



UNIVERSITY OF TM
KWAZULU-NATAL
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INYUVESI
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**EVALUATING THE PERFORMANCE OF SMALL, MICRO AND
MEDIUM ENTERPRISES: A CASE OF UMKHUMBANE
ENTREPRENEURIAL SUPPORT CENTRE IN METROPOLITAN
DURBAN**

By

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Promoter

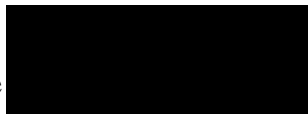
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DECLARATION

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Signature



Date: 05. December. 2023

Place: Westville, Durban

Ad maiorem dei gloriam

I have fought a good fight: I have finished my course: I have kept the faith. As to the rest, there is laid up for me a crown of justice which the Lord the just judge will render to me in that day: and not only to me, but to them also that love his coming. Make haste to come to me quickly.

2 Timothy 4:7-8

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DEDICATION

This dissertation is dedicated to my late maternal uncle, Dumisani Elvis Mkhize, who passed away few weeks before my thesis submission. *Rest in Peace* Mhlwehlwe Mkhize.

1962.09.14-2023.11.06

ABSTRACT

Small, Medium and Micro Enterprises are considered the key cornerstone of inclusive and equitable economic development worldwide. They are, however, sadly unable to meet the expected standards envisaged. This is because studies have shown that there is an alarming failure rate of SMMEs globally, and South Africa has not been exempt from this phenomenon. Numerous factors hinder the performance of SMMEs, namely insufficient access to funding, training and development, stiff competition, lack of innovation and marketing skills, crime, corruption, and bad governance. This study aimed to critically evaluate the status quo of manufacturing SMMEs supported by the Umkhumbane Entrepreneurial Support Centre (UESC) in the eThekweni Metropolitan Municipality.

The Penrose resource-based view (RBV) theory was considered applicable and most appropriate to evaluate the performance of the manufacturing SMMEs supported by the UESC. The study was underpinned by the interpretivism worldview adopting a qualitative research methodology and it investigated the experiences and perceptions of relevant stakeholders through semi-structured interviews. The non-probability sampling technique was employed through purposive sampling technique to select 15 informed participants who understood the activities and roles of the UESC, in eThekweni Metropolitan Municipality's jurisdiction.

The findings of the study demonstrated that the SMMEs in the UESC were survivalist and most of them employed a few low-skilled people; the majority of which were women and youth from the Umkhumbane Township and its neighbouring areas. Moreover, the study discovered that there were numerous limiting factors affecting the performance of SMMEs of the SMMEs in UESC. It was noted that insufficient access to credit and to training and development seemed to be the most important factors impacting the performance of the SMMEs in the UESC. Thus, the study recommended that government and other relevant stakeholders work together to provide a breeding ground for growth and prosperity of South African SMMEs. In terms of policy priority, those who designed the SMME policies should promote information sharing platforms to all relevant stakeholders during the planning, formulation, implementation, and monitoring and evaluation processes. This included holding meetings with communities,

leaders, businesses, service providers, and research and policy institutions to design well-informed policy frameworks.

Keywords: eThekweni Metropolitan Municipality, Gross Domestic Product, Job Creation, Local Economic Development and Poverty Reduction

TABLE OF CONTENT

DECLARATION	
ACKNOWLEDGEMENTS	
ABSTRACT	
TABLE OF CONTENT	
LIST OF FIGURES	
LIST OF TABLES	
LIST OF MATRICES	xiii
LIST OF APPENDICES.....	xiii
GLOSSARY OF ABBREVIATIONS AND ACRONYMS.....	xiv
1.2 Background of the Study	2
1.3 Research Problem Statement.....	4
1.4 Significance of the Study	5
1.5 Rationale	6
1.6 Preliminary Literature Review	7
1.7 The Objectives of the Study	9
1.8 Research Questions	9
1.9 Clarification of Terms and Concepts	10
1.9.1 Small, Micro, and Medium Enterprises.....	10
1.9.2 Entrepreneurship	10
1.9.3 Entrepreneurial Performance.....	12
1.9.4 Local Economic Development.....	12
1.9.5 Business Incubation	13
1.9.6 Measurement of SMMEs' Performance	14
1.10 Research Methodology	15
1.11 Ethical Considerations.....	16
1.12 Limitations of the Study	16
1.13 Structure of the Dissertation.....	17
2.1. Introduction.....	19
2.2 Theoretical Background.....	19
2.3 International Definition and Classification of SMMEs	22
2.4 International Perspective on SMMEs	26
2.4.1 Romanian Perspective on SMMEs	28
2.4.2 United States of America's Perspective on SMMEs	30
2.4.3 Canadian Perspective on SMMEs	33
2.4.4 Malaysian Perspective on SMMEs	36
2.4.5 Vietnamese Perspective on SMMEs	40

2.4.6 Argentinian Perspective on SMMEs	45
2.4.7 Mexican Perspective on SMMEs	48
2.4.8 Brazilian, Russian, Indian, Chinese and South African Perspectives on SMMEs	51
2.4.9 Continental Perspective on SMMEs.....	56
2.4.9.1 Nigerian perspective on SMMEs	58
2.4.9.2 Ethiopian perspective on SMMEs	62
2.4.9.3 Ghanaian perspective on SMMEs	65
2.4.9.4 Kenyan perspective on SMMEs	68
2.4.9.5 Botswana’s perspective on SMMEs.....	72
2.5 Summary of the Chapter	75
CHAPTER THREE: SMMEs IN THE SOUTH AFRICAN CONTEXT	76
3.1 Introduction.....	76
3.2 Brief Overview of SMMEs in South Africa	76
3.3 The Importance of SMMEs in the South African Economy	84
3.3.1 The Importance of SMMEs in Employment Creation	86
3.3.2 The Importance of SMMEs for the Gross Domestic Product	87
3.3.3 The Importance of SMMEs in Poverty Reduction.....	89
3.3.4 The Importance of SMMEs in Local Economic Development.....	90
3.4 Factors Affecting SMMEs in South Africa.....	92
3.4.1 Internal Environment Factors	93
3.4.1.1 Inadequate access to credit	93
3.4.1.2 Inadequate managerial skills	95
3.4.1.3 Lack of skilled employees	97
3.4.1.4 Inadequate marketing skills.....	98
3.4.2 External Environment Factors	100
3.4.2.1 Crime and corruption	101
3.4.2.2 Onerous legal and regulatory framework	102
3.4.2.3 Stiff competition	103
3.4.2.4 Inadequate government support	104
3.4.2.5 Technological barriers	105
3.4.2.6 Globalisation	107
3.5 Characteristics of Entrepreneurs	109
3.6 The Institutions that Support SMMEs in South Africa	113
3.6.1 The Department of Trade and Industry	114
3.6.2 The Small Enterprise Development Agency	114
3.6.3 Khula Enterprise Finance Agency.....	115
3.6.4 The Small Enterprise Finance Agency	116
3.6.5 Industrial Development Corporation.....	117

3.6.6 South African Micro-Finance Apex Fund	117
3.6.7 National Empowerment Fund.....	118
3.6.8 The Department of Small Business Development	119
3.6.9 National Youth Development Agency	120
3.6.10 Development Bank of Southern Africa	121
3.6.11 The Department of Economic development, Tourism and Environmental Affairs.....	122
3.6.12 Durban Chamber of Commerce and Industry	123
3.6.13 South Africa’s economic profile in focus	126
3.7 Summary of the Chapter	133
CHAPTER FOUR: LEGISLATIVE FRAMEWORK AND STRATEGIES SUPPORTING SMMES IN SOUTH AFRICA	135
4.1 Introduction.....	135
4.2 Constitution of the Republic of South Africa Act 108 of 1996.....	135
4.3 The Reconstruction and Development Programme and the Growth, Employment, and ... Redistribution Strategy	136
4.4 Accelerated Shared Growth Initiative for South Africa	138
4.5 National Spatial Development Perspective	139
4.6 Joint Initiative on Priority Acquisition	139
4.7 National Growth Plan.....	140
4.8 National Development Plan.....	141
4.9 White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa.....	143
4.10 National Small Business Act 102 of 1996 and its Amendment of 2003 and 2004	144
4.11 Skills Development Act 97 of 1998 (as Amended in 1999, 2003, 2008, and 2010)	145
4.12 Preferential Procurement Policy Framework Act 5 of 2000	146
4.13 Broad-Based Black Economic Empowerment Act 53 of 2003	147
4.14 National Credit Act.....	148
4.15 Summary of the Chapter	150
5.1 Introduction.....	151
5.2 Research Design	152
5.2.1 Explanatory Design.....	152
5.2.2 Exploratory Design	153
5.2.3 Descriptive Design.....	153
5.2.4 Experimental Design.....	154
5.3 Philosophical Assumptions in Public Administration	156
5.4 Research Paradigm Adopted for the Study	157
5.5 Research Approaches	159
5.5.1 Deductive Approach	159

5.5.2 Inductive Approach	160
5.6 Research Strategy	161
5.7 Quantitative Research	163
5.8 Qualitative Research	163
5.9.1 Cross-sectional studies	167
5.9.2 Longitudinal studies	168
5.10 Data Collection Instruments	169
5.10.1 Survey Questionnaires	169
5.10.2 Qualitative Interviews	170
5.10.3 Document Analysis	174
5.11 Study Site	176
5.12 Study Population	177
5.13 Sampling	177
5.14 Criteria for Selecting the Participating Informants	180
5.15 Study Participants	181
5.16 Recruitment Strategies	183
5.17 Data Quality Control	183
5.17.1 Trustworthiness	184
5.18 Data Analysis	186
5.18.1 Qualitative Data Analysis	186
5.19 Ethical Considerations	188
5.19.1 Informed Consent	189
5.19.2 Voluntary Participation	189
5.19.3 Adherence to the principles of anonymity and privacy	189
5.19.4 Elimination of Bias	190
5.20 Limitations of the Study	190
5.21 Summary of the Chapter	191
6.1 Introduction	192
6.2 Research Objectives	192
6.3 Data Collection	193
6.4 Limitations of the Study	193
6.5 Research Sample	194
6.6 Empirical Analysis and Discussion of Data	194
6.7 Chapter Summary	250
7.3 Summary of the Chapters	253
7.4 Summary of the Findings and Conclusions	256

7.4.1 Research question and objective one: Evaluation of the activities and contributions made to the economy by the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre	256
7.4.2 Research objective and question two: Factors affecting the performance of.....	260
SMMEs Umkhumbane Entrepreneurial Support Centre.....	260
7.5 Significance of the to the Body of Knowledge	272
7.6 Recommendations.....	273
7.9 Contribution to the Body of Knowledge	281
7.10 Chapter Summary	283

LIST OF FIGURES

Figure 3.1: Mid-year population estimates for South Africa by province, 2020.....	126
Figure 3.2: Gauteng: South Africa’s economic powerhouse.....	127
Figure 3.3: South Africa’s unemployment rate (2008Q4-2020Q4)	130
Figure 5.1: Research onion detailing the research process	156
Figure 7.1: Proposed model for SMME growth and sustainability.....	275

LIST OF TABLES

Table 2.1: International definitions of SMMEs.....	24-25
Table 3.1: Broad definitions of SMMEs according to the National Small Business Act in South Africa.....	80-81
Table 3.2: The categorisation of SMMEs in South Africa.....	81-82
Table 3.3: Classification of SMMEs as illustrated by the NSBA.....	82-84
Table 3.4: Small Enterprise Finance Agency’s performance indicators.....	116
Table 3.5: South African municipalities	127-128
Table 5.1: Methodological differences.....	162
Table 5.2: Advantages and disadvantages of interviews.....	173
Table 5.3: Population, sample, sampling strategy and the data collection tool.....	182-183
Table 7.1: Restatement of the research questions and research objectives.....	251
Table 7.2: Summary of research question and objective one, emergent themes, and the literature.....	257-258
Table 7.3: Summary of the research question and objective two, emergent themes and the literature.....	261-262
Table 7.4: Summary of the research question and objective three, emergent themes, and the literature.....	265-266
Table 7.5: Summary of the research question and objective four, emergent themes, and the literature.....	269-270

LIST OF MATRICES

Matrix 6.1: Roles and activities of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre.....	195
Matrix 6.2: Summary of the findings on the factors affecting the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre.....	209-211
Matrix 6.3: Role of supporting institutions on the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre.....	239-240
Matrix 6.4: Impact of the legislative frameworks and policies on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre	243-244

LIST OF APPENDICES

Appendix A: Gatekeeper's Letters.....	343
Appendix B: Informant's Consent Document.....	350
Appendix C: Translated Informant's Consent Document.....	355
Appendix D: English Language Editing Letter.....	356
Appendix E: Ethical Clearance Approval.....	357

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

ABM	Area Based Management
ALDEP	Arable Land Development Planning
ANC	African National Congress
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
AU	African Union
BBEEE	Broad-based Black Economic Empowerment
BEDU	Batswana Enterprise Development Unit
BI	Business Incubation
BSC	Balance Scorecard
BRICS	Brazil, Russia, India, China, and South Africa
CEDA	Citizen Entrepreneurial Development Agency
CSR	Corporate Social Responsibility
DBSA	Development Bank of Southern Africa
DCCI	Durban Chamber of Commerce and Industry
DEDTEA	Department of Economic Development, Tourism and Environmental Affairs (South Africa)
DFI	Development Finance Institution
DTI	Department of Trade and Industry (South Africa)
DSBD	Department of Small Business Development (South Africa)
EC	European Commission
ECOWAS	Economic Community of Western African States
EMS	Environmental Management Standards
EO	Entrepreneurial Orientation
	Expanded Public Works Programme
EU	European Union
FAP	Financial Assistance Policy
FDI	Foreign Direct Investment
FET	Further Education and Training
FIs	Financial Intermediaries

4IR	Fourth Industrial Revolution
FMSEA	Federal Micro and Small Enterprises Development Agency
FP	Firm Performance
GDP	Gross Domestic Product
GEAR	Growth, Employment, and Redistribution
GEM	Global Entrepreneurship Monitor
HDI	Historically Disadvantaged Individuals
HSSREC	Humanities and Social Sciences Research Ethics Committee
IMF	International Monetary Fund
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IEHs	Industrial Economic Hubs
ILO	International Labour Organisation
KIDS	KwaZulu-Natal Industrial Development Strategy
KZN	KwaZulu-Natal
KZN PGDS	KZN Provincial Growth and Development Strategy
LEA	Local Enterprise Authority
LED	Local Economic Development
LEDA	Local Economic Development Agency
LICs	Low Income Countries
MDG	Millennium Development Goal
MERS	Macro Economic Reform Strategy
NCA	National Credit Act
NDP	National Development Plan
NEF	National Empowerment Fund
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organisations
NIPF	National Industrial Policy Framework
NMSE	National Micro and Small Enterprises

NPC	National Planning Commission
NPO	Non-Profit Organisation
NSBA	National Small Business Act
NSF	National Skills Fund
NSDS	National Skills Development Strategy
NYDA	National Youth Development Agency (South Africa)
OECD	Organisation for Economic Co-operation and Development
OPEC	Organisation of the Petroleum Exporting Countries
PPE	Personal Protective Equipment
PPPFA	Preferential Procurement Policy Framework Act
RBT	Resource-based Theory
R&D	Research and Development
RDP	Reconstruction and Development Programme
RET	Radical Economic Transformation
RSA	Republic of South Africa
SADC	Southern Africa Development Corporation
SAMAF	South African Micro-Finance Apex Fund
SAPS	South African Police Services
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCA	Sustained Competitive Advantage
SDA	Skills Development Act
SDGs	Sustainable Development Goals
SDLA	Skills Development Levies Act
SECO	Swiss State Secretariat for Economic Affairs
SEDA	Small Development Agency (South Africa)
SEF	Small Enterprise Foundation
SEFA	Small Enterprise Finance Agency (South Africa)
SETA	Sector Education and Training Authority (South Africa)
SEZs	Special Economic Zones

SIC	Standard Industrial Classification
SME	Small Medium-sized Enterprise
SMME	Small, Medium, and Micro Enterprise
StatsSA	Statistics South Africa
TIKZN	Trade & Investment KwaZulu-Natal
TZS	Tanzanian Shilling
UESC	Umkhumbane Entrepreneurial Support Centre
UK	United Kingdom
UKZN	University of KwaZulu-Natal
UN	United Nations
UNIDO	United Nations Industrial Development Organisation
UNWTO	United Nations World Tourism Organisation
USA	United States of America
USAID	US Agency for International Development
WB	World Bank
ZIMRA	Zimbabwe Revenue Authority

CHAPTER ON: INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 Introduction

This study attempted to evaluate the performance of the manufacturing small, micro and medium enterprises (SMMEs) supported by the Umkhumbane Entrepreneurial Support Centre (UESC). The growth of SMMEs can usually be determined by their productivity, profitability, and sustainability in the market as these are the means with which they achieve economic development. The indicators determine the role and contribution of SMMEs to national gross domestic product (GDP), employment creation and the reduction of inequality and poverty (Dhanah, 2017; de Jongh, Ferreira, Dickason-Koekemoer & Sunde, 2020). SMMEs are globally and locally considered as a tool to promote inclusive economic growth and job creation (Bomani, Fields & Derera, 2015; Naradda, Kumara, Ekanayake, Abeyrathne, Prasanna, Jayasundara & Rajapakshe, 2020). In fact, they are considered as the cornerstone of the economic growth of numerous economies worldwide (Naradda et al., 2020).

However, Naradda et al (2020) also point out that most SMMEs in the world face a variety of challenges, and as a result many of these firms perform poorly and fail to grow. It is widely recognised and accepted that the SMMEs struggle to thrive and grow within the first two years of their existence. The reasons for this phenomenon include financial instability, globalisation, an unfriendly legal environment, lack of access to credit, high taxes, inflation, an inadequately skilled workforce, insufficient technology access, the competitiveness of the world market, and more recently the COVID-19 pandemic (Geremewe, 2018; Bhorat, Asmal, Lilenstein & Van der Zee, 2018; Myeko & Iwu, 2019; Adian, Doumbia, Gregory, Ragoussis, Reddy & Timmis, 2020; Bruwer, Hattingh & Perold, 2020; Madzimure & Tau, 2021). As a result, poverty, unemployment and income inequality between households are still prevalent in many economies around the world (Geremewe, 2018). The study by Molefe, Meyer and de Jongh (2018) reveals that South Africa (SA) is still characterized by high rate of unemployment, poverty and income inequality after more than two decades of democracy.

Until recently, the literature on manufacturing SMMEs in South Africa has been relatively limited, and in general, research on SMMEs is largely explanatory. With regards to the UESC, no research has been conducted to evaluate the performance of the manufacturing SMMEs in eThekweni Metropolitan Municipality. Against this background, this study aimed to ascertain the status quo of the manufacturing sector SMMEs associated with the UESC and to propose

an appropriate model or framework to improve the performance of these manufacturing sector SMMEs associated with the UESC.

1.2 Background of the Study

The South African government has been striving to establish inclusive socio-economic sustainability since gaining independence in 1994. There are several avenues through which to improve socio-economic growth, such as the mining, manufacturing, agriculture, construction, transport, and trade sectors. There are several sectors in the manufacturing cluster, such as the automobile, textile, chemical products, and other sectors. Over the years, SMMEs have played an extremely vital role in economic growth in various countries globally. This is because SMMEs act as the core tool for employment creation, skills development, poverty alleviation and ultimately, economic growth. Schachtebeck (2018) posits that, the emergence of SMMEs in South Africa has contributed immensely to the country's economic growth and the SMMEs have achieved this with assistance from the Department of Small Business Development (DSBD), the Department of Trade and Industries (DTI) and other relevant supporting government institutions.

SMMEs are considered a major catalyst of inclusive economic growth and prosperity, both nationally and worldwide. SMMEs have contributed considerably to the South African GDP (around 57%) and to job creation (about 61%) (Oseifuah, 2017). A comprehensive report by the United Nations Industrial Development Organisation (UNIDO) in 2014 highlighted that the manufacturing sector in South Africa had grown steadily; indeed, it was considered as one of the major employers in the country at that point (Khuluse, 2015).

Particularly, SMMEs in the manufacturing sector, are major contributors to employment creation and they enhance inclusive economic development in many countries (Charoenrat, Harvie & Amornkitvikai, 2013). Currently, most manufacturing sector SMMEs operate in the textile, furniture, pharmaceutical, and alcoholic beverage industries, amongst others, and they play a vital role both economically and socially. Worldwide, manufacturing SMMEs have created considerable employment opportunities in various countries, thus the SMMEs are the mainstay of socio-economic growth. The manufacturing SMMEs are major catalyst in most countries' economies, and they must be flexible as a result of the ever-changing global markets (Chiwara, 2016). Unfortunately, however, a number of SMMEs have closed down over the

years due to insufficient access to funding, stiff competition, lack of innovation, corruption and bad governance. Sibanda, Hove-Sibanda & Shava (2018) report that many manufacturing sector SMMEs in Sub-Saharan Africa have retrenched employees and closed their operations due to the challenges associated with the turbulent global market. In Botswana there has been a similar drastic decline of SMMEs in the manufacturing sector, hence Mafoko (2019) states that it is necessary to create mechanisms to revitalise this important sector of the economy. The challenges that hamper SMMEs in the manufacturing sector in the Sub-Saharan African region, however, also include poor financial literacy, lack of business planning, poor leadership, insufficient record-keeping, and a lack of quality control, in addition to many more.

Yoshino & Taghizadeh Hesary (2016) add that inadequate access to funding, lack of networking, hostile world markets, high taxes and interest rates, globalisation and inadequate industry knowledge and expertise are some of the additional challenges that manufacturing SMMEs encounter. Several scholars, both locally and internationally, have consistently highlighted the afore-mentioned challenges as being related to manufacturing sector SMMEs (Ackah & Vuvor, 2011; Malepe, 2014; Bhorat et al., 2018).

A recent report by the Bureau of Economic Research discovered that there are more than two million SMMEs registered in South Africa. The study conducted by the Development Policy Research Unit in South Africa in 2018 maintains that these SMMEs are the key instruments with which to achieve the National Development Goals (NDGs) to reduce poverty, inequality, and the national unemployment. According to Leboea (2017), the SMMEs in South Africa have contributed immensely to economic development and to its GDP.

Bushe (2019), however, contends that while the South African SMMEs have been pivotal to the country's economic development, they have contributed less to the GDP in comparison to SMMEs in other BRICS countries (Brazil, Russia, India and China). The SMMEs in the manufacturing sectors have also failed to create the employment needed by the youth in the country. However, Bushe (2019) highlights that in spite of the existence of South African SMMEs, there is an alarming percentage of joblessness amongst youth and even educated and qualified youth are not being absorbed by the country's economy. It has been noted that the literature on the SMMEs in the manufacturing sector is minimal as limited research have been carried out in this area. This study thus sought to ascertain the enablers and constraints of the

manufacturing SMMEs in the eThekweni Metropolitan Municipality in KwaZulu Natal (KZN) South Africa.

1.3 Research Problem Statement

SMMEs are commonly considered as an engine of economic growth that can lead to employment opportunities, poverty alleviation, radical economic transformation, and improved livelihoods for citizens, but South African SMMEs do not meet the expected standard to address the country's socio-economic challenges. However, studies have shown that there is an alarming failure rate of SMMEs across the world, so South Africa is not alone in this distinction. Therefore, South African communities need to find more sustainable ways to tackle the high levels of unemployment, poverty, and income inequalities. The latest official unemployment rate for South Africa rose from 23.3 per cent in the second quarter of 2020 to 30.8 per cent in the third quarter of 2020 (Organisation for Economic Co-operation and Development [OECD], 2021). In fact, the figures show that about a quarter of South Africa's population lives in absolute and relative poverty. South Africa is considered as a highly unequal nation in the world, as too many people are living in poverty and unemployed and the Gini coefficient is 0.62 (OECD, 2021). This measurement shows that this income inequality is a result of the policies promulgated by the apartheid regime. The Gini coefficient is an indicator that measures income inequality in a country. As a result, the high level of inequalities in South Africa are due to the imbalances of the past', which has led to chronic problems of poverty, unemployment, and income inequality and the new democratic government is still struggling to overcome these socio-economic challenges since 1994 (Chatterjee, 2019).

The National Development Plan (NDP) 2030, commissioned by the National Planning Commission in 2012, is the current national macroeconomic policy with the overarching mandate of unemployment reduction and poverty eradication in South Africa. According to Ngcobo & Sukdeo (2015), the NDP also acknowledges that the SMME sector has a potential of employment creation and that these could largely be service-based jobs. Furthermore, one of the objectives of the *National Small Business Act 102 of 1996* (NSBA), as amended in 2003, is to facilitate SMMEs promotion and development improving their performance and prosperity in South Africa. Despite the significance of South African SMMEs in the country's economy, there are a myriad obstacles to achieving sustainability in the globalised world. The high failure rate of manufacturing sector SMMEs has become a problem for developing

countries over the decades. This is due to numerous developmental challenges such as a lack of ethical employees and skilled labour, the failure of start-ups to penetrate domestic markets, inadequate financing, the inability to operate in an environment where there is competition, unfriendly government policies, and corruption, to name the most prevalent (Muriithi, 2017). A study by Blose (2018) in Msunduzi Local Municipality, KZN on the factors affecting SMMEs in South Africa highlighted numerous internal and external factors that have led to high failure rate and closure of SMMEs.

Over the last decade, several other researchers have also examined the challenges affecting the growth of South African SMMEs (Fatoki, 2014c; Sitharam & Hoque, 2016; Ayandibu & Houghton, 2017; Leboea, 2017; Garg & Phaahla, 2018; Edoun, Mbohwa & Bhila, 2019). As mentioned earlier, the high failure rate of SMMEs has exacerbated the poverty, unemployment and inequalities that persist in the eThekweni Metropolitan Municipality. The previous studies by Gwala (2014); Dladla (2016); Chazireni (2017); Lekhanya, Olajumoke & Nirmala (2017); Moyo (2019); Chazireni & Kader (2019); and Msomi (2020) have only focused on the role and contribution of SMMEs and have not assessed the business factors that positively and negatively influence the performance of manufacturing SMMEs in the eThekweni Metropolitan Municipality. Evaluating the performance of manufacturing SMMEs metropolitan municipality is important as this municipality aims to be the most livable and prosperous municipality in Africa.

1.4 Significance of the Study

SMMEs have received considerable critical attention around the globe and specifically in South Africa where there is a need to facilitate the growth and sustainability of SMMEs. Far too little research in South Africa has evaluated the performance of the manufacturing sector SMMEs and eThekweni Metropolitan Municipality in particular. This study's main aim was to evaluate and ascertain the current status and level of performance of the manufacturing SMMEs in eThekweni Metropolitan Municipality. South Africa's SMMEs are faced with numerous challenges, but they have great potential to stimulate economic development and thus eradicate unemployment and poverty in the country. As a result, since 1994 the ruling government regards SMMEs as an instrument for socio-economic development in South Africa.

This study could assist the National Department of Small Businesses and Development (NDSBD) as it could take note of the findings and formulate a SMME growth model that could assist SMMEs to grow and prosper in South Africa. It is expected that the study findings will inform policy makers and help them design sound policies regarding the promotion and development of SMMEs in a volatile economy, especially South Africa's economy. The findings of the study will help the micro-enterprises' owner-managers to understand how to make use of the available firm resources, both human and non-human, to achieve superior performance and competitive advantage in the turbulent market. Consequently, the organisations that have the right resources and capabilities will have the opportunity to exploit various opportunities that exist in the market. Also, the study will provide new knowledge to government supporting agencies, donors, policy makers and other relevant stakeholders on how and why the majority of SMMEs are failing at an alarming rate. This will assist government supporting agencies in identifying the professional and technical assistance they should offer to SMMEs before financially assisting them to ensure the funding will be used efficiently, effectively and economically.

The primary objective of this study's research approach was to assess and establish the current status and performance level of the manufacturing SMMEs in the eThekweni Metropolitan Municipality. Moreover, the study's findings on evaluating the performance of SMMEs have implications not only in the research field of entrepreneurship and small businesses, but also in the existing literature on the growth and sustainability of South African SMMEs. It is hoped that the study's findings and recommendations will stimulate debate within the sector on how to equip South African SMMEs to boost the country's socio-economic growth.

1.5 Rationale

This study aimed to investigate the performance of manufacturing SMMEs associated with the UESC as this would add value to the existing knowledge on SMMEs in eThekweni Metropolitan Municipality and in South Africa in general. For decades, SMMEs across the world have gained significant academic attention amongst the scholars. Various researchers have reported that numerous SMMEs fail to grow and sustain themselves during their infancy stage. There has been an increasing concern that the manufacturing SMMEs in the eThekweni Metropolitan Municipality are underperforming and that most of them have either closed, face possible closure, have moved away from manufacturing, or will possibly move away from

manufacturing as a result. To date, little has been done in this municipality to demonstrate the role of active citizen participation as a mechanism to enhance the performance of SMMEs so that they can contribute better to the municipality's economy.

Most studies on SMMEs in South Africa over the past decade have highlighted their failure as the rate of unemployment, poverty, and inequalities in the country remain persistently high. Unfortunately, if the number of SMMEs in the country continues to diminish, this will mean that the government alone will become the major service provider and employment generator and the government will be crippled because its resources are already scarce and the population's growth remains unabated. SMMEs are a cornerstone of equal wealth generation, job creation, and skills transfer, and they have boosted the country's GDP significantly ever since South Africa's apartheid ended. It is thus imperative that all relevant stakeholders involved support the culture of the entrepreneurial spirit amongst the citizens in order to address the past imbalances as legacy of apartheid.

1.6 Preliminary Literature Review

Globally, the contribution and impact of SMMEs have merited a lot of scholarly attention and these have been well-documented in various academic disciplines over the decades (Cant & Wiid, 2013; Parnell, Long & Lester, 2015, Cardoza, Fornes, Farber, Duarte & Gutierrez, 2016; Bhorat et al., 2018; Cant & Rabie, 2018; Hlebel, 2020; Bruwer, 2020a; Bvuma & Marnewick, 2020; Garrido-Prada, Lenihan, Doran, Rammer & Perez-Alaniz, 2021; Ojubanire & Popoola, 2021; Zhou & Gumbo, 2021). The SMME sector is an engine of socio-economic development in various countries in terms of employment generation, poverty reduction, economic growth, social integration, and inclusive and equal wealth distribution. According to Hlebel (2020: 20), the former minister of the Department of Small Business Development Lindiwe Zulu, highlighted that SMMEs are the chief support of any economy and could potentially be the main driver of economic development. Manufacturing SMMEs in South Africa are a major catalyst of socio-economic growth and development through job creation, export activities, as well as fostering a culture of innovation (Zhou & Gumbo, 2021). South African small and medium-sized firms account for about 50 per cent of the country's GDP and provide job opportunities for an estimated 60 per cent of the workforce (Petersen, Bruwer & Mason, 2020; Bruwer, 2020b).

In the same vein, Moos & Sambo (2018) also state that South African SMMEs are an engine of economic development and prosperity, accounting for about 36 per cent of the country's total GDP. In spite of this, the authors add that despite their major contribution, the failure rate of South African SMMEs is shockingly estimated at around 70 to 80 per cent across all sectors of the economy. Makwara (2019) adds that SMMEs play a crucial role in addressing socio-economic imbalances of the past in an environment where large corporations and government are reluctant to assist SMMEs. Molo (2019) contends that the existing government programmes or strategies have not had a significant impact on SMMEs growth in South Africa. Consequently, there are various factors that contribute to the failure of South Africa SMMEs, including those operating in urban areas. The challenges and difficulties faced by the SMMEs are well documented and identified in several studies (Sitharam & Hoque, 2016; Ayandibu & Houghton, 2017; Leboea, 2017). For instance, the SMMEs' development and entrepreneurship culture are constrained by various internal and external factors, namely insufficient access to credit, lack of managerial skills, outdated machineries, and proper infrastructure competition, as well as a burdensome legal system, globalisation, trade liberalisation, taxes, inflation, the interest rate, and crime and corruption (Sitharam & Hoque, 2016).

SMMEs' elevated failure rate in South Africa will consequently lead to an increasingly low employment rate and higher poverty levels. As a matter of fact, the overall unemployment rate of South Africans is estimated at 28 per cent (disregarding age and ethnic origin), and the average poverty rate is estimated at 49.2 per cent (disregarding age and ethnic origin). Both figures are regarded as too high (Stats SA, 2018). Above all, the government of the day should acknowledge the importance of the SMMEs and their role and contribution in economic growth job creation and poverty reduction. It is necessary for the South African government to establish a breeding ground for SMMEs to operate efficiently and effectively in order to survive and grow within their respective sectors. This will allow the SMMEs in the various sectors to overcome many challenges that can lead to their failure and subsequent closure. This will also enable the government to draw conclusions, devise appropriate measures and make recommendations to enhance the performance of SMMEs in the eThekweni Metropolitan Municipality in particular and in South Africa in general.

1.7 The Objectives of the Study

The following objectives were pursued in order to achieve the aims of this study:

1. Evaluating the various activities and contributions made to the economy by the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre.
2. Examining the extent to which both internal and external factors influenced the performance of manufacturing SMMEs located in Umkhumbane Entrepreneurial Support Centre,
3. Investigating the role of the institutions that supported the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre and the effect they had on the performance of these SMMEs. And
4. Identifying and assessing the impact of the legislative frameworks and policies on the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre.

1.8 Research Questions

A study's research questions are a key aspect used to answer the unknown and to gain new knowledge on the topic being studied. This study's research questions are as follows:

1. What are the activities of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre and how do they contribute to the economy?
2. To what extent do internal and external factors influence the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre?
3. What role do the institutions that support the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre have and how does this impact the performance of these manufacturing sector SMMEs?
4. What impact do the legislative frameworks and policies have on the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre?

The Penrose resource-based view theory (RBV) was considered most applicable and most appropriate for this study which evaluated the performance of manufacturing sector SMMEs associated with UESC. The study used an exploratory research approach underpinned by interpretivism paradigm to gain deeper insights from the participants, and the research tool was a semi-structured interview. The researcher adopted non-probability sampling, a purposive sampling technique, to sample 15 informed participants who understood the activities and roles of the UESC which falls under the eThekweni Metropolitan Municipality.

1.9 Clarification of Terms and Concepts

1.9.1 Small, Micro, and Medium Enterprises

Various scholars and practitioners have defined SMMEs in a number of ways, and some have used the terms ‘SMMEs’ and ‘SMEs’ interchangeably. Apart from the different definitions of this concept, the definition of SMMEs also varies in context across nations, sectors, industries, institutions, agencies and academic organisations (Abor & Quartey, 2010; Hironaka, Zariyawati & Diana-Rose, 2017). They are different definitions for SMMEs in different countries because of different factors such as the economic activities and the government policies, rules and regulations of the country (Cant, 2016). Additionally, according to the *National Small Business Act of 1996*, SMMEs are regarded as separate, independent, and distinct business entities in any sector of the economy that are owned by one or more individuals.

1.9.2 Entrepreneurship

The concepts of entrepreneurship and small businesses are closely related (Okyere, 2017) so scholars from diverse disciplines tend to use them interchangeably, but they are actually two different phenomena. Okyere (2017) points out that these two concepts do have common elements such as opportunity-seeking, risk-taking, creativity, innovation and motivation to succeed. Ligthelm (2013) opines that small business and entrepreneurship have both been recognised as the driving forces of economic growth and employment creation around the world. Contador, Contador, de Oliveira & Sátyro (2019) additionally posit that entrepreneurship is critical in increasing the innovation and performance of SMMEs.

Entrepreneurship is both complex and controversial; there is no universal agreement on the definition among academics and practitioners as there are many definitions of this concept (Njiro, Mazwai & Urban, 2010). The term “entrepreneurship” can be defined in numerous ways and its meaning has changed significantly over time. For example, entrepreneurship is associated with seeing an opportunity or a market and capitalising on it. Therefore, this term can be defined as the process of viewing or seeing an opportunity and applying a set of skills and knowledge or resources to uplift oneself and to contribute towards society and the economy of the country (Geitlinger, 2016). Koudstaal, Sloof & Van Praag (2016) conversely associate entrepreneurship with risk bearing, uncertainty, gains, and losses.

The entrepreneur is a person who is keen to take a calculated risk and utilises the skills and resources at his or her disposal in his/her search for new opportunities to create employment or venture into a new market (Oyelola, Ajiboshin, Raimi, Raheem & Igwe, 2013). Entrepreneurship is a key element contributing to economic development by generating employment opportunities, innovation, and growth in productivity. Entrepreneurs contribute to the establishment of new ventures to create jobs, establish new technologies, products and services, and open up new market opportunities (Kritikos, 2014; Rosa & Sylla, 2016), and they boost productivity by competing in the market. Despite the fact that entrepreneurship plays a crucial function in the socio-economic growth of many nations, emerging enterprises have a high failure rate, particularly in emerging economies (Obaji, Onyemerela & Olugu, 2015).

Many studies reveal that there is still limited literature on the number and success of female-owned enterprises in comparison to male-owned enterprises (Rosa & Sylla, 2016). Globally, female entrepreneurship is also considered as a principal agent of economic growth, job creation and innovation (Derera, 2011). She further argues that the majority of female entrepreneurs take an active role in the small business sector, despite encountering several obstacles in their pursuit for economic freedom in the field of entrepreneurship (Derera, 2011).

As stated, emerging enterprises have a high failure rate, so the government of the day in South Africa has introduced a system of business incubators to help them to succeed. A business incubator is a programme that gives brand new SMEs access to mentors and investors and to any other support that will help them to get established and to progress beyond their start-up phase (Masutha & Rogerson, 2014). Business incubators are valuable as they stimulate entrepreneurs from the onset and this helps to reduce poverty, unemployment, and inequalities

around the globe. These business incubators enhance female-owned SMEs significantly, since many female-owned SMEs have a higher probability of being productive and innovative and are less likely to depend on external financial support than male-owned SMEs. Given the barriers to female entrepreneurship, the government and other relevant institutions should continue striving towards implementing viable initiatives that stimulate female entrepreneurship in South Africa.

1.9.3 Entrepreneurial Performance

Performance measurement is necessary to gauge entrepreneurial success and an SME's viability and productivity. This performance can be determined by evaluating the capacity of the small business to achieve its desired goals, to create employment, and subsequently to reduce poverty to improve the livelihoods of local communities. The performance of a business venture is commonly determined by its profitability. According to Maziriri & Chivandi (2020), various factors promote better entrepreneurial performance of a business, namely, entrepreneurship education, financial literacy, access to financing, and skilled human capital, among others. To echo the above-mentioned statement, Reynolds, Fourie & Erasmus (2019) aver that access to credit, access to technology, trained personnel, government support, and marketing skills are regarded as significant for the manufacturing sector SMMEs' prosperity. The competitive performance of the manufacturing sector SMMEs is vital for addressing poverty and achieving inclusive economic growth in South Africa.

1.9.4 Local Economic Development

First and foremost, there is no universal agreed definition of the concept of local economic development (LED) amongst scholars and practitioners. Various scholars often refer to LED as the process whereby local entities exploit or make use of the resources available to improve the welfare of the residents and boost the economic activities in any geographical area (Bartik, 2003; Trah, 2004; Nel & Rogerson, 2005; Rodríguez-Pose & Tijmstra, 2005; Canzanelli, 2012; Khambule & Mtapuri, 2018; Khambule, 2018). Khambule (2018) defines this concept as an initiative that entails healthy multi-stakeholder engagement to utilise scarce resources for the sustenance of local communities in a well-defined area.

The World Bank Urban Development Unit (2003, as cited in Rodríguez-Pose & Tijmstra, 2005, p. 4) defines LED as “*a process by which public, business and non-governmental sector partner’s work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all*”. Despite the various definitions of this notion, LED encourages broader public participation whereby affected parties use valuable resources efficiently, effectively, and economically for the benefit of the entire populace.

To embellish the statement above, LED is a system that leverages the inclusiveness of both governmental and non-governmental agencies in a particular domain by conceptualising, initiating and executing developmental programmes or projects, and by utilising the societal resources in a competitive environment to create stable job opportunities and sustainable economic activities (International Labour Organisation [ILO], 2006, p. 38). In developing countries LED is widely associated with poverty alleviation as it is seen as “pro-poor or pro-growth”, and it is associated with democratisation and a decentralised service delivery approach to improve the socio-economic conditions within a well-defined area.

1.9.5 Business Incubation

This is the legal system that has been put in place by the democratic government to provide an enabling or supportive environment for SMMEs. This legal system gives brand new SMMEs access to numerous institutions (mentors and investors) and support to help them to get established and to succeed. According to Masutha & Rogerson (2014), the Department of Trade and Industry (DIT) regards business incubators as a useful tool to support SMMEs to grow and flourish so as to reduce poverty, create employment, uplift previously underprivileged communities, and contribute to economic growth in South Africa. Some of these institutions include the Ntsika Enterprise Development Agency that provides technical and non-financial services to SMMEs, and Khulula Enterprise Finance that was founded to provide financial assistance to SMMEs (Molapo, Mears & Viljoen, 2008; Peters & Naicker, 2013). According to Obaji, Senin & Onyemerela (2015), incubation is a process that targets new and emerging businesses to keep them resilient and sustainable in the competitive global market. The business incubator is recognised as a mechanism to enhance SMMEs in many countries, and these incubators are regarded as the proper tools with which to establish an empowering environment for SMMEs across the globe (Masutha & Rogerson, 2014). SMMEs are faced

with innumerable challenges and these lead to an alarming closure rate for many start-up businesses (Nkwinika & Munzhedzi, 2016). A successful business incubation programme leads to viable SMMEs, sustainable employment, innovation, spatial parity, and entrepreneurial development.

1.9.6 Measurement of SMMEs' Performance

Every organisation has services or goods that it has to render to its clients. Good performance is the key component for the growth and sustainability of an organisation and so that it can fulfil its intended objectives. A small business can become a well-performing SMME when it initiates, implements, and sustains the right strategies, decisions and policies to enable it to gain a competitive advantage and to manage its internal resources as well as its resources in the external environment (Pulka & Gawuna, 2022). The efficient usage of human and other resources leads to well-performing SMMEs, and this consequently results in rapid economic growth and development in a country. SMME performance thus refers to how well the SMME sector provides and renders goods and services to its clients, government entities, suppliers, and to its communities. However, according to Tom, Richrd & Joseph (2021), the definition of SMME performance remains controversial among scholars, which is probably due to the fact that small business performance measurement is "multidimensional". Business performance is assessed by measuring the success and failure. Ankrah & Mensah (2015) see good SMME performance as the process of utilising resources efficiently and effectively towards achieving the desired objectives. Adeyemo (2021) regards business performance as the yardstick for measuring the efficiency and effectiveness of an organisation in achieving its objectives. Rosli & Sidek (2013) believe that performance indicators differ according to the organisational goals, and that different methods are adopted by different firms to measure their performance. Simpson, Padmore and Newman (2012, p. 270) state that "*performance indicators are specific measures of performance and can consist of monetary or non-monetary parameters*". Rosli & Sidek (2013) also aver that performance indicators can be measured in financial and non-financial terms. According to Pulka & Gawuna (2022), regardless of the differences in the definitions, there are numerous factors that hinder the development of SMMEs' performance, so urgent attention should be given to this sector in developing countries.

1.10 Research Methodology

The study was exploratory in nature, and the qualitative research approach was deemed suitable to evaluate the performance of the manufacturing sector SMMEs supported by the Umkhumbane Entrepreneurial Support Centre in the eThekweni Metropolitan Municipality. Qualitative constructivism was used as the paradigm to guide the study and according to Rehman & Alharthi (2016), the constructivist paradigm represents multiple realities and a reality that is subjective and changing. This paradigm was useful to the researcher as the inductive research approach was applied in order to ascertain the views and experiences of the relevant stakeholders on the current status of the performance of SMMEs in the eThekweni Metropolitan Municipality. Kivunja & Kuyini (2017); and Alharahsheh & Pius (2020) assert that constructivism reduces the distance between the researcher and the researched.

The study embraced the constructivism epistemology to examine the phenomenon by employing the constructivism view, and this qualitative method of research was employed enabling the realisation of study objectives. Creswell (2009; 2011; 2014) explained that there are five research strategies in the social sciences, namely: grounded theory, phenomenological, ethnographic, narrative, and case study research. This study employed a single case study in the eThekweni Metropolitan Municipality. Cross-sectional research using a semi-structured interview was regarded as the most appropriate instrument with which to collect the data from the relevant stakeholders. Semi-structured interviews were carried out through the use of an interview guide, and this enabled the researcher to conduct fifteen in-depth interviews with relevant stakeholders from the eThekweni Metropolitan Municipality. Selection of informed participants of the study was done through purposive sampling to select the informed individuals/key stakeholders. The participants were drawn from several representatives of the manufacturing sector SMMEs, officials from the eThekweni Municipality Business Support, municipal ward councillors, the Durban Chamber of Commerce and Industry (DCCI), the Department of Economic Development, Tourism and Environmental Affairs (DEDTEA) and the Small Enterprises Development Agency (SEDA). Only individuals with specific characteristics and a deeper understanding of the subject under study were selected from these institutions. Thematic analysis was used to code, organise, and interpret the data that was collected. This process entailed reading the collected data, organising it, analysing it, coding it, and then constructing themes and sub-themes to present the study findings. Lastly, the themes and sub-themes that emerged were used to provide the study findings. Unfortunately,

one of the limitations of the study was that it only focused on the eThekweni Metropolitan Municipality excluding all other municipalities of KwaZulu-Natal province. Furthermore, the study only focussed on the manufacturing SMMEs in eThekweni Metropolitan Municipality. Despite constraints, this study seeks to contribute to the growing area of research on SMMEs by evaluating the performance of the SMMEs in the eThekweni Metropolitan Municipality.

1.11 Ethical Considerations

Ethical approval was sought and obtained from all of the institutions involved in the study because this study involved human subjects. Ethical clearance/approval was obtained from the University of KwaZulu-Natal Humanities and Social Sciences Ethics Committee and gatekeepers' letters were obtained from the participating organisations prior to proceeding with the study. All ethical aspects were followed and adhered to throughout the study.

1.12 Limitations of the Study

In research the word "limitation" refers to an event or situation that is beyond the control of the researcher and may result in the final research objectives not being met. All studies have limitations, and this study was no exception. The study by du Plooy-Cilliers, Davis & Bezuidenhout (2014) on research study limitations revealed that there will always be obstacles and constraints that are beyond the control of the researcher. Such limitations may be caused by insufficient material and human resources (Tariq & Woodman, 2013). As expected, the data collection process was one of the most limiting and tedious aspects of the entire research process. Firstly, participants were not compensated for their contributions and as expected by the researcher, this discouraged them from becoming engaged and willing to disclose important information about the phenomenon. Secondly, at one stage of data collection process the participants misinterpreted and misunderstood the questions asked of them. This could have led to ambiguous answers that could have defeated the key purpose of the study that was to gain a deeper insight on the performance of SMMEs in eThekweni Metropolitan Municipality. SMMEs. Not all participants were proficient in English, and translating the responses from the local language into English was a challenge for the researcher. However, it was the researcher's responsibility to work with the respondents to give them the opportunity to respond in their local language and to then translate their responses into English.

Finally, Umkhumbane is an informal settlement that is highly volatile, so the researcher had to consider possible obstacles that most researchers do not routinely have to consider. The researcher had to remain vigilant for signs of civil unrest and remain cautious, versatile, and sensitive to the hospitality of the study site in view of the recent unrest in KwaZulu-Natal. The researcher's presence and questions were also not taken seriously by some of the residents in this informal settlement.

1.13 Structure of the Thesis

This study consists of seven detailed and comprehensive chapters. The first chapter is the introductory part of the study, and it provides a concise introduction. This chapter presents the background of the study, the research problem statement, study's significance, and its limitations. It further expounds on the research and objectives question of the study. Moreover, an introductory literature review provides information on SMMEs globally, continentally, and regionally. Chapter two presents the theoretical framework that underpins the study, namely the Penrose resource-based view (RBV) theory. Information was provided on its genesis, definition, explanation, justification, and application.

Chapter three describes the legal frameworks and policies related to governing SMMEs in South Africa. The fourth chapter provides the research methodology employed in this study. This chapter also presents a clear summary and the philosophical foundations and paradigms of the research design and strategy, the data collection methods, sampling techniques, and the ethical aspects. The fifth chapter focuses on data analysis, collating the data collected during fieldwork into manageable data. The collected data is analysed thematically. Chapter six outlines the research findings and data analysis, considering the literature review, theoretical framework and legislative frameworks governing South African SMMEs. Finally, the seventh chapter draws conclusions and provides practical recommendations that could be used to enhance the performance of SMMEs. Ideally, the SMME sector in the eThekweni Metropolitan Municipality should seek to attain the Vision 2030 and NDP goals to tackle South Africa's triple challenges of unemployment, poverty and inequality. The study also recommends further research to contribute to the body of existing literature on SMMEs.

1.14 Summary of the Chapter

This Chapter outlined the introductory part and the background of the study. An overview of the role and contribution of SMMEs in the growth of South Africa's economy was outlined in this Chapter. The study's research questions and objectives were outlined and presented, while the significance and rationale of the study were briefly discussed. This introductory chapter also yielded a synopsis of the research methodology employed. Lastly, the chapter provided definitions of the concepts associated with the study and the layout of the dissertation. In the following chapter, attention is given to the extensive literature on SMMEs and to the theoretical foundation that underpins the study.

CHAPTER TWO: THEORETICAL BACKGROUND AND GLOBAL TRENDS AND DEVELOPMENTS

2.1. Introduction

This chapter presents an international overview of the SMME sector in both developed and emerging countries. The current chapter provides the theoretical foundation which underpins the study and is particularly aimed at ascertaining the current status of SMMEs across the globe. The literature review thus provides the background and supporting evidence for the study. The literature review also identifies any gaps in the existing knowledge and defines the key concepts in the study (Nakano & Muniz Jr., 2018). The literature review in the current Chapter provides an overview of SMMEs in various regions of the world and provides factors that lead into success and failure of SMMEs in these contexts. It specifically identifies the knowledge gaps that exist regarding studies that have investigated the performance of manufacturing SMMEs around the globe. The literature that was reviewed includes journal articles, online sources, departmental reports, textbooks, and unpublished theses and dissertations, and these were used to collect relevant data to produce scholarly arguments.

2.2 Theoretical Background

The elucidation of a theoretical framework in a study assists in providing a rich understanding of the theories, concepts, and approaches that support the topic being studied. The explanation and justification of theories provide the foundation for research. Since this was the first study of its kind associated with the Umkhumbane Entrepreneurial Support Centre, it was necessary to be guided by the most appropriate theoretical framework. Based on the research gaps and constraints identified in the literature review, Penrose's resource-based view theory (RBV) was selected as the most appropriate theory to underpin this study.

The study drew on the resource-based view of a business (RBV) which grew out of the seminal work of Edith Penrose, where she emphasised a firm's resources as means of gaining a sustainable competitive advantage over its competitors. In her seminal study, Edith Penrose (1959) emphasised that the long-term success of a firm depends largely on the availability of a set of resources that are well established. According to Kor & Mahoney (2004, p 184), "*offers durable principles governing the growth of firms and the rate at which firms can grow efficiently*". In addition, Bromiley & Rau (2016) posit that the RBV entails that, for an

organisation to be successful, it must have the capacity to identify innovative techniques of doing business, adopt and exploit new technologies, and offer superior products and services in the market versus its competitors. Furthermore, Pooe & Munyanyi (2019) postulate that the RBV, from which the dynamic capabilities theory is derived, posits that organisational competences are a potential source of superior performance to gain competitive advantage in the market. According to the research conducted by Penrose (1959); and Wernerfelt (1984), the RBV has been the most used and cited theory over the years to “*explain the internal sources of a firm’s sustained competitive advantage (SCA)*” (Kraaijenbrink, Spender & Groen, 2010, p. 350). Some other works by various scholars have played a crucial role in advancing the RBV as the theoretical lens with which to study the correlation between a firm’s performance and its resources over those of its rivals (Barney, 1986; Barney, 1991; Peteraf, 1993). The key role of a ‘competitive advantage’ is that firms are in a position to outperform their competitors. The scholarly work of Penrose (1959), particularly her conceptualisation of competitive advantage, has been applied as a theoretical lens in various ways and for different purposes (Blundel, 2015). The RBV has been used by many scholars in numerous disciplines over the decades (Kor, Mahoney, Siemsen & Tan, 2016). Vitorino Filho & Moori (2020) used the RBV to analyse the relationship between business performance (BP) and supply chain management practices (SCM), while Ramon-Jeronimo, Florez-Lopez & Araujo-Pinzon (2019) used it to study the performance of Spanish exporting SMEs. Similarly, Mweru & Maina (2016) used the RBV as an effective strategy for outsourcing in Kenyan companies. Lee and Falahat (2019) used the RBV to examine the impact of digitalisation on SMEs in Malaysia, while Chang, Iseppi & Droli (2015) used the RBV to analyse a waste management system based on the competitive advantage and environmental sustainability of firms in European Union (EU-27) countries. A study by Zimuto (2018) used the RBV to investigate the impact of valuable, rare, inimitable, and non-interchangeable (VRIN) resource attributes on the performance of franchises in South Africa.

