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**Examining Municipal Procurement Practices with Rural Small and Medium Enterprises (SMEs) in uMhlabuyalingana.**

**by**

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of**

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## DECLARATION



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I, Cebolenkosi Vuka Ngubane declare that:

- The research reported in this dissertation, except where otherwise indicated, is my original work.
- This dissertation has not been submitted for any degree or examination at any other university.
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Signed:

## DEDICATION

I dedicate this study to my family, My wife Busa Ngubane, my parents Mr Simon Ngubane & Mrs Virginia Ngubane and my siblings Slondiwe, Senzo and Mxolisi.

Mom and dad, I give thanks to God Almighty for giving parents like you. You have given me the best childhood and shaped me well for life. The foundation you laid in me is what keeping me standing firm through tries and tribulations.

Your existence propels me to keep going an extra mile in life.

Nolwazi Ngubane, your spirit lives on.

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- The Management of uMhlabuyalingana Municipality. Mr NPE Myeni Municipal Manager for allowing me to conduct this study with the hope that it will bring insight into the relationship between uMhlabuyalingana Municipality and rural small and medium enterprises.
- Businessmen and Businesswomen in the SMEs who participated in the study and took their time in supporting and participating in responding.

## **ABSTRACT**

This study examines how the procurement policies of uMhlabuyalingana Municipality impact small and medium-sized rural businesses (SMEs). The study intended to evaluate the perceptions of local businesses in terms of their relationship with the municipality as well as the extent to which the municipality integrates SMEs into its procurement procedures. Using a qualitative research methodology, data was gathered by interviewing SME owners and municipal procurement officials. This allowed for a detailed analysis of the dynamics opportunities and challenges affecting this relationship.

Despite the efforts made by uMhlabuyalingana Municipality to promote SME inclusion through its policies such as lot-sizing streamlined tender documentation and targeted training initiatives, the research findings demonstrate that significant barriers still exist. Resource constraints, a lack of administrative capacity and compliance issues are some of the ongoing obstacles. However, the initiatives have strengthened the local economy and increased SME participation in public procurement despite the ongoing challenges.

Respondents emphasized the importance of communication, continuous feedback mechanisms and collaborative policy that are design to close implementation gaps and improve outcomes. It is highlighted in this study that in order to fully realize the potential of inclusive procurement policies, strategic interventions like enhanced digital infrastructure, public-private partnerships and increased administrative efficiency are required. By balancing policy objectives with practical realities, uMhlabuyalingana Municipality can create a sustainable business ecosystem that promotes economic growth, community development and rural SMEs. In addition to contributing to the body of knowledge about inclusive procurement practices this study offers useful insights to practitioners and policymakers committed to supporting rural economies.

## Table of Contents

<b>DECLARATION</b> .....	ii
<b>DEDICATION</b> .....	iii
<b>ACKNOWLEDGEMENTS</b> .....	iv
<b>ABSTRACT</b> .....	v
<b>LIST OF ABBREVIATIONS</b> .....	viii
<b>CHAPTER ONE: INTRODUCTION AND BACKGROUND</b> .....	1
<b>1.1 Introduction</b> .....	1
<b>1.2 Problem Statement</b> .....	2
<b>1.3 Aim, Objectives and Questions</b> .....	3
1.3.1 Aim of the Research.....	3
1.3.2 Objectives of the Research.....	3
1.3.3 Research Questions .....	4
<b>1.4 Significance of the Study</b> .....	4
1.5 Importance of the Study .....	6
1.6 Chapter Outline.....	6
1.7 Chapter 1 Summary .....	7
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	9
<b>2.1 Introduction</b> .....	9
<b>2.2 Conceptual framework</b> .....	9
2.2.1 Resource-Based View .....	9
2.2.2 Institutional Theory.....	10
<b>2.3 Public Procurement and SMEs</b> .....	11
<b>2.4 Strategies for SME Inclusion in Public Procurement</b> .....	13
<b>2.5 The Role of Public-Private Partnerships (PPPs)</b> .....	16
<b>2.6 Barriers to SME Participation in Public Procurement</b> .....	17
<b>2.7 Local Government’s Role in Facilitating SME Growth</b> .....	18
<b>2.8 Collaborative Institutional Support for SME Readiness and Digital Transformation</b> .....	20
<b>2.9 Environmental and Sustainable Procurement Practices</b> .....	21
<b>2.10 Impact of Public Procurement on Rural SME Growth</b> .....	22
<b>2.11 Challenges in Implementing SME-Friendly Public Procurement Practices</b> .....	24
<b>2.12 Conclusion</b> .....	26
<b>CHAPTER 3: METHODOLOGY</b> .....	27
<b>3.1 Introduction</b> .....	27
3.2 Research Paradigms and Their Role in Guiding the Study .....	27
<b>3.3 Research Design</b> .....	28

<b>3.3.1 Demographic Profile of Participants</b> .....	30
<b>3.4 Study Population and Sampling Method</b> .....	31
<b>3.5 Data Collection Method: Semi-Structured Interviews</b> .....	33
<b>3.6 Data Analysis Approach</b> .....	34
<b>3.7 Ethical Considerations</b> .....	36
<b>3.8 Chapter Summary</b> .....	38
<b>CHAPTER 4: PRESENTATION OF INTERVIEW FINDINGS</b> .....	39
<b>4.1 Introduction</b> .....	39
<b>4.2 Analysis of Results</b> .....	39
4.2.1 Objective One: uMhlabuyalingana Municipality’s stance on including local SMEs within their supply chain .....	39
4.2.2 Objective Two: Strategies that can assist uMhlabuyalingana Municipality in fostering the development of local SMEs. ....	49
4.2.3 Objective Three: The Relationship between uMhlabuyalingana Municipality and Local SMEs .....	53
<b>4.2.4 Chapter 4 Summary</b> .....	58
<b>CHAPTER 5: RECOMMENDATION, CONCLUSIONS AND FUTURE RELATED STUDIES</b> 60	
5.1 Introduction .....	60
<b>5.2 Summary of the Study</b> .....	61
5.3 Recommendations of the Study .....	63
5.3.1 Objective One: uMhlabuyalingana Municipality’s stance on including local SMEs within their supply chain .....	63
5.3.2 Objective Two: Strategies that can assist uMhlabuyalingana Municipality in fostering the development of local SMEs .....	65
5.3.3 Objective Three: SMEs’ viewpoints about their relationship with uMhlabuyalingana Municipality.....	69
<b>5.4 Conclusion</b> .....	74
5.5 Limitations of the Research.....	75
5.6 Future Related Research .....	76
<b>References</b> .....	77
<b>APPENDIXES</b> .....	84
APPENDIX A: INFORMED CONSENT .....	<b>Error! Bookmark not defined.</b>
<b>APPENDIX B: INTERVIEW QUESTIONS</b> .....	84
APPENDIX C: TURNITIN REPORT .....	<b>Error! Bookmark not defined.</b>
APPENDIX D: ETHICAL CLEARANCE.....	89
APPENDIX E: GATEKEEPERS LETTER.....	<b>Error! Bookmark not defined.</b>

## **LIST OF ABBREVIATIONS**

<b>IDP</b>	Integrated Development Plan
<b>KZN</b>	KwaZulu-Natal
<b>LED</b>	Local Economic Development
<b>M&amp;E</b>	Monitoring and Evaluation
<b>NGO</b>	Non-Government Organization
<b>PPP</b>	Public-Private Partnership
<b>SA</b>	South Africa
<b>SFPP</b>	SME-Friendly Public Procurement
<b>SME</b>	Small Medium Enterprise

# CHAPTER ONE: INTRODUCTION AND BACKGROUND

## 1.1 Introduction

In an increasingly interconnected global economy, local trade dynamics significantly influence the socio-economic development of regions. uMhlabuyalingana Municipality, situated in the northern part of KwaZulu-Natal province in South Africa, exemplifies the unique challenges and opportunities faced by rural economies (uMhlabuyalingana Local Municipality, 2024). The municipality's economy is predominantly agricultural and subsistence-based, with its growth heavily dependent on the performance and integration of rural SMEs (uMhlabuyalingana Local Municipality, 2024). Despite their potential to drive local development, these SMEs often encounter barriers that restrict their participation in broader trade networks. According to Enaifoghe and Ramsuraj (2024), these challenges include limited access to finance, regulatory opacity, and delays in entering and advancing within value chains. Additionally, high certification costs for agricultural SMEs and inadequate telecommunication infrastructure further hinder their ability to integrate into supply chains and upgrade their operations.

uMhlabuyalingana Municipality is characterized by a diverse demographic, with a significant portion of its population engaged in subsistence farming and informal trade. Although the area boasts rich cultural heritage and abundant natural resources, its economic development has been hampered by challenges such as inadequate infrastructure, limited access to financial services, and insufficient market information (Mthembu & Hlophe, 2024). The municipality's economic structure reflects a dual economy, where formal and informal sectors coexist but rarely interact synergistically.

SMEs are critical to economic development, particularly in rural areas. They generate employment, foster innovation, and enhance local economic resilience. In uMhlabuyalingana, rural SMEs are instrumental in promoting economic self-sufficiency and alleviating poverty. However, these enterprises face significant obstacles, including restricted market access, insufficient business development support, and regulatory complexities, as highlighted by Mthembu and Hlophe (2024).

Trade between the municipality and rural SMEs is shaped by various factors, including local demand, supply chain inefficiencies, and socio-economic conditions.

Understanding these dynamics is crucial for unlocking the potential of rural enterprises. Existing literature suggests that rural SMEs often struggle to establish formal trade relationships, which limits their growth and competitiveness (Enaifoghe & Ramsuraj, 2024). Furthermore, socio-political factors and the enduring legacy of apartheid have perpetuated inequalities in resource access and opportunities.

This study aims to explore the nature of trade between uMhlabuyalingana Municipality and its rural SMEs, focusing on existing trade patterns, challenges and growth opportunities. Examining these dynamics will provide actionable insights that can inform local economic policies and enhance the municipality's overall resilience.

## **1.2 Problem Statement**

Rural SMEs are critical drivers of local economic development, particularly in regions like uMhlabuyalingana Municipality, where they contribute to job creation, poverty alleviation and economic resilience. However, current literature highlights that these SMEs face significant barriers to accessing markets, resources, and information, which severely limits their ability to engage effectively in trade (Enaifoghe & Ramsuraj, 2024). These challenges are exacerbated by socio-economic factors such as inadequate infrastructure, limited access to financial services and regulatory constraints that disproportionately affect rural businesses (Mthembu & Hlophe, 2024).

The trade dynamics between uMhlabuyalingana Municipality and its rural SMEs are shaped by various factors, including local demand, supply chain inefficiencies, and socio-economic conditions. Existing research suggests that rural SMEs often struggle to establish formal trade relationships, which restricts their growth and competitiveness (Enaifoghe & Ramsuraj, 2024). Furthermore, socio-political factors and the enduring legacy of apartheid have perpetuated inequalities in resource access and opportunities, further marginalizing rural enterprises (Thusi & Mlambo, 2023). The municipality's economic development is further hindered by infrastructural backlogs and a lack of alignment between Local Economic Development (LED) initiatives and Integrated Development Planning (IDP). For instance, Thusi & Mlambo, (2023) notes that the absence of basic infrastructure, such as roads and electrification, stifles economic growth and prevents rural SMEs from reaching their full potential. Additionally, the misalignment between LED and IDP processes often results in

duplicated efforts and inefficient resource allocation, undermining the effectiveness of development programs (Thusi & Mlambo, 2023). Moreover, the lack of capacity among local stakeholders and limited public participation in IDP formulation further exacerbate these challenges. As Thusi & Mlambo, (2023) observes, the reliance on consultants for IDP development often excludes meaningful input from local participants, leading to plans that do not fully address the needs of rural SMEs. The disconnect between policy formulation and implementation creates an environment where rural SMEs are unable to leverage available opportunities effectively. Furthermore, SMEs capacity to expand and integrate into well-established business value chains like the retail and tourism sectors is hampered by the absence of semi-industrialization in rural areas (Amra, Hlatshwayo & McMillan, 2013). By expanding SME opportunities to these industries, the local economy may become more resilient and inclusive while also sharing economic benefits with the larger business ecosystem.

Therefore, this research aims to investigate the dynamics of trade between uMhlabuyalingana Municipality and its rural SMEs, identifying key obstacles and opportunities in effort to understand these interactions, and provide actionable insights that can inform policy interventions and strategic initiatives aimed at strengthening trade relationships.

### **1.3 Aim, Objectives and Questions**

#### **1.3.1 Aim of the Research**

The primary aim of this study is to examine how uMhlabuyalingana Municipality can effectively engage in trade with rural SMEs. This research seeks to identify the barriers and opportunities for collaboration between the municipality and local SMEs, fostering a mutually beneficial relationship that enhances economic growth and community development.

#### **1.3.2 Objectives of the Research**

This study aims to address three (3) objectives:

- To examine uMhlabuyalingana Municipality's stance on including local SMEs within their supply chain.

- To discover strategies that can assist uMhlabuyalingana Municipality in fostering the development of local small and medium enterprises.
- To explore local SMEs viewpoints about their relationship with uMhlabuyalingana Municipality.

### 1.3.3 Research Questions

The study questions correspond to the above research objectives.

The research aims at examining the following:

- What is uMhlabuyalingana Municipality's stance on including local small and medium enter within their supply chain?
- What are the strategies that can assist uMhlabuyalingana Municipality in fostering the development of local small and medium enterprises?
- What are the local small and medium enterprises' viewpoints about their relationship with uMhlabuyalingana Municipality?

## 1.4 Significance of the Study

This research holds significant value for various stakeholders, including local policymakers, economic development practitioners, and rural SMEs themselves.

**Economic Development:** By identifying the dynamics of trade between uMhlabuyalingana Municipality and rural SMEs, the study will contribute to a deeper understanding of the local economic landscape. Insights gained can help formulate targeted economic strategies that harness the potential of rural enterprises, thereby stimulating local job creation and economic diversification. This is particularly critical in under-resourced rural areas where economic opportunities are often limited and unevenly distributed.

**Policy Implications:** The findings will provide evidence-based recommendations for local government and policymakers. Understanding the barriers faced by rural SMEs can lead to the development of supportive policies and infrastructure investments, enhancing trade facilitation and access to markets. The study addresses a notable

gap in the literature regarding how procurement policies can be tailored to meet the specific needs of rural SMEs, which are often overlooked in broader national.

**Empowerment of SMEs:** The research aims to empower rural SMEs by highlighting their role in the local economy and identifying opportunities for growth and collaboration. By showcasing successful trade practices and potential partnerships, the study can encourage entrepreneurship and innovation among these enterprises. This focus on empowerment aligns with global trends emphasizing inclusive economic growth and the need to uplift marginalized communities through targeted interventions.

**Sustainability and Resilience:** In a time of economic uncertainty, enhancing trade relationships can lead to more resilient local economies. This study will explore sustainable trade practices that can benefit both the municipality and rural SMEs, fostering a more equitable economic environment. By addressing systemic challenges such as inadequate infrastructure and regulatory constraints, the study contributes to building a foundation for long-term sustainability.

**Contribution to Academic Literature:** This research will fill a gap in the existing literature on trade dynamics in rural contexts, particularly within South African municipalities. It will contribute to broader discussions on rural economic development, trade theory, and the unique challenges faced by SMEs in under-resourced areas. While there is extensive research on urban SMEs, rural SMEs remain underexplored, especially in terms of their interaction with municipal procurement systems. This study seeks to bridge this gap by providing nuanced insights into the socio-economic and institutional factors shaping trade relationships in rural settings. Therefore, this study will provide valuable insights that can drive economic growth, inform policy decisions, and empower rural enterprises, ultimately enhancing the socio-economic fabric of uMhlabuyalingana Municipality.

### **Stakeholder Engagement and Digital Readiness**

The study also emphasizes how crucial it is to communicate procurement opportunities to stakeholders and make sure SMEs are prepared to meet those demands. The municipality could use a digitally oriented database of SMEs to keep an up-to-date record of SME capabilities and preferences, which could be crucial in

expediting this process. A system like this would improve transparency while also giving SMEs instant access to details about forthcoming tenders and particular requirements. Additionally by establishing a regional network that links rural SMEs with wider markets the study emphasizes the necessity of expanding opportunities beyond the immediate borders of uMhlabuyalingana Municipality. The study facilitates the creation of a more inclusive and interconnected economic ecosystem by pinpointing precise windows of opportunity in nearby regions enabling SMEs to compete successfully and sustainably.

### 1.5 Importance of the Study

This study is significant in that it seeks to bridge the gap in knowledge regarding the trade interactions between uMhlabuyalingana Municipality and rural SMEs. By examining the specific challenges and opportunities within this context, the research aims to inform local policymakers and economic development practitioners. Furthermore, the insights generated can empower rural SMEs, fostering a more inclusive and sustainable economic environment.

### 1.6 Chapter Outline

#### Chapter One: Introduction

This chapter provides an overview of the study, defining Small and Medium Enterprises (SMEs) and establishing the background, focus, and motivation for the research. It outlines the problem statement, aim, objectives, and research questions that guide the study. Additionally, it highlights the significance of the research, its importance, and any limitations encountered during the study.

