning strategies, which include creating a cohesive work environment, motivating employees, including them in decision-making, monitoring customer feedback, implementing new technologies, retaining suppliers, utilising digital marketing, and benchmarking against competitors are all interlinked strategies that are underpinned by the integration of the **RBV theory**, the internal process perspective of the **BSC model**, and the s**takeholder Theory.** The RBV theory assumes that long term competitive advantage is enhanced by operational aspects like good supplier relationships, motivated employees, and technological adaptability. The BSC model's - internal process perspective emphasises that business processes, such as innovation and service delivery, enhance business profitability and efficiency. Also, the stakeholder theory highlights the importance of planning strategies, such as incorporating stakeholders – employees, suppliers, and customers - both inside and outside the business. Therefore, by implementing such strategies, the business promotes responsiveness and accountability to their shareholders as well as improving internal processes.
Implement the following crisis management strategies and coping mechanisms: set plans in place to restructure and streamline processes to operate on minimal costs; put measures in place and train employees to adapt to a hybrid working environment; setup the business to continue operations, implementing minimal contact, and social distancing; ensure business insurance policies are active in the event of damage to property; establish contingency plans to pay workers, for example, TERs funding and UIF; plan for alternate electricity and water sources.	**Contingency theory**, which believes that there is no one-size-fits-all approach to management and that effective strategies rely on matching business practices with the particular demands of the external environment, is the foundation for the suggested crisis management strategies, which include securing emergency payroll options, training employees for hybrid work, implementing minimal-contact procedures, maintaining insurance coverage, planning for alternative utility sources, and streamlining operations to cut costs. These actions demonstrate an adaptable, responsive approach to decision-making, understanding that business procedures and structures need to change in response to changing circumstances like network breakdowns, public health emergencies, or economic catastrophes such as the COVID-19 pandemic. In line with contingency theory's focus on adapting and integrating external challenges and internal resources, a business enhances its capacity for resilience and continuing operations through implementing specific measures such as hybrid working mechanisms or a re-allocation of resources.

7.3.1.2 **Steps for PMF**

The design and development of the performance measurement framework for the study was based on the emerging factors discussed in section 7.2.1 and section 7.2.2. Based on the high level of agreement from respondents in both the quantitative and

qualitative studies on their need for assistance to implement crisis management measures, these were also incorporated in the PMF. From the results pertaining to objectives one, two and three, the performance measurement framework was developed utilising an interactive flowchart approach. Table 56 presents the steps of the PMF developed for this study.

Table 56 Steps for the performance measurement framework

Step	Process
1	Question: Has the SME implemented a PMF? If user answered no, then instruction: schedule planning sessions to design and implement a PMF
2	Question: Does the current vision and mission align with the SME's objectives? If user answered no, then instruction: Revise the vision and mission for the SME
3	Question: Do the implemented strategic planning strategies enhance performance of the SME? If user answered no, then instruction: Implement the following strategic planning strategies: -Create business objectives -Create plans to accomplish objectives -Design and implement a strategic plan -Ensure you have resources to implement and monitor the plan
4	Question: Do the implemented financial planning strategies enhance performance of the SME? If user answered no, then instruction: Implement the following financial planning strategies: -Perform basic budgeting to control costs -Evaluate current ratio, cash flow to current liabilities ratio, and cash flow to sales ratio -Implement strategies to increase revenue, such as, store promotions and seasonal discounts -Consider selling on a cash basis or charge interest on overdue payments for quick payments -Negotiate supplier discounts and flexible payment terms -Buy in bulk to save money -Use local delivery, and purchase from local suppliers
5	Question: Do the implemented HR planning strategies enhance performance of the SME?

	If user answered no, then instruction: Implement the following HR planning strategies: -Hire competent. motivated, qualified, and experienced employees -Provide training on technological developments -Implement a probation period to assess competence -Utilise an employee performance evaluation system to allocate bonuses -Provide employees with regular feedback on performance
6	Question: Do the implemented operational planning strategies enhance performance of the SME? If user answered no, then instruction: Implement the following operational planning strategies: -Create a cohesive environment fostering employee commitment. -Motivate employees to increase productivity, and include employees in decision making processes -Track customer requirements, satisfaction, and complaints -Implement supplier retention strategies -Adapt to new technology in the field -Benefit from digital marketing – social media -Monitor and benchmark against competitors
7	Question: Do the implemented crisis management strategies maintain operational efficiency and business continuity in times of crisis? If user answered no, then instruction: Implement the following crisis management strategies and coping mechanisms: -Set plans in place to restructure and streamline processes to minimise cost and maximise sales -Establish a contingency plan to pay workers, for example, reach out for government support through TERs fund, or the UIF -Train employees to adapt to a hybrid working environment -Setup facilities to continue operations taking into account minimal contact, and social distancing -Maintain active insurance policies against of damage to property -Have plans in place for alternative electricity and water sources
8	Question: Are the implemented strategies regularly monitored and reviewed to assess if they are enhancing efficiency and performance? If user answered no, then instruction: Monitor, review and revise implemented strategies: - Ensure that the implemented strategies are regularly monitored and reviewed

	- If the implemented strategies are not enhancing success and operational efficiency, regular revisions and adjustments should be made to align to business, industry and environmental changes.

Source: Author's compilation (2024)

The performance measurement framework consists of a series of steps based on various improvement frameworks and performance measurement frameworks (Bititci, 2002; Caballero-Morales, 2021; Ghobadian & Gallear, 2001; Hudson et al., 2001; Sousa & Aspinwall, 2010). The steps of the PMF are further explained in the section below:

Step one involves a decision-making process based on the question, "has the SME implemented a PMF?" There are two options to answer this question, "YES" or "NO". Should the user answer no, the user is then instructed is to schedule planning sessions with management and employees to design and implement a customised PMF, should the user answer yes, the user then proceeds to step two.

Step two involves a decision-making process based on the question, "Has the SME identified their goals and objectives?" There are two options to answer this question, "YES" or "NO". Should the user answer no, the user is then instructed to identify the SMEs goals and objectives. Should the user answer yes, the user then proceeds to step three.

Step three involves a decision-making process based on the question, "Does the current vision and mission align with the SME objectives?" There are two options to answer this question, "YES" or "NO". Should the user answer no, the user is then instructed to revise the vision and mission for the SME. Should the user answer yes, the user then proceeds to step four.

Step four involves a decision-making process based on the question, "Do the implemented strategic planning strategies enhance the performance of the SME?" There are two options to answer this question, "YES" or "NO". Should the user answer no, the user is then instructed to implement the following strategic planning strategies: Create Business Objectives, Create Plans to accomplish objectives, Design and

implement a strategic plan, ensure you have resources to implement and monitor the plans. Should the user answer yes, the user then proceeds to step five.

Step five involves a decision-making process based on the question, “Do the implemented financial planning strategies enhance the performance of the SME?” There are two options to answer this question, “YES” or “NO”. Should the user answer no, the user is then instructed to implement the following financial planning strategies: perform basic budgeting to control costs; evaluate current ratio, cash flow to current liabilities ratio, and cash flow to sales ratio; implement strategies to increase revenue, such as store promotions, seasonal discounts; consider selling on a cash basis or charge interest on overdue payments for quick payments; negotiate supplier discounts and flexible payment terms; buy in bulk buying to save money; use local delivery, purchase from local suppliers. Should the user answer yes, the user then proceeds to step six.

Step six involves a decision-making process based on the question, “Do the implemented human resources planning strategies enhance the performance of the SME?” There are two options to answer this question, “YES” or “NO”. Should the user answer no, the user is then instructed to implement the following human resources planning strategies: hire competent, motivated, qualified, experience employees; provide training on technological developments; implement a probation period to assess new employees’ competence; utilise an employee performance evaluation system to allocate bonuses; provide employees with regular feedback on performance; Should the user answer yes, the user then proceeds to step seven.

Step seven involves a decision-making process based on the question, “Do the implemented operational planning strategies enhance the performance of the SME?” There are two options to answer this question, “YES” or “NO”. Should the user answer no, the user is then instructed to implement the following operational planning strategies: create a cohesive environment fostering employee commitment; motivate employees to increase productivity; include employees in decision making processes; track customer requirements, satisfaction, and complaints; implement supplier retention strategies; adapt to new technology in the field; benefit from digital marketing

– social media; monitor and benchmark against competitors. Should the user answer yes, the user then proceeds to step eight.

Step eight involves a decision-making process based on the question, “Do the implemented crisis management strategies maintain operational efficiency and business continuity in times of crisis?” There are two options to answer this question, “YES” or “NO”. Should the user answer no, the user is then instructed to implement the following crisis management strategies and coping mechanisms: set plans in place to restructure and streamline processes to operate on minimal costs; put measures in place and train employees to adapt to a hybrid working environment; setup the business to continue operations, implementing minimal contact, and social distancing; ensure business insurance policies are active in the event of damage to property; establish contingency plans to pay workers, for example, TERs funding, UIF; plan for alternate electricity and water sources. Should the user answer yes, the user then proceeds to step nine.

Step nine involves a decision-making process based on the question, “Are the implemented strategies regularly monitored and reviewed to assess if they are enhancing efficiency and performance?” There are two options to answer this question, “YES” or “NO”. Should the user answer no, the user is then instructed to regularly monitor, review and revise implemented strategies. If the implemented strategies are not enhancing success and operational efficiency, regular revisions and adjustments should be made to align to business, industry, and environmental changes.

Figure 34 illustrates the performance measurement framework which emerged from the study.