Despite its extensive use in numerous academic disciplines and fields, the RBV as formulated by Penrose (1959) has its own limitations. Donnellan & Rutledge (2019); and Bromiley & Rau (2016) have criticised the RBV for adhering to an inappropriately narrow neoclassical economic rationality, lacking significant implications for management, and having limited applicability. Despite these criticisms, the RBV was useful in this study as it was used to examine the performance of SMMEs eThekweni Metropolitan Municipality, as a tool for poverty eradication and job creation to achieve the city’s 2030 vision of being the most liveable

and caring city. Utilising the seminal work of Penrose (1959) helped contextualise the performance of the manufacturing SMEs in the eThekweni Metropolitan Municipality. Furthermore, this study addressed the important question of which RBV theory best fitted to ascertain the performance of manufacturing SMMEs in eThekweni Metropolitan Municipality. On the basis of the RBV, Ambe, Setino & Jonathan (2023) found that the possession of adequate resources such as labour, capital, and land was vital for the development of SMMEs and this also applied to the firms supported by the UESC. Resources are described as “*inputs into a firm’s production process such as capital, equipment, skills, finances, et cetera, controlled by a firm that enables the firm to conceive of and implement strategies that improve its efficiency and effectiveness*” (Ketokivi & Choi, 2014, p. 234).

In addition, the resource-based view theory’s strategic goal looks at stimulating the role of these resources and capabilities in the interest of growth and development of SMMEs, hence its applicability to the SMMEs supported by the UESC (Nkwanyana, 2021, p. 6). Therefore, this study employs the Resource-based View (RBV) Theory to clarify how the availability of human and nonhuman resources could sustain the SMMEs in UESC, as well as how these resources can negatively impact the performance and limits the competitive advantage of the SMMEs. The Resource-based View Theory can be applied to explore how the strategic deployment of resources and capabilities can foster organizational stability, growth, and prosperity. As a result, according to Nillson (2014, p.12) a “firm’s ability to manage, develop and re-combine its resources and capabilities are crucial for creating superior customer value in a more complex and competitive business environment”. The resource-based view theory appears to allow small businesses to maintain valuable resources that can lead to firms’ competitive advantage. Therefore, if the firm succeeds with realizing the customer value-in use, it results in satisfied customers, customer retention and acquiring of new customers (O’Cass & Sok, 2013). This theory informs us that possessing physical, financial, human, and organisational resources enables firms to go beyond simply serving a particular market and creating a competitive advantage in a range of markets in order to generate employment opportunities, reduce poverty, and improve the general welfare of people in the eThekweni Metropolitan Municipality.

RBV emphasises that the growth and prosperity of the firms rely heavily on availability and proper exploitation of company’s resources, as it assists in helping companies globally and this could be applied in SMMEs in UESC. One of the contributions of RBV in this study was that

resources and capabilities, such as skilled personnel, capital, knowledge of technology, marketing skills, networking, efficient policies and procedures, enable a firm to gain a competitive advantage. Schroeder & Kotlarsky (2015) posit that the RBV as an economic theory suggests that valuable resources work as instruments to exploit opportunities and help the firm to overcome threats. Whilst this theory sounds relevant, especially in a turbulent economy, it captures more of tangible and intangible resources of the business that help a business outperform its competitors. Most South African small businesses possess few resources and capabilities which make it difficult for them to survive in a hostile environment compared to large firms. The findings of the study support the theory by asserting that the firms which possess and use rare and valuable resources remain competitive in the market. It was revealed that SMMEs in UESC lack human and non-human resources to be productive and competitive. As a result, the under-resourced SMMEs could learn from big firms to acquire and use assets to improve performance of the business and sustainable competitive advantage. Therefore, the researcher has adopted the RBV theory to help SMMEs in UESC to improve their performance by possessing and exploiting rare and valuable resources and capabilities.

2.3 International Definition and Classification of SMMEs

Although the significant role and contribution of SMMEs is recognised worldwide, there is no consensus on the definition of an SMME (Dlova, 2017). Although the role of SMMEs in many countries around the world has been recognised by scholars and practitioners, they have not accepted a single, universal definition of an SMME. The definitions and classifications of SMMEs vary in the different countries because of differences in contexts and disciplines due to diverse economic landscapes and governmental rules and regulations. Ndayizigamiye & Khoase (2018) agree that the classification and categorisation of SMMEs differ by country, also, some definitions are constructed from quantitative measures while others employ a qualitative approach.

SMMEs are regarded as vitally important socio-economic drivers in all nations of the world. According to Berisha & Pula (2015), SMMEs contribute to around 90 per cent of the economy in diverse sectors and employ 60 per cent of the labour force worldwide. There is seemingly no unique or universal definition of an SMME, despite the socio-economic importance of the sector. Globally, the lack of a universally agreed definition of SMME is one of the biggest

challenges that many international, continental and regional organisations and their countries have had to face for several decades (Rahman, Yaacob & Radzi, 2016). While some regions refer to SMEs as “*small businesses, others use the concept of small and medium enterprises, while some refer to them as micro, small, and medium enterprises*” (Berisha & Pula, 2015, p. 18). Nwankwo & Gbadamosi (2010) report that the lack of universal definition for SMMEs still poses a challenge for the African Union (AU), the International Monetary Fund (IMF), the European Union (EU), the World Trade Organisation (WTO), the United Nations (UN), and the World Bank (WB), among others.

These multinational organisations suggest that firms that are different from large companies should be labeled as SMMEs, and there are certainly numerous noticeable attributes that differentiate SMMEs from big companies (Vives, 2022). Thus, the term “SMMEs” has been defined differently by organisations, countries and regions based on the number of workers, annual revenue and sales, and total assets. According to Južnik Rotar, Kontošić Pamić & Bojnec (2019, p. n.p.), the EU defines an “*SMME as a venture that employs fewer than 250 persons and which has an annual revenue not exceeding 50 million euros, and an annual balance sheet total not exceeding 43 million euros*”. In addition, the European Commission (EC) deems SMMEs as entities that employ more than 49 but less than 250 people, that have an annual turnover that does not exceed 40 million euros, and that have total fixed assets of less than 27 million euros (Savlovschi & Robu, 2011). In Europe, it is stipulated that SMMEs should not have more than 250 employees, but in Vietnam, small and medium-sized businesses are described as enterprises that employ ten to three hundred employees (Van Scheers, 2018b). According to the EC, an enterprise that is considered small or medium does not have more than 250 employees. For example, Turkish SMEs have fewer than 250 workers, as defined by the EU (Ensari & Karabay, 2014). In Turkey, the firms that have fewer than 250 workers and an annual revenue or annual sheet that does not exceed 25 Turkish liras are regarded as SMEs (Şener, Savrul & Aydın, 2014).

In China, however, the definition of SMMEs is very complex and depends on the industry category, the number of workers, the annual revenue, and the company’s total assets. This criterion is based on the SMME Promotion Law of China (2003), and according to this regulation, SMMEs in China are defined as companies that employ up to 2000 workers, have an annual revenue that does not exceed 300 million yuan, and whose total assets do not exceed 400 million RM (Powiertowska, 2016). The majority of SMMEs in China are privately owned

firms. According to European standards, the SMME definition depends on the firms' number of employees and its yearly revenue. Powiertowska (2016, p. 25) adds that in the EU region, large enterprises are generally considered to be those that employ more than 1000 employees; their average number of employees is in the range of 300 to 999 employees; and their annual income does not exceed 300 million yuan. Small enterprises employ 20 to 299 people, and micro enterprises employ less than 20 people.

The Malaysian government describes the SMMEs in the diverse sectors and subsectors of the country's economy based on their yearly sales and the number of employees. Hin, Bohari, Isa & Maddin (2013) investigated internal environmental scanning and its applications in SMMEs in the northern part of Malaysia, namely the states of Perlis, Kedah, and Penang. Hin et al. (2013, p. 26) defined the SMMEs in the Malaysian context as small enterprises that have sales turnovers between RM250 000 and RM10 million or permanent employees numbering between 5 and 50. On the other hand, medium enterprises have sales turnovers between RM10 million and RM25 million or permanent employees numbering between 51 and 150. In the Indonesian context, a small business is an entity that has employees totaling between 5 and 19 people, while a medium-sized business is an entity that employs between 20 and 99 people, and it varies in terms of the total annual turnover based on the industry (excluding land and other fixed assets) (Anggadwita & Mustafid, 2014). In practice, the definitions and criteria of SMEs across all countries and multinational institutions are based on both qualitative and quantitative approaches. As has been noted, SMEs are independently owned and operated entities that employ a given number of workers.

The different international definitions of SMEs are highlighted in Table 2.1.

Table 2.1: International Definitions of SMEs

Country/Institution	Reference	Definition
World Bank	Ayyagarii, Beck & Dermirguc-Kunt (2003, pp. 4-5)	SMEs are entities that employ 0-250 people.
European Commission	Južnik Rotar, Kontošić Pamić & Bojnec, (2019)	An SME has less than 250 employees.

Inter-American Development Bank	Van Scheers (2018b)	An SME employs up to 100 workers and has an annual revenue of less than \$3 million.
United States	Anastasia (2015)	An SME is independently owned and operated and has less than 500 employees per SME.
Hong Kong	Hong Kong Institute of Certified Public Accountants (2005)	An SME is an entity that does not exceed any two of the three criteria pegged as a total annual revenue of HK\$50 million, total assets of HK\$50 million, at the reporting date, and 50 employees.
Egypt	Van Scheers (2018b)	An SME is defined as having more than 5 and less than 50 employees.
United Nations Industrial Development Organisation	Quartey (2001, p. 5)	<p>In developed countries, small firms employ 99 workers and medium-sized firms employ between 100 to 499 workers.</p> <p>In developing countries, a small firm employs between five and nine people, while a medium-sized firm employs between twenty and ninety employees.</p>
Zimbabwe	Maseko & Manyani (2011)	A registered entity in Zimbabwe that employs less than 50 people is considered an SME, while an enterprise

		with 75 to 100 employees is considered a medium-sized enterprise.
South Africa	Cronje et al. (2001, p. 495)	A SME is an enterprise employing up to 200 employees, with sales of up to R5 million, and assets of not more than R2 million.

Source: Adopted from Maseko & Manyani (2011); Mutengezanwa (2018) & Van Scheers (2018b)

Table 2.1 above depicts that the quantitative definition of SMMEs varies from one organisation to another; and one country to country. Therefore, there is no general accepted or universally agreed-upon definition of this term. Firms differ in terms of their sales, capitalization, assets, revenue, and number of employees. Therefore, definitions used to measure of size of SMMEs (number of workers, assets, revenues, net worth, profitability, etc.), and these measurements may lead to a different result when applied to different sectors or countries. The results may also vary from organisation to organisation, based on the criteria used. In a study conducted by the ILO, more than 50 definitions were identified in 75 different countries, and there was considerable ambiguity in the terminology used. For example, in terms of quantitative definitions of SMEs, numerous varieties of criteria were applied, and these included assets, the number of workers, asset values, and sales turnover, while the qualitative definitions of SMEs included access to consumers, the number of clients, legal procedures, and the level of capitalisation (Mutengezanwa, 2018). The European Commission defines small and medium-sized enterprises using quantitative definitions, whereas some other entities use qualitative definitions. While there are dissimilarities in the definitions, commonalities are also noted.

2.4 International Perspective on SMMEs

Extant research has been conducted on SMMEs globally over the years and recently there has been increasing interest in supporting SMMEs in the Global North, in countries such as Great Britain, USA, and China (Laurențiu, 2016; Gaganis, Pasiouras & Voulgari, 2019; Ardito, Raby, Albino & Bertoldi, 2021). Most of the studies have shown that SMMEs have an integral role

in creating jobs, improving the economy, and creating inclusivity and innovation in the world market (Kraja & Osmani, 2015). Krishnan & Scullion (2017) highlight the fact that SMMEs in developed countries are the cornerstone of the national economy and major employers in the globalised world. The SMMEs in the USA, China, and other states have become drivers of their countries' economies and assist in local entrepreneurial development.

In the USA alone, the SMMEs have contributed to around 50 per cent of job creation, and in Europe, the SMMEs constitute 90 per cent of the continental enterprises (Gopaul & Manley, 2015). Although SMMEs are key instruments for inclusive economic growth and job creation, their existence is threatened by innumerable factors (Sibelegwana, 2018). The major risk factor is inadequate funding from financial institutions. Apart from the financial issues, there are non-financial factors such as lack of expertise, hostile economic conditions, poor infrastructure, and minimal multi-stakeholder engagement, among others, which pose risks to SMMEs (Bureau for Economic Research, 2016).

Historically, there have been two great financial crises in the 20th and 21st centuries: the 1997-1998 Asian economic crisis and the 2008-2009 global financial crisis. The SMMEs in most developed countries were also affected during the economic meltdown in 2008. The majority of SMMEs in the various countries were unable to perform effectively during the recession due to the significant decline in the domestic and global markets (Tambunan, 2019). During this adverse epoch, the SMMEs failed to pay their debts, and most employees were retrenched due to the impact of the financial crisis.

Most of the small businesses were unable to cope during the financial meltdown due to the decline in exports, the hostile economic conditions, high inflation, and stagnant GDPs. A European study has confirmed that SMMEs performed poorly in 2008 and 2009 because of the struggling markets during global recession (Tambunan, 2011). The SMMEs in developed countries are nonetheless still considered the major source of job creation for the unskilled semi-skilled, and skilled workforce. Özar, Oezertan & İrfanoğlu (2008) agree that SMMEs are source of employment and a pillar of economic development. In simple terms, SMMEs contribute greatly to a country's economic landscape by generating revenue and creating jobs. The small businesses that involve different sectors such as manufacturing, agriculture, mining, telecommunications, and others have made a remarkable contribution to the national economy, creating employment and an inclusive economic environment.

2.4.1 Romanian Perspective on SMMEs

Romania is one of the former communist countries in Europe which has shown increasing interest in investing in SMMEs to ensure inclusive economic growth and equal income generation. Romania has been part of the EU since 2007. Over the years, the number of SMMEs in the different sectors in Romania has risen to 500 000 enterprises nationwide, and they have contributed significantly to the country's GDP. They have contributed about 49 per cent to the GDP and 67 per cent to job creation. This has assisted the Romanian government to make use of local resources, reduce the country's overreliance on imports, and improve productivity and profitability in Europe (Dura & Drigă, 2015). The authors further posit that the adoption of SMMEs in the EU region has increased the potential for job creation and for stronger economic growth and development.

In Romania, SMMEs are seen as the driving force of the mainstream economy in the various economic sectors rather than large firms. As a result, SMMEs make the greatest contribution to economic growth, employment, skills transfer, innovation and social cohesion in the country (Morariu, 2015). According to Morariu (2015), the SMMEs in Romania have created 66 per cent of the jobs nationwide over the last two decades. Meanwhile, Herman (2012) looked at SMMEs and their effects on the employment situation in the country. He examined the relationship between SMMEs and employment in the non-financial business sector from 2000-2010. He adopted a single case study of Romania out of 27 EU member states managed to illustrate the role of SMMEs in the creation of jobs during the global economic crisis from 2008-2009. The Romanian economy was adversely affected by the financial recession, with the result that a large number of SMMEs faced difficulties, and many of these small entities shut down and their employees lost their jobs. This was largely attributable to high inflation and interest rates, declining sales, insufficient state funding, as well as cumbersome legislative frameworks (Herman, 2012).

Herman (2012) managed to reveal that, although large firms are superior to small businesses in terms of their innovativeness and productivity, SMMEs are the main contributors to employment creation. Also, the study revealed that the small businesses have created more job opportunities than the large corporations in Romania. The main goal of the Romanian government is to minimise bureaucratic tendencies and improve the productivity and profitability of small businesses without compromising the objectives of the *Europe 2020*

Strategy, so that the European economy can become more sustainable, equitable, and inclusive. This will enable the European economy to create decent employment, maintain productivity, and foster social cohesion.

Herman's study (2012) stressed the importance of SMMEs and allowed for evaluation and reflection on the enablers and constraints that impact small businesses. His study revealed the importance of SMMEs in creating jobs, equal distribution of income, and poverty alleviation around the world. It also showed that although SMMEs are small compared to large firms, they have the capacity to generate employment and be productive. This study by Herman (2012) also managed to show that SMMEs are one of the seven flagship programmes with which to achieve the *Europe 2020 Strategy*. He noted that the main objective of the *Europe 2020 Strategy* revolves around creating an enabling and conducive environment for SMMEs across the European continent. Unfortunately, Herman's (2012) empirical work has informational limitations, such as the lack of a conceptual or theoretical framework to underpin the study, and there is no qualitative analysis of the findings. These shortcomings will not be replicated in the current study by evaluating the performance of the manufacturing SMMEs in the eThekweni Metropolitan Municipality. Local and international studies are required to propose strategies that may be adopted to enhance the performance of manufacturing SMMEs, particularly in developing economies where the majority of SMMEs fail to survive in their infancy stage.

SMMEs are regarded as a fast and key instrument for fostering the development of an economy and alleviation of poverty in the Global North and developed economies, but they have not been examined appropriately in an economy known to be struggling, such as South Africa. Economic growth in South Africa has been rather sluggish in recent decades, as the country is in an era of socio-economic transformation. Geopolitical factors, the ongoing demand for radical economic transformation, and the importance of space and time mean that swift action must be taken to evaluate whether or not SMMEs play a vital role post-apartheid South Africa. This case study provided empirical evidence supported by statistical data. The researcher followed the research argument and ascertained the factors that enabled the SMMEs in the municipality to flourish or hindered them.

2.4.2 United States of America's Perspective on SMMEs

Recently, there has been a plethora of scholarly work illustrating that SMMEs and an entrepreneurship spirit emerged from developed countries in North America and Western Europe, particularly Canada, Germany, the United Kingdom (UK), France, Switzerland, and Australia. These have also been adopted by fast growing economies such as China, India, Indonesia, Nigeria, and Russia, where both mechanisms have grown. SMMEs and entrepreneurship have also become enormously influential in developing and less developed economies, with Botswana, Ghana, Kenya, Zambia, and South Africa taking the lead. The increasing influence of both small-scale enterprises and entrepreneurship indicates that these mechanisms are now globally accepted and part of the knowledge-based economy.

A considerable amount of literature suggests that the global perspective on SMMEs and entrepreneurship has brought a new perception, norms, insight, and model of governance that brings small-scale businesses to the fore of economic growth and sustainability (Neneh, 2012; Karadağ, 2016; Onjewu & Nwibo, 2018; Fatoki, 2019; Kiyabo & Isaga, 2019; Liñán, Paul & Fayolle, 2020; Igwe, Olaore, Adejare & Udofia, 2021; Kanayo, Agholor & Olamide, 2021; Newman, Obschonka & Block, 2022).

Drawing from the American experience, Turner & Endres (2017) looked at strategies to enhance small-business owners' success rates and contribute to the development and promotion of small enterprises and entrepreneurs that are necessary for sustainable economic development in the US, rather than simply reflecting on the challenges facing SMMEs alone. Using Duval County, Florida, the authors explored the strategies used by small-business coffee shop owners that could be used to enable them to prosper in business beyond five years of operation. They maintained that the higher failure rate of these SMMEs stemmed from various internal and external factors, namely a limited skills, knowledge, and expertise, inadequate funding and poor marketing plans and strategies. Turner & Endres (2017) maintained that these shortfalls led to the closing of enterprises. The closing of small-scale enterprises resulted in many people losing their jobs, and the unemployment and poverty levels increased. The government was, however, striving to adopt policies and strategies to reduce poverty and unemployment in order to achieve Millennium Development Goals (MDGs) by 2030. Turner & Endres (2017) endeavoured to reframe the success rate for SMMEs by postulating that this could be realized if owner-managers were able to devise innovative strategies to attract customers and build

customer loyalty for sustainability and corporate social responsibility rather than for profitability alone.

These authors further argued that customers have to be viewed as key components of the businesses from the onset and that this could be achieved through frequent and efficient communication via numerous platforms and by acknowledging their contribution to the strong relationship between them. Moreover, small business owners have to become “service providers”, whose role is to provide quality and competitive services to customers while at the same time collaborating with them with the aim of increasing stakeholder involvement that is fair and authentic. Equally important, authentic engagement results in small businesses not operating in isolation, and understanding the holistic environment that can contribute to the sustainability, productivity, and profitability of their businesses. Turner & Endres (2017) went on to identify potential challenges to small-scale enterprise owners’ success, limited financial assistance, technical know-how, networking opportunities, as well as poor business planning and marketing strategies.

Similarly, whilst identifying barriers and enablers of SMMEs in the manufacturing sector in various developed countries, namely, China, Germany, France, Belgium, England, Italy, the Netherlands, New Zealand, the UK, and the USA. Rizos, Behrens, Kafyeke, Hirschnitz-Garbers & Ioannou (2015) concluded that active multi-stakeholder engagement is crucial as it, *inter alia*, enhances local economic development, creates public-private partnerships, raises consumer awareness, promotes environmental and social considerations, allows them to devise survival strategies, and enhances the sustainability of the SMMEs as they strive to ensure that citizens’ needs and goals are met, among other things

Using Birmingham, Alabama, as a case study, Warren (2016) showed how active partnerships can help reduce the high failure rates of small enterprises and help to create collective engagement using regular formal and informal platforms such as community gatherings, public meetings, social media forums, and religious and political groups. This can enhance small businesses’ sustainability. Warren (2016, p. 27) stated that being a small business has an advantage as it allows the owner to interact more closely and frequently with his or her customers. He added that in an organisation, building trust with consumers, service providers, employees, the government, and other professionals and practitioners is one of the major components of establishing a sustainable and profitable small business (Warren, 2016).

Considerable lessons are subsequently learned, diverse views are acknowledged, relationships are built with others, skills are transferred, issues are addressed collectively, and there is a possibility of collaboration. For business owners, building relationships is key to improving the business performance, as a result the growth and survival of small businesses is vital for all economies across the globe (Warren, 2016).

Warren (2016) additionally postulates that there is a need for small enterprise operators to acknowledge the significance of good customer care, building relationships, adapting to new changes, and finding their passion, as this can increase the profitability and sustainability of their businesses in the south-eastern part of the USA over an extended period of time. The author further describes the advantage of this as an immense contribution to job creation, poverty reduction, local economic development, and multi-stakeholder engagement, particularly in the manufacturing small business sector. Moreover, the factors that hinder SMMEs are expounded, such as inadequate planning, lack of strategy, poor managerial skills, and lack of capital. The study demonstrates the importance of active stakeholder engagement involving diverse stakeholders and parties. Regular engagement enables small business owners to understand their customers' preferences as their key stakeholders so that they can contribute to inclusive income distribution. Despite all that was learned, the major shortcoming of this study was that there were still many unanswered questions about the factors that contribute to SMMEs' sustainability.

The arguments by Rizos et al. (2015); Warren (2016); as well as Turner & Endres (2017) are convincing in that they place active stakeholder engagement at the centre as an important part for the development and survival of small enterprises in the USA. Their arguments are fascinating and draw the attention of the reader so that they can hopefully link the concept of sustainable small firms with economic growth and a better standard of living for communities. They also put large corporations on the same level as SMMEs as the backbone of developed and developing nations in the global economy. Reflecting on the arguments made by Warren's (2016) scholarly work offers some important insights into recognising the contribution made by active participation to reduce the alarming failure rate of small firms. The author also highlighted contributing factors to the failure of small business United States. Furthermore, the author suggested that customer care, building good relationships with various stakeholders, and having passion may be necessary elements for the sustainability of small businesses so that they can survive for longer than 10 years (Warren, 2016).

2.4.3 Canadian Perspective on SMMEs

Empirical evidence suggests that developed countries' experiences of small-scale enterprises and entrepreneurship have brought about new perspectives on the impact of SMMEs in countries' economies, employment creation, their considerable contribution to the GDP, and on how they enhance the innovation and competitiveness of nations in the global market (Britzelmaier, Normann & Paul, 2011; Bahri, St-Pierre & Sakka, 2011; 2017; Gill & Biger, 2012; Klonowski, 2012; Cieřlik, Kaciak & Welsh, 2012; Gilmore, Galbraith & Mulvenna, 2013; Ahmad & Alaskari, 2014; Oliveira, 2014; De Falco & Simoni, 2014; Dikova, Jaklić, Burger & Kunčič, 2016; Tang, Park, Agarwal & Liu, 2020).

Drawing from the North American experience, Gill & Biger (2012) looked at factors that have a negative impact on the performance of small enterprises in this developed economy due to the high failure rate of new SMMEs, low-level survivability of small businesses, and low sales of goods and services in the manufacturing, service, tourism, construction, and other industries of the economy. Canada is the world's second largest exporter among the leading producing countries of the Organisation for Economic Cooperation and Development (OECD) (Mohiuddin & Su, 2013). Using the Lower Mainland of British Columbia, Canada, as their case study, these authors examined the challenges affecting the performance of SMMEs in Canada after the global recession that adversely impacted many nations across the world. They maintain that this happened because small-scale enterprises were adversely affected by several factors, including lack of relevant information, financial assistance, managerial know-how, maladministration, dilapidated infrastructure, little or no capacity-building, and insufficient bookkeeping and record keeping, among others. As a result, small-scale enterprises ended up being ineffective, unproductive, and unsustainable, while communities lost their jobs and migrated to more economically viable areas to earn a better living.

Gill & Biger (2012) attempted to provide mechanisms to address the high failure rate of small-scale enterprises by postulating that this could be achieved if the SMME owners or managers created networks and sought advice from seasoned operators in the same business environment rather than working in isolation. The authors further asserted that the Canadian government should increase financial assistance for small businesses to help them survive and grow in a competitive marketplace. Moreover, the central commercial banks and other money-lending institutions should provide microcredit to emerging and underprivileged communities without

any surety and reduce hefty taxes, interest rates, and unnecessary hidden fees. They further noted that for small-scale enterprises to stimulate their performance, all spheres of government should take appropriate action to address the stringent regulations that hamper small-business growth. Gill & Biger (2012) went on to determine the factors hindering SMMEs' growth in other countries from previous studies and identified a lack of capital, inability to access credit from banks, a lack of training, high taxes, a lack of management experience, stiff competition, and insufficient bookkeeping and record-keeping as the culprits.

Similarly, while examining the performance of manufacturing small businesses in developed countries including Austria, Australia, Denmark, France, Ireland, Japan, the Netherlands, Spain, Switzerland, the UK, and the USA, Bahri et al. (2017) concluded that manufacturing SMEs are crucial as they are, *inter alia*, important in a country's economy, enhancing local economic development, influencing the welfare of citizens and the standard of services offered, and striving towards ensuring that the citizenry's needs and aspirations are accomplished.

Furthermore, using the case of Quebec, Mohiuddin & Su (2013) showed how offshore outsourcing helped manufacturing sector SMMEs improve the quality of their goods and services and opened new opportunities among competitors in the long term. This was achieved by exporting specialised products and services to major multinational organisations in the USA and other countries. These authors said specifically that outsourcing enhances an organisation's responsiveness and "*leads to the availability of higher-quality goods and services by creating competition among suppliers*" (Mohiuddin & Su 2013, p. 455). The authors' argued that appropriate outsourcing can broaden organisational capacities and productivity and enable firms to become more flexible in adjusting production to fluctuations in market demand and adapting to unforeseen changes. This implies that scholars and practitioners should devote more academic attention to the outsourcing practices of manufacturing sector SMMEs so that more benefits can be gained from this practice. Mohiuddin & Su (2013, p. 456) reported that "*firms outsource for a variety of reasons, including but not limited to access to competitive production factors, economies of scale, higher innovation capabilities, higher quality products, lower operating costs, greater focus on critical processes, and increased flexibility for coping with the current volatile business environment*".

Mohiuddin & Su (2013, p. 456) added that "*another shortcoming of the extant literature is that its focus is imbalanced, devoting much attention to the study of large firms and insufficient*

attention to small firms". These authors demonstrated that offshore outsourcing enhanced the performance of manufacturing sector SMMES in a precise and insightful way as they elucidated the benefits and limitations of offshore outsourcing in developed economies in comparison to the traditional insourcing done by small manufacturing firms globally. This study showed that outsourcing contributes to the socio-economic performance of small-scale enterprises and empowers them to prosper in the unpredictable business environment during the Fourth Industrial Revolution (4IR); it showed how offshore outsourcing contributes to the productivity and development of manufacturing sector SMMES in developed nations. A potential limitation of this approach, however, is that not all institutions and countries can adopt offshore outsourcing since the process is very complicated and knowledge transfer from one entity to another is very complex to execute.

The arguments by Gill & Biger (2012); Mohiuddin & Su (2013); and Bahri et al. (2017) are very insightful in that they consider the importance of small manufacturing businesses at the centre as the vital catalyst and vehicle with which to achieve economic prosperity and job creation, enhance local economic development, and exploit local resources, with communities playing a crucial role. Their arguments get the reader's attention as the reader can easily relate to the concept of viable and sustainable manufacturing sector SMMES regarding nation's economic growth and poverty alleviation. It is also highlighted that extant literature has paid more attention to large firms and less academic attention has been paid to small firms. Essentially, manufacturing sector SMMES need to be studied more extensively.

Reflecting on Gill & Biger (2012), they have expounded and prioritised the challenges curtailing the success of small businesses in the Canadian context. They also highlighted the fact that small businesses are a cornerstone of the economic growth, as they are a crucial mechanism of employment generation and make a high contribution to the national GDP. The barriers encountered by small businesses in Canada stem from various factors, namely, limited starting capital, inadequate management skills, unavailability of training and development of the owners and managers, poor infrastructure, poor access to technological advancement, government regulations, stiff competition, high taxes, and political interference. Furthermore, their arguments clearly demonstrate the importance of small-scale manufacturing businesses in developed countries and touch on three major challenges that impede the expansion of small enterprises in Canada, namely stiff market, insufficient capital, and unfriendly regulatory

environment. Addressing these triple challenges could lead to viable and sustainable small businesses and entrepreneurship.

Much of the research up to now has utilised non-experimental study designs, survey-based research, and cross-sectional studies. Furthermore, there have been few studies that have examined the barriers and constraints encountered by small businesses in Canada. Although Gill & Biger's (2012) work filled some of the knowledge gaps, their study did not focus specifically on the manufacturing sector. This was addressed by my study as I evaluated the performance of the small and medium-sized enterprises in the manufacturing sector in the eThekweni Metropolitan Municipality. This study also sought to recommend various mechanisms that could be adopted to improve the success of small manufacturing enterprises through offshore outsourcing and stakeholder engagement, particularly in the less developed economy in South Africa, where socio-economic inequalities still prevailed in society.

Manufacturing SMMEs in South Africa have been characterised by a high failure rate, and although offshore outsourcing has been adopted by developed and OECD countries, it has not been adequately adopted and utilised in an economy perceived as stagnant, as is the case in South Africa. In South Africa, socio-economic disproportion has prevailed over the decades and remains prevalent between the formal and informal economies. The contextual backgrounds, timing, and extenuating deliberations must therefore be considered when investigating whether or not offshore outsourcing can improve the firm-level performance of the manufacturing industry SMMEs in democratic South Africa. Using my scientific thesis, where arguments are supported by empirical evidence and recent findings, the reader will likely be able follow the discussions and discover the advantages and disadvantages of offshore outsourcing in the manufacturing sector.

2.4.4 Malaysian Perspective on SMMEs

SMMEs in Malaysia have, over the past few decades, been a key instrument in addressing the country's socio-economic disparities, poverty, and unemployment. Empirical evidence shows that SMMEs have become endemic in communities and have quickly become a significant catalyst for local economic development (LED) and radical economic transformation (RET) (Mojikon, Abdullah & Shamsuddin, 2017). The study by Chin & Lim (2018) revealed that SMMEs have been a useful instrument for job creation and economic stability since the 1990s,

and they did more for the country than the larger corporations in Malaysia during the Asian financial crises. Chin & Lim (2018) looked at three Malaysian case studies, namely Sabah, Selangor, and Kuala Lumpur, and provided a broader perspective on understanding the relationship between the business performance and entrepreneurial orientation (EO) of small businesses. The case study on Sabah helped the reader to understand the importance of small businesses in the manufacturing sector of the economy as well as the obstacles faced by the sector. The authors revealed that small manufacturing firms contributed to the mainstream economy in a major across all the economies of the world. With regards to the case of Sabah, they used EO to measure the small firms' performance. EO consists of two dimensions: competitive aggressiveness and pro-activeness. Abebe (2014) explained that EO is a tool that captures organisations' strategy-making practices, managerial philosophies, firms' behaviours, and stakeholders' involvement in small firms. Interestingly, the EO construct has three dominant dimensions, namely: innovativeness, proactiveness and risk-taking.

Malaysia is a significant and fitting comparison when evaluating the performance of the manufacturing sector SMMEs in South Africa, given the fact that, like South Africa, it is among countries facing criticism about the growth and survival of small firms in its manufacturing sector, and its government has also formulated and implemented policies that support small businesses. Furthermore, South Africa's entrepreneurial practices are modelled along the same line as those of the Malaysian government as both are full members of the Commonwealth. It is necessary to compare South Africa with other developing economies on a similar scale (such as Malaysia), as this provides a more accurate and contextual comparison than a comparison with a strong, developed economy. In spite of their limitations, the SMMEs have still helped developing countries' governments to enhance their countries' economies.

Mojikon et al. (2017) have articulated the importance of EO as it can be used to measure and enhance the performance of SMMEs by utilising local resources from both central and local government. These authors have unfortunately identified globalisation and liberalisation as the main factors contributing to the various problems faced by the manufacturing small businesses. In the context of Sabah's manufacturing sector SMMEs, the growth rate of the SMMEs in the manufacturing sector is relatively low due to the minimal government role in entrepreneurial activities and the strengthening of small businesses' performance. It also helps when evaluating whether or not the "competitive aggressiveness" and "pro-activeness" of EO can be used scientifically to inspect the moderating effect of the state's role in business performance of

manufacturing sector SMMEs. It is necessary to determine whether or not EO can be used in the heavily non-compliant and reactive society in the eThekweni Metropolitan Municipality. Mojikon et al.'s (2017) study helps in understanding that irrespective of insufficient informal consultation platforms, local economic legislative frameworks, minimal involvement of the government, and stiff competition, all hope is not lost as there is still time for the government and other stakeholders to strive together so that the SMMEs can become more successful and sustainable. A sense of urgency is necessary, as it can make the state recognise the increased rate of failure of SMMEs in the manufacturing sector so that it can devise mechanisms to enhance the small enterprises performance.

Another scholarly study that looked at the impact of EO on small-scale firms' performance in Selangor, Malaysia, was that of Omar, Aris & Nazri (2016). The authors looked at SMME owner-managers that were involved in the food manufacturing, printing, tailoring, and insurance industries. Their analysis established whether and how entrepreneurial orientation and innovative capability played a significant role in influencing knowledge creation and firms' performance in Malaysia. Omar et al. (2016) argued that EO was more likely to influence firms' performance and knowledge creation, but both were crucial to small-scale enterprises and had positive impacts on their performance. Using this case study of Selangor, which is one of the most populous states in Malaysia and relies heavily on agriculture, Omar et al. (2016) managed to reveal how EO responded to challenges and unforeseen adverse circumstances that hindered small-scale businesses. They managed to showcase that SMME owners should acknowledge the significance of innovative capability, knowledge creation, and entrepreneurial orientation in influencing small firms' performance. Similarly, another empirical work that looked at Kuala Lumpur's manufacturing sector was that of Zainol & Ayadurai (2011). They stated that EO was considered as a tool to stimulate business growth and performance in business environment which is competitive. However, despite the importance of EO, majority of start-up SMMEs in Kuala Lumpur were characterised as possessing scarce resources and limited access to information and communication (ICT) technology and business decisions were only made by the business owner-managers. This was largely attributable to the exclusion of employees, customers, and service providers in the decision-making processes, even though the possibility of passive participation by these other stakeholders was very possible.

Affendy, Asmat-Nizam & Farid's (2015) study looked at EO and market orientation's effects on small firms' performance in Malaysia's developing economy (Kuala Lumpur). Their study

showed that SMMEs were recognised as the mainstay of the Malaysian economy. Moreover, the small-scale enterprises contributed heavily to the GDP and employment generation. Equally important, the authors asserted that there were three main sectors in the mainstream Malaysian economy, namely: services, manufacturing, and agriculture. Despite this, recent evidence suggests that the growth of Malaysian SMMEs had slowed drastically during the post-Asian crisis as a result of the decline in foreign investment, attrition of the skilled workforce, and inadequate access to technology and innovative activity. Despite the problems encountered by the small enterprises in Malaysia, the authors posited that for SME firms to achieve superior performance, the government and other actors or agencies had to provide the support and consultative platforms necessary through active multi-stakeholder engagements.

The explicit emphasis placed on the importance of the prosperity of SMMEs by Affendy et al. (2015); Omar et al. (2016); and Mojikon et al. (2017) is noteworthy. As mentioned above, three case studies were used in Malaysia: Sabah, Selangor, and Kuala Lumpur. In the case of Sabah, the competitive aggressiveness and pro-activeness of the SMMEs contributed significantly to these firms' performance, while in the case of Kuala Lumpur, it was observed that EO had an insignificant influence on the business performance of the Malaysian SMMEs. Conversely, a similar study conducted in Selangor in Malaysia confirmed that EO and innovative capability played a critical role in knowledge creation and firms' performance. Ideally speaking, EO should lead to superior performance and high quality (Covin & Lumpkin, 2011; Hussain, Ismail & Akhtar, 2015; Engelen, Gupta, Strenger & Brettel, 2015; Gupta & Batra, 2016; Shan, Song & Ju, 2016; Sahoo & Yadav, 2017). Some extant literature has thus shown a positive correlation between EO and firms' performance. However, some studies argue that there is a minimal correlation between EO and firms' performance, as EO processes are both costly and time-consuming (Kraus, Rigtering, Hughes & Hosman, 2012; Alegre & Chiva, 2013; Lonial & Carter, 2015; Khan, Hassan, Arshad, Arshad, Kashif, Aslam & Wafa, 2020). In addition, what is not yet clear is the correlation between EO and small enterprises as they are characterised by high failure rates due to resource limitations and capabilities (Wales, Patel, Parida & Kreiser, 2013). The relationship between the two is inconclusive, as small and medium-sized enterprises may benefit from adopting EO through innovativeness, flexibility, superior productivity, profitability, and by gaining a competitive advantage that leads to improved financial performance (Soininen, Puumalainen, Sjögrén & Syrjä, 2012). It has been proven that EO is essential to an organisation's ability to successfully implement new processes, products, and services.

Despite positive anecdotes aimed at revealing the influence of EO on small-scale business performance, pressing challenges have increased the failure rate of SMMEs in South Africa. South Africa implemented various policies and mechanisms to enhance the growth and survival of SMMEs, but so far little has been achieved to this end. The literature review has revealed that very little literature exists that examines the relationship between EO and firm performance (Gupta & Shaw, 2014; Pratono & Mahmood, 2015; Rezaei & Ortt, 2018), and even fewer empirical investigations have been conducted on the association between EO and firm performance in developing economies (Samantha & Premaratne, 2013; Lekmat, Selvarajah & Hewege, 2018; Ribeiro, Adam, Kimbu, Afenyo-Agbe, Adeola, Figueroa-Domecq & de Jong, 2021). In South Africa, the link between EO and firm performance is thus clearly an under-researched area, particularly in the context of SMMEs and entrepreneurship (Neneh & Van, 2017). Regardless of the invaluable insights provided by the empirical work of Omar et al. (2016), researchers have not managed to reach a definitive scientific consensus on the association between EO and firm performance (FP), especially in SMMEs context, in terms of fostering economic growth and generating employment in South Africa. A definitive consensus would provide academics, entrepreneurs, professionals, and communities with an improved understanding of the connection between these two constructs in terms of the effects of the EO and FP on manufacturing small enterprises. The performance and entrepreneurship landscape of South Africa is plagued with innumerable information discrepancies, and no studies have looked at the impact of EO on the firm performance of the small-scale manufacturing enterprises supported by the UESC. My study sought to address those gaps.

2.4.5 Vietnamese Perspective on SMMEs

There is a rich literature published on SMMEs in developed and developing economies (Nam, 2014; Vu & Doan, 2015; Calza, Goedhuys & Trifkovic, 2017; Trinh & Thanh, 2017; Fadly 2020), but unfortunately, there is a dearth of empirical work regarding manufacturing sector SMMEs in the Vietnamese context. Existing literature on SMMEs in Vietnam indicate that small firms are a mainstay of transformation and growth for developing nations. Vietnam has recently experienced a drastic growth in the number of SMMEs, and they now constitute about 97 per cent of the total enterprises servicing the population in the country. According to Voeten, Đạt & Tùng (2016) these have led to the creation of more than 500,000 new jobs in the country. Tuan & Rajagopal (2018) believe that SMMEs play a significant role to job creation and

poverty reduction in Vietnam by addressing gender inequalities and unequal income distribution.

Despite the increased growth number of small firms and the vital role they play in job creation, industrial income generation, and inclusive and equitable income generation, recent research has also established that small Vietnamese firms have also faced numerous obstacles over the years (Trinh & Thanh, 2017). There is some evidence that suggests that the barriers that Vietnamese firms have faced include inadequate financial assistance, insufficient support from the government, and a lack of business capacity (Trinh & Thanh, 2017). Le (2012); and Nguyen & Luu (2013) also acknowledged the crucial role that SMMEs played in the Vietnamese economy but concluded that the lack of financial accessibility was the main obstacle faced by them. Such challenges have prevented the survival and growth of SMMEs in Vietnam.

Drawing from the Vietnamese experience, Voeten, Đạt & Tùng (2016) looked at how to increase innovation in the manufacturing sector's SMMEs for productivity and profitability improvement based on policy and research development. Using the case study of Hanoi, the authors identified relevant legislative frameworks and research issues regarding innovation in the manufacturing sector SMMEs in Vietnam. They reported that in 1986, the Vietnamese government introduced economic and political reforms under the Doi Moi policy. The government's goal was to create a socialist-oriented market economy. The authors further reported that these reforms resulted in a rapid economic growth and development of Vietnam and transitioned from one of the world's least developed countries to a developing nation over three decades. Vietnam's GDP per capita growth had increased since the 20th century, the population living in extreme poverty had ultimately been reduced, and the average life expectancy of the population had grown since more than half of the Vietnamese population had equitable access to basic goods and services.

Voeten, Đạt & Tùng (2016) attempted to reframe the small-scale enterprises in the manufacturing sector by postulating that small firms were too rigid and inefficient to cope in the competitive global market. The authors conceded that the SMMEs employed above 51 per cent of the workforce and contributed to 40 per cent of the GDP, however, the SMMEs' business environment had deteriorated since 2007, as numerous firms faced financial shock during the global recession. They further noted that innovations resulted in SMMEs interacting with the public and private sectors for a more efficiency-driven economy. Voeten, Đạt & Tùng

(2016) went on to identify the barriers to innovation in low-income countries (LICs) and stated that these resulted in low levels of productivity and competitiveness among the manufacturing sector SMMEs.

In addition, while examining the role of innovation in improving the productivity and profitability of the manufacturing sector SMMEs in Asian countries, namely, China, Japan, Korea, India, Indonesia, Malaysia, the Philippines, Thailand, Singapore, and Vietnam, Voeten, Achjar & Utari (2016) concluded that innovation was crucial as it, *inter alia*, enhanced the performance of manufacturing sector SMMEs, influenced the service and product quality, created value, enhanced and strengthened a factor-driven and an efficiency-driven economy, and strived to ensure that the customers' needs and demands were met.

In the context of a knowledge-based economy, several reports showed that the Vietnamese government formulated and implemented flexible policies to enhance the country's SMMEs so that they could grow and improve their productivity and profitability. These policies were part of the sustainable development strategy aimed at promoting environmental awareness, a green economy, corporate social responsibility, and environmentally friendly production. The scholarly works of Thong, Nguyen, Bich & Houn (2017); and Fadly (2020) stressed the importance of the manufacturing sector adopting environmental management standards (EMS). The authors looked at Vietnam's environmental sustainability in accordance with the 12th Sustainable Development Goal. They addressed the urgency of separating economic growth from natural resource usage and argued that the Vietnamese government's laws placed great importance on environmental protection, and deviation from and non-compliance with these policies would lead to environmental degradation by the manufacturing sector SMMEs. They further argued that Vietnam has imposed stringent environmental management policies and standards since the 1990s in an effort to achieve the United Nations' Sustainable Development Goal requirements.

Referring to the greening industry in Vietnam, Fadly (2020) showed how EMS promoted the efficient use of natural resources and gave the manufacturing firms in developing economies a prolonged competitive. The author highlighted that the manufacturing sector SMMEs in Vietnam should consider the use of environmentally sound technologies in their daily operations to reduce environmental degradation while maintaining economic development and the general welfare of citizens. He argued that the adoption of "*environmentally sound*

production mechanisms and environmentally sound production techniques unlocks additional competitive opportunities as drivers of innovation, as well as opening new markets for firms in developing countries and higher profits” (Fadly, 2020, p. 2). The SMMEs in developing and emerging economies have increased their environmental management practices over the years to ensure climate-resilient cities. They have done so due to insufficient measures in their countries to promote sustainable consumption and production. According to Fadly (2020), increasing consumer awareness about environmental degradation and the demand for goods that are produced in an environmentally friendly manner have accelerated the issuing of EMS certificates in Vietnam. This finding epitomises the notion that EMS certificates can be used by firms in developing countries for green marketing in developed countries (Fadly, 2020, pp. 17-18).

Another scholarly work that looked at Vietnam’s environmental experiences was that of Thong et al. (2017). The authors used a case study approach to establish whether and how the *Vietnam Green Growth Strategy* could influence the sustainable economic development and competitiveness of the manufacturing sector SMMEs in Vietnam. Thong et al. (2017, p. 354) argued that the Green Growth Strategy could be achieved by accelerating the process of economic restructuring in order to use natural resources much more efficiently, reduce greenhouse gas emissions through research into and application of modern technologies, and develop infrastructure to improve the entire efficiency of the economy. Using this study in the social-oriented market economy on the Indochinese Peninsula, Southeast Asia, Thong et al. (2017) saw how the greening of small manufacturing firms using various mechanisms transformed things in a sustainable way and actually preserved the environment compared to “what could have happened” without greening. They illustrated that a green economy achieved as above could massively improve environmental sustainability.

The Green Growth Strategy was introduced in Vietnam due to environmental degradation and deterioration of the country’s biodiversity, it aimed to ensure sustainability as well as economic prosperity. Regardless of the efforts from the government and other agencies like the European Union (EU), the Swiss State Secretariat for Economic Affairs (SECO), and the US Agency for International Development (USAID) Vietnam remains exposed to various environmental challenges and natural catastrophes such as deforestation, pollution, overfishing, drought, and erosion, amongst others. This Green Growth Strategy was largely attributable to the inclusion of various stakeholders and support from international donors, but Vietnam still needs donor

funds to enhance its economic growth in a more sustainable manner, as clearly articulated in the country's development strategy.

Thong et al. (2017) emphasised the centrality of sustainable consumption in their study, and it allowed them to reflect on and critically analyse the importance of active citizen participation and public-private partnerships in the supervision of the greening of small manufacturing firms. They also indicated that the *Vietnam Green Growth Strategy* focuses on three priorities, namely: climate change mitigation, green production, and a green lifestyle. This strategy is necessary as Vietnam is faced with economic difficulties, natural hazards, rural-urban migration, and climate change. Thong et al. (2017) revealed how significant environmental management practices are to governance. They noted that the Green Growth Strategy aims to engage consumers, the private sector, the government, and community members to promote sustainable and environmentally friendly products in their universe. However, Thong et al.'s (2017) work has some knowledge gaps, such as the fact that their research does not have a theoretical framework that underpins their study, and these authors offer no explanation for the distinction between natural disasters and man-made disasters. This will be addressed to some extent by my study on the eThekweni Metropolitan Municipality's manufacturing sector SMMEs' performance. However, further studies have to be conducted to ascertain various drivers that may lead to successful promotion of sustainable SMMEs in the manufacturing sector. Such sustainability may be achieved through the adoption of green industrial policies and environmentally sound technologies to enhance economic prosperity. While doing this, the manufacturing sector SMMEs must prevent ecological damage, and such knowledge is vitally important with regard to developing countries where the promotion of green growth is in its infancy.

Sustainable and smart cities have been stipulated in the United Nations' agenda for sustainable development (17 SDG objectives) for both developed and emerging economies, but the application of green technologies and practices and compliance with environmental standards have not been tested properly in newly industrialised countries and states. In the case of South Africa, compliance with environmental standards has been problematic. My paper fills this research gap and tests if the adoption of mandatory EMS by South African SMMEs contributes to the resource efficiency in the manufacturing sector that is stipulated in the SDGs. As stipulated by *Sendai Framework for Disaster Risk Reduction 2015-2030*, the manufacturing sector SMMEs in eThekweni Metropolitan Municipality have to consider practices that are

environmentally sustainable. Such practices include benefits such as societal emancipation, active public participation, increased annual turnover, and opportunities for research and development (R&D). I have worked closely with environmentalists for a few years, and this has made me realise that the small firms in the manufacturing sector should take advantage of sustainable development strategies. Using systematic studies where my arguments are supported by existing literature, the reader will be able to follow the discussions and understand the advantages and disadvantages of environmental sustainability and its impact on the performance of the manufacturing sector SMMEs.

2.4.6 Argentinian Perspective on SMMEs

Small-scale manufacturing firms in Argentina have, over the past three to four decades, become a vital mechanism in addressing the political-economic turmoil that occurred as a result of the country's governance system. Geographically, Argentina is situated in the south-east of Latin America. The SMMEs are mainly located in the province of Buenos Aires, where the federal capital is located, and Santa Fe, Cordoba, and Mendoza provinces dominate the interior part of the country. The most industrialised, highly urbanised, and populous cities in Argentina are Buenos Aires, Rosario, Mendoza, and Cordoba, due to immigration since the advent of the 20th century (McDermott, 2000; Gayá, 2017). One of the most tragic events in Argentina occurred during the 1980s and it shook the very foundations of Argentinian society (Casaburi, 1997). The Argentinian economy was destabilised during the authoritarian regimes, and this resulted in weak economic performance and a high inflation rate. A government of national unity was created in 1983, and this created a more enabling environment for economic development through inclusive democratic political systems and economic policies that were closely congruent with global norms and standards. Sadly, most start-up ventures before 1983 were exposed to extreme market failures and hyperinflation. Most of the small-scale firms were inefficient and ineffective prior to the introduction of the various reforms, due to inadequately skilled personnel, little or no managerial and marketing skills, and poor quality control measures (Chudnovsky & López, 2008). Recent studies have demonstrated that the small manufacturing firms have become a notable catalyst for economic growth, poverty reduction and employment in a country. This has improved the livelihoods of the citizenry, enhanced innovation and enhanced inclusive and equitable industrial generation.

A considerable amount of literature has been produced on the economics and other disciplines in Argentina, and these studies have revealed that the manufacturing sector SMMEs are the main sources of development, job creation, a high standard of living for the local communities, contributions to the GDP of the country, and rural-urban drift reduction (McDermott, 2000). A study by Gutu (2019) indicated that SMMEs contribute immensely towards fulfilling the UN's first SDG, which is to alleviate poverty in all its forms everywhere. However, the SMMEs in Latin America in general and Argentina in particular have low levels of performance in terms of productivity, profitability, and exportation as compared to other regions (Russo & Gutti, 2020). An empirical study by Ottaviano & Martincus (2011) showed that the manufacturing industry has been the biggest sector of the Latin American countries' economies over the years, but little research has been done on this sector of the economy in Argentina.