#### Chapter Two: Literature Review

This chapter presents a comprehensive review of literature relevant to small and medium-sized enterprises (SMEs), both locally and internationally. It synthesizes existing knowledge on SME development, public procurement, and the role of institutional support systems. The review also explores theoretical frameworks, such as the Resource-Based View (RBV) and Institutional Theory, to provide a robust

foundation for understanding the challenges and opportunities faced by rural SMEs in engaging with municipal procurement systems.

### Chapter Three: Methodology

This chapter details the research design and methodology employed in the study. It outlines the qualitative approach used, including the processes for data collection, sampling strategy, and ethical considerations. The chapter emphasizes how the study's objectives informed the development of semi-structured interview questions and the selection of participants from both municipal procurement officials and SME owners. It also addresses the alignment of the methodology with the interpretivist research paradigm and includes a demographic profile of the participants.

### Chapter Four: Presentation of Interview Findings

This chapter presents the findings from interviews conducted with SME owners and procurement department staff at uMhlabuyalingana Municipality. The data is analyzed thematically, focusing on policies, strategies, challenges, and outcomes related to SME inclusion in municipal procurement. The findings are categorized under the study's objectives to ensure clarity and alignment with the research questions.

### Chapter Five: Recommendations, Conclusions, and Future Research Directions:

This chapter provides a concise summary of the study, highlighting key findings and their implications for uMhlabuyalingana Municipality and rural SMEs. It offers actionable recommendations aligned with the study's objectives, such as strengthening administrative capacity, fostering public-private partnerships, and enhancing digital infrastructure. The chapter also acknowledges the limitations of the study and suggests areas for future research, ensuring a forward-looking perspective on advancing SME inclusion in public procurement.

## 1.7 Chapter 1 Summary

Chapter One outlined the study, aim, objectives, and the problem statement. To address the research challenge, this chapter successfully identified relevant study objectives and questions. The researcher's selection of the literature review

methodology, to be covered in the next chapters, was also influenced by the study objectives.

The next chapter presents the literature review that presents the findings of similar existing research which is local and international studies. This chapter also includes discussions of the current state of knowledge.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

SMEs play a pivotal role in economic growth, particularly in rural areas where they serve as the backbone of local economies. Public procurement is a critical mechanism for supporting these enterprises, as it provides opportunities for revenue generation and market access (Zabala-Iturriagagoitia, 2022; Liu et al., 2024). Municipalities can stimulate job creation, foster innovation, and promote regional entrepreneurship by strategically integrating SMEs into procurement processes. However, SMEs are disproportionately disadvantaged by the strict compliance requirements and complicated tender criteria of current procurement systems, which frequently favour larger corporations (Hoekman and Taş 2022).

This chapter combines the Resource-Based View (RBV) and Institutional Theory two important theoretical frameworks to better understand the dynamics of SME participation in public procurement. The RBV (Barney 1991) emphasise the significance of internal resources and capabilities as sources of competitive advantage. RBV demonstrates how rural SMEs limited access to technological human and financial resources limits their capacity to effectively compete in public procurement. Institutional Theory on the other hand is concerned with the external environment including organizational practices, social norms, and regulatory frameworks that influence SME interactions with municipalities (DiMaggio and Powell 1983). These theories combined offer a strong analytical framework for examining the institutional forces influencing procurement policies as well as the internal difficulties facing SMEs.

### **2.2 Conceptual framework**

#### **2.2.1 Resource-Based View**

RBV Theory offers a useful framework for comprehending how rural SMEs can effectively compete in public procurement systems by utilizing their internal resources. RBV states that companies can gain a long-term competitive edge by obtaining and managing resources that are rare, valuable, unique and non-replaceable (VRIN)

(Barney, 1991; Wernerfelt, 1984). Rural SMEs frequently encounter severe resource limitations in the uMhlabuyalingana Municipality such as restricted access to financial capital, skilled labour, and technological infrastructure (Lekhanya 2016). These restrictions make it more difficult for them to comply with strict regulations or to compete with bigger companies in bidding. RBV however contends that SMEs can maximize their current capabilities even in the face of limited resources by means of strategic reconfiguration, a process in which businesses strategically integrate and employ existing resources to increase their value (Zahra, 2021). For example, to set themselves apart from rivals, rural SMEs might concentrate on intangible assets like local expertise, community networks, and collaborations with municipal stakeholders.

RBV is especially pertinent to supply chain management. Bromiley and Rau (2016) stress the value of preserving solid bonds with partners and suppliers in order to promote long-term sustainability. This viewpoint is very supportive of the central focus of this study, on how municipalities can help SMEs by creating cooperative environments and offering focused capacity-building initiatives. Rural businesses can improve their ability to take advantage of uMhlabuyalingana Municipality's procurement opportunities by recognizing and categorizing their VRIN resources. RBV also emphasizes the necessity for local governments to create inclusive policies that fill in resource shortages so that SMEs can get past obstacles and make significant contributions to regional economic growth. RBV therefore provides useful insights into how rural SMEs can be empowered within procurement ecosystems in addition to explaining the difficulties they face.

### 2.2.2 Institutional Theory

When rural SMEs interact with the procurement systems of uMhlabuyalingana Municipality external pressures influence their behaviour and strategies. Institutional theory offers a useful lens through which to view these interactions. In order to influence organizational practices institutions include both formal structures like rules and policies and informal norms like societal values and cultural expectations (DiMaggio and Powell 2020). Institutional theory aids in the explanation of how socio-political and regulatory frameworks affect SMEs involvement in public procurement in the context of this study. Institutional pressures that disadvantage rural SMEs with limited resources include for example strict compliance requirements and complicated

tender processes that frequently favour larger corporations (Sadeghi et al. (2019). Historical injustices and infrastructural deficiencies exacerbate these institutional barriers creating an unlevelled playing field for SMEs in underdeveloped areas (Harrison et al. 2018).

In order for SMEs to thrive they must successfully negotiate both formal and informal institutional environments (Schwens et al., 2011). In line with this viewpoint, the study focuses on how uMhlabuyalingana Municipality can create inclusive procurement policies that address these institutional challenges. Through an analysis of the interactions between formal institutions like procurement laws and informal institutions like social networks and cultural norms, Institutional Theory emphasizes the necessity for municipalities to implement adaptable and situation-specific strategies. For instance procurement procedures can be customized to match the capabilities of rural SMEs and partnerships with local stakeholders in order to reduce institutional pressures and improve inclusion. Therefore Institutional Theory provides useful insights into how municipalities can foster environments that support sustainable economic development in addition to explaining the systemic obstacles faced by rural SMEs.

### **2.3 Public Procurement and SMEs**

Public procurement is a vital tool for promoting regional economic development, especially in rural areas where SMEs are key contributors to local economies (Zabala-Iturriagagoitia, 2022). By incorporating SMEs into their supply chains, municipalities can enhance job creation, innovation, and entrepreneurship, thereby fostering a more inclusive and resilient economic environment (Liu et al., 2024). Beyond its economic impact, public procurement also addresses social and environmental objectives, making it a multifaceted instrument for local empowerment. However, realizing these benefits for SMEs requires overcoming significant challenges (Machado et al., 2020; Akenroye et al., 2020).

One major obstacle is the misalignment between municipal procurement policies and the capabilities of small businesses (Uyarra et al., 2020). Procurement systems are often designed with larger firms in mind, imposing complex regulations and extensive documentation requirements that are difficult for resource-constrained SMEs to meet (Hoekman & Taş, 2022). For instance, rural SMEs may lack the administrative capacity

and financial stability to navigate these processes, limiting their ability to compete for public sector opportunities (Namagembe et al., 2021). Additionally, a lack of transparency and limited access to procurement information further marginalizes rural SMEs, creating an uneven playing field that hinders their participation in municipal projects (Bak et al., 2020; Melnyk et al., 2021).

To address these issues, municipalities have adopted various strategies to level the playing field for SMEs. One approach is the implementation of SME-friendly public procurement (SFPP) policies, which aim to reduce barriers to entry and create a more supportive environment for small businesses (Liu et al., 2024). These policies include simplifying procurement procedures, providing training and capacity-building programs for SMEs, and introducing bid-lotting systems to enhance their competitiveness (Namagembe et al., 2021). Another effective strategy is the use of public-private partnerships (PPPs), which facilitate collaboration and knowledge-sharing between the public sector and SMEs, thereby enhancing innovation and capacity-building in rural areas (Buranbayeva et al., 2021; Maulina & Dewi, 2020). Through technical and financial support, these partnerships help SMEs meet procurement requirements and strengthen their operational capabilities (Zabala-Iturriagagoitia, 2022; Uyarra et al., 2020).

In addition to these practical measures, there is a growing focus on integrating sustainability into municipal procurement policies (Bag et al., 2022; Machado et al., 2020). Green procurement practices, for example, are increasingly recognized as a means of promoting eco-innovation and sustainable development (Ullah et al., 2023). While green procurement offers new market opportunities for SMEs, it also requires significant investments in sustainable practices and technologies, which can be challenging for small businesses with limited resources (Melnyk et al., 2021). Nevertheless, municipalities that actively support SMEs in adopting green innovations can enhance their competitiveness and contribute to broader sustainability goals (Lăzăroiu et al., 2020; Abdul-Azeez et al., 2024).

Furthermore, inclusive procurement policies are gaining traction as a means of reducing socioeconomic inequalities (Manzoor et al., 2021). Inclusive procurement involves targeting underrepresented groups, such as rural SMEs, to ensure that public spending benefits a diverse range of stakeholders (Factive, 2020). By implementing

such policies, municipalities can address systemic inequalities and provide fairer opportunities for small businesses, thereby advancing broader social objectives (Ismail & Changalima, 2022; Saastamoinen et al., 2020). This approach aligns with international best practices and recommendations from organizations advocating for inclusive economic development through public procurement (Masuda et al., 2022).

Despite the clear benefits, implementing inclusive procurement practices presents several challenges. A key issue is the lack of awareness and capacity among SMEs to effectively participate in public procurement processes (Machado et al., 2020; Namagembe et al., 2021). Many small businesses lack the technical expertise to navigate procurement systems or are unaware of the opportunities available to them (Manzoor et al., 2021). Additionally, municipalities may face resistance from established vendors who benefit from the status quo and perceive SMEs as a threat to their market position (Bak et al., 2020). Overcoming these challenges requires a collaborative effort between the public and private sectors to build trust, enhance transparency, and create an enabling environment for SMEs (Hoekman & Taş, 2022; Uyarra et al., 2020).

Overall, public procurement can serve as a powerful engine for rural economic development if municipalities adopt a holistic approach that combines policy reforms, capacity-building initiatives, and strategic partnerships (Akenroye et al., 2020). This includes streamlining procurement processes, providing targeted support to rural SMEs, and leveraging public spending to achieve both social and economic objectives (Abisuga-Oyekunle et al., 2020). By focusing on the unique needs of rural SMEs and aligning procurement strategies with broader development goals, municipalities can harness public procurement as a tool for promoting sustainable and inclusive growth (Melnik et al., 2021; Zabala-Iturriagagoitia, 2022; Liu et al., 2024).

## **2.4 Strategies for SME Inclusion in Public Procurement**

According to Liu et al., (2024), promoting economic inclusivity through SME participation in public procurement is a strategic initiative helps to promote equitable competition and regional development. This approach typically requires a combination of policy and regulatory reforms designed to create a more favourable business environment for smaller enterprises. One of the primary strategies involves the

simplification of procurement frameworks to better accommodate SMEs. This includes streamlining the tendering process, reducing compliance burdens, and offering technical support to assist small businesses in navigating complex procurement procedures (Hoekman & Taş, (2022). Akenroye et al., (2020) stated that in order to ensure that SMEs in rural areas have a fair opportunity to compete for public contracts there must be significant simplification of tender documents and lowering restrictive eligibility criteria.

Another crucial strategy involves capacity-building initiatives aimed at enhancing the technical and managerial competencies of small business owners (Fadic, 2020; Namagembe et al., 2021). Bag et al., (2022) argue that municipalities often implement training programs covering essential areas such as proposal writing, regulatory compliance, and financial management, which can significantly improve SMEs' ability to meet the stringent requirements of public procurement. These initiatives are particularly beneficial for rural SMEs, which often lack the expertise and resources needed to effectively engage in procurement processes (Bak et al., 2020). According to Melnyk et al., (2021), mentoring programs that pair experienced business professionals with emerging SMEs can provide invaluable guidance, helping smaller firms navigate bidding procedures while sharing best practices. Such initiatives not only strengthen individual enterprises but also contribute to a more competitive and resilient SME sector overall (Machado et al., 2020). By investing in capacity-building, municipalities can ensure that public procurement serves as a tool for inclusive economic growth rather than reinforcing the dominance of large corporations (Uyarra et al., 2020).

A key feature of SME-friendly public procurement (SFPP) policies is addressing the structural disadvantages that small businesses face when competing against larger, well-financed firms (Hoekman & Taş, 2022). One effective approach is the implementation of local content requirements, which mandate that a certain percentage of goods or services be sourced from local suppliers. Similarly, Lăzăroi et al., 2020) point out that preferential treatment policies such as awarding additional evaluation aimed at local businesses help level the playing field for SMEs. These policies not only facilitate greater SME participation in procurement but also ensure that public sector spending contributes to the local economy's sustainability (Ullah et

al., 2023). In addition to fostering economic stability, such measures help diversify the supplier base, making it more resilient to market fluctuations and reducing dependency on a handful of dominant firms. This is particularly significant in rural areas, where public procurement often represents a critical revenue stream for small enterprises with limited alternative income sources (Abisuga-Oyekunle et al., 2020).

Furthermore, Melnyk et al., (2021) stated that, municipalities seeking to leverage public procurement for local development must establish an inclusive procurement environment. By implementing policies that actively support small businesses, public procurement can become a vehicle for economic and social transformation, particularly in underserved areas (Zabala-Iturriagoitia, 2022). This inclusive approach not only strengthens SMEs' financial viability but also encourages them to contribute innovative solutions to public sector needs, which larger firms may overlook (Uyarra et al., 2020). SMEs, due to their agility and adaptability, are often well-positioned to respond rapidly to market changes and provide customized solutions for local communities (Zabala-Iturriagoitia, 2022; Liu et al., 2024).

Machado et al., 2020) argued in relation to economic inclusivity that SFPP policies play a crucial role in fostering innovation among SMEs. Melnyk et al., 2021) added that, unlike larger firms, which often have rigid organizational structures, SMEs are typically more flexible, allowing them to experiment with new ideas and introduce innovative products to the market more quickly. Bag et al., (2022) and Factive, (2020) also argue that municipalities that integrate innovation incentives into their procurement strategies, such as awarding points for creativity or providing financial support for research and development, which encourage SMEs to develop novel solutions that address public sector challenges.

Moreover, municipalities are increasingly recognizing the role of SFPP approaches in advancing sustainability alongside economic growth as pointed out by Lăzăroiu et al., ((2020). Furthermore, a study Machado et al., (2020) indicated that by incorporating social and environmental considerations into procurement policies, SMEs can be encouraged to adopt sustainable business practices and contribute to broader sustainability goals. Abdul-Azeez et al., (2024) argues that procurement regulations may require suppliers to demonstrate environmental management capabilities or adhere to green procurement standards, thereby fostering the adoption of sustainable

practices throughout supply chains. This ensures that public sector spending supports long-term environmental stewardship while also positioning SMEs to capitalize on emerging markets that prioritize sustainability (Zabala-Iturriagagoitia, 2022). Consequently, sustainable procurement serves as a strategic mechanism for municipalities to align their economic development objectives with broader social and environmental priorities, ensuring that public contracts generate maximum social value while minimizing ecological impact (Uyarra et al., 2020)

## **2.5 The Role of Public-Private Partnerships (PPPs)**

Buranbayeva et al., (2021) stated that PPPs play an increasingly vital role in fostering SME development, particularly in rural areas where financial and technical resources are often constrained. These collaborative arrangements allow local governments to leverage private sector expertise and investment to support small business growth (Maulina & Dewi, 2020). Uyarra et al., (2020) points out that many SMEs rely on essential shared services such as business incubators, logistics support, marketing assistance, and technological infrastructure resources that PPPs can facilitate. Through these joint efforts, SMEs can enhance their competitiveness, expand market access, and improve their production capabilities, positioning themselves for sustainable growth (Zabala-Iturriagagoitia, 2022; Liu et al., 2024; Factive, 2020).

Beyond direct business support, PPPs also provide SMEs with opportunities to strengthen their sustainability practices and environmental management strategies (Machado et al., 2020). For instance, strategic collaborations between municipalities and private enterprises enable small businesses to adopt eco-friendly innovations through access to technical expertise and funding for green technology adoption (Melnik et al., 2021). These initiatives are particularly valuable in helping SMEs align with the increasing demand for sustainable products and services in public procurement (Bag et al., 2022). In addition to their economic and sustainability benefits, PPPs play a crucial role in fostering trust and long-term relationships between the public sector and small businesses (Buranbayeva et al., 2021; Maulina & Dewi, 2020). Ismail & Changalima, (2022) suggest that establishing open lines of communication is essential for ensuring that SMEs are well-informed about upcoming procurement opportunities and evolving public sector requirements. Saastamoinen et al., 2020; Namagembe et al., 2021; Factive, 2020) also suggested that municipalities

can utilize PPPs to develop structured communication channels where SMEs can engage with procurement officials and other stakeholders, gaining valuable insights into government expectations and procedures. Improved information sharing not only minimizes misunderstandings but also enables SMEs to respond more effectively to public tenders (Machado et al., 2020). By bridging the gap between rural SMEs and procurement opportunities, PPPs serve as a powerful mechanism for promoting regional economic development and enhancing SME participation in public sector contracts (Melnyk et al., 2021; Zabala-Iturriagagoitia, 2022).