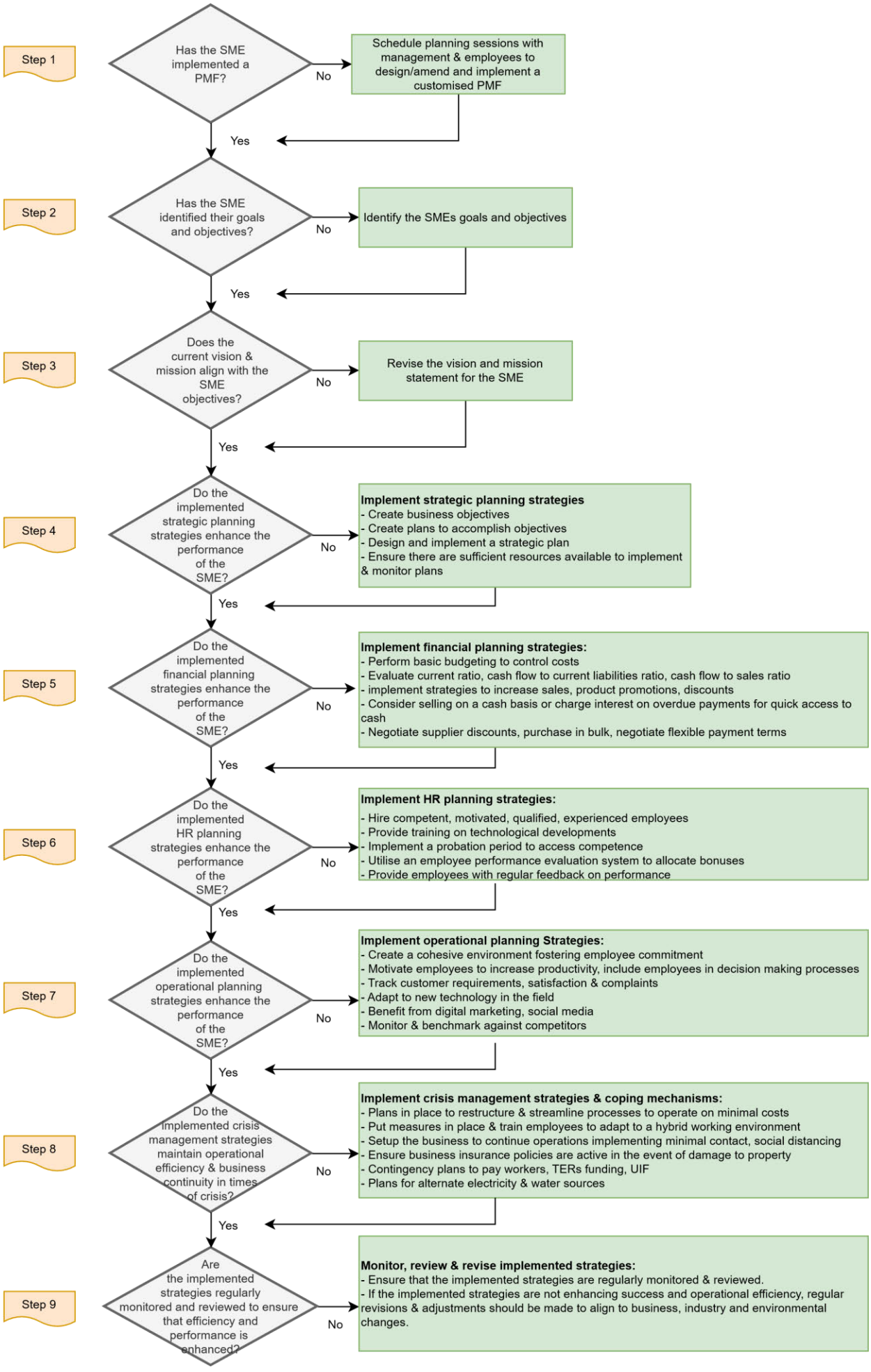

Step 1
Has the SME implemented a PMF?
No
Schedule planning sessions with management & employees to design/amend and implement a customised PMF
Yes
Step 2
Has the SME identified their goals and objectives?
No
Identify the SMEs goals and objectives
Yes
Step 3
Does the current vision & mission align with the SME objectives?
No
Revise the vision and mission statement for the SME
Yes
Step 4
Do the implemented strategic planning strategies enhance the performance of the SME?
No
Implement strategic planning strategies
- Create business objectives
- Create plans to accomplish objectives
- Design and implement a strategic plan
- Ensure there are sufficient resources available to implement & monitor plans
Yes
Step 5
Do the implemented financial planning strategies enhance the performance of the SME?
No
Implement financial planning strategies:
- Perform basic budgeting to control costs
- Evaluate current ratio, cash flow to current liabilities ratio, cash flow to sales ratio
- implement strategies to increase sales, product promotions, discounts
- Consider selling on a cash basis or charge interest on overdue payments for quick access to cash
- Negotiate supplier discounts, purchase in bulk, negotiate flexible payment terms
Yes
Step 6
Do the implemented HR planning strategies enhance the performance of the SME?
No
Implement HR planning strategies:
- Hire competent, motivated, qualified, experienced employees
- Provide training on technological developments
- Implement a probation period to access competence
- Utilise an employee performance evaluation system to allocate bonuses
- Provide employees with regular feedback on performance
Yes
Step 7
Do the implemented operational planning strategies enhance the performance of the SME?
No
Implement operational planning Strategies:
- Create a cohesive environment fostering employee commitment
- Motivate employees to increase productivity, include employees in decision making processes
- Track customer requirements, satisfaction & complaints
- Adapt to new technology in the field
- Benefit from digital marketing, social media
- Monitor & benchmark against competitors
Yes
Step 8
Do the implemented crisis management strategies maintain operational efficiency & business continuity in times of crisis?
No
Implement crisis management strategies & coping mechanisms:
- Plans in place to restructure & streamline processes to operate on minimal costs
- Put measures in place & train employees to adapt to a hybrid working environment
- Setup the business to continue operations implementing minimal contact, social distancing
- Ensure business insurance policies are active in the event of damage to property
- Contingency plans to pay workers, TERs funding, UIF
- Plans for alternate electricity & water sources
Yes
Step 9
Are the implemented strategies regularly monitored and reviewed to ensure that efficiency and performance is enhanced?
No
Monitor, review & revise implemented strategies:
- Ensure that the implemented strategies are regularly monitored & reviewed.
- If the implemented strategies are not enhancing success and operational efficiency, regular revisions & adjustments should be made to align to business, industry and environmental changes.

Figure 34: Performance measurement framework

Source: Author’s compilation (2024)

Implementing a PMF or revising existing PMFs can help a business make more accurate decisions, communicate better, and raise staff awareness of results. The organisation's resources determine how complicated the implementation would be. A continuous improvement technique can be formed by adhering to the specified stages of small improvements driven by outcomes, which guarantees durability and clear connections between various aspects. Some people, meanwhile, would view this as a prescriptive framework. To assist SMEs in navigating the continuous improvement process, a flowchart and choice points before each phase are included in the framework. Because it provides a systematic set of procedures for improvement while still permitting variety in actions through choice points and feedback loops, the framework is both non-prescriptive and prescriptive. As a result of its flexibility, the framework can be customised for specific SMEs and changed over time, making it easy to understand and apply.

Depending on the demands of the business, each phase of the process may have varying levels of detail, with an emphasis on efficacy and efficiency. The framework is thought to be comprehensive, thorough, and comparable to excellent models. It is built on well-known existing models. SME goals are more important than methodology, and the flowchart determines how actions should be prioritised. Early problem identification and accurate decision making are facilitated by the PMF. A culture of continuous improvement is fostered in SMEs by the PMF described in the study, which motivates management to prioritise improvements and handle problems. SMEs may immediately see benefits from using the suggested PMF, and in due course, they would be able to embrace an excellence model. SMEs can allocate resources and carry out improvement initiatives to accomplish their objectives by putting critical success factors into practice and enhancing their efficiency.

7.3.2 Design and development of the improvement guideline flowchart

SMEs often fail owing to lack of investment, market expertise, planning, skills, and resources. SMEs are more sensitive to external and internal events such as employee turnover, limited financing choices, and market competition (Eggers, 2020). Research suggests that innovation might boost small business resilience and economic development during a crisis (Nah & Siau, 2020). In practice, identifying and executing the necessary management and planning strategies and tools requires careful consideration of when to implement and how to implement innovation strategies to overcome problems. COVID-19 exacerbated the high costs and risks associated with innovation, thereby impacting the performance of SMEs.

Developing an improvement framework to increase SMEs' performance is advantageous due to SME size, which permits more adaptability and closer relationships between those in charge and their clients (Eggers, 2020). The proposed framework identifies effective strategies and instruments to decrease problems encountered in the business using a step-by-step guideline flowchart. Finding the key elements or suggestions for SMEs to survive the COVID-19 pandemic was the first step. Kuckertz, Brändle, Gaudig, Hinderer, Reyes, Prochotta, Steinbrink and Berger (2020) provide the following survival metrics, which were taken into consideration in the design of the improvement flowchart:

Use human capital and current technology in novel ways to solve new challenges, engage network resources like adjustable staff rotation and flexible payment plans, put attention on allocating resources to worthwhile endeavours, reduce non-essential tasks for a while, examine potential new opportunities that could present themselves when the crisis ends.

In April 2020, the International Labour Organization released a six-step COVID-19 business continuity plan (BCP) for SMEs, these steps are listed below:

(1) List the essential products and services.
(2) Determine what the BCP's goal is.
(3) Assess the possible effects of interruptions on the business and employees.

(4) Determine the steps to safeguard the company's resources (people, procedures, earnings, and alliances).
(5) Create contact directories.
(6) Examine, monitor, and revise the BCP on a regular basis (International Labour Organization, 2020).

These aforementioned strategies were incorporated in the design and development of the proposed improvement flowchart for SMEs. Table 57 illustrated the steps followed in designing the improvement plan flowchart.

Table 57 Steps for the improvement flowchart

Step	Process
1	Question: Has the SME identified their main problems? (Yes / No) Yes = Proceed to step 3 No = Proceed to step 2
2	Instruction: Identify the main problems encountered.
3	Instruction: Have meetings with employees to develop solutions
4	Instruction: Implement the solution in your SME
5	Instruction: Monitor and review if the solution is resolving the problem
6	Question: Has the problem been solved? (Yes / No) Yes = Proceed to step 7 No = Proceed to step 3
7	Instruction: Incorporate this solution as a success factor in your PMF
8	Instruction: Continue the process of identifying and solving problems in your SME.

Source: Author's compilation (2024)

As illustrated in Table 57, the various steps involved in the problem-solving process of an SME are: Step one involves a decision-making process based on the question, "has the SME has identified their main problems?" There are two options to answer this question, "YES" or "NO". Should the user answer no, the user then proceeds to step two where the user is instructed is to identify the main problems encountered. Should the user answer yes, then the user proceeds to step three which is an instruction to have meetings with employees to develop solutions to the identified problems. Depending on the type and extensivity of the problems, solutions could include customer satisfaction plans, supplier retention plans, process improvement plans, cost

reduction plans, financial budgeting and planning, competitor monitoring and collaboration plans etc. The findings of the study suggest that employee inclusion in decision making increases SME performance, so it is strongly advisable to include the employees in the planning and decision-making processes.