Borello (1990) looked at two case studies, namely, the province of La Rioja in the northern part of Argentina (where 55% of the population was rural) and Buenos Aires, the capital city of Argentina. This author presented the important consequences of the deconcentration of the manufacturing industries in these two metropolitan areas and showed that restructuring of the manufacturing sector and addressing the spatial inequalities in cities and towns had a substantial desirable and undesirable effect on the rural-urban migration of the citizenry. The author also revealed that restructuring of the manufacturing sector in the Argentinean context had led to decentralisation and re-engineering of the public and private sectors to form public-private partnerships. In the case of Buenos Aires, Borello (1990) showcased that this restructuring resulted in financial and labour-related advantages as it reduced the number of ineffective operations. In La Rioja, the implementation of this national industrial development scheme saw an improvement in terms of service provision in terms of water, sanitation, basic education, health services, food security, and shelter, and it was evident that the investments made by corporate entities increased.

Argentina is vital for comparison with South Africa when investigating the performance of small-scale manufacturing businesses, given the fact that, like South Africa, it is among the countries that merit criticism over the high rate of failure and unsustainability of their manufacturing firms. Furthermore, South Africa is modelling its business system along the lines of the Argentinian model through its *Trade Policy and Strategy Framework*. It is vitally important to compare South Africa with other economies in a similar situation when looking

at how, in spite of these difficulties, small-scale manufacturing enterprises are still the backbone of the nation's economic prosperity and employment generation.

McDermott (2000) specifically articulated the pressing contests that hampered the growth and sustainability of manufacturing sector SMMEs in Argentina, namely, insufficient access to finance, lack of networking, stiff competition, dubious legislative frameworks, inability to utilize modern technologies, lack of or poor managerial capacity, globalisation, the open market, a weak currency, and high interest rates from money-lending schemes, amongst others. Surprisingly, the small-scale manufacturing enterprises in Argentina rely heavily on external funding, and as a result, few firms have access to bank financing. Those that have access to financing from financial institutions are hampered by the high interest rates, and as a result, the SMMEs are finding it difficult to repay their loans within the period stipulated by the financial providers. McDermott's (2000) study helps the reader to gain insight into the fact that despite the socio-economic challenges and political disorder that have crippled the Argentinian economic landscape and the growth of the manufacturing sector SMMEs, all hope is not lost. There is still an opportunity for all relevant stakeholders to work collectively to form public-private partnerships for the manufacturing sector SMMEs' empowerment and to establish a vibrant and empowering environment for economic prosperity and the general welfare of the local communities. Intergovernmental relations and decentralisation of resources are significant as they reduce bureaucracy and duplication of programmes, and ultimately encourage transparency and competitiveness.

Furthermore, the emphasis placed by Borello (1990) on the significance of restructuring the small-scale manufacturing enterprises in Argentina is very insightful. As stated above, two case studies were used, namely, Buenos Aires and La Roija in Argentina. In the case of Buenos Aires, he argued that many plant operations were closed due to disinvestment by major firms and that many people consequently lost their jobs. In contrast, in La Roija, the restructuring led to the establishment of new industrial developments. Innumerable jobs were created as a result, and there was improvement of the provisioning of basic services such as electricity, housing, safety and security services, social welfare services, water and sanitation and other services. In both cases, the strategies employed aimed to enhance the capacity of industries and improve their annual turnover.

Despite positive narratives that reveal the importance of restructuring industrial and business zones in the big cities as compared to the peri-urban areas, there are critical challenges in this respect. These challenges are especially relevant in South Africa, where most of the viable and feasible manufacturing industries are situated in big cities, namely: Johannesburg, Cape Town, Pretoria, Durban, and Port Elizabeth. Furthermore, despite the vital insights provided by the seminal work of Borello (1990), scholars and practitioners have paid little academic and practical attention to restructuring the manufacturing sector in developing economies. Within the framework of South Africa, little is known about the socio-economic and geographical landscape in terms of small manufacturing firms promoting economic growth and prosperity in rural societies (Xuza, 2005). In terms of development, there is a huge gap between large and small centres in South Africa. It is worth mentioning that small town and rural-based municipalities have merited little attention in the existing scholarship, political ambit, public domain, media settings, and policymaking camps. The government, policymakers, scholars, politicians, and community members thus need to address the existing development disparities (Nel & Rogerson, 2007). The restructuring of manufacturing industries and spatial deconcentration in South Africa is still a virgin area with numerous information gaps, and there is a dearth of scientific work that looks at rural and small towns' regeneration. My study sought to address some of those gaps.

2.4.7 Mexican Perspective on SMMEs

Recently, the notion of corporate social responsibility (CSR) has gained increasing amount of attention from both scholars and professionals, as it is for the common good of both firms and society. According to Gallardo-Vazquez & Sanchez-Hernandez (2012, p. 103), CSR is defined as *“a set of commitments of various types, economic, social, and environmental, adopted by enterprises, organizations, and public and private institutions and that they add value to fulfil their legal obligations, contributing both social and economic progress within the framework of sustainable development”*. Over the years, numerous studies have highlighted the importance of CSR in both large and small companies, considering the role of multi-stakeholder engagement, which involves employees, customers, suppliers, community members, investors, and other relevant groups to achieve sustainable development (Justyna & Sebastian, 2016; Martinez-Conesa, Soto-Acosta & Palacios-Manzano, 2017; Bahta, Yun, Islam & Ashfaq, 2020). CSR can be attained by linking economic growth, environmental conservation, and social responsibility (Martinez-Conesa et al., 2017). Following the adoption of the Lisbon

Strategy in 2000, both developed and less developed countries have adopted the concept of CSR for multinational and small and medium-sized firms to maximise their profitability, stakeholder involvement, and reduce the adverse impacts of environmental degradation (Justyna & Sebastian, 2016). In addition, CSR is an obligatory practice that aims to improve both social and ecological conditions and the competitiveness of firms. While SMMEs are influential in the economies of various countries as they have generated employment and created other social benefits, CSR has become more and more imperative for the continued competitiveness of small businesses in the 21st century.

In Mexico, CSR has become a compliance requirement over the last few years and is necessary for increasing the competitiveness of small firms by integrating social and environmental sustainability and economic prosperity. Empirical studies also show that CSR has become a pre-requisite for the manufacturing SMME sector to comply with stakeholders' needs and, more especially, social and ecological practices (Pitoska, Giannakis & Sdraka, 2018; Williams, 2020). Using the case study of Sonora, Mexico, Juarez (2017) examined the effects of CSR on profitability from three perspectives, namely: the social, economic, and environmental or ecological dimensions of social responsibility. The author revealed that numerous researchers agree that CSR has positive benefits in terms of institutional growth, societal welfare, environmental sustainability, good labour practices, and human development. However, CSR in small businesses has merited little attention compared to that paid to large corporations, particularly multinational companies. In the case of Sonora, the author used SMMEs from the industrial and service sectors to analyse the influence of the three CSR aspects (social, environmental, and economic dimensions) on SMMEs' profitability.

Another scholarly work that looked at CSR in Mexican SMMEs is that of Maldonado-Guzmán, Pinzón-Castro & Morales (2017). The authors examined the relationship between CSR and SMME firms' reputations and how bad reputations could jeopardise the productivity and growth of the firms immensely, while good reputations could generate fruitful results in Mexico. Maldonado-Guzmán et al. (2017) argued that if the SMMEs are to improve their reputations and fulfil their objectives, they needed to adopt and implement various CSR activities and communicate efficiently and effectively with all relevant stakeholders. Using Aguascalientes in Mexico as a case study, Maldonado-Guzmán et al. (2017) showcased how better implementation of CSR activities significantly increased firms' reputations, as customers and consumers tended to purchase the products and services offered by the SMMEs more

regularly. They showed that using proper means of communication with their relevant stakeholders such as customers, suppliers, the government, and voluntary organisations not only increased the profitability of a business, but also improved its reputation. For example, the inclusion and participation of all stakeholders of the firm in CSR activities encouraged stakeholder engagement processes, which led to positive results where small and medium-sized enterprises attained optimum level reputations.

Most of the studies on CSR have focused on large multinational firms, and relatively few studies have analysed small-scale firms' reputations in association with their CSR practices, particularly South Africa. This is largely attributable to the fact that little effort has been made by researchers and academics on the relationship between CSR and companies' reputations in developing economies. This indicates that there is room for research on this subject (Bäckstrand & Sjögren, 2020). Some theoretical work has been done (Hsu, 2012; Castelló, Morsing & Schultz, 2013; Burchell & Cook, 2013; Whelan, 2013; Hur, Kim & Woo, 2014; Bachmann & Ingenhoff, 2016), and some empirical studies have explored the adoption of CSR practices among various organisations, both large and small, in developing countries (Heikkurinen, 2010; Melo & Garrido-Morgado, 2012; Eberle, Berens & Li, 2013; Elving, 2013; Michelon, Boesso & Kumar, 2013; Smith & Alexander, 2013; Fieseler & Fleck, 2013; Ducassy, 2013; Pomeroy, Johnson & Noble, 2013; Den Hond, Rehbein, de Bakker & Lankveld, 2014; Walker & Dyck, 2014; Elving, Golob, Podnar, Ellerup-Nielsen & Thomson, 2015).

Maldonado-Guzmán et al. (2017) revealed that CSR activities that were adopted by SMMEs could have mixed outcomes, namely positive, negative, and neutral effects on these firms' reputations and the levels of their performance. They showed that some study findings indicated that the association between CSR activities and firms' reputations had resulted in adverse outcomes. The authors also showed how important CSR was to a firm's performance when it contributed to better reputations for some of the SMMEs studied. It is undisputable that a good company reputation generates more consumers and new investors in the business and improves financial performance. As the impact of CSR on the performance of SMMEs in developing countries has received far too little attention, there are certain knowledge gaps in the work of Maldonado-Guzmán et al. (2017) Given the significance of corporate social responsibility (CSR) in relation to social, economic, environmental and ecological issues, it is advisable that future research focuses more on the impact of CSR on the performance of small

and medium-sized manufacturing enterprises in both developed and developing countries. This area of research has not been adequately addressed yet by scholars in the context of SMMEs, and this knowledge gap may partially be addressed by my study on the UESC.

2.4.8 Brazilian, Russian, Indian, Chinese and South African Perspectives on SMMEs

First and foremost, it is necessary to note that various international or multinational institutions have formed globally, regionally, and locally throughout history. Examples of such institutions include the UN, EU, OECD, AU, and BRICS, among others. The term BRIC was first conceived in November 2001 by investment bank Goldman Sachs's chief economist, Jim O'Neill. The acronym BRIC was originally coined to advocate the crucial role of the four large, fastest growing, and developing economies in the global market, apart from the conventional markets of the Western nations led by the USA (Mazenda, 2016). Morazan, Knoke, Knoblauch & Schäfer (2012, as cited in Zwane, 2020) assert that the acronym aimed to indicate the importance of emerging economies in the 21st century.

Over the last decade, the concept of the BRICS bloc of emerging countries has had a significant impact on geopolitics. The four developing economies of Brazil, Russia, India, and China formed a partnership in 2009 to deal with the socio-economic landscape at an international and sub-international level, following the global economic meltdown in 2008. South Africa joined them later in 2011 (Chiyemura, 2014; Jash, 2017). The idea of the BRIC bloc originated in 2006, when the foreign ministers of Brazil, Russia, India, and China began conducting a political dialogue on the issue (Besada & Tok, 2014).

The formation of BRICS has enabled the emerging economies to address the persistent hostility in the global market. The expansion of the strategic partnership of the BRICS aimed at enhancing the well-being of people by preserving peace, the establishment of a more equitable international order, and the achievement of sustainable development and inclusive growth (Perskaya, 2019). The emergence of this multi-national partnership of five countries has played an integral role in addressing the socio-economic imbalances and monopolistic tendencies created by developed countries, the International Monetary Fund (IMF), and World Bank (WB). The BRICS economies were formed in 2010 with the aim of contributing to almost half of the total global GDP by 2020 (Noshad, Amjad, Shafiq & Gillani, 2019). The BRICS countries cover about 30 per cent of the planet's land and are home to 45 per cent of its

population (Bell, 2011). The five economies comprising the heterogeneous BRICS grouping—Brazil (South America), Russia (Asia and Europe), India (Asia), China (Asia), and South Africa (Africa)—are located across four major continents of the world (Sawhney & Kiran, 2019). Li & Marsh (2016) noted that these economies constituted 42 per cent of the world’s population, 14.6 per cent of the global GDP, and 12.8 per cent of the global trade prior to the inclusion of South Africa in 2010. According to John (2012), the BRICS countries account for almost 50 per cent of the global economic growth. The BRICS bloc has the third-biggest market economy after the EU and the US and is expected to overtake the US and the G-7 in the next ten years.

The study by Dhanah (2017) highlighted that the unemployment in the BRICS countries is still shockingly high, and the unemployment rate in South Africa alone is at 27 per cent. Globally developing countries are characterised by the existence of poverty, inequalities, and joblessness, where the unemployment level is high and the workforce lacks the necessary expertise. There are numerous socio-economic difficulties in these countries as a result (Swanepoel, Strydom & Nieuwenhuizen, 2010; Fatoki, 2014a; Lekhanya, 2015). The SMMEs in the BRICS context make a significant contribution to the exportation of goods and to the production of employment opportunities; however, certain barriers still pose a threat, such as a lack of financial assistance, unskilled personnel, corruption, and a lack of relevant knowledge (Lamprecht, 2011). In addition, Streltsov, Rozhin, Vosiev & Kosnikov (2021, n.p.) stated that the major threat to BRICS “*is the dominant position of the West, for example, in relation to the channels of international finance, trade, and transport used for the trade in crude oil, including the pricing system*”.

SMMEs have become a key driver in enhancing economic growth and GDP in both developing and developed nations in the 20th century. The empirical study shows that SMMEs are important and make a significant contribution to their countries' economies, which is why researchers should pay attention to them. (Lamprecht, 2011; Cravo, Gourlay & Becker, 2012; Panday, 2013). A recent case study by Noshad et al. (2019) examined the performance and obstacles faced by the SMMEs in the BRICS economies. Noshad et al.’s (2019) study showed that SMMEs are regarded as a pillar for economic growth and poverty reduction for developing and developed nations. Similarly, the SMMEs in developing countries are associated with employment generation and economic development in underprivileged societies (Wiese, 2014; Matsoso, 2014; Ngubane, Mayekiso, Sikota, Fitshane, Matsoso & Juan-Pierré, 2015; Nhlumayo, 2017). Ngubane et al. (2015) added that SMMEs are a major catalyst for poverty

reduction, job creation, and economic growth in South Africa. However, SMMEs have a higher failure rate in emerging economies than in developed economies. For example, in recent times, on average, approximately 80 per cent of South African SMMEs failed within their first year of existence (Ngubane et al., 2015). Noshad et al. (2019, p. 11) posited that the obstacles that impacted the performance and growth of SMMEs in BRICS were the lack of skills, infrastructure, and access to funding, as well as high taxes and corruption. The authors also revealed that very limited empirical work had been done to assess how these obstacles impacted the performance of the SMMEs in the BRICS bloc. In their case study, they used several dependent variables that impacted the performance of the SMMEs, namely: limited access to funding and land and technology, crime, poor infrastructure, the age and size of the firms, globalisation, and competition. The biggest restraint that hindered the growth of SMMEs was determined to be a lack of access to finance (Noshad et al., 2019).

The experiences of the BRICS bloc are vitally important when investigating the performance of South African SMMEs, given the fact that, as a developing nation, South Africa's small enterprises have a high failure rate. Furthermore, the country is a member of the BRICS block, along with the other four countries. Inclusion in this group promotes development among the members and further cooperation among emerging economies. It is therefore important to investigate the participation of South Africa in the BRICS group to promote its economic development through inclusive and equitable trade and investment. Although these developing economies have banded together to form an alliance, they still face trade restrictions, illiteracy, and diseases and require policy reforms and improved infrastructure. Noshad et al. (2019) articulated the significance of viable SMMEs in enhancing a country's GDP and economic growth, and their study can be used to evaluate the performance of the SMMEs supported by the UESC in the formulation and execution of their small business policies.

Issues indicated by Noshad et al. (2019), such as encouraging researchers and policymakers to formulate mechanisms to combat the problems restraining SMMEs, can help the SA government in its quest to support SMMEs. It also assists in examining whether access to finance by SMMEs from banks and other money-lending institutions can work for financially illiterate and incompetent small and medium-sized owner-managers, such as those in the eThekweni Metropolitan Municipality. Their study can help to gain insight, despite the fact that most SMMEs in developing countries fail within the early years of their establishment. All hope is not lost, as there are policies and supporting institutions to help improve the

performance of SMMEs. Considering the significance and contribution of SMMEs toward economic development and country's GDP, the government as well as pertinent stakeholders must provide a conducive domain to eradicate the obstacles that lead to organisational failure, as this will reduce poverty and create employment opportunities in the economy.

Another important study that looked at SMMEs among the BRICS countries was that of Lamprecht (2011). The author aimed to make a comparison between the characteristics of the internationalised SMMEs in the BRICS economies. Lamprecht (2011) argued that internationalisation of the SMMEs resulted in numerous shortcomings, and many failed in their international undertakings. Using this comparative study of the five countries, Lamprecht (2011) showcased the significance of the SMMEs and the challenges faced by them, which amounted to unemployment, poverty, and household income inequity. He revealed that small businesses contributed largely to employment creation, poverty eradication, and their country's GDP. For example, the SMMEs in South Africa contributed around 40 per cent of the GDP and employed more than 60 per cent of the total workforce, while the SMMEs in China accounted for 50 per cent of its GDP and 75 per cent of its employment for the 2007-2008 financial period. This was despite that in 2005, many developing and developed nations were hit hard by the global recession; the countries suffered badly because of high inflation rates, commodity prices increased, and unemployment increased.

Lamprecht (2011) highlighted that the SMME sector in China is more powerful and advanced than those in the West and the USA. As a result, China is the leading and largest economy in the world and specifically in Asia. The percentage of the total number of manufactured goods exported from China increased from 50 per cent in 1985 to 95 per cent in 2007. It has been recorded that China is consistently improving in terms of the number of start-up entrepreneurs, and it moved from 127th position to 28th position in 2019 (Gera & Purankar, 2019). A recent study by Ngwenya (2018) suggested that the policies enacted by the Chinese government were more conducive for start-up enterprises to blossom and thrive when compared to their BRICS counterparts. The adoption of the SMME promotion law in China (which came into effect in 2003) introduced positive reforms that yielded enormous opportunities for the country's entrepreneurs to prosper. The above-mentioned studies also showed the number of obstacles that have hampered the growth and prosperity of the SMMEs over the last ten years, such as difficulties in accessing finance from banks, stern competition that led to a decreased demand

for Chinese products, increasing labour and material costs, and high interest rates that resulted in many bankruptcies.

This showed that the world's largest economies also sometimes faced challenges in their efforts to export commodities and compete in the global market. The author also showed that among the BRICS countries, South Africa's senior SMMEs managers had the lowest level of education, as they were predominantly semi-skilled and unskilled. Lamprecht (2011) demonstrated the importance of education for the managers of the SMMEs, as it would allow these firms to achieve higher levels of productivity and profitability. Better education would allow these managers to understand how to expand the business, find new opportunities locally and internationally, and ultimately increase productivity and profit. The scholarly work by Lamprecht (2011) did have some informational limitations, however, as it did not provide that much information on the small businesses in the BRICS nations, and this limited his ability to draw adequate comparisons among the SMMEs in these growing and developing economies in terms of the global market. Further studies have to be conducted to ascertain the various factors that impact the performance of small enterprises in the BRICS nations, as this will indicate which areas the BRICS countries need to improve to increase the competitiveness and performance of their SMMEs.

Unfortunately, there are very few studies that examine the performance of SMMEs in the BRICS countries in general and look at their manufacturing sector SMMEs in particular. One study by Noshad et al. (2019) did examine the performance and obstacles of the SMMEs in the BRICS bloc, and this study compels policymakers and researchers to pay attention to making SMMEs more competent, capable, and productive to attain the countries' goals of sustainable development and prosperity. My study is likely to help these governments, policymakers, and practitioners pay considerable attention to encouraging a spirit of entrepreneurship in these BRICS nations. They specifically need to strive to overcome the various obstacles in order to cultivate a favourable business environment for the SMME sector. The SMMEs and their spirit of entrepreneurship in the BRICS countries are still overshadowed by several information gaps. Given the dearth of literature that focuses on the performance of the manufacturing SMMEs in developing countries, this study intends to address some of the information gaps.

2.4.9 Continental Perspective on SMMEs

There have been an increasing number of studies conducted on SMMEs on the African continent over the last two decades. These studies focused on the industries of mining, construction, agriculture, manufacturing, and many more (Chikweshe & Mujeyi, 2015; Muriithi, 2017; Ilori, Ile & Allen-Ile, 2018; Ojubanire & Popoola, 2021). These studies showed that SMMEs play a vital role in African economies and are some of the major employers on the continent. An informative study by Ilori et al. (2018) indicated that SMMEs have been considered as a mainstay for economic development and poverty alleviation in Nigeria. Ilori et al. (2018) further claimed that the SMMEs sector in Nigeria was established during the industrial revolution in Britain around the 18th and 19th centuries. According to Chikweche & Mujeyi (2015), the role of SMMEs and entrepreneurship in poverty reduction in developing economies is widely acknowledged in rural and urban areas. Similarly, the major contribution of SMMEs to the continent's economies and wealth has been noticed by many nations in Africa as the cornerstone of their economic growth processes (Ogbokor & Ngeendepi, 2012). Ndayizigamiye and Khoase (2018) also acknowledged that the role and importance of SMMEs globally could not be undermined, as SMMEs immensely contribute to the economies of developing countries.

In the Zimbabwean experience, the SMMEs play a critical role as they employ dozens of people and have contributed to the national GDP over the years (Mashavira, 2016). In the same vein, Pansiri & Yalala (2017) asserted that the SMMEs in Botswana needed to be supported by other agencies to eradicate poverty, generate wealth, and create employment for the betterment of society. Unfortunately, the SMME sector in most African countries experience an elevated failure rate emanating from various obstacles. For example, inaccessible funding which is among the major hindrance to the growth of SMMEs. Quartey, Turkson, Abor & Iddrisu (2017, p. 26) highlighted that the SMME sector in most African countries faced serious constraints in accessing formal finance, and this problem was connected to factors such as the “*SMEs' lack of collateral, difficulties in providing credit worthiness, small cash flows, an inadequate credit history, high risk premiums, underdeveloped bank-borrower relationships, and high transaction costs*”. Furthermore, Ngibe & Lekhanya (2019) noted that these problems facing SMMEs in Africa stemmed from the lack of financial literacy of the SMME owner-managers and expensive financial recordkeeping services. Because of this, Malgas & Zondi (2019)

suggested that SMMEs in Africa needed to access affordable services and practical training on financial bookkeeping.

The inadequate availability of financial support causes a considerable hindrance for SMMEs, and they cannot grow and prosper. Mutungwe (2016) agreed that insufficient funding from financial institutions was the major hindrance to the growth of SMMEs in Africa. In the Nigerian experience, the SMMEs failed to sustain themselves due to financial issues, poor business planning, inadequate education and training, and a lack of marketing skills and innovation (Eniola & Ektebang, 2014). Much of the literature has shown that most African SMMEs are located in the urban areas; hence, there is an alarming rate of rural migration as people seek better opportunities.

However, new and emerging SMMEs are hampered by insufficient funding from authorised financial institutions. This major constraint has resulted in many states failing to deal with challenges affecting SMMEs in Africa. The study by Shilyomunhu (2017) highlighted that failure to access financial support by the SMMEs led to prolonged occurrences of poverty, unemployment, and inequality in society. Another scholarly work by Ramsden (2010) postulated that the majority of SMMEs in Africa failed as a result of several challenges, namely: lack of financial assistance, lack of expertise, poor business management, maladministration, and rigid policies and regulations. Most of the SMMEs in African countries have been faced with these common challenges for years, but regardless of the challenges, the state governments have to work with other stakeholders and take the initiative to improve the state of the SMMEs in Africa. Extensive partnerships between governments and other actors could produce the desired results for these SMMEs (Bomani, Fields & Derera, 2015). Apart from the technical factors, the minimal involvement of vulnerable groups in small businesses is still a challenge. In Africa, marginalised individuals in society are seldom involved in the various sectors of the economy (Techane, 2017; Etim & Iwu, 2019). The key to the success of SMMEs lies in navigating the environment to have a competitive advantage by engaging other actors, employing the right people, and being quality-driven, innovative, and knowledgeable to conduct research.

Like many institutions and regions, African countries use diverse definitions to classify and categorise SMMEs. There are various definitions for SMMEs in different African countries, as a diverse range of factors influence the categorisation and classification of an SMME, namely:

the economy, the government, and the legislative frameworks and policies of the country (Cant, 2016). The definition of what is deemed a small business is also not universally accepted, as a small business in Europe, for example, may be considered a medium or even a large business in Africa. In the Tanzanian context, the definition of SMMEs has not been unanimously agreed upon; hence, SMMEs in Tanzania are those enterprises that engage or employ 199 persons and have an annual turnover of 5 million to 800 million Tanzanian shillings (Tzs) (Woldie, Isaac Mwitwa & Saidimu, 2012; Mashenene & Kumburu, 2020). In addition, there are four categories of enterprises that the government of Tanzania recognises, namely: micro, small, medium, and large enterprises (Woldie et al., 2012). In Egypt, they are categorised as firms that employ five to fifty people. Another study by Migiro (2006) on the factors influencing manufacturing sector SMMEs in Nairobi, Kenya, defined SMMEs as those formal and informal enterprises that employ less than 50 people. In the same vein, Douglas, Douglas, Muturi & Ochieng (2017) defined small and micro enterprises as businesses that have less than 50 employees and have an annual turnover not exceeding 5 million Kenyan shillings (Ksh), while medium-sized enterprises employ between 50 and 100 people. Recent research by Rambe, Matema and Madichie (2017, p. 45) has shown that the Zimbabwe Revenue Authority (ZIMRA) defines SMMEs as formally registered businesses with ten to forty employees, an annual turnover of \$500 000, and an asset turnover of \$5 000 to \$1000 000. In Ghana, small businesses are defined as enterprises that employ five to fifty workers, while medium-sized enterprises employ 50 to a maximum of 100 people (Asamoah, 2014). Asamoah (2014, p. 224) added that in the Ghanaian context, small-scale enterprises are those that employ five to fifty employees, have an annual turnover of \$US 6,000 to \$US 30,000, and have assets of less than \$US 30,000.

2.4.9.1 Nigerian perspective on SMMEs

Africa is a populous and less developed continent with enormous mineral resources and a very rich heritage in the world that includes ethnic and cultural diversity. The continent of Africa has experienced exponential growth over the last decades, which has merited attention and investment from several multinational organisations and corporations. However, the African continent is still in a state of transition from European imperialism, as most of the countries were British, French, Portuguese, and Belgian colonies and have only become sovereign states since the late 1950s (Dimkpa, 2015). Some countries on the continent of Africa have suffered or are still suffering never-ending civil wars, genocide, ethnic violence, and dictatorships that are mostly related to political and ethnic differences after independence. From an economic

viewpoint, most African countries are still paying their debts to the World Bank (WB), the International Monetary Fund (IMF), the European Union (EU), and North American financial institutions as a result of colonialism.

Nigeria is the most populous state in African and is among the large countries in the world that encourage entrepreneurship and small business development. Historically, one of the most important events in the 1940s was the adoption of the ten-year plan for the development and welfare of Nigeria in 1946. This led to the birth of SMMEs, and since then, the SMMEs have received reasonable attention in Nigeria (Okuma, 2019). Nigeria was among the first African nations to gain independence in the 1960s, and the new federal government implemented several national economic policies and strategies to support small businesses to improve productivity and economic sustainability. Nigeria is also one of the largest oil producers and has been a member state of the Organisation of the Petroleum Exporting Countries (OPEC) since 1971. SMMEs in Nigeria have, over the past decade, become a driving force in addressing the high levels of poverty, unemployment, and social disintegration. Recent evidence suggests that SMMEs are a vehicle for poverty alleviation, employment generation, and improving the standard of living for Nigerians (Ilori et al., 2018; Esther, David & Scholastica, 2018; Omotayo, Lawal & Odeleke, 2019; Ojimaajo, Murtadho & Bhaumik, 2020; Idehen & Oriazowanlan, 2021; Olaore et al., 2021; Ogunjimi, 2021).

Nigeria provides a significant comparison as one of the developing nations in Africa, as it had a bilateral relationship with South Africa even before both countries gained independence. It therefore offers an opportunity to ascertain, to a certain degree, the relationship between South Africa and Nigeria since these two are both former British colonies. The scholarly work of Saidi, Uchenna & Ayodele (2019); and Taiwo & Mike (2020) provides the basis for this comparative analysis. These authors looked at the performance of the SMMEs in various federal states in Nigeria and included their capital metropolises of Abuja, Lagos, and Kaduna. In the case of Lagos, Saidi et al. (2019) examined the link between bank loans and access to finance on the performance of SMMEs since the small enterprises had to source financial support for their sustainability and growth. The authors, like other scholars, maintained that there is no formally accepted definition of SMMEs because various researchers have provided diverse views about the concept (Aliyu, 2017; Akingunola, Olowofela & Yunusa, 2018). As a result, the definition varies from one country to another and from one continent to another. The

authors highlighted that an SMME is defined based on the firm size, the total number of workers, its annual turnover, its total assets, and the economic sector in which it operates.

Using the case of Lagos, Asikhia, Fasola, Makinde & Akinlabi (2020) stated that SMMEs in Nigeria are the main sources of job creation as they contribute enormously to the nation's GDP and entrepreneurship development. SMMEs play an immense role in enhancing economic development and improve the quality of lives in developing economies (Al-Abri, Rahim & Hussain, 2018). Yet, in spite of this, many SMMEs in developing nations fail in their first few years of operation and end up finding themselves in a precarious position that forces them to shut down their businesses and terminate the employment of their staff. Al-Abri, Rahim & Hussain (2018) maintained that the high failure rate of SMMEs in Nigeria is caused by inaccessible funding, limited managerial skills, limited creativity and innovation among the senior staff, stiff competition in the market, corruption, and high interest rates. Usually the only SMMEs that are able to survive under such conditions are those that are well established with experienced management, a good network, a broad clientele base, skilled personnel, and strong monetary reserves. Yusuf, Amao & Olawale (2014) pointed out that insufficient financial resources from formal money-lending institutions are the main factor hampering the development of SMMEs in Nigeria, and small enterprises ultimately fail to play their vital role as the catalyst for socio-economic growth and inclusive income generation.

Despite all the factors that hamper small-scale businesses, financial constraints have remained the chief problem for the development and proliferation of SMMEs in Nigeria over the years (Ifelunini & Wosowei, 2012). The authors thus argued that SMMEs should source financial support from commercial banks as well as from informal money-lending organisations (private entities) in their neighbourhoods. Ifelunini & Wosowei (2012) suggested that money-lending institutions should become "effective mediators" whose role is to assist SMMEs with financial resources at a reduced interest rate. Yusuf et al. (2014) illustrated that the barriers that hinder SMMEs from borrowing money from formal financial institutions are stringent financial policies, shorter repayment periods, and, in some instances, a lack of professionalism and insufficient financial and business advice from bank operators. As a result, the majority of the enterprises are dependent on personal savings, families, relatives, friends, and other informal sources of funds to finance their businesses.

Additionally, Yusuf et al. (2014) expounded that most rural enterprises and start-up businesses are not considered creditworthy in Osun State, Nigeria, and that microcredit institutions play a crucial role as they address this financial exclusion and partially support SMMEs. They do so by providing extended repayment periods and reasonable interest rates. Yusuf et al. (2014) examined the effect of microcredit on the performance of the small-scale enterprises in Osun State in a very concise and scholarly manner, and they highlighted the need for financial support and good business ethics and practices in developing countries like Nigeria. Moreover, Yusuf et al. (2014, p. 119) “*further recommended that effectiveness of microfinance banks as a development strategy is contingent not on conventional banking skills but rather on business management skills that would help in delivering both financial and business counselling to the operators*”. However, despite the role of the Nigerian government to microfinance, leases, and insurance, a large percentage of the SMMEs are unable to access credit from micro finance institutions (MFIs) and that lead to failure of accessing start-up capital for small enterprise. from microfinancing institutions and fail to access start-up capital for their enterprises. A study by Ogujiuba, Jumare & Stiegler (2013) in Ogun State revealed that most of the poor and emerging small-scale enterprises are excluded from microfinance banks in Nigeria in terms of accessing financial support due to various challenges related to information irregularities and risk perceptions. Significantly, even if microcredit institutions lent money to the SMMEs in developing economies, it would not be of any use without providing adequate support in terms of the management and key business management capabilities that the owners and managers need to run their enterprises efficiently and effectively.

Another scholarly study that looked at financing SMMEs in Abuja State (Taiwo & Mike, 2020) examined the impact of microfinance banks on financing SMMEs in Abuja, Nigeria. Taiwo & Mike (2020) argued that the success and longevity of SMMEs are dependent upon innumerable factors for survival, but the lack of financial assistance is their main hindrance. Conducting this case study in the most populous and industrialised city in Nigeria, Taiwo & Mike (2020) illustrated how microloans from formal and informal financial institutions could assist emerging small enterprises to expand their businesses and improve economic growth and employment creation. They showcased that this type of financial support could improve the sustainability of SMMEs and foster socio-economic growth and industrial development. The emergence of microfinance banks as the contingent money-lending scheme for under-developed and emerging SMMEs in Abuja could address the high failure rate of SMMEs without disregarding the role of the central bank as the major financial credit provider and

regulator. Other factors such as an inadequate or lack of management skills, an unskilled workforce, a competitive market, globalisation, corruption, rigid legislative frameworks, and insufficient networking platforms are not as significant in Abuja, Lagos, and Osun State, as this study revealed that financial assistance for SMMEs by money-lending institutions is more important in ensuring economically sound and viable emerging enterprises in developing countries like Nigeria. This is heavily attributable to the adoption of microfinance institutions by the Nigerian government over the years to support SMMEs, although unemployment, poverty, and income generation inequalities still prevail.

Taiwo & Mike (2020) emphasised in their study that an increase in the supply of microloans to developing countries is critical, as it allows one to examine and mitigate the factors that negatively affect the performance of SMMEs and consequently lead to the socio-economic challenges of unemployment, poverty, gender disparities, and urbanisation. They also showcased the stumbling blocks to accessing microcredit from formal financial institutions by pointing out that the majority of SMMEs in Nigeria do not have consistent financial records, so there is not adequate evidence of the cash flow of these businesses. This indicates that poor bookkeeping by small business operators may result in banks denying underprivileged groups in society and SMMEs in Nigeria access to financial services. The study by Taiwo & Mike (2020) also revealed how significant the role is that financial institutions have in providing financial and non-financial services in Nigeria's capital city. The non-financial services include advisory services, training, and mentoring of SMMEs. They realised that in Abuja, microcredit banks provide an alternative form of assistance to poor communities and SMMEs in both rural and urban areas through their microloans for the development of business enterprises. Despite their valuable findings, Taiwo & Mike's (2020) study does have some informational limitations because limited focus has been on commercial and central banks addressing the problems facing SMMEs in developing countries. Drawing from the Nigerian experiences on microfinancing, the South African government should emulate these practices to engage and support SMMEs to access microcredit facilities so that they can expand their operations as a response to address their alarming financial exclusion.

2.4.9.2 Ethiopian perspective on SMMEs

The role of SMMEs has become even more vital with the increased urban population in Sub-Saharan Africa (SSA) as a result of urbanisation. In SSA, SMMEs have become an important

catalyst in ensuring employment generation, given the population growth, rural-urban migration, and the inability to tackle this rural-urban movement. SMEs and the informal sector are the predominant income-generating mechanisms in the cities and towns of Ethiopia. They thus play a vital role in to local economic development and are used as the basic means of survival (Nega & Hussein, 2016). In addition, the contribution of the SMMEs in Ethiopia has been vital in reducing poverty and unemployment. Since 1991, the Ethiopian government has undergone major socio-economic transformation to create an enabling environment that supports entrepreneurship (Brixiova, 2009), and the SMMEs in the country are significant in job creation and economic growth over the decades. To begin with, the government of the Federal Democratic Republic of Ethiopia has recognised and paid due attention to the promotion and development of small businesses as they are important in tackling unemployment and fostering equity and the country's economic growth (Tekele, 2019). In developing nations, SMMEs make an important contribution to poverty reduction and economic development for groups of individuals and the nation as a whole (Melkamu, 2021). The Ethiopian government commissioned the National Micro and Small Enterprises (NMSE) strategy in 1997 and introduced the Federal Micro and Small Enterprises Development Agency (FMSEA) to enhance the role of this initiative (Tarfasa, Ferede, Kebede & Behailu, 2016). The Ethiopian government put policies in place to enhance entrepreneurship and SMMEs as the engines of economic development and employment generation (Esubalew & Raghurama, 2017). Esubalew & Raghurama (2017, p. 14) have further revealed that the government adopted a policy focused on developing the manufacturing sector through the use of industrial parks in order to pull foreign direct investment (FDIs) and support the SMEs.

As stated, in Ethiopia, SMMEs have played a significant part in economic growth and job creation for several decades. The studies by Eriksson (2015); and Gebreselassie (2020) provided the basis for a comparative analysis. Eriksson's (2015) study on the manufacturing sector SMEs in Addis Ababa highlighted that the Ethiopian government came into power in 1991 after the end communist Dergue regime, which had led the country since 1974. This new era led to the transformation of the social, political, and economic dimensions of Ethiopia. One of the Ethiopian government's interventions was the implementation of economic policies to encourage and facilitate the development of SMMEs (Gebreeyesus, 2013). Eriksson's (2015) study revealed that only a minority of the SMMEs are publicly owned, while the majority are sole proprietorships and privately owned enterprises. In addition, about a third of the manufacturing sector's SMMEs are situated in the capital city (Eriksson, 2015). Despite the

progress made, Ethiopia has unfortunately not been immune to the widespread challenges facing developing economies and the Sub-Saharan African SMME sector, such as the lack of sufficient external financing.

Gebreselassie (2020) went on to describe the manufacturing sector's SMMEs in Tigray Regional State and also reported that they are considered as engines for economic development, employment, and poverty reduction. In Ethiopia, the government has introduced various liberal economic policies and macro-economic strategies to support SMMEs efficiently. Gebreselassie (2020) highlighted that the MSME Development Strategy was formulated in 2004 to tackle the factors that affected the growth and expansion of the MSMEs, and it was later revised in 2011. In other words, the promotion and development of the manufacturing SMMEs has been a major priority for the Ethiopian government as a tool for employment generation and poverty reduction. Gebreselassie (2020) added that since 2004, the country's SMMEs have shown tremendous development, and they are recognised as the primary engines driving the incredible economic growth that has been witnessed over the last two decades. They thus play a crucial role in the Ethiopian economy. However, he also brought to the fore that the growth and prosperity of the SMMEs have been stifled by numerous factors. He noted that this sector is *"hugely affected by various factors such as bad management practices, financial constraints and working promising which influences the productivity of the firm"* (Gebreselassie, 2020, p. 121).

The SMMEs in this developing nation suffer from various challenges such as insufficient government support, lack or poor managerial skills, marketing skills, lack of access to technology, stiff competition, and insufficient research and development (Khurana & Ryabchykova, 2018). A recent study by Tekele (2019, p. 18) on challenges affecting the performance of small businesses in Wolita Sodo Town, Ethiopia, indicated that financial and political-legal factors, inability to access business information, and technologies are the major challenges that affect the performance of SMMEs in this town. Like any other developing country, the major challenge hindering the SMMEs in Ethiopia is inadequate access to credit from money-lending institutions. The majority of the SMMEs actually used their savings as start-up capital due to the difficulties in obtaining loans from financial institutions, and this indicated that the inadequate access to credit is a main constraint to SMMEs' growth in Ethiopia (Oshora, Desalegn, Gorgenyi-Hegyegyes, Fekete-Farkas & Zeman, 2021). As a result of these problems, the SMMEs in emerging economies are unable to survive and penetrate their

own local markets in order to create employment and inclusive wealth distribution among the societal classes and improve the living standard of local communities. As a result, the country is faced with issues such as high levels of poverty, a very large population, corruption, brain drain, and migration.

Adeyemi, Joel, Ebenezer & Attah (2018) revealed that a large percentage of skilled and learned people are leaving the continent and moving to other countries where remuneration and the welfare of the citizens are better. As a result, this led to the alarming chronic challenges such as corruption, poverty, unemployment, political turmoil, oppression, and the failure of African leaders to address these problems. The factors found to influence SMMEs in developing countries have been explored in several studies, but the majority of these studies on SMMEs have largely been based in big cities and towns, and research has consistently shown the major drawbacks of studies conducted in rural settings. In addition, limited focus has been on the development of a model or conceptual framework to harness the performance of SMMEs or to establish an empowering environment for emerging SMMEs in least developed economies.

Despite positive narratives aimed at depicting the importance of SMMEs in achieving sustainable employment generation and economic growth in developing economies, there has been little progress in this regard, especially in South Africa, where SMMEs are unable to access external funding from banks. Eriksson (2015) pointed out that “*besides commercial banks and insurance companies, microfinance institutions (MFIs) and the informal financial markets are central parts in the economy in Ethiopia*”. There is also insufficient research on the role of MFIs in financing SMMEs in South Africa, which leaves scholars and policymakers clutching at straws. The manufacturing and export oriented SMMEs in South Africa are still plagued by insufficient empirical investigations; however, limited attention has channeled to the manufacturing sector SMMEs by the local government so far. My study thus sought to address some of those limitations.

2.4.9.3 Ghanaian perspective on SMMEs

SMMEs in Ghana have, over the decades, become pivotal instruments in addressing abject poverty, income generation inequalities, and spatial disparities due to the country’s system of government. Empirical work has revealed that SMMEs in the developed and less developed countries, have rapidly become a significant catalyst for economic growth and industrial

development (Kessey, 2014; Amoah & Amoah, 2018; Baah-Mintah, Owusu-Adjei & Koomson, 2018). First and foremost, Baah-Mintah et al. (2018) have also asserted that there is no clear agreement on how to define an SMME; the definition varies from one country to another and from one sector to another. Sackey (2016) also reported there is no universally accepted definition of this concept among academics and practitioners and stated that the definition differed from one country to another. Sackey (2016) explained that an SMME could be classified according to the specific industry and in terms of the number of the entity's personnel and its profitability, revenue, and productivity. According to the Ghana Statistical Service (1984), SMMEs are defined in terms of the total number of people employed in the organisation. It states that small-scale entities consist of less than ten employees, and those that employ ten or more employees are regarded as medium- and large-scale organisations.

As far as Asare (2014) is concerned, SMMEs not only contribute to a country's GDP, they also play a crucial role in unemployment reduction and sustainable growth of the economy, whether it be a developed or developing economy. Baidoo & Odum-Awuakye (2015), allude that small-scale enterprises provide an estimated 85 per cent of the manufacturing sector's employment in Ghana. The manufacturing sector's SMMEs also contribute about 70 per cent to the GDP of the country and account for 92 per cent of the mainstream businesses in Ghana. Baidoo & Odum-Awuakye (2015) also indicated that the SMMEs in Ghana serve as a major instrument for the economic development of the country since they are considered as an essential tool for inclusive income generation and job creation. It is worth mentioning that Ghana has been one of the fifteen member states of the Economic Community of Western African States (ECOWAS) since 1975, and it is situated in the western African region.

Baidoo, Odum-Ewuakye & Amewornu (2013; and Asare (2014) conducted two case studies on SMEs in Ghana. One assessed the significant challenges encountered when promoting innovative strategies for the SME's in the Tema Metropolitan area, and the other determined the influence of service quality in the automobile service industry on the Cape Coast in Ghana. Two juxtaposed outcomes were reported when the authors looked at innovation, financial support, managerial skills, and the conducting of research based on customers'/consumers' demands for the delivery of high-quality services and products. These all have the potential to impact the sustainability and longevity of the manufacturing sector SMMEs in Ghana, either positively or negatively. The authors showcased the diversity of factors that hampered the SMMEs in the Tema Metropolitan area and on the Cape Coast. In the case of the Cape Coast,

the manufacturing sector was faced with challenges such as an insufficient capital base, dilapidated infrastructure, outdated technological facilities, and stringent international policies. Conversely, in the TEMA Municipality, the main issues were the lack of technical know-how, bureaucracy, the lack of a competent labour force, an overreliance on imported products, and the lack of a vision and mission in most of the small-scale enterprises in this Ghanaian municipality.

Ghana is a relevant case study for comparison with South Africa when evaluating the performance of its manufacturing sector SMMEs, due to the fact that, like South Africa, it is among the countries facing a drastic decline of the SMMEs in its manufacturing sector for various reasons. Despite this decline, Ghana remains one of the leading countries in the automobile industry in Africa. The country has modelled its economic system in accordance with its diplomatic activities since 1994, and the system is referred to as the Ghanaian model. It was imperative for this study to compare South Africa to other countries on the same level as it in terms of its SMMEs and the challenges that they faced, as despite these challenges, the SMMEs are still a part of the Ghana's 2030 goals.

Asare (2014) articulated that governments and financial institutions should make access to credit feasible, i.e., affordable for SMMEs, and reduce the hefty interest rates charged for financial assistance so that SMMEs could thrive, as this would allow the government to leverage the SMMEs' innovative performance and productivity. SMMEs' innovation could be used to evaluate their performance, and so too could the innovation of the manufacturing sector SMMEs supported by the UESC be used to assess how well these small-scale businesses were run. When looking at the SMMEs supported by the UESC, it also helped to examine whether or not the formal credit and informal microcredit in the form of microloans, guarantee schemes, personal loans, national schemes, and microcredit specifically for women helped the SMMEs operating in the hostile and diverse environment in which the UESC operated in the eThekweni Metropolitan Municipality.

This study helped in understanding that the reluctance of money-lending institutions to provide assistance to emerging SMMEs either with regard to funding or non-financial assistance, was not necessarily detrimental, as the SMME operators were encouraged to come together and form cooperatives to help each other financially. They also participated jointly in the capacity-building programmes run by universities and other institutions of higher learning to develop

new technologies, services, and products for the market. Research and capacity-building are crucial as they enable SMME managers to grow their businesses in the knowledge-based economy.

The emphasis made by Asare (2014) about the importance of innovative performance by the manufacturing sector SMMEs in Ghana was quite elucidative. As mentioned before, two case studies were employed, namely the Tema Metropolitan and the Cape Coast. In the case of the Cape Coast, he argued that despite having central and commercial banks that could provide financial assistance and microcredit institutions that could provide microloans, the automobile industry in Ghana still faced impediments, and many SMME owners had ultimately shut their businesses down. In both cases, the SMMEs lacked the funding and educational training required for them to sustain their businesses in the long run (Asare, 2014).

Despite encouraging reminiscence aimed at showing the significance of the fact that SMMEs in developing nations are fundamental for creating employment opportunities as well as the economic growth, there are pressing challenges in this regard, specifically in South Africa, where the entrepreneurial culture is frowned upon by government and non-governmental institutions. Despite the indispensable insights provided by the inspirational work of Baiddo, Odum-Ewuakye & Amewornu (2013), few studies have investigated the performance of the manufacturing SMMEs in South Africa. More specifically, no study has looked at the performance of the manufacturing SMMEs supported by the UESC in the eThekweni Metropolitan Municipality. Information in the literature about the small-scale enterprises and entrepreneurship in South Africa is thus still littered with gaps that leave academics and practitioners at a loss when investigating these enterprises. My study sought to fill in some of these existing gaps.

2.4.9.4 Kenyan perspective on SMMEs

Small-scale enterprises have become a central issue in the Global North and Global South economies. Lot of research have been published on SMMEs in recent years, including in Kenya (Kinuthia, 2011; Mwangi, 2012; Makori, 2013; Nyangweso, Nyanamba & Omari, 2013; Ogot, 2014; Sabana, 2014; Waweru & Ngugi, 2014; Gure & Karugu, 2018). For example, Gure & Karugu (2018) posited that SMMEs contribute enormously to the economies of all nations, irrespective of their level of development. They are the backbone of both developed and less

developed nations, and they are the engines of economic growth, job creation, the improvement of livelihoods, and the adoption of innovation (Katialem, Muhanji & Otuya 2018). Katialem et al. (2018, p. 40) used Nairobi County as their case study to examine the SMMEs in Kenya. This county contains the capital city of Nairobi, and it is the most economically viable area in the country. These authors reported that innovativeness, autonomy, and competitiveness are key elements required to enhance SMMEs' growth. The authors also revealed that manufacturing sector SMMEs are the biggest contributors to the mainstream economy in terms of employment. They continued to state that SMMEs are important in creating job opportunities, developing the industry, and alleviating poverty. However, insufficient infrastructural development, a lack of technical know-how, cumbersome regulatory frameworks, globalisation, and inadequate access to technology are some of the main stumbling blocks hindering their growth. There is subsequently a high failure rate associated with SMMEs in Kenya. Such a view is not new, as other studies have also reported that numerous small businesses are unable to survive and fail within the first few years of inception (Makori, 2013; Ogot, 2014; Waweru & Ngugi, 2014; Gichuki, Njeru & Tirimba, 2014; Ombongi & Long, 2018). The vast majority of the manufacturing sector SMMEs in Kenya, particularly those in the textile industry, have stagnated in terms of development due to increased competition from imported products (Kinuthia, 2011). In the same vein, Voeten (2016, p. 5) also reported that the manufacturing sector in Kenya is under great pressure from imports from Asian countries such as China, India, Indonesia, and Vietnam, amongst others. In the case of Nairobi, the authors sought to investigate the effect of entrepreneurial orientation on the growth of SMMEs in the manufacturing sector in Nairobi, Kenya.

The case study of Nairobi is important when evaluating the performance of the manufacturing sector SMMEs in the eThekweni Metropolitan Municipality given the fact that, like the eThekweni Metropolitan Municipality, Nairobi is among the most populous cities in Kenya and also has a high rate of unemployment, poverty, and crime. Furthermore, the city has modelled its administrative system on what it refers to as the Nairobi model through its New Partnership for Africa's Development (NEPAD) Cities Programme. Katialem et al. (2018) stated that particular emphasis is needed on innovativeness, autonomy, and competitiveness in order to boost Kenya's small-scale firms' survival and growth. Issues raised by the authors, such as the provision of incentives for innovative employees, risk-taking, and proactiveness are vital instruments and indicators when looking at how the effect of entrepreneurial orientation can help manufacturing sector SMMEs to survive and grow in the knowledge-based economy. It

also helps in examining whether or not conventional or social media, websites, digital advertising, billboards, newspapers, and e-business can work in a heavily segregated and heterogeneous society like the one in the eThekweni Metropolitan Municipality. Their empirical work helped in understanding that, despite the literature showing a relationship between entrepreneurial orientation and business growth, this has not been adequately researched in less developed countries. Not all hope is lost, though, as it is still unknown whether insufficient or a total lack of entrepreneurial orientation has contributed to the elevated failure and closure rate of the SMMEs in Kenya. The timing of my study is important as it can make the government recognise entrepreneurial orientation as a significant factor in enhancing the productivity and profitability of a firm.

Another empirical study that looked at the manufacturing sector SMMEs in Kenya was that of (Mutuku, Muturi & Abuga, 2016). These authors looked at the factors that influenced the financial performance of the manufacturing sector SMMEs in Kisii County. They analysed how access to financing, competitiveness, innovation, adequate management skills, and technical know-how influenced the performance and profitability of these SMMEs in Kenya. Mutuku, Muturi & Abuga (2016) argued that the longevity and sustainability of the SMMEs in the manufacturing sector in Kenya, and particularly in Kisii County, were dependent upon numerous factors that were both financial and non-financial. They also revealed that small manufacturing firms faced innumerable challenges in their day-to-day operations that stemmed from financial constraints, innovation problems, and a lack of managerial expertise and knowledge. The authors explicitly claimed that failure to secure credit negatively affected the financial performance of these small firms, while the lack of managerial skills had a huge impact on the management and allocation of scarce resources and innovation. Innovation constraints then had a negative impact on the manufacturing firms when they failed to implement new business methods and services to improve their productivity and product delivery.