## **2.6 Barriers to SME Participation in Public Procurement**

Hoekman & Taş, (2022) state that while SME participation in municipal procurement offers significant economic and developmental benefits, various challenges hinder their ability to compete successfully for public tenders. One of the primary obstacles is the complexity of procurement procedures, which often involve extensive documentation, stringent financial requirements tailored to larger firms, and rigid compliance obligations (Namagembe et al., 2021). According to Akenroye et al., (2020), many rural SMEs face an overwhelming challenge navigating these bureaucratic processes, which effectively excludes them from procurement opportunities. Additionally, inadequate communication channels between municipalities and local businesses contribute to a lack of awareness about available tenders (Factive, 2020). As a result, SMEs may miss critical updates or deadlines or remain unaware of procurement opportunities that align with their expertise. This lack of transparency not only discourages participation but also perpetuates a cycle of exclusion that is difficult to break.

Furthermore, Manzoor et al., (2021) points out that the disadvantage of limited infrastructure and insufficient resources facing rural SMEs, which restrict their ability to compete effectively in procurement processes. Bak et al., (2020) added that many rural enterprises struggle to participate in e-procurement, which is now a standard practice in public procurement, due to inadequate digital access and unreliable internet connectivity. This digital divide not only places them at a competitive disadvantage compared to urban-based firms but also limits their access to online training and capacity-building initiatives (Machado et al., 2020). Furthermore, Namagembe et al., (2020) shows that financial constraints and the smaller operational scale of rural SMEs

make it difficult for them to meet the capital requirements and performance guarantees typically demanded in public tenders. These financial challenges, coupled with limited technical expertise and administrative capacity, further hinder their ability to comply with complex procurement requirements and execute large contracts effectively.

Beyond structural and financial barriers, SMEs also encounter psychological and perceptual challenges that discourage them from engaging in public procurement. Ismail & Changelima, (2022) stated that many SME owners perceive the procurement process as favouring established firms, often viewing it as biased or inaccessible. Negative past experiences such as bid rejections due to minor technical errors or a lack of clarity in evaluation criteria reinforce this perception (Hoekman & Taş, 2022; Namagembe et al., 2021). Consequently, even when SMEs possess the necessary capabilities to deliver the required goods and services, they may lack the confidence to participate in tenders (Manzoor et al., 2021). To address these challenges, municipalities must take proactive steps to streamline procurement procedures, enhance transparency, and provide targeted support to rural SMEs (Bak et al., 2020; Machado et al., 2020).

## **2.7 Local Government's Role in Facilitating SME Growth**

Saastamoinen et al., (2020) stated that local governments play a crucial role in empowering SME growth and enhancing their participation in public procurement. One of the keyways municipalities can assist SMEs is by implementing policies designed to promote their inclusion in procurement processes. For example, Akenroye et al., (2020), suggested that municipalities can introduce SME-friendly policies such as allocating a percentage of procurement contracts specifically for small businesses or implementing bid-lotting mechanisms that break down large contracts into smaller, more manageable projects. These policy measures can help SMEs overcome structural barriers and improve their chances of securing municipal contracts (Buranbayeva et al., 2021). Additionally, simplifying procurement procedures by reducing administrative burdens, eliminating redundant requirements, and establishing clear, consistent guidelines tailored to SME capacities can further facilitate their participation (Masuda et al., 2022).

Beyond policy reforms, local governments can also act as intermediaries, fostering partnerships between SMEs and larger enterprises to enhance the competitiveness of smaller businesses in public procurement (Masuda et al., 2022; Uyarra et al., 2020). Uyarra et al., (2020) further argued that these collaborations can provide SMEs with access to advanced technologies, managerial expertise, and new markets, all of which are critical for their long-term growth. Municipalities can create networking platforms where SMEs engage with procurement officials, potential partners, and other key stakeholders, enabling them to gain valuable insights and establish relationships that support their expansion. Akenroye et al., 2020) suggested that local governments can help SMEs explore joint ventures and develop innovative solutions that align with public sector requirements. Establishing PPPs that include provisions for SME involvement ensures that small businesses are not merely suppliers but also active contributors to regional economic development (Buranbayeva et al., 2021).

Another essential function of local governments is capacity building, which involves equipping SMEs with the necessary skills and resources to compete effectively in public procurement (Machado et al., 2020). This can be achieved through initiatives such as procurement training programs, workshops on bid preparation, and mentorship schemes that connect SMEs with experienced business professionals (Saastamoinen et al., 2020; Bag et al., 2022). Furthermore, municipalities can offer technical support to assist SMEs in adopting digital tools and e-procurement platforms, thereby improving their ability to comply with modern procurement standards (Machado et al., 2020). Akenroye et al., (2020) strengthening SMEs' technical and managerial capabilities not only enhances their prospects of winning public contracts but also ensures that they can deliver high-quality goods and services that meet government expectations.

Effective communication and dedicated support services are also critical in fostering trust between municipalities and SMEs, particularly in rural areas (Melnyk et al., 2021). Many small businesses perceive public procurement as complex and inaccessible, which discourages their participation. Saastamoinen et al., (2020) suggests that municipalities should establish transparent communication channels and provide dedicated support services, such as procurement help desks, to guide SMEs through the bidding process. These services not only help SMEs better understand

procurement requirements but also build their confidence in engaging with public sector opportunities (Machado et al., 2020). Additionally, municipalities can conduct outreach initiatives to raise awareness about upcoming tenders, highlight the benefits of participating in public procurement, and educate SMEs on the necessary steps to submit competitive bids (Buranbayeva et al., 2021).

## **2.8 Collaborative Institutional Support for SME Readiness and Digital Transformation**

It is impossible to overestimate the importance of cooperative institutional support in improving SMEs preparedness, especially in rural regions like uMhlabuyalingana Municipality. Public organizations that provide specialized interventions like the SEDA and SEFA are essential in meeting the unique requirements of SMEs. As per Amaeshi et al. (2016), states that government organizations need to take the initiative to recognize and resolve the issues that SMEs face while making sure that the assistance they provide fits the particular socioeconomic circumstances of rural businesses. In line with this viewpoint, the study by Bag Dhamija Bryde and Singh (2022) emphasizes the significance of eco-innovation and digital readiness in empowering SMEs to successfully compete in contemporary markets. Through cooperation with SEDA and SEFA municipalities can establish synergies that enable SMEs to surmount obstacles like restricted financial access insufficient technical infrastructure and a lack of skills.

Another crucial area where institutional cooperation can promote SME growth is the integration of digital tools and e-commerce platforms. As mentioned by Shi et al. (2024), emerging market SMEs that adopt digital transformation are better equipped to improve their global performance and adjust to changing consumer needs. Initiatives including training courses on mobile applications, online transaction systems and e-procurement platforms could be part of uMhlabuyalingana Municipality's digital readiness. In addition to improving SMEs capacities, these programs would bring them into line with more general patterns in international trade. Encouraging digital literacy among rural SMEs is crucial to helping them close the gap between conventional business methods and the needs of the digital economy. To guarantee that SMEs are sufficiently prepared for this shift public institutions and local governments must work together.

However the effectiveness of these cooperative initiatives hinges on institutions capacity to modify their interventions in light of stakeholder input and empirical data. IA study by Bag Dhamija Bryde and Singhs (2022) highlights the necessity for government organizations to evaluate the efficiency of their support systems and make the required modifications. Amaeshi et al. (2016) contend that institutional support ought to shift its emphasis from philanthropy to sustainable and significant interventions. This could entail creating a feedback loop in the uMhlabuyalingana Municipality so that SMEs can express their difficulties and recommend enhancements to current initiatives. A strategy like this would encourage cooperation and trust amongst stakeholders in addition to making institutional support more pertinent.

## **2.9 Environmental and Sustainable Procurement Practices**

Bag et al. (2022) argued that the integration of sustainability into public procurement is increasingly recognized as a crucial element of inclusive economic development, as it aligns public sector spending with broader environmental and social objectives. Zabala-Iturriagoitia (2022) further emphasized that municipalities adopting sustainable procurement policies not only contribute to environmental protection but also establish a precedent for responsible business practices within their supply chains. One key approach in this regard is green procurement, which prioritizes suppliers that demonstrate environmentally friendly practices such as utilizing renewable resources, minimizing waste, and reducing carbon footprints (Ullah et al., 2023). According to Melnyk et al. (2020), participation in green procurement can be transformative for small and medium-sized enterprises (SMEs), as it provides access to emerging markets that prioritize sustainability. However, Machado et al. (2020) pointed out that transitioning to sustainable operations often requires significant investments in technology, training, and process optimization—barriers that can be particularly challenging for SMEs with limited resources.

To address these challenges, Lăzăroiu et al. (2020) noted that municipalities are increasingly implementing capacity-building initiatives to provide SMEs with technical assistance and financial support for sustainability projects. For instance, Bag et al. (2022) highlighted that municipalities can offer grants or subsidies to assist SMEs in implementing waste-reduction strategies or adopting energy-efficient technologies.

Such financial incentives, as Abdul-Azeez et al. (2024) suggested, not only help offset the initial costs associated with eco-innovation but also contribute to fostering a sustainability-driven culture across the supply chain. Additionally, Ullah et al. (2023) asserted that municipalities can develop comprehensive sustainability policies and procurement frameworks, ensuring that SMEs align their business operations with public sector expectations. By clearly defining sustainability standards and offering targeted support, municipalities help SMEs become more competitive in the expanding green economy, positioning them to benefit from the rising demand for environmentally friendly products and services (Lăzăroiu et al., 2020; Machado et al., 2020).

Beyond individual business benefits, sustainable procurement practices also have far-reaching implications for regional economic development. Zabala-Iturriagagoitia (2022) observed that municipalities prioritizing environmentally responsible suppliers not only reduce their ecological footprint but also stimulate the growth of green businesses within their local economies. Melnyk et al. (2021) argued that this creates a ripple effect, encouraging more enterprises to integrate sustainable practices in order to remain competitive in public tenders. Furthermore, Bag et al. (2022) suggested that green procurement can drive SMEs to innovate by developing new products and services that meet evolving environmental standards through creative solutions. According to Abdul-Azeez et al. (2024), municipalities that promote sustainable procurement practices contribute to building a resilient and future-ready local economy capable of addressing both current and emerging environmental challenges.

## **2.10 Impact of Public Procurement on Rural SME Growth**

Public procurement plays a crucial role in the development of rural SMEs, extending beyond immediate financial gains to influencing broader economic, social, and environmental outcomes. Manzoor et al. (2021) emphasized that when municipalities prioritize SMEs in their procurement policies, they create opportunities for these businesses to expand, diversify, and contribute meaningfully to local economic growth. This is particularly vital in rural regions, where SMEs often serve as the backbone of the economy but face significant challenges such as limited access to capital, infrastructure, and skilled labour (Abisuga-Oyekunle et al., 2020). According to Melnyk et al. (2021), inclusive procurement policies can help address these barriers by

ensuring that public expenditure directly benefits small businesses, thereby fostering entrepreneurship and job creation. Uyarra et al. (2020) further suggested that setting aside specific contracts for local SMEs or reducing financial and technical barriers to entry can significantly enhance rural business participation in public tenders.

Research in sub-Saharan Africa has demonstrated the effectiveness of inclusive procurement in generating employment and alleviating poverty (Abisuga-Oyekunle et al., 2020). By integrating rural SMEs into public supply chains, municipalities can promote a more equitable distribution of wealth and resources, addressing the socioeconomic disparities that often characterize rural communities (Zabala-Iturriagoitia, 2022). Moreover, Liu et al. (2024) argued that SMEs' participation in public procurement contributes to capacity building and workforce skill development, enhancing long-term economic resilience. Through public procurement, SMEs gain better access to investment opportunities, enabling them to scale their operations, expand their market presence, and create sustainable employment within their localities (Manzoor et al., 2021). Uyarra et al. (2020) highlighted that this holistic approach ensures that the benefits of public spending are distributed equitably, supporting not only economic but also social development objectives.

Beyond economic benefits, the involvement of SMEs in public procurement has significant social implications. Hoekman and Taş (2022) noted that municipalities prioritizing local SMEs foster a sense of community ownership and engagement in public projects. Zabala-Iturriagoitia (2022) further emphasized that this inclusive approach strengthens trust between local businesses and municipal authorities, which is essential for effective governance and sustainable development. Additionally, Liu et al. (2024) suggested that SME involvement enhances accountability and transparency in public resource allocation, as smaller businesses tend to have closer ties to the communities they serve. This increased transparency ensures that public funds are utilized in ways that maximize social value, reinforcing the legitimacy of municipal procurement processes (Hoekman & Taş, 2022; Manzoor et al., 2021).

Finally, Uyarra et al. (2020) argued that public procurement can serve as a catalyst for rural economic transformation by fostering a more inclusive and diverse supply chain that supports long-term sustainability. Abisuga-Oyekunle et al. (2020) noted that by actively supporting rural SMEs, municipalities not only stimulate business growth but

also reduce reliance on external suppliers, fostering regional economic self-sufficiency. According to Hoekman and Taş (2022), this, in turn, strengthens the local economy, making it more resilient to economic fluctuations and adaptable to changing market conditions. Manzoor et al. (2021) and Melnyk et al. (2021) concluded that by aligning public procurement strategies with the specific needs of rural SMEs, municipalities ensure that these businesses are not merely passive recipients of public contracts but active contributors to regional development and long-term sustainability.

### **2.11 Challenges in Implementing SME-Friendly Public Procurement Practices**

While SME-friendly public procurement (SFPP) policies have been praised for their ability to increase small business involvement in public sector contracts, municipalities sometimes find great difficulties implementing them (Akenroye et al., 2020). One of the main problems is the difficulty of overhauling current procurement systems, usually meant with big companies in mind (Namagembe et al., 2021). Changing these models to fit SMEs calls for a great awareness of the local SMEs scene as well as significant time and money (Machado et al., 2020). Municipalities have to strike a balance between preserving strict procurement rules to guarantee responsibility and openness and inclusiveness (Uyarra et al., 2020). This can be challenging work, especially in situations when public procurement procedures are already under examination for corruption or inefficiencies (Hoekman & Taş, 2022). Therefore, even if SFPP offers possible advantages, many municipalities find it difficult to apply these strategies properly, which results in differences between policy intentions and real results (Melnyk et al., 2021).

The lack of capacity and knowledge among municipalities to meet the complicated requirements of SMEs inclusion presents still another major obstacle (Akenroye et al., 2020; Namagembe et al., 2021). Many times, lacking the needs and challenges of SMEs, public procurement officials create poorly crafted programs that overlook the actual obstacles small businesses encounter (Fadic, 2020). Moreover, poor support systems and limited training can make procurement officials less able to interact with SMEs, so lessening the effect of SFPP methods (Ullah et al., 2023). Municipalities must thus make investments in developing internal capacity by means of inclusive procurement policies and efficient SMEs participation, so overcoming this (Saastamoinen et al., 2020). Such projects should also involve setting up help desks

or dedicated units inside procurement departments to provide SMEs (Bag et al., 2022) with specific support. Municipalities run the danger of developing procurement systems that are essentially inclusive but practically inaccessible to small businesses without these resources (Machado et al., 2020; Liu et al., 2024).

Apart from internal capacity problems, outside elements complicate the application of SFPP policies especially in rural and developing areas (Abisuga-Oyekunle et al., 2020). For instance, rural SMEs sometimes lack the digital infrastructure and technical know-how required to interact with e-procurement systems, which are progressively a norm of modern public procurement (Bak et al., 2020). Apart from limiting SMEs' participation in public tenders, this digital divide aggravates current disparities between rural and urban companies (Lăzăroiu et al., 2020). Municipalities must thus give digital literacy and infrastructure development top priority in their SME inclusion plans (Abdul-Azeez et al., 2024). Furthermore, impeding SMEs' capacity to invest in the resources required to comply with public procurement criteria are outside economic circumstances including limited access to finance and erratic market environments (Buranbayeva et al., 2021). These difficulties draw attention to the need of a complete strategy for SMEs inclusion that transcends procurement changes to handle more general systemic problems influencing small business development (Melnik et al., 2021).

Finally, opposition from current suppliers and political players who gain from the status quo compromises the effectiveness of SFPP policies (Hoekman & Taş, 2022; Liu et al., 2024). Big companies who have always dominated public procurement markets could see SMEs as a threat to their market share and thus advocate against changes that support small businesses involvement (Ismail & Changanlima, 2022). Furthermore, political factors can greatly influence procurement policies, which would cause short-term gains to take precedence over long-term SMEs to be developed (Ullah et al., 2023). Strong political will and a dedication to openness and justice in public procurement operations will help to overcome this opposition (Melnik et al., 2021). Municipalities have to make sure that SFPP practices are included into more general policy frameworks stressing the strategic relevance of SMEs development for sustainable economic growth (Abisuga-Oyekunle et al., 2020; Zabala-Iturriagagoitia, 2022). Clear metrics to monitor the development and influence of SMEs inclusion

activities (Uyarra et al., 2020), public consultations, and stakeholder involvement will help to achieve this. Municipalities can create a procurement ecosystem that not only helps SMEs but also the general society by encouraging a more inclusive and cooperative attitude to public procurement (Machado et al., 2020; Liu et al., 2024).