Once step three is completed and a set of possible solutions have been derived, the user is prompted to proceed to step four which is to select and implement a solution in the SME. Once the selected solution is implemented, this solution should be closely monitored by management, and after a period of time, the user should proceed to step five which is to monitor and review the implemented solution to decide if the problem has been resolved and contributed to operational efficiency and enhanced SME performance. The user is then prompted to proceed to step six which is a decision-making process based on the question, “has the problem been solved?” There are two options to answer this question, “YES” or “NO”. Management should review the solution implemented and make a decision if the problem has been minimised and the operational efficiency and SME performance been enhanced. Should the user answer no, the user is then prompted to go back to step three and once again have meetings with employees to develop new solutions to eliminate the problem. Should the user answer yes, the user is prompted to move to step seven, which is to incorporate this solution as a critical success factor in the user’s performance measurement framework.

The user is then prompted to go to step eight which is to continue the process of identifying and solving problems in the users SME. This prompts the user to go back to the starting point at step one and restart the process again to identify and solve new challenges in the business. This is a continuous process for SMEs to identify their main challenges and obstacles regularly and find ways or measures to overcome these challenges to enhance operational efficiency and SME performance.

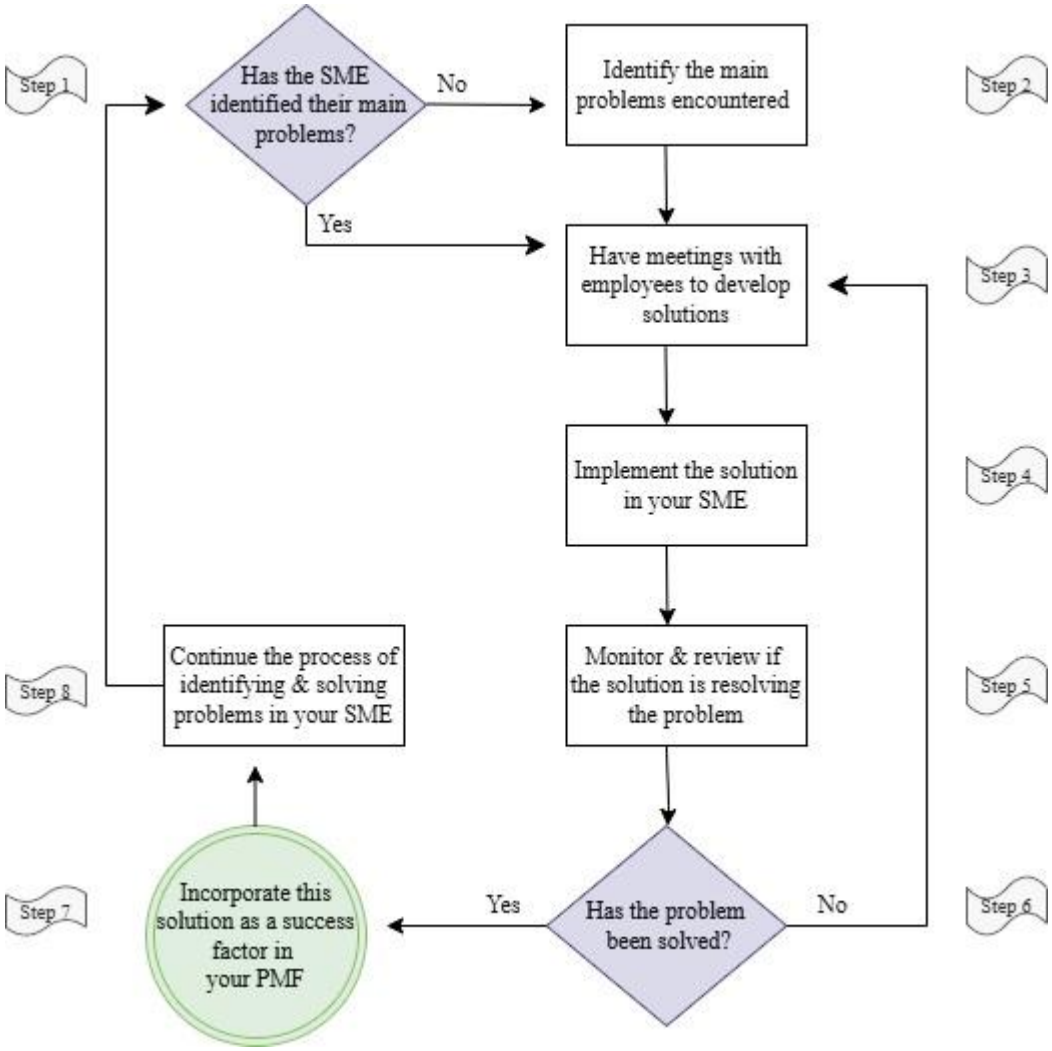


Figure 35: Step by Step Improvement flowchart

Source: Author's compilation (2024)

As illustrated in the improvement flowchart above, this is a continuous process represented as a closed loop, for SMEs to identify their main challenges and obstacles regularly, follow the guideline process to find ways or measures to rectify these challenges, implement these solutions identified and to regularly monitor, and review their solutions. If they have identified that these solutions are benefiting their SME, they incorporate these solutions as a critical success factor unique to their SME. If not, they go back to step three to identify new solutions to implement. This procedure could ultimately enhance the operational efficiency and boost SME performance. The expected outcome of this model is for SMEs to be more in control of their businesses,

by identifying problems and solving them independently to become more sustainable in the long term.

7.4 Chapter summary

The study's results were examined in this chapter in relation to the research objectives. The chapter also illustrated the triangulation of the quantitative and qualitative data to bolster findings. The study explored the financial and non-financial critical success factors for SME performance as well as the impact of the COVID-19 pandemic on SMEs in terms of performance and operations. The findings that emerged from the study were triangulated and incorporated in the design and development of the performance measurement framework using an interactive flowchart design. The proposed performance measurement framework can be implemented in an SME to enhance its strategic, financial, human resources, and operational planning as well as to implement crisis management measures for any potential future disasters. The improvement flowchart can assist SMEs to overcome any barriers encountered with a hands-on approach to solve problems to enhance performance, success, and growth, leading to long term sustainability. The following chapter is the last chapter, in which the researcher’s conclusions and recommendations are presented.

CHAPTER 8 – SUMMARY, CONCLUSIONS AND RECOMENDATIONS

8.1 Summary

This study focused on SMEs, which play a vital role in South Africa's economy by creating jobs, fostering development, alleviating poverty and hunger, and fostering entrepreneurship. However, the COVID-19 pandemic had a devastating impact on SMEs in the country, jeopardising their viability. For SMEs worldwide, but especially in South Africa, the post COVID-19 pandemic years brought about previously unprecedented challenges. Conducting research on the financial and non-financial critical success factors for SME performance was imperative as businesses endeavoured to adjust to the new normal and recuperate from the economic upheaval produced by the pandemic. Assessing the financial health of a business requires an understanding of financial parameters including sales, cash flow, and profitability. Non-financial aspects like customer satisfaction, staff well-being, and operational efficiency, however, become just as crucial for long-term success after a crisis like the COVID-19 pandemic. Examining these crucial post-pandemic success characteristics offer SMEs insightful information that can assist them to navigate future uncertainty.

Furthermore, adopting a performance measurement framework is critical for any SME to track its progress and make informed choices. Businesses can improve their performance by setting precise targets and tracking key indicators of success on a regular basis. A clearly defined performance measurement framework not only assists SMEs in remaining successful in an increasingly competitive market, but also ensures their continued development. To help SMEs survive calamities in the future, crisis management techniques must also be established and implemented. Having an effective crisis management strategy in place can assist minimise the negative effects on businesses and ensure business continuity during any sort of crisis, be it an economic depression, or a natural catastrophe. SMEs can improve their likelihood of surviving a crisis by proactively understanding risks, implementing contingency plans, and developing resilience. Enabling SMEs not just to survive but to be sustainable in the post-pandemic environment, research into financial as well as non-

financial success factors, implementation of a performance measurement framework with a step-by-step improvement plan and identification of crisis management measures was critical. Through adoption of a proactive stance that embraces innovation, SMEs may position themselves for sustained prosperity and foster financial development and growth in a developing country like South Africa in spite of crises.

The aims of this research were to identify both financial and non-financial factors that are crucial to SMEs, measure their effect on SME performance, and develop a framework for measuring performance along with a step-by-step improvement plan to assist SMEs in their planning and resilience-building efforts in the aftermath of the COVID-19 pandemic. While numerous factors contribute to the development and management of SMEs, this study specifically focused on strategic planning, human resources planning, financial planning, and operational planning as key elements to enhance SME performance and sustainability following the COVID-19 pandemic.

This thesis consists of eight chapters, namely the introduction, SMEs, COVID-19 pandemic and critical success factors, theoretical literature review and performance measurement frameworks, research methodology, analysis and presentation of qualitative and quantitative research findings, triangulation and the presentation of the proposed performance measurement framework and lastly, the conclusions and recommendations. The findings of the study primarily contribute to the body of knowledge by identifying the critical financial and non-financial success factors for SME performance in a post COVID-19 pandemic environment. In addition, the study highlighted the impact of the COVID-19 pandemic on SME performance along with the crisis management techniques that could be implemented in the event of any future disaster/crisis for SMEs to navigate uncertainties. Lastly, the study developed a performance measurement framework with an improvement plan to guide SMEs in their strategic, financial, operational, and human resources planning activities to enhance their operational efficiency and performance leading to a more successful and sustainable business.

The first chapter provided an overview of the study, by outlining the study's background, aims, and objectives as well as the problem statement, the research techniques and the context of the study. The chapter also discussed the study's importance and justification. Lastly, the study's limitations were outlined.

Chapter two provided a history of SMEs in South Africa, challenges and failures of SMEs, the COVID-19 pandemic's impact on SME operations, a review of CSFs based on strategic planning, financial planning, HR planning, and operational planning strategies, and a discussion of the connections among the aforementioned critical success factors for decision-making and SME performance.

Chapter three discussed the theoretical frameworks and theories that guided this research. A review of the existing performance measurement frameworks across fields, and the merits and shortcomings of these performance measurement frameworks were also provided.