Mutuku, Muturi & Abuga (2016) adopted this case study of Kisii County as this county was regarded as one of the fastest-growing states in western Kenya. It had an estimated population of about 800,000 people, and the majority of the employable labour force was involved in small and medium-scale initiatives. Their study showed that various sectors of the economy namely, agriculture, construction, tourism, and manufacturing, played a critical role in the mainstream economy through creation of employment, poverty eradication, and living standards

improvement in underprivileged communities. Mutuku et al, (2016) unfortunately added that most of the manufacturing sector SMMEs in Kisii County performed below the expected level and ultimately also ended up shutting down after a short period of operation (Mutuku et al., 2016).

The unabated high failure rate of small-scale manufacturing enterprises may result in chronic poverty, unemployment, geopolitical disparities, and rural-urban migration. Few researchers have been able to conduct or draw on systematic research to determine if efforts by governments, the private sector, communities, and relevant stakeholders can address these challenges through multi-stakeholder engagement. Furthermore, much of the research up to now has been explanatory and deductive in nature, and there has been little qualitative analysis of data obtained through recent studies.

Katialelem et al.'s (2018) emphasis on the significance of entrepreneurial orientation for small-scale enterprises was very illustrative. As mentioned before, this case study used Nairobi County, Kenya. This case study stated that the Kenyan government also aimed to achieve Vision 2030, which aims to transform the country into an industrialised and middle-income country by 2030. Despite this, the manufacturing sector SMMEs still face numerous challenges, such as the importing of cheap commodities that undercut their prices, the high cost of doing business, and minimal technology adoption. The adoption of an entrepreneurial orientation associated with an entrepreneurial mindset would enable the small-scale enterprises in Nairobi to perform better and be more sustainable, but this is unfortunately not the case in Kenya, as the high failure rate associated with SMMEs is still a major issue.

The arguments by Kinuthia (2011); Katialelem et al. (2018); and Ndemi & Mungai (2018) are convincing as they place SMMEs at the core of every nation, as the backbone of their economies. The SMMEs have reduced the poverty, unemployment, and spatial disparities prevalent in Kenyan society to some degree. Their arguments stand a chance of convincing the reader, as the reader can make use of their findings to develop theories and juxtapose their results to draw conclusions. Their studies also reveal the role of SMMEs in the global market, as this sector provides numerous job opportunities for both the skilled and unskilled workforce. These small firms do not, however, have the capital, credit, and collateral required to sustain themselves and remain profitable as large corporations do. Reflecting on the arguments by Katialelem et al. (2018), their scholarly work illustrates and brings attention to the challenges

and failures of the manufacturing sector SMMEs in Kenya. They also articulate challenges where productivity and profitability are more important from a South African perspective than the SMMEs themselves. Overall, their study highlights the need for innovation, autonomy, competitiveness, and aggressiveness to improve the performance of small manufacturing firms, as this may lead to the achievement of the Kenyan Vision 2030.

2.4.9.5 Botswana's perspective on SMMEs

Botswana has become one of the largest diamond and cattle providers in the global market since gaining independence in 1966, and these industries sustain its economy. A plethora of recent literature has focused on the adoption of SMMEs to achieve radical economic transformation and inclusive income distribution in SSA countries. Small-scale enterprises are an important and effective instrument in many countries' economies, as they are important for the job creation, poverty alleviation, and addressing of spatial disparities. Botswana provides a practical comparison for South Africa, and this stems principally from their geographical proximity and the fact that these territories were both once British protectorates. These provide a chance to examine the extent of Botswana's influence on South Africa's struggling economy and their income generation disparities. The seminal work of Baleseng (2015); and Mutoko & Kapunda (2017) looked at the factors affecting the sustainability of the manufacturing sector SMMEs in Botswana. The authors looked at the state of Gaborone's manufacturing sector SMMEs and claimed that the SMMEs have an alarming failure rate, despite financial support from the government. They also claimed that there is a dearth of literature on the manufacturing sector SMMEs, especially in developing economies. They further claimed that the Botswana government has introduced organisations and schemes to support and institutionalise the industrial development and sustainability of SMMEs through the implementation of policies and relevant forums. These fora and schemes include: the formulation of the Botswana Enterprise Development Unit (BEDU); the Financial Assistance Policy (FAP), which was subsequently replaced by the Citizen Entrepreneurial Development Agency (CEDA) due to the elevated unsuccessful rate of the country's SMMEs; the Arable Land Development Planning (ALDEP); and the Local Enterprise Authority (LEA).

Baleseng (2015) went on to describe the role of the SMMEs in the manufacturing sector as agents of poverty reduction, economic development, and inclusive income generation and reported that the Botswana government introduced the *Government of Botswana White Paper*

of 1999 on SMMEs. This White Paper acknowledged the high failure of the country's SMMEs in spite of the government's financial assistance. This legislative framework was adopted primarily to respond to the problems hampering the growth of SMMEs in Botswana.

The sustainability of the SMMEs is crucial to fostering economic growth and employment generation. The adoption of this policy points out the challenges that the SMMEs have experienced and the urgency with which they need assistance from various institutions, such as the government, the private sector, and investors. Baleseng (2015) concisely elucidated that the focus on the Gaborone metropolis' manufacturing sector SMMEs is directed at the country's Vision 2030 as well as achieving sustainable economic development at the local government level. He highlighted that the main limitation is that the manufacturing sector SMMEs are operating in isolation. He also mentioned that only a limited number of goods and services produced by Botswana's manufacturing sector SMMEs are exported. Baleseng's (2015) empirical work is significant to my study as it is juxtaposed with the current situation in the eThekweni Metropolitan Municipality, where it is necessary to ascertain the pressing challenges and to provide the mechanisms required to promote vibrant small-scale enterprises and a productive manufacturing sector. This will equip the SMMEs in this sector to produce commercially viable and high-value products for a global market, contribute enormously to the economy, create decent jobs, and provide sustainable living for the citizenry in this municipality. Additionally, Baleseng's (2015) scholarly work is important in unpacking the factors that can enhance SMMEs in the manufacturing sector so that they can remain competitive by having access to business development services, finance technology, etc. In Baleseng's (2015, p. 3) words, his scholarly work "*may benefit the Gaborone SMME operators in order to be informed on how to acquire skills that will assist them sustain their establishment to remain competitive in the manufacturing sector*".

Meanwhile, another empirical study that looked at the factors influencing SMMEs in manufacturing sector in Botswana was that of Mutoko & Kapunda (2017). The authors looked at six case studies in Botswana where manufacturing industries were located and made an analysis of whether or not and how net profit, marital status, gender, education, and the number of years in a position in a business influence the act and success of borrowing from banks in Botswana. The six case studies were Gaborone, Francistown, Maun, Serowe, Ghanzi, and Kasane. Mutoko & Kapunda (2017) also asserted that SMMEs are the backbone of the majority of the world's economies and revealed the hindrances to SMMEs' development and growth in

these case studies by adopting various research approaches. They recommended constructive solutions to improve the SMMEs' accessibility to banks and financing, namely: the use of marketing, networking, and informal and formal training in order to access funding from money-lending institutions. They depicted that longevity in their position in the business and a profitable annual turnover because of numerous notable factors outlined above extensively improved the small-scale enterprise owners' and managers' likelihood of acquiring bank loans.

An example of cases where the sustainability of small-scale businesses has improved is necessary in my study as they provide a potential roadmap for the way forward. SMMEs have a potential to create long-term employment and reduce poverty; however, lack of funding, limited skilled personnel, and inadequate capacity building threaten their survival and growth. Despite the fact that there are numerous challenges that hinder small-scale enterprises, the studies utilised have revealed that commercial banks are still the main source of financial support for the manufacturing sector SMMEs in Botswana. This is largely attributable to the fact that the government and microcredit organisations have minimal funding for the SMMEs in the manufacturing sector.

Mutoko & Kapunda (2017) placed emphasis on the significance of the sustainability of small businesses, the significance of high turnover, and the number of years of experience in a managerial and/or ownership position. This was vitally important to my study as it allowed me to examine and analyse the significance of high turnover and the number of years in a position when accessing bank loans in a critical manner. Their study also revealed the shortcomings of the government in failing to assist the manufacturing sector SMMEs in Botswana financially. It also showed that most SMMEs operate without proper bookkeeping, and this may result in reluctance by banks to fund SMMEs, as the banks use a firm's financial records to assess its ability to pay loans back. Mutoko & Kapunda (2017) also revealed how important financial support from banks is for the expansion and growth of the manufacturing sector SMMEs in Botswana. They noted in the six case studies that adequate financing can influence the resuscitation of the manufacturing sector and create a favourable atmosphere for SMMEs' job creation, reduce poverty, improve the country's GDP, and achieve radical economic transformation. Despite the value added, Mutoko & Kapunda's (2017) study also has some informational limitations. There have been few empirical investigations into the manufacturing sector SMMEs, and my study intended to evaluate the performance of the manufacturing sector SMMEs in the eThekweni Metropolitan Municipality. My study was conducted to ascertain the

numerous factors that may improve the longevity and sustainability of small-scale enterprises through multi-stakeholder engagement, especially in developing and young economies where collateral for credit is a challenge.

Manufacturing sector SMMEs have been observed to be immensely successful in developed and industrialised economies, but this is not the case of less developed nations like Botswana and South Africa, where the economies have transformed over decades from being monopolised to widely decentralised economies. Contextual knowledge, existing situations, and extenuating circumstances have been discussed to determine whether or not SMMEs are meaningful to democratic South Africa. Using these scholarly studies, where the findings have been supported by existing literature, the reader is likely to follow the argument and ascertain the enablers and constraints of the manufacturing sector SMMEs.

2.5 Summary of the Chapter

The chapter provided a detailed overview of the extensive body of literature on SMMEs from a global and continental perspective. SMMEs have merited considerable academic attention in many countries for decades. The growing body of literature reveals that the significance of SMMEs in numerous economies, but various factors hamper the development and sustainability of this sector. The literature has revealed that inability to access credit is a major challenge for start-up enterprises across the world. The employment of the resource-based theory by Penrose was deemed appropriate to contextualise the performance of the manufacturing sector SMEs in the eThekweni Metropolitan Municipality. The necessity for the governments of all nations to invest in the SMME sector is more important than ever before.

CHAPTER THREE: SMMES IN THE SOUTH AFRICAN CONTEXT

3.1 Introduction

The previous chapter discussed the contextualisation of SMMEs from a global perspective and the theoretical framework that guides the study. This chapter aims to provide detailed literature towards understanding the historical background of SMMEs in the South African context. The chapter begins by providing a brief overview of the socio-economic background of South Africa, then moves on to discuss the role and factors that influence the performance of SMMEs. This chapter also provides definitions, categorisations, and classifications related to the manufacturing SMME in South Africa. The chapter then looks at the micro-economic policies governing the SMMEs and supporting institutions that are part of entrepreneurial spirit stimulation in South Africa.

3.2 Brief Overview of SMMEs in South Africa

It has been shown that the development of SMMEs in both developed and less developed economies has ushered in new perspectives, norms, standards, activities and strategies that have enabled historically underprivileged groups in society to benefit from the mainstream economy as entrepreneurs rather than as job seekers (Govuzela & Mafini, 2019; Lebambo & Shambare, 2020). South Africa is characterised by high levels of unemployment and illiteracy rates, inequality, and poverty. It is worth noting that after democratisation in 1994, the government introduced several macroeconomic and neo-liberal policies to revitalise South Africa's socio-economic status under the new dispensation. However, according to recent statistics, unemployment in South Africa has increased dramatically, and reached 32.6 per cent in 2021 (Khambule, 2021).

SMMEs are seen as key mechanisms for the transition of the nation's economic landscape in the post-1994 period. One of the goals of the NDP is to reduce unemployment and create 11 million new jobs by 2030, a goal that cannot be achieved without promoting entrepreneurship and revitalising the SMME sector (Motsetse, 2015; Awuah, 2019). In South Africa, the manufacturing sector SMMEs are also viewed as the backbone of socio-economic development and employment creation. In this sense, the South African government considers SMMEs as an important tool with which to reduce poverty, inequality, and unemployment (Cele, 2020;

Tala, 2021). The *White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa* considers SMMEs as a means with which address the developmental issues in the country, such as unemployment, income inequality, and poverty (Ramukumba, 2014). SMMEs are major contributors to economic development and employment creation in developing countries, including South Africa, and are critical in terms of the country's GDP, the creation of jobs and poverty alleviation. Numerically, in 2015, there were 2.251, 821 SMMEs in South Africa. Only 667, 433 were formally registered businesses, while the remaining 1.497,860 were informal SMMEs (Bureau for Economic Research, 2016, p.1). As highlighted previously, Small and medium-sized enterprises are defined by numerous countries and organisations in various ways. Therefore, these definitions of SMMEs emanated from the size, total value of assets, and annual turnover, but the majority of institutions define them by their employment size (Hlahane, 2018).

Although South African government considers SMMEs as a key driver of economic development, employment generation, social cohesion, innovation, and global competitiveness, the South African SMMEs are sadly faced with numerous challenges. This is despite some support received from government agencies such as the Small Enterprises Development Agency, the Small Enterprise Finance Agency (SEFA), the National Youth Development Agency (NYDA), and the Development Bank of Southern Africa (DBSA), among others (Malgas & Zondi, 2019). These development agencies offer various forms of assistance to SMMEs. Battersby, Marshak & Mngqibisa (2017, p. 29), however, claimed that the support offered is not sufficient to meet the sector's requirements when they observed that, *“despite the importance of the informal economy, there has been relatively little policy support and funding directed towards effective governance of this sector”*.

South Africa has so many challenges including limited access to credit, inadequate adoption of appropriate technology, a cumbersome legal system, limited business managerial skills, an unskilled workforce, limited marketing and networking skills, among others (Dzomonda, Fatoki & Oni, 2017). For these reasons, the government should use its development agencies to stimulate local start-up enterprises, encourage them to form business networks, and implement capacity-building programmes. Furthermore, there is a great need to review the policies related to the setting up of SMMEs in South Africa. Most of the literature on SMMEs in South Africa is largely explanatory and theoretical as a result of the rudimentary understanding of the SMME sector in South Africa, so there is a great need for exploratory

research to gain more detailed knowledge on the subject. This study thus sought to provide important insights into and adequate knowledge of the evidence-based policy implementation for the manufacturing sector SMMEs in the eThekweni Metropolitan Municipality.

Countries across the globe use diverse terminology to classify and categorise the enterprises that do not form part of the large business sector. The classification and categorisation of SMMEs are therefore contested issues. The term “SMMEs” has been assigned various definitions and classifications, including, *inter alia*, the number of people they employ, their capital investment, the value of their assets, and their annual revenue (Buculescu, 2013). In the South African context, these businesses are referred to as “SMMEs”, and this is an acronym for small, micro, and medium enterprises. In other contexts, SMMEs are usually referred to as SMEs (small and medium enterprises). According to Dlodlo (2013, as cited in Rambe et al., 2017, p. 45), the South African government defines an SMME as an enterprise that does not employ more than 200 people. A small business is any firm that does not employ more than 50 employees, while a medium-sized enterprise employs between 50 and 200 employees. According to Mboniyane & Ladzani (2011, p. 551), in South Africa, a small business is described as, “*A distinct and separate business unit, together with cooperative enterprises and non-governmental businesses, controlled by a single owner or more which, comprising its subdivisions or affiliates, if any, is largely carried on in any division or sub-division of the economy and which can be categorized as a very small, or a micro or a medium enterprise (SMME)*”.

Abor & Quartey (2010, as cited in Cant, 2016, p. 560) add that SMMEs are defined by National Small Business Act 102 of 1996 as business enterprise that employs no more than 100 employees”. They further define SMMEs as:

“*A separate and distinct entity including cooperative enterprises and non-governmental organizations managed by one owner or more, including its branches or subsidiaries if any is predominantly carried out in any sector or sub-sector of the economy mentioned in the schedule of size standards and can be classified as a SME by satisfying the criteria mentioned in the schedule of size standards*” (Abor and Quartey, 2010, as cited in Cant, 2016, p. 560).

The SMMEs differ from large firms and institutions in various ways, such as their diminutive size, human capital, sales, assets, land, profits, and low capital requirements to start up. They also often serve as consultants for large corporate companies and organisations (Pillay, 2006). The *National Small Business Act 102 of 1996*, as amended in 2003 and 2004, states that SMMEs have employ between five and two hundred people (Matsoso, 2014), and they are crucial for the growth and prosperity of countries' economies (Dladla, 2016). Focusing on South Africa, Peters & Naicker (2013) state that an enabling environment may lead to more sustainable SMMEs, which can then, in turn, create employment, reduce poverty, close the income inequity gap, and allow for a more equitable distribution of wealth.

Defining an SMME is a subject of debate, both internationally and locally (Abor & Quartey, 2010). SMMEs fall into various sectors of the economy in a country. In South Africa, the SMMEs are categorised into business sectors according to the standard industrial classifications (SICs) of agriculture, mining, manufacturing, construction, retail, transport, tourism, and many more (Rogerson, 2006; Maduku, 2015). Firm size, annual revenue as well as number of employees are considered in the categorization of SMMEs. In South African context, the National Business Act provides qualitative and quantitative definitions of an SMME. There are two approaches used to define SMMEs, namely qualitative and quantitative approaches (Berisha & Pula, 2015; Moise, 2019). The qualitative characteristics of SMMEs include; ownership and management by their owner(s); they are legally independent; and they have a relatively small share of the marketplace (Berisha & Pula, 2015). The Bolton Report (1971) used the above criteria to differentiate small enterprises from large enterprises. The quantitative approach to the definition of SMMEs, on the other hand, refers to quantitative criteria such as their annual turnover, the total value of their assets, and the number of employees employed (Chimucheka, 2013; Berisha & Pula, 2015). The SMME definition can therefore essentially be broadly categorised into two categories: economic and statistical definitions (National Credit Regulation [NCR], 2011, p. 22).

In the *National Small Business Act* (NSBA), SMMEs are classified into four different categories, and the large majority of SMMEs in South Africa fall into the category of survivalist enterprises (Maloka, 2013). The South African *National Small Business Act 102 of 1996*, as amended in 2003 and 2004, describes an SMME as:

A separate and distinct entity including cooperative enterprises and non-governmental organizations managed by one owner or more, including its branches or subsidiaries if any is predominantly carried out in any sector or sub-sector of the economy mentioned in the schedule of size standards and can be classified as a SMME by satisfying the criteria mentioned in the schedule of size standards (Fatoki & Garwe, 2010, p. 730).

Various countries and institutions use the number of employees (the most common definition) per enterprise category, combined with the annual turnover and the gross assets (excluding fixed property) to define SMMEs, as illustrated in Table 3.1. The following table summarises the quantitative indicators/definitions that are used to distinguish SMMEs from large companies.

Table 3.1: Broad definitions of SMMEs according to the National Small Business Act in South Africa

Enterprise Size	Number of Employees	Annual Turnover in South African Rands	Gross Assets, Excluding Fixed Property
Medium	Fewer than 100 to 200, depending on the industry.	Less than R4 million to R50 million, depending on the industry.	Less than R2 million to R18 million, depending on the industry.
Small	Fewer than 50.	Less than R2m to R25m, depending on the industry.	Less than R2 million to R4.5 million, depending on the industry.
Very Small	Fewer than 10 to 20, depending on the industry.	Less than R200,000 to R500,000,	Less than R150,000 to R500,000, depending on the industry.

		depending on the industry.	
Micro	Fewer than 5	Less than R150,000.	Less than R100,000.

Source: Abor & Quartey (2010)

From table 3.1 above it is clear that in South Africa, an SMME is defined as an enterprise that has up to 200 employees, an annual revenue of not more than R 50 million excluding fixed assets), depending on the sector. An SMME should meet all three specified criteria. These enterprises are further grouped into four distinctive groups, namely: micro enterprises, very small enterprises, small enterprises, and medium enterprises per sector or subsector. The NSBA classifies SMMEs into five distinct categories, namely, survivalist, micro, very small, small, and medium, hence the use of the term “SMME” for small, medium, and micro-enterprises (NCR, 2011). Nonetheless, the terms ‘SMME’ and ‘SME’ are also used interchangeably in South Africa. The categorisation of SMMEs is provided below in Table 3.2.

Table 3.2: The Categorisation of SMMEs in South Africa

Category of SMME	Description
Survivalist Enterprises	Operate in the informal sector of the economy. Mainly run by unemployed persons. Income generated is below the poverty line, and the enterprise provides the minimum means to keep the unemployed and their families alive. Little capital invested, and not many assets. Not much training. Opportunities for growing the business are very small. Operators often include vendors, hawkers, and subsistence farmers without much training.
Micro Enterprises	Between 1 to 5 employees, usually the owner and family members. Informal – no license or formal business premises, turnover is below the VAT registration level of R300,000 per year. Basic business skills and training potential to make the transition to a viable, formal, small business. spaza/tuck shops

	and minibus taxis are included in this category, and they may be on located residential premises.
Very Small Enterprises	Part of the formal economy, and they use technology. Less than 10 paid employees. Employees include self-employed artisans (electricians, plumbers) and professionals.
Small Enterprises	Less than 100 employees. More established than very small enterprises. They are formal and registered companies with fixed business premises. Owner managed, but a more complex management structure.
Medium Enterprises	Up to 200 employees. Still mainly owner-managed, but have a decentralised management structure, with division of labour. They operate from premises with all formal requirements.

Source: Ayandibu & Houghton (2017)

Table 3.3: Classifications of SMMEs as illustrated by the NSBA

Sector or Subsector	Size	Total Number of Employees	Turnover	Total Assets
Agriculture	Medium	100	R5m	R5m
	Small	50	R3m	R3m
	Very Small	10	R0.50m	R0.50m
	Micro	5	R0.20m	R0.20m
Mining and Quarrying	Medium	200	R39m	R23m
	Small	50	R10m	R6m
	Very Small	20	R4m	R2m
	Micro	5	R0.20m	R0.10 m
Manufacturing	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R2m
	Micro	5	R0.20m	R0.10m

Electricity, Gas and Water	Medium	200	R51m	R19m
	Small	50	R13m	R5m
	Very Small	20	R5m	R1.90m
	Micro	5	R0.20m	R0.10m
Construction	Medium	200	R26m	R5m
	Small	50	R6m	R1m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m
Retail, Motor Trade, and Repair Services	Medium	200	R39m	R6m
	Small	50	R19m	R3m
	Very Small	20	R4m	R0.60m
	Micro	5	R0.20m	R0.10m
Wholesale Trade, Commercial Agents, and Allied Services	Medium	200	R64m	R10m
	Small	50	R32m	R5m
	Very Small	20	R6m	R0.60m
	Micro	5	R0.20m	R0.10m
Catering, Accommodation, and other Trade	Medium	200	R13m	R3m
	Small	50	R6m	R1m
	Very Small	20	R5.10m	R1.90m
	Micro	5	R0.20m	R0.10m
Transport, Storage, and Communications	Medium	200	R26m	R6m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.60m
	Micro	5	R0.20m	R0.10m
Finance and Business Services	Medium	200	R26m	R5m
	Small	50	R13m	R3m
	Very Small	20	R3m	R0.50m
	Micro	5	R0.20m	R0.10m

Community, Social, and Personal Services	Medium Small Very Small Micro	200 50 20 5	R13m R6m R1m R0.20m	R6m R3m R0.60m R0.10m
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Source: Adapted from the *National Small Business Act 102 of 1996*, as amended in 2003 and 2004 (RSA, 1996)

Table 3.3 illustrates the diverse sectors of the South African economy, according to the standard industrial classification, and the definitions and criteria of small businesses depends on the number of employees and the total annual revenue where fixed property is excluded. The *National Small Business Act 102 of 1996* (RSA, 1996), classifies small businesses into different stages of development: first, the so-called informal sector; second, very small businesses; third, small businesses; and fourth, medium-sized businesses and enterprises. South Africa’s thresholds are low when compared to those of developed-nation standards. As a result, European and Northern American enterprises that are designated as small-medium enterprises are classified as large enterprises in South Africa (Kalane, 2015).

In 2019, the Minister of the Department of Small Business Development (DSBD) amended and published new definitions of micro, small, and medium-sized enterprises. The government gazette thus now defines small enterprises using two proxies: the “total full-time equivalent of paid employees” and the “total annual turnover”. The third proxy of “total gross asset value” that was previously considered has been removed. “Very small enterprises” have also been incorporated into the “micro enterprise” category (Department of Small Business Development [DSBD], 2019). A study by Bvuma & Marnewick (2020) concur that the new definition of SMMEs in the Government Gazette uses the number of employees and annual turnover as proxies and excludes the original third proxy, that is total gross asset value.

3.3 The Importance of SMMEs in the South African Economy

Small, medium, and micro enterprises (SMMEs), play a crucial role in the South African socio-economic development. SMMEs are a key catalyst for growth and inclusive wealth distribution. Governments around the world actively support the establishment of SMMEs because the role and contribution of the SMME sector in socio-economic development cross

various countries has been acknowledged worldwide (Moise, 2019). Olawale & Garwe (2010) similarly maintain that SMMEs are mainly considered a vehicle for economic growth in numerous countries. In practice, the country's economy is very largely dependent on the growth and prosperity of its SMMEs. Moreover, there is a mutual agreement amongst scholars that the performance of SMMEs is vitally important for economic development of developing economies. South Africa as a developing nation, its SMMEs and entrepreneurial entities thus make a vital contribution to the national economy. Pasara & Garidzirai (2020, p. 4) explain that *“an increase in trade activities and economic growth increases the chances of employing one individual in both developing and developed countries”*. It is not possible to grow the nation's economy in a viable manner without sustainable small and medium-sized firms (Worku, 2013), and to this end, South Africa has invested largely in this sector with the aim of fostering socio-economic development, creating employment opportunities, and eradicating poverty in all spheres of government.

Although the government of the day considers the SMME sector as a catalyst for growth and economic expansion and recognises the major role and contribution of SMMEs to the national economy, this sector faces numerous obstacles that influence its sustainability and future growth. The fact is that many small businesses fail in their infancy stage, usually within the first two years of their existence (Kefasi, 2019). Sadly though, the failure of SMMEs may result in the failure of the national economy, so the creation of new sustained SMMEs is significant for sustained economic development in South Africa. Therefore, without the emergence of new businesses, the South African economy will not flourish.

SMMEs in South Africa clearly address a wide range of developmental challenges, so this sector needs to be assisted by the state and other pertinent institutions. In South Africa, the government has placed SMMEs at the paramount level on socio-economic transformational agenda, so these firms need to fulfil the objectives articulated in the 2030 NDP. The South African government, together with all stakeholders, should strive to improve the viability of the SMME sector nationwide, and this sector's massive contribution to South African communities should be investigated beyond the economic indicators such as employment, poverty, the GDP, and exportation, etc.

3.3.1 The Importance of SMMEs in Employment Creation

Unemployment remains a major concern in society, and South Africa is one of the countries that have the highest unemployment rates in the world. According to the latest Quarterly Labour Force Survey, the number of unemployed persons increased by 8.3 per cent in the third quarter of 2020 (Stats SA, 2020). According to the South African Institute of Race Relations (2029) this is the highest unemployment rate since 2003 (29.3%), but one of the major objectives of the 2012 NDP was to reduce unemployment to 14 per cent or less by 2020 and to 6 per cent by the end of 2030. The establishment of viable SMMEs will thus create more jobs and contribute to the attainment of the NDP's goals. According to Van Scheers (2011), SMMEs create approximately 80 per cent of all new jobs, and more than 70 per cent of South Africans are employed by the SMME sector. The study by Govuzela & Mafini (2019) posits that small businesses have a high labour absorption rate and so ultimately contribute to job opportunities in most developing economies. And according to the South African NDP, SMMEs are ideally expected to create numerous job opportunities by 2030 (Kerr, Wittenberg & Arrow, 2014).

Maloka (2013), however, disagrees and claims that the role of SMMEs to the creation of jobs in South Africa are actually very minimal. This is because, although small businesses collectively appear to make an impressive socio-economic contribution in South Africa, individually, many of them only exist for a short time. The growth rate of the SMMEs is also very slow, while the failure rate is very high (Sitharam & Hoque, 2016), so the growth rate cannot compensate for the failure rate. Unemployment consequently increases steadily, and while this pattern is also seen globally, developing nations are most affected. According to Stats SA (2014), unemployment rate is currently at 25.2 per cent, and the many people have lost or are losing their jobs (Fatoki, 2014b). Banda, Ngirande & Hogwe (2016) concur and report that unemployment is serious challenge for the government, as the unemployed population is on the rise and there is a decline in the creation of new businesses.

The unemployment rate is thus a major concern for South Africa, especially when combined with the fact that it is amongst the top countries with high poverty and inequality rate around the world. The NDP has targeted the SMMEs as key tools with which to provide 90 per cent of the country's employment by the year 2030 (Nyide & Zunckel, 2019). With this in mind, the South African National Planning Commission's National Development Plan for South Africa has stated that the job creation required to make a substantive dent in the unemployment

rate will come mainly from the SMME sector (National Planning Commission [NPC], 2011, p. 93). The government and all relevant stakeholders need to work together to create a business-friendly environment in the country, as this will encourage the promotion and development of SMMEs and ensure the achievement of the NDP. This cannot be done in isolation, though, as the government also has to achieve and maintain political stability to address the prevailing imbalances in the mainstream economy.

3.3.2 The Importance of SMMEs for the Gross Domestic Product

The global economic meltdown and financial recession in 2007/2008 have led to a decline in GDP growth, job losses, a decline in the stock market, firms making less profit, a fall in household income generation, increased inequality, and an increase in relative poverty. Economic development through small enterprises is therefore a critical factor for the struggling economies that are trying to recover worldwide. The study by Ndweni, Mocwaledi, Mahlangu & Schachtebeck (2019) has shown that developing the economy through small businesses is essential for the survival and sustainability of the domestic economy. The improved contribution of SMMEs to the GDP in South Africa will help improve the economic growth and living standards of citizens, because according to Mahadeo and Pillay (2006, as cited in Cant, 2016), SMMEs contribute immensely to the country's GDP, and that leads to economic development, job creation, and poverty eradication.

To put this into numeric terms, Rungani and Potgieter (2018) state that the 2015 report from Stats SA indicated that the SMME sector generates around 42 per cent of the GDP, and creates about 60 per cent of the job opportunities, and is the breeding ground for entrepreneurship and innovation. Reynolds, Fourie & Erasmus (2019) disagreed with these figures when they argued that SMMEs only generate up to 22 per cent of the GDP. These authors also commented on their low survival rate, as almost 80 per cent of all small firms failed within the first few years of their existence. As can be seen from the above figures, SMMEs do contribute to the country's economic development, income generation, social cohesion, poverty reduction, and employment creation. Hence, it is undisputed that SMMEs contribute to the country's economy. As such, the government and other organisations should offer different forms of support to these firms so that they can grow, flourish, and survive long-term.

The recent study by Leboea (2017) highlighted that the SMMEs' contribution to the South African GDP is actually relatively low in comparison to least developed counterparts such as Ghana (70%), Nigeria (64%), Canada (54%), and Germany (55%). Also, in developed nations including China, Australia, USA and the UK, SMMEs can contribute as much as 60-65 per cent to the GDP (Ramraj, 2018). But despite their vital contribution to job creation and the national economy, small and medium-sized businesses are not sustainable. Fatoki (2014a) confirmed this when he reported that in 2012, about 440,000 SMMEs had closed in the preceding five years in South Africa. Fatoki (2014b) reported a 70-80 per cent unsuccess rate of South African SMMEs alone. Therefore, the high failure rate of SMMEs in the country is caused by poor performance of SMMEs at the municipal level. Government intervention to support small businesses is sorely needed to address the obstacles that the SMMEs face in their day-to-day operations (Dladla, 2016). The high failure and closure rates of SMMEs are a major concern for the South African economy, as they result in negative economic growth. There was a sharp decline in the country's GDP growth from 2.5 per cent to 0.7 per cent in 2016 (Stats SA, 2017), and this was accompanied by an increase in unemployment from 25.2 per cent to 26.8 per cent in that year. The latest statistics indicate an overwhelming increase in unemployment, up to 30.1 per cent in the first quarter of 2020 (Stats SA, 2020).

There is no doubt that SMMEs contribute to the South African GDP, but their high failure rate, which continues to climb towards 80 per cent, is a concern. However, with the right interventions and support, the government can use these SMMEs as agents for job creation and eradicate unemployment in the eThekweni Metropolitan Municipality and possibly in South Africa as a whole. Due to the significance of SMMEs, interventions have been designed and put in place by many governments around the world to promote the growth and development of the sector. These interventions are aimed at counteracting the countless challenges that lead to SMME failure and resultant entrepreneurial stagnation (Makwara, Mutambara & Magagula-Hlatjwako, 2019). Since the political transition in the country, the South African government has strived to empower start-up businesses in all sectors of the economy (Chili & Mabaso, 2016). There just need to be a more collective effort by all sectors of the government and better collaboration with third-party organisations to improve the performance and survival rate of the SMMEs.

3.3.3 The Importance of SMMEs in Poverty Reduction

Poverty and hunger eradication have been at the top of the list of international development agendas following the adoption of the United Nations' Millennium Development Goals (MDGs) in 2000. These were subsequently replaced by the 2015 SDGs. Globally, unemployment, poverty, and inequality have been identified as the major challenges that destabilise the world's economies and result in endless global unrest (Motsetse, 2015). Numerous African states have thus recently adopted and implemented various strategies that complement the SDGs, with the ultimate goal of poverty alleviation. The important contribution of SMMEs in poverty eradication, equality, and job creation are largely acknowledged in this regard. South Africa is a paradox: on the one hand, it is progressive, but on the other, it is also one of the most unequal nations in the world, and this inequality is largely a result of unequal income distribution. Almost half of the country's population continues to live in poverty as economic growth has stagnated, inflation remains high, the cost of living has increased significantly, and the unemployment level has escalated to 32.9 per cent. Unemployment, poverty, and income inequality have been socio-economic challenges since colonial rule, despite interventions by the new government and foreign donors, so these triple challenges are still worrisome. A study by the Poverty and Inequality Institute (2013, as cited in Chakabva, 2015) illustrated that about 40 per cent of South African people are living below the poverty line threshold of R283 per month.

Ntinga (2019) discovered that poverty and inequality have not changed substantially since the start of the democratic dispensation in the country in 1994. The post-apartheid government has put various developmental policies in place to address poverty and inequality, namely: the Reconstruction and Development Programme (RDP), the Growth, Employment and Redistribution (GEAR), the Accelerated and Shared Growth Initiative for South Africa (ASGISA), National Growth Plan and more recently, the NDP (Francis & Webster, 2019). It is also impossible to address poverty and inequality without considering the South African Constitution, which is committed to improve the standard of living and freeing the potential of all people. Even so, the post-1994 dispensation's attempts to eradicate poverty have achieved very little success, as inequality and poverty remain major socio-economic challenges in South Africa despite its neo-liberal deployment of its government's poverty reduction strategies and plans, such as the RDP, GEAR, ASGISA, and the NGP. To clarify this, while Stats SA (2018) reported that 47 per cent of South African people live in poverty, only 0.8 per cent those are

White South Africans. This indicates that the majority Black South African are still underprivileged and more vulnerable to poverty than other racial groups.

As stated previously, the government in South Africa has identified SMMEs as a key instrument for reducing poverty. Nkwini & Munzhedzi (2016) pointed out that municipalities in the country have widely acknowledged small businesses as a pivotal instrument for poverty reduction in their LED projects. In practice, poverty is caused by the high unemployment levels in South Africa due to various factors such as bad governance, unstable economy, labour market policies, unskilled youth and skills mismatch; and the promotion and facilitation of SMMEs can address poverty and inequalities in South Africa.

3.3.4 The Importance of SMMEs in Local Economic Development

This sector is generally the major contributor to the socio-economic development of various economies across the globe. In South Africa, SMMEs have become a catalyst to reduce poverty and unemployment and stimulate economic growth across the various regions. Most developing countries around the world and in Africa in particular, have recognised the role and importance of SMMEs toward economic development, job creation and poverty alleviation (Jili, Masuku & Selepe, 2017). The SMMEs are vital in local economic development promotion (LED) in South Africa. The local sphere of democratic government introduced the municipal Integrated Development Plans (IDPs) and adopted LED with the aim of promoting entrepreneurship empowerment to create jobs, reduce poverty, utilise local resources, and involve underprivileged groups in local economic activities. The LED aims at creating enabling environment for local communities to use local resources to create more entrepreneurial opportunities and make the economy grow to sustain many people, particularly disadvantaged groups. Malemela & Yingi (2016) posited that the key roles of LED and SMMEs in developing countries are to prioritise employment creation and poverty reduction, as they are major challenges in countries like South Africa. LED focuses on previously underprivileged communities and fosters local ownership of SMMEs and active multi-stakeholder engagement among stakeholders to address problems, create public-private partnerships, and develop local areas. Zulu (2017) also reported that SMMEs in developing countries have been identified as a possible solution to accelerate economic growth and alleviate poverty and that the SMME contributes significantly to the South African economy.

Against this background, the SMMEs in South Africa are facing a plethora of challenges that lead to the high failure and closure rates of these small businesses. The seminal work by Maloka (2013) that investigated the contribution made by SMMEs toward the LED in Mankweng Township in Limpopo Province revealed that SMMEs are of great importance in terms of employment generation, and equal wealth distribution and poverty reduction. However, he further argued that the SMMEs are constrained by numerous obstacles such as insufficient access to credit, lack or poor management competency, lack of access to appropriate technology, limited market access, too much competition, a burdensome legal system, crime, and corruption, all of which hinder their development. The lack of access to funding remains the severest constraint for most small businesses, but there are also numerous internal and external factors that hamper SMMEs in South Africa (Ayandibu & Houghton, 2017). A number of support initiatives have been implemented by government entities and non-governmental organisations in South Africa in an attempt to enable the SMME sector to survive and prosper. The reasoning behind this is that if these obstacles can be tackled decisively, the economy will surely grow, and jobs will surely be created. The survival and prosperity of SMMEs can help to address the numerous developmental challenges in the country, such as high unemployment, poverty, income inequality, spatial disparities, and the threat posed by unchecked population growth.

In the majority of least developed economies, such as South Africa, the success of SMMEs is grounded in appropriate policy arrangements that are composed of various public institutions, the private sector, allied trade unions, community-based organisations (CBOs), and other interested parties (Nkwinika & Munzhedzi, 2016). Active participation and partnerships are regarded as viable mechanisms since they seem to be organised forms of social integration, ownership, creativity, and innovation for local economic growth. These kinds of partnership in the least developed countries like South Africa requires good governance principles by all stakeholders. Stable relationships between partners/stakeholders will improve economic growth and community development as SMMEs will be empowered to access the market. This will create jobs and eradicate poverty.

3.4 Factors Affecting SMMEs in South Africa

Small businesses are widely acknowledged all over the globe as a vehicle for job creation, poverty alleviation, and socio-economic growth. Consequently, it is necessary to enhance and foster the expansion of established SMMEs and start-ups as engines of economic growth. According to Rungani & Potgieter (2018), small enterprises are recognised as mechanisms in terms of their capacity for creating job opportunities and socio-economic development, and reducing poverty and income inequalities. Unfortunately, SMMEs in South Africa suffer from a slow growth rate and a high failure rate, as an average of 70-80 per cent of them fail. SMMEs sustainability in South Africa is thus an issue (Cant, Wiid & Hung, 2013a), and there are numerous factors that continue to influence and manipulate the success of these entities (Sitharam & Hoque, 2016).

In the 21st century the world has become the globalised village, and the SMMEs do not operate in isolation. They operate in the domain that imposes threats, provides opportunities, and exposes strengths and weaknesses. For this reason, SMMEs need to adapt to the various business environments' variables in order to grow and survive. According to Benedict (2019), a business environment may be defined as the total surroundings that can directly and indirectly impact the profitability and productivity of a business. The business environment can further be categorised into the internal and external environments (Obasan, 2014). Endogenous factors of the organisation create the internal environment, and factors outside the business create the external environment. According to Beck & Demirguc-Kunt (2006, as cited in Olawale & Garwe, 2010), start-up SMMEs have to consider the impact of endogenous and exogenous factors on their organisational growth and performance.

Gonzales Rocha (2012) believes that an enabling business environment for SMMEs will contribute to job creation, improve income generation by the poor, improve economic growth, and alleviate poverty. Braşoveanu and Bălu (2014) state that it is therefore necessary to create a stable and conducive business environment to equip the SMME sector to create jobs and provide employment opportunities. Ultimately, creating a fertile ground for SMMEs will contribute to economic growth and increase the spirit of entrepreneurship among local communities. Each of these environments is dealt with hereunder.

3.4.1 Internal Environment Factors

The internal environment factors are largely controllable by an organisation (Fatoki, 2014b), and these factors need to be identified and managed properly for the organisation to grow and prosper. According to Nieman and Pretorius (2004, as cited in Motsukunyane, 2013), in this business environment, the goal of the entrepreneur is to build his or her strengths, eliminate or minimise weaknesses, and turn them into opportunities. Endogenous factors include access to credit, managerial skills, marketing skills, human capital, and the age and size of the firm (Olawale & Garwe, 2010). These factors have to do with decisions made in the organisation by either the owner-manager or the staff members in the organisation. Blose (2018) argued that an internal business environment relates to the day-to-day management, marketing, asset control, competent workforce, financial resources, research, and development in a business. As a matter of fact, many of the challenges faced by SMMEs emanate from internal environmental factors, such as inadequate or complete incompetent managerial skills and unavailability of financial management skills, and business culture (Masutha & Rogerson, 2015). Moreover, (Lekhanya, 2015 & Bvuma, 2020), concur that internal factors can impede the growth of SMMEs such as the lack of entrepreneurship education, strategic planning, business acumen and skills, leadership, and marketing of the business. Strategic planning is a challenge for SMMEs. For instance, a family business, lacks strategic and succession planning regarding who will take over the business once the current owner is no longer in charge. Understanding the impact of the internal environment helps entrepreneurs avoid failure because internal factors immensely influence the daily operations of the business. The internal business environment significantly affects businesses' prosperity, in addition to the external factors that can also positively and negatively impact the performance of these small firms (Anggadwita & Mustafid, 2014). My study examined several internal factors that can impede business growth, namely: lack of managerial capacity and technical know-how, and lack of access to credit and marketing skills.

3.4.1.1 Inadequate access to credit

Inadequate access to credit by SMMEs is well documented. A plethora of studies (Barnard, Kritzinger & Krüger, 2011; Mazanai, 2012; Reynolds et al., 2019) have revealed that access to financial resources in the SMME industry is among major constraints the growth and prosperity of SMMEs in South Africa. For example, Nkwinika & Munzhedzi (2016) observed that the

majority of emerging businesses in South Africa could not access financial aid from money-lending institutions. This observation was also affirmed by Makina, Fanta, Mutsonziwa, Khumalo & Maposa (2015), who indicated that the inability to access funding from formal money-borrowing entities resulted in the alarming failure rates of SMMEs. In the same vein, access to credit was seen by Sitharam & Hoque (2016) as a major concern for the development and sustainability of SMMEs in South Africa. Khosa & Kalitanyi (2014); Asoba & Tengeh (2016); and Ngota, Mang'unyi & Rajkaran (2018) also stated that the inability to acquire financial assistance in the form of credit from formal financial entities, particularly commercial banks, posed a significant challenge for small businesses. Significantly, few start-up SMMEs who apply for funding succeed in acquiring this funding.

The study conducted by Mazanai & Fatoki (2012) discovered that financial constraints from the banks by small firms is still a huge impediment in South Africa. Herrington, Kew & Kew (2014) researched the Global Entrepreneurship Monitor (GEM) South Africa 2014 report and found that it states that the inability to access funding is a major constraint leading to the failure of SMMEs. The report noted that the lack of adequate bookkeeping, credit collateral security, financial deposits, and improper business planning are responsible for the small businesses' inability to secure funding, as this means that they cannot meet the financial institutions' loan criteria. Only about 2 per cent of the SMMEs in South Africa are actually able to access finance or loans from banks and other financial institutions (Balogun, Ansary & Agumba, 2016), specifically because of their poor bookkeeping and cash flow management. Reynolds et al. (2019) added that this is also a common problem for the manufacturing sector SMMEs in the country.

One of the most important theories that focuses on the analysis of the financing gap is the credit rationing theory of 1981 by Stiglitz and Weiss (Mazanai & Fatoki, 2012; Machirori, 2012). According to Machirori (2012), the credit rationing theory suggests that formal money-lending institutions are less likely to grant loans to small start-up firms because these SMMEs are high-risk projects. Other studies have shown that there are alternatively informal financial institutions that can be approached by small firms for financial assistance (Cant, Erdis & Sephapo, 2014). In many cases, these alternative financial platforms involve donations from family members, friends, microlenders, mortgages, third-party organisations, and grants from various government ministries and public entities such as the SEDA, SEFA, DBSA, the Industrial Development Corporation (IDC), DTI, National Development Agency NDA and the

NYDA. The South African government introduced a number of financial institutions to assist SMMEs with access to credit in a further effort to address access to credit problems faced by small entrepreneurs. This is facilitated by the DTI, because the government acknowledges that adequate access to credit is necessary for the growth and prosperity of the start-up SMME sector if this sector is to act as a catalyst for job creation, poverty eradication, and socio-economic stability in the country.

3.4.1.2 Inadequate managerial skills

Managerial capacity and competency are vital for the development and profitability of any organisation. Owners and managers of the manufacturing sector SMMEs in South Africa generally have limited business knowledge and acumen, and this leads to SMMEs' failure (Reynolds et al., 2019). By definition, managerial competency comprises a combination of knowledge, skills, behaviours, attributes, and attitudes essential for personal effectiveness (Fatoki & Odeyemi, 2010). Education, knowledge, managerial experience, marketing skills, good people management, and financial literacy are used to gauge the managerial competency of the owner-manager of the enterprise (Sitharam & Hoque, 2016). The competency and capacity of the owners and managers of the SMMEs in the manufacturing sector can be regarded as necessary for their growth and sustainability.

In a study by Reynolds et al. (2019, p. 4) in South Africa, it was revealed that the manufacturing sector's SMME owners and managers have little or no accounting knowledge, and there is a generic balanced scorecard (BSC) template that could serve as a management tool to improve their capabilities. It is equally necessary for small firms to employ skilled personnel with the right skills and competencies at the right time. Bushe (2019, p. 12) defined managerial incompetence as "*insufficient management skills, expertise in functional areas such as marketing and human resources, and financial knowledge*", and stated that managerial incompetence is a "*major cause of SMME failures*". Bushe (2019) added that owners' and managers' lack of knowledge in critical areas such as marketing, human resources, and finance are a major concern. The vast majority of SMME owners and managers have little or no understanding and knowledge of financial and cash-flow management as a result of their poor financial literacy.

Access to capital is necessary for the performance of SMMEs. Fatoki (2014e) points out that managerial competency is a very important aspect, as it leads to proper financial record-keeping, and enables firms to access credit from financial institutions. The high illiteracy rate among the SMMEs' owners and managers also presents a significant problem and prevents them from accessing loans from banks (Serame, 2019). Managerial skills and business acumen are indications of how well a manager can execute the necessary duties and tasks pertaining to the day-to-day operation of a business. The lack of these is despite several initiatives by the government and private sector organisations to provide capacity-building, training, and development programmes and advisory support to these SMMEs. Managerial skills are required in order for owners and managers to manage financial and non-financial resources and run their businesses properly. There is thus a great need to educate SMME managers and owners about the appropriate maintenance of financial records and banks' borrowing criteria so that they understand that managerial competency contributes significantly to accessing finance and managing the cash flow of their businesses.

Dlova (2017), however, argues that even though SMMEs can attract and absorb skilled workers, they can barely compete with larger companies. A vast majority of studies have recommended that small firms thus upskill and empower their existing staff by developing and nurturing their skills and knowledge through incubation, or hire already skilled and qualified personnel (Cant, 2012; Masutha & Rogerson, 2014; Ramraj, 2018; Schutte, 2019; Serame, 2019). Business incubation is a viable instrument with which to foster SMMEs' growth, as they can then become sustainable and internationally competitive firms with the potential to create employment, reduce poverty, empower previously underprivileged communities, and therefore contribute to national development and the local economy. The government has introduced numerous incubation centres to nurture start-up SMMEs through education, capacity-building, and advisory services. The types of assistance that can be expected from business incubators (BIs) include business networking and opportunities for collaboration, mentorships, access to equipment and financial resources, marketing and promotion services, and exposure to innovation, amongst others. The UESC, the Wiggins Economic Hive, Furntech, Raizcorp Prosperator, and Shanduka Black Umbrellas are some of the business incubators that have been put in place to help train, educate, and empower future SMME owner-managers in the eThekweni Metropolitan Municipality.

The personal development of SMMEs' owner and managers in the area of business education will improve their managerial competencies. Business owner-managers should attend the trainings and capacity-building programmes organised by the institutions of higher learning and other institutes that support South African small businesses. This will allow emerging operators to acquire experience and knowledge in vital areas of management, such as finance, human capital, operational planning, networking, and marketing.

3.4.1.3 Lack of skilled employees

The SMME sector plays a vital role in employment generation, skills development, innovation, inclusive wealth distribution, and the eradication of poverty among the unemployed. In order to grow and prosper, businesses need skilled and visionary employees. Employees are the most valuable assets in an organisation, so human capital significant element in the growth and sustainability of SMMEs. According to Hewitt & Wield (1992, as cited in Bouazza, Ardjouman & Abada, 2015), firms with skilled and well-educated employees are likely to be more efficient and productive. Rabie, Cant & Wiid (2016, p. 1009) also aver *“that in today’s competitive business environment, the capabilities and skills of employees are fundamental requirements for continuous productivity, innovation, and success in small and medium enterprises (SMEs)”*. However, over the years, the SMME sector has continued to face a shortage of a skilled and competent workforce. This lack of skills is consequently a major socio-economic problem for South Africa (Mateus, Allen-Ile & Iwu, 2014; Windapo, 2016; Sutherland, 2020), as it has resulted in a pool of unskilled and poorly trained people entering the business world, including entrepreneurs and the workforce in the SMME sector. While the government has introduced several skills development policies and strategies over the past two decades in its quest to “bridge the gap” regarding this skills shortage (Bruwer & Smith, 2018), Dhanah (2017) advised that this has not really helped the situation in the SMME sector, and one of the major reasons for the ongoing shortage of skilled labour in this sector is that trained individuals demand high wages and salaries, which a large percentage of small enterprises cannot afford.

The shortage of skilled labour in the SMME sector is thus ongoing and has an adverse impact on the performance of a business. Limited qualified and well-educated workers is therefore a factor that contributes significantly to SMMEs' failure. Skills attrition and an unskilled workforce are major challenges for SMMEs' development in developing economies. Considering the advantages and significance of training and capacity building in the SMME

sector, it is recommended that SMME owners invest in the employee training and development (T&D). Steenkamp & Bhorat (2016) alludes that the employee training in the SMME sector can be achieved by means of formal education, learning-by-doing, mentorships, and work-related training. SMME owners must train their employees regularly for better enterprise performance, in light of the increased rate of failure of small firms in South Africa. This is because it is evident that education and training are crucial in the financial performance of SMMEs and their ability to access market opportunities. It is also imperative that the government and policymaking organisations adopt new effective policy frameworks and/or adapt the existing ones that are aimed at facilitating the development of SMMEs.

3.4.1.4 Inadequate marketing skills

Marketing skills are vital important for growth and sustainability of SMMEs. On the verge of globalisation and fierce competition, small firms need adequate marketing to reach their target markets effectively and increase their sales volume. According to Mustapha (2017, p. 1), a marketing strategy “*can be defined as a method by which a firm attempts to reach its target markets*”. SMME owners and managers must therefore acknowledge the importance of marketing as a business development process that leads to survival and growth. Marketing is a vital aspect of a successful entrepreneurial entity. According to Tosun & Köylüoğlu (2020), marketing has a positive impact on a company’s visibility to its investors and customers and increases its sales and profit. Firstly, having proper marketing strategies helps to provide or render the service or product that best meets the requirements of the company’s customers. Secondly, marketing skills enable SMME owners to understand their client base, as they understand the need to conduct market research to establish the demands of their clientele or consumers and to provide superior and quality products for the target market. A study by Pai & Sadeeq (2011, p. 110) on the impact of marketing strategies on the business performance of SMEs in India highlighted various forms of marketing strategies. These strategies included advertising, personal selling, public relations, publicity, sales promotion, and direct marketing. They also included word of mouth to reach the target market and acquire market competitive advantage.