## **2.12 Chapter 2 Summary**

Public procurement has the potential to drive SME growth, particularly in rural areas where these businesses form the backbone of local economies. However, challenges such as complex bidding processes, inadequate infrastructure, and limited access to information continue to hinder their participation. Addressing these barriers requires a multifaceted approach, including policy reforms, capacity-building initiatives, and strategic partnerships to create a more inclusive and competitive procurement landscape. Furthermore, sustainable procurement practices can strengthen supply chains, fostering long-term economic, social, and environmental resilience. By implementing these measures, municipalities can transform public procurement into a powerful tool for regional development. The next chapter explores the research methodology used to investigate these dynamics, detailing the approach, data collection methods, and analytical framework employed in this study.

## **CHAPTER 3: METHODOLOGY**

### **3.1 Introduction**

This chapter outlines the research design and methodology used to examine the relationship between local SMEs and uMhlabuyalingana Municipality. With a focus on the experiences and perspectives of both municipal officials and SMEs. The research methodology used in this study is interpretivist emphasizing the importance of comprehending the social realities and subjective meanings that participants create when interacting with procurement processes. Instead of aiming for objective or broadly applicable truths this philosophical alignment guarantees that the research captures the complex dynamics between the municipality and rural SMEs.

### **3.2 Research Paradigms and Their Role in Guiding the Study**

Research paradigms are essential for forming the philosophical foundations of any study because they offer a framework that directs the researchers approach to comprehending reality learning and dealing with ethical issues. Epistemology ontology axiology and phenomenology, the fundamental elements of research paradigms form the basis for matching the goals of the study with its methodological decisions.

The study of epistemology is concerned with the theory of knowledge and how researchers obtain and verify the information they use in their research. An interpretivist epistemological position is used in this study highlighting the subjectivity of knowledge and the significance of comprehending the viewpoints and experiences of participants (Alharahsheh and Pius 2020). This strategy fits with the qualitative nature of the research which uses semi-structured interviews to examine the complex relationships between rural SMEs and uMhlabuyalingana Municipality.

The nature of reality and what is there to study however are the focus of ontology. The constructivist ontology used in this study makes the assumption that reality is socially constructed and influenced by the interactions and interpretations of participants (Scotland 2012). The research recognizes that the realities of trade relationships are not static but are impacted by social economic and institutional factors by concentrating on the lived experiences of SME owners and municipal officials.

Axiology draws attention to the importance of ethics and values in research making sure that the study stays true to moral standards and upholds the rights of participants. This study's ethical considerations, such as informed consent confidentiality and voluntary participation reflect the axiological commitment to justice openness and respect for the contributions of participants (Yong Wooi Keong et al. 2023).

Last but not least phenomenology offers a prism through which to examine how people view and consider their experiences. Phenomenology is especially pertinent to this study because it enables a thorough examination of the opportunities difficulties and perspectives of public servants and small business owners with respect to procurement procedures. The study's emphasis on participant's subjective experiences reveals insights that more positivist or quantitative approaches might miss (Scotland 2012).

When combined these paradigms guarantee that the study's interpretivist methodology data collection techniques and analysis are philosophically sound. The findings legitimacy and applicability are strengthened by this alignment which guarantees that they accurately represent the intricate social dynamics being studied.

### **3.3 Research Design**

This study adopts a qualitative research approach to explore the complex and context-specific dynamics between uMhlabuyalingana Municipality and local SMEs. According to Kandel (2020), qualitative research is particularly suitable for exploring complex social phenomena as it allows for an in-depth understanding of participants' thoughts, motivations, and viewpoints. This approach aligns with the study's objective to analyse the attitudes, strategies, and interactions that shape the municipality's engagement with local SMEs. Given the intricacies of interpersonal relationships, organizational practices, and subjective interpretations, qualitative research is particularly suited to addressing "how" and "why" questions in such contexts. As highlighted by Kostere and Kostere (2021), qualitative methodologies are essential for capturing participants' perspectives within their unique socio-cultural and economic settings, providing a deeper understanding of how these factors shape their interactions and experiences.

The choice to employ a qualitative research design is consistent with the interpretivist paradigm as it prioritises depth of understanding over statistical generalizability. Qualitative research is especially well-suited when examining intricate social phenomena like the interaction between municipalities and SMEs where context and personal experiences are crucial. This method makes it possible to gain a deep contextual understanding of the obstacles, tactics and attitudes influencing SMEs involvement in municipal procurement.

The study employs a single case study design, focusing on uMhlabuyalingana Municipality as the unit of analysis. Case studies are particularly effective in qualitative research because they allow for an in-depth exploration of a specific context, providing detailed insights into the unique challenges and opportunities faced by rural SMEs in this region (Coombs, Hayden. 2022). By concentrating on one municipality, the study ensures that findings are deeply rooted in the local context, enhancing their relevance and applicability.

On a further note, the socioeconomic landscape of uMhlabuyalingana Municipality is a key determinant in shaping procurement policies and SMEs' perceptions of institutional support. Employing a qualitative approach enables the researcher to assess how these factors influence the expectations, motivations, and challenges faced by both municipal officials and SMEs. Pandey and Pandey (2021) emphasize that qualitative methods are particularly valuable in contexts where the research environment directly influences participants' experiences. In the case of uMhlabuyalingana, municipal governance structures and economic conditions play a crucial role in determining the effectiveness of SME support initiatives. A context-sensitive approach is therefore essential for understanding why certain municipal practices succeed or fail in addressing the needs of local businesses, offering insights that quantitative methods might not fully capture.

The importance of adaptability in qualitative research is further emphasized by Matovič and Ovesni (2023), who argue that qualitative methods are particularly effective in uncovering underlying viewpoints and challenges that may not be immediately apparent. The semi-structured interview format in this study provides participants with the opportunity to introduce relevant yet unexpected insights. For example, an SME owner might highlight procedural barriers encountered in municipal procurement,

while a municipal official could provide reflections on recent policy changes affecting SME inclusion. These emergent themes contribute to a more nuanced and comprehensive understanding of the municipality-SME relationship, reinforcing the depth and relevance of the study. Additionally, as Taherdoost (2021) points out, semi-structured interviews enhance the authenticity of qualitative research by allowing participants to express their experiences in their own terms, leading to richer and more meaningful data.

To further strengthen the rigor and depth of this qualitative study, reflexivity is systematically integrated throughout the research process. Reflexivity involves the researcher critically examining how personal background, beliefs, and experiences may influence data collection and analysis. According to Jamieson et al. (2023), reflexivity is a cornerstone of qualitative research, as it helps identify and mitigate potential biases that could otherwise shape interpretations. In this study, reflexivity is actively practiced through the use of a reflective journal, where the researcher documents personal thoughts, assumptions, and emerging biases throughout the research process. This approach ensures that findings accurately reflect participants' lived experiences rather than being influenced by the researcher's preconceptions.

By employing a qualitative research design, incorporating semi-structured interviews, and integrating reflexivity, this study is well-positioned to achieve its objective of examining the municipality-SME relationship in uMhlabuyalingana. This approach not only facilitates an investigation into the municipality's official policies and strategies regarding SME participation but also provides an in-depth exploration of the challenges and experiences faced by SMEs in engaging with municipal procurement processes (Zickar and Keith, 2023).

### **3.3.1 Demographic Profile of Participants**

Six people took part in the study: three SME owners and three municipal procurement officials from the uMhlabuyalingana Municipality. With positions ranging from procurement officers to senior managers the municipal officials had an average of five years of experience in public procurement. With business sizes categorized as micro-enterprises and medium-sized enterprises the SME owners represented a variety of industries including retail construction and agriculture. Because they had all been in

business for at least three years the SME participants had enough experience dealing with municipal procurement systems. A synopsis of the participants demographic profile is provided below.

Category	Details
Municipal Officials	- 3 participants - Roles: Procurement Officer, Senior Manager, Analyst
SME Owners	- 3 participants - Industries: Agriculture, Retail, Construction
Years of Experience	- Municipal Officials: 5–10 years - SME Owners: 3–7 years
Business Size (SMEs)	- Micro-enterprises (1 participant) - Medium-sized enterprises (2 participants)

### 3.4 Study Population and Sampling Method

The study population comprises two key groups: municipal procurement officials and SME owners operating within uMhlabuyalingana Municipality. A purposive sampling method was employed to select participants who could provide rich, relevant data based on their direct involvement in procurement processes. Three procurement employees were selected to provide an institutional perspective, shedding light on internal policies and processes, while three SME owners were chosen to offer an external viewpoint, highlighting the challenges and opportunities experienced by rural businesses.

To ensure that participants had relevant and comprehensive expertise, a purposive sampling approach was employed. Purposive sampling, as defined by Campbell et al. (2020), is a targeted method for selecting individuals who have direct experience with the phenomenon under investigation. This approach is particularly effective for capturing in-depth insights, as it focuses on participants who can provide meaningful and context-specific information. For this study, purposive sampling involved selecting

three SME owners who have interacted with uMhlabuyalingana Municipality and three procurement staff members from the municipality. The selection criteria aimed to identify individuals who could offer both institutional and practical perspectives, enabling a comprehensive understanding of the municipality-SME relationship.

This sample size of six participants is justified within the framework of qualitative research, which prioritizes the quality and depth of data over the number of respondents. Mweshi and Sakyi (2020) point out that studies that concentrate on the subjective experiences and perceptions of participants are better suited for smaller carefully chosen samples. In this study in-depth interviews were made possible by the small sample size which allowed the researcher to record in-depth accounts and surprising revelations that might have gone unnoticed in bigger more generalized studies.

Balancing the sample between the two groups also helps mitigate potential biases that could arise from over-relying on a single perspective. As Zickar and Keith (2023) argue, the appropriateness of a sample is critical in organizational research, as it directly impacts the quality of the data and the validity of the findings. By including an equal number of participants from the municipality and SMEs, the study ensures a balanced representation of both institutional and grassroots viewpoints. This balance is particularly important in this context, where municipal policies directly influence the operations and success of local SMEs, and where SME feedback can inform policy improvements.

The purposive sampling approach, combined with the careful selection of participants, ensures that the study captures both the formal and practical dimensions of the municipality-SME relationship. This methodological design enhances the validity of the findings and contributes to a holistic understanding of the dynamics at play. By incorporating individuals with firsthand knowledge of procurement processes and balancing institutional and external perspectives, the study provides a comprehensive, well-rounded picture of how uMhlabuyalingana Municipality interacts with and supports local SMEs. This balanced approach not only strengthens the relevance and applicability of the insights generated but also ensures that the conclusions are grounded in a thorough understanding of both policy and practice.

### **3.5 Data Collection Method: Semi-Structured Interviews**

Semi-structured interviews were chosen as the primary data collection method due to their flexibility and adaptability, which are symbols of interpretivist research. This approach allows researchers to cover predefined topics systematically while remaining open to unexpected insights and original viewpoints from participants. For example, an SME owner might highlight procedural barriers encountered in municipal procurement, while a municipal official could provide reflections on recent policy changes affecting SME participation.

Semi-structured interviews provide the ability to produce in-depth information when investigating difficult and subjective subjects. Semi-structured interviews let the researcher ask pre-selected questions and still let the conversation develop naturally depending on the answers, therefore striking a mix between structure and flexibility. In research like this one, when obtaining a wide spectrum of viewpoints on the procurement policies of the municipality and the SME experience is very vital, this adaptability is especially helpful. Taherdoost (2021) argues for semi-structured interviews in exploratory research since they allow researchers to methodically cover important subjects while yet allowing participants to provide unexpected insights and original points of view. The semi-structured approach of this study enables the gathering of data on procurement rules and tactics from municipal officials as well as the varied, personal narratives of SMEs owners about their contacts with the municipality. This dual attention highlights both the planned goals of the municipality and the pragmatic reality faced by SMEs, therefore enabling a sophisticated knowledge of how each group views the procurement process.

An interview protocol created to handle the primary issues of procurement procedures, SME engagement strategies, and opinions of institutional support will direct the semi-structured interviews. Verma et al. (2024) underline the need of a well-designed interview protocol in preserving consistency throughout interviews, so enabling researchers to methodically address each pertinent issue without making the flow of communication too restricted. The interview technique in this study consists of open-ended questions meant to inspire participants to go farther into their experiences, viewpoints, and observations. For instance, SMEs owners can be asked to relate their experiences with the application and bidding procedures while procurement staff

members might be asked to explain the reasons for supplier selection of the municipality. Organising interviews around these core topics helps the researcher to gather thorough and directly pertinent data for the goals of the study.

But one unique advantage of the semi-structured approach is its flexibility, which lets participants offer further observations not expected from the first question set. In this study especially, this adaptability helps the researcher to capture the complexity and fluctuation of the experiences of the participants. A municipal staff member can present a fresh viewpoint on the difficulties they encounter in achieving SME inclusion targets, or a SMEs owner might draw attention to obstacles not before considered in the study design. Such unexpected revelations may provide the analysis with more complexity and might even point out areas that call for more research. In qualitative research, especially in studies aimed at comprehending multi-dimensional social relationships, there is a need of flexibility in capturing the whole spectrum of participant experiences (Matovič and Ovesni (2023)). This helps to create a more accurate and rich knowledge of the dynamics between the municipality and local SMEs.

To ensure that participants felt comfortable sharing their experiences the interviews were conducted face-to-face in order to build rapport and trust. Open-ended questions were utilized to promote thorough answers and follow-up questions were used to elucidate and elaborate on important ideas. The interpretivist philosophy is reflected in this methodological decision which gives participants voices and experiences priority.

The interviews took place in a pleasant environment to guarantee participants feel at ease and ready to talk honestly. Every interview lasted 45 to 60 minutes, giving enough time to address all fundamental questions and create space for follow-up questions depending on participant answers. Interviews were audio recorded participants' permission, which guaranteed accuracy in data collecting and support thorough transcribing for analysis.

### **3.6 Data Analysis Approach**

The interview data was analysed using thematic analysis to make sure that all relevant facets of the participant's responses were taken into account. Iterative codes were

created that addressed topics like procurement challenges, institutional support barriers for SMEs and engagement strategies. The iterative development of themes reflects the interpretivist philosophy, as it prioritizes the participants' subjective meanings and experiences, allowing patterns and insights to emerge naturally from the data.

Thematic analysis, a widely recognized method in qualitative research, guided the data analysis process in this study. This approach is particularly suited for systematically identifying, analysing, and interpreting patterns within narrative data. Thematic analysis allows researchers to categorize data into meaningful themes that reflect participants' perspectives, making it ideal for studies that explore complex relationships and subjective experiences. As Pandey and Pandey (2021) emphasize, thematic analysis provides a structured yet flexible framework for organizing and analysing large volumes of data. In this study, thematic analysis allowed a systematic exploration of how municipal staff and SME owners perceive and experience their interactions, highlighting both shared and divergent perspectives on key issues.

The thematic analysis process started with the transcription of all interview recordings. These transcripts were reviewed multiple times to ensure familiarity with the data and to identify initial patterns and insights. This close reading allowed the researcher to develop a foundational understanding of recurring themes and key elements. The initial phase of analysis involved open coding, where specific segments of text are assigned codes based on their relevance to the research objectives. Open coding ensured that all pertinent aspects of participants' responses were considered, with codes reflecting themes such as "procurement challenges," "institutional support," "barriers for SMEs," or "engagement strategies." This approach helped the researcher to begin organizing the data without prematurely narrowing the focus.

Following open coding, the researcher also engaged in focused coding, where related codes are grouped to form broader themes directly tied to the research questions. This step helped the researcher to identify overarching themes that reflect shared patterns across multiple participants, moving beyond individual comments and responses. For example, codes related to "bureaucratic hurdles" or "lack of transparency" were grouped under a broader theme of "challenges in procurement processes." Conversely, codes reflecting positive feedback, such as "municipal support" or

“opportunities for SMEs,” were grouped under a theme of “perceived benefits of municipal engagement.” By systematically organizing these codes, the researcher developed a comprehensive understanding of the key themes that characterize the municipality-SME relationship.

The final stage of thematic analysis involved interpreting the identified themes in relation to the research questions. This interpretive step allowed the researcher to draw connections between themes, identify underlying trends, and provided insights into the broader implications of the findings. As Pandey and Pandey (2021) highlight, interpretation is a critical component of thematic analysis, as it enables researchers to move beyond mere categorization and develop a deeper understanding of the social and organizational dynamics under investigation. In this study, interpretation involved considering the socio-economic context of uMhlabuyalingana Municipality to understand how institutional practices align with or diverge from the needs and expectations of SMEs. This analysis revealed potential areas for improvement in the municipality’s approach to SME inclusion.

### **3.7 Ethical Considerations**

Ethical considerations were integral to the research process, ensuring that participants’ rights and well-being were protected. Written informed consent was obtained from all participants, and they were assured of confidentiality through the use of aliases. Participants were also informed of their right to withdraw from the study at any time without penalty. These measures align with the interpretivist philosophy, which emphasizes respect for participants’ autonomy and the subjective meanings they bring to the research.

Ethical considerations were central to this study, particularly given its focus on sensitive institutional interactions and participants from diverse backgrounds. Ensuring that participants felt protected, respected, and empowered to share their experiences without fear of negative consequences was a priority. Kirtley (2022) highlights the ethical complexities of qualitative research, emphasizing the need to address issues such as confidentiality, informed consent, and the respectful treatment of participant perspectives. To address these concerns, several measures were

implemented to safeguard participants' rights and personal information throughout the research process.