Chapter four discussed the research approach and design, target population, sample, and the sampling technique used in the study. The research data collection instruments, the techniques for conducting them, as well as the reasoning for using the chosen approaches were also discussed. Finally, the data analysis techniques were detailed, along with the statistical methods that were utilised to analyse the data.

Chapters five and six illustrated the analysis of the qualitative and quantitative research findings in the presentation of figures and tables. The various statistical analyses conducted on both sets of data were presented along with the interpretation and discussion of each analysis and their respective findings.

Chapter seven firstly triangulated the findings of both sets of data derived from the quantitative and qualitative analysis. Thereafter, the chapter detailed the development of the performance measurement framework that was developed in the research study. The interactive improvement guideline flowchart to be used in conjunction with the PMF was also developed.

Lastly, chapter eight concludes the thesis by providing a summary, each research objective's conclusions and appropriate recommendations. As well as the study's

limitation and suggestions for future research.

8.2 Have the study's objectives been achieved?

At the conclusion of the study, it's crucial to determine whether the research objectives were achieved. Critical financial planning success factors was operationalised as an explanatory variable through measurable activities such as budgeting practices, ratio analysis, cash flow forecasting, strategies to increase sales, supplier negotiations, and the use of financial performance metrics. These were assessed using a set of Likert-scale statements derived from established empirical literature. Non-financial planning was captured through strategic, HR and operational planning activities, such as creating and implementing plans and objectives, hiring competent staff and providing training on technological developments, tracking customer requirements and satisfaction, adapting to new technology, monitoring and benchmarking competitors. These items were also measured using Likert scale statements and validated through a pilot study. Both constructs were treated as latent variables in the SEM model, and their reliability and validity were confirmed through internal consistency reliability and composite reliability as well as convergent and discriminant validity before being used in hypothesis testing.

8.2.1 **Objective one:** To identify the financial critical success factors (CSFs) for SMEs and investigate their impact on performance amidst the COVID-19 pandemic.

Several financial critical success factors emerged from the study's findings. The financial critical success factors which emerged from the qualitative study were budgeting adherence, access to capital and loans, access to capital to start and operate the SME, reduction of manufacturing costs, selling off by-products at cheap prices to bring in additional income, charging interest on overdue payments, store

promotions and seasonal discounts to increase sales, and establishing long term relationships with suppliers.

The quantitative findings substantiated the findings from the qualitative analysis above. The statistically significant financial planning critical success factors with loadings of more than 0.60 emerging from the quantitative data were: access to current financing, access to development financing, access to initial financing, budgeting to control costs, evaluating cash flow to current liabilities, evaluating cash flow to sales, evaluating current ratio, negotiating supplier discounts, employing strategies to increase revenue. The PLS-SEM statistical analysis indicated that financial planning CSFs had a direct and significant impact on SME performance.

Recent research provides a more thorough understanding regarding the association between financial planning CSFs and SME performance. Recent studies on SMEs by Isibor, Ibeh, Ewim, Sam-Bulya and Martha (2022); Nkwinika and Akinola (2023) found that efficient financial planning factors considerably improve SME performance. Other studies, however, present opposing points of view. Malesu and Syrovátka (2025a) claim that financial planning does not have a direct and significant influence on SME performance, instead highlighting the need for leadership and innovation. Similarly, Osiyevskyy, Costa and Madill (2016) argue that financial planning does not have an impact on SME performance.

In addition, the findings of the study have aligned with the theories in the following ways:

The study's financial critical success factors are linked to many of the theory blend's theories. These findings highlight the significance of specific financial resources and competencies, such as access to several forms of finance, budgeting control, and cost-control techniques, which SMEs utilise to establish and maintain a competitive edge, according to the RBV theory. Businesses can improve their capacity to operate successfully and meet market needs by managing their internal financial assets well. These factors additionally correspond well with the Balanced Scorecard's financial viewpoint, which highlights the necessity of monitoring and strengthening financial performance through cost-cutting, cash flow management, budgeting, and revenue-

boosting strategies like supplier negotiations and promotions. Strengthening profitability and financial health two fundamental principles of the BSC framework are directly supported by these initiatives. Furthermore, stakeholder theory emphasizes the value of promoting strong, mutually beneficial relationships with key stakeholders in order to ensure business sustainability and success. This is reflected in the emphasis on developing long-term relationships with suppliers and managing financial relationships, such as charging interest on past-due payments. The theory blend helps to explain how good resource management and financial planning help SMEs succeed by balancing internal strengths with stakeholder expectations and external pressures.

In applying financial CSFs, one needs to be cognisant of the diversity of SME structures, resources, human capacities and economic conditions. Adherence to specific factors identified in the study is also essential to apply the most appropriate strategies within the context of SMEs in South Africa in a post COVID-19 pandemic environment.

8.2.2 Objective two: To identify the non-financial critical success factors (CSFs) for SMEs and investigate their impact on performance amidst the COVID-19 pandemic**.**

Several non-financial critical success factors emerged from the study's findings. The quantitative statistical findings highlighted the following critical success factors: creating business objectives; designing a strategic plan; implementing the strategic plan; monitoring the strategic plan’s progress; establishing plans to accomplish objectives; having resources to implement the strategic plan; benefiting from digital marketing; employing competent experienced managers; creating an environment fostering employee commitment; identifying customers’ requirements; implementing supplier retention strategies; motivating employees to increase productivity; tracking customer complaints/satisfaction; hiring competent employees; providing employee task feedback; providing new technology training; utilising an employee performance evaluation. The PLS-SEM statistical analysis concluded that the non-financial planning CSFs had an insignificant negative effect on SME performance but a significant

indirect positive impact on SME performance through their effect on financial planning CSF strategies.

These factors were further verified by the qualitative findings which revealed that recruitment based on skills and competence, a cohesive work environment, performance and empowerment, motivated and adaptable employees, customer relations, marketing, planning, alignment and action, competitors, inventory and technology and innovation were all critical success factors for SME performance.

Kangas, Joensuu-Salo and Viljamaa (2024) emphasise the importance of non-financial CSFs in improving long-term SME performance, implying that such factors may impact results indirectly via financial mechanisms. Similarly, (Monteiro, Vale, Leite, Lis, & Kurowska-Pysz, 2022) discovered that non-financial success factors, had no significant effect on business success, providing support to the assumption that non-financial CSFs may not have a direct impact on performance.

However, some studies have conflicting findings. Malesu and Syrovátka (2025b) show that non-financial CSFs, like as leadership, innovation, and customer relationship management, have direct and significant effects on SME success, challenging the view that they have little impact on SME performance. Similarly, Crous, Battisti and Leonidou (2022) conclude that vital non-financial CSFs improve financial performance in businesses.

In addition, the findings of the study have aligned with the theories in the following ways:

According to goal setting theory, performance can be improved by establishing clear, difficult, and precise goals. This idea is directly reflected in the study's findings on setting business objectives, developing a strategic plan, carrying it out and monitoring it, and making plans to achieve goals. These actions show how well-defined goals and well-organised strategies promote the success of SMEs by directing their resources and staff efforts toward reaching predetermined goals.

In order to achieve business success, stakeholder theory emphasises the importance of managing relationships with all stakeholders, including suppliers, consumers, and

employees. The findings of the research place a strong emphasis on determining the needs of customers, putting supplier retention plans into place, monitoring customer complaints and satisfaction, and creating an atmosphere that encourages employee dedication and commitment. Long-term SME performance is supported by these examples of inclusive approaches to meeting the needs and expectations of important stakeholders.

The learning and growth perspective, of the BSC emphasises business culture, employee competencies, and knowledge as performance drivers. By prioritising resources in human capital and ongoing learning, findings like selecting competent workers, motivating staff, implementing new technology training, evaluating employee performance, and providing task feedback all align with this dimension. The BSC customer perspective emphasises how important it is for businesses to retain and satisfy their customers. The study demonstrates an unwavering emphasis on understanding and addressing customer needs, which are essential for SME competitiveness, by emphasising the identification of customer requirements and monitoring customer complaints and satisfaction.

According to the resource-based view, businesses can gain a competitive edge by making effective use of unique and non-replaceable resources. The findings about using skilled managers and staff, using digital marketing, and having resources to carry out strategic goals emphasise the importance of both material and immaterial resources. The basis for long-term SME performance and competitive edge are these distinctive features, which include trained staff and technology adoption. Collectively, these theories offer a thorough explanation of how the identified non-financial CSFs support the success of SMEs: leveraging unique resources gives lasting advantage (RBV), investing in people and customer focus drives growth and satisfaction (BSC), strong stakeholder relationships sustain support and commitment (stakeholder theory), and clear goal-setting guides actions (goal setting theory).

In applying the aforementioned non-financial CSFs, one needs to be cognisant of the diversity of SME structures, resources, human capacities, and economic conditions. One also needs to adhere to the specific factors that the study identified in order to

apply the most appropriate strategies for the context of SMEs in South Africa in a post COVID-19 pandemic environment.

8.2.3 **Objective three:** To analyse and assess the effects of the COVID-19 pandemic on SMEs in terms of profitability, performance, and operational efficiency.

The study's qualitative and quantitative findings revealed that the global COVID-19 pandemic adversely affected the performance of the South African SMEs. The outcomes of the study indicated that there were significant negative impacts on SME performance due to the COVID-19 pandemic. The impact on business resulted in loss of sales and income, and operational delays and terminations, as well as consequences for inventory and orders, suppliers, employees, financial resources, and customer reach. These findings were corroborated by the quantitative findings which indicate that SMEs delayed payments to landlords, delayed payments to suppliers, were in arrears on outstanding liabilities, filed for insolvency/bankruptcy, were overdue on financial institution obligations, and had a decrease in net profits. The correlation coefficient (r) of -.637 signified a strong negative association between the COVID-19 pandemic and SME performance.

The study's result that the COVID-19 pandemic had a major negative impact on South African SMEs is consistent with recent research. For example, Chiloane-Phetla and Mathipa (2021) discovered that many South African SMEs had substantial sales drops and cash flow interruptions during the pandemic, resulting in operational delays and financial distress such as payment defaults and bankruptcy threats. Similarly, Nordhagen, Igbeka, Rowlands, Shine, Heneghan and Tench (2021); Zutshi et al. (2021) state that COVID-19 seriously disrupted supply chains, decreased consumer demand, and pushed many SMEs to decrease in size or temporarily close, with increased financial difficulties.