Van Scheers (2011, p. 5050) acknowledged that marketing skills are very important for small enterprises in South Africa. He stated that marketing is an umbrella concept that consists of marketing activities, sales, increasing market share, introducing new products to the

marketplace, and building new relationships with customers. Unfortunately, poor marketing skills have an adverse impact on SMMEs in South Africa as well as worldwide. Previous studies have revealed that a number of enterprises could not outcompete their peers in the market to improve the number of customers because of inadequate marketing skills (Cant, 2012; van Scheers, 2018a; Bushe, 2019). Van Scheers (2016) also reported that inadequate marketing skills and strategies negatively affect small businesses' survival and prosperity. As postulated by Bowler, Dawood & Page (2007, as cited in Cant, 2012), managers need marketing skills to ensure that there is a balance in their enterprises. The lack or insufficient knowledge and skills pertaining to marketing and how to apply these skills and knowledge properly will most likely result in the demise of the enterprise. An Algerian study by Bouazza et al. (2015) pointed out that SMEs in Algeria are weak in terms of market research and have inadequate marketing skills because most Algerian SMMEs are owned and managed by one person, and the single owner most often does not understand the importance of marketing.

The absence of competitive marketing skills is among the major hindrances to the success of small businesses in developing economies. This was reported in the study by Gontur, Emmanuel & Makrop (2018)'s study on how marketing skills impact the continuation and growth of SMMEs in Plateau State, Nigeria. The authors employed a descriptive survey research design to examine the role played by marketing skills in growth and sustainability of SMMEs. According to their findings, a lack of marketing skills hinders the growth and sustainability of SMMEs in Nigeria. The acquisition of marketing skills will enable SMMEs to meet the needs of their consumers in the most efficient and effective way.

For survival and growth, it is important that owners and managers design and develop marketing strategies for their enterprises that will lead to business development and prosperity. An owner and/or manager who possesses good marketing skills is likely to increase their clientele, the number of sales, and thus the profits of their SMME, and improved firm performance creates employment opportunities (Poblete & Grimsholm, 2010). Marketing evidently plays a crucial role in the growth of SMMEs, and SMME owners need to understand that they can improve the productivity and profitability of their businesses through appropriate marketing. The marketing challenges faced by SMMEs can be tackled by providing training programmes on marketing skills to small business owners and helping them to apply the marketing strategies learned more efficiently and effectively.

3.4.2 External Environment Factors

Globally and locally, all organisations have external factors that influence the long-term decisions of the business. According to Ayandibu & Houghton (2017), the external business environment of an organisation involves the factors outside of the organisation that affect its ability to grow and prosper. Umar & Is'haq (2020, p. 11) "*posit that the external business environment has a significant impact on the performance of SMMEs*". External environmental factors are largely beyond the control of the organisations, have both a direct and indirect influence on the organisations, and deter the mission and the vision of the business to a large degree (Masutha & Rogerson, 2015). The SMMEs' success is thus dependent on and influenced by external factors or the environment. Factors such as economic and political variables, technological variables, the legal environment, competition, globalisation, crime, and corruption make up the external environment (Fatoki, 2014b). Sitharam & Hoque (2016) also reported that the external factors are made up of several macro-environment factors namely, political, economic, social, technological, ecological or environmental, and legal forces. As stated, the majority of the SMMEs have no control over these external factors, and these enterprises can only adapt to the changes in this environment after careful analysis of the effects of the changes.

Multinational organisations and the central government have a significant influence on the dynamic forces of this environment. According to Nieman & Pretorius (2004, as cited in Motsukunyane, 2013), in order for enterprises to operate in a favourable environment, the government must be a key driver in the creation of a conducive environment that is less precarious for small businesses. External factors are certainly very detrimental for the growth and sustainability of businesses, irrespective of the size of these businesses (Mpofu, 2013). Conversely, most large corporations can resist and cope with the adversities of the external factors, unlike the SMMEs. SMME owners and managers should thus devise and implement measures to manage the external factors that affect the performance of their enterprises as best they can (Sitharam & Hoque, 2016). The examination of the external business environment has merited little scholarly attention in the academic domain to date (Dragnić, 2014). My study discussed the external factors, which included the legal system, competition, technological barriers, crime, and corruption.

3.4.2.1 Crime and corruption

In South Africa, crime and corruption deter SMMEs' growth and survival. in South Africa. Olawale & Garwe (2010) found that about 70 per cent of SMMEs perceived corruption as inhibiting their businesses' prosperity, and approximately 60 per cent of large companies felt the same way. According to Bitterhout & Simo-Kengne (2020), South Africa is among other countries around the globe that report highest corruption rates. South Africa is ranked 72nd out of 175 countries in terms of corruption (Corruption Watch, 2013). The United Nations' Office on Drugs and Crime reported in 2013 that crime is a major challenge in South Africa (Fatoki, 2014b). Crime in South Africa is a serious and intimidating element that the government has failed to prevent and combat. Fagbadebo (2019) stated that the "*demand for accountability by the public from the leadership becomes the instrument to ensure the criminalization of corruption*", but this demand has largely gone unheeded.

An important study by Mantzaris (2018) on the evidence-based corruption index in South Africa explained that "*human greed, avarice, lack of accountability, and unethical behaviour, as well as weak organisational structures and processes, are the root causes of the existing situation*". It is essential for the state and other pertinent interested parties to strengthen the anti-corruption strategies that are in place to combat the scourge of crime and corruption in both public and private institutions. The study by Bushe (2019) stated that the business community is extremely vulnerable to crime, despite the statistics published by the South African Police Services (SAPS) stating that the incidents of crime have declined since 2009.

SMMEs have also been exposed to the scourge of corruption and mismanagement that has cost South Africa millions over the years (Fatoki & Patswawairi, 2012). The cost of crime is much higher for the SMME sector than it is for large corporations, and small firms are susceptible to various criminal activities that lead to their inability to meet their obligations. This means that SMMEs are more vulnerable to corruption than large corporations and are more likely to fail compared to larger firms (Marivate, 2014). Besides fraud and corruption, small businesses in South African townships are vulnerable to crimes such as burglary outside of business hours, and this also results in the high unsuccess rate.

Firstly, crime and corruption increase operational costs, reduce competitiveness, and eventually reduce sales. Secondly, crime and corruption prevent firms from pursuing rewarding

business ventures, lower their opportunities, and thus lessen sales, investment, and employment opportunities. Finally, crime and corruption might cause small business entities to lose valuable human and financial resources, as well as customers. In addition, the majority of the SMMEs in South Africa do not have insurance schemes to protect their fixed and movable assets (Mboniyane & Ladzani, 2011). A large sum of money has been spent on corruption and crime prevention by the government for many years in South Africa, to no avail. Pillay & Khan (2018) reported that the high level of crime and corruption associated with “dysfunctional public and private institutions” in developing countries has led to the misappropriation of scarce government resources, poor service delivery, and low economic growth.

3.4.2.2 Onerous legal and regulatory framework

The regulation and legal environments are important factors contributing to the success or failure of SMMEs. There is extant evidence to prove that legislative frameworks are a major influence in the success of SMMEs. According to the 1996 Constitution, particularly the Bill of Rights that guarantees and safeguards the people’s rights. Ironically, the regulatory frameworks and policies that exist in South Africa fail to create an environment which is empowering and supportive for the success of SMMEs. These include the *National Small Business Act 102 of 1996*, which was replaced by the *National Small Business Act of 2003*. This Acts define a small business and encourage the promotion and development of SMMEs. The latest version of the Act promoted the creation a ministry responsible for small businesses, which came into being in the form of the DSBD in 2014. According to Niewenhuizen (2019), SMMEs are crucial for economic growth, employment creation, and the GDP in both developed and least developed economies.

However, in South Africa, the regulatory frameworks and related legislation are considered major constraining factors for the start-up and expansion of businesses. The policies that govern the establishment of start-up businesses are enormously cumbersome and complicated. Sitharam & Hoque (2016) postulated that most SMMEs do not comply with the policies because some of them are too intricate and ambiguous. The most rigid regulations mentioned include labour laws, taxation, and other commercial policies, and most SMMEs fail within their few years of existence, partly because they are hindered by these regulations. Herrington & Kew (2016); Nyamwanza, Paketh, Makaza & Moyo (2016) maintain that regulatory frameworks constrain the expansion of SMMEs in many least developed economies. As such,

the government must ease the restrictive business legalities and conflicting commercial regulations that hamper SMMEs' success in South Africa. This way, SMMEs will be able to prosper, grow, create sustainable jobs in their geographical locations, and access global markets.

3.4.2.3 Stiff competition

Over the years, the competition among SMMEs locally and globally has increased drastically. Competition for small firms includes factors such as ever-changing market trends, technological advancements, globalisation, and consumer behaviour. Competition is a challenge as there are numerous enterprises that provide goods and services of the same nature to the same market, and tough competition hinders new and immature small businesses in the market more than it does larger firms. Rungani & Potgieter (2018) pointed out that numerous South African SMMEs are not domestically and globally competitive. SMMEs in developing nations like South Africa face stiff competition and this affects the performance of their businesses negatively. Sitharam & Hoque (2016, p. 286) asserted that SMMEs fail to maintain their market share and position due to the competition from local and international competitors. The fact that stiff competition negatively impacts small firms means that it can ultimately result in their failure.

Abiodun & Kolade (2020)'s study on the impact of marketing strategies on the business performance of the SMMEs in Ibadan, Nigeria, revealed that SMMEs in emerging economies struggle to subsist in the face of strenuous local and international competition. This also applies to the manufacturing sector SMMEs in emerging economies, and for competing in global markets, it is necessary for local firms to collaborate and efficiently use the limited resources available (Moloi, 2019).

SMMEs in South Africa need to collaborate to equip and position themselves to address the domestic and global competition. Mazanai (2012, p. 5786) adds that companies must be capable of manufacturing high-quality products at a low cost and must provide first-class customer service to compete effectively. The SMMEs need to keep abreast of what their competitors are doing in terms of setting prices, which marketing strategies they are using, and what their level of customer satisfaction is (Sephapo, Cant & Wiid, 2016). SMMEs' success in the turbulent local and international markets is based on their customers' satisfaction, cost

efficiency, product diversification, and how effectively they reach their target markets. The SMME owners and managers must be flexible and develop strategies to respond to new trends so that they can keep customers loyal and satisfied. Failure to do so will result in the businesses diminishing as their customers search for better alternatives from competitors. By ignoring the competition, the firms become more prone to losing their customer base since customers are looking for superior products and services at a reasonable price. The SMMEs therefore need to be aware of the stiff competition in the domestic and international markets and take the appropriate steps so that they can remain competitive and retain and expand their access to the market.

3.4.2.4 Inadequate government support

The SMME sector is generally considered as the promoter of economic growth, employment creation, skills transfer, and innovation in various economies, and South Africa is no exception. Unfortunately, this sector still faces numerous challenges that impede its business growth to reach niche markets. In 2018, the World Bank's Enterprise Survey in South Africa identified numerous obstacles as the cause of the lack of growth of SMMEs in South Africa. Some of these obstacles include insufficient access to funding, inadequate government policies, the tax system, bureaucracy, a lack of adequate skills and entrepreneurship education, insufficient space to operate, poor sales, inadequate technology, inadequate equipment, poor local economic conditions, competition from large businesses, crime, and theft (Moos & Sambo, 2018). Madela (2019) also examined the challenges that caused the elevated failure rate of the SMMEs in South Africa and identified the lack of; access to credit due to absence of collateral, access to services, institutional support, marketing and pricing strategies, limited management capacity and managerial skills, corruption, high taxes and interest rates, electricity disruptions, restrictive regulations, technological incapacities, and limited innovation and new product and service development.

Government support is one of the microeconomic or external environmental factors that is not under the control of SMMEs owners. South Africa is faced with a dilemma as many emerging enterprises fail during their infancy. The government has implemented various policies and strategies to provide various forms of support to SMMEs (Botha, Smulders, Combrink & Meiring, 2021). These authors further highlighted those supporting institutions like SEDA, Khula Enterprise Finance, and the Apex Fund that were formed to serve as support measures

to stimulate emerging start-ups. In addition, Rankhumise & Masilo (2017, p. 166) posited that one of the broad objectives of SEDA is to implement an enabling service delivery network that improves the contribution of small businesses to economic growth, employment generation, promotion of equity, and also strengthening the aptitude of these service providers in supporting small enterprises so that small enterprises can compete successfully in the domestic and international spheres.

For the 2018/2019 financial period, the government's spending on the SMME sector was estimated at R774.5 million across all spheres of government (DSBD, 2019, p. 652). The vast majority of South African SMMEs were established following the start of the democratic era (Hewitt, Rensburg & Janse, 2020). The Ministry of Small Business Development was established in 2014 in an effort to further maximise the growth and development of SMMEs in South Africa and stimulate the country's economic development (Moise, Khoase & Ndayizigamiye, 2020; Ogujiuba & Boshoff, 2020).

3.4.2.5 Technological barriers

Another major external environmental factor limiting the prosperity of South African SMMEs is the massive lack of technological capacity, which is key to building the skills of the SMME entrepreneurs and managers. According to Bouazza et al. (2015), technological competencies are considered as tools for strengthening the competitiveness of SMMEs. Numerous studies have acknowledged the impact of technology and information communication and technology (ICT) adoption on small enterprises, and many SMMEs have adopted digital marketing as a business model to attract and maintain customers (Saura, Palacios-Marqués & Ribeiro-Soriano, 2021). In the context of developing countries, marketing practices are relatively poor, so ICT adoption by SMMEs is important for them to compete in the marketplace (Albar & Hoque, 2019). Firms that adopt modern technological equipment in their businesses are consequently more likely to grow faster than firms without modern technological equipment.

The adoption of technology by SMMEs empowers them to take advantage of existing opportunities. This then facilitates the reduction of their operational expenses, accelerated distribution by suppliers, innovative marketing strategies, easy access to customers, and superior value chain processes. According to Olawale & Garwe (2010), investing in technology and keeping up with ever-changing technological development is increasingly vital to all

organisations. For example, the utilisation of creative technological advancements could give firms a competitive advantage over competitors by improving their existing products and marketing skills (Shiamwama, Ombayo & Mukolwe, 2014).

Numerous studies have shown that, in this digital age focused on innovation (Adamides & Karacapilidis, 2020; Hilmersson, Johanson, Lundberg & Papaioannou, 2021; Goncalves, 2022), SMMEs' extensive use of mobile technologies, social media communication, and online marketing platforms has grown rapidly (Mashau & Ngwenya, 2019; Nhuvira & Dorasamy, 2021; Thaha, Maulina, Muftiadi & Alexandri, 2021; Rosimah, Kamil & Charisma, 2022). As a matter of fact, we are living in the information age, and the most successful small enterprises make use of technology to interact and connect with people over long distances to market their goods and services and enhance their business ventures. Current online marketing platforms have enabled SMMEs to improve their client base and profitability (Tortora, Maria, Iannone & Pianese, 2021). However, many small firms in South Africa are still hampered by their lack of or insufficient adoption of technological tools. In most cases, small firms manage their businesses using conventional technologies that are now obsolete. Without modern technology, these small firms are more likely to fail and close (Sitharam & Hoque, 2016), but many of the manufacturing sector SMMEs find it difficult to adopt and exploit advanced technology (Ngibe & Lekhanya, 2019), and South African manufacturing sector SMEs are no exception.

In addition to this, the owners, managers and their employees must be versed in the technological tools in order to use them efficiently and effectively for the success of the SMMEs. A lack of sufficient technological skills could lead to underutilisation of technology by small businesses and cause them unnecessary challenges (Ghobakhloo, Hong, Sabouri & Zulkifli, 2012). Ardjouman (2014) has therefore stated that businesses require better utilisation of information and communication technology for survival, especially now in the digitalised era. Ardjouman (2014) attested that the probability that SMMEs will grow fast becomes certain when technology is embraced and adopted in their daily business activities. The manufacturing sector, SMMEs need to adopt and understand advanced modern technologies in order to sustain and grow their enterprises.

However, Afolayan & de la Harpe (2020) argue that it is difficult for them to adopt the new digital technologies because they lack the skills required to do so. The skills shortage among small enterprises need to be identified by a skills audit, and the government and supporting

agencies need to implement the mechanisms necessary to improve the technical skills of the owners and managers of these small enterprises. Poblete & Grimsholm (2010) worryingly reported that many SMME managers are not actually aware of the application of advanced technologies in their businesses, and they do not have the capacity to choose the appropriate technology for their businesses. It is thus advisable for start-up SMMEs to consider the importance of technology in the day-to-day running of their businesses seriously and to have regular training sessions and workshops with managers and staff members using in-house and/or external training programmes. The SMMEs that do use technology tend to use outdated technology and machinery due to their lack of funding and research and development. This results in low productivity and an inability to compete with other companies.

The adoption of technological tools must be embraced and supported by all stakeholders in the small businesses, namely the owners, the management echelon, and the subordinates. This will occur more readily if the SMMEs procure and utilise user-friendly, tried-and-tested technological tools that offer superior performance. Poblete & Grimsholm (2010) have claimed that investment in technology is key for business growth and to producing quality, high-value products that will improve the competitiveness of these businesses. Also, it is necessary for small enterprises to make use of training that will help them to better exploit the new technologies, and the government, research institutions, institutions of higher education and telecommunication companies should play a big part in terms of technological development and research and development (R&D). Such training is imperative for SMMEs' growth and development in South Africa.

3.4.2.6 Globalisation

The implications and impacts of globalisation have been discussed extensively. The world is becoming a small, “globalised village”, and small businesses should not restrict their operations to domestic market if they wish to survive in the competitive global environment. Mpfu (2013) noted that this concept has gained popular usage in the academic domain, where it is commonly referred to as the “global village, the global economy, the global society, and global citizenship”. Globalisation involves the amalgamation of nations, regions, sectors, industries, economies, policymakers, and cultural practices around the world (Mwika, Banda, Chembe & Kunda, 2018). Samad (2007, as cited in Mwika et al., 2018) described globalisation as the process by which national and continental economies have become integrated and

interdependent. This has been achieved through global trade networks, immigration, communication, and transportation.

Globalisation has brought many advantages as well as disadvantages. The world has become a marketplace that is open to everyone, and globalisation has created a global market for goods and services (Ocloo, Akaba & Worwui-Brown, 2014). Similarly, Hirasawa (2019, p. 2) sees globalisation as “*the expansion of a market beyond the border of a national economy*”. Business activities and the transportation of commodities beyond borders have been common practices since the early days of global market trading. In that sense, the history of global market trading, which includes the importation and exportation of goods, is nothing but the development of economic globalisation. For small firms around the world, going global is not an option or a matter of choice but rather a necessity, and failure to penetrate the global market can be detrimental for modern businesses, irrespective of their size. Globalisation has enabled entrepreneurs to devise superior marketing strategies, gain a competitive advantage, and develop counteractive tactics against competitors (Shiamwama et al., 2014).

However, despite the many benefits, globalisation has also caused severe socio-economic problems in developing economies. Over the last decade, neo-liberalistic globalisation has caused more than one million SMMEs to go bankrupt and close their operations globally, but particularly in developing countries. This is because globalisation has an antagonistic impact on start-up SMMEs and employment creation, as seen by the declining number of small businesses across the globe (Hirasawa, 2019). The study by Mpofu (2013) in Zimbabwe revealed that globalisation follows the “global capitalist agenda” of developed nations, and a severe downside of this has been the human rights violations associated with immigration and human trafficking (the modern-day slave trade) in Africa. In the global south, particularly on the African continent, globalisation has undermined human dignity, the independence of nations, and democracy. This is because the fierce competition and neo-liberal policies that have gained ground due to globalisation have led to the failure of many emerging small firms. The governments on the continent, and particularly in South Africa, thus need to devise measures to protect the existence of their SMMEs at the national and sub-national levels.

3.5 Characteristics of Entrepreneurs

Another significant indicator for the growth and sustainability of SMMEs is the relationship between the characteristics of an entrepreneur and firms' growth (Ajani & Oluyemi, 2016). Entrepreneurship contributes to the development of small businesses and the economy of many nations, and entrepreneurs are currently acknowledged as promoters of economic development and prosperity for all countries around the world (Salamzadeh, Farjadian, Amirabadi & Modarresi, 2014). The term "entrepreneurship" or "entrepreneur" can be traced back to 1800 AD, to the French economist Jean-Baptiste Say. He defined "entrepreneurship" and "enterprises" as "an undertaking" (Carlen, 2016). In addition, Abun, Lalaine, Foronda, Agoot, Luisita, et al (2019) asserted that entrepreneurship is derived from the French term "entreprendre", which clearly denotes someone who "undertakes" a business project. With this in mind, Chell, Haworth and Brearley (1991, as cited in Neneh, 2011, p. 11) have argued that "*identifying an entrepreneur has been confounded by the fact that there is still no standard universally accepted definition of entrepreneurship*".

Over the years, the significance and role of entrepreneurship have been acknowledged by various researchers and practitioners around the globe. Entrepreneurship plays a major role in the formulation and development businesses which lead to the economy growth of many nations (Chavez, 2016). As mentioned earlier, entrepreneurship is vital on the establishment and nurturing of enterprises and is a huge contributor to economic development and success of many countries (Van Vuuren & Alemayehu, 2018). Entrepreneurship can therefore be regarded as economic growth since it enhances innovation and reduces unemployment, inequality, and poverty.

As stated, Jean-Baptiste Say coined the terms "entrepreneurship" and "entrepreneur" in about 1800 AD, but these terms have no uniformly accepted meaning, and various scholars have come up with their own definitions of these two terms (Carlsson, Braunerhjelm, McKelvey, Olofsson, Persson & Ylinenpää, 2013). In general, an entrepreneur is perceived as "*person who sees an opportunity in the market, gathers resources, and creates and grows a business venture to meet these needs. He or she bears the risk of the venture and is rewarded with profit if it succeeds*" (Blose, 2018, p. 31). Geitlinger (2016, p. 19) defined an entrepreneur as an individual who has a certain inclination or attitude towards entrepreneurship and aspires to exploit an opportunity and some form of ability or activity to achieve their entrepreneurial

intention. From Gu's (2023) perspective, an entrepreneur is a person who is aware of opportunities for trade. Indeed, this shows that entrepreneurs are risk-takers and get rewarded with profit if their venture succeeds.

Most recent scholars have used Big 5 Model to examine the characteristics of an entrepreneur. The Big 5 Model is a multidimensional approach used to define an individual's personality, and it measures the characteristics of openness, conscientiousness, extraversion, agreeableness, and neuroticism (Antoncic, Bratkovic Kregar, Singh, & De Noble, 2015; Kerr, Kerr & Xu, 2018). This model is one of the most important ones used to describe personality traits (Abood, 2019). It has been the predominant model for personality traits since the 1980s, and the Big 5 traits have been found to influence career choices and work performance (Suci, Yulianthini & Dewanti, 2019). The five macro-traits in the model cover a distinct set of characteristics, described as follows by John et al. (2008, p. 138):

- i. **Openness to experience** is the willingness to entertain and accommodate new ideas and unconventional principles.
- ii. **Conscientiousness** refers to an individual's determination and having the tendency to act dutifully, show self-discipline, and aim for achievement against a measure or outside expectation.
- iii. **Extraversion** implies positive feelings and a tendency to seek the company of others. It represents the tendency to be sociable, assertive, active, upbeat, cheerful, optimistic, and talkative.
- iv. **Agreeableness** is the tendency to be trusting, compliant, caring, considerate, generous, and gentle. Such individuals have an optimistic view of human nature.
- v. **Neuroticism** is emotional instability or maladjustment. Such people have a tendency to experience fear, anxiety, nervousness, anger, and inordinate guilt.

The Big 5 Model of Traits is a valuable tool with which to describe and examine entrepreneurship as it explores how an entrepreneur's personality influences their decisions to increase business growth. Nevertheless, it does have some limitations, as after many years of investigating personalities, scholars do not all have the same understanding of personal characteristics or traits.

In addition to entrepreneurs' characteristics, there are also firms' characteristics, and these are aspects mostly under the management control these are firm's characteristics such as their size, age, liquidity, leverage, and sales growth. There are also macroeconomic variables, and those are factors that are not within the control of management. These include inflation, interest rates, the GDP, and industry size (Okunbanjo, Ojenike & Fakunmoju, 2022). This means that the profitability of consumer goods companies can be ascertained using the firms' specific attributes (internal attributes) and their macroeconomic variables (external attributes), as these are the major determinants of the profitability of the companies.

Machirori & Fatoki (2013) defined firm characteristics as the traits and features that affect the firm's performance positively and negatively. These characteristics include a firm's age, size, the industry sector, legal status, and the owner's age, gender, and education. Entrepreneurship characteristics, on the other hand, are the personal traits and attributes associated with the owner and/or manager of the firm, which can also positively and negatively affect the performance of the firm. These include the owner or manager's age, gender, education level, experience, etc.

Balogun, Nazeen & Agumba (2016) examined how firm's characteristics influence access to credit by South African SMMEs in the construction industry. Their study critically investigated the factors determining access to credit by construction industry SMMEs in South Africa. Balogun et al. (2016, p. 160) "*observed that despite construction SMMEs' contributions to the county's job creation, their continuing growth and strength have been compromised by the persistent limitations on their access to credit from the formal sector*". The findings of their study indicated that firm characteristics influence access to finance.

According to Chavez (2016), linking the personal characteristics of an entrepreneur to their enterprise success is a problematic. It is difficult because the success of the business venture is caused by numerous factors, and personal characteristics are one of them. The personality of a business owner or manager does indeed have a big influence on the firm's performance, and over the years, scholars have struggled to distinguish the psychological proportions that determines successful businesses from their rivals (Kerr et al., 2018). Lecuna, Cohen & Chavez (2017); and Mhlanga's (2019) findings corresponded with Kerr et al.'s (2018) assertion that there has been controversy regarding the personality of an entrepreneur and entrepreneurial performance. Farrington (2012) employed a multiple regression analysis and compared

personality traits and SMMEs' success in the Eastern Cape, South Africa. The study showed that personality and other personal influences determine whether an individual will be a successful small-business owner or not. That is, personality does matter for small businesses' success. Many studies consider these as the "traits of entrepreneurs" or the "traits that make entrepreneurs successful".

Chavez (2016) explained that there are numerous characteristics that lead to business growth; hence it is important to demonstrate the relationship between entrepreneurial characteristics and performance of a business venture. Sidika (2012, as cited by Blose, 2018, pp. 32-33) "*determined that the most influential factors for business growth are the initiative, assertiveness, and achievement orientation of successful entrepreneurs*". Other scholars, however, disagreed with this statement (Marus, Mwirumubi, Edaku & Mutesigensi, 2017, p. 3) and stated instead that the most important characteristics of an entrepreneur are courage, self-reliance, determination, perseverance, and creativity in the area where the entrepreneur intends to do business. Neneh & Van Zyl (2014) studied factors that significantly influence the growth intentions of entrepreneurship in South Africa and concluded that the locus of control and entrepreneurship significantly influence the intention to start a business and then also influence the growth of the business. Scholars have ultimately unanimously agreed on the factors that have a significant relationship with business growth. These factors include the need for achievement, readiness for innovation, a proactive personality, general self-efficacy, stress tolerance, a need for autonomy, locus of control, and risk-taking (Caliendo, Fossen & Kritikos, 2014; Neneh & Van Zyl, 2014; He, Standen & Coetzer, 2017; Van Ness, Seifert, Marler, Wales & Hughes, 2020).

Lekhanya (2016) examined various business characteristics and the implications they had for survival and growth of rural enterprises in KwaZulu Natal. The results of the study revealed that external factors have a major impact on the business success of SMMEs. It can thus be said that in developing countries like South Africa, the age of an entrepreneur and their educational level, gender, family background, and management style contribute to SMME operations and are seen as determinants of the growth and sustainability of SMMEs. Negative personal traits of the SMME owners and managers will jeopardise their businesses, just as failure to react to a turbulent external environment will.

Arthur-Aidoo, Aigbavboa & Thwala (2018) explored organisational determinants, also referred to as firm characteristics, as the determinants of SMMEs' growth. Their study showed that, as well as the numerous known determinants of SMMEs' growth, there are also other characteristics that influence their growth. Their study identified that both internal and external forces influence the growth of a firm. They found the dependent variable to be the firm's characteristics, while the independent variables included a strong desire for the firm to grow, strong human capital, a clear business vision, good management structures, a good team, good human relations, a highly knowledgeable team, a positive company culture, and a good business location. Moreover, according to Arthur-Aidoo, Aigbavboa & Thwala (2018) "the business environment and stakeholder involvement as the vital factors which influence the growth of construction SMEs" (p. 20).

In summary, the role of SMMEs is not confined to employment creation, enhancing socio-economic growth, and poverty eradication, as it also includes the growth of these firms in this economic sector. The continued growth of SMMEs has become a major concern for policymakers and academics over the last few decades. And studies have shown that good management structures, a good team, good human relations, a highly knowledgeable team, a positive business culture, and a good business location also contribute to the growth of SMMEs.

3.6 The Institutions that Support SMMEs in South Africa

The South African government has strived to support small and medium-sized enterprises since 1994 because it has acknowledged that the SMME sector can achieve its economic goals if it is provided with assistance from the government and other public entities. The government has accordingly introduced several agencies and donor funding institutions to this end. The entities primarily aim to facilitate South African SMMEs sector promotion and development. The institutions focus on providing financial as well as non-financial assistance. These agencies are listed as follows:

- i. The Department of Trade and Industry
- ii. The Department of Small Business and Development
- iii. The Small Enterprise Development Agency
- iv. Khula Enterprise Finance.
- v. The National Youth Development Agency.
- vi. The South African Micro-Apex Fund

- vii. The National Empowerment Fund. And
- viii. The Industrial Development Corporation (Phillips, Moos & Nieman, 2014).

3.6.1 The Department of Trade and Industry

SMMEs fall under the Ministries of Small Business and Development and Trade and Industry, and they are a response to the need for employment creation and reduction of inequity and poverty. The Department of Trade and Industry (DTI) has numerous initiatives aimed at equipping SMMEs in South Africa. This department has a number of agencies that assist SMMEs by providing them with financial and non-financial resources. The services offered by these agencies include infrastructural development, international trade and investment, technological development, education and training, advisory support, networking, and marketing skills. Over the years, the government, through the DTI, has acknowledged the significant role that SMMEs play in employment generation, economic growth, and income equality and has developed a wide range of support programmes for small businesses (Cass, 2012). The growth and expansion of SMMEs, which contribute largely to the country's GDP, is one of the DTI's objectives (Motsukunyane, 2013). The DTI was established in 1995 with two departmental units: the Enterprise Organisation and Empowerment Division and Enterprise Development Division. The Department of Small Business Development (DSBD) was subsequently established in 2014. The DTI has lately launched a strategic plan that engages SMMEs in online trading in partnership with Google, known as "Woza Online". The DTI is a big national department that comprises several public entities and agencies.

3.6.2 The Small Enterprise Development Agency

The SEDA was formed in December 2004 as an agency under the DTI. According to Masutha & Rogerson (2014), SEDA came into being in 2004 following the promulgation of the *Small Business Amendment Act 29 of 2004*. SEDA was the amalgamation of various existing small enterprise development agencies, namely the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre Trust, and the Community Public-Private Partnership, into a single vibrant development agency. Nationwide, SEDA has nine provincial offices, 42 national branches, and 30 business incubators. SEDA was introduced to provide training and advisory support and to strengthen the technical and financial capacity of SMMEs (Peters & Naicker, 2013). SEDA thus plays a crucial role in enhancing and nurturing SMMEs

enhancing their self-sustainability (Lose, Maziriri & Madinga, 2016). These aspects are perceived as the most critical areas for the growth and prosperity of struggling SMMEs. Despite the presence of these institutions, the majority of SMMEs are unaware of their existence and the services they provide. One of the shortcomings of external agencies is that they do not raise awareness of their existence, and as a result, many small businesses in disadvantaged areas do not receive adequate assistance to grow their businesses (Phillips et al., 2014). Additionally, authors argue that these government support programmes have failed to assist female business owners sufficiently compared to the assistance that their male counterparts receive.

3.6.3 Khula Enterprise Finance Agency

Khula Enterprise Finance Limited (Ltd.) was an agency of the DTI that was established in 1996 to facilitate access to credit by SMMEs. This agency involved the collaboration of various sector departments and third-party institutions to advance the government's goals of financing small businesses. The financial support that Khula Enterprise Finance provided included loans and credit guarantee schemes. Khula Enterprise Finance also provided capacity-building and mentorship programmes to entrepreneurs on the different aspects of managing an enterprise. The agency also offered additional non-financial assistance, such as advisory services, post-loan mentoring, business and technical support, and financial literacy seminars, among others (Nyamuda, 2018). According to Rwigema & Venter (2004, p 395 as cited in Mutezo, 2005), the study done by the Bureau of Market Research in 2001 showed that more than 1.5 million people benefitted directly or indirectly from Khula Enterprise Finance's assistance since 1996. In the 2015/2016 financial year, Khula Enterprise Finance disbursed R1.2 billion and supported 54,833 new small businesses (SEDA, 2016). This is an indication of the reluctance of the formal banking sector to lend to small businesses due to the perceived risk associated with that market.

According to Tim (2011, as cited in Mahohoma, 2018), by providing such finance, Khula Enterprise Finance was a key institution that promoted economic development in the SME sector of the economy. Unfortunately, Khula Enterprise Finance failed to achieve its goals, so it was incorporated into the Small Enterprise Finance Agency (SEFA) in 2012, together with the South African Micro-Finance Apex Fund (SAMAF) and the DTI (Mathibe & Croucamp, 2019). Khula Enterprise Finance consisted of four major components:

- i. Funding for retail financial institutions (RFI).

- ii. A credit guarantee scheme.
- iii. Equity capital. And
- iv. Sourcing capital for public and private sector funds that targeted small enterprises in specific sectors.

3.6.4 The Small Enterprise Finance Agency

The Small Enterprise Finance Agency (SOC) Ltd., commonly referred to as SEFA, was founded in April 2012. It is an agency that is wholly owned by the Industrial Development Corporation Limited (IDC), merging of three agencies into a single entity: Khula Enterprise Finance, the South African Micro-Finance Apex Fund (SAMAF), and the IDC. Motsukunyane (2013) posited that the agency was formed to operate in various regional offices countrywide. SEFA is one of the government-owned financial service providers committed to uplifting SMMEs and cooperatives. SEFA caters to SMMEs requiring financial support of up to R3 million (SEDA, 2016). SEFA’s core mandate is to offer financial assistance for SMMEs and ultimately eradicate poverty and foster employment generation. SEFA falls under the auspices of the DSBD. SEFA has nine regional offices nationwide. The following table illustrates how financial resources were allocated to various targeted groups in South Africa from 2013 to 2015. These allocations showcase the institution’s business mandate.

Table 3.4: Small Enterprise Finance Agency’s performance indicators

Targeted SMME Categories	2013/2014 Financial Year		2014/2015 Financial Year	
	Number of SMMEs	R’ Million	Number of SMMEs	R’ Million
Youth-Owned	10 291	157	16 419	292
Women-Owned	44 303	362	66 668	484
Rural Based	36 729	429	59 581	636
Black-Based	43 643	529	52 962	954

Source: Small Enterprise Finance Agency (2015)

Table 3.4 above illustrates the types of SMMEs targeted and supported by SEFA during the 2013/2014 and 2014/2015 financial periods. It is clear from the above data that the number of beneficiaries increased drastically across all categories, but especially women-owned

enterprises. The number of women-owned enterprises saw exponential growth and increased financial support (75%), while the number of youth-owned businesses saw marginal growth and increased financial support (54%), from the first financial period to the next. The data from the table above indicates that youth-owned enterprises are still underfunded, even though the government has mandated these Development Finance Institutions (DFIs) to inculcate and nurture youth entrepreneurship in South Africa.

3.6.5 Industrial Development Corporation

The IDC of South Africa is the oldest state-owned Development Institution (DFI) in the world. The Industrial Development Corporation (IDC) was established in 1940 by Parliament (*Industrial Development Corporation Act, 22 of 1940*) as a national advancement and financial backing institution, set up to advance financial development and industrial improvement. Different types of DFIs exist in order to meet various objectives and developmental goals. The main mandate of the IDC is to develop capacity in the domestic industrial sector, particularly in the manufacturing of goods. A recent study by Goga, Bosiu & Bell (2019) on the IDC has seen it as a major facilitator in the support of SMMEs and black-owned enterprises. However, research by Bell, Goga, Mondliwa & Roberts (2018) has shown that the unemployment rate remains high and about more than half (55.5%) of South Africans still lives below the poverty line. According to Mabasa (2018), the high interest rate and other cumbersome loan criteria required by numerous money-lending institutions operating in the country constitute the biggest barrier faced by SMMEs. The aim of the IDC is to be the driving force behind sustainable commercial industrial development and innovation to the benefit of South Africa and Africa as a whole. The IDC was set up to finance start-up businesses and promote entrepreneurship, industrial development, and economic growth. Despite all efforts and measures, SMMEs still have inadequate access to financial support needed for them to grow.

3.6.6 South African Micro-Finance Apex Fund

South African Micro-Finance Apex Fund (SAMAF) provided funding to rural and outer-urban small-scale entrepreneurs. The SAMAF was established to provide access to microloans and mobilise social capital. SAMAF was a trading entity that was governed by the *Public Finance Management Act (PFMA) of 1999*, and it did not provide direct financial assistance to the public. SAMAF was South African government initiative poverty eradication and employment

generation by creating a robust microfinance sector and a viable environment for financial intermediation. SAMAF's primary focus was the SMMEs in rural areas, and it disbursed loans through a network of financial intermediaries (FIs) located throughout the country. According to Kubone (2012), the fundamental role of SAMAF was to address the high unemployment level and poverty and also extend funding to rural and peri-urban communities through its stated programmes. The capacity-building envisaged by SAMAF was supposed to ensure that specialised non-financial interventions were provided to funded institutions, and asset capital for the poor was to be strengthened through savings mobilisation models. Spending on social security products and activities (education, home improvements, affordable investment products, and insurance products relevant to the needs of the poor) was also to be promoted.

Ironically, microfinance institutions in South Africa have not fulfilled their roles as expected. Olugbenga & Mashigo (2017, p. 86) reported that the financial support provided by SAMAF to microenterprises was insufficient and not delivered in a manner that ensured the development of the microenterprise segment. Ultimately, in 2012, SAMAF merged with Khula Enterprise Finance and the DTI to form the Small Enterprise Finance Agency (SEFA). SEFA uses the banking facilities at post offices nationwide to fast-track SMMEs. Equally important, the government should encourage and foster the establishment of community banks to decentralise microfinance and situate them in close proximity to local communities. In doing so, disadvantaged communities will be able to access financial services that provide a reasonable interest rate for microenterprises in rural areas and other places outside of major cities.

3.6.7 National Empowerment Fund

The National Empowerment Fund (NEF) was set up in 1998 and became operational in 2004. It was established aiming to provide both financial and non-financial support to black-owned enterprises (both large and small) (Omer, 2016). The NEF was established in accordance with the *National Empowerment Fund Act 105 of 1998*. Besides providing financial and non-financial support to black-owned enterprises NEF also aims to inculcate a saving and investment culture among black communities. The core mandate of the NEF is to be a vehicle for broad-based black economic empowerment (BBEEE). Moreover, the non-financial services provided by the NEF include advisory support, knowledge management, entrepreneurial training, mentorship, and technical assistance. Motsukunyane (2013, p. 23) pointed out that the

NEF aims to develop small businesses by constructing business plans for them, providing advice on starting and growing their businesses, providing access to capital, and providing advice to business owners on how to develop an existing business. This is achieved through partnerships with various financial and non-financial institutions. Significantly, NEF's mission and funding are in line with the national growth strategies and industrial aspirations, which aim to stimulate the country's competitiveness and leverage cooperatives and small and medium-sized businesses (Mahohoma, 2018).

3.6.8 The Department of Small Business Development

The South African government launched the Department of Small Business Development (DSBD) in 2014, to provide an environment which is business-friendly environment for entrepreneurial activity and provide dedicated business support to enterprises in rural and township areas, including access to funding. The establishment of the DSBD in 2014, under the leadership of the Honourable Minister Lindiwe Zulu, was a positive step forward for the development of SMMEs and cooperatives in South Africa (SEFA, 2015, p. 10). Mahambehhlala (2019) affirmed that the ANC-led government saw a need for the SMME sector, and the DSBD was consequently established with the responsibility to develop this sector among previously disadvantaged communities. The provision of support to SMMEs and cooperatives is vitally important for economic growth and employment opportunities in South Africa. Primarily, Zulu (2014) posited that the Ministry of Small Business Development was formed as part of the government's initiative to place economic transformation and poverty eradication at centre stage. The Parliamentarians and policymakers have acknowledged the importance of SMMEs in tackling the socio-economic challenges of unemployment, income inequity, and poverty. Recent studies by Ngwenya (2018); and Hlebela (2020) asserted that the DSBD ministry plays a fundamental role in promoting, nurturing, and supporting SMMEs.

However, the former of the Department of Small Business Development in South, Lindiwe Zulu, argued in her budget speech that *“despite the existing sources that point to the upward trend in the number of SMMEs registered since 2000, there is growing consensus that South Africa's business activity rate, growth, and sustainability are declining. South Africa still lags behind its BRICS peers”* (Mtshali, Mtapuri & Shamase, 2017). The authors argued further that most black-owned enterprises and cooperatives are faced with difficulties, and their numbers diminish within their few years of existence compared to their white counterpart entities.

The DSBD is still notably in its infancy, having been established in 2014, and some valuable progress has been achieved since its establishment. According to Bryce (2017, p. 15), the DSBD plays a critical role in mentoring and serving as the interface between small enterprises and the government. The DSBD realised that 500,000 jobs must be created annually, in line with the goal of the NDP, so the institutionally established barriers and obstacles that hinder SMMEs need to be addressed properly. To this end, the DSBD has played a crucial role in nurturing and mentoring the development of start-up entrepreneurs.

3.6.9 National Youth Development Agency

The National Youth Development Agency (NYDA) is a South African-based agency established mainly to empower the nation's youth. The NYDA was established by an Act of Parliament, the *National Youth Development Agency Act 54 of 2008*. The NYDA was formed as structure to uplift the youth of South Africa (Hlophe, 2015). Like other least developed economies, South Africa has a huge youth population (between 14 and 35 years), constituting 42 per cent of the entire population. With such a high youth population proportion in South Africa, there youth and graduate unemployment rate is very alarming. In addition, poverty, inequality, and poor health, among other ills, are also borne by the youth. Hlophe (2015, p. 31) adds that the NYDA was established as a result of the numerous challenges that youths encountered, such as unemployment due to a lack of sufficient skills (a societal problem). The gravity of the problems faced by the South African youth requires properly implemented policies that seek to address youth unemployment, increase economic growth to expand job opportunities, increase the youth's potential in the labour market through training and development offered by the public and private sector, and initiate programmes to address youth unemployment (NYDA, 2009).

The apartheid government left a legacy of imbalances that have to be addressed on all levels: political, economic, social, and cultural. The government should involve multiple stakeholders and concentrate on the challenges faced by the youth to address this legacy. Such multi-stakeholder involvement includes the government, the private sector, local communities, and other non-governmental agencies, and they must prioritise youth empowerment and contribute towards identifying and developing effective strategies that address the challenges of youth development.

3.6.10 Development Bank of Southern Africa

There are numerous development institutions, both regional and national, whose aim is to contribute towards the alleviation of poverty and inequality. These institutions provide funding and non-financial support to local communities and small businesses, with a view to promoting the development and advancement of the local economies. In addition, there are many public and privately-owned development finance institutions (DFI) that exist Southern Africa and specifically in South Africa to provide funding support local economic development-related projects. Some of these institutions include the DBSA, IDC, and the NDA. According to Nkwinika & Munzhedzi (2016), development finance institutions (DFIs) are set to respond to socio-economic challenges, the growing concern over economic development, poverty, and the poor performance of municipal sector departments in economic development. Their institutional mandate is premised on supporting struggling municipal structures and forums in addressing optimally to the socio-economic challenges in local communities. They are regarded as key instruments towards achieving a democratic and developmental local government in which municipalities fulfil their constitutional obligations.

The DBSA is one of the instrumental financial institutions in South and Southern Africa. The DBSA is a leading DFI in the Southern African region, wholly owned by the national government. The DBSA has a mandate to promote economic growth, as well as regional integration, by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa, the Southern Africa Development Corporation (SADC), and the wider African continent. The DBSA was launched in 1983 to enhance delivery on regional infrastructure financing and job creation. Its function within the national community and in the Southern African Development Community is to act as a catalyst to spur growth. The DBSA is mandated to play an integral part in conveying a formative framework in Southern African region, as administered by the *Development Bank of Southern Africa Act 13 of 1997* (DBSA Act) (Mopeli, 2019). Moreover, the DBSA's mission is to “*advance development impact in the region by expanding access to development finance and effectively integrating and implementing sustainable development solutions*” (SMME Toolkit, 2014). In the same vein, Mopeli (2019) adds that the DBSA is a multiple-purpose state-owned entity that functions as a financier, advisor, partner, implementer, and integrator to mobilise finance and expertise for

development projects. The DBSA also provides financial assistance for the implementation of LED projects in innumerable municipalities in South Africa as well as the establishment of local economic development agencies (LEDAs).

3.6.11 The Department of Economic development, Tourism and Environmental Affairs

While it is compulsory for all municipalities to have an LED strategy as part of their integrated development planning, the provinces are also encouraged to have a provincial Department of Economic Development, Tourism and Environmental Affairs (EDTEA). Provincially, part of economic development programmes under EDTEA include economic services such as LED, cooperative development, enterprise development, rural and township economic development and investment and international trade in partnership with its twelve public entities. LED is a viable mechanism for the pursuit of social and economic development. The role of the EDTEA is to support community-based poverty alleviation projects. According to Qongo (2013), community-based projects in all South African province are fully supported and funded by the EDTEA. Rogerson & Nel (2016b) conducted a study of LED in South African municipalities over two decades and determined that the municipalities had robustly pursued LED in an effort to promote and achieve economic development. They did so with the assistance of the national government, other relevant stakeholders, and donor funding.

The KZN DEDTEA's mandate is to oversee socio-economic development in the province, and one of the department's strategic pillars includes the empowerment of SMMEs and cooperatives in KZN (KZN DEDTEA, 2017). In 2004, the DEDTEA penned the concept document called the KwaZulu-Natal Industrial Development Strategy (KIDS), which focused on important sectors of the economy in order to enhance and stimulate the economy of KZN. The foundations of the KIDS were national policies and strategies, namely the Growth, Employment, and Redistribution (GEAR) economic reform plan, the National Industrial Policy Action Framework (NIPF), the Accelerated Shared Growth Initiative for South Africa (ASGISA), the Macro Economic Reform Strategy (MERS), the Industrial Policy Action Plan (IPAP), the KZN Provincial Growth and Development Strategy (PGDS). The aim of the KIDS strategy was to focus on priority sectors that were destined to address unemployment, poverty, and inequality.

KIDS identified the following priority sectors of the KZN economy:

- i. High-value agriculture, agro-processing, and food processing.
- ii. Clothing and textiles.
- iii. Information and communication technology and electronics (ICTE).
- iv. Creative industries (film, music, and crafts).
- v. Wood and wood products. And
- vi. Logistics and transport (including maritime transport) (KZN DEDTEA, 2005).

The sectors above were prioritised for the following reasons:

- i. To have growth potential, add value, and be competitive on a global scale.
- ii. To be proficient in implementing sustainable local economic development programmes.
- iii. To be labour-intensive, thereby supporting the notion of creating jobs and contributing to the reduction of poverty and inequality. And
- iv. To contribute to the GDP of the province, thereby increasing exports and the size and scope of the manufacturing sector (KZN DEDTEA, 2005).

It should be taken into consideration that KZN the second-largest economic hub in the country after Gauteng Province. Also, KZN province has large volumes of manufactured produced in the province. This sector is geared for exports and is estimated to be the source of a third of South Africa's manufactured exports. The DEDTEA implemented numerous programmes emanating from priority sectors as part of industrialising the province. These include the industrial clusters, the industrial economic hubs (IEHs), and the special economic zones (SEZs), as they serve as crucial key drivers for implementing the government's objectives.

3.6.12 Durban Chamber of Commerce and Industry

SMMEs are known as catalysts for economic development for all nations around the world. This is because SMMEs create jobs and, therefore, alleviate unemployment and poverty. Both the government and the private sector have done a lot to assist SMMEs in becoming well-established entities. However, it is acknowledged that SMMEs have failed to establish themselves in various key sectors of the economy, such as the manufacturing, retail, tourism, construction, service, financial, and agricultural sectors (Ncube, 2016). Although the government of the day in South Africa has recognised the importance of SMMEs as a cornerstone of economic growth, small and medium-sized businesses are faced with

challenges, so they have not significantly alleviated high levels of unemployment, poverty and inequalities inherited from past (Jili et al., 2017). In the wake of democracy, the Chambers of Commerce around the country went through a transition as they adapted to the new regulatory frameworks that were enacted and promulgated with the new dispensation.

Chambers of Commerce are the oldest economic institutions and have been in existence for centuries. They are the world's oldest and greatest network for commerce, industry, and entrepreneurship. According to Verbovskii & Kosov (2016), the first Chamber of Commerce was founded in Marseilles, France, in 1599. Numerically, the US Chamber of Commerce is one of the world's largest business federations, representing more than three million businesses of all sizes and from all sectors and regions (Noel & Lockett, 2014). Lacho & Brockmann (2011) asserted that Chambers of Commerce are significant elements in society, whether large or small, yet they have merited little academic attention.

The Durban Chamber of Commerce and Industry (DCCI) is a membership-based organisation, and members are businesses that operate in the Durban region. The DCCI was established in 1856 and is the oldest and largest metropolitan chamber in Africa. According to Gwala (2014, as cited in Ramakhetheng, 2014, p. 1), the DCCI remains the largest stand-alone chamber in South Africa, probably even in Africa. The DCCI was established in 1856 in accordance with *Natal Law Act 31*, making the organisation 165 years old. Over the years, there have been changes in organisations that have threatened the sustainability of the chamber (Nundkumar, 2013). These changes were not unique to the DCCI, as all of the other chambers in the country also went through a transformation process.

The DCCI has been supportive of both small and large firms in the Durban region over the years (Ramakhetheng, 2014). However, the author further stated that the chamber has failed to attract membership from the SMME sector due to the high annual subscriptions paid by members and the major concern that members do not get the services required. In contrast, in developed economies, the Chambers of Commerce have attracted numerous start-up enterprises (Noel & Lockett, 2014). Noel & Lockett (2014, p. 29) pointed out that the Chambers of Commerce have many benefits for their members and act as a central reference point for small business assistance programmes. The chambers' memberships are very diverse in terms of the sectors of the economy represented and include the public and private sectors of each city's economy.

The DCCI is a non-governmental organisation (NGO) and relies on subscriptions for operations and sustainability. The chamber is also a non-profit organisation (NPO) in terms of the *Companies Act of 2008, as amended*, and NPOs need funds to advance their organisational goals to provide services and support to their members (Cassim, 2012). The Chambers of Commerce are thus designated as non-profit organisations and members are expected to pay for membership with subscriptions and receive various services in return. The DCCI has a vision of being a world-class business chamber (Layman, 2014). Deloitte (2016) reported that the Durban Chamber of Commerce presents an ideal platform for small and large business communities to synergise their needs and collectively address their common challenges, and this is how to best facilitate economic activities among large and small enterprises. The DCCI has established forums to address the challenges faced by business communities through vigorous stakeholder engagement (Steinman, 2020). These forums assist in creating an enabling business environment where both large and small enterprises can benefit. The DCCI also aims to ensure positive transformation towards advancing an inclusive and sustainable economy in the eThekweni Metropolitan Municipality (Mejabi, 2018). Mancini (2009, as cited in Ramakhetheng, 2014, p. 12) asserted that the DCCI has formed a close relationship with the eThekweni Metropolitan Municipality and that the relationship has come a long way and has borne much fruit throughout the years.