Confidentiality was a primary ethical concern, given the potential sensitivity of the data shared by municipal employees and SME owners. To protect participants' identities, aliases were used in all data records, transcripts, and reports. Each participant was assigned a unique identifier to ensure that individual responses could not be linked to specific individuals. Data were stored on secure, password-protected devices, with only the researcher having access to the raw data. Physical copies of interview notes or transcripts were kept in a controlled-access location to prevent unauthorized access. These measures ensured that participants' personal information remained protected at all times, aligning with best practices for confidentiality in research.

Informed consent was another critical ethical requirement. Before each interview, participants were provided with a detailed consent form outlining the study's objectives, procedures, and their rights. The form clarified that participation was voluntary and that participants could withdraw from the study at any time without penalty. As Taherdoost (2021) emphasizes, informed consent is fundamental in research, as it ensures that participants fully understand the scope of their involvement and make an autonomous decision to participate. The consent form also explained the potential risks and benefits of the study, the use of aliases to protect identities, and the secure handling of data. Written consent was obtained from all participants, ensuring adherence to ethical standards that prioritize transparency, autonomy, and respect for participants' decision-making.

The study also prioritized respectful and responsible interactions with participants. Given the potential for participants to discuss challenges, frustrations, or criticisms of institutional practices, the researcher created a safe and nonjudgmental environment. Interview questions were carefully crafted to allow participants to respond honestly and freely, avoiding leading or coercive language. This approach aligned with Kirtley's (2022) recommendations for the ethical treatment of participants, emphasizing the importance of fostering an environment where participants feel comfortable sharing their perspectives without fear of judgment or repercussions.

Reflexivity was integrated into the study to ensure that the researcher remained aware of and minimized potential biases during data collection and analysis. Reflexivity involves the researcher's ongoing self-examination of how their assumptions, experiences, or personal values might influence interactions with participants or the interpretation of data. A reflective journal was maintained to document any emerging thoughts, assumptions, or biases, promoting a more transparent and ethical approach to data interpretation. As Jamieson et al. (2023) note, reflexivity is essential in qualitative research, as it helps researchers remain mindful of their impact on the research process and strive for greater objectivity.

Finally, ethical considerations extended to the responsible dissemination of findings. The researcher took care to accurately and fairly represent participants' perspectives, avoiding selective reporting or misrepresentation. Participant quotes were included where appropriate, ensuring that their context and meaning were preserved. This commitment to ethical reporting not only upheld the integrity of the research but also honoured the contributions of all participants. Findings were presented in a manner that respected and valued the diverse perspectives of municipal staff and SME owners, avoiding undue emphasis on either positive or negative viewpoints.

By prioritizing ethical considerations, the study ensured that participants' rights, privacy, and autonomy were respected throughout the research process. Through strict confidentiality measures, informed consent, reflexivity, and ethical reporting practices, the study upheld the well-being and dignity of all participants, maintaining the integrity of the research and honouring the trust placed in the process by participants.

### **3.8 Chapter Summary**

This chapter has described the methodological framework utilised to investigate the relationship between uMhlabuyalingana Municipality and local SMEs. It provides a detailed discussion of the population and sampling strategy, data collection techniques, research design and ethical considerations. Additionally, the chapter introduced the participant demographics and emphasized how the methodology aligned with the interpretivist paradigm. The conclusions drawn from the interviews are presented in the following chapter.

## **CHAPTER 4: PRESENTATION OF INTERVIEW FINDINGS**

### **4.1 Introduction**

This chapter presents the findings from interviews conducted with SME owners and procurement department members at uMhlabuyalingana Municipality. The study employs a qualitative research approach to examine the relationship between the municipality and local small and medium enterprises (SMEs), focusing on the methods, policies, challenges, and outcomes of their engagement within the municipal supply chain.

The research involved six respondents: three employees from the municipality's procurement department and three representatives from local SMEs. These groups were selected through a purposeful sampling approach to ensure the participants possessed relevant and in-depth knowledge of the subject matter. The choice to include these groups stems from the study's objective of exploring the bidirectional interaction between the municipality and local businesses, recognizing the essential role each plays in shaping the dynamics of the supply chain.

Data collection was conducted using semi-structured interviews, a method chosen for its flexibility and capacity to capture nuanced insights from participants. This approach allowed the researcher to probe specific areas while also providing room for respondents to share their perspectives freely. The data analysis process involved open coding to identify recurring themes, followed by focused coding, where related codes were grouped to form broader themes aligned with the research questions.

### **4.2 Analysis of Results**

4.2.1 Objective One: uMhlabuyalingana Municipality's stance on including local SMEs within their supply chain

According to the findings uMhlabuyalingana Municipality has made significant progress in encouraging local SMEs to be included in its supply chain, however these initiatives are beset by enduring difficulties that demand further investigation.

Respondents provided a nuanced viewpoint on the municipality's position, highlighting a number of significant advancements and challenges.

### **Simplification of Tender Processes**

The respondents cited the simplification of application and tender forms as one of the most significant developments.

*"The documentation, such as tender application forms, was a huge hurdle before, but now we see more opportunities for participation because it is less intimidating."*

This finding is consistent with Akenroye et al. (2020) which contend that SMEs especially those without specialized administrative staff are frequently disadvantaged by excessively complicated procurement documentation. This simplification shows a conscious attempt to reduce barriers to entry for SMEs increasing accessibility to public procurement. Though this is a positive step it begs the question of whether simplification is enough on its own. For example, the desired effect might not be fully realized if SMEs still lack the tools or expertise to handle even streamlined processes. This implies that additional interventions like workshops aimed at enhancing capacity are necessary to support these initiatives.

### **Socio-Economic Impacts of Inclusive Strategies**

Procurement officials also emphasized the broader socio-economic benefits of inclusive procurement policies. Respondent 2, a municipal procurement officer, noted,

*"We are not only helping SMEs; we are also extending the scope of participation to include broader socio-economic benefits like creating employment opportunities and fostering economic security in the region."*

This viewpoint is consistent with view in Akenroye et al. (2020), they point out that inclusive procurement practices support long-term socioeconomic viability. This finding encourages critical thought even as it highlights the municipality's dedication to holistic development. The question is whether these socio-economic benefits being distributed fairly among all SMEs including those in rural areas. Even though the intention is clear

the implementation may still favour larger or more established SMEs possibly leaving smaller businesses behind. This discrepancy between the intended policy and actual results calls for more research.

Respondents pointed out important obstacles that prevent SME inclusion policies from being implemented effectively in spite of these developments. The main challenges cited by municipal employees and SME owners were insufficient funding and management.

Respondent 3, a municipal employee, remarked, *"The policies are as good as they read, but the lack of personnel and facilities constrains us."*

This observation is consistent with Uyerra et al. (2020) who contend that municipalities' inability to modify procurement systems to accommodate SME needs is frequently caused by a lack of resources. Likewise, Liu et al. (2024) stress that administrative and technical assistance from municipalities is crucial for the implementation of friendly procurement practices. This demonstrates a crucial disconnect between the formulation and application of policies. The municipality has created strong policies but their efficacy is compromised by a lack of sufficient funding. This discrepancy begs the question of how long-term viable these policies can be without further expenditures on personnel and infrastructure.

### **Need for Specialized Tools and Manpower**

Another issue raised by procurement staff is the need for specialized tools and manpower to support SME-focused strategies effectively.

Respondent 4, another municipal employee, explained,

*"Placing procurement on simpler terms and implementing targeted support strategies for SMEs will demand more manpower and specialized tools to make the policy effective."*

This finding emphasizes how difficult it is to convert policy goals into workable results. Even well-thought-out policies run the risk of not having the desired effect in the absence of specialized administrative resources. Liu et al. (2024) emphasize that in

order to close the gap between the creation of policies and their execution technical assistance is essential. The municipality needs to give capacity-building projects top priority in order to guarantee that employees have the knowledge and resources needed to carry out these policies successfully.

### **Continuous Policy Review and Feedback Mechanisms**

Respondents also stressed the importance of continuous policy review to ensure that procurement policies remain flexible and responsive to the evolving needs of SMEs.

Respondent 5, an SME owner, suggested, *"We need to review these policies regularly and listen to feedback from businesses so we can fix what's not working."*

This viewpoint is consistent with Liu et al. (2024) and Uyarra et al. (2020), who support adaptable models of policy that take into account input and deal with new problems. Frequent audits and direct communication with SMEs could aid in improving these regulations and guaranteeing their continued efficacy and inclusivity. It is especially important to set up formal feedback mechanisms. In addition to enabling SMEs to express their concerns, these mechanisms would help the municipality proactively detect and resolve inefficiencies.

### **Criteria and Selection: Balancing Transparency and Accessibility**

The municipality has put in place evaluation standards that give equal weight to competitive pricing and local economic development objectives. Every respondent concurred that these standards go beyond the conventional emphasis on cost-effectiveness to take into account more extensive socioeconomic aspects such as community resilience and sustainable growth. Bak et al, (2020) support this approach and contend that procurement regulations that support community development goals greatly increase the contributions made by SMEs to local economies.

However, despite these strides, challenges persist.

Respondent 1, an SME owner, observed, *"Sometimes, even if the process is open, we lack the knowledge or resources to navigate it effectively."*

This finding is consistent with Bak et al. (2020) who note that administrative oversight and a lack of resources frequently result in transparency issues. For SMEs especially those in rural areas, these barriers may unintentionally create challenges. Providing thorough procurement documentation and holding pre-bid educational workshops were two tactics suggested by respondents to close these gaps.

Respondent 3, an SME owner, suggested,

*"Workshops where we could learn how to prepare bids and understand criteria would help us participate more effectively."*

Even though uMhlabuyalingana Municipality has made great strides toward developing an open and SME-inclusive procurement framework, respondents concur that ongoing improvements are crucial. Bak et al. Both (2020) and Hoekman and Taş (2022) stress how crucial clear flexible policies are to creating a procurement environment that boosts regional economies. Although the municipality's initiatives show a strong commitment to inclusivity, it is still imperative to address resource limitations and guarantee equitable access. To address enduring issues and promote a truly inclusive procurement environment, uMhlabuyalingana can integrate feedback mechanisms capacity-building programs and frequent policy reviews.

#### *4.2.1.1 Criteria and Selection*

uMhlabuyalingana Municipality has implemented evaluation criteria that prioritize not only competitive pricing that's in alignment with local economic development goals. This was aimed to foster an inclusive procurement environment where local SMEs can actively compete for municipal contracts and benefit from them, thereby advancing equity and sustainability. All respondents concur that the municipality's criteria consider broader socioeconomic factors, such as community resilience and sustainable growth, going beyond the traditional focus on cost-efficiency. This is supported by Bak et al. (2020) argument that procurement policies aligned with community development objectives significantly enhance SME contributions to local economies.

Respondents also noted that clearly articulating evaluation criteria and explaining the selection process are applied which enables SMEs to compete on an equal footing. For instance, respondent 2, SME owner stated,

*“Transparency builds confidence for us to participate because we can see the process is clear and open.”*

Bak et al. (2020) stress that transparent procurement processes are critical for fostering trust and ensuring equal opportunities for diverse suppliers. By promoting transparency, the municipality reduces perceptions of bias or favouritism, making the procurement process more accessible, even to SMEs with limited experience in public procurement. Despite these strides, respondents acknowledged persistent challenges in ensuring equal and fair access for all SMEs. Smaller and less experienced businesses often face barriers such as insufficient resources, limited capacity, or unfamiliarity with procurement procedures, even when the process is transparent. As participant 1, SME owner observed,

*“Sometimes, even if the process is open, we lack the knowledge or resources to navigate it effectively.”*

Respondent 1 observation is in alignment with Bak et al. (2020), who point out that transparency challenges often arise from limited resources and administrative oversight, inadvertently creating obstacles for SMEs, particularly those in rural areas. These barriers can lead to perceptions of favouritism, discouraging SMEs from participating, even when they are qualified and competitive. To address these gaps, respondents proposed strategies such as enhancing bid review communication, hosting pre-bid educational workshops, and providing comprehensive procurement documentation to all potential bidders.

Respondent 3, SME owner suggested

*“Workshops where we could learn how to prepare bids and understand criteria would help us participate more effectively,”*

These recommendations align with Hoekman and Taş (2022), who advocate for continuous monitoring and adaptation of procurement policies to meet the evolving

needs of local SMEs. By incorporating such initiatives, the municipality demonstrates its commitment to continuous improvement and to tailoring its policies to the unique challenges faced by SMEs.

Respondents also suggested the introduction of a feedback mechanism tailored to the evaluation process. One participant 1 remarked,

*“We need a way to offer feedback on what’s working and what isn’t.”*

A feedback system would allow SMEs to voice their concerns and suggest improvements to address unclear or ineffective policies. Liu et al. (2024) argument is in support of this suggestion, the authors stated that regular feedback and policy adjustments ensure that procurement practices remain relevant and responsive to the specific challenges faced by SMEs. Implementing such a mechanism would help the municipality identify and address potential biases or inefficiencies, fostering long-term trust between the municipality and local suppliers.

While uMhlabuyalingana Municipality has made significant progress in creating a transparent and SME-inclusive procurement framework, respondents agreed that continuous refinements are essential to ensure fair access for all SMEs. Authors such as Bak et al. (2020) and Hoekman and Taş (2022) emphasize the importance of well-defined, adaptable policies in cultivating a procurement environment that supports local economies. Through these ongoing efforts, uMhlabuyalingana is paving the way for more inclusive and effective public procurement practices.

#### *4.2.1.2 Future Plans*

Looking ahead, uMhlabuyalingana Municipality has outlined ambitious plans to expand its SME support programs through strategic partnerships with private sector players. These public-private partnerships (PPPs) are designed to address critical gaps in resources and expertise that the municipality’s limited budget cannot independently fulfil. Respondent 2, a municipal official, stated,

*“Working with private sector partners allows us to extend our reach and offer more personalized support to SMEs.”*

This approach aligns with Buranbayeva et al. (2021), who argue that PPPs enable the pooling of financial resources, knowledge, and technology, thereby bridging gaps in SME capabilities. However, while this collaboration holds significant promise, it also raises questions about the sustainability and equity of such initiatives, particularly in rural areas where private sector interest may be limited.

### **Improving Access to Financing**

One of the most critical aspects of the municipality's future plans is improving access to financing for SMEs. Several respondents highlighted that limited access to affordable financial resources remains one of the most significant barriers for SMEs, especially in rural areas where capital is scarce. Respondent 2, an SME owner, argued,

*“It’s almost impossible for us to prepare for major contracts without affordable funding options.”*

This sentiment echoes Uyarra et al. (2020), who observe that access to financial resources is a persistent challenge for SMEs participating in public procurement. While the proposed grants or low-interest loans are commendable, my view as a researcher is that the success of these initiatives will depend on their accessibility and whether they are tailored to the unique needs of rural SMEs. For instance, overly bureaucratic application processes could undermine their effectiveness, even if the intent is noble.

### **Opportunities and Risks**

The municipality's plans to collaborate with private sector partners also aim to expose SMEs to new markets and networks, boosting their competitiveness and long-term sustainability. Respondents noted that private sector involvement could provide SMEs with valuable connections and opportunities beyond local procurement. However, this strategy also introduces potential contradictions. While private sector partnerships can bring fresh ideas and technologies, they may also prioritize profit over equitable development, potentially side-lining smaller or less competitive SMEs. This tension between inclusivity and market-driven priorities warrants deeper exploration. As Machado et al. (2020) emphasize, PPPs must be carefully structured to ensure they

serve the broader goal of fostering sustainable development rather than merely enhancing private sector profits.

### **Targeted Technical Assistance and Training**

Another key element of the municipality's vision is providing targeted technical assistance and training through PPPs. Respondents identified core areas for development, such as bid preparation, legal compliance, and sustainable business practices. Respondent 1, an official, argued,

*“With access to expert-led workshops and mentoring, SMEs can gain the skills and confidence they need to succeed.”*

This approach is consistent with Buranbayeva et al. (2021), who propose that PPP models effectively facilitate knowledge-sharing and technical training, providing SMEs access to expertise often out of reach for smaller companies. My perspective is that these initiatives could significantly enhance SME readiness, but their success will depend on the quality and relevance of the training provided. For example, workshops hosted by private partners must be tailored to the specific challenges faced by rural SMEs, such as limited digital literacy or administrative capacity.//

### **Fostering Innovation and Sustainability**

Respondents also highlighted the potential for PPPs to foster innovation within SMEs, particularly by encouraging eco-innovation and sustainable development practices. Respondent 2, a municipal official, noted,

*“Private partners bring fresh ideas and technologies that can help our local businesses adopt sustainable practices.”*

This aligns with Machado et al. (2020), who emphasize that PPPs are instrumental in promoting innovation within SMEs. However, while the focus on sustainability is commendable, it also introduces challenges. For instance, adopting sustainable practices often requires upfront investment, which may be prohibitive for cash-strapped SMEs. Without adequate financial support, these initiatives risk excluding smaller enterprises that lack the resources to implement eco-friendly innovations. This

contradiction highlights the need for a balanced approach that combines technical assistance with financial incentives.