However, some studies present a more complicated picture. For example, Nedumparambil (2024) discovered that, while many SMEs were negatively impacted, others adapted and there was no substantial effect on SME performance in other

developing countries such as China and India where, by innovating their business models, SMEs mitigated some of the negative effects of the pandemic. Furthermore, Clampit, Lorenz, Gamble and Lee (2022) contend that the pandemic's consequences differed greatly by industry sector and business resilience, with some SMEs retaining relatively consistent performance and some SMEs even enhancing their performance.

In addition, the findings of the study have aligned with the theories in the following ways:

Contingency theory, which emphasises that an organisation's performance depends on how well its internal processes and strategies fit the external environment, is highly supported by the findings of the study. The COVID-19 pandemic caused previously unheard-of difficulties for South African SMEs, including significant decreases in sales, supply chain interruptions, cash flow issues, and late payments. Contingency theory asserts that there is no one-size-fits-all management style; rather, businesses must modify their plans in response to the unique situations they encounter. According to the research findings, SMEs that found it difficult to adapt their operations and financial planning to the quickly evolving pandemic environment experienced a significant decrease in performance.

On the other hand, businesses that were adaptable and could change their financial procedures or business models to better suit the new circumstances had a higher chance of continuing to operate. This emphasises the basic principle of contingency theory, which holds that business efficiency depends on balancing internal resources with external needs, particularly in unpredictable and crisis-ridden times.

8.2.4 **Objective four:** To develop a performance measurement framework using a step-by-step improvement guideline flowchart to enhance SME performance and sustainability post COVID-19 pandemic.

By triangulating the results from the qualitative and quantitative data as well a theory mix, this objective was achieved. In order to increase SME efficiency, performance,

and success, a performance measurement framework with a step-by-step guideline improvement plan for implementation materialised from the study's findings and was supported by various theoretical frameworks and literature sources (see section 7.3.1, Figure 34, and section 7.3.2, Figure 35). In addition to assisting struggling and newly established SMEs with their strategic planning, financial planning, operational planning, and HR planning initiatives, the performance measurement framework can further assist SMEs identify crisis-management strategies that can change the focus from challenges to more self-sufficient enterprises in the future, fostering growth, sustainability, greater employment and economic stimulation in the context of South Africa.

The design and the development of the performance measurement framework is aligned to the theory blend, as highlighted in Section 7.3.1, Table 55. The PMF aligns with the RBV theory to use business internal and external resources to gain a competitive advantage and enhance SME performance. The stakeholder theory emphasises the value of promoting strong, mutually beneficial relationships with key stakeholders in order to ensure business sustainability and success. According to the goal setting theory, performance can be improved by establishing clear, difficult, and precise goals Well-defined goals and well-organised strategies are essential to promote the success of SMEs by directing their resources and staff efforts toward reaching predetermined goals. The four perspectives of the BSC model (customer, learning and growth, financial, and internal processes) work interchangeably to ensure that a business's resources, stakeholders, and financial planning factors are synchronised to enhance SME success performance. The contingency theory, which emphasises that an organisation's performance depends on how well its internal processes and strategies fit the external environment, is highly supported by the findings of the study. During the COVID-19 pandemic SMEs that found it difficult to adapt their operations and financial planning to the quickly evolving pandemic environment experienced a significant decrease in performance. Therefore, it is essential to have mitigation strategies in place to ensure business continuity during such uncertain times.

8.3 Concluding remarks

According to a review of the literature, SMEs ability to develop and thrive depends heavily on their ability to build and manage their financial health. A number of SMEs' operations, including marketing, human resources, and operations, depend on their finances. In order to make crucial financial decisions that affect the way their firms operate as a whole, owner-managers must possess both sufficient financial knowledge and management experience. This research highlights the need for financial planning, budgeting, and investing for the post COVID-19 development of SMEs.

The research findings from the qualitative and quantitative PLS-SEM analysis concur with the above literature as they demonstrated how financial planning directly affects SMEs' performance in the post COVID-19 environment. For SME owners to plan, control, monitor, organise, and drive finances inside their businesses effectively, it is advised that they develop financial planning strategies. Within SMEs, resources should be distributed strategically to optimise revenue streams and profits. SMEs must make investments in areas that boost revenue, products or services, and manufacturing in the post COVID-19 environment. For SMEs to develop and manage successfully after COVID-19, a financial plan, structure, budget, and investment strategy are therefore essential. SMEs should also look for ways to reduce their financial expenses and identify internal financing sources.

Once their financial planning strategies are in place, the operational planning, human resources planning, and strategic planning strategies will indirectly affect the performance of the SME through their impact on financial planning efforts. It is imperative to implement the significant strategic planning factors in SME operations as strategic planning encompasses all essential plans and activities needed for the success of SMEs post COVID-19. These elements serve as a foundation for all SME functions, allowing for further growth and effective management to ensure post-pandemic success and development.

According to the HR findings, SMEs ought to recruit people who, considering their qualifications, are a good fit for their responsibilities. It is advised that in order for SMEs to prosper in the post COVID-19 environment, they also need adaptable people who

can fill a variety of positions within the organisation and are skilled with in use of technology. Keeping employees updated on developments within the SMEs is also essential, as is offering training on technological advancements in the industry. According to the results of the operational planning factors, operations should be digitalised to ensure the overall success of SMEs in a post COVID-19 environment. This can foster innovation, enhance the quality of products and services, introduce new product offerings to the market, interact with competitors, introduce or enhance the use of technology, and ensure that increased marketing activities of their products and services are implemented. Enhancing the management of suppliers and inventories is also crucial for SMEs since it can have a positive impact on their overall production and operations, leading to higher revenues. Therefore, it is crucial for businesses to ensure they have a proper strategy and implement financial strategies as the non-financial strategies enhance SME performance, success, and growth through the efforts of the financial strategies.

Furthermore, it was evident from the study's findings that the COVID-19 pandemic had a tremendous negative affect on South African SMEs. Therefore, maintaining agility and better preparing SMEs for any future crisis or disasters, by establishing adaptive strategies and disaster coping mechanisms should be identified and incorporated in SMEs' planning and implemented in the business. This will ensure employees are equipped to handle any unforeseen circumstances the business may endure. In times of crisis, these strategies could ensure business continuity and efficiency to sustain operations.

8.4 Recommendations made by this study

The world is currently in its fifth year since the start of the COVID-19 pandemic, which has had long-term consequences for many facets of society. Despite the multiple waves of the pandemic, complete absence of all COVID-19 restrictions and prohibitions throughout the country and signs of economic recovery, there is a major paucity of work possibilities, making it difficult for small businesses to survive and grow. Many SMEs are still struggling with the aftermath of the COVID-19 pandemic. This pandemic was not the first, nor will it be the last of its sort, with experts predicting that

future pandemics and natural disasters are likely to increase as a result of climate change and global warming. Furthermore, human-caused disasters, such as wars and recessions, are also likely to occur. Thus, SMEs need to have effective plans in place to cope with future crises to ensure their long-term survival and sustainability. The subsection that follows makes recommendations for future research, recommendations for SME sustainability based on the COVID-19 impact on SMEs, and recommendations for the critical areas of strategic planning, human resource planning, financial planning, and operational planning to improve SME performance and sustainability post COVID-19 pandemic. In addition, recommendations to enhance SME resilience to future economic calamities are provided.

8.4.1 External measures to be implemented

Government support: The government should embark on initiatives to provide more financial aid support in terms of funding. There are current assistance programmes, such as those offered by the Department of Trade and Industry (DTI), however, these have sales related thresholds and exclude certain categories of businesses. Hence, programmes must be more inclusive as all businesses need support at various stages of inception, growth, and development. Also, there should be guidance and funding for micro businesses at inception as they may not have supporting financial statements and required documentation.

Lend – funding services: SMEs that require funding should consider applying for lend funding which are offered by companies such as Telkom. Upon successful application, businesses are awarded with revenue-based funding, where repayment is only requested as the business earns revenue. This funding does not follow the normal loan protocols such as paying back the interest accumulated on the principal amount funded. This is a quick, flexible and affordable funding opportunity without the submission of a collateral. This funding is available to newly operating and well-established small businesses.

Tax-free savings: The government/ financial institutions should establish a savings account that is exempt from taxes for SMEs in South Africa. Encouraging SMEs to invest and save in this account is crucial. This fund could be particularly beneficial for

micro and small businesses facing financial difficulties. Additionally, this savings account could be linked to a company's turnover, meaning that a specific percentage, such as one percent, would need to be kept in the tax-free savings account. Although this would result in obligatory savings, it would greatly assist small enterprises who could instantly access this cash during times of economic uncertainty. In implementing tax-free savings for small businesses, the government can motivate them by ensuring a profitable return on their investments. This instrument can be incorporated into the financial planning of small businesses, which is not typically done by larger companies either. In case of policy changes or natural disasters leading to unpredictable business conditions, small businesses can utilise these funds to fulfil their working capital requirements to continue business operations.

Partnerships/training: The results of this study show that, in South Africa, SMEs' owners and managers are impacted by both internal and external factors: SMEs should establish strategic memoranda of understanding or collaboration with South African Technical and Vocational Education and Training (TVET) colleges and private universities to offer short courses and trainings. Administrators from municipalities and districts should also host short courses and workshops for the community, especially for individuals who aspire to become entrepreneurs. Financial management, operational management, HR management and marketing management should be covered in these courses, which ought to be free or have a minimal charge for SMEs.

All SME owners and managers who have received financial assistance from financial agencies should be subject to routine reviews by local banks and municipalities. This can better equip SMEs for success and help to rectify the undesirably high rate of rejection of loans SMEs endure. Big businesses should also offer mentorship by forming cooperative ties with small, newly established businesses. This can help by offering much-needed expertise and skills. This could also be part of the corporate social responsibility for big businesses. Private enterprises can form commercial alliances with newly operating SMEs. This can assist with the absence of funding and initial startup money and aid by providing SMEs with guidance to navigate the challenging initial years of operation.

SMEs owners and managers should also establish business links with technology companies. This business strategic alliance can help them acquire better resources, skills and training for their enterprises. This can enable them to receive much needed assistance with automation and technology-related services. Since technology dominates the modern global economy, SMEs must commence utilising it to enhance the efficiency and growth of their businesses.