The DCCI currently has a number of challenges to be addressed in order to ensure that it remains an active voice for business in the current economic environment. The DCCI has a significant mission to contribute to creating a conducive economic and business environment in the eThekweni Metropolitan Municipality and beyond, as well as to provide services that are specifically relevant to the small and large businesses in the region. Furthermore, the chamber has a partnership with diverse stakeholders in KwaZulu-Natal, and some of these relevant stakeholders are government entities like SEDA, SEFA, DEDTEA, the IDC, Trade and Investment KwaZulu-Natal (TIKZN), and Transnet. Partnerships with non-government entities include those with Unilever, Toyota, Tongaat Hullett, and many others.

The South African Chambers of Commerce have been a vital instrument in commerce and entrepreneurship for many decades, and their consistent role in stimulating SMMEs will continue with conventional approaches and with new technological means. As has been shown, Chambers of Commerce can help start-up enterprises promote their businesses in the

marketplace, but further research needs to be conducted concerning these chambers and how they can better assist SMMEs.

3.6.13 South Africa’s economic profile in focus

As of mid-2020, South Africa is home to about 59.62 million people (Stats SA, 2020). It has nine provinces, namely the Eastern Cape, the Free State, Gauteng, KwaZulu-Natal, Limpopo, Mpumalanga, the Northern Cape, the North-West, and the Western Cape. These provinces vary in terms of economic viability and labour market activities. In terms of demographics, South Africa is very diverse, as there are several languages, ethnicities, religions, cultures, creeds, and consciousnesses, among others. Around 51.1 per cent (or approximately 30.5 million) of the population is female, and 5.43 million inhabitants are aged 60 and above. The provincial statistics indicate that Gauteng has the largest portion of the overall population, followed by KwaZulu-Natal, the Western Cape, and the Eastern Cape. The provincial populations according to the mid-2020 national census is illustrated in Figure 3.1 below.

Figure 1: Mid-year population estimates for South Africa by province, 2020

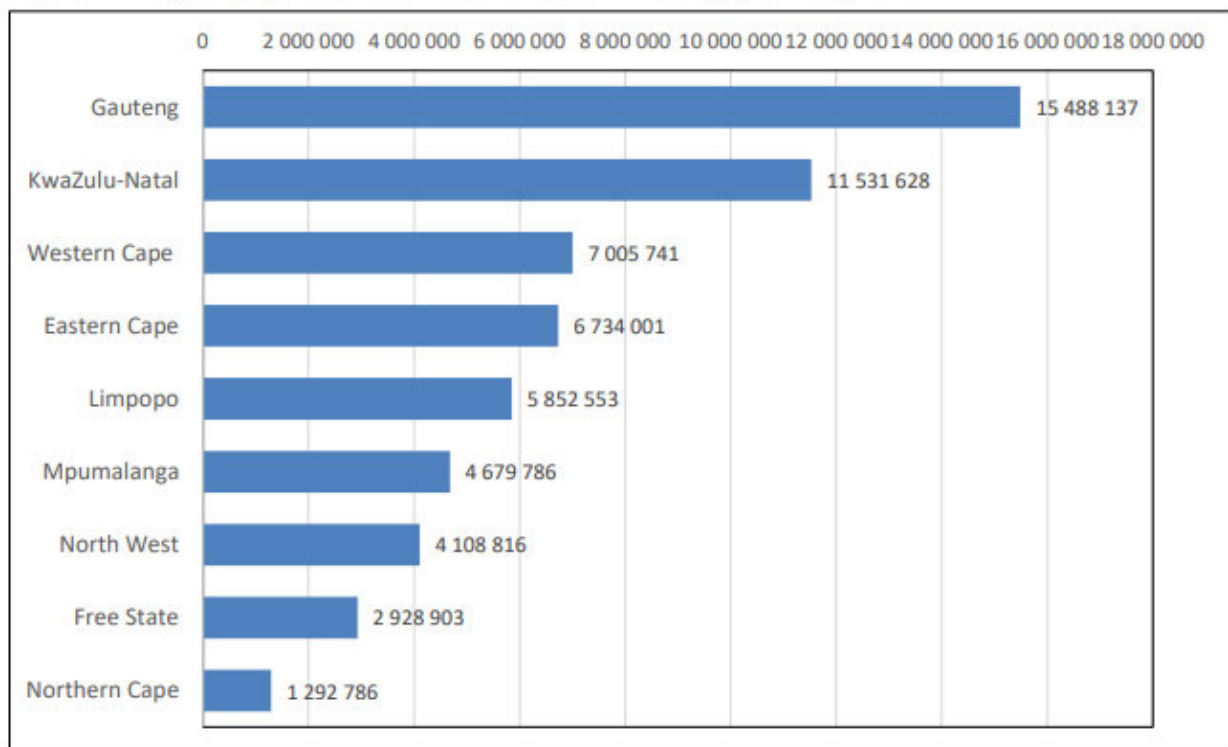


Figure 3.1: Mid-year population estimates for South Africa by province, 2020

Source: Stats SA (2020)

As can be seen in the figure above, KwaZulu-Natal is the second-biggest economic hub in the country and has the biggest population after Gauteng province. The Northern Cape has the lowest population in South Africa. According to Stats SA (2019), the mid-year population estimates indicated that the youth (aged 18-34) constitute almost a third of the population (17.84 million) in South Africa, and of those, 9.03 million are males and 8.80 million are females. Moreover, the majority of the youth (5.10 million or 28.6%) reside in Gauteng, followed by KwaZulu-Natal (3.47 million or 19.4%), and together this constitutes almost half of all the South African youth. The Free State (4.7%) and the Northern Cape (2%) have a lower percentage of youths. The majority (63.9%) of the population is aged 34 years and younger (Stats SA, 2019). In addition, approximately 13 per cent of the youth between the ages of 20 and 34 are graduates. Unfortunately, the majority of youths and graduates are unemployed, so ensuring that this group of the population is absorbed into the mainstream economy is still clearly a challenge in South Africa.

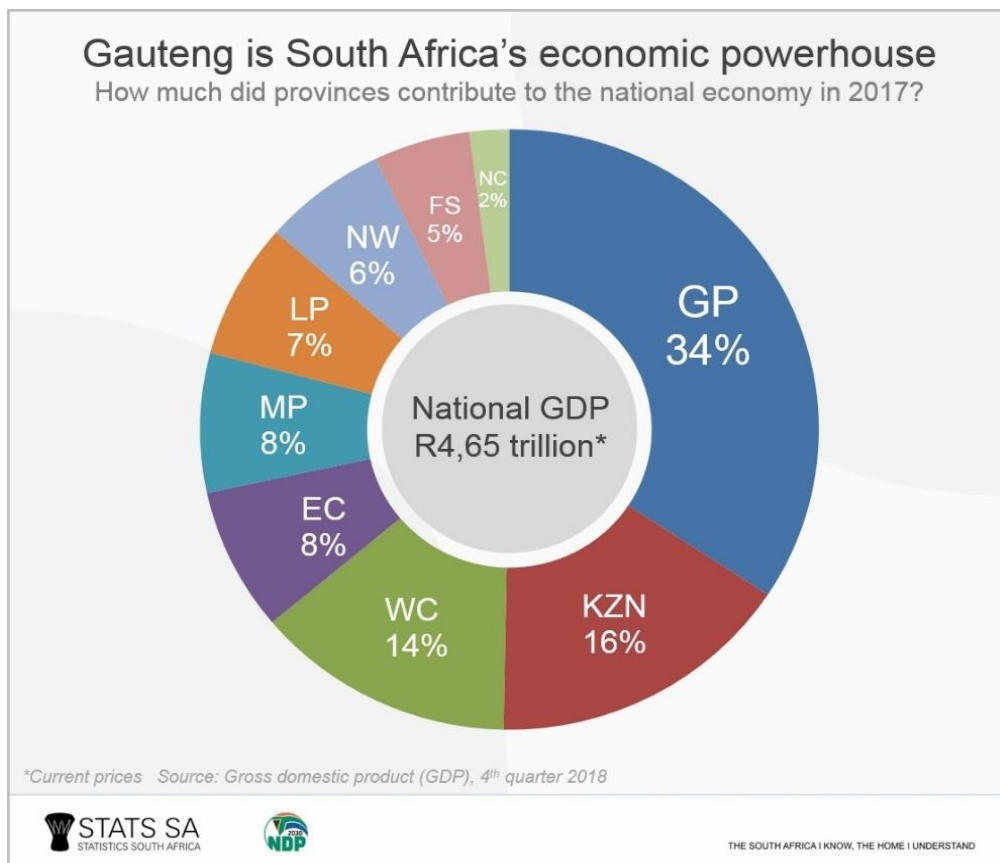


Figure 3.2: Gauteng: South Africa's economic powerhouse

Source: StatsSA (2018)

As illustrated in Figure 3.2 above, Gauteng is considered the economic powerhouse of the country and as the largest contributor to the national GDP, followed by KwaZulu-Natal and the Western Cape. Gauteng province's GDP supersedes those of several countries in Africa, such as Gabon, Cape Verde, Namibia, and Botswana. Unsurprisingly the Northern Cape, which is the least populous province, has the lowest percentage contribution to GDP (2%), making it the smallest provincial economy in the country (Stats SA, 2018). The municipalities in South Africa post-2020, are illustrated in Table 3.5 below.

Province	Metro	Local	District
Eastern Cape	2	31 (-6)	6
Free State	1	18 (-1)	4
Gauteng	3	6 (-1)	2
KwaZulu Natal	1	43 (-7)	10
Mpumalanga	0	17 (-1)	3
North West	0	18 (-1)	4
Northern Cape	0	26 (-1)	5
Limpopo	0	22 (-3)	5
Western Cape	1	24	5
Total	8	205 (-21)	44
		257 (-21)	

Table 3.5: South African Municipalities

Source: Sigdi 2016:7

South Africa will be commemorating its 30th year of democracy in 2024, and it has recorded significant development achievements since the demise of apartheid in 1994. For example, the South African Constitution, considered one of the most supreme laws of the country, mandated the introduction of a national development framework for the country. The resultant national development framework and the RDP have set high expectations in terms of service provision (Nnadozie, 2013). More than 70 per cent of households now live in decent housing since 1994; more than 80 per cent of households have access to piped water; access to electricity has increased from 58 per cent in 1996 to more than 80 per cent in 2016; and 63.9 per cent of households now receive refuse removal services, albeit with some service delivery issues (Stats

SA, 2017). It is therefore an undisputed fact that there has been tremendous progress made since the advent of democracy in terms of the delivery of basic services. However, in contrast, many South Africans are unemployed, unskilled, and impoverished, and there is a high rate of brain drain due to the fact that the country cannot absorb its skilled workforce, among other reasons.

South Africa has recorded an exponential economic growth rate of 3.3 per cent since 1994. This is a significant improvement on the economic growth that took place from 1984 to 1993, during the country's worst-performing years, as a result of the trade and financial sanctions imposed on the apartheid regime (Du Plessis & Smit, 2006; Luiz & Ruplal, 2010). Taruvinga (2016, p. 12) claimed before its independence in 1994, the South African economy was characterised by the following indicators, namely: poor economic growth, current account balance surpluses, high inflation rates, and low foreign exchange reserves. These were caused by South Africa's isolation from the world market due to sanctions imposed by the international community, which saw an outflow of capital. However, there was also little average economic growth in the rest of the world during the same period. In fact, the world economy experienced a major decrease of 3.6 per cent during the same period due to perpetuating inequalities in power, status, and wealth (United Nations Development Programme [UNDP], 2014). South Africa is also the only African nation to have hosted the Rugby World Cup (in 1995), the Soccer World Cup (in 2010), and other major world spectacle events, which have contributed significantly to the economic landscape of the country. Unfortunately, notwithstanding the afore-mentioned achievements since 1994, South Africa, like other developing economies in Africa, is still faced with the triple development challenges of poverty, unemployment, and inequality.

Continently, South Africa is the second-largest economy after Nigeria. The country has the fastest growing and most diversified industrialised economy, with a wide variety of sectors and industries that contribute considerably to the economy of the country world-class infrastructure (UNDP, 2018). South Africa is ranked 67th out of 140 sovereign countries in the World Economic Forum's Global Competitiveness Index Report for 2018 (Schwab, 2018). The country's global competitiveness performance has, unfortunately, deteriorated consistently over the past few years; from 47th position in 2016, it dropped down to 61st in 2017, and then further down to 67th position in 2018 (Schwab, 2018). Like any country, both developed and developing, South Africa was hit hard by the 2008-2009 global financial crisis. After marginal

growth of 3 per cent annually between 1994 and 2003 and 5 per cent growth from 2004 to 2007, a sharp decline of 2.8 per cent occurred in 2008, representing its first financial meltdown since the start of democracy (Mahadea & Simson, 2010). Economic growth has been skewed since that recession, as it declined from 3.7 per cent in 2010 to 2.7 per cent in 2012 and then to 1.8 per cent in 2013 (Marumoagae, 2014). The employment rate did not increase considerably, despite these growth rates, as even though they were small, they were still positive. The unemployment rate in South Africa from 2008-2020, are illustrated in Figure 3.3 below.

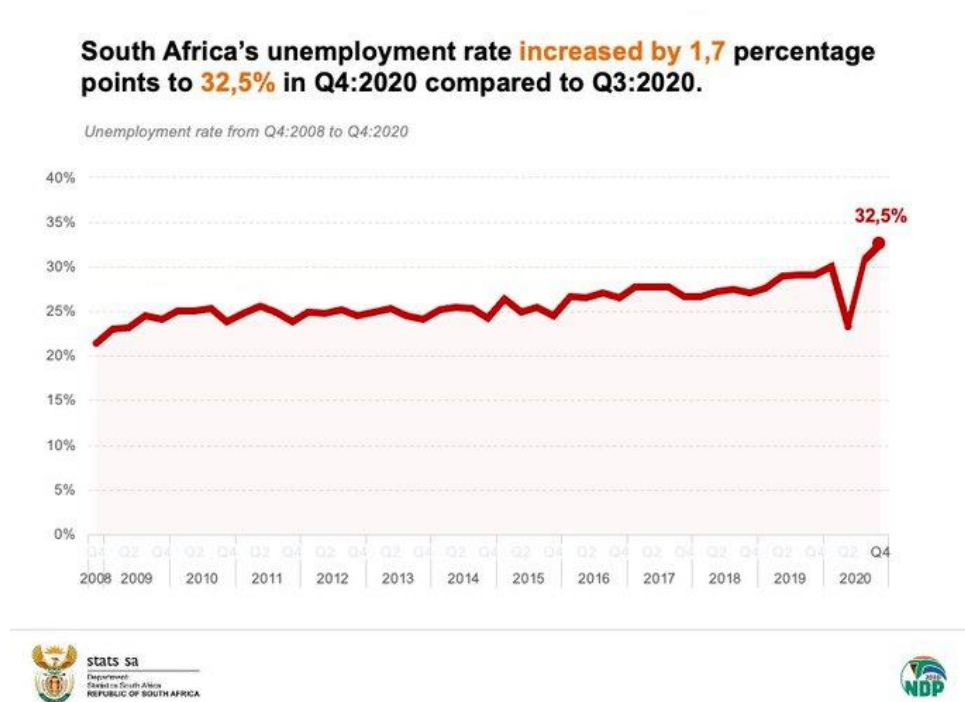


Figure 3.4: South Africa's unemployment rate (2008Q4-2020Q4)

Source: Stats SA (2020)

South Africa's economy has for many years been unable to create adequate employment opportunities to absorb the ever-increasing workforce, the majority of whom are the youth of this country. The unemployment problem in South Africa is not a new phenomenon (Mlatsheni, 2014; Banda et al., 2016; Pasara & Garidzirai, 2020), and it is one of the biggest national challenges in the country (Mzizi, 2017). This has been attributed to a number of factors, among which are: qualifications and skills mismatches between what the markets require and what the skills profiles available are; massification of tertiary institutions; mismatches between job seekers and vacancies; jobs created are less sustainable; labour market policies, regulatory

frameworks, and slow economic growth, which have slowed the demand for labour (Nonyana & Njuho, 2018).

3.6.14 Manufacturing sector in South Africa

The Commonwealth nations imposed severe restrictions and sanctions on South Africa prior to 1994 due to the country's apartheid regime and segregation. These were an attempt to get the South African government to assent to democratic rule. The restrictions led to many withdrawals of foreign investments and constrained the exportation of local resources needed to improve economic growth and living standards in the country (Mashilo, 2019).

The country was thus not globally competitive during and for a few years after this period of economic isolation. The South African economy is made up of diversified sectors including mining, construction, tourism, telecommunication, energy, agriculture, finance, transport, manufacturing, and wholesale and retail trade. The manufacturing sector contributes the greatest share to the nation's GDP, so manufacturing is a large engine of economic growth (Pretorius, Bezuidenhout, Mathee & Blaauw, 2022). Globally and domestically, manufacturing is recognised as the most productive sector with which to contribute to nation's GDP, employment and as a result lead to poverty alleviation and improve the livelihoods of citizens to reach the SDGs adopted by the UN in 2015 (Signé, 2018). According to Borat & Rooney (2017), manufacturing is one of the sectors that is both labour-intensive and export-oriented. To elaborate, the South African manufacturing sector includes industries like automotive, food products, beverages, chemicals, metal and engineering, petroleum, furniture, pharmaceutical products, and clothing and textiles industries (Williams, Cunningham & De Beer, 2014; Jordaan, 2015; Mabotja & Maloka, 2018; McCamel, 2018). The textile and clothing industry has been the backbone and remains a particularly important source of employment for underprivileged groups, particularly women, both in South Africa and around the globe (Moloi, 2019).

As stated, South Africa faces the triple challenge of poverty, unemployment, and household income inequity as they still persist in the country. The poor performance of the manufacturing sector, accompanied by low GDP growth and unemployment, have remained some of the most pressing issues in South Africa over the last two decades (Mahadea & Simson, 2010), despite

the fact that the ANC-led government has adopted and introduced various neo-liberal economic policies and strategies to tackle these issues. Specifically, the South African government has enacted various policy interventions to spur the growth and prosperity of industries in the manufacturing sector (Lamprecht & Tolmay, 2017). However, despite these interventions and the importance of this sector, employment has not increased considerably. South Africa has an alarming unemployment rate of 26.7 per cent, which indicates the need to invest in the manufacturing sector and strengthen employment creation (Stats SA, 2016, p. 1).

Despite the sizable economic growth over the years in South Africa, there has been a sharp decline in the manufacturing sector. The decline in the sector, which has a long history of employing semi-skilled and unskilled manpower, has resulted in increased poverty and unemployment among the targeted groups in the country. The lack of access to appropriate technology, operational skills, and research and development capacity among managers and workers has stifled productivity in the manufacturing sector (Ngibe, 2020). It has previously been reported in this dissertation that the skills shortage, high tariffs, trade policies, global recession, and crime are the most problematic factors facing the sector. An exploratory study of the limitations being faced the manufacturing sector SMMEs in Garankuwa, South Africa, by Moos & Sambo (2018) revealed that the challenges facing small manufacturing businesses include the insufficient access to finance, the lack of and poor managerial skills, the lack of space and proper infrastructure, and the lack of or insufficient governmental assistance.

According to Robbins & Velia (2016, p. 4), the manufacturing sector in South Africa underperforms relative to other countries at similar levels of development. Moreover, the manufacturing sector's contribution to the country's GDP has declined drastically over the years. According to Borat, Hirsch, Kanbur & Ncube (2014), the share contributed by the manufacturing sector to the GDP dropped from 19 per cent to 17 per cent between the 1994 and 2012 financial periods. Chikwanha, Choga, Maredza, Mavetera & Hofisi (2013) stated that the clothing and textile industries have been heavily affected in the manufacturing sector. Driver (2019) pointed out recently that the sector has been adversely affected by various factors, and this has eroded the manufacturing sector's productivity and profitability, especially in comparison to other sectors, and impeded growth. The continued underperformance of the manufacturing sector will lead to the persistence of poverty, unemployment, and household income inequity in South Africa.

Undesirable job losses have been experienced in the manufacturing sector in South Africa since 2007 due to the above-mentioned phenomena. A study by Mkhize (2015) highlighted that South African's economy inability to create intensive job absorption has increased the number of job seekers over the years. The level of job losses and unemployment is stubbornly high, in spite of the many neo-liberal policies and strategies embraced by the government and other related parties. Djolov (2015) ironically averred that the South African manufacturing sector has become highly diversified since 1994, but it has declined in terms of output, employment creation, labour productivity, and investment. Mahadea & Simson (2010) reaffirmed that the economy has shown positive signs of economic growth over the years since the demise of apartheid in 1994, yet the formal sector has failed to create adequate employment opportunities for the growing labour force.

It is against this backdrop that it is widely recognised that the country's economy has experienced considerable job losses since democratic rule in 1994. With respect to unemployment, the government must engage various stakeholders to propose feasible economic policies and strategies that will increase the productivity and profitability of the sector, create employment, and alleviate poverty. According to Bhorat et al. (2018, p. 103), the only way available to policymakers to reduce poverty and unemployment in terms of economic policies is to create more decent jobs that are characterised by higher levels of productivity and remuneration. A well-functioning sector is needed to provide vital opportunities that will fortify job creation and productivity. Investment in the manufacturing industries is necessary to foster new job opportunities, and it can assist in improving the absorption of the entire labour-intensive workforce in South Africa. In the South African context, most new and emerging high-productivity jobs should ideally come from the manufacturing sector. This requires some restructuring of the secondary and tertiary sectors and the encouragement of inclusive economic growth through preferential procurement systems and black economic empowerment in the manufacturing industries.

3.7 Summary of the Chapter

The Chapter outlined the significant role of SMMEs on economic growth in various economies as a whole and South Africa in particular. In South Africa, SMMEs are regarded as a major tool for job creation, poverty alleviation, GDP growth, and inclusive and equitable economic distribution. The SMMEs have contributed immensely to the country's economy; however,

they have been stifled by various challenges, mainly access to external funding. The significance of role of SMMEs in the South African economy means that improvement in this sector requires a concerted effort by the government and relevant stakeholders. The following chapter discusses the legislative frameworks and macro-economic policies governing SMMEs in South Africa.

CHAPTER FOUR: LEGISLATIVE FRAMEWORK AND STRATEGIES SUPPORTING SMMEs IN SOUTH AFRICA

4.1 Introduction

SMMEs and entrepreneurship are vital in socio-economic development and inclusive wealth distribution among the communities in South Africa that cannot be underestimated. The government of the day has introduced policies and strategies to enhance the promotion and development of the SMME sector in South Africa, and this chapter provide an overview of the legislative frameworks and regulations that govern and regulate the SMMEs in South Africa. This chapter focuses on the impact of the legislative environment on the performance of the SMMEs in South Africa.

4.2 Constitution of the Republic of South Africa Act 108 of 1996

The government of South Africa has adopted and implemented numerous legislative frameworks and strategies to support SMMEs since 1994. These include:

- i. *White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa* (DTI, 1995)
- ii. *Reconstruction and Development Programme* (RSA, 1994)
- iii. *Constitution of the Republic of South Africa Act 108 of 1996* (RSA, 1996)
- iv. *Growth, Employment and Redistribution* (RSA, 1996)
- v. *Preferential Procurement Policy Framework Act 5 of 2000* (RSA, 2000)
- vi. *Broad-Based Black Economic Empowerment Act 53 of 2003* (RSA, 2003)
- vii. *Accelerated and Shared Growth Initiative for South Africa Growth* (RSA, 2006)
- viii. *National Development Plan* (RSA, 2012)

These policies and strategies are intended to support SMMEs in order for them to grow and flourish and ultimately contribute to the country's socio-economic growth. More specifically, the aim of these policies and strategies is to inculcate the culture of entrepreneurship and sustain the existing SMMEs by initiating interventions for financing, advisory services, and training and development (Mowers, 2017). In addition, "*all laws of the country must be consistent with the Constitution of the Republic of South Africa, and it further requires that all spheres of government must work together to address poverty, underdevelopment, marginalisation of*

individuals and communities, and other legacies of apartheid and discrimination” (RSA, 1996). The Department of Small Business Development (DSBD) and its public entities derive their primary mandate from sections 22 and 217 of the Constitution, so the Constitution plays a major role in enhancing SMMEs’ growth to promote and facilitate the creation of employment and reduce poverty and inequalities.

4.3 The Reconstruction and Development Programme and the Growth, Employment, and Redistribution Strategy

A number of macro-economic policies and strategies have been introduced to regulate and promote SMMEs in South Africa since 1994. The SMMEs are also regulated and supported by several macro-economic strategies, namely: the RDP; the GEAR; the NDP; and others. The RDP was the first macro-economic policy that was passed in 1994 to overcome the legacy created by the apartheid regime, notably poverty and socio-economic inequalities (Rogerson, 2000). Many projects have been introduced under the RDP to reduce poverty and address the social imbalances of the past (Mubangizi, 2008). According to Malefane (2009), the RDP was viewed as the key strategy implemented by the government to build South Africa into a non-racist, non-sexist, and prosperous country.

Research has established that the RDP was instrumental in shaping South African society, particularly for the previously marginalised groups. However, the RDP was criticised by various scholars (Bhorat & Kimani, 2018; Masipa, 2018; Sibanda, 2022) who argue that the RDP had ambitious developmental goals, and it raised hopes and created unrealistic expectations for communities who have been marginalised for long. The RDP resonates with the underprivileged groups, yet the economy still belongs to white minorities. At the time South Africa had a narrow economy, when RDP was adopted “it lacked adequate funds to undertake some of the RDP proposed projects that required significantly large amounts of investment—particularly those that would address issues that were a priority, such as the reduction of unemployment and inequality, and expansion of social service delivery” (Bhorat & Kimani, 2018, p. 3). In the same vein, since 1994 the South African government made numerous pledges in addressing unemployment, poverty and inequality while boosting the country’s economy and promoting socio-economic development (Tregenna et al., 2021). Yet, there was no funding made available for these major economic programmes. Another challenge was that the majority of institutions did not have formidable institutional capacity nor human capital, particularly

Black executives and professionals to implement and manage RDP programmes. According to Karriem and Hoskins (2016, p 6) “the RDP office, located in the presidency, was established in 1994 to exercise a coordinating role, but it was understaffed, which limited its ability to coordinate and lead government programmes.” Consequently, the RDP was replaced by Growth, Employment and Redistribution Strategy (GEAR), macro-economic policy. Ultimately, RDP was replaced by GEAR in 1996 (Malemela & Yingi, 2016). Kamara (2017) affirms that the RDP was introduced to transform and create cohesion in society after the demise of segregation, while the aim of the GEAR national policy document was to revitalise and reorganise the economy of South Africa. Gray & Mubangizi (2009) state that the RDP was a “poverty reduction programme” that paved the way for GEAR, which was a more economy-driven programme for the purpose of attracting foreign investors to boost the economy and address the historical debts created by the apartheid regime.

The shift to this macro-economic policy was to combine the private and public sectors to create decent employment and boost the economy (Malefane & Mashakoe, 2008; Khambule, 2011). Gray (2006) points out that this policy was framed by a few elite experts and the central bank to develop collaboration between the private and public sectors to create jobs, but the policy was not well supported as it was considered pro-capitalist. Despite its good intentions, GEAR did not live up to expectation. GEAR’s targets of economic growth, job creation, and redistribution were a mirage. By the end of 2000, job creation, investment and national GDP were declining. Therefore, GEAR failed dismally to meet its desired objectives because of the declining employment, and high levels of inequalities and poverty. Various factors hindered the GEAR objectives namely, high levels of crime, corruption, poor governance, excessive regulations and poor service delivery (Mahadea & Simson 2010). Such failure led to formal employment shrinking and informal employment growing due to the proliferation in survivalist enterprises. Consequently, the implementation of GEAR was perceived to have been in the interest of the political elite, as the gap between rich and poor widened. This was so because the levels of inequality and poverty increased dramatically in the years immediately after the adoption of GEAR (Habib 2013). It is worth mentioning that this macro-economic programme, integrating SMME development strategy, is unclear. In addition, the creation and expansion of such enterprises to access finances is not spelled out. In fact, this period is characterised by two decades of “low employment economic growth” (Mahadea & Simson 2010: 391). Overall, GEAR fell short of achieving its objectives and its underlying philosophy proved to be excessively unrealistic. AsgiSA subsequently replaced GEAR, with the goal of halving poverty

and unemployment by the year 2014. The RDP, GEAR, and AsgiSA aimed at tackling the socio-economic imbalances of the apartheid government in South Africa. They are of value for informing inclusive and equitable participation of all citizens in all developmental programmes in South Africa as a whole and eThekweni Metropolitan Municipality in particular.

4.4 Accelerated Shared Growth Initiative for South Africa

The AsgiSA is a neo-liberal initiative that was introduced in 2006 to address unemployment and South Africa. Malefane (2009) holds the view that AsgiSA was implemented with the involvement of non-governmental agencies and the government to overcome the triple challenges namely, unemployment, poverty, and inequalities. The key agenda of AsgiSA was primarily to halve the rate of poverty and unemployment by 2014 (RSA, 2006, p. 3). AsgiSA was adopted to improve the GDP by integrating large firms and SMMEs, consistent with job creation, training, and development (Koma, 2012).

One of the AsgiSA's priorities was to stimulate the informal economy and SMMEs to involve "economically marginalised" groups in the mainstream economy. AsgiSA's emphasis on reducing poverty and unemployment by half is useful for this study's analysis as it facilitates thought about whether or not these significant social problems can be addressed by the government and other parties through the use of active community engagement. AsgiSA's concept for reducing poverty and unemployment by half by 2014 is important for this study as it provides insight into how the government, private sector, NGOs, and communities should participate in policymaking processes. Ironically, the ASGISA programme was short-lived, and it was impossible to measure its success and failure. It is worth mentioning that these neo-liberal macro-economic policies were unrealistic and very elusive. There was little success and the future of the ASGISA programmes was uncertain as no official word came from the government regarding its fate. This was largely because of the new political leadership that assumed power in 2009 following the national elections which saw President Thabo Mbeki being ousted (Maxwele 2018, p. 22 & Masters, 2019, p. 73). Nonetheless, the unemployment and poverty remained the same and, in some instances, increased. So, it failed to create jobs and reduce poverty and inequality (Kgatle, 2017, p. 5). Subsequently, the New Growth Plan replaced ASGISA in 2010.

4.5 National Spatial Development Perspective

The literature on SMMEs posits that the National Spatial Development Perspective (NSDP) was introduced to address the spatial disparities that were created by the apartheid government (Koma, 2012). The NSDP provides a framework and mechanism that harmonises the national priorities, strategies for provincial growth and development, and the municipal integrated development plans (Koma, 2012). Drewes & Van Aswegen (2013) add that the NSDP is among several spatial policy initiatives implemented to ensure economic transformation in South Africa towards economic development and development. These spatial regeneration initiatives are aimed at addressing unemployment, urbanisation, ensuring accessibility to services by local people, and improving the level of revenue in all towns and cities (Coetzee, Waldeck, Le Roux, Meiklejohn, Van Niekerk & Leuta, 2014). The NSDP's attention to the spatial disparities created by the apartheid government in South Africa through discriminatory laws is of value as it informs how LED can help communities generate their own revenue to develop their local economies, create job opportunities, and reduce poverty. Nonetheless, the NSDP had a limited impact in addressing fragmented spatiality such as improving housing and infrastructure, rural development and land redistribution.

4.6 Joint Initiative on Priority Acquisition

Access to credit, skills and leadership capacity building, and a friendlier legal environment are acknowledged as key strategic components in supporting the three national pillars of promoting entrepreneurship, strengthening the environment for SMMEs to make it more suitable, and improving competitiveness and capacity at the enterprise level. The JIPSA was launched in March 2006. It was led by former Deputy President Phumzile Mlambo-Ngcuka (Rogerson, 2008). JIPSA was aimed at addressing the skills attrition challenges, but it also targeted the scarce skills shortages in the country. Former Deputy President Mlambo-Ngcuka specifically highlighted at the launch that this skills development initiative also had to benefit SMMEs within the sectors identified as requiring upskilling (Rogerson, 2008).

Over the years, a plethora of studies have revealed that large numbers of SMME operators have very limited technical and managerial skills, which negatively impacts business development (Olawale & Garwe, 2010; Fatoki, 2011; Cant & Wiid, 2013; van Scheers, 2016). For example, van Scheers (2016, p. 349) stated that economic growth, managerial skills, and SMMEs'

success are complementary and related processes. Fatoki (2011) reiterated that the prosperity and failure of SMMEs are largely attributed to the skills and knowledge of their owners. An example of the impact of the skills shortage by local SMMEs is that the preparation and construction of the various infrastructures required for the 2010 FIFA World Cup necessitated the use of imported skills. The government had to import the skilled workforce required for the projects because of the skills shortages in South Africa at the time (Meno, 2020). This skills shortage exists in South Africa and is worsening because the country is experiencing a brain drain as people with the scarce skills required are continuing to leave the country. Emphasis has thus been placed on training and upskilling local manpower.

The development of management competencies may improve the daily operations of the SMMEs and ultimately assist with employment generation in South Africa. This will, in turn, improve the economic growth of the country. All nations depend on a viable SMME sector as it is a key driver of their economic growth, job creation, and social integration (Mutegi, Njeru & Ongesa, 2015), and South Africa is no exception. Despite the introduction of JIPSA, however, the lack of skills continues to hamper all sectors of the economy in South Africa. Therefore, JIPSA achieved relatively minimal impact on addressing skills challenges, training unemployed youth and women participation in the mainstream economy in South Africa. Overall, capacity-building programmes access to funding and, as well as a friendly legal environment, remain vital components for the growth and sustainability of SMMEs, both locally and internationally.

4.7 National Growth Plan

Ideally, promoting and developing sustainable SMMEs was one of the key priorities in South Africa after the demise of apartheid. Since the advent of democracy, the African National Congress or ANC-led government has adopted several economic policies that were developed in order to assist in the promotion of SMMEs. These include the RDP; GEAR; AsgiSA; the New Growth Plan (NGP); and NDP. The NGP and NDP are the most recent macro-economic policies that have placed emphasis on the need to support SMMEs as part of the government's development strategies. These policies are focussed particularly on emerging, black-owned businesses. According to Kamara (2017, p. 101), it is worth mentioning that the NDP seeks to reduce poverty, unemployment, and inequality, while the NGP seeks to enhance growth and create employment.

The main target of NGP was the creation of five million by 2020 and also aimed in reducing unemployment by 2030, while NDP aimed to create eleven million new job opportunities. The South African government thus needed more than 50 thousand SMMEs, which was a growth rate of 20 per cent per year, to create 5 million jobs by 2020 to achieve the NGP's target (Malemela & Yingi, 2016). The NGP economic strategy was enacted and promulgated in 2010. One of the main objectives of the NGP was to strengthen small enterprises so that they could have access to capital. The aim was to bring the country's previously marginalised communities into the mainstream economy. In 2012, the NGP was replaced by the NDP, which aims to reduce unemployment by 6 per cent and create 11 million jobs by 2030. These neo-liberal economic policies have only achieved limited success as unemployment, poverty, and household income inequity in South Africa have increased. The limited success of the policies means that many small businesses are consequently unable to achieve their business goals by themselves (Rungani & Potgieter, 2018). In addition, the main focus of the policy was creating decent employment and closing the wage gap. A study by Meyer (2013) indicated that various experts criticised the NGP as a vision that does not have specific implementable steps. According to Meyer (2013, p. 15) the "NGP policy is not investment friendly; contains no new concepts or innovative ideas; and is too vague". More so, NGP needed to place responsibility on SMMEs and the industrial sector to create more employment opportunities than government to ensure economic development. Furthermore, the support for agriculture, agro-processing and industrial development zones can play a major role on the rural development and land reforms in South Africa.

4.8 National Development Plan

South African democratic government has introduced numerous macro-economic policies to stimulate socio-economic growth, such as the RDP in 1994, the GEAR in 1996, AsgiSA in 2006, the NGP in 2011, and the NDP in 2012 (Meyer & Venter, 2014). The ANC-led government formed the National Planning Commission (NPC) in 2012 under the Ministry in the Presidency, and this commission's major mandate is to develop strategies that will address the triple challenges of poverty, unemployment, and income inequality. The NDP was passed and promulgated by the South African parliament in 2012. The NDP was adopted as an economic policy by the cabinet in South African as the mechanism to half unemployment and reducing poverty and inequality by the year 2030 (NPC, 2012). The NDP contains numerous

goals to be achieved by South Africa by the end of 2030, which complement the United Nations' Sustainable Development Goals. Moreover, the promotion and development of the SMME sector is one of the NDP's goals, with the aim of creating employment opportunities, alleviating poverty, and improving the national economic growth rate (Bushe, 2019). The SBP (2014) reiterated that the NDP aims to create 90 per cent of the new job opportunities by 2030, and the SMME sector is considered a key driver with which to achieve this goal. Former President Zuma presented the NPC's nine-point plan, which prioritises support for the active and inclusive involvement of SMMEs in the mainstream economy. The NDP set out to achieve the creation of about six million jobs by 2030, and Ngwenya (2018) stated that such targets can be achieved through the stimulation of SMMEs.

However, Bushe (2019) pointed out that, despite the many policies and strategies in place to stimulate the development of SMMEs in South Africa, the sector is still faced with many challenges. In addition, looking at entrepreneurship in South Africa, the report by GEM on South African entrepreneurship state that "*the government itself had admitted to unsatisfactory results in its endeavour to support small businesses*" (Cassim, Soni & Karodia, 2014, p. 39). Mahambehala (2019) similarly stated that SMMEs success has been very limited, and it is very important that South Africa provide a supportive and business-friendly environment for small and start-up businesses over the next few years. Although there are obstacles that impede the growth and prosperity of SMMEs, the NDP has targeted the small business sector on economic growth and employment creation in South Africa (Moyo, 2019). Shava & Maramura (2017) advised that cultivating a spirit of entrepreneurship in local communities is the key to economic development and poverty alleviation, as entrepreneurship will create employment opportunities and tackle numerous challenges that inhibit the expansion and growth of entrepreneurship in South Africa. Such challenges include the lack of adequate business information, access to credit, entrepreneurial education, access to appropriate technology, and access to research and development, among others. Ultimately, these obstacles are impeding the attainment of the aims and goals of the NDP.

The NDP encapsulates several ways to enhance the growth and prosperity of South African SMMEs. These include multi-stakeholder involvement that includes both public and private sectors to assist in creating a conducive business environment in which SMMEs will thrive and prosper. Apart from governing and regulating the sector, the regulatory system should facilitate the promotion and growth of SMMEs. In addition, SMMEs must have adequate access to credit

and skills training, as these are important enablers for small businesses' prosperity. It has been twelve years since the NDP was adopted in 2012, hence seemingly there are barriers towards SMMEs development, lack of accountability and transparency among public officials and political heads, skills attrition, joblessness and inequality have increased, corruption has increased in the private and public sectors. According to Stiglingh-Van Wyk (2020, p 353) since 2012, it seems that little to no progress has been made as GDP declines, productivity growth is slow and unemployment is rising. Consequently, this will result to failure to attain NDP priorities by 2030.

4.9 White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa

The White Paper on small business, published by the Department of Trade and Industry, was tabled in Parliament on 20 March 1995. In May 1995, the democratic government presented its first policy framework in a White Paper titled the *White Paper on the National Strategy for the Development and Promotion of Small Businesses in South Africa*. The main objective of the White Paper is to facilitate the promotion and development of South African small businesses (Maluleke, 2013). Malefane (2013) viewed this White Paper as the most significant legislative framework introduced by the government to stimulate South African SMMEs. Apart from governing SMMEs, the policy also aims to achieve the following: facilitate equal income and wealth distribution; create long-term employment; stimulate economic growth; and strengthen the integration of small businesses through systematic coordination and interaction between large and small firms (Cass, 2021). As such, the major objective of the White Paper on small business in South Africa is to regulate, stimulate, and promote activities of the sector. Moreover, the White Paper was implemented to engage all relevant stakeholders involved, such as the government, non-governmental organisations, the private sector, and trade unions, among others, to create public-private partnerships. Furthermore, Rogerson (1997) articulated that the private sector, NGOs, private business organisations, and foreign donors will all play a critical role in establishment and development of sustainable and viable environment for SMMEs (DTI, 1995, pp. 15-21). Under apartheid, South Africa was marked by the predominance of white-owned enterprises, and the *White Paper for the Development and Promotion of Small Businesses* (1995) was implemented to address the numerous challenges encountered by underprivileged businesses. The release of the White Paper coincided with the

government's objective of integrating the SMME sector into the country's mainstream economy. The *White Paper for the Development and Promotion of Small Businesses* (1995) offers a remedial approach to tackle the limitations encountered by SMMEs, encompassing aspects such as registration prerequisites, legal and regulatory obligations, skill development, financing, market connections, and managerial proficiencies.

4.10 National Small Business Act 102 of 1996 and its Amendment of 2003 and 2004

The *National Small Business Act 102 of 1996* was passed and promulgated in 1996 and subsequently amended in 2003 and 2004. It was enacted to repeal and replace the *Small Business Development Act 112 of 1982* in order to involve the previously underrepresented and underprivileged groups of society, engage them in the country's mainstream economy, and redress the imbalances of the past (Moss, 2017, p. 14). According to Nieman and Nieuwenhuizen (2009, as cited in Iwu, Gwija, Tengeh, Cupido & Mason, 2016), the *National Small Business Act 102 of 1996* laid the grounds for the DTI to facilitate the promotion and growth of SMMEs. The 2004 amendment of the Act repealed the provisions pertaining to the Ntsika Enterprise Development Agency (DSBD, 2017).

The Act explicitly provides definitions for five enterprise categories, namely: micro, very small, small, medium, and large enterprises across all sectors of the economy. According to Maloka & Dlamini (2016), the *National Small Business Act* of 2004 provides for the establishment of national service delivery networks through which the national strategies for SMMEs can be implemented. Moreover, the Small Enterprises Development Agency (SEDA) was introduced in December 2004 through the *National Small Business Act* of 2004 to form moreover, SEDA was established in December 2004 through *National Small Business Act* of 2004 partnerships and create networks with all registered SMMEs and cooperatives throughout the country. SEDA was established to offer numerous types of non-financial assistance towards the development of SMMEs and to sustain their growth. As a result, the *National Small Business Act* of 2004 stipulated in SEDA's objectives. Unfortunately, SEDA has failed to provide adequate support to SMMEs, and this agency's failure has been exacerbated by the existence of dual economies (Zulu, 2017). This is a worrying factor, as only approximately 2.44 million jobs of the 6 million required have been created thus far in South Africa, and only about 8.9 million people are employed in this sector (SEDA, 2018). Moreover, the Act furnishes the necessary directives for other government institutions regarding the promotion

and growth of South African SMMEs. However, despite the *National Small Business Act* there are many obstacles that hinder the establishment and development of South Africa. Ideally, according to Nxaba (2014, p. 36) this Act was enacted to “enable small businesses to function, streamlining regulatory conditions, helping small businesses to access information and advice, helping small businesses to access market and procurement, assisting small businesses to access finance, building the physical infrastructure, providing training in entrepreneurship skills and management, encouraging joint ventures between government and business as well as business to business, assisting in building capacity, giving financial incentives”. However, whilst there is *National Small Business Act* which aimed to support the development and promotion of SMMEs, the overall impact of this legal framework insignificant.

4.11 Skills Development Act 97 of 1998 (as Amended in 1999, 2003, 2008, and 2010)

Acquisition of the necessary technical know-how and skills is essential for the operation of SMMEs, and the total lack of and/or inadequate business skills in the SMME sector needs to be addressed urgently (Rabie et al., 2016). The attrition of skills is a major challenge in South Africa (Thwala, 2011; Mateus et al., 2014; Ramukumba, 2014; Balwanz & Ngcwangu, 2016), and Mateus et al. (2014) believe that this skills shortage is one of the major constraints to achieving the NDP’s goals in the country. The government created the Sector Education and Training Authorities (SETAs) in 2000 in an effort to address the problem, and the aim of the SETAs is to assist in the fight against poverty and the lack of employment opportunities and to fulfill the country’s employment equity targets (Mateus et al., 2014).

The economic development and sustainability of a nation are dependent on sufficient skilled human capital (Ngepah, Saba & Mabindisa, 2021). South Africa has adopted various skills development legislation and strategies to equip the country’s workforce with requisite skills to contribute significantly to the economy and ensure that economic growth is sustainable. Mateus et al. (2014) have acknowledged statutes such as the Skills Development Act (SDA), the *Skills Development Levies Act* (SDLA), the National Skills Fund (NSF) and the National Skills Development Strategy (NSDS) in this regard. The SDA was promulgated to provide a framework to equip the South African workforce through in-house and external training and development programmes, but Rajaram (2017) is of the opinion that the *Skills Development Act* (SDA) should be encapsulated within the NSBA, as this will be more supportive and will better address the shortage of technical know-how in the country.

Despite the significance of SMMEs in the country's economy, the reality is that many SMMEs do not survive and prosper in the long run (Maduekwe & Kamala, 2016). Over the years, the skills shortages among SMMEs have been considered one of the major reasons for this. Steenkamp & Bhorat (2016, p. 28) pointed out that "education and skills development play a crucial role in the financial performance of SMMEs and their ability to access market opportunities". The study by Visser, Chodokufa, Amadi-Echendu & Phillips (2016) on black-owned SMMEs in Tshwane, South Africa, revealed that most enterprises do not survive because of the shortage of business and managerial skills. Their study's findings corroborated Urban & Naidoo's (2012) finding that poor or insufficient managerial skills contribute to the alarming failure rate of small businesses in South African. It is thus evident that training and capacity-building programmes are key to the growth and sustainability of the SMME sector. In spite of the promulgation of *Skills Development Act*, the skills attrition in South Africa is a challenge to the country's economic growth and job creation (Tshilongamulenzhe, Coetzee & Masenge, 2013), and training and capacity-building programmes will mitigate the skills drain and allow the SMME sector to become sustainable. Without the training and capacity-building programmes, the SMMEs will continue to fail, and the same scenario is seen in other developing nations.

The *Skills Development Act* (SDA) stipulated the establishment of the *Skills Development Levies Act* (SDLA) in 1998 to finance the necessary skills programmes. The purpose of the SDA is to empower individuals by giving them an opportunity to acquire new or nurture existing skills through special education and training programmes, to help individuals find employment, to initiate income-generating projects, and to help individuals participate in employment creation programmes (Rajaram, 2017). In addition, if the SMME owner-managers and employees possess required skills and competencies that will enable small enterprises to compete successful to domestic and global market.

4.12 Preferential Procurement Policy Framework Act 5 of 2000

The *Preferential Procurement Policy Framework Act 5 of 2000* (PPPFA), under the custodianship of the National Treasury, was the first legislative response to the constitutional mandate for a procurement intervention. The Act obligates each sphere of government and organ of the state to determine its preferential procurement point system (RSA, 2000). The PPPFA stipulates the categories of groups, referred to as historically disadvantaged individuals

(HDIs), who qualify as preferred service providers in the government's procurement processes. This includes vulnerable groups in society such as women, the youth, and people living with disabilities. The PPPFA (RSA, 2000) seeks to promote economic transformation and reduce the unintended obstacles that hinder small and medium-sized enterprises (Shai, Molefinyana & Quinot, 2019). According to Zwane (2020, p. 25), "*the PPPFA is a policy document that empowers government departments to promote SMMEs through compulsory subcontracting on large contracts as pre-qualifying criteria*". The PPPFA thus aims to allow SMMEs owned by previously disadvantaged individuals access to opportunities to better themselves and redress the imbalances created by apartheid. Most SMME are owned by previously underprivileged groups, and they require this type of support from the government's public entities. This Act was followed by the *Broad-Based Black Economic Empowerment Act 53 of 2003* (RSA, 2003), which falls under the custodianship of the Department of Trade and Industry. Unfortunately, there are numerous limitations associated with the Act. According to Hlakudi (2015, p. 55) some of these challenges include "non-compliance with procurement processes, limited knowledge of preferential procurement targets, late payments of suppliers, and fraud and corruption". As a result, these challenge lead to complicated ecosystem for small businesses to grow and thrive.

4.13 Broad-Based Black Economic Empowerment Act 53 of 2003

In its attempt to redress the past imbalances of the past, the democratic government introduced the *Broad-Based Black Economic Empowerment Act 53 of 2003* (RSA, 2003), which came into effect on 9 January 2004. According to the DTI's strategy for broad-based black economic empowerment (BBBEE) "*South Africa needs a focussed BEE strategy to achieve the broad-based economic empowerment of black persons – a generic term that means Blacks, Coloureds and Indians – in our country. This will facilitate growth, development, and stability in our economy*" (DTI, 2007, p. 2). The BBBEE Act is a mechanism aimed at equal wealth distribution, and it specifically considers the previously underrepresented and disadvantaged groups in society and promotes their participation in the mainstream economy. Fauconnier & Mathur-Helm (2008, p. 11) reported that this Act is a positive step towards achieving a comprehensive legal framework for the transformation of the South African economy and the equitable distribution of its resources. The PPPFA (RSA, 2000) and the BBBEE Act (RSA, 2003) have been enacted to tackle past imbalances and to place emphasis on the inclusion and involvement of vulnerable groups in the economy.

BBBEE is viewed today as a vehicle for socio-economic transformation, and the framework aims to have private sector organisations contribute to BEE through a wide variety of approaches, such as the development of small businesses and public-private partnerships. Unfortunately, though, the quest to reduce poverty and unemployment among the previously disadvantaged groups in society seems impossible (Leibbrandt, Woolard, McEwen & Koep, 2010), as no significant progress has been made in real terms and the unemployment rate is higher than ever. The stakeholders and institutions involved in the socio-economic transformation thus need to rethink their strategy of promoting BBBEE and instead adopt more effective and impartial approaches to advance the SMME sector. The Broad Based Black Economic Empowerment (BBB-EE) policy aimed to rectify the wealth disparity between the affluent and disadvantaged. This was an initiative by government to create an environment that ensures that previously disadvantaged businesses are empowered and benefit in government programmes. Pillay (2018) asserts that the primary goal of BBBEE was to provide black-owned businesses with opportunities to enter the mainstream economy. Despite this, a report by the BBB-EE Commission reveals that black business ownership experienced a decline from 33.5% to 27.8% between 2015 and 2017 (Saba, 2018). Factors such as corruption, lack of investment opportunities, and unethical behaviour are responsible for the policy's ineffectiveness. In practical terms, the BBBEE policy appears to hinder SMEs in their access to funding. As a result, failure to comply with such policies that enable marginalised groups in the South Africa will jeopardise the effort of employment opportunities, poverty reduction, superior service delivery and improved standard of living for communities. Hence, a comprehensive evaluation of the BBBEE policy is imperative for both the private sector and the government. Through this action, the aim would be to determine the extent to which BBBEE contributes to the integration of SMMEs as the primary catalyst for socio-economic transformation in South Africa.

4.14 National Credit Act

Despite the significance of SMMEs as the cornerstone of employment, economic growth, and poverty alleviation worldwide, they face numerous challenges. There are innumerable obstacles that lead to the high failure rate of SMMEs, such as poor management, outdated technology, unfriendly legislative environment, power supply, stiff competition, and the inaccessibility of the marketplace, among others (Chimucheka, 2013). However, the lack of

access to credit is most frequently the major constraint that inhibits entrepreneurial and SMMEs' growth in South Africa (Cant et al., 2014). The majority of the authorised financial service providers consider the provision of loans to SMMEs as too risky and are unwilling to provide them with financial support in the form of bank loans, so the SMMEs in South Africa fail at an alarming rate.

The lack of adequate financing for SMMEs has merited scholarly work, both locally and globally (Fatoki & Odeyemi, 2010; Akorsu, Agyapong & Author, 2012; Zarook, Rahman & Khanam, 2013; Osano & Languitone, 2016; Quartey et al., 2017). A study by Antony (2023) affirmed that 75 per cent of SMMEs' applications for finance are rejected annually in South Africa. They further declared that the reason for banks' reluctance to fund new SMMEs is their managers' and owners' lack of management skills, poor financial recordkeeping abilities, lack of information on how to run a business, their inability to network, and their lack of collateral, among a host of other reasons.