### **A Comprehensive Support System**

The municipality envisions creating a comprehensive support system that integrates financial, operational, and technical assistance through PPPs. Respondent 3, a municipal official, stressed,

**“By collaborating with the private sector, we can transform our local SMEs into key players in the supply chain.”**

This vision aligns with recommendations by Buranbayeva et al. (2021) and Uyarra et al. (2020), who advocate for cooperative approaches to SME development. However, while the concept of a holistic support system is promising, its implementation may face practical challenges. For example, coordinating efforts between multiple stakeholders, municipal officials, private partners, and SMEs requires strong leadership and clear communication. Without these, there is a risk of fragmented or duplicated efforts, undermining the overall impact of the initiative.

### **Long-Term Vision and Community Benefits**

Ultimately, the municipality aims to build a robust local economy that is inclusive and sustainable. Respondent 3, a municipal official, summed up by saying,

*“These partnerships will help our SMEs not only survive but thrive.” “By creating lasting benefits for the entire community.”*

While this long-term vision is laudable, it also invites critical reflection. How will the municipality measure the success of these initiatives? What metrics will be used to evaluate their impact on SME growth, job creation, and community stability? From my perspective, establishing clear benchmarks and monitoring mechanisms is essential to ensuring accountability and transparency. Additionally, involving SMEs in the design and evaluation of these programs could enhance their relevance and effectiveness.

4.2.2 Objective Two: Strategies that can assist uMhlabuyalingana Municipality in fostering the development of local SMEs.

#### 4.2.2.1 Implementation and Practices for SME Inclusion

To address the knowledge gap faced by SMEs in public procurement, uMhlabuyalingana Municipality has implemented several initiatives aimed at increasing awareness and accessibility. Respondents from both the municipality's procurement department and local SMEs emphasized the importance of regular workshops, briefings, and awareness campaigns. These initiatives were designed to demystify procurement procedures and help SMEs understand municipal opportunities and pre-qualification criteria. One SME owner, interviewed on January 15, 2025, remarked,

*"Such sessions foremost provide us with the knowledge we need in order to compete. Earlier, we wouldn't even know where to start."*

This aligns with Bag et al. (2022), who stress that information-sharing tools are critical for helping SMEs navigate complex procurement systems.

While these efforts are commendable, they also highlight a deeper issue: the persistent disparity between policy intent and practical implementation. For instance, while awareness campaigns aim to bridge the knowledge gap, Respondent 3, an SME owner, noted, *"The procedures were so daunting before, but now we know what they are and want to participate even more."*

However, simply providing information may not be enough if structural barriers, such as limited administrative capacity or financial resources remain unaddressed. Fadic (2020) supports this perspective, emphasizing that transparency and information-sharing alone cannot overcome systemic challenges unless coupled with targeted support mechanisms.

Another key strategy employed by the municipality is lot-sizing, which involves breaking down large contracts into smaller, more manageable portions. This approach aims to level the playing field for SMEs, enabling them to compete without being overwhelmed by the scale of larger contracts.

Respondent 3, an SME owner, stated, *"Without this approach, bigger companies would take all the contracts, leaving us with nothing."*

This sentiment is supported by Namagembe et al. (2021) and Akenroye et al. (2020), who argue that lot-sizing reduces the risk of contract monopolization by larger firms and promotes inclusivity. However, while this strategy has been effective in theory, some respondents expressed concerns about its implementation. For example, Respondent 2, an SME owner, explained,

*"We now feel confident bidding because the projects match what we can handle."* Yet, it remains unclear whether smaller contracts are consistently allocated equitably or if biases still favour larger businesses. This contradiction suggests that while lot-sizing is a step in the right direction, monitoring and enforcement mechanisms must be strengthened to ensure fairness.

Furthermore, respondents acknowledged the municipality's twin strategy of combining awareness campaigns with lot-sizing to foster economic resilience, particularly in rural areas. Respondent 1, a municipal staff member, observed,

*"These initiatives are essential for building local economic resilience, especially in our rural setting."*

While this approach aligns with best practices identified by scholars such as Bag et al. (2022) and Namagembe et al. (2021), it also raises questions about scalability and sustainability. For instance, how will the municipality sustain these initiatives in the face of budget constraints? My view is that relying solely on internal resources may limit long-term impact, suggesting the need for external partnerships to bolster funding and expertise.

#### *4.2.2.2 Support and Development*

uMhlabuyalingana Municipality has implemented specialized training programs to equip SMEs with the skills needed to navigate procurement processes effectively. These programs focus on critical areas such as proposal writing, financial management, and regulatory compliance. Respondent 1, an SME owner, remarked, *"These sessions taught us how to prepare bids and manage finances effectively, which*

*we previously found very challenging.*" This finding aligns with Machado et al. (2020), who emphasize the importance of skill development in enhancing SME participation in public procurement.

However, while these initiatives have yielded positive results, contradictions emerge when examining their depth and reach. For instance, Respondent 2, a municipal official, noted,

*"We have seen more qualified and competitive submissions by teaching SMEs how to align their bids with municipal requirements."*

Yet, some respondents highlighted gaps in the training programs' ability to address broader operational challenges faced by SMEs. As a researcher, I observe that while procurement-specific training is valuable, it may not fully address the systemic issues hindering SME growth, such as limited access to capital or inadequate digital infrastructure. Saastamoinen et al. (2020) support this view, arguing that capacity-building initiatives should extend beyond procurement readiness to encompass holistic business development.

Another significant component of the municipality's strategy is peer mentoring and support networks. Respondent 1, an SME owner, stated, *"Learning from others who've succeeded in procurement has been priceless."* Similarly, Respondent 3, another SME owner, added, *"It's given us the confidence to pursue opportunities more boldly and avoid common mistakes."*

These mentorship programs create a collaborative environment where SMEs can share experiences and solutions. Fadic (2020) highlights the value of networking and mentorship in boosting SME confidence and competence. However, the analysis reveals that the success of these networks depends heavily on their accessibility and inclusivity. For example, smaller or less connected SMEs may struggle to benefit equally, potentially exacerbating existing inequalities.

Moreover, respondents stressed the importance of fostering a sense of community among SMEs through workshops and discussion forums. Respondent 1, an SME

owner, noted, *"These forums have created a sense of solidarity. We're competing, but we're also helping each other grow."*

This observation aligns with Saastamoinen et al. (2020), who argue that collaboration fosters a more resilient and competitive local economy. However, I contend that these efforts must be accompanied by formalized structures to ensure sustained engagement and equitable participation.

Ultimately, respondents agreed that the municipality's initiatives demonstrate a strong commitment to building an inclusive and resilient economy. Respondent 2, an SME owner, summarized, *"The municipality's efforts have not only improved our readiness for contracts but also strengthened our businesses as a whole."*

While this is a positive outcome, it highlights the need for continuous evaluation and adaptation to ensure that these programs remain relevant and effective in addressing evolving SME needs.

#### *4.2.2.3 Feedback and Improvement*

To facilitate communication with SMEs, uMhlabuyalingana Municipality has established a formal feedback system. Respondents agreed that this system allows SMEs to share recommendations, highlight challenges, and express concerns, fostering ongoing dialogue. Respondent 3, an SME owner, shared,

*"Knowing that our comments are being taken into consideration is motivating. It helps us feel more like part of the process."* This aligns with Saastamoinen et al. (2020), who argue that open communication channels are essential for understanding and addressing SME-specific challenges.

Despite its benefits, the feedback system has revealed critical areas for improvement. For instance, respondents frequently expressed uncertainty about the transparency of the bid evaluation process. Respondent 2, an SME owner, said,

*"We need more openness in how bids are scored. Without it, it feels like we're competing in the dark."*

This observation echoes findings by Ismail and Changalima (2022), who note that a lack of transparency can create perceptions of bias, discouraging SME participation. To address these concerns, respondents recommended providing detailed explanations of evaluation criteria and offering constructive feedback on unsuccessful bids. Bak et al. (2020) support this recommendation, emphasizing that transparent feedback systems build trust and encourage repeated participation.

Additionally, many SMEs struggle with regulatory compliance due to limited administrative capacity or specialized knowledge. Respondent 2, an SME owner, stated, *"The rules and paperwork are overwhelming. Without proper guidance, it's easy to make mistakes that disqualify us."* This challenge reflects the observations of Saastamoinen et al. (2020), who argue that targeted support mechanisms, such as advisory services or compliance workshops, are crucial for helping SMEs navigate procurement standards. Fadic (2020) further emphasizes that such initiatives can significantly reduce barriers to entry, enabling SMEs to compete more effectively.

The feedback system serves a dual purpose: empowering SMEs to voice their experiences while providing the municipality with actionable insights to refine its policies. Respondent 1, a municipal staff member, explained,

*"This feedback loop helps us understand where we can do better and ensures our policies are grounded in the realities SMEs face."*

Respondents suggested that the municipality regularly review feedback trends and incorporate findings into policy revisions. Liu et al. (2024) echo this approach, stating that dynamic adjustments based on feedback can better serve the evolving needs of SMEs. Respondent 3, an SME owner, summarized the sentiment, *"This system gives us hope that things are improving and that we have a fair shot at opportunities."*

#### 4.2.3 Objective Three: The Relationship between uMhlabuyalingana Municipality and Local SMEs

##### 4.2.3.1 Challenges and Barriers

The relationship between uMhlabuyalingana Municipality and local SMEs is shaped by a combination of structural, financial, and perceptual challenges that hinder the full

realization of inclusive procurement policies. Respondents highlighted two primary issues: perceived prejudice in the procurement process and resource constraints faced by SMEs.

One of the most significant barriers identified by respondents is the perception among SMEs that public procurement favours larger, more established businesses. one SME representative remarked.

*“It often feels like the system is set up for the big players, not for us smaller businesses,”*

This sentiment aligns with Ismail and Changalima (2022), who observe that a perceived lack of inclusivity can deter SMEs from participating, as they may feel the process is not designed to accommodate their unique constraints. From my perspective as a researcher, this highlights a critical contradiction: while the municipality has implemented policies aimed at inclusivity, the persistence of such perceptions suggests that these efforts have not fully addressed the psychological and trust-related barriers faced by SMEs. Negative past experiences, such as bid rejections due to minor technical errors or unclear evaluation criteria, reinforce this perception, as noted by Hoekman and Taş (2022) and Namagembe et al. (2021). Addressing these concerns requires not only policy adjustments but also proactive measures to rebuild trust and demonstrate fairness.

In addition to perceived biases, respondents emphasized financial and infrastructure-related resource limitations as major obstacles to SME participation. Many SMEs struggle with limited financial resources, making it difficult to invest in equipment, technology, or skilled labour required to compete for municipal contracts.

*“We often don’t have the funds to prepare for or execute these projects, which puts us at a disadvantage from the start,”*

one SME owner noted. This observation is consistent with Melnyk et al. (2021), who argue that financial constraints, coupled with inadequate infrastructure, create a double bind for SMEs, particularly those in rural areas. This suggests that while the municipality has introduced lot-sizing and simplified documentation, these measures

alone are insufficient without addressing the underlying financial and infrastructural barriers that disproportionately affect SMEs.

Respondents also pointed to inadequate digital infrastructure as a significant challenge, particularly in rural areas. One municipal official clarified, *“Many SMEs simply cannot access online procurement platforms or participate in e-procurement because of poor internet connectivity,”*

This issue aligns with Bak et al. (2020), who find that rural SMEs are disadvantaged by inadequate digital infrastructure, limiting their access to online procurement platforms and capacity-building resources. From my perspective, this digital divide exacerbates existing inequalities, creating a barrier that prevents SMEs from even entering the procurement process. Bridging this gap will require targeted investments in rural digital infrastructure, ensuring equitable access to procurement opportunities.

To address these challenges, respondents proposed several solutions, including low-interest loans, grants, or subsidies to help SMEs finance their participation in procurement processes. One SME owner suggested,

*“If we had access to affordable financing, it would be much easier to prepare for tenders and deliver on contracts,”*

Similarly, respondents recommended funding rural digital infrastructure to level the playing field. These recommendations align with Fadic (2020), who advocates for targeted government support to empower small firms in public procurement. My view is that implementing these measures could significantly reduce structural barriers, enabling SMEs to compete more effectively and contribute meaningfully to the local economy.

Ultimately, respondents stressed the importance of addressing both perceived prejudice and resource constraints to create a truly inclusive procurement environment. Participant one emphasized,

*“To include SMEs, the municipality must ensure that the system works for everyone, not just those with more resources or better connections,”*

By providing financial and infrastructure support, uMhlabuyalingana Municipality could not only improve SME participation rates but also ensure these businesses have the means to drive local economic growth. This approach reflects a commitment to fostering a fair, inclusive, and sustainable procurement ecosystem capable of generating continuous regional development.

#### *4.2.3.2 Impact and Outcomes*

The inclusion of SMEs in uMhlabuyalingana Municipality's supply chain has yielded promising results for local job creation and economic growth. Respondents emphasized that SME participation plays a crucial role in achieving the municipality's economic objectives, as it creates employment opportunities and fosters community stability.

*“When we work with local SMEs, the benefits go beyond the contracts—they create jobs and circulate money within the community,”*

respondent 3, a procurement employee, explained. This aligns with Abisuga-Oyekunle et al. (2020), who highlight SMEs as a cornerstone of economic resilience, particularly in rural and underdeveloped areas where they provide essential employment opportunities and support local supply chains.

However, despite these positive outcomes, respondents identified a significant gap in data collection and impact analysis, which limits the municipality's ability to measure the full economic benefits of SME inclusion. Respondent 1, a municipal official, noted,

*“We know that SMEs are making a difference, but we lack the data to show the specifics—like how many jobs were created or how much income stayed local”.*

This observation resonates with Manzoor et al. (2021), who emphasize that measuring the impact of SMEs on economic outcomes requires structured practices that capture both quantitative and qualitative contributions. Without systematic data collection, tracking indicators such as job creation, income generation, and the multiplier effects of SME participation becomes challenging. My analysis suggests that this gap not only hampers the municipality's ability to optimize its policies but also risks overlooking valuable opportunities to enhance local economic benefits.

To address this issue, respondents proposed implementing an impact assessment system specifically designed to monitor and measure SME contributions to the municipality's economic goals.

*“We need a system to track key indicators,” respondent 3, a procurement staff member, suggested, “like the number of SMEs we’re working with, the value of contracts awarded to them, and the jobs they’re creating.”*

Such a system would provide actionable insights into the effectiveness of SME inclusion policies and identify areas for improvement. This recommendation aligns with Liu et al. (2024), who advocate for data-driven evaluations to enable municipalities to adjust their procurement strategies and maximize local economic benefits.

Additionally, some respondents emphasized that a robust impact assessment framework could help the municipality communicate the benefits of SME inclusion more effectively to stakeholders. Respondent 1 explained. *“If we can show actual results, it will help establish trust with SMEs and highlight the benefits of investing in local enterprises,”* This approach not only validates the municipality's procurement initiatives but also encourages more SMEs to participate, creating a virtuous cycle of engagement and growth.

In due considerations, transparent reporting of these outcomes would strengthen the relationship between the municipality and local businesses while fostering broader support for SME-oriented procurement policies. Overall, respondents agreed that while the inclusion of SMEs in uMhlabuyalingana's procurement system has been beneficial, the introduction of a comprehensive impact evaluation mechanism is essential to fully understand and maximize these outcomes. Tracking relevant indicators and leveraging data to inform policy adjustments would enable the municipality to provide better support to local SMEs and ensure sustainable economic growth. This aligns with the recommendations of both Manzoor et al. (2021) and Liu et al. (2024), who stress the importance of data-driven approaches in optimizing SME-focused procurement strategies.

#### 4.2.4 Chapter 4 Summary

This chapter explored uMhlabuyalingana Municipality's efforts to create an inclusive procurement environment by supporting the integration of SMEs into its supply chain. Initiatives such as tailored training programs, peer mentoring networks, and formal feedback systems have proven instrumental in addressing key challenges faced by SMEs. These efforts aim to equip local businesses with the skills, confidence, and resources needed to navigate the complexities of public procurement. While issues such as limited administrative capacity and difficulties with compliance persist, feedback from SMEs indicates that these measures have significantly enhanced their competitiveness.

The chapter also highlighted critical structural and perceptual barriers that continue to hinder SME participation. These include concerns over perceived biases in procurement processes, limited resources, and inadequate digital infrastructure in rural areas. Despite these challenges, measures such as lot-sizing techniques and structured feedback systems have made progress in lowering entry barriers and fostering greater trust and transparency. However, SMEs consistently emphasized the need for clearer bid evaluation criteria and enhanced support for meeting compliance requirements, underscoring the importance of ongoing refinement of procurement policies and practices.

Looking to the future, public-private partnerships (PPPs) offer significant potential to expand SME support. These collaborations are envisioned as a means to introduce innovative solutions that strengthen SME capabilities, provide specialized training, and increase access to financial resources. Moreover, private sector partners with expertise in sustainability could play a pivotal role in helping SMEs adopt eco-friendly practices, aligning with global trends in green procurement. These steps are expected to enhance the competitiveness of local SMEs, both in the short term and over the long run.

Overall, this chapter demonstrates that while uMhlabuyalingana Municipality has made considerable progress in promoting SME inclusion, addressing gaps in transparency, infrastructure, and resource availability remains essential. Achieving the municipality's vision of inclusive procurement and driving broader economic growth

will depend on continuous policy refinement, leveraging private sector expertise, and fostering innovation. A balanced approach that combines structural reforms, targeted support mechanisms, and robust data-driven evaluations will be critical to ensuring sustainable and equitable outcomes for local SMEs.