8.4.2 Internal measures to be implemented

PMF: The COVID-19 pandemic brought to light SMEs' susceptibility to crises since there are insufficient strategies in place to assist them. It is essential for SMEs to deal with unforeseen events that could affect their operations, such as abrupt changes in policy or natural disasters. Bigger companies are better suited to deal with these kinds of risks. Helping SMEs, particularly those operating in the unofficial sector, is a challenge for the government. A significant obstacle for SMEs to recover from external shocks is funding. A framework created especially for SMEs was required for preventing closures and assisting in their revival during and after economic shocks. Therefore, it is recommended that all SMEs implement the study's developed performance measurement framework in their planning and decision-making activities. It is essential to have a structured form of strategic planning, financial planning, operational planning, and human resources planning measures in place. The step-by-step interactive improvement plan acts as a guideline for SMEs to identify their challenges and steps to find solutions and overcome these challenges. SMEs should use this simple guideline to start working on one obstacle of their business at a time. Consistency is key to success, identifying and solving one problem at a time can enhance operational efficiency, performance and success and ultimately lead to sustainability for SMEs in South Africa. This can also enhance resilience for SMEs in the event of any future outbreaks or pandemics as SMEs will be better equipped to navigate such disasters. SMEs that already utilise a PMF, could incorporate elements of the study's developed PMF into their existing frameworks to see what best suits their business.

Introduction of technology: The COVID-19 crisis demonstrated a great reliance on technology in times of crisis, which highlights the need for increased investment in information technology and telecommunications infrastructure in addition to assistance for regional SMEs to adjust to these circumstances. SMEs should adapt to partial or full automation and digital technology in their business operations as it is critical for business continuation during times of disaster.

Key integrated planning activities:

- SMEs should make a concerted effort to try to find ways to attract and retain customers in the long-term to secure consistent revenue. Businesses must focus on client satisfaction. This can be done through establishing strong client relationships which can improve client loyalty and retention. Also, flexibility on sale prices can always be negotiated to retain set, and frequent customers.

- Sustainable measures should be put in place to cut operational costs. This can include measures to save energy and reduce waste. Energy-efficient technologies can reduce utility bills, and waste reduction initiatives can minimise disposal costs.

- Investors should be approached to invest and grow businesses at the initial stage as well as the developmental stage of businesses to enhance sustainability.

- Recruitment of qualified, experienced employees is crucial to business success as well as regular trainings with new technological developments in the field that can help staff operate more efficiently and improve productivity. Hence training can empower employees with skills and knowledge to contribute to the success of the business. Incentives to motivate employee productivity should also be incorporated in operations.

- Competitor engagement and collaboration should be encouraged to form business alliances with other businesses in the field for the purposes of benchmarking and possible partnerships as opposed to competition.

- Regular budgeting is important to identify the cash inflow and outflows of the business. Monitoring of inventory levels and ensuring optimal stock is always available

will free up cash to use on other working capital commitments. Strategies to increase revenues are vital, so promotion, discounts and marketing should be reinforced.

- It is also crucial to build and maintain good, trustworthy supplier relationships and partners who can dedicate and prioritise delivery of inventory and resources the business requires in a timely manner. In this way, businesses have a reliable source of inventory.

8.5 Contributions and implications of findings

The findings of this research are valuable because they can aid in the improvement of performance of SMEs and ultimately lead to business sustainability, economic growth, and increased employment in South Africa. The guidelines for measuring SME performance are very specifically defined, both in general and for the context of South Africa, and the researcher is not aware of any similar research study in a post COVID-19 pandemic environment. A unique performance measurement framework incorporating a step-by-step improvement guideline flowchart for SMEs in South Africa was developed, which could also be useful in other developing countries that have been severely impacted by the COVID-19 pandemic. SMEs can now identify their own challenges and use the flowchart as a guideline to find solutions to their unique challenges which can then become critical success factors for their business. The PMF can also be utilised to enhance SME resilience in the event of future pandemics or crises. The developed framework is a practical and readily available framework that should be widely accepted among new and established SMEs, ultimately leading to a higher success rate for SMEs in South Africa.

The research also adds value to the current literature on critical success factors in a post-Covid-19 setting. It further highlights the crisis management strategies that are crucial for SMEs to implement in the occurrence of any future disaster/crisis to sustain business operations and continuity and avoid closures. The findings of the study demonstrate a direct relationship between financial critical success factors and SME performance, while also highlighting an indirect connection between non-financial critical success factors and SME performance through their impact on financial critical success factors.

The implications of these findings are significant for various stakeholders including economic policymakers, portfolio managers, investors, regulators, and researchers in South Africa. This research can inform decision-making and policy development by providing insights into strategic, financial, operational, and human resource strategies that can enhance SME performance and sustainability. It can also guide government departments in designing policies and initiatives to support SME development and success in the country. Furthermore, the developed performance measurement framework and the step-by-step improvement plan can be utilised by all small business incubators or departmental small business development agencies to successfully incubate, guide and mentor SMEs to navigate through their inception and development phases to enhance efficiency and success.

8.6 Limitations of the study

The study focused solely on SMEs and may not be applicable to larger enterprises. The inclusiveness of the results is also restricted as the study only includes SMEs registered with specific organisations, which may limit the generalisability of the findings. Furthermore, the study was conducted online, excluding SMEs with limited internet access or proficiency with technology.

The proposed critical success factors for SME performance, which serve as the basis for the new framework, are not considered to be comprehensive or exhaustive. While it has been demonstrated that these success factors can enhance SME performance, there was no attempt made to establish that they represent a complete list of all possible success factors. Moreover, the researcher has not tested the performance measurement framework. Therefore, there may be other more suitable success factors that could be included in the framework.

Lastly, some SME owners/managers were hesitant to participate due to concerns about exposing weaknesses or potentially harming their image and reputation.

8.7 Potential for Future Research

Future research could include an implementation test period for the utilisation of the developed performance measurement framework over a two-year period. The researcher will then interview businesses who have utilised the framework and analyse the feedback to make necessary adjustments based on SMEs' implementation and utilisation of the PMF.

The study highlighted the impact of COVID-19 on SME performance. Future studies could be useful to analyse the crisis management strategies implemented by the SMEs as recommended by this study, as well as to assess how these strategies enhance SME performance and better prepare them for future disasters.

It is also advised that future research include a variety of small, and micro businesses that lack access to technology and are unable to respond to an electronic questionnaire in order to compare findings. Furthermore, research should include a broader range of SMEs as this study was limited to SMEs affiliated with the DCC, JCC, CSE incubator, and Productivity SA. Greater generalisability of the results would emerge from this. It would also be desirable to carry out comparable research in other developing countries that struggled substantially due to the COVID-19 pandemic and have high rates of SME failure.

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ANNEXURE A – Gatekeepers Permission Letters

Directorate for Research and Postgraduate Support
Durban University of Technology
Open House
P.O. Box 1334, Durban 4000
Tel.: 031-3732576/7
Fax: 031-3732946

12 June 2023

Ms Avika Maharaj
c/o Department of Accounting
School of Accounting, Economics and Finance
University of KwaZulu-Natal

Dear Ms Maharaj

PERMISSION TO CONDUCT RESEARCH AT THE DUT

Your email correspondence in respect of the above refers. I am pleased to inform you that the Institutional Research and Innovation Committee (IRIC) has granted **Gatekeeper Permission** for you to conduct your research "Exploration of critical success factors for small and medium enterprise sustainability in post coronavirus pandemic: A performance measurement framework " at the Durban University of Technology.

The DUT may impose any other condition it deems appropriate in the circumstances having regard to nature and extent of access to and use of information requested.

Upon completion of your research project, you are requested to share the summary of your key research findings.

Kind regards.
Yours sincerely

[redacted]

DR V GOVENDER
ACTING-DIRECTOR: RESEARCH AND POSTGRADUATE SUPPORT DIRECTORATE

DURBAN CHAMBER OF COMMERCE AND INDUSTRY NPC

EST 1856

27 January 2023

Mrs. Avika Maharaj
School of Accounting, Economics, and Finance
Private Bag X54001,
Durban 4000,
South Africa

Dear Mrs. Maharaj

RE: PERMISSION TO CONDUCT RESEARCH

This letter serves to confirm that the Durban Chamber of Commerce and Industry hereby acknowledges and approves the research to be conducted through the Durban Chamber of Commerce and Industry for the completion of Ph.D. studies, research to be performed on: Exploration of Critical Success Factors for SME Sustainability in Post COVID-19 Pandemic: A Performance Measurement Framework.

Please note that the data collected must be treated with due confidentiality and anonymity. This information is also provided by the Durban Chamber of Commerce and Industry on the condition that a copy of the final research output will be given to the Durban Chamber of Commerce and Industry for information purposes.

Yours Sincerely,

[redacted]

Yolan Nagoor
Manager: Policy and Advocacy
Durban Chamber of Commerce and Industry NPC
T: 031 335 1000

Johannesburg Chamber
of Commerce and Industry

18 January 2023

University of KwaZulu-Natal

Dear Avika Maharaj

Student number: 222129063

6th floor
JCC House
Cnr Empire Road
and Owl Street
Milpark
Johannesburg 2001

Private Bag 34
Auckland Park 2006

Telephone
+2711 726 5300

Web
www.jcci.co.za

RE: Permission to conduct PhD research

The Johannesburg Chamber of Commerce and Industry would like to give you permission to conduct research with the SMEs affiliated with the Johannesburg Chamber of Commerce and Industry. We will also distribute the questionnaires on your behalf to the SMEs on our database.

Please do not hesitate to contact me should you require any further information.

Sincerely

[redacted]

BERNADETTE ZEILER
CEO

Reg. No.: 1946/022531/08 NPC
Directors: S Theunissen, C Mashaba, D Bonnett, AA Grech-Cumbo
Chief Executive: Bernadette Zeiler

productivity sa
Inspiring a Competitive South Africa

Date: 17 January 2023

Attention: Ms Avika Maharaj
University of KwaZulu-Natal
Westville, Durban, 4001
Email: 222129063@sku.ukzn.ac.za

Dear Ms Maharaj

APPROVED CONSENT: CONDUCTING RESEARCH ON CRITICAL SUCCESS FACTORS FOR SUSTAINABILITY OF SMEs SUPPORTED BY PRODUCTIVITY SA IN POST COVID-19 PANDEMIC

Productivity South Africa's vision is to lead and inspire a productive and competitive South Africa. Its reason for existence is to improve productivity by diagnosing, advising, implementing, monitoring and evaluating solutions aimed at improving South Africa's sustainable growth, development and employment through increased competitiveness.