The majority of moneylenders in South Africa (including SMMEs) were obliged to pay high interest rates prior to the promulgation of the *National Credit Act 34 of 2005* (NCA), and they were not protected by any credit legislation (Rossouw, 2010). The NCA was promulgated on 15 March 2005, with the objectives to repeal the *Usury Act 73 of 1968* and the *Credit Agreement Act 75 of 1980*, as well as others, and to govern and regulate the micro-lending legislation in South Africa. The NCA has had valuable effects on SMMEs as it has made it more affordable for them to access credit from money-lending institutions, provided they can meet the criteria set by these institutions. Turner, Varghese, Walker, Duncan & Roche (2008, p. 53) revealed that the NCA prescribes various core principles, such as “*promoting fair access and prohibiting discrimination in the market for credit, broadening access and ownership to credit and to the credit industry and protecting consumers against predatory lending and over indebtedness*”. The Act also created the National Credit Regulator, an institute that is mandated to regulate the provision of finance to borrowers, ensure a fair and non-discriminatory market to lenders or consumers irrespective of the financial status of the borrower, promote responsible credit provision and use, and provide effective redress if required. In practical terms, the enactment of the NCA improved credit access for the poor and disadvantaged groups, and particularly for the SMMEs in South Africa (Govender, 2019). The NCA has proved to be a relevant Act for the start-up businesses run by previously marginalised individuals in the country, as it is a supportive and reasonable mechanism that has improved their access to credit

and lowered their operational costs. The high interest and fees imposed by money-lending institutions in South Africa has not been adequately addressed by the Act. Therefore, high interest places a heavy burden on SMMEs, making it problematic for them to access finances needed to grow and thrive.

4.15 Summary of the Chapter

Chapter Four of this study presents a broad overview of SMMEs in South Africa since the dawn of democracy. Moreover, the economic role of SMMEs and the factors influencing their performance have been outlined. It is an irrefutable fact that SMMEs are a cornerstone of economic growth in terms of job creation, poverty reduction, inclusive and equitable wealth distribution, and contribution to the GDP, but this sector lacks access to credit, managerial skills, financial literacy, marketing skills, and access to research and development. All of these have been attributed to the failure rate of South African SMMEs.

The regulatory frameworks and policies guiding the SMME sector in South Africa has been discussed. Numerous legal frameworks have been promulgated and enacted post-1994 to ensure that the SMME sector has a legislative foundation on which to operate, as well as to enable start-ups to grow and thrive. Several of the frameworks and macro-economic policies have been amended over the years in order to address the ever-changing circumstances within South Africa regarding the stimulation of the SMME sector. With respect to the legislative frameworks and macro-economic policies, it is evident that the government of the day has taken strides to advance the interests of the SMME sector. This is significant because the formulation and implementation of business-friendly legislation and policies are essential for any nation to transform and improve the performance of its SMME sector. Unfortunately, while country's government has put legal frameworks for the development and promotion SMMEs in South Africa, numerous problems still curtail the establishment and consolidation of SMMEs. Ideally, existing government policies on SMMEs, therefore, need to be reviewed in order to remove barriers on the growth and development of SMMEs, reducing red tape and inculcating entrepreneurship culture in South Africa.

CHAPTER FIVE: RESEARCH METHODOLOGY

5.1 Introduction

Having reviewed the literature from a wide variety of scholarly works extensively, as well, having outlined the theoretical framework that underpins the study in the preceding chapter, this chapter expounds on the research methodology that was utilised for the collection and comparison of data. Choosing an appropriate research method is an important element of any research study, and there are several methods that a researcher can use when conducting research. Research methodology refers to the method used when conducting research (Antwi & Hamza, 2015). In the social sciences, there are three widely used and accepted research approaches, namely: quantitative, qualitative, and mixed-methods research (MMR) (Askarzai & Unhelkar, 2017). According to De Vos, Strydom, Fouche & Delpont (2011, as cited in Nyawo, 2020, p. 124), each approach “*has its own objectives, methods for conducting a study, strategies for collecting and analysing data, and criteria for judging quality*”. A research design is the “*process for collecting, analysing, interpreting, and reporting data in research studies*” (Creswell & Plano Clark 2007, p. 58).

In practice, a research design is a scientific and comprehensive plan to connect a conceptual research problem with its associated (feasible) empirical study. Typically, a research design is an overall systematic way of collecting data and analysis process that is used to achieve the study’s purpose (Gray, 2014). Akhtar (2016, p. 68) similarly asserts that a research design “*is the arrangement of conditions for the collection and analysis of data in a way that aims to combine relevance to the research purpose with economic and procedural considerations*”. A good design should be objective, reliable, efficient, effective, and economical, as that will enable the researcher to get the best results for the phenomenon being studied.

This chapter presents the research philosophies and designs in detail. Moreover, the research methods, tools, sampling, data quality controls, and ethical considerations are discussed explicitly. This study utilised the qualitative strategy of inquiry to gain a deeper insight into the phenomenon under investigation.

5.2 Research Design

There are a wide variety of descriptions of a research design that have been used by scholars. In short, the research design refers to the work plan used to collect data for a specific purpose. The research design provides the arrangement for the collection, measurement, analysis, and presentation of data. For example, Devos (1998, as cited in Mfusi, 2014) define research design as a plan or blueprint according to which data is collected in order to investigate the research hypotheses and questions in the most economical manner. Abutabenjeh & Jaradat (2018) clarify that a research design is used as a plan that guides decisions about when and how often to collect data, what data to gather from whom, how to collect the data, and how to analyse the data. Moreover, the essence of a research design is to achieve the research objective clearly, objectively, precisely, and economically, control extraneous variances, and minimise errors (Asenahabi, Busula & Ronoh, 2019).

A good research design is characterised as flexible, sound, systematic, appropriate, economical, etc. Kerlinger (1986, as cited in Asenahabi, 2019) describes a research design as a plan, structure, and strategy of investigation that is adopted with the aim of obtaining answers to research questions with optimal control of variables. Akhtar (2016) claims that there are four research designs, namely: exploratory, explanatory, descriptive, and experimental. The selection of the research design is determined by the aim and objectives of the study.

5.2.1 Explanatory Design

This type of research aims to explain why events occur and builds on, elaborates on, or tests a theory. The explanatory design is used to test an existing theory to explain a specific event that is being investigated. The explanatory design establishes the causal relationship between two or more variables in the study. The need for a hypothesis in explanatory studies is key to the examination of the independent and dependent variables when explaining the event or phenomenon being studied (Saunders, Lewis & Thornhill, 2009). Explanatory design studies are traditionally analytically structured in nature.

5.2.2 Exploratory Design

This design is used when the phenomenon being studied is very new, when very little is known about it, and when no one has explored it yet. Most exploratory studies use a qualitative research methodology. An exploratory study is a valuable manner of gaining detailed insight of the phenomena or examining less known subject (Makri & Neely, 2021). Similarly, Zikmund, Babin, Carr & Griffin (2000, p. 54) state that “*exploratory research is conducted to clarify the nature of an ambiguous problem*”. It is therefore the most appropriate design when the subject under investigation is not well understood and very little is known about it. The exploratory design data collection instruments involve systematic literature review, observation, interviews, focus group discussions (Saunders et al., 2009).

Moreover, the exploratory study design has a high degree of flexibility and comprises an informal structure. In practice, the researchers in exploratory studies are interactive, and they generate very detailed information during engagement with their studies’ participants (Psaltoglou & Vakali, 2021). The exploratory design formulates a hypothesis in order to gain insight into a phenomenon, and this is normally done when there is limited knowledge about the subject under investigation (Sekaran & Bougie, 2009). The exploratory research design uses qualitative research strategies, namely case studies, ethnography, and phenomenology. An exploratory research design solicits more in-depth information, but it is not easy to interpret and analyse the data gathered, it cannot be generalised, and it lacks validity and reliability.

5.2.3 Descriptive Design

This design describes phenomena as they exist, and it is often called statistical research. According to Nassaji (2015), the aim of descriptive research is to describe a phenomenon and its characteristics. This research is more concerned with what rather than how or why something has happened. The aim of a descriptive study design is to become familiar with a phenomenon, gain a deeper insight into it, and develop a specific research problem or hypothesis regarding it. The descriptive design “*determines the answers to who, what, when, where, and how questions*” regarding the phenomenon being investigated (Zikmund et al., 2000, p. 55). Data is often collected using surveys and observation for this research design. A

descriptive research design is traditionally employed in both quantitative and qualitative studies (Castro, 2020).

5.2.4 Experimental Design

This design involves comparing two groups on one outcome measure to test some hypothesis regarding causation. This design is used to reduce bias of all kinds as much as possible. The purpose of experimental research is to test the cause-and-effect relationship among variables. Campbell, Stanley & Gage (1963, as cited in Redondo, 2014, p. 111) state that an experiment is “*the portion of research in which variables are manipulated and their effects upon other variables observed*”. In this type of research design, the researcher thus manipulates one or more of the variables and examines the cause-and-effect relationships among the variables (Rahi, 2017). According to Creswell (2014), the experimental research design consists of true experiments that used randomised measurements and non-random measurements of the subject.

An exploratory design was adopted in this study, and the researcher used a qualitative research method to gain insight into the phenomenon studied. The qualitative method was used to evaluate the performance of the SMMEs located in the UESC, and the results of this method were used to develop a model to enable the SMMEs and the relevant stakeholders to perform better. This study used both primary and secondary data collection techniques to gather the data required, and the theories proposed were used to explore and ascertain the existing phenomenon being studied. The proposed theories were useful when undertaking this exploratory research and when explaining the factors that hindered and enabled the performance of the SMMEs in eThekweni Metropolitan Municipality. This study used an exploratory research design to investigate the performance of the SMMEs located in the UESC and gain in-depth insight into their performance. Of importance is the fact that this study was the first of its kind to evaluate the performance of the manufacturing SMMEs in the eThekweni Metropolitan Municipality.

When one looks at various descriptions of the research design, it becomes clear that the research design is the work plan that is undertaken over a specific period with a specific aim. The description also details that the research design aims to answer questions or test hypotheses,

which can be achieved by following a certain procedure to answer the questions and prove or disprove the hypotheses. The research design should be structured based on the problem explored and the available resources. The significance of the research design is that it enables the researcher to accomplish their study in the most efficient, effective, and economical manner.

The major purpose of this study was to evaluate the performance of the SMMEs supported by the UESC in the eThekweni Metropolitan Municipality. The study first embraced constructivist epistemology in examining the phenomenon by employing pragmatism. A qualitative research method was used to meet the objectives of the study. Secondly, when conducting this cross-sectional research, semi-structured interviews were regarded as the most appropriate tool to collect the data. Thirdly, non-probability sampling was adopted when selecting the people to participate in the study. Fourthly, both primary and secondary data were used. The secondary data sources were departmental reports, academic journals, textbooks, multi-media sources, conference proceedings, and unpublished and published dissertations. Finally, qualitative thematic analysis was used to analyse the data collected.

The researcher utilised the research onion invented by Saunders et al., (2009) as it provides researchers with guidelines on how to go about conducting their research study (Kalogiannidis & Chatzitheodoridis, 2021). The research onion describes the different stages of developing the research methodology and choosing appropriate methods to achieve the objectives of the study. In principle, the researcher should follow the step-by-step process as they would peel an onion: from the outer layer inwards, until they reach the core of the process, which is the collection and analysis of the data required for their study. The outer layer comprises the research philosophies that the researcher has to choose from, while the inner layers comprise the research procedures and techniques that can be followed.

There are three predominantly used research approaches, namely quantitative, qualitative, and mixed-method approaches. Petrovic, Koprivica & Bokan (2017) aver that the distinction between quantitative and qualitative research is the use of numerical units (quantitative) or narrative words (qualitative) and the use of closed-ended questions (quantitative) instead of open-ended questions (qualitative interview questions). Qualitative research also embraces social constructivism, while quantitative research embraces a post-positivist epistemology. Each research method has its own unique philosophical assumptions, system of belief(s), and

characteristics that guide their research approach or inquiry, and these will be outlined in this chapter. Figure 5.1 illustrates the connectivity of the paradigms, research methods, and research strategies.

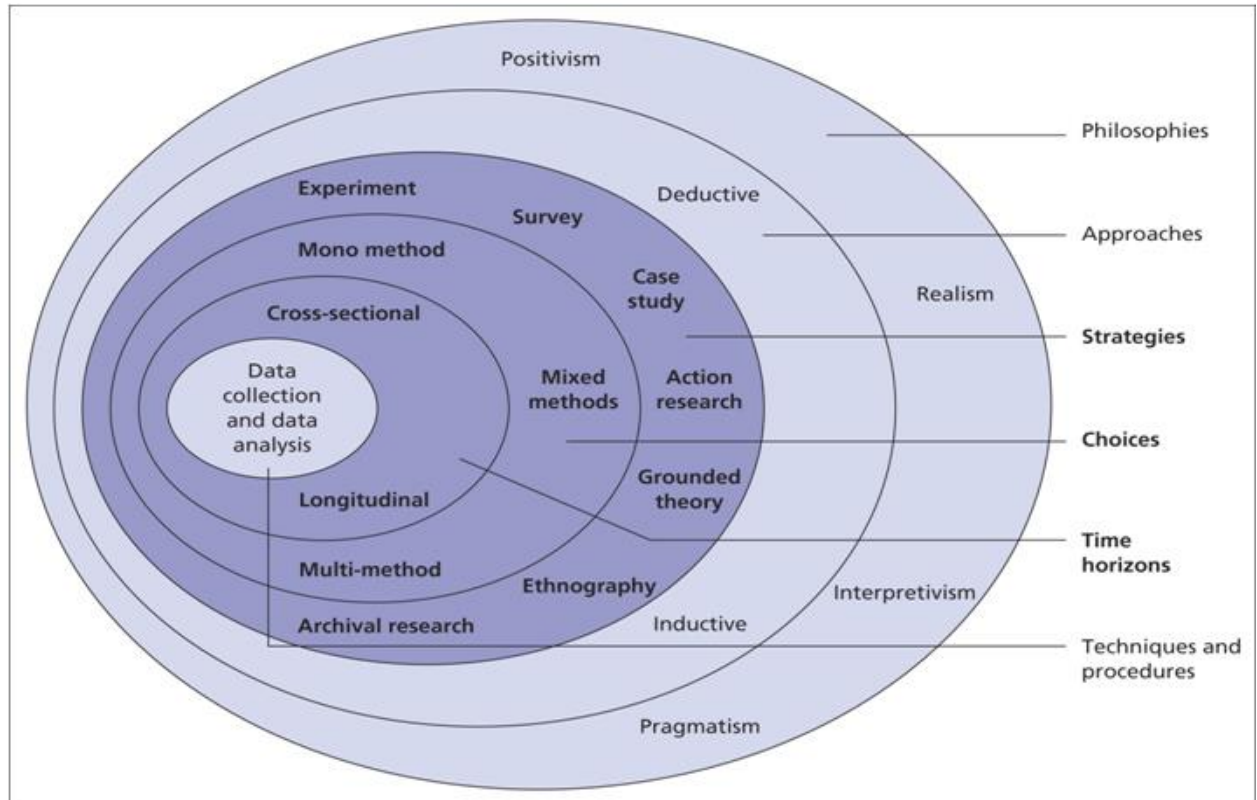


Figure 5.1: Research Onion detailing the research process

Source: Adapted from Saunders et al. (2009, p. 108)

5.3 Philosophical Assumptions in Public Administration

Theories serve as the lens that the researcher uses to provide guidance and direction. The theories can prevent the researcher from being misled and holding a distorted view when attempting to understand a specific phenomenon through empirical observation. Gentle-Genitty, Chen, Karikari & Barnett (2014) define a theory as a framework of interconnected concepts that give meaning and an explanation for relevant events and support new insights and problem-solving efforts. According to Antwi & Hamza (2015), the selection of the research methodology depends on the paradigm that guides the research venture. It is necessary that every research undertaken be guided by a specific philosophical worldview. According to Morgan (2007, p. 49), a paradigm presents the “*systems of beliefs and practices that influence how researchers select both the questions they study and the methods that they use to study*

them”. The philosophical worldview or paradigm is the first layer of the research onion, and paradigms are critical in terms of how a researcher understands the world (Zefeiti & Mohamad, 2015). In practice, the research paradigm guides and determines the research methodology to be utilised by the researcher.

5.4 Research Paradigm Adopted for the Study

Adopting a research paradigm represents the starting point of the research process. Every research study is guided by a particular paradigm for how the data is to be collected, analysed, and interpreted. Historically, the term “paradigm” is derived from the Greek word “*paradeigma*” and from the Latin word “*paradigma*”, meaning pattern, and was first propounded in 1962 by the American philosopher Thomas Kuhn “*as a conceptual framework shared by the community of scientists, providing them with a practical model for studying problems and finding solutions*” (Antwi & Hamzi, 2015, p. 218). Kivunja & Kuyini (2017) state that choosing a paradigm for your research implies that the researcher is grounded in a particular epistemology, ontology, and axiology, and that these elements will lead the researcher to a particular methodology. Rehman & Alharthi (2016, p. 51) define a paradigm “*as a fundamental belief system and a theoretical framework with assumptions about how the reality of the world is understood and studied*”. Essentially, a paradigm represents how a researcher sees the truth or reality around them, and it directly influences the way in which the research is undertaken. The paradigm is the most significant aspect of any research project, according to Brown & Dueñas (2020). Therefore, it is a key facet of any research project to understand the phenomenon (Brown & Dueñas, 2020). All researchers make assumptions about phenomena before conducting their studies. In addition, clear research assumptions or principles help readers understand an author’s research. Kivunja & Kuyini (2017) state that there are four types of paradigms that can be explored, namely positivism, constructivism, a transformative approach, and pragmatism.

In social science, the term “paradigm” is used to refer to the philosophical assumptions or basic set of beliefs that guide actions and define the worldview of the researcher (Khatri, 2020). The research studies are underpinned by one or more research paradigms. There are several types of research paradigms, namely post-positivism, interpretivism, pragmatism, and critical realism. Cypress (2017, p. 209) also lists the “*four types of philosophical worldviews, namely, post-positivism, social constructivism, advocacy or participatory, and pragmatism*”. Creswell

(2009) advises that the pragmatic worldview consists of components such as “consequences of actions” and being “problem-centred, pluralistic, and real-world practice-oriented”. Qualitative interpretivism was used as the paradigm to guide this study. According to Guba and Lincoln (1994, as cited in Rehman & Alharthi, 2016), the constructivist paradigm represents multiple realities, and reality is subjective and changing. This paradigm was useful to the researcher as the inductive research approach was applied to gather information to ascertain the performance of the manufacturing sector SMMEs in the eThekweni Metropolitan Municipality. Adom, Yeboah & Ankrah (2016); and Alharahsheh & Pius (2020) assert that interpretivism reduces the distance between the researcher and the researched.

Qualitative research methodology is the methodology that a researcher employs to gather appropriate data when guided by an interpretivist worldview. The aim of interpretivism is to gain an in-depth understanding of multiple realities, and this research strategy emphasises the use of words rather than numbers (quantification) in the collection and analysis of data (du Plooy-Cilliers et al., 2014). The phenomenon studied is explained subjectively based on the meanings, experiences, views, and understandings of the participants about the phenomenon. Moreover, the interpretivist researcher becomes embedded in the study to gain an insight of the phenomenon. The data collection methods used to generate and interpret the qualitative data are very subjective, and the qualitative respondents’ views can be coded and analysed thematically. Typically, this approach is very inductive, utilises small samples, involves in-depth investigation, and utilises qualitative methods of analysis, but a range of data can be interpreted (Saunders, Lewis & Thornhill, 2012). Further, these methods include case studies, ethnography, narrative research, grounded theory, and phenomenological inquiry. According to Mahoso (2020), qualitative research strategies are relational, naturalistic, subjective, interpretive, and descriptive. The study adopted single-case study research strategy, and the researcher conducted qualitative interviews and document analysis to gain deeper insights into the phenomenon. A snapshot case study was used to evaluate the performance of the manufacturing SMMEs supported by the UESC in the eThekweni Metropolitan Municipality over a specific time period.

5.5 Research Approaches

The research approaches are premised on two distinct perspectives, which are deductive and inductive approaches. These systematic and scientific approaches are described below.

5.5.1 Deductive Approach

The deductive approach is grounded in the positivist epistemology through the accumulation of various facts. Scientifically, positivist studies usually try to test a hypothesis in an effort to improve a phenomenon's predictive knowledge (Majeed, 2019). In line with this, Antwi and Hamza (2015, p. 220) state that "*quantitative research primarily follows the confirmatory scientific method because of its hypotheses and theory testing*". So essentially, a researcher always starts with a theory when employing a deductive approach. According to Sekaran and Bougie (2016), a deductive approach is a logical process of generating problems through generalisations of known facts. This is where the approach is set to test a hypothesis based on existing theory. According to Sekeran (2003), the deductive approach uses seven steps in order to generate the hypothesis for a study. Deduction is the process by which we arrive at a reasoned conclusion, a logical generalisation of a known fact.

Observation: This is the first step, when one problematises or reasons, where one senses certain changes that are occurring and that some new behaviours, attitudes, and feelings are surfacing in one's environment. Observation is thus based on an observable phenomenon and one's surroundings.

Preliminary information gathering: This is done by engaging several individuals and items in a specific setting and also through the consultation of relevant sources, thereby gathering information on what is happening and why.

Theory formulation: In this step, the researcher strives to assimilate all the information in a logical manner, so the causes liable for the problem can be conceptualised and validated.

Hypothesising: This is the next step after theory formulation, and this is where the theorised networks of interconnections among the variables and certain testable hypotheses or scientific assumptions can be generated. Theory testing is called deductive research, while theory development is called inductive research.

Further scientific data collection: This is where the data associated with each variable in the hypotheses need to be obtained. At this stage, the hypotheses are accepted or rejected (Bryman & Bell, 2011).

Data analysis: At this stage, the data collected is analysed statistically to see if the hypotheses that were generated have been supported, and at this stage, generalisations are made where the findings and results highlight the strengths and weaknesses of the theory explored.

Deduction: This is the final step of the deductive approach, and it is the process of arriving at conclusions by interpreting the meanings of the outcomes of the data analysis.

In summation, the deductive approach tests a hypothesis that is based on existing theory. Deductive reasoning is a “top-down” approach whereby the researcher deals with generic information and condenses it into specific knowledge. In this type of study, the researcher begins by establishing the theoretical or conceptual framework to assess and test their hypotheses (Driessnack, Sousa & Mendes, 2007).

5.5.2 Inductive Approach

The inductive approach is used when little or nothing is known about the subject being investigated. This approach is normally exploratory in nature since it allows the researcher to develop an emerging theory. The inductive approach is associated with interpretivism, and it suits the qualitative research approach in terms of reasoning and theorising (Makri & Neely, 2021). The inductive approach is regarded as the design that enables the researcher to gain deep insight into the phenomenon under investigation. This approach is more suitable for theory building and in cases where no previous theory exists (Makri & Neely, 2021), and it allows researchers to give a detailed and rich theoretical description of the contexts within which phenomena occur (Gioia, Corley & Hamilton, 2013). This approach requires a wide range of detailed raw data, which must then be condensed for themes to emerge from the data. The inductive approach is the best way to analyse qualitative data, as it can produce accurate and credible findings (Thomas, 2006). The inductive approach was used in this study to gain deeper insight into the phenomenon investigated, namely the performance of SMMEs located in the Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban. Scholars call this type of research “nascent research”.

5.6 Research Strategy

There are numerous research strategies that can be used with a qualitative research approach to gain a deeper understanding of the phenomenon being studied. The wide range of research strategies includes ethnography, case studies, narrative research, phenomenology, grounded theory, and historical research. For the purpose of this study, the case study strategy of inquiry was employed. The choice of research strategy is governed by various factors, such as the research questions and objectives, the quantity of existing literature available on the subject, the time factor, the resources required to conduct the study, and the philosophical assumptions that underpin the study (Saunders et al., 2009).

The case study strategy of inquiry was employed to attain the purpose of the study. According to Yin (2003, p. 1), “*in general, case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed*”. These “how” and “why” questions are addressed using the description and analysis of “*a single unit, such as an individual, program, event, group, or community*” (Merriam, 1998a, p.19). A case study can be defined as a research strategy that is exploratory and seeks to gain deeper insight into a particular phenomenon in a specific area over a certain period of time (Zainal, 2007).

According to Yin (2009, p. 18), a case study is “*an empirical inquiry that investigates a contemporary phenomenon in depth within its real-life context, especially when the boundaries between a specific context and phenomenon are not clearly evident*”. Case studies are suitable for ascertaining or gaining insight into a specific problem or event and can be employed in diverse disciplines to investigate specific events (Algozzine & Hancock, 2016). They are particularly crucial when conducting in-depth inquiries into specific and complex phenomena (‘cases’) within their real-world contexts (Yin, 2013). When a case study is designed and employed properly, it has the potential to identify existing research gaps. Case studies are, moreover, customarily qualitative in nature and are bound by place and time (Crowe, Cresswell, Robertson, Huby, Avery & Sheikh, 2011). They are also versatile, as they can be used in both the qualitative research approach and the quantitative research approach (Bhattacharjee, 2012).

In spite of the above-mentioned advantages, the case study strategy has also been criticised for lacking scientific robustness and rigour, and the findings generally lack credibility (Smith,

2018). And since a case study focuses on a single unit, the results or findings are less likely to be generalised to other settings. Ebneyamini & Sadeghi Moghadam (2018) caution that although case studies are very intensive studies and help researchers tremendously in understanding the social phenomenon they are investigating, the challenges regarding the reliability and generalisability of the results are problematic; it is not easy to make a conclusive and consistent generalisation based on a single case study. Moreover, while a case study may yield in-depth data on a specific subject studied, the research process is time-consuming and cumbersome. Although case studies are rich and detailed, the researcher is required to devote much of his or her time and other valuable resources (Rashid, Rashid, Warraich, Sabir & Waseem, 2019).

Yet, despite the fact that a case study's findings lack scientific reliability and rigour, and that the results are not generalisable, they do provide a holistic view of a specific phenomenon and the series of events being studied. This research strategy is thus widely used in the field of public administration. Most of the articles published in academic journals use case studies as a suitable form of inquiry. And most of the studies published adopt a qualitative approach, as case studies can be applied to both qualitative and quantitative research methods. Case studies are traditionally qualitative in nature, but they may also be used in quantitative studies.

In summation, the UESC served as a single case study for the examination of the performance of the SMMEs in the eThekweni Metropolitan Municipality. This case study was used to determine if the manufacturing sector SMMEs associated with this business incubator in the municipality had created employment, reduced poverty, and encouraged women to become emancipated by entering the domain of small business, as envisaged by the municipality's IDP (eThekweni Municipality, 2019). Using this line of thought, one can agree that radical economic transformation is possible in South Africa, but only if the culture of entrepreneurship can be encouraged and resultant economic growth realised. The country has good policies that promote the existence of SMMEs, but there is a lack of ability and political and administrative will among the relevant stakeholders.

5.7 Quantitative Research

Quantitative research is often considered a primitive kind of inquiry in social science in comparison to other methods. This approach is very objective in nature and involves examining and measuring the phenomenon studied. According to Creswell & Creswell (2018), quantitative studies are split into two broad categories, namely, experimental (survey) and non-experimental research. The quantitative method incorporates the use of numerical values and statistical analyses in examining the attitudes, perceptions, values, and behaviours of participants in the study (Queirós, Faria & Almeida, 2017). In support of the aforementioned statement, this approach uses experiments and surveys to describe and explain the research problem.

Bryman (2001) argues that the quantitative methodology uses numbers and figures. Similarly, this scientific approach is very descriptive, as the results are depicted in numbers and measurements (Golafshani, 2003; Eyisi, 2016; Taherdoost, 2022).. The quantitative research methodology fits the positivist worldview, and it is grounded and based on the philosophical approach called “positivism”. Quantitative research is generally grounded in post-positivist epistemology, and it is used to test or prove a certain hypothesis by explaining the social issues surrounding the phenomenon being studied (Golafshani, 2003). The quantitative data obtained in this type of study is deductive and numerical, yet objective in nature. The quantitative method of inquiry is commonly employed to test a hypothesis derived from a particular theory or theories, and the results are likely to be generalised to other similar situations (Apuke, 2017).

5.8 Qualitative Research

The qualitative research method, as a form of inquiry, is normally used in order to explore a certain phenomenon in its natural setting. Babbie (2009) states qualitative research method aimed to gain an in-depth insight of the event from involved actors. Furthermore, Creswell (2007); and Isaacs (2014) add that exploratory qualitative research is very complex means of inquiry that obtains the views of informants based on their experiences, attitudes, and perceptions regarding a specific event or phenomenon in its natural setting. Khan (2014) reiterates that qualitative research allows researchers to explore behaviours, different perspectives, and life experiences in great depth and to discover the complexities of a situation using a holistic framework.

The qualitative research approach collects data from a small sample of the population by interviewing key informants, and the data collected is based on their lived experiences, life histories, and specific events. Ingham-Broomfield (2014) adds that qualitative research is a systematic, bottom-up, inductive, and subjective approach that explores and explains daily life experiences and provides the detailed meanings of these experiences. The qualitative approach employs a wide range of research strategies, namely, case studies, ethnographic research, grounded theory, narrative research, and phenomenology, as the tools of inquiry.

Willig (2008); and Lester & O'Reilly (2021) also opine that the qualitative approach is very explorative in nature and consists of various data collection strategies. Practically, this form of inquiry uses numerous common data collection strategies and analysis techniques, such as judgmental sampling and open-ended, semi-structured interviews (Butina, 2015; Alase, 2017). The origin of qualitative research traces back to the ancient Greek philosopher Aristotle, and it was developed further in the 1800s and applied to the discipline of psychology by several scholars (Wertz, 2014).

Most studies reveal that the qualitative research methodology has been used for decades by many social science scholars, but it has merited little academic attention from scholars in other disciplines as they deem the approach unscientific and pluralist (Chamberlain, Cain, Sheridan & Dupuis, 2011; Clarke, Willis, Barnes, Caddick, Cromby, McDermott & Wiltshire, 2015). Hence, the qualitative research methodology is used much less frequently in comparison to the quantitative research methodology, according to Wertz (2014); and Fletcher, De Massis & Nordqvist (2016). Reay and Zhang (2014) also report that most of the studies conducted thus far are quantitative in nature. Among other factors, the qualitative research method has been criticised by scholars for being ambiguous because it embraces a post-positivist worldview (Demuth, 2015). The qualitative research method has, however, surprisingly gained precedence in psychology and other fields of study over the years (Wertz, 2011; Carrera-Fernandez, Guardia-Olmos & Perú-Cebollero, 2014). Overall, these studies outline the importance of advocating a wider use of the qualitative research approach in scholarly work. The purpose of the study was to evaluate the performance manufacturing sector SMMEs, and that required a researcher to ascertain the perceptions and experiences of those involved in this sector. Therefore, qualitative research approach was deemed suitable for this study.

Employing a qualitative research approach enabled the researcher to gain participants' insights into the subject in question by using semi-structured interviews and document analysis. It assists a researcher to obtain clear and deeper information on the experiences and perceptions of the participants and the performance of the SMMEs in the eThekweni Metropolitan Municipality. Moreover, the qualitative approach offered an effective way for the researcher to become thoroughly involved in understanding the participants' perceptions through this study of the targeted population and place (Mohajan, 2018). In this context, qualitative research approach helps in exploring a deeper meaning about an economic or social issue from the perspective of individuals within the context studied (Thompson –Elliott, 2016, p. 3; Mhlongo & Daya, 2023, p. 5). Using interpretivism approach with a single case study, this study has managed to understand the performance of SMMEs in emerging markets. Also, the in-depth single case study approach provided significant insights into the role of SMMEs in the township economy and how their performance is influenced by various factors. It also produced data that is rich in quality and provides a unique perspective (Heale & Twycross, 2018, p. 7). This study also sought to propose mechanisms that could be used to leverage the SMMEs in the manufacturing sector and how these could be applicable to other sectors of the economy in South Africa.

According to Creswell (2014), each form of inquiry is guided by a particular philosophical worldview, whether it is a quantitative, qualitative, or mixed research methodology. The methodology is used as a guideline to guide the researcher when conducting their research. Creswell (2014) states that research methodologies are linked to the research approach adopted. This could either be a deductive or an inductive approach. In choosing a methodology, one must consider that these two are dependent and that approaches arising out of each guide the methodology adopted in social science studies. In conclusion, a qualitative research approach is significant as it enables the researcher to generate a theory and provides an opportunity to gain a broader and deeper understanding of social events.

Table 5.1 below provides an overview of the different characteristics of the quantitative and qualitative research methods. The table outlines the comparative features in terms of the position of the researcher and the method of data analysis. In other words, this table provides the different characteristics of the quantitative method, which is based on positivist epistemology to explain the phenomenon studied, while the qualitative method uses inductive reasoning to develop a theory to gain empirical evidence.

Table 5.1: Methodological Differences

Quantitative Method	Qualitative Method
Measures objective facts.	Constructs social reality and cultural meaning.
Focus is on variables.	Focus is on interactive processes and events.
Reliability is the key factor.	Authenticity is the key factor.
Value free.	Value is present and explicit.
Separate theory and data.	Theory and data are combined.
Independent of context.	Situationally constrained.
Many cases and subjects.	Few cases and subjects.
Statistical analysis.	Thematic analysis.
Researcher is detached.	Researcher is involved.

Sources: Mostyn (1985); Corner (1991); Hammersley (1992); Creswell (1994; 2014); Guba & Lincoln (1994); Winchester (1996); Philip (1998); Tashakkori & Teddlie (1998); Sogunro (2002); Denzin & Lincoln (2003a); Marvasti (2004); Kipo (2013); (Yilmaz, 2013)

5.9 Time Horizon

The time horizon is typically based on a fixed timeframe. Any task or activity has a time limit for completion. Before data collection, it is necessary for the researcher to determine whether the purpose of the research study of the phenomenon requires a shorter period of time (a cross-sectional study) or a longer period of time (a longitudinal study) (Butler, Battista, Leatherdale, Meyer, Elliott & Majowicz, 2021). A cross-sectional study is a short-term study that involves the collection of data at a specific point in time. A longitudinal study is the collection of data repeatedly over a long period of time in order to compare the data. The cross-sectional and longitudinal research designs could provide an accurate way to measure the performance of the SMMEs supported by the UESC, as they could help determine the variations between the independent and dependent variables affecting the SMMEs' performance (Zahner & Steedle, 2015).

5.9.1 Cross-sectional studies

Cross-sectional and longitudinal studies are both non-obtrusive. In these studies, the researcher normally collects the data about a phenomenon without manipulating the study environment, so they are a type of observational study design. In cross-sectional study, a broad population is approached for data collection at a single point in time. A cross-sectional study is conducted on data gathered once, and the data analysis normally occurs over a few weeks or months to gain a detailed understanding of the phenomenon. Such studies are called “one-shot or cross-sectional studies” (Sekaran & Bougie, 2013), and they are commonly used in medical research (Taur, 2022).

The significance of cross-sectional studies is that they allow researchers to compare numerous variables at the same time. Cross-sectional designs are widely used in the social sciences, and most cross-sectional studies are done through survey questionnaires (Juliana, Oei, Carven & Horn, 2022). Unfortunately, cross-sectional studies may not provide detailed data about cause-and-effect relationships. Typically, such studies are a snapshot of a single moment in time; thus, they do not consider what happens before or after the snapshot is taken. Practically, cross-sectional studies can be undertaken more quickly than longitudinal studies. The advantages and disadvantages of cross-sectional design studies are outlined below, where Zangirolami-Raimundo, Echeimberg & Leone (2018) enumerate the advantages associated with a cross-sectional research design:

- They are relatively less expensive and less time-consuming to conduct.
- They can predict the prevalence of an outcome of interest because the sample is derived from entire the entire.
- Many outcomes and risk factors are assessed simultaneously.
- They are most appropriate in health science studies to understand disease etiology and for the development of hypotheses.
- There is no loss of follow-up.

Apart from the usefulness and popularity of cross-sectional design studies, they also have their own disadvantages:

- They cannot tell us about causal relationships (only correlations).

- The generalisability of the findings is limited by the population sampled and the definition of the population.
- Sample size requirements may be very large (especially when looking at rare outcomes or exposures).
- Potential for selection bias, occurs when the study participants are systematically different in their characteristics compared with eligible participants who were not selected for the study.
- It evaluates prevalence rather than incidence.

In this study, it was suitable to employ the cross-sectional study design, given the fact that it was cheaper and quicker to do so, and this was convenient as the researcher could fit the study within the time frame specified for the study period. As a result, this study provided a snapshot of the frequencies between the independent and dependent variables of the phenomenon investigated (Hulley, Cummings, Newman, Browner & Grady, 2013), namely the performance of the manufacturing SMMEs in the eThekweni Metropolitan Municipality and their role and contribution to the economy in South Africa (Sedgwick, 2014). Furthermore, the cross-sectional study design was used to determine whether there was a relationship between the high failure rate of SMMEs and the existing abject poverty, unemployment, and socio-economic disparities among the residents in the eThekweni Metropolitan Municipality.

In conclusion, the exploratory approach was used in this cross-sectional study, and semi-structured interviews were used to solicit detailed information from participants. Each interview was allotted a specific timeframe. Semi-structured interviews were done with the various stakeholders associated with the manufacturing SMMEs in eThekweni Metropolitan Municipality. This study was also conducted on a full-time basis, as the researcher was a full-time student.

5.9.2 Longitudinal studies

The use of longitudinal studies is known for data collection that occurs over an extended period of time. This type of study is conducted to describe the level of variation between variables under study when investigating a particular phenomenon (Sekaran & Bougie, 2016). The longitudinal design can be used to examine the cause-and-effect relationship between the

variables in the study. Essentially, a longitudinal design is more diagnostic and provides better insights than cross-sectional studies. This type of study is notably more time-consuming, burdensome, and costly than a cross-sectional study (Sekaran & Bougie, 2016). Longitudinal studies are known for providing deeper insight into the events studied. This type of study was, however, not employed for this research due to the time factor and financial implications. In longitudinal studies, investigators conduct a series of assessments of the same subjects over a prolonged period of time, often over years or decades.

5.10 Data Collection Instruments

Interviews were employed as the primary data collection tool for this study due to the nature of the study. The primary data was also complemented by secondary data, and this supported the findings of the study.

5.10.1 Survey Questionnaires

The descriptive research design uses a variety of data collection instruments, and the one that was appropriate for this study was the survey questionnaires. The survey questionnaire is a descriptive measurement instrument that enables a researcher to obtain data from respondents. The survey questionnaire is non-experimental and descriptive in nature. According to Jain, Dubey & Jain (2016), there are different ways to formulate questionnaires, namely with closed-ended and open-ended questions.

First and foremost, survey questionnaires are the most convenient data collection tool with which to collect data to describe, explain, or compare the knowledge, attitudes, values, perceptions, and behaviours of respondents regarding a phenomenon being studied (Aldugieman, Alanezi, Alshammari, Al-Shamary, Alqahtani & Alreshidi, 2018; Andrade, Menon, Ameen & Kumar Praharaj, 2020; Haghmad, 2021). A survey questionnaire is a quantitative research instrument that has a range of written questions created to elicit information from the study's respondents (du Plooy-Cilliers et al., 2014). According to Lee (2006), survey questionnaires are an indirect method of collecting data, and they allow a researcher to avoid face-to-face interaction with the respondents if desired or necessary. Moreover, the surveys comprise a series of questions that are either open-ended or closed-ended and require information from a diverse group about their attitudes, experiences, knowledge, and feelings regarding the phenomenon in question (Brühlmann & Mekler, 2018).

The survey questionnaires can be administered in various ways, namely by email, online, manually, and face-to-face interviews (Nix, Pickett, Baek & Alpert, 2019). The investigator should consider the degree of understanding of the sampled population when formulating questions. Furthermore, the utilisation of surveys provides the investigator and respondents with an opportunity for more honesty and unambiguous responses as compared to other research instruments. In practice, surveys allow respondents to exercise their discretion, and they are user-friendly (Holt & Pamment, 2011). In addition, survey questionnaires permit wide geographic contact at minimal cost (Dalati & Marx Gómez, 2018). If the survey questionnaire is administered properly, it can yield a reasonable degree of confidentiality and anonymity for the respondents and provide ample time for respondents to think about their answers. Various scholars have highlighted that surveys' results can be generalised and replicated for other similar phenomena or for a larger population (Juristo & Gómez, 2010; Eyisi, 2016; Salvador, 2016; Nosek, Hardwicke, Moshontz, Allard, Corker, Dreber, Fidler, Hilgard, Kline Struhl & Nuijten, 2022).

5.10.2 Qualitative Interviews

The qualitative research method has several data collection tools employed to collect data. This study used interviews as an instrument for gathering data. Interviews enable the researcher to be immersed in the process and to be part of the phenomenon under study. The instruments for collecting data are interviews, observation, focus group discussion, and document analysis. Interviews traditionally involve the collection of data through direct contact between the investigator and the informants to understand the phenomenon studied (Dilshad & Latif, 2013; Alshenqeeti, 2014; Ghaemi, 2022).

Interviews are a widely used qualitative data collection tool and provide two-way communication between the investigator and the key informants. The investigator is able to ask probing questions regarding the event or subject studied to gain insight into it (Nieuwenhuis & Smit, 2012). Thus, in a situation where comprehensive information is needed, the use of interviews is deemed appropriate. According to Leedy and Ormrod (2014), interviews are traditionally known to yield more useful information. Silverman (1993, as cited in Leedy & Ormrod, 2014) postulated that an investigator asks questions based on factual information, people's beliefs and perceptions about issues, people's feelings and motives, their current and

previous behaviour, the accepted standard of behaviour, and the reasons for people's activities and feelings.

In social science, there are three types of research interviews, namely structured, semi-structured and unstructured interviews (Sarpin, Kasim, Zainal & Noh, 2018). The researcher may employ interviews to probe further to find in-depth information, and according to Ghaemi (2022), interviews give researchers the freedom to ask further questions, together with follow-up questions within the scope of the study concerned. The interviews give participants the freedom to express their views adequately when an interviewer wishes to acquire broader information. Face-to-face interviews were beneficial for the nature of the because it enables the researcher to observe the interviewees facial expressions, gestures, body language, and other non-verbal communication to enhance his understanding of the subject. The interviewers also made sure to remain open and flexible during the interview process so that they could probe individual participants' stories in more detail when the need arose (Knox & Burkard, 2009). Hence, due to COVID-19 pandemic health and safety protocols; and convenience some of the interviews were conducted using online platforms.

Interviews were conducted with selected participants regarding the SMMEs in the manufacturing sector in the eThekweni Metropolitan Municipality. According to Boyce and Neale (2006, as cited by Nkwanyana, 2021), interviewing is a qualitative form of study requiring intensive individual interviews with a limited number of respondents in order to investigate their perception of a concept, programme or circumstance. This study employed qualitative interviews as the data collection method to ascertain the interviewees' thoughts that were pertinent to the subject. In practice, qualitative researchers rely on oral interviews to collect detailed information regarding the phenomenon under examination (Knox & Burkard, 2014). One reason for selecting interviews as one of the data collection tools for use in this study was that interviews tend to have a higher response rate, as people are more likely to agree to be interviewed than to fill out a questionnaire at home during their personal time (Wagner, Kawulich & Garner, 2012). According to Gill, Stewart, Treasure & Chadwick (2008, p. 292), the purpose of the qualitative interview is "*to explore the views, experiences, beliefs, and/or motivations of individuals on specific matters*". In addition, qualitative interviews enable the investigator to probe further in order to gain a deeper understanding of the phenomenon. McGrath, Palmgren & Liljedahl (2019) stated that "*the fundamental benefit of interviews is that they afford researchers opportunities to explore, in an in-depth manner, matters that are*

unique to the experiences of the interviewees, allowing insights into how different phenomena of interest are experienced and perceived other than data collection instruments, such as a survey". This research found qualitative interviews to be more beneficial in terms of producing deeper insight and thorough information than survey questionnaires. Moreover, without interviews, it would have been impossible to understand the participants' perspectives on the phenomenon under study.

The interviews that the researcher conducted were semi-structured. There were a set of pre-arranged questions that guided the investigator. An interview guide was designed with questions in a specific order, but the researcher also allowed the participants to raise issues that they deemed relevant to the study. Semi-structured interviews are pre-planned and allow the interviewees to respond in a particular way, with a certain degree of freedom when answering. Contrary to this, unstructured interviews enable informants to express themselves fully and freely and provide detailed information about the subject under investigation (Yong & Kaneko, 2016; Daskalopoulou & Skandalis, 2018; Bihu, 2020). The nature of this study called for semi-structured interviews, as most qualitative studies often prefer the use of semi-structured interviews (Ashton, 2014; Dempsey, Dowling, Larkin & Murphy, 2016). In practice, semi-structured interviews are used to obtain a broader, more comprehensive image of a participant's viewpoint pertaining to the event, phenomenon, subject, or concept under investigation.

Semi-structured interviews are characterised by open-ended questions and the use of an interview guide (or topic guide or list) in which the broad areas of interest are defined. The interview guide may sometimes also include sub-questions (Busetto, Wick & Gumbinger, 2020). Several authors have highlighted the fact that semi-structured interviews have advantages and disadvantages. The advantages of semi-structured interviews are that they involve greater flexibility and adaptability, so a researcher is able to obtain data with greater detail and clarity (Adhabi & Anozie, 2017; DeJonckheere & Vaughn, 2019; Mahat-Shamir, Neimeyer & Pitcho-Prelorentzos, 2021). The disadvantages of semi-structured interviews are that they are very subjective, time-consuming, and costly, and the data is more ambiguous (Haq, 2015). Evangelinou-Yiannakis (2017) also criticised interviews as being highly subjective and running the risk of being biased, expensive, and time-consuming, as well as being too cumbersome. DeJonckheere & Vaughn (2019) also reported that interviews were more time-consuming and costlier than using survey questionnaires. Furthermore, the small number of participants meant that the results could not be generalised and extrapolated to

similar contexts. They added that the overall purpose of using semi-structured interviews for data collection is to gather information from key informants who have personal experiences, attitudes, perceptions, and beliefs related to the topic of interest (DeJonckheere & Vaughn, 2019).

The researcher used different sources in conjunction with semi-structured interviews and document analysis, given the reasoning for the use of the different data collection tools, and this allowed for triangulation of the data obtained to ensure that the findings were accurate from the perspectives of the participants. The researcher also allowed the interviewees to raise issues that they felt were relevant and to provide recommendations for further research. The data collected from the study was audio-recorded, transcribed, and later thematically analysed. The semi-structured interviews conducted allowed the researcher to gather relevant information from the participants and to evaluate the participants' perspectives with regard to the performance of SMMEs in the eThekweni Metropolitan Municipality. The researcher also took cognisance of the above-mentioned limitations and disadvantages of interviews during the data collection process. Table 5.2 below provides the advantages and disadvantages of the qualitative interviews.

Table 5.2: Advantages and Disadvantages of Qualitative Interviews

Advantages	Disadvantages
Can establish rapport and motivate participants.	Requires personal time.
Can clarify questions, clear doubts, and add new questions.	It costs more when a wide geographical area is covered.
Can enable the collection of non-verbal signals.	Respondents' may be concerned about their confidentiality.
Rich data can be collected.	Interviewers need to be trained.
Can use visual aids to clarify points.	Can introduce interviewer bias.

Source: Sekaran & Bougie (2016, p. 123)

5.10.3 Document Analysis

The study also reviewed various published and unpublished sources to gain a deeper understanding of the phenomenon. Document analysis is the review of secondary data that has already been collected and analysed by others for specific purposes. A wide variety of documents were consulted to ensure the trustworthiness of the findings of this study. In most empirical studies, the utilisation of primary data alone is insufficient to gain proper insight into the specific subject being investigated. Desktop information is therefore also used to supplement the primary data gathered and to verify the accuracy of the data obtained. The utilisation of data that was previously collected by other scholars has been common practice for many years.

A document review looks at secondary data from government gazettes, departmental reports, academic journals, textbooks, databases, and newspapers that are readily available (Morgan, 2022). A document review is the process of scrutinising and reviewing documents with the aim of giving them a trajectory and providing meaning in order to develop new empirical evidence (Bowen, 2009). According to Marshall & Rossman (1999, as cited in Mthethwa, 2017), a document review is unobtrusive and non-reactive, and it can yield a lot of data about the values and beliefs of participants in their natural setting. The documents analysed as part of the document review may consist of a series of online and printed documents such as institutional or organisational reports, journal articles, newspapers, survey information, prescribed textbooks, and various public records, according to Bowen (2009). Russell & Gregory (2003, as cited in Busetto et al., 2020) claimed that a document study (also called document analysis) refers to the review by the researcher of previously written materials.

A document analysis is a valuable research method that has been used for many years (Morgan, 2022), and it is significant as it enables the investigator to gain an in-depth and detailed understanding of the event or subject being investigated (Nieuwenhuis, 2007). A document review is also referred to as content analysis, and the advantage of content analysis is that it is a cheap process and the documents are easily accessible, since the majority of them are available online or can be found in libraries and archives. Eliciting information from documents is also actually imperative because it is not always possible to acquire direct access to the relevant parties to be able to question them on the issue being studied (Babbie, 2013).

In addition to enabling a researcher to better understand the phenomenon being studied, a documentary review also helps them identify any research gaps that exist. Moreover, although the document analysis complements the primary data gathered from interviews and survey questionnaires, it may also answer any questions that the interviews, group interviews, and surveys may not address. Various sources related to SMMEs around the world were analysed by the researcher. The study relied heavily on electronic sources as the major reservoir of information, as they provided the online articles, books, journals, policy briefs, regulatory frameworks, and working papers that helped underpin the study. Like any research strategy, document analysis also has some advantages and disadvantages. Bowen (2009) reported on the advantages and disadvantages of this strategy and listed the advantages of a documentary review as follows:

1. **Efficient method:** Document analysis is less time-consuming and therefore more efficient than other research methods.
2. **Availability:** Many documents are in the public domain, especially since the advent of the Internet, and they are obtainable without the authors' permission. This makes document analysis an attractive option for qualitative researchers.
3. **Cost-effectiveness:** Document analysis is less costly than other research methods and is often the method of choice when the collection of new data is not feasible. The data (contained in documents) has already been gathered; what remains is for the content and quality of the documents to be evaluated. Document analysis therefore counters the concerns related to the reflexivity (or lack of it) inherent in other qualitative research methods.
4. **Stability:** Documents are a stable data source, and the process is non-reactive, as the investigator's presence does not alter what is being studied (Merriam, 1998). Documents, then, are suitable for repeated reviews.
5. **Exactness:** The inclusion of exact names, references, and details of events makes the use of documents advantageous in the research process (Yin, 1994).
6. **Coverage:** Documents provide broad coverage; they cover a long span of time, many events, and many settings (Yin, 1994).

As stated, like any other research tool, there are also disadvantages to using documentary analysis. Several weaknesses of documentary analysis are mentioned below:

1. Insufficient detail: Documents may be produced for some purpose other than research, and they may be created independent of a research agenda, certainly the current research's agenda (note that previous studies located in the documents are not considered here). They consequently do not usually provide sufficient detail to answer the research questions.
2. Low retrievability: Documentation is sometimes not retrievable, or retrievability is difficult. As Yin (1994) noted, access to documents may sometimes be blocked deliberately.
3. Biased selectivity: An incomplete collection of documents suggests 'biased selectivity' (Yin, 1994). In an organisational context, the documents available (selected) are likely to be aligned with corporate policies and procedures and with the agenda of the organisation's principles.

This research approach was used in the study, despite the limitations of document analysis, in order to supplement the primary data. Another significance of document analysis is that it triangulates a study's findings and reduces the impact of potential bias in the study.

5.11 Study Site

The study was carried out within in eThekweni Metropolitan Municipality KwaZulu Natal. The UESC was the case study for this research study. This centre consists of various manufacturing companies on the outskirts of Durban. The UESC is located in Umkhumbane Township (formerly Cato Manor), which is approximately seven kilometres from the Durban city centre. According to Khumalo (2019), Umkhumbane Township is a predominantly black area characterised by high unemployment and socio-economic fragmentation due to poor service delivery and infrastructure. The UESC was established in 2002, primarily to support emerging manufacturing businesses in the eThekweni metropolitan region. The UESC is funded by the European Union (EU) in collaboration with the eThekweni Municipal Business Support, Tourism, and Markets Unit (eThekweni Municipality, 2011). It supports emerging manufacturing enterprises through the provision of various resources such as land, financial support, human capital, and capacity building. The study site was selected due to its accessibility, convenience in terms of collecting data (it was within the proximal reach of the researcher who resides in the same municipality), ease of access to municipal documents and

information, and the fact that the time factor was not a major limitation. To the researcher's knowledge, no studies had been done on the performance of the manufacturing sector SMMEs in the eThekweni Metropolitan Municipality, KwaZulu-Natal.