## **CHAPTER 5: RECOMMENDATIONS, CONCLUSIONS AND FUTURE RELATED STUDIES**

### **5.1 Introduction**

This chapter synthesizes the findings of the study, provides recommendations aligned with the research objectives, and discusses the study's contributions to the body of knowledge. It also identifies limitations and suggests directions for future research.

The study examined the initiatives of uMhlabuyalingana Municipality towards creating an inclusive procurement environment and incorporates regional SMEs into its supply chain. It sought to comprehend how local SMEs viewed their relationship with the municipality the obstacles they faced when participating in public procurement procedures and the policies the municipality had in place for SME inclusion. This investigation revealed both the existing procurement policies strong points and potential areas for development.

The results showed that uMhlabuyalingana Municipality had put in place a number of measures to help SMEs such as improved procurement, transparency, and targeted training programs, to increase SME capacity and lot-sizing to make contracts more accessible. These initiatives were in line with global best practices for developing a framework for inclusive procurement that supports regional economic growth. One tactic that was in line with Namagembe and Tukamuhabwas (2023) suggestions to lower financial and operational barriers for SMEs was the division of contracts into smaller lots, which allowed SMEs with limited resources to compete for public contracts.

Significant obstacles were also noted though. The municipality was unable to consistently support SMEs due to a lack of administrative and financial resources. Inclusive procurement policies were not implemented effectively due to a lack of dedicated procurement staff poor digital infrastructure and a lack of funding for programs targeted at SMEs. The municipality's ability to provide targeted financial incentives, continuous support and strong monitoring and evaluation systems to track the efficacy of policies over time was impacted by these constraints.

Although they valued the municipality's efforts, SMEs voiced concerns about obstacles to equitable access, opportunities for capacity-building and resource support. Numerous SMEs brought attention to the dearth of specialized training the lack of funding for expanding operations and the difficulty in accessing procurement opportunities online. These results concur with those of Orser et al. (2021), who stress that effective policy outcomes rely on both sufficient resource allocation for implementation and well-designed strategies. In order to achieve the desired results of SME-friendly procurement policies, the study emphasized the necessity of additional resources support systems and stakeholder collaboration.

The report suggested that uMhlabuyalingana Municipality improve its digital infrastructure, build public-private partnerships and bolster its administrative capacity in order to tackle these issues. These actions would support the municipality's efforts to create a more resilient and dynamic local economy. The municipality could enhance its assistance to SMEs and guarantee the sustainability of its procurement policies by utilizing outside resources and expertise.

This chapter will now summarize the findings go into specific recommendations that are in line with the goals of the study and talk about the study's limitations contributions to the body of knowledge and potential avenues for future research.

## **5.2 Summary of the Study**

This research looked at uMhlabuyalingana Municipality's initiatives to create an inclusive procurement environment and incorporate regional small and medium-sized businesses (SMEs) into its supply chain. The study sought to investigate the municipality's inclusion policies of SME, pinpoint the difficulties SMEs encounter when participating in public procurement procedures and ascertain how local SMEs view their relationship with the municipality. The investigation revealed the municipality's present procurement policies advantages as well as their shortcomings.

According to the findings, uMhlabuyalingana Municipality has put in place a number of programs to assist SMEs demonstrating its dedication to developing a fairer and inclusive procurement system. Among the main tactics were, lot-sizing, aimed to increase contract accessibility, focused training initiatives to boost SME capability and

steps to increase procurement transparency. In line with the suggestions of Namagembe and Tukamuhabwa (2023), who support lowering financial and operational barriers for SMEs, contracts were divided into smaller lots allowing SMEs with limited resources to compete for public contracts. Furthermore, the municipality showed alignment with international best practices for promoting inclusivity and transparency in public procurement through its use of awareness campaigns and e-government platforms.

Despite these commendable efforts, the study also identified significant challenges that hindered the full realization of the municipality's SME-friendly policies. Limited administrative and financial resources constrained the municipality's ability to provide consistent and sustained support to SMEs. Key obstacles included a lack of specialized procurement, personnel, poor digital infrastructure and a lack of funding for initiatives aimed at SMEs. These restrictions impacted the municipality's ability to provide targeted financial incentives, continuous support and strong monitoring and evaluation (M&E) systems to track the efficacy of policies over time. According to Liu et al. (2024) Resource limitations hindered the municipality's ability to successfully implement mechanisms for adaptive management and continuous evaluation which are crucial for optimizing procurement policies.

The municipality's efforts were also appreciated by SMEs who voiced concerns about ongoing obstacles to resource support, equitable access and opportunities for capacity-building. Numerous SMEs emphasized the dearth of specialized training programs, the lack of funding for expanding operations and the difficulty in accessing procurement opportunities online. These results concur with Orser et al. (2021) who emphasize that effective policy outcomes rely on both sufficient resource allocation for implementation and well-designed strategies. The study emphasized that in order to achieve the desired results of SME-friendly procurement policies, more resources, creative support systems and improved stakeholder collaboration are required.

The study made a number of recommendations to address these issues which are explained in more detail in the section that follows. These include developing public-private partnerships (PPPs), boosting digital infrastructure, bolstering administrative capacity and putting in place reliable M&E systems. By taking these steps

uMhlabuyalingana Municipality can create a more resilient and dynamic local economy while maintaining the flexibility efficacy and inclusivity of its procurement policies.

### **5.3 Recommendations of the Study**

#### **5.3.1 Objective One: uMhlabuyalingana Municipality's stance on including local SMEs within their supply chain**

In order to successfully execute policies that are friendly to SMEs uMhlabuyalingana Municipality needs to take a multipronged approach that builds administrative capacity encourages PPPs and establishes strong monitoring and evaluation (M&E) systems. In order to solve resource limitations improve transparency and guarantee the sustainability of procurement procedures these tactics are crucial.

##### *5.3.1.1 Strengthening Administrative Capacity*

It is highly recommended that uMhlabuyalingana Municipality hire more procurement personnel committed to SME-focused projects in order to develop its administrative capabilities. As liaisons these employees would help SMEs understand and comply with complicated documentation and compliance requirements. This administrative support would lower participation barriers and improve the effective application of SME-friendly policies by offering direction and elucidating procurement procedures. Orser et al. (2021) stress that the success of a policy is dependent on both strategic planning and sufficient resource allocation for implementation. By giving administrative support top priority the municipality can make sure that its policies are both realistic and visionary meeting the needs of regional SMEs.

##### *5.3.1.2 Developing Public-Private Partnerships (PPPs)*

In its procurement efforts the municipality should aggressively seek public-private partnerships (PPPs) to fill in the knowledge and resource gaps. By working with private-sector partners uMhlabuyalingana would be able to take advantage of more resources technologies and knowledge which would increase the efficacy of policies that are geared toward SMEs. For example Buranbayeva et al. PPPs are useful tools for assisting SMEs especially in municipalities with constrained financial and administrative resources as highlighted by (2021). PPPs would allow

uMhlabuyalingana to use cutting-edge technologies like blockchain to increase accountability and transparency in procurement procedures (Tan Mahula & Cromptvoets 2022). Sönnichsen and Clement (2020) have pointed out that private partners could also help create eco-friendly procurement strategies or support training initiatives to teach SMEs about sustainability practices. In addition to enhancing the municipality's capabilities these partnerships would foster creativity and financial stability.

#### *5.3.1.3 Implementing Robust Monitoring and Evaluation Systems*

To systematically evaluate how procurement policies affect SMEs a thorough monitoring and evaluation (M&E) framework is necessary. This system should gather quantitative and qualitative information on supplier feedback contract outcomes and SME participation in order to provide useful insights into the efficacy of policies. Liu and associates. (2024) stress the importance of adaptive management and ongoing assessment in maximizing procurement policies. By improving accountability and transparency regular M&E reports would foster trust among SMEs and other stakeholders. Additionally uMhlabuyalingana would be positioned as a pioneer in inclusive procurement practices by incorporating benchmarking against national and international standards for SME participation in procurement. Hochstetter and associates. (2023) claim that local procurement systems become more credible and effective when they are in line with international best practices which draws in outside funding and collaborations.

#### *5.3.1.4 Improving Openness and Accessibility*

uMhlabuyalingana Municipality should keep utilizing digital tools like e-government platforms to improve transparency and streamline access to vital information in order to promote an inclusive procurement environment. By encouraging inclusivity and accountability these systems enable SMEs to more easily navigate procurement opportunities. In order to close the knowledge gap that many SMEs face additional educational seminars and focused awareness campaigns should be continued. According to Bag et al. (2022) information-sharing channels are essential for SMEs to fulfil eligibility requirements and make competitive bids. Workshops addressing obstacles to data quality as noted by Soylyu et al. (2022) further minimize

miscommunications and enable SMEs to efficiently prepare bids. When taken as a whole these steps guarantee real-time access to procurement opportunities and procedural updates greatly improving accessibility for SMEs.

#### *5.3.1.5 Adopting Lot-Sizing and Bid Partitioning Strategies*

The foundation of SME-friendly procurement procedures continues to be the application of lot-sizing and bid partitioning. uMhlabuyalingana permits SMEs to effectively compete by dividing contracts into smaller easier-to-manage portions promoting resilience and economic diversity. This customized strategy levels the playing field and enables smaller companies to make significant contributions to the local economy by addressing the particular needs and capabilities of SMEs. Additionally by including SMEs in the supply chain you can benefit from their innovative adaptable and locally focused solutions—something that larger contractors might find difficult to provide. In public procurement where inclusivity and economic empowerment are becoming more widely acknowledged as crucial outcomes this practice is in line with international best practices. uMhlabuyalingana exemplifies how public sector organizations can promote long-term economic and social benefits for the community by purposefully incorporating SMEs into its procurement framework.

#### 5.3.2 Objective Two: Strategies that can assist uMhlabuyalingana Municipality in fostering the development of local SMEs

##### *5.3.2.1 Possibilities for Public-Private Collaborations (PPPs)*

Exploring PPPs presents a promising solution for uMhlabuyalingana Municipality to address its resource limitations in implementing SME-friendly procurement policies. Buranbayeva et al. (2021) describe PPPs as effective tools for leveraging additional resources to support SME growth, highlighting how partnerships with private entities can provide both the technical expertise and financial resources needed to overcome public sector constraints. Collaborating with private organizations experienced in advanced procurement technologies could enhance the municipality's credibility and operational efficiency, attracting more SMEs by fostering a transparent and equitable procurement environment.

Strategic partnerships with private sector actors can also support uMhlabuyalingana in advancing circular and sustainable procurement goals. Sönnichsen and Clement (2020) note that partnerships can promote circular and sustainable procurement by allowing municipalities to access innovative solutions from the private sector. For instance, private partners could assist in developing eco-friendly procurement strategies or facilitate training programs to educate SMEs on sustainability practices. By engaging in PPPs, the municipality can strengthen its capacity to implement SME-supportive procurement measures, ensuring that inclusivity and sustainability objectives are achieved. Such partnerships not only address immediate resource gaps but also help create a resilient, forward-thinking procurement framework.

Beyond alleviating resource constraints, PPPs offer strategic advantages in terms of knowledge transfer and innovation. Collaborating with private entities allows the municipality to benefit from specialized expertise in areas such as supply chain management, digital technologies, and project execution. This aligns with Tan, Mahula, and Cromptvoets (2022), who argue that private sector partnerships can introduce cutting-edge technology and best practices into public procurement, helping municipalities modernize their processes. Through these partnerships, uMhlabuyalingana could adopt innovations that improve procurement efficiency and better meet the needs of SMEs, ensuring that public contracts remain accessible and are managed effectively.

Moreover, PPPs can play a critical role in enhancing the municipality's sustainability and social impact objectives within procurement practices. By partnering with private organizations, uMhlabuyalingana can integrate green and socially responsible criteria into its procurement processes, benefiting from the private sector's expertise in sustainable practices. Sönnichsen and Clement (2020) emphasize that PPPs are instrumental in promoting circular and sustainable procurement practices, providing municipalities with access to environmentally friendly technologies and methodologies that may otherwise be cost-prohibitive. Through such collaborations, the municipality can simultaneously support SMEs and align its procurement strategies with broader environmental and social goals, fostering long-term benefits for the community.

PPPs could also facilitate training and capacity-building initiatives specifically tailored to SMEs. Private sector partners can provide technical training, mentorship, and

guidance on bid preparation and compliance, helping SMEs navigate the complexities of public procurement. Buranbayeva et al. (2021) assert that PPPs can be structured to include capacity-building components that strengthen local SMEs' competencies. By involving industry experts, uMhlabuyalingana can ensure that SMEs receive practical, hands-on support, improving their competitiveness and sustainability. These initiatives would also alleviate the administrative burden on the municipality, allowing it to focus more on strategic oversight.

In addition to expertise and training, PPPs could provide alternative funding options, such as co-financing mechanisms, enabling the municipality to expand its procurement initiatives without overextending its limited budget. Shared financial responsibility with private sector partners makes it possible to undertake more ambitious projects by pooling resources and distributing financial risks. With cooperative financing, uMhlabuyalingana could scale its SME-supportive programs despite financial constraints, fostering a procurement ecosystem that adapts to the evolving needs of the local economy.

#### *5.3.2.2 Expand Training and Capacity-Building Programs*

While the municipality had initiated training programs for SMEs, expanding their scope and depth was recommended. Specialized workshops on financial management, proposal writing, and digital procurement platforms would equip SMEs with the skills needed to compete for public contracts. Samuels (2021) emphasized the importance of targeted training for SMEs to enhance their compliance and competitiveness. Collaborating with NGOs and private-sector organizations could provide additional resources and expertise to deliver comprehensive training programs tailored to SMEs' needs.

#### *5.3.2.3 Enhance Digital Infrastructure*

Investing in robust digital infrastructure was essential to creating an accessible and transparent procurement system. Digital platforms could streamline bid submissions, improve transparency, and provide SMEs with easy access to procurement information, reducing the administrative burden often faced by smaller businesses. Bauhr et al. (2020) noted that accessible digital platforms foster a fairer environment

for public procurement, particularly for SMEs. Funding for digital transformation could be sought through national grants or partnerships with technology companies, ensuring the sustainability of these initiatives

#### *5.3.2.4 Introducing Financial Support Mechanisms for SMEs*

The municipality was encouraged to explore financial support mechanisms, such as grants, low-interest loans, or subsidies, to help SMEs overcome financial barriers. These incentives would enable SMEs to invest in necessary resources and enhance their capacity to fulfil contracts. Melnyk et al. (2021) highlighted that financial support mechanisms reduce upfront costs, enabling SMEs to compete in public tenders. Collaborating with financial institutions or government funding programs could ensure the sustainability of these initiatives.

#### *5.3.2.5 Foster Open Dialogue with SMEs*

Employing frequent forums and consulting sessions with SMEs, uMhlabuyalingana Municipality can address issues, acquire knowledge, and cooperatively create solutions to tackle procurement difficulties. This strategy guarantees that procurement regulations develop depending on direct comments from the corporate community and are sensitive to the actual demands of SMEs. Emphasizing the need to include SMEs in a constant conversation, Uyarra et al. (2020) observe that "collaborative approaches to policy design and implementation improve buy-in from key stakeholders." Giving these interactions a top priority will help the municipality build a procurement environment that meets the requirements of its nearby companies.

Honest communication will also improve openness and confidence, thereby enabling SMEs to feel appreciated and assisted in their public sector engagement. Direct interaction with the SMEs strengthens ties and helps to create an environment in which local companies actively welcome policies rather than merely accept them. Employing frequent consultations, uMhlabuyalingana can guarantee that procurement procedures remain open, inclusive, and flexible, therefore fostering a vibrant local economy where SMEs are enabled to thrive. Regular forums and consultation sessions with SMEs would allow the municipality to address concerns, gather feedback, and collaboratively develop solutions to procurement challenges. Uyarra et al. (2020)

emphasized that collaborative approaches to policy design and implementation improve stakeholder buy-in. Open dialogue would also enhance transparency and trust, ensuring that procurement policies remained responsive to the needs of local businesses.

### 5.3.3 Objective Three: SMEs' viewpoints about their relationship with uMhlabuyalingana Municipality

#### *5.3.3.1 Resources Restraints and Implementation Difficulties*

Resource limitations are a significant barrier for municipalities striving to align procurement practices with SME needs. As Uyarra et al. (2020) point out that resource limitations are often the primary barrier in aligning municipal procurement with SME needs, emphasizing that insufficient funding and administrative support hinder the practical realization of well-intentioned policies. While uMhlabuyalingana Municipality established SME-friendly procurement policies, this study highlights considerable challenges in implementing them effectively due to financial and administrative constraints—an issue widely observed in public procurement systems.

Financial limitations, in particular, significantly affect the municipality's ability to provide sustained support for SMEs. Liu et al. (2024) stress that effective SME policies depend on sufficient technical and administrative support, which stress the vital role of resources in ensuring meaningful outcomes. For instance, while uMhlabuyalingana has introduced progressive measures such as lot-sizing and training programs, its limited capacity to monitor and execute these initiatives consistently compromises their overall impact. Mazzucato and Kattel (2020) argued that public sector capacity is critical for policy success. Even the well-designed policies cannot achieve their intended goals without adequate resources and expertise. uMhlabuyalingana's limitations highlight the need to strengthen public sector capacity through additional funding, technical training, and resource allocation. These efforts could ensure that the municipality's inclusive procurement goals are not only well-conceived but also sustainably implemented.