Productivity SA is in terms of s32 of the Employment Services Act (No. 4 of 2014), read together with ss2(1)(e) and (g) and (7) of the Act enjoined to:

- Enhance the competitiveness and sustainability of enterprises;
- Prevent job losses; and
- Provide productivity and competitiveness related value-added information and systems.

The Enterprise Development and Support Programmes (EDSPs) are designed to promote a productivity and entrepreneurship culture and consciousness to improve the competitiveness of our economy, to promote decent work which involves opportunities for work that is productive and delivers fair income. It is crucial that our Programmes supports the achievement of the NDP Goals and Industrialisation policies if we are to remain relevant, sustainable and contribute to setting the economy on a higher path of shared growth.

The bundle of services as well as complementary value-added services are packaged and offered to fulfill customer needs, and include the following service offerings:

- Competitiveness Improvement Services (CIS);
- Business Turnaround and Recovery (BT&R) Strategies;
- Advocacy campaigns to promote a productivity culture and mind-set and to drive the productivity movement;
- Applied research and modernization of Knowledge Management Systems and Productivity Improvement Solutions; and
- Productivity Management Consultancy Services.

BOARD MEMBERS:

Prof. M.P Mdwaba (Chairman); Mr M.P Mothiba (CEO); Ms S.Singh; Ms B.A Jack; Mr G.M Selomatsela; Mr W.C Nolingo; Dr A. Chetty; Ms M. Bronkhorst;

International Business Gateway, Cnr New and Sixth Roads, Midrand, South Africa
Private bag 235, Midrand, Gauteng, 1685
Telephone +27 (0) 11 848 5300 Facsimile +27 (0) 11 848 5555
Productivity SA
www.productivitysa.co.za

ANNEXURE B – Questionnaire

University of KwaZulu-Natal

STRICTLY CONFIDENTIAL

Information Sheet and Consent to Participate in Research

Date: 06 May 2023

Dear Participant

My name is Avika Maharaj (222129063), am a student who is currently registered for Doctor of Philosophy (Accounting) research degree in the School of Accounting, Economics and Finance, Westville campus, University of KwaZulu-Natal (UKZN). The topic of my study is: Exploration of Critical Success Factors for SME Sustainability in Post COVID-19 Pandemic: A Performance Measurement Framework. I can be contacted on [redacted] or 222129063@stu.ukzn.ac.za for any queries related to my study. My academic supervisor is Dr Mishelle Doorasamy, based in the School of Accounting, Economics and Finance, Westville campus, UKZN. She can be contacted on 031-2602155 or Doorasamym@ukzn.ac.za.

You are being invited to consider participating in my research study. The purpose of this study is to identify the critical success factors for SMEs' performance and to create a performance measurement framework using an interactive improvement guideline flowchart which can be used to enhance SME profitability and success. The study postulates that evaluating the application of critical success factors for decision making in a performance measurement framework will lead to improved operations in SMEs, leading to high profitability, survival, and expansion for SMEs. As a result, this will lead to more job creation and retention, improved economy growth and boost the country's GDP.

This study aims to identify the financial and non-financial analysis strategies that are critical success factors for SMEs' performance and to develop a performance measurement framework using an interactive improvement guideline flowchart to enhance SME sustainability. This study seeks to investigate the critical success factors to enhance the performance of SMEs and to create a performance measurement framework to assist in decision making to boost success and sustainability. The study will involve the collection of data via an electronic questionnaire from SMEs in South Africa. A copy of the thesis will be available at the university's library for accessibility to respondents. The performance framework will also be made available to respondents.

Please note that your name will not be included in the thesis. The questionnaire does not require any personal information. The information will be seen only by me, my supervisor and the examiner and your anonymity and confidentiality are of utmost importance and will be maintained throughout the study. The information provided will not be used for any other purpose other than this research study. Your participation in this study is voluntary and you are under no obligation to consent to participate. You have the right to withdraw at any time without there being any adverse consequences. I appreciate the time and effort it would take to participate in this study. I would be very grateful for your participation, as it would enable me to complete my thesis. Your response to this questionnaire will be sent directly to me and nobody else will have access to this information.

There will be no personal benefits in the form of remuneration/incentives for participating in this study. The SME owners will benefit from utilisation of a performance measurement framework to aid in better decision making to enhance success which could lead to growth and sustainability of their business.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number HSSREC/00005559/2023). In the event of any problems or concerns/questions you may contact the researcher at (provide contact details) or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

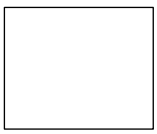
HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557- Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Please complete the section below:

CONSENT

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

If you agree to participate, please place a cross (X) in the textbox provided below:



I have been informed about the study by Avika Maharaj.

I understand the purpose and procedures of the study.

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

I have been informed about any available compensation or medical treatment if injury occurs to me as a result of study-related procedures.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at 222129063@stu.ukzn.ac.za.

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 researchers then I may contact:

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4000
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Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

_____ _____

Signature of Participant Date

Exploration of critical success factors for SME sustainability in post COVID-19 pandemic: A performance measurement framework

Make your selection by placing an (X) on the appropriate selection.

Section A: Demographic profile of SME

1.1: Sector of the SME:

Agriculture	
Mining	
Manufacturing	
Electricity, gas, water	
Construction	
Trade and accommodation	
Transport and communication	
Finance and bus services	
Community	
Other	

1.2: Size of the SME

Size of Enterprise	**Maximum turnover in South African Rand (industry dependent)**	**Select with an (X)**
Micro	Less than R150 000	
Very small	Less than R5 million	
Small	Less than R25 million	
Medium	Less than R50 million	

1.3: Years the SME has been in operation

Years in operation	Select with a (X)
2 years or less	
2 to 5 years	
6 to 10 years	
11 years or more	

1.4: Number of full-time employees in the SME

Size of Enterprise	**Number of full-time employees (industry dependent)**	**Select with a (X)**
Micro	Less than 5	
Very small	Less than 20	
Small	Less than 50	
Medium	Less than 200	

Years of experience as a SME Owner/senior manager and your qualification

1.5: Years of experience	**Select with a (X)**	1.6: Academic Qualification	**Select with a (X)**
0-2		High school or below	
3-6		Diploma	
7-10		Degree/Professional qualification	
+10		Postgraduate	
		Other qualification	

	Yes	No
1.7 Do you foresee the business been in operation in the next 10 years		

1.8 Does the business utilize a performance measurement framework to enhance planning and operations?		

SECTION B: Critical success factors

2. Strategic planning	level of agreement that these strategies are essential in enhancing performance and promoting sustainability of your SME				
	SD	D	N	A	SA
2.1 Establishing a vision for the SME taking COVID-19 into consideration					
2.2 creating and linking the mission statement to the vision					
2.3 Creating business objectives					
2.4 Creating plans to accomplish the objectives					
2.5 Examining the outside world, including technology, economy, politics, technology, competition and legislation					
2.6 Examining internal factors including resources, human resources, finances, corporate culture and marketing					
2.7 Determining the priorities for the SME					
2.8 Designing a strategic plan (e.g. growth, cost, product strategy)					
2.9 Implementing a strategic plan					
2.10 Having enough resources to carry out the strategic plan					
2.11 Monitoring outcomes and progress of the strategic plan					
2.12Revised strategic planning strategies are required since the COVID-19 pandemic.					

3. Financial planning -	level of agreement that these strategies are essential in enhancing performance and promoting sustainability of your SME				
	SD	D	N	A	SA
3.1 Evaluation of liquidity: current ratio					
3.2 Evaluation of liquidity: debt to sales ratio					
3.3 Evaluation of liquidity: inventory to cost of sales ratio					
3.4 Evaluation of liquidity: creditors to purchases ratio					
3.5 Evaluation of liquidity: debt to equity ratio					
3.6 Evaluation of profitability: return on Assets					
3.7 Evaluation of profitability: profit to capital employed ratio					
3.8 Evaluation of profitability: Net operating cash flow to current liabilities					
3.9 Evaluation of profitability: Net operating cash flow to sales					
3.10 Implement strategies for increasing revenue growth					
3.11 Applying cost cutting measures for controlling expenses					
3.12 Applying cost cutting measures for controlling purchasing and inventory					
3.13 Negotiating discounts for prompt payments to suppliers					
3.14 Providing incentives for prompt payments from customers					
3.15 Having access to initial financing (start-up money for starting operations)					
3.16 Having access to current financing (enough money for short-term needs)					

3.17 Having access to development financing (enough money for long-term growth and expansion)					
3.18 Creating budgets to monitor and control cost					
3.19 Having an investment approach in place					
3.20 Utilizing of 4IR Accounting software					
3.21 Revised financial planning strategies are required since the COVID-19 pandemic					

4. Human Resources planning:	**level of agreement that these strategies are essential in enhancing performance and promoting sustainability of your SME**				
	SD	**D**	**N**	**A**	**SA**
4.1 Hiring competent employees based on their abilities and strengths					
4.2 Providing training on the new developments in technology					
4.3 Involving employees in decision making processes					
4.4 Using employee performance evaluation techniques to enhance productivity					
4.5 Providing employees incentives / rewards as motivation for productivity					
4.6 Giving employees feedback on their tasks					
4.7 Employing multi-faceted people who can work in various positions					
4.8 Employing people based on their skills and personal strengths for a specific position					
4.9 Training employees to adapt to the new challenges resulting from COVID-19					
4.10 Revised HR planning strategies are required since the COVID-19 pandemic					

5. Operational planning	SD	D	N	A	SA
5.1 Creating and using a marketing plan					
5.2 Conducting market research					
5.3 Creating a plan to find new customers					
5.4 Tracking customer complaints and satisfaction					
5.5 Interacting with customers based on their needs and requirement					
5.6 Promoting services or goods through things like discounts, prizes, or specials					
5.7 Benefiting from digital marketing tools (e.g., social media, viral and content marketing)					
5.8 Monitoring competitors' entrants/exits/performance in the industry					
5.9 Benchmarking from competitors in the industry					
5.10 Engaging in collaboration with competitors					
5.11 Creating an environment to foster employee commitment					
5.12 Motivating employees to increase commitment and productivity					
5.13 Employing competent managers with expertise and experience					
5.14 Implementing inventory management strategies avoid excessive/insufficient levels					
5.15 Increasing customer retention by gaining customer loyalty and trust					
5.16 Implementing Supplier selection and retention strategies to enhance supplier performance					
5.17 Implementing backup electricity supplies during load-shedding					

5.18 Implementing backup water supplies during shortages/interruptions					
5.19 Revised operational planning strategies are required since the COVID-19 pandemic					

SME performance variables during COVID-19

Indicate your level of agreement that these variables affected your SME during the COVID-19 pandemic.