5.12 Study Population

The population refers to the individuals, items, or elements that are part of the study. Each study consists of various groups of items and individuals that are part of the study undertaken. According to Thacker (2020, n.p.), the “*population is a complete set of people with specified characteristics, while a sample is a subset of the population*”. Moreover, the target population refers to all members in a specific setting that meet prescribed criteria or a criterion to attain the objective(s) of the intended study (Alvi, 2016). Bhattacharjee (2012) also noted that a target population is the set of individuals or items, i.e., the “unit of analysis” that one wishes to study. The unit of analysis may be a person, group, organisation, country, object, or any other entity that you wish to draw scientific inferences about (Bhattacharjee, 2012).

The target population of this study consisted of relevant stakeholders that were directly or indirectly involved with or benefitted from the SMMEs located in the Umkhumbane Business Support Centre in eThekweni Metropolitan Municipality. The population of the study comprised various stakeholders from several institutions, namely officials from: the manufacturing sector SMMEs; the eThekweni Municipality Business Support, Tourism, and Markets Unit; the Durban Chamber of Commerce and Industry (DCCI); the Department of Economic Development, Tourism, and Environmental Affairs (DEDTEA); and Small Enterprises and Development Agency (SEDA), Small Enterprise Finance Agency, (SEFA); Ithala Corporation Bank; Innovate Durban; Industrial Development Corporation (IDC); National Youth Development Agency (NYDA) and Trade Investment KwaZulu Natal (TIKZN)

5.13 Sampling

When a researcher conducts a study, one key point ensures that the population group that they select contains certain features, items, behaviours, and characteristics that can be used as samples. The samples are a subset or division of items derived for the entire targeted population. According to Taherdoost (2016), the sample refers to a selection of representatives

from the larger population that are used to elicit the views, perceptions, and experiences pertaining to the particular phenomenon being studied. The sample provides a representation of the population, so the researcher does not have to study the entire population in the study. Due to time and other scarce resources researcher (s) is obliged to use his or her discretion to select a few units from the population (called sampling) so that they do not have to study the entire population. The appropriate sample size is selected by taking into account the size of the population and the availability of the resources to be used in the study. Bryman (2016) defines sample size as the appropriate portion of the population that can be studied in order to make accurate deductions about the larger population. The significance of having a sample represent a segment of the population rather than the entire population is that it will save time and human, financial, and other valuable resources (Mugo, 2002). Besides this, it is not feasible to select the large population in qualitative research. The representative sample from the population of interest is then used for observation and analysis (Bhattacharjee, 2012). Furthermore, in qualitative research, sampling enables the researcher to select key informants from the large population (Shaw, McGregor, Brunner, Keep, Janssen & Barnet, 2017), and it allows them to determine whether their study can successfully and efficiently provide answers to their research question. It also increases the rigour of their study and enhances the validity of their research findings and their credibility with their readers (Farrugia, 2019).

There are two main sampling strategies that can be adopted when sampling, namely probability and non-probability sampling. In some instances, these two types of sampling strategies are called random and judgmental sampling (Sekaran & Bougie, 2016). In practice, both probability and non-probability sampling strategies are commonly used in the social sciences due to their convenience, cost-efficiency, and ability to make inferences regarding a wider population (Elfil & Negida, 2017). In probability sampling, all elements are likely to be selected for the study, while in non-probability sampling, not all elements have a chance of being selected for the study (Sekaran & Bougie, 2016; Sarstedt, Bengart, Shaltoni & Lehmann, 2018). Probability sampling is, however, highly recommended because this type of sampling provides a high level of confidence.

Probability sampling consists of four types: namely simple random sampling, systematic random sampling, stratified random sampling and cluster random sampling. Simple random sampling is a widely used strategy where the individuals and elements are randomly selected. This is the most preferred probability sampling strategy due to the fact that it lessens unfairness

since all respondents have an equal chance of being selected. Random sampling is predominantly applied when administering survey questionnaires to ascertain and describe respondents' attitudes and feelings. The random sampling strategy enables the researcher to draw data from a wider population over a short period of time. This strategy is less time-consuming for the researcher as less time is taken to reach the required number of research respondents.

Non-probability sampling was employed for this study. There are four types of non-probability sampling, namely: convenience sampling; purposive or judgmental sampling; snowballing; and quota sampling (Bryman & Bell, 2014). In this study, simple random, convenience, and purposeful sampling were used to select the sample from the population. With convenience sampling, a researcher has easy access to the sampled population of the study (Scholtz, 2021). Apart from sample members being easily accessible, convenience sampling is regarded as a fast, less time-consuming, easy-to-use, and cost-effective sampling technique (Taherdoost, 2016). On the other hand, the purposive sampling strategy is very selective, as the researcher deliberately seeks to draw data from particular informed participants about the phenomenon studied (Etikan, Musa & Alkassim, 2016).

Fifteen informants were interviewed in this study, and purposeful sampling was used to select them for a number of reasons. Purposive sampling was mainly chosen based on the fact that the researcher required informants with first-hand knowledge, experience, and involvement in the phenomenon being studied. Certain members of the population thus had no chance of being selected for the study's sample. In practical terms, purposive sampling enables a researcher to apply his or her discretion when selecting relevant participants or elements for their study (Kothari, 2004). An additional advantage of using this sampling strategy is that the sample size is relatively small (Campbell, Greenwood, Prior, Shearer, Walkem, Young, Bywaters & Walker, 2020), but it is big enough for the investigator to gain the required deeper insight of the phenomenon (Palinkas, Horwitz, Green, Wisdom, Duan & Hoagwood, 2015). Purposive sampling is, however, arguably based on the researcher's judgement and thus highly prone to researcher bias (Sharma, 2017). Judgemental or purposive sampling can consequently be considered unfair because not all units or individuals from the population are chosen. Given the subjective nature of purposive sampling, it can also be difficult for a researcher to convince his or her readers that the judgement used to select the units for the study was appropriate (Sharma, 2017).

This study evaluated the performance of the manufacturing sector SMMEs located in the UESC business incubator in the eThekweni Metropolitan Municipality in KZN. The studied population thus consisted of representatives from the selected SMMEs (owners or managers) and officials from the eThekweni Municipality's Business Support, Tourism, and Markets Unit, the DCCI, the DEDTEA, and SEDA. These stakeholders had rich information on the subject being studied. The population also included ward councillors as the political heads of the municipality. The studied population was drawn from the DCCI's and the eThekweni Municipality Business Support, Tourism, and Markets Unit's existing databases. Purposive sampling assisted the researcher in collecting more detailed and insightful information from the key participants regarding the research subject. Moreover, the investigator adopted a non-purposive sampling strategy and selected 15 informed participants from the relevant institutions.

5.14 Criteria for Selecting the Participating Informants

The study covered the small manufacturing businesses in the eThekweni Metropolitan Municipality, particularly in the Umkhumbane area. The manufacturing sector is responsible for the creation of skilled and semi-skilled jobs and plays a major role to the economic growth of the eThekweni Metropolitan Municipality. EDGE (2013, pp. 35) has informed us that "*the manufacturing sector contributes to the absorption of both skilled and low-skilled labour, contributes 16.6 per cent to the eThekweni Metropolitan Municipality economy, and this sector is steadily growing*". Prior to conducting the interviews for this study, the potential informants were informed that they had to meet specific criteria for them to be eligible for participation. The specific criteria are set out below.

Their organisation had to be a registered SMME, they had to be employing local people, and they had to have a BBBEE certificate. Their organisation had to be part of the manufacturing sector and be based in the UESC. Their organisation had to work with glass, upholstery, aluminium, footwear, sheet metal, engineering, cold insulation, furniture, food, beverages, or health and sanitary products within the manufacturing sector. Their organisation had to be locally owned, not foreign-owned, and they had to be employing local people, specifically people within the jurisdiction of eThekweni Metropolitan Municipality. Moreover, the entity had to be compliant with the South African Revenue Service (SARS).

Once the relevant informants were identified, they were contacted telephonically or via e-mail to make the necessary arrangements for the fieldwork.

5.15 Study Participants

Participants were selected using non-probability sampling to evaluate the performance of the manufacturing sector SMMEs located in the UESC in the eThekweni Metropolitan Municipality, KwaZulu-Natal. The researcher applied qualitative constructivism and adopted a non-probability sampling strategy. As a result, not all elements of the study population were selected since the non-probability sampling strategy was employed, so Palinkas et al. (2015) state that non-probability sampling does not represent the entire study population.

Etikan & Bala (2017) explain that the non-probability sampling technique allows the researcher to selectively choose the most appropriate elements or items for inclusion in accordance with his or her specific intention. Moreover, purposeful sampling is widely used in qualitative research for the identification and selection of information-rich cases related to the phenomenon of interest (Palinkas et al., 2015). Pace (2021) refers to non-probability sampling as a highly subjective technique that relies on small samples to study the actual phenomenon, so the results of the study cannot be extrapolated. That is, the findings of the non-probability methods are unlikely to be extrapolated or generalisable, but the data collected is still useful for exploratory studies (Nordin, Amin, Hasbullah, Zainol & Ideris, 2021).

The study population therefore consisted of SMME operators located in the UESC and officials from various organisations. These stakeholders possessed comprehensive information on the manufacturing sector SMEs supported by the UESC. The study also included the ward councillors from the municipality as community representatives in the eThekweni Metropolitan Municipality. Purposive sampling was also used to select the fifteen informed participants from the different institutions. As mentioned earlier, the sample population for this study was drawn from several representatives of the manufacturing sector SMMEs and officials from the eThekweni Municipality Business Support, Tourism, and Markets Unit; the Durban Chamber of Commerce and Industry (DCCI); the Department of Economic Development, Tourism, and Environmental Affairs (DEDTEA); and Small Enterprises and Development Agency (SEDA), Small Enterprise Finance Agency, (SEFA); Ithala Corporation Bank; Innovate Durban;

Industrial Development Corporation (IDC); National Youth Development Agency (NYDA) and Trade Investment KwaZulu Natal (TIKZN)

Table 5.3 below shows the population selected for the study. This study evaluated the performance of the SMMEs operating in and supported by the UESC in eThekweni Metropolitan Municipality, KZN. These stakeholders had rich, in-depth information on the subject studied. The population also included ward councillors as the political heads of the local municipalities. The SMME managers were running their businesses in the UESC in the eThekweni Metropolitan Municipality. The investigator adopted purposive sampling by selecting the 15 informed participants from the various organisations. Table 5.3 below depicts the population sampled for the study.

Table 5.3: Population, sample, sampling strategy and the data collection tool

Administration of Participants	Population	Sample	Sampling Strategy	Data Collection Tool
Umkhumbane Entrepreneurial Support Centre	10	4	Purposive	Interview
Umkhumbane Area Based Management Unit	2	1	Purposive	Interview
eThekweni Municipality Business Support, Tourism, and Markets Unit	4	2	Purposive	Interview
Ward Councillors	4	2	Purposive	Interview
Durban Chamber of Commerce and Industry (DCCI)	2	1	Purposive	Interview
Department of Economic Development, Tourism,	2	1	Purposive	Interview

and Environmental Affairs (EDTEA)				
National Youth Development Agency (NYDA)	3	1	Purposive	Interview
Small Enterprises Development Agency (SEDA)	3	1	Purposive	Interview
Industrial Development Corporation (IDC)	3	1	Purposive	Interview
Trade & Investment KwaZulu-Natal (TIKZN)	2	1	Purposive	Interview
	35	15		

Researchers own compilation (2023)

5.16 Recruitment Strategies

Having received permission from the eThekweni Municipal Institute of Learning (MILE) and other relevant institutions to conduct the study, the researcher made telephonic calls and sent emails to inform the prospective participants of his intention to interview them. This was done prior to the study being conducted. The researcher sent the selected key informants' telephonic reminders as the dates for their interviews approached. These prior arrangements helped the researcher conduct the interviews smoothly and properly.

5.17 Data Quality Control

Regardless of the field of study or the methods used for data collection or analysis, all systematic knowledge procedures strive to provide authentic results or findings. It is necessary to examine the tools used in order to achieve trustworthiness and replicability of the data collected, as the data collected is the most crucial aspect of the research study. The quality of the data must be controlled to ensure the integrity of the research. According to Yamanaka, Fialkowski, Wilkens, Li, Etienne, Fleming, Power, Deenik, Coleman & Leon Guerrero (2016), data quality control is crucial to achieving appropriate results and findings. In addition, data assurance is vital to ensuring that the results and conclusions are accurate and justified.

Sousa (2014) pointed out that the criteria for qualitative research are still openly debated among researchers. According to Mohajan (2017, p. 1), “*reliability refers to the stability of the results, and validity refers to the truthfulness of the findings or results*”. Singh (2014) indicated that validity and reliability increase transparency and minimise ambiguity and biases in qualitative research. Quantitative data uses validity and reliability, while qualitative data uses confirmability, credibility, dependability, trustworthiness, and transferability to assess the quality of the data. Heale & Twycross (2015) asserted that the quality of the data in quantitative research can be ensured by measuring its validity and reliability, while Noble & Smith (2015) stated that qualitative researchers should consider four criteria to ensure the rigour of their studies, namely credibility, conformity, transferability, and trustworthiness. Sousa (2014) similarly stated that the trustworthiness of qualitative research can be achieved through checking the credibility, transferability, dependability, and confirmability of the data. Social constructivists essentially argue that reliability and validity are controlled quantitatively; therefore, these measurement tools can be applied in qualitative studies as credibility and transferability (Poortman & Schildkamp, 2012). The quality of the data collection method used in this study was determined by checking the credibility, transferability, reliability, and confirmability of the results, and this ensured the trustworthiness of the findings (Nowell, Norris, White & Moules, 2017). Trustworthiness was adopted to measure the quality of the data collection tools employed in the study since this study used a qualitative approach.

5.17.1 Trustworthiness

Qualitative research is deemed a subjective and non-scientific approach to inquiry. The qualitative research approach has been criticised for lacking robustness, transparency, and justification of the data collection and data analysis methods used; hence, the integrity of the findings is questionable (Hadi & José Closs, 2016). Trustworthiness is the consistent concept of validity and reliability used in qualitative research to measure the quality of the research. By definition, trustworthiness in the qualitative research approach is the ability to depict data findings in a credible, consistent, and objective way (Kyngäs, Kääriäinen & Elo, 2020). The trustworthiness of the data is associated with conformability, dependability, transferability, authenticity, and credibility in exploratory research studies (Elo, Kääriäinen, Kanste, Pölkki, Utriainen & Kyngäs, 2014; Castleberry & Nolen, 2018; Shahabi, Teymurlouy, Shabaninejad, Kamali & Lankarani, 2020).

The concepts of validity and reliability are not applicable to qualitative research, as these notions relate to the measurement of results. Qualitative researchers are instead mainly concerned with the attitudes, perspectives, views, experiences, and feelings of participants about the phenomenon studied. Credibility addresses the question of how compatible the findings are with reality (Shenton, 2004).

Trustworthiness consists of: (a) credibility, which is the confidence in the “truth” of the findings; (b) transferability, concerned with the degree to which the findings can be transferred to other contexts (Shenton, 2004); (c) dependability, which refers to the fundamental issue of demonstrating the consistency of findings over time by various researchers and by using different tools of analysis (Morrow, 2005); and (d) conformability, which is the degree of neutrality or the extent to which the findings are shaped by participants and not researcher’s bias, motivation or interest. Scientifically, in order to achieve trustworthiness in this study, the researcher triangulated the various data sources and had prolonged engagement with the participants to create a rapport with them and gain their trust (Hadi & José Closs, 2016). The researcher was guided by the interview guide during the interview sessions, and this maintained a consistent rhythm of questioning.

A researcher asks the questions listed on the survey questionnaire and then probes further where necessary to allow the participants to provide detailed information regarding the phenomenon studied. The researcher then subsequently triangulates the research findings with the data in the existing literature by analysing both sources, and this ensures the trustworthiness of the study’s findings. This is content analysis, where the investigator compares, contrasts, and verifies the credibility of the information. Triangulation, audit trails, peer briefing, member checking, prolonged engagement, and the use of thick descriptions are all strategies to ensure the trustworthiness of a study’s findings. In this study, the researcher took notes during the interview sessions, and the data and findings were peer reviewed for the purpose of verifying the validity of the findings.

The findings of quantitative studies are less likely to be extrapolated to other settings due to the subjectivity of the method and the narrowness of the sampled population. For comparative purposes, the case study strategy is often considered unreliable and lacking in truthfulness and generalisability, while the strategy using experiments and surveys is viewed as the opposite because participants’ behaviour is explained by using predetermined schedules or scales. These

limitations of the case study strategy indicate that bias may occur because this strategy of inquiry delineates the findings from the experiences, shared beliefs, artefacts, and behaviours of the group of individuals sampled. The case study strategy therefore aims to gain deeper insight or understanding of a phenomenon studied in its natural setting.

5.18 Data Analysis

Data analysis is the process whereby the researcher reduces the results and findings of their study into manageable data. It involves reducing the large amount of information gathered and making sense of it. Cant et al. (2011, as cited in Dladla, 2018, p. 59) described data analysis as *“the practice in which raw data is regimented and organized so that useful information can be extracted from it”*. For this study, qualitative data analysis was applied to verify the findings and interpret the raw data into manageable data. This process is called thematic analysis.

5.18.1 Qualitative Data Analysis

Data analysis involves analysing the raw data collected and interpreting phenomena. According to Rahman (2017, p. 105), *“qualitative research is a long, hard road, with elusive data on one side and stringent requirements for analysis on the other”*. Lester, Cho & Lochmiller (2020, p. 98), add that *“qualitative data analysis is generally described as a nonlinear, iterative process”*. Qualitative data is narrative or non-numerical data, and qualitative data analysis is therefore inductive and exploratory (Costa, Breda, Pinho, Bakas & Durão, 2016), so the trustworthiness of the data remains a priority in qualitative research. The data in this qualitative study was analysed thematically, and this proved vital in the management and analysis of the qualitative data (Zamawe, 2015). Blaney, Filer & Lyon (2014) explained that thematic data analysis identifies and organises the themes and sub-themes that emerge from the texts by looking for patterns in the text. In this study, this meant identifying the themes in the responses given by the different stakeholders about the performance of the manufacturing sector SMMEs located in and supported by the UESC. Thematic analysis thus played a central role in identifying and generating the themes and sub-themes from the data in this study, and manual format of analysing data was used to generate these themes and sub-themes from the transcribed interviews. Costa et al. (2016) described thematic analysis as the method of identifying and presenting patterns in all data to understand a phenomenon and compare it in different situations. The thematic analysis process consists of six steps, namely the researcher

familiarising themselves with the data, generating initial codes, searching for themes, defining and identifying the themes, and then generating a report.

Thematic analysis is a very complex, subjective, and widely used strategy in qualitative data analysis (Braun & Clarke, 2006), and the strength of thematic data analysis lies in its flexibility; hence, the correct application of this strategy is vital. Braun & Clarke (2006) also described thematic analysis as a method for identifying, analysing, and reporting the patterns (themes) in a dataset. They went on to describe the six chronological steps in the process as follows:

Becoming familiar with the data: This is the initial step of data analysis, where the researcher transcribes the audio-recorded data and then reads and re-reads it. The collected data is transcribed verbatim (word-for-word). Further, the researcher read and re-read the notes that were taken during the interaction. During this phase of thematic analysis, the researcher familiarised himself with aspects of the data.

Generating initial codes: After familiarising himself or herself with the data, the researcher identifies preliminary codes. The relevant extracts from the transcripts are identified and integrated into related themes.

Searching for themes: This is a very scientific stage, where the data collected is compared and collated. This phase includes examining the codes and collated data to identify broader patterns of meaning (the data is grouped into broad themes).

Reviewing the themes: This phase allows the researcher to identify and refine the themes and discard some of the themes that do not contribute towards answering the research questions. The themes that will allow the investigator to answer the research questions are then refined, and the themes that to answer the research questions are then refined, and the themes that have emerged are split or combined. The same themes are grouped together and separated from the other themes in a cyclical process as the researcher reads the data repeatedly to ensure that the themes fit together in terms of the confirmation of coherence.

Defining and naming the themes: At this point, the researcher defines and further refines the themes that have been identified and analyses the data within them. Defining and refining the

themes means identifying what each theme is about (as well as the overall themes) and determining what aspect of the data each theme captures.

Producing research: This is the last stage of the thematic analysis, where the investigator writes and presents their research report. When writing the research report, the researcher uses the extracted data and is guided by the research questions to link the themes with the existing literature (Braun & Clarke, 2006).

5.19 Ethical Considerations

This study included human objects, so ethical approval was sought from all institutions involved in the study (see Appendix A). Each institution has its own research ethics unit that has the authority to grant ethical approval. Insofar as research ethics are concerned, institutions must adhere to the global set of ethical standards and formulate and put in place the relevant processes, protocols, and procedures to ensure that the fundamental global protocols are followed. Ethical considerations are a critical issue as they cover the research process, research design, data collection process, analysis of the results, writing of the report, and dissemination of the research findings (Mthethwa, 2017). When researchers design and conduct studies using human data, consideration of the values and principles of ethical conduct is non-negotiable (Kaewkungwal & Adams, 2019).

Many international academic and professional institutions have promulgated ethical standards for conducting research (Resnik, Rasmussen & Kissling, 2015), but there have, unfortunately, been numerous cases of unethical conduct and wrongdoing by researchers and practitioners (Dubois, Anderson, Chibnall, Carroll, Gibb, Ogbuka & Rubbelke, 2013). This unethical conduct and wrongdoing has involved fabrication and falsification of results, plagiarism, unethical peer reviews, deception, poor record keeping, violations of confidentiality, and human and animal research violations (Resnik et al., 2015).

Because this study involved human subjects, ethical approval and permission for the study were sought and obtained from the various institutions involved in the study. The ethical clearance approval for this study was issued by the University of KwaZulu Natal, Humanities and Social Sciences Ethics Committee (**HSSREC/00004244/2022**), and gatekeeper's letters were obtained from the participating organisations prior to proceeding with the study. All ethical aspects were adhered to throughout the study.

Permission for the study was granted by the eThekweni Municipality Institute of Learning (MILE), and the researcher was permitted to collect data from SMMEs' owner-managers operating in Umkhumbane Entrepreneurial Support Centre and other selected officials working for eThekweni Metropolitan Municipality (see Appendix B). Moreover, other gatekeepers' letters were acquired from various relevant organisations in eThekweni Metropolitan Municipality (see Appendix B). The following ethical aspects were followed and upheld throughout the study:

5.19.1 Informed Consent

Prior to conducting fieldwork, it is obligatory for a researcher to explain the reasons for the study and to make sure that the participants or respondents sign an informed consent letter (see Appendix C). The informed consent letter should elaborate on the purpose of the study. In the case of a minor or a person under the age of 18, the consent form must be signed by the parent(s) or guardian(s). The consent form should clearly indicate that the data to be collected is for research purposes and not for any other purpose (Perrault & Keating, 2018). The consent form should also clearly articulate that confidentiality and anonymity will be maintained, and the informants must be informed that they have the right to withdraw from the study at any time.

5.19.2 Voluntary Participation

Voluntary participation refers to the right of participants to take part in or withdraw from the study without being harmed, injured, prejudiced, or discriminated against. According to Dixon & Quirke (2018), it is the duty of the researcher to ensure that the participants are protected from any harm, loss, discrimination, or abuse during the research process. In practice, this means that the participants have the right to withdraw from the study at any time. It is therefore the duty of the researcher to make sure that participants are aware of the above.

5.19.3 Adherence to the principles of anonymity and privacy

Adherence to the principles of anonymity and privacy can be achieved by assigning codes or pseudonyms to the participants in a study. In studies that involve human subjects, respect for their right to privacy is vital (Kennedy, Huxtable, Birchley, Ives & Craddock, 2021). In a study

where a sensitive subject is investigated, the identity of the informants must remain a secret. A researcher must therefore ensure privacy and anonymity at all costs. This can, however, be waived in the rare instance that participants have agreed in writing that their identity can be divulged, but such cases are seldom found. The informants' right to privacy and confidentiality may not be compromised in any way during the study. Pseudonyms and codes were used to ensure the participants' anonymity and privacy in this study.

5.19.4 Elimination of Bias

It is imperative that a researcher take cognisance of the challenges and limitations that might occur during a study, as researcher bias can occur at any and all phases of the research process. A researcher should therefore strive to minimise bias during the research process. Bias can occur across all research designs, and it is not easy to eradicate. A researcher must take adequate steps to eliminate it, or else it will affect the validity and reliability of their study's findings (Smith & Noble, 2014). These authors further stated that an investigator has the ethical responsibility to mention the limitations and account for potential biases in their study. Pannucci & Wilkins (2010) have also cautioned that bias can affect the results and findings of a study. The following were thus considered by the investigator in a bid to reduce bias and misinterpretation in this study (Sierra & Hyman, 2010):

- The survey questions asked were clear and precise to avoid ambiguity.
- The questions were simple and easy to answer.
- The researcher remained cognisant of the ethical aspects of the study when posing the questions to the participants.
- The researcher provided clear instructions before commencing with the fieldwork.

5.20 Limitations of the Study

In research, the word "limitation" refers to an event or situation that is beyond the control of the researcher and may result in the final research objectives not being met. All studies have limitations, and this one was no exception. du Plooy-Cilliers et al. (2014) also described limitations in a research study as obstacles and constraints that a researcher has no control over. These limitations could be caused by insufficient material and human resources (Tariq & Woodman, 2013). As expected, the data collection process was one of the most limiting aspects of this study's research process. Firstly, because the participants were not compensated for

their contributions, some were not that willing to engage with the researcher and disclose important information about the performance of the SMMEs in the case study. Secondly, there was great potential for the participants to misinterpret and misunderstand the questions asked of them. This could have led to ambiguous answers that could have defeated the researcher's intention to gain deeper insight into the performance of these manufacturing sector SMMEs. Not all of the participants were proficient in English, so the researcher was obliged to allow them to respond in their local language and then to translate the interviews into English. Translating the responses from the local language into English was somewhat of a challenge for the researcher.

Finally, Umkhumbane Township was a highly volatile informal settlement in terms of social unrest at the time of the study, so the researcher had to consider unrest as a possible obstacle. This is a limitation not often encountered and taken seriously in research. Some of the residents of this informal settlement were dismissive of the researcher, and the researcher had to remain vigilant, cautious, versatile, and sensitive to the hospitality of the study site in view of this and the recent unrest in KwaZulu-Natal.

5.21 Summary of the Chapter

This Chapter has outlined the research philosophy and paradigm underpinning the study and the research methodology employed in conducting it. The ethical aspects of data collection and sampling procedures were explained. The purpose of using qualitative methodology in the case study was to gain detailed information on the performance of the SMMEs in the case study. Quantitative methods, on the other hand, require the use of standardised measures to ascertain the perspectives and experiences of people (Chowdhury & Shil, 2021). These authors have also claimed that qualitative methods identify the “which, what, when, why, and how” of certain phenomena, while quantitative methods are mathematical and statistical and identify the “how many, how often, and how much” of a certain phenomenon. The following Chapter presents the empirical findings of the study.

CHAPTER SIX: DATA COLLECTION AND ANALYSIS

6.1 Introduction

The rationale for adopting the qualitative research approach was discussed and demystified in the previous Chapter. The overall objective of the study was to evaluate the performance of the SMMEs located in and supported by the Umkhumbane Entrepreneurial Support Centre. This Chapter presents data collected and data analysis and interpretation of the data for the study. The data collected is analysed, interpreted, and presented in a systematic way. This chapter also discusses and interprets the findings from the participants' feedback. The literature review is also used to supplement the findings. This chapter sets out to achieve the research objectives and attempts to respond to the questions highlighted below. The findings outlined in the chapter are documented according to the research objectives detailed below. The chapter concludes with a chapter summary.

6.2 Research Objectives

This study sought to achieve the following objectives:

- To evaluate the various activities and contributions made to the economy by the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre.
- To examine the extent to which business environment factors influence the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre.
- To investigate the role of supporting institutions in assisting the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre.
- To identify and critically investigate the impact of the legislative frameworks and policies on the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre.

6.3 Data Collection

Qualitative semi-structured interviews were employed for data collection during June to October 2022. The semi-structured interviews were administered to various stakeholders from diverse backgrounds, including the eThekweni Municipality Business Support, Tourism, and Markets Unit, the Durban Chamber of Commerce and Industry, the KwaZulu-Natal Department of Economic Development, Tourism, and Environmental Affairs, Trade & Investment KwaZulu-Natal, Innovate Durban, the IDC, the NYDA, and various SMME owner-managers. Face-to-face and virtual interviews were used with the selected participants during the fieldwork. The data collected was then collated and analysed thematically to create themes and sub-themes.

6.4 Limitations of the Study

Umkhumbane Entrepreneurial Support Centre was the research case study which is situated on the outskirts of the Durban Metropolitan Municipality. Firstly, skewed demographics was a limitation due the nature of the study. Secondly, the limited time and availability of the participants was one of the major limitations as the interviews were conducted with people who were busy and were engaged in their respective occupations. The researcher only managed to interview 15 participants, as other stakeholders were not available or could not be reached. However, this number proved to be sufficient, as the saturation point was reached when no new data emerged (Braun & Clarke, 2021).

In terms of the participants' demographics, there were fourteen black Africans participants and only one white participant. There were no Indian or coloured participants, indicating that the racial composition of the study was skewed. Not all of the participants were proficient in English, so where necessary, the interviews were conducted in vernacular (IsiZulu) and the responses were translated into English. This was a challenge for the researcher; however, it was his responsibility to work with the respondents and give them the opportunity to respond in their local language.

The COVID-19 pandemic also created a serious impediment to the study. The researcher managed to compensate for this by observing all COVID-19 pandemic health and safety protocols, and some interviews were conducted online using Microsoft Teams.

Notwithstanding these limitations, the study managed to provide detailed information on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre in the eThekweni Metropolitan Municipality.

6.5 Research Sample

A total of 15 participants from within the eThekweni Metropolitan Municipal area participated in the research study. They consisted of:

- Fourteen Africans and one white
- Five females and ten males
- The eThekweni Municipality Business Support, Tourism, and Markets Unit: one female and one male
- Ward councillor: one African male
- Ward committee member: one African male
- SMME operators: two African females and two African males
- The Cato Manor Area Based Management Unit: one African male
- KwaZulu-Natal Department of Economic Development, Tourism, and Environmental Affairs: one African male
- Trade & Investment KwaZulu-Natal: one African female
- Innovate Durban: one White female
- National Youth Development Agency: one African female
- Industrial Development Corporation: one African male

6.6 Empirical Analysis and Discussion of Data

The study employed semi-structured interviews to evaluate the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. Each interview was guided by the interview guide, which comprised four major questions.

Question one: What are the activities of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre and how do they contribute to the economy?

Matrix 6.1: Roles and activities of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre

Roles and Activities	Interview Responses from Participants
<i>Economic growth</i> (4).	Usually, SMMEs are known for their contribution to the economic growthcontributing to the GDP of KZN and South Africa. Respondents 3, 5, and 15. Firstly, the role of SMME in the eThekweni Municipality is to boost economic growth. Respondent 8.
<i>Employment</i> (13).	SMMEs play a major role in employment creation. Respondents 1, 2, 3, 4, 5, 6, 8, 10, 11, 12, 13, 14, and 15.
<i>Poverty alleviation</i> (3).	Main intention is job employment generation and growing the economy of KZN. Able to alleviate poverty by doing so. Respondents 5, 8, and 13.

Researcher (2023)

Matrix 6.1 provides a summary of the findings on the activities and roles of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The findings have shown that the roles of the manufacturing sector SMMEs in this business incubator are to ensure economic growth, create employment, and alleviate poverty, as these were the themes identified in the responses. The SMME sector is generally viewed as an engine of socio-economic development across all nations in the world. The National Development Plan (NPC, 2012) has also recognised the SMME sector as an engine of socio-economic development and innovation and intends to have

created eleven million jobs in South Africa by the year 2023. In Chapter Three, SMMEs were highlighted as a crucial vehicle with which to improve economic growth in the country, contribute to employment creation, and reduce poverty. Economically, South Africa is the emerging economies in Africa, following on from Nigeria and Egypt; however, the economic growth in the country has stagnated since 1994 (Bhorat & Kimani, 2018). The activities and roles of the SMMEs in the Umkhumbane Entrepreneurial Support Centre are discussed below.

Economic Growth

In terms of the economy, South African occupies the third position with Nigeria and Egypt on the first and second position respectively. In 2014, the government in South Africa established the Department of Small Business Development (DSBD) in recognition of the significance of the SMMEs for South African economy. Globally, economic development is related to the alleviation of unemployment and poverty improved livelihoods for citizens (Omodero, 2019; Gulseven, Al Harmoodi, Al Falasi & ALshomali, 2020; Ningrum, Hukom & Adiwijaya, 2020).

SMMEs contribute massively to the GDP, employment, and poverty reduction (Ramukumba, 2014; Saah, 2021). Nonetheless, there has been a slight decline of 1.3 per cent in South Africa's GDP since the last quarter of 2022, following a slight increase of 1.8 per cent in the previous quarter (Stats SA, 2023). SMMEs contribute up to 40 per cent of the country's GDP growth. Of this contribution, it is primarily those SMMEs in the finance, real estate, and business services sectors that have the highest contribution of 20 per cent. These are followed by those in the general government services sector with a 17 per cent contribution. The wholesale, retail, hotel, and restaurant sector SMMEs contribute 15 per cent, while the manufacturing sector SMMEs contribute 13 per cent and those in the transport and communication sectors contribute 10 per cent. The mining and quarrying sector SMMEs contribute 8 per cent, and those in the community, social, and other services sectors contribute 6 per cent. The electricity and water sector SMMEs contribute 4 per cent; those in the construction sector contribute 4 per cent; and those in the agriculture, forestry, and fishing sectors only contribute 3 per cent (SEDA, 2018).

The SMMEs contribution to country's GDP is "*relatively low when compared to other emerging economies such as Brazil (59%) and Chile (57%), and developed countries such as Japan (55%), China (60%), and Germany (87%)*" Leboea, 2017; Matubatuba, 2022). As a result, large firms contribute more to the South African GDP than the SMMEs.

The SMMEs in South Africa contributed negatively to the GDP growth amid the COVID-19 pandemic in 2020, when the following figures were recorded for the various sectors: manufacturing sector SMMEs (-10.8%); trade sector SMMEs (-10.5%); transport and communication sector SMMEs (-6.6%); and the mining sector SMMEs (-6.0%). Other sectors like the agricultural sector SMMEs made a small positive (+0.3) contribution to the country's GDP. A report by SEDA (2021) revealed that there was a slight drop on the number of South African SMMEs, with a 10.9 per cent decline down to 2, 363 513 from 2, 653 424 during the same period in the previous year. The SMME sector in the country was the worst-hit during the COVID-19 outbreak, due to the shutdown of the various economic activities, and this ultimately contributed to the country's stagnated GDP growth (Mkhonza & Sifolo, 2022).

At the time, the OECD (2020, p. 303) reported that the "*COVID-19 outbreak adds to South Africa's already severe economic challenges, with depressed growth, large fiscal deficits, increasing debt, and high social vulnerabilities*". The emergence of the COVID-19 crisis caused severe shock to the economy of South Africa. The adverse impact of the COVID-19 pandemic and its subsequent stringent national lockdowns in 2020 had undesired outcomes for the SMMEs in South Africa as they, along with all other businesses, had to change the way they operated. The stringent international lockdowns in 2020 led to an international decline in trade activities, and Chakamera, Mapamba & Pisa (2020, p. 116) reported that "*South Africa recorded the largest decrease in export values*". The SMME sector's contribution to the GDP in 2010 was estimated at 33 per cent, and its contribution increased to 42 per cent in 2015.

SMMEs are recognised for promoting entrepreneurship and innovation in densely populated provinces, such as KwaZulu-Natal (KZN), South Africa. Over the decades, the population of KwaZulu-Natal province has increased by 7.1 per cent and approximately 50 per cent of its inhabitants are living below the poverty line (Gcumisa, Oguttu & Masafu, 2016). Further, the vast majority of the people are dependent on social support grants and unskilled occupations to earn a living. As a result, poverty and unemployment are still persistently high in KZN. According to Cheteni (2019), KZN is home to some of the poorest, economically marginalised people in the country. Ironically, though, KZN is regarded as the second largest economy in South Africa, and it contributes 16 per cent to the country's GDP (Stats SA, 2018). The agriculture, trade, accommodation, manufacturing, and construction sectors are the main economic sectors, and they account for about 25 per cent of the provincial output (Zhou, 2021).

In 2021, there were 414,071 SMMEs in KZN. Of those, 74.4 per cent were informal, while 21.8 per cent were formal SMMEs. The remaining 3.8 per cent were owned by foreigners (Khoza, Adeniyi & Ayandibu, 2022). Of importance is the fact that women are dominant in the informal sector, and female-owned businesses contribute as much as 12 per cent to the provincial GDP (DEDT, 2010). At the provincial level, SMMEs contribute 42 per cent to KZN province's GDP (BER, 2016).

The eThekweni Metropolitan Municipality is the economic powerhouse of KZN province, with a provincial GDP contribution of 59.88 per cent or R468 billion. The economy is dominated by SMMEs in diversified sectors, namely manufacturing, logistics, property, finance, tourism, leisure, sports, and heritage (Siyaya, 2021). The study by Zhou & Gumbo (2021) confirmed that this municipality is KZN's economic hub, and they stated that it contributes more than 60 per cent to the provincial economic output. Moreover, this municipality is regarded as the third-largest economic hub in South Africa, considering one of the busiest ports in the country. There are four major economic sectors in this municipality, namely manufacturing (23%), the financial and business services sector (22%), the community services sector (19%), and the wholesale and retail sectors (15%) (Drimie, Greenberg, Losch & Jila, 2022). Thus, small businesses can potentially contribute to economic growth of the municipality.

While most of the participants reported that the SMMEs located in the Umkhumbane Entrepreneurial Support Centre contributed to the municipality's GDP, a handful of them were not informed about the activities and role of the SMMEs in this business incubator in the eThekweni Metropolitan Municipality. Some of the participants in the study had the following to say about the role of the SMMEs in the Umkhumbane Entrepreneurial Support Centre in terms of economic growth:

Improve quality standard of that area because when people are employed... are able to contribute to economic activities by buying basic needs as well as wants. Also improve their standard of living.

Another participant validated this view:

In this centre, we help the local communities with some of the skills such as upholstery, welding, sewing, woodwork to earn a living.

Ironically, when asked about the role that the SMMEs located in the Umkhumbane Entrepreneurial Support Centre had in terms of the municipality's GDP, one of the participants shared that she did not have actual figures or information on their role. She referred the researcher to Stats SA and the Department of Small Business Development for some information regarding SMMEs in eThekweni Metropolitan Municipality.

.... With regard to a specific amount on contribution to the GDP, I wouldn't have that information. And number of jobs that being are created by SMMEs... I wouldn't have that figure. Probably Stats SA will help you, as well as the Department of Small Enterprises, as well as eThekweni Municipality because they have those statistics.

Based on the above, one could say that the SMMEs located in the Umkhumbane Entrepreneurial Support Centre play significant role in the municipality's economic development. Some participants did not understand the role that these small businesses have in the municipality's economic growth and the city's GDP, and a handful of them referred me to the reports produced by Stats SA and the eThekweni Business Support, Tourism, and Markets Unit for the information. However, most participants did agree that the SMMEs in the Umkhumbane Entrepreneurial Support Centre contribute significantly to the municipality's economic development and the city's revenue generation. This supported Mahohoma's (2020) assertion that the SMMEs in the eThekweni Metropolitan are acknowledged as tools of economic growth and development. Kunene & Phiri (2017) also felt strongly that the SMMEs in this municipality contribute significantly to the municipality's GDP. This confirms that the SMMEs in the eThekweni Metropolitan Municipality contributes to the municipality's GDP. It follows that the municipality's increased economic development has led to an improved quality of life for the communities in the municipality.

Employment Creation

In Chapter Three, this study highlighted that SMMEs contributed immensely to job creation around the world. postulated that more than 95 per cent of enterprises around the globe are SMMEs, and they employ 60 per cent of the workers in the private sector. The government in South Africa has launched several macro-economic policies and programmes since 1994 to address the unemployment, poverty, income inequality, and other social ills inherited from the apartheid regime. For example, the NDP was designed and introduced to eradicate poverty and

reduce inequity by 2030 (NPC, 2012). It is envisioned that SMMEs will create 90 per cent of the new job opportunities in the country by 2030. The government thus perceives SMMEs as the most viable source of employment, and this sector currently employs 72 per cent of the total workforce population in South Africa (DTI, 2014) and contributes 60 per cent to the country's GDP. In emerging countries, the SMME sector role to job creation and the GDP is usually higher, at 95 per cent and 70 per cent respectively.

Considering the significance of SMMEs for the national economy, unsurprisingly the number of new SMMEs has increased drastically over the decades (Odendaal, 2017). The establishment and expansion of new enterprises creates essential employment and improves the livelihoods of communities. SEDA (2021, p. 19) reported that there were 2,325,203 SMME owners in South Africa, employing 12,736,240 employees in the first quarter of 2021. Due to the expansion of this sector and the fact that SMMEs are more labour-intensive than large corporates, they make a significant contribution to employment and poverty reduction. According to Rogerson & Nel (2016a), SMMEs are the cornerstone of addressing the persistently escalating unemployment rate in South Africa. Moreover, the attention given by government on supporting this sector is evidence that SMMEs has a potential to boost the country's economy with their contribution to job creation. The chronic socio-economic problems of poverty, unemployment, and inequity can be addressed with the employment opportunities created by the SMMEs. SMMEs thus contribute to local economic development by generating jobs and, more specifically, by assisting in improving the quality of life for local communities with most people living in poverty.

The seminal study done by Dhanah (2017) found that two-thirds of new jobs created were in small businesses (unskilled and semi-skilled workforce), while employment opportunities in larger firms remained stagnant. Dhanah (2017) believed that small businesses were more likely to employ marginalised groups in society, and the SMMEs in developing countries like South Africa do absorb an excessive number of unskilled labourers as they use raw materials for production. Employment creation is vital for a nation's societal welfare. Receiving an income in the form of a wage or salary creates a sense of dignity as individuals are able to sustain themselves and their families. This then potentially reduces other socio-economic challenges in society, like crime. In 2018, the South African SMME sector created 10 million job opportunities, which accounted for 61 per cent of all jobs in that year, but the SMME sector subsequently lost 649 000 jobs in 2020. Another 11.6 million jobs were created by SMMEs by

the third quarter of 2019. Of those, 2.65 million jobs were created by SMME owners, and 8.9 million were created for employees (SEDA, 2019). In short, SMMEs provide opportunities for employment and self-employment. The largest number of SMME employees were found in the formal sector (60%), while informal sector SMMEs accounted for 48 per cent of the employees in 2020 (SEDA, 2021).

Most of the informal SMMEs are situated in disadvantaged locations, such as rural areas and townships, which are characterised by poor infrastructure, insufficient basic services, credit, insurance, and customers. Currently, more than two-thirds of SMME workers are male, while females comprise about 38 per cent of the workforce (Bhorat et al., 2018). Males thus still dominate the sector. However, women's empowerment through entrepreneurship has gained prominence across many communities, and women's enterprises are seen as a remedy for poverty, socio-economic disparities, and unemployment in developing countries. Interestingly, Cilliers & Strydom (2016) stated that "*a woman-owned small business is more likely to be profitable than a small business owned by a man*", thus lending credence to the idea that women-owned enterprises can have a significant impact on poverty, socio-economic disparities, and unemployment. Little is currently known about women and youth-owned SMMEs in South Africa, and the study by Okeke-Uzodike, Okeke-Uzodike & Ndinda (2018) stated that there is a limited research on women's entrepreneurship in South Africa.

Chimucheka (2013) has also asserted that the growth of SMMEs is regarded as an instrument for job creation to tackle the scourge of unemployment in South Africa. This growth includes the formation of new SMMEs to generate employment, but despite the crucial role that they play in the economy as employment creators, the unemployment rate is escalating, and the youth remain largely unemployed. South Africa suffers from the scourge of high unemployment, and the unemployment rate was estimated at 32.6 per cent in the first quarter of 2021. The youth currently comprise 46.3 per cent of the economically unemployed population (Stats SA, 2021). The youth unemployment rate is higher in South Africa than it is in the other BRICS nations.

Mutyenyoka & Madzivhandila (2014, p. 65) have also stated that "*the persistence of poverty, inequality, and high unemployment rates has invariably haunted developing countries such as South Africa*". More than two decades into democracy, the unemployment rate remains very high among unskilled and low-skilled employees, the youth, and women, despite the role of

the SMMEs in creating employment and contributing to the total GDP. There are various causes that have led to the high unemployment rate, such as skills mismatches, the rising cost of labour, and labour market rigidities (Ferreira & Rossouw, 2016). The alarming country's joblessness rate as a result of this has created a national crisis. Twala (2016) stated that the unemployment rate rose rapidly during the 1990s and declined around 2004, but then it rose again in 2005.

The inability to create sufficient employment to alleviate the high unemployment level is a big challenge that deserves attention. According to Mncayi (2016), unemployment is a global phenomenon, but millions of people in South Africa are poor, and they are unable to provide basic needs for themselves and their families as they cannot find employment and do not have a source of income. One of the initiatives that has been introduced by the government to assist in employment and poverty eradication through short-term employment is the Expanded Public Works Programme (EPWP), as it provides wages and concomitant benefits (Khawula, 2019).

The province of KZN is considered rich in agriculture, manufacturing, and tourism, and many initiatives have been implemented by the provincial government to stimulate SMMEs in these sectors. Despite this, many of the SMMEs are still unable to succeed (Zhou, 2021). According to the DEDTEA's strategic plan for 2015-2020, the province contributed the highest proportion toward the agricultural sector in the country, and it is highly diversified. According to Jili et al. (2017), the KZN provincial government's EDTEA Strategic Plan has resulted in initiatives that promote entrepreneurship to reduce unemployment and contribute towards provincial economic growth. KZN is regarded as a province with a large population and significant levels of inequality, poverty and unemployment. The unemployed population is mostly rural, crime-ridden, and has a high illiteracy rate. Despite the contribution of SMMEs to unemployment reduction, the population is simply too large and the SMMEs too few in number, so KZN remains the most poverty-stricken provinces in the country (Stats SA, 2017). The role of SMMEs to the economy of KZN has thus been undermined by the persistently high unemployment rates.

The high employment rate is reflected in all the municipalities across the province. In 2022, the provincial unemployment rate was estimated at 33.2 per cent (Dlamini, 2021). Unemployment contributes to other socio-economic challenges that affect society, such as crime, violence, economic hardships, food insecurity, unstable living conditions, illiteracy,

poor health, and malnutrition. Indeed, the lack of jobs affects the productivity of individuals, families, and the nation as a whole (Saba, Ngepah & Ohonba, 2022). By reducing unemployment and creating jobs, the standard of living will improve for individuals and society as a whole. In fact, unemployment is one of the causes of poverty (Addae-Korankye, 2019), and unemployment leads directly to poverty and inequality. This shows that there is a significant relationship between unemployment and poverty, as unemployed people do not have the income needed to look after themselves and their families.

Research conducted by Stats SA (2021) found that the Eastern Cape has the highest unemployment rate (47.4%), followed by the Free State (38.1%), Gauteng (37.0%), Mpumalanga (37.5%), and the North-West Province (35.7%). The Northern Cape had the lowest unemployment rate of 24.9 per cent, and KZN had the third lowest with an unemployment rate of 28.7 per cent. According to SEDA (2022), KZN has about 392,283 SMMEs, and majority of them are in the formal sector (74.4%).

The eThekweni Metropolitan Municipality, like other metropolitan municipalities in South Africa, is challenged by elevated levels of unemployment. Also, the youth unemployment rate in eThekweni Metropolitan Municipality is very high (South African Cities Network, 2021, p. 8). The unemployment rate in the municipality was 31.4 per cent in 2006, and it decreased to 17.6 per cent in 2022. This shows that about 2,134, 196 people in the municipality between the ages of 15 and 34, approximately 375618.496 of them were unemployed in 2022. This indicates that unemployment is a serious challenge in the province and in South Africa as a whole. The eThekweni Metropolitan Municipality has also been recorded as having the highest number of people living below the food poverty line compared to the other metropolitan municipalities (Integrated Development Plan 2020/21) (eThekweni Municipality 2020, p. 10). In addition, approximately 45 per cent of the eThekweni Metropolitan Municipality is rural, 30 per cent is peri-urban, and the remaining 25 per cent is urban. Taking cognisance of the high levels of unemployment, the municipality would need to devise mechanisms to promote and facilitate the development of SMME's, support business development to create employment, and effectively support and manage informal trading (Mhlongo & Daya, 2023). This is because unemployment has negative economic implications at both household and individual levels. A recent survey in 2021 reported that the eThekweni Metropolitan Municipality had the lowest unemployment rate of 21.8 per cent (Eastern Cape Socio-Economic Consultative Council [ECSECC], 2021).

The first objective of the study aimed to investigate the activities and the role of SMMEs located in Umkhumbane Entrepreneurial Support Centre (UESC). The preconceived assumption was that townships like Umkhumbane had a high youth unemployment level, a low-skilled population, an excessive crime level, problems with substance abuse and teenage pregnancies, and a high level of illiteracy. The majority of the participants divulged that the UESC contributed massively to employment creation by hiring local people, particularly those from previously disadvantaged groups. This was one of the most common findings from the participants regarding how well the SMMEs in this business incubator created employment. For example, 87 per cent of the participants in the study stated that the SMMEs in the UESC played a major role in employment creation. The participants also indicated that this centre housed diverse manufacturing sector SMMEs and helped them grow their enterprises. During the fieldwork, the participants below shared their views on the activities and role of SMMEs in employment creation in the UESC. One stated:

UESC was supposed to be an incubation centre, you see. However, now it operates more as just doing leasing. We have different companies here. I specialise in branding. I think our neighbour specialises in upholstery and next door; she is specialising with the garment... And our role is to expand our businesses and hire as many people as possible... create employment for the youth or people that have experience, but mostly we suppose to hire people in the local community. Then if we don't find the people with right skills that we are looking for, I am source out from neighbouring townships.

Paradoxically, one of the officials said the following:

You need the statistics of people who are employed in that centre because those are individual businesses in terms of how people they employed: they differ... they do not have equal numbers. I am not too sure your question is role in terms of job creation or what not to answer for that one. I do not want to lie; I don't have those statistics.

The study findings clearly indicated that many participants perceived SMMEs as the mechanism for employment creation, as most of them had witnessed numerous people being employed by small businesses. The study also highlighted that numerous manufacturing sector industries were represented by the SMMEs in the Umkhumbane Entrepreneurial Support Centre. These included branding, dressmaking, glazing, upholstery, welding, and woodwork,

where local people could acquire various skills to make a living. The fact that these SMMEs were catalysts for job creation aligned with the NDP's goal of creating many new jobs by 2030. The Department of Trade and Industry promulgated the *White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa* in 1995 as a national strategy for SMME development and support (DTI, 1995). Parliament subsequently passed the *National Small Business Act of 102 of 1996* (RSA, 1996). Cele (2015), stated this Act was passed to address the scourge of unemployment and promote the development and support of South African SMMEs. A plethora of scholarly work has since highlighted the importance of SMMEs in employment creation (Nieuwenhuizen, 2019; Lukhele & Soumonni, 2021; Matekenya & Moyo, 2022). Nieuwenhuizen (2019) has pointed out that more than 95 per cent of businesses across the world are SMMEs, and they employ 60 per cent of the workforce in the private sector.

Of concern was the fact that one participant employed by the municipality indicated that she did not know anything about the activities and role of the Umkhumbane Entrepreneurial Support Centre as a business incubator. This showed that there was a disconnection between SMMEs and some of the officials in the eThekweni Metropolitan Municipality. Government officials must take SMMEs more seriously because