Collaborating with higher levels of government or private sector partners is one solution that could address these resource gaps. Such partnerships could provide

financial and technical support, enabling the municipality to implement SME-friendly policies more effectively. By leveraging these alliances, uMhlabuyalingana could enhance its capacity to deliver on its objectives, ensuring that its procurement policies translate into tangible benefits for local businesses.

Beyond financial constraints, the municipality also faces challenges related to staffing and technological infrastructure, both of which are critical for successful policy implementation. A shortage of dedicated procurement personnel limits the municipality's ability to engage directly with SMEs, provide consistent guidance, and manage the additional administrative workload associated with SME-supportive procurement practices. As Mazzucato and Kattel (2020) observe, staff capacity inside public sector entities is a core determinant of successful policy execution, particularly when new processes require additional administrative support. Without sufficient staffing, the municipality struggles to maintain operational continuity and support SMEs effectively.

The lack of adequate digital infrastructure further hampers the efficiency and transparency of procurement processes. With limited access to digital tools, the municipality faces difficulties in managing procurement data, streamlining administrative tasks, and maintaining timely communication with SMEs. Samuels (2021) highlights how effective public procurement increasingly depends on digital solutions that can handle data management and promote transparency. Without these tools, the municipality experiences bureaucratic delays that hinder SMEs' full participation, as digital platforms often simplify bid submissions, contract management, and compliance tracking.

Additionally, resource constraints impede the municipality's ability to implement comprehensive monitoring and evaluation (M&E) systems. These systems are crucial for assessing the effectiveness of SME-supportive policies and identifying areas for improvement. Liu et al. (2024) emphasize that continuous evaluation and adaptive management are essential for optimizing procurement policies and ensuring they meet evolving SME needs. However, without sufficient resources, uMhlabuyalingana is unable to regularly assess which strategies are successful and which require adjustment. This lack of iterative feedback mechanisms risks reducing the long-term impact and flexibility of its procurement policies.

To address these challenges, the municipality could explore grant opportunities, government funding, or partnerships with external organizations aimed at supporting procurement modernization. Increased funding would allow uMhlabuyalingana to strengthen its M&E systems, invest in digital infrastructure, and recruit skilled personnel—all of which are essential for creating a more robust and responsive procurement framework. By addressing these foundational resource needs, the municipality can build a sustainable procurement system that consistently promotes SME inclusion and fosters local economic growth.

### ***5.3.3.2 Juggling Policy Goals with Reality***

A recurring theme in this investigation is the gap between the municipality's well-intentioned procurement policies and their practical application, primarily due to resource constraints. While uMhlabuyalingana Municipality has demonstrated a commitment to inclusive procurement principles creating policies aimed at fostering a fair and accessible environment for SMEs the challenges of effective implementation remain significant. This reflects the findings of Orser et al. (2021), who emphasize that in contexts like gender-responsive procurement, policy success relies not only on strategy but also on resource allocation for execution. Their analysis highlights the critical importance of dedicated funding and administrative support as prerequisites for bridging the divide between policy design and tangible outcomes.

The findings underscore the urgent need for enhanced technical and administrative support to ensure effective policy implementation. Even the most thoughtfully crafted policies risk falling short without sufficient resources to sustain them. This challenge aligns with the observations of Uyarra et al. (2020) and Liu et al. (2024), who argue that “public procurement policy effectiveness depends on both policy intent and sustained resource allocation.” In essence, the success of any policy hinges not just on its strategic clarity but also on consistent investments in human, financial, and technological capacity. Addressing this gap will likely require securing additional funding, improving administrative efficiency, and potentially partnering with external organizations for support. Partnerships with public or private sector entities could provide supplemental resources, ensuring that policies deliver the intended benefits to local SMEs.

To bridge the gap between policy aspirations and real-world outcomes, uMhlabuyalingana Municipality must adopt adaptive strategies that align implementation efforts with practical challenges. One approach could involve phased implementation plans, allowing policies to be introduced in stages. This would enable the municipality to evaluate initial outcomes, gather feedback, and refine strategies as needed. Improving cross-departmental collaboration within the municipality is another vital step. Fragmented operations across departments often exacerbate resource limitations by causing inefficiencies and missed opportunities for resource optimization. Establishing cross-functional teams dedicated to procurement policy implementation could help pool expertise, streamline administrative processes, and ensure consistent communication with SMEs. Liu et al. (2024) highlight that “collaboration across municipal functions is critical for maximizing limited resources and aligning organizational capacity with strategic objectives.”

Another essential measure is leveraging data-driven decision-making to monitor the impact of procurement policies. By investing in digital tools to track SME participation rates, contract awards, and project outcomes, the municipality could identify areas for improvement and make evidence-based adjustments to its procurement framework. Samuels (2021) emphasizes the importance of real-time data analysis in public procurement to ensure policies are responsive to emerging challenges” Such data systems would provide actionable insights, enabling the municipality to continuously refine its policies to meet the evolving needs of SMEs and the community.

Additionally, fostering closer partnerships with SMEs and business associations could help address implementation challenges. These organizations often have a deep understanding of the barriers SMEs face and can provide valuable input on how policies could be adjusted to achieve practical outcomes. By involving these groups in an ongoing dialogue, uMhlabuyalingana could ensure that its procurement practices are informed by the lived experiences of SMEs. This aligns with Uyarra et al. (2020), who conclude that collaborative approaches to policy design and implementation improve buy-in from key stakeholders and ensure that policies address actual rather than perceived challenges. Ultimately, these strategies emphasize the importance of adaptability, collaboration, and data utilization in aligning policy goals with practical outcomes. By implementing these measures, uMhlabuyalingana Municipality can

close the gap between its strategic aspirations and on-the-ground realities, ensuring that its procurement policies effectively support SMEs while contributing to broader local economic development goals.

#### *5.3.3.5 Strengthening systems of monitoring and evaluation (M&E)*

Establishing robust monitoring and evaluation (M&E) systems is crucial for ensuring that policy objectives align with practical outcomes. An effective M&E framework for uMhlabuyalingana Municipality would facilitate real-time tracking of SME participation, contract success rates, and overall policy impact. Liu et al. (2024) argue that “M&E systems are essential for identifying gaps in policy implementation and for ensuring continuous improvement.” By collecting detailed data on procurement activities, the municipality could identify areas where policies fall short and take timely corrective action.

A well-designed M&E system tailored for SMEs could include regular surveys to assess their experiences and identify process-related challenges. This feedback mechanism would provide qualitative insights to complement quantitative data, offering a holistic view of policy effectiveness. Bauhr et al. (2020) emphasize that “feedback from end-users is an indispensable component of evaluating the transparency and accessibility of procurement processes.” By fostering a two-way information flow, the municipality can ensure that SMEs’ concerns are acknowledged and addressed, thereby boosting their trust and willingness to engage.

Additionally, M&E systems would enable the municipality to measure its progress against national and international benchmarks for SME participation in procurement. Drawing on successful case studies and global best practices, uMhlabuyalingana could adopt proven strategies to refine its policies. Hochstetter et al. (2023) assert that alignment with global best practices enhances the credibility and efficiency of local procurement systems. Such benchmarking could position the municipality as a leader in SME-inclusive procurement, attracting external funding and partnerships.

Furthermore, an effective M&E system would enhance transparency and accountability, not only to SMEs but also to the broader community. Regular publication of evaluation reports on procurement outcomes would reinforce public trust

and demonstrate the municipality's commitment to fair and inclusive policies. Mabillard and Zumofen (2021) observe that public reporting on procurement outcomes strengthens accountability and ensures alignment with stated policy goals. By openly sharing its performance, uMhlabuyalingana can strengthen its relationships with local businesses and stakeholders, cementing its reputation as a trustworthy partner in regional development. Integrating an M&E system into its procurement strategy would empower uMhlabuyalingana Municipality to better align policy objectives with real-world outcomes. Through continuous evaluation, benchmarking, and public reporting, the municipality can ensure that its procurement policies remain adaptive, effective, and inclusive, ultimately supporting the long-term success of SMEs in the region.

#### **5.4 Conclusion**

This study emphasizes how important inclusive procurement is to promoting regional economic growth and aiding SMEs in the uMhlabuyalingana Municipality. Although the municipality has shown a strong commitment to SME inclusion through progressive policies like lot-sizing simplified tender documentation and focused training programs the effectiveness of these initiatives is limited by the availability of resources and administrative capacity. According to the findings, resource limitations, compliance issues and implementation hurdles prevent the municipality's SME-friendly procurement framework from being fully realized.

The study highlights the necessity of a multipronged strategy that includes enhanced funding, fortified collaborations with public and private sector organizations and enhanced administrative effectiveness in order to close these gaps. Implementing strong monitoring and evaluation (M&E) systems, developing public-private partnerships (PPPs) and improving digital infrastructure are examples of strategic interventions that are necessary to create a procurement environment that is more dynamic, inclusive and transparent. These steps would help create a more resilient local economy in addition to empowering SMEs.

The study supports the findings of Liu et al. (2024), who emphasize how crucial it is to match the goals of policies with sufficient funding in order to close the gap between strategy and execution. uMhlabuyalingana Municipality can make its procurement framework a potent instrument for supporting SME expansion and promoting

sustainable local economic development by placing a high priority on resource alignment cooperation and flexible policymaking. Furthermore, to make sure that procurement policies continue to be responsive to the changing needs of SMEs and the larger community, stakeholder collaboration and continuous improvement are essential.

Ultimately, this study offers uMhlabuyalingana Municipality a road map for improving its procurement procedures and making sure they are sustainable and successful. The municipality can fully utilize its procurement system, empowering local companies and advancing equitable economic growth by resolving resource constraints utilizing outside expertise and encouraging innovation. This study emphasizes how crucial it is to match strategic goals with pragmatic realities in order to produce significant results for SMEs and the larger community.

Overall, this study shows that although uMhlabuyalingana Municipality has made great strides toward encouraging SME participation in its procurement procedures there are still gaps in areas like resource allocation infrastructure and transparency. Increasing administrative capability improving digital infrastructure and cultivating public-private partnerships are all necessary to meet these challenges. The municipality can develop a more resilient and dynamic local economy by utilizing outside resources and expertise which will ultimately lead to long-term social and economic advantages for the whole community.

### 5.5 Limitations of the Research

This study focused on two key groups: SMEs operating within uMhlabuyalingana Municipality and municipal procurement staff. While these perspectives provided valuable insights into the internal dynamics of SME-friendly procurement policies, the study's scope was limited by the exclusion of other stakeholders, such as private-sector partners, community organizations, and higher government agencies. These stakeholders could have offered additional perspectives on the broader ecosystem influencing public procurement and SME inclusion. Additionally, the study focused on the municipality's current policies and practices, excluding broader economic and policy trends that could impact procurement processes. Future research could explore

these external factors to provide a more comprehensive understanding of SME participation in public procurement.

## 5.6 Future Related Research

Future research should explore several areas to build on this study's findings and address its limitations. Comparative studies of other municipalities with similar economic and demographic profiles could identify best practices and areas for improvement in SME-friendly procurement policies. Research on the role of PPPs in supporting SME inclusion could provide insights into effective collaboration models.

Sector-specific studies could examine the unique challenges and opportunities SMEs face in different industries, such as construction, manufacturing, and technology. Longitudinal studies tracking the long-term impact of SME inclusion policies on local economic development would also be valuable. Finally, research on the effectiveness of digital procurement platforms and financial support mechanisms could offer practical insights for municipalities seeking to modernize and streamline their procurement processes.

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## **APPENDIXES**

### **APPENDIX B: INTERVIEW QUESTIONS**

#### **OBJECTIVE 1**

**To examine uMhlabuyalingana Municipality's stance on including local SMEs within their supply chain.**

**a) Policy and Strategy:**

- What policies or strategies has uMhlabuyalingana Municipality implemented to incorporate local SMEs into their supply chain?
- How does the municipality's strategic approach prioritize the inclusion of local SMEs in its procurement and supply chain processes?

**b) Implementation and Practices:**

- What specific practices or programs does the municipality have in place to facilitate the participation of local SMEs in their supply chain?
- How does uMhlabuyalingana Municipality ensure that local SMEs are aware of and can access opportunities within their supply chain?

**c) Criteria and Selection:**

- What criteria does uMhlabuyalingana Municipality use to evaluate and select local SMEs for inclusion in their supply chain?
- How transparent and inclusive is the process by which local SMEs are integrated into the municipality's supply chain?

**d) Support and Development:**

- What support mechanisms are provided by uMhlabuyalingana Municipality to help local SMEs meet the requirements for participating in their supply chain?
- How does the municipality assist local SMEs in building capacity to engage effectively with their supply chain initiatives?

e) Challenges and Barriers:

- What challenges or barriers have local SMEs encountered when trying to engage with uMhlabuyalingana Municipality's supply chain efforts?
- How does the municipality address or plan to address these challenges to enhance the inclusion of local SMEs?

f) Impact and Outcomes:

- What impact has the inclusion of local SMEs had on the municipality's supply chain efficiency and effectiveness?
- How does uMhlabuyalingana Municipality measure the success or impact of including local SMEs in their supply chain?

g) Feedback and Improvement:

- What feedback have local SMEs provided regarding their experiences with the municipality's supply chain processes?
- What improvements do local SMEs suggest for better integration and support within the municipality's supply chain efforts?

h) Future Plans:

- What future plans or initiatives does uMhlabuyalingana Municipality have to further enhance the involvement of local SMEs in their supply chain?
- How does the municipality plan to evolve its approach to better integrate and support local SMEs in the future?

## **OBJECTIVE 2**

**To discover strategies that can assist uMhlabuyalingana Municipality in fostering the development of local small and medium enterprises.**

- a) What is the Municipality doing to provide support or development of local SMEs within uMhlabuyalinga Municipality?
- b) What is the Municipality doing to capacitate local rural SMEs?
- c) What funding is the Municipality providing to local SMEs?
- d) How is the Municipality training the local SMEs in skills required to make them thrive?
- e) In what ways do the Municipality's policies support its development of local SMEs?
- f) What are the key issues that the Municipality has identified with SMEs within this locality?
- g) What type of capacitation would it take for the Municipality to begin to work with SMEs within this locality?

### **OBJECTIVE 3**

#### **To explore local SMEs viewpoints about their relationship with uMhlabuyalingana Municipality**

- a) General Perceptions and Attitudes:
  - How do local SMEs perceive the role of uMhlabuyalingana Municipality in supporting their business activities?
  - What are the general attitudes of local SMEs towards the relationship they have with the municipality?
- b) Impact and Support:
  - To what extent do local SMEs believe that the municipality's policies and initiatives positively impact their business operations?
  - What types of support or resources provided by the municipality are most valued by local SMEs?

c) Challenges and Barriers:

- What challenges or barriers do local SMEs face when interacting with uMhlabuyalingana Municipality?
- How do local SMEs perceive the municipality's responsiveness to their needs and concerns?

d) Communication and Engagement:

- How effective is the communication between local SMEs and uMhlabuyalingana Municipality?
- What are the preferred methods of engagement and communication between SMEs and the municipality?

e) Expectations and Needs:

- What do local SMEs expect from the uMhlabuyalingana Municipality in terms of business support and development?
- How well do the current municipal initiatives align with the needs and expectations of local SMEs?

f) Impact on Business Growth:

- How do local SMEs assess the impact of their relationship with the municipality on their business growth and sustainability?
- Are there any notable differences in business performance or growth among SMEs in uMhlabuyalingana that have more active involvement with the municipality compared to those with less engagement?

g) Suggestions for Improvement:

- What suggestions do local SMEs have for improving their relationship and interaction with uMhlabuyalingana Municipality?

- How could the municipality enhance its support and services to better meet the needs of local SMEs?

## APPENDIX D: ETHICAL CLEARANCE



21 October 2024

Cebolenkosi Vuka Ngubane (202501012)  
Grad School of Bus & Leadership  
Westville Campus

Dear CV Ngubane,

Protocol reference number: HSSREC/00007778/2024  
Project title: Examining how uMhlabuyalingana municipality trades with rural small and medium enterprises  
Degree: Masters

### Approval Notification – Expedited Application

This letter serves to notify you that your application received on 01 October 2024 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.

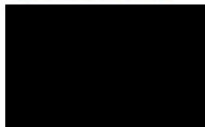
Incidents of adverse events and serious adverse events (AEs and SAEs) should be reported in writing to HSSREC, the study sponsors, and any regulatory authority (where appropriate), within 7 working days of the occurrence for local sites and 14 days for all other South African sites.

This approval is valid until 21 October 2025.

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,



Professor Dipane Hlalele (Chair)  
/nng

### Humanities and Social Sciences Research Ethics Committee

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**INSPIRING GREATNESS**

22 August 2025

Cebolenkosi Vuka Ngubane (202501012)  
Grad School of Bus & Leadership (Prior Restructuring)  
Westville Campus

Dear CV Ngubane,

**Protocol reference number:** HSSREC/00007778/2024

**Project title:** Examining how uMhlabuyalingana municipality trades with rural small and medium enterprises

**Amended title:** Examining Municipal Procurement Practices with Rural Small and Medium Enterprises (SMEs) in uMhlabuyalingana.

**Degree:** Masters

### **Approval Notification – Amendment Application**

This letter serves to notify you that your application and request for an amendment received on 22 August 2025 has now been approved as follows:

- Change in title


**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

  
.....  
Doctor Shamila Naidoo (Interim Chair)

/nng