6. SME performance variables	**SD**	**D**	**N**	**A**	**SA**
6.1 This SME temporarily closed (Suspended services or production) due to the COVID-19 outbreak					
6.2 This SME adjusted or converted, partially or fully, its production or the services it offers in response to the COVID-19 outbreak					
6.3 This SME started or increased business activity online					
6.4 This SME started or increased delivery or carry out of goods or services					
6.5 This SME started or increased remote work arrangement for its workforce					
6.6 This SME delayed payments to suppliers due to the repercussions of the COVID-19 outbreak					
6.7 This SME delayed payments to its landlords due to the repercussions of the COVID-19 outbreak					
6.8 This SME been overdue on its obligations to a financial institution					
6.9 This SME filed for insolvency or bankruptcy					
6.10 This SME has fallen in arrears in any of its outstanding liabilities					

6.11 laid off workers due to the repercussions of the COVID-19 outbreak					

Section C: Impact of COVID-19 on SMEs planning

7. COVID-19 effect on planning activities of SME	**level of agreement that COVID-19 had a negative impact on your SME**				
	SD	**D**	**N**	**A**	**SA**
7.1 COVID-19 pandemic had a negative impact on the strategic planning of the SME					
7.2 COVID-19 pandemic had a negative impact on the strategic performance of the SME					
7.3 COVID-19 pandemic had a negative impact on the financial planning of the SME					
7.4 COVID-19 pandemic had a negative impact on the financial performance of the SME					
7.5 COVID-19 pandemic had a negative impact on the human resources planning of the SME					
7.6 COVID-19 pandemic had a negative impact on the human resources performance of the SME					
7.7 COVID-19 pandemic had a negative impact on the operational planning of the SME					
7.8 COVID-19 pandemic had a negative impact on the operational performance of the SME					
7.9 Since COVID-19 pandemic, the SME has implemented crisis management measures to prepare for any potential future pandemics.					
7.10 The SME requires assistance to implement crisis management measures to remain agile in future disasters/outbreaks.					

8. Average net profit percentage in the last 3 years

	Low: Below 4%	**Moderate: 5 – 7%**	**High: Above 8%**
8.1 Year 2020			
8.2 Year 2021			
8.3 Year 2022			

9. IMPACT OF COVID-19 ON SMES operational performance	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9.1 Extent to which the pandemic affected the productivity and efficiency of the SME's operations.					
9.2 The SME faced challenges in adapting its operations to the impact of COVID-19.					
9.3 The financial stability of the SME significantly declined due to the impact of COVID-19.					
9.4 Customer engagement for the SME significantly declined during the COVID-19 period.					
9.5 The SME struggled to utilise available government support and relief measures effectively during COVID-19.					
9.6 Employee productivity in the SME was adversely affected due to the pandemic.					
9.7 The SME experienced disruptions in the supply chain as a result of COVID-19.					
Profitability of SMEs					
9.8 The SME effectively utilised cost-cutting measures to enhance profitability.					
9.9 Innovation and technology adoption contributed significantly to the profitability of the SME.					
9.10 Access to funding options positively influenced the profitability of the SME.					
9.11 The SME effectively managed their working capital to maximise profitability					
9.12 The SME consistently analysed and adapted to market trends to enhance profitability.					
9.13 The financial performance of the SME in the last fiscal year was strong.					
9.14 The SME consistently achieved its revenue targets.					
9.15 The SME effectively managed its operating costs, contributing to overall profitability.					
9.16 The return on investment (ROI) for the SME's major projects was satisfactory.					
9.17 The pricing strategy adopted by the SME is conducive to maximising profits.					
9.18 The SME efficiently managed its cash flow, positively impacting profitability					

10. Are there any other critical success factors contributing to the performance and sustainability of your SME that you would like to elaborate

_____

_____

ANNEXURE C – Interview Schedule

SCHOOL OF ACCOUNTING, ECONOMICS, AND FINANCE

COVER LETTER FOR INTERVIEWS

Ph.D. Research Project

Researcher: Avika Maharaj ([redacted]

Supervisor: Dr Mishelle Doorasamy (031) 260 2155

RESEARCH INFORMED CONSENT

Interview Consent Form

This consent form outlines my rights as a participant in the study of ***"Exploration of critical success factors for SME sustainability in post COVID-19 pandemic: A performance measurement framework"***

Conducted by Avika Maharaj, a student from the University of KwaZulu-Natal.

I understand that:

- Taking part in this study is entirely voluntary.
- The purpose and nature of the interview have been clearly explained to me.
- It is my right to decline to answer any question that I am asked.
- I am free to end the interview at any time.
- Do you consent to have this interview recorded? Yes [ ] No [ ] and
- My name will not appear on any tapes or transcripts resulting from the interview.

I HAVE READ THIS CONSENT FORM. I HAVE HAD A CHANCE TO ASK QUESTIONS CONCERNING ANY AREAS THAT I DID NOT UNDERSTAND.

_____ _____

Signature of Interviewee Date

_____

Printed Name of Interviewee

Maintaining your anonymity is a priority and every practical precaution will be taken to disguise your identity. There will not be any identifying information on audiotapes or transcripts of this interview. I will not allow anyone other than the research supervisor(s) to hear any audiotape of your voice or review a transcript of this interview. All materials generated from your interview will remain in my direct physical possession and will be dealt with in full confidentiality. I have explained the project and the implications of being interviewed to the interviewee and I believe that the consent is informed and that he/she understands the implications of participation.

_____

(Researcher's signature)

INTERVIEW SCHEDULE: Qualitative data collection.

Interviews based on the critical success factors for SME sustainability- post covid-19 pandemic.

Interview Agenda:

Request permission to record the interview, the researcher will record the interview, and the recording will be used for the purposes of this research study only and not be made available on any other platform.

Introduction: The researcher introduces herself

Welcome: the researcher welcomes the interviewee and thanks the interviewee for agreeing to participate in the interview.

SECTION A: Demographic information

Interviewee: (Respondent A, respondent B etc.)

Organisation: (SME A, SME B etc.)

Interviewer: Avika Maharaj

Confidentially and Anonymity: Prior to commencing with the interview, the researcher will assure the interviewee that his/her responses will remain confidential. Their identity will be protected and will stay anonymous.

The researcher will introduce the research topic at this point and provide a brief background to the study on critical success factors for SME sustainability in post

COVID-19 pandemic and state the objectives of the study as well as the purpose of the interview.

Researcher commences with the interview:

SECTION B: Critical success factors

Theme one: to investigate the strategic planning strategies which are essential in promoting SME performance.

1. In your opinion, what are some of the essential strategic planning critical success factors to enhance SMEs performance, success, and sustainability?

Theme Two: to investigate the financial planning strategies which are essential in promoting SME performance.

2. In your opinion, what are the essential financial planning critical success factors to enhance SMEs performance, success, and sustainability?

Theme Three: to investigate the Human resources planning strategies which are essential in promoting SME performance.

3. In your opinion, what are the essential Human Resources planning critical success factors to enhance SMEs performance, success, and sustainability?

Theme Four: to investigate the operational planning strategies which are essential in promoting SME performance.

4. In your opinion, what are the essential operational planning critical success factors to enhance SMEs performance, success, and sustainability?

SECTION C: Impact of COVID-19

Theme five: to investigate the impact of COVID-19 on SMEs

5. In your opinion, what is the impact of COVID-19 on SME operational activities?
6. In your opinion what is the impact of COVID-19 on SME survival and short-term financing activities?

Theme six: recommendations to SMEs

7. Considering the aforementioned conversation, what are some of the recommendations you suggest that SMEs implement post COVID-19 pandemic to enhance SME performance, success, and sustainability?

ANNEXURE E – Language Editing Certificate

St Charles College,
Harwin Road,
Scottsville
Pietermaritzburg 3201
Tel: [redacted]
admin@kznlanguageinstitute.com
www.kznlanguageinstitute.com

Registration number: 131 804 NPO

Certificate of editing 26 June 2025

Name: Avika Maharaj

Title: Exploration of critical success factors for small and medium enterprise sustainability post coronavirus pandemic: a performance measurement framework

This serves to confirm that the above document was edited, post-examination, by members of the KZN Language Institute's professional English language editing team. The document was returned to the author with tracked changes and comments intended to correct all errors and to clarify meaning. It was the author's responsibility to attend to these changes.

[redacted]

J. Kerchhoff

Director of the KwaZulu-Natal Language Institute

KZN Language Institute – Transforming Words

ANNEXURE D – Ethical approval

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

04 May 2023

Avika Maharaj (222129063)
School Of Acc Economics & Fin
Westville Campus

Dear A Maharaj,

Protocol reference number: HSSREC/00005559/2023
Project title: Exploration of critical success factors for small and medium enterprise sustainability in post coronavirus pandemic: A performance measurement framework
Degree: PhD

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 24 March 2023 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) 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.

This approval is valid until 04 May 2024.
To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,

[redacted]

Professor Dipane Hlalele (Chair)

/dd

UNIVERSITY OF KWAZULU-NATAL
INYUVESI YAKWAZULU-NATALI

14 July 2023

Avika Maharaj (222129063)
School Of Acc Economics & Fin
Westville Campus

Dear A Maharaj,

Protocol reference number: HSSREC/00005559/2023
Project title: Exploration of critical success factors for SMEs sustainability in post COVID-19 pandemic: A performance measurement framework
Amended title: Exploration of critical success factors for small and medium enterprise sustainability in post coronavirus pandemic: A performance measurement framework
Degree: PhD

Approval Notification – Amendment Application

This letter serves to notify you that your application and request for an amendment received on 13 July 2023 has now been approved as follows:

- Change in title
- Additional research site

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form; Title of the Project, Location of the Study must be reviewed and approved through an 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.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Best wishes for the successful completion of your research protocol.

Yours faithfully

[redacted]

.....
Professor Dipane Hlalele (Chair)

/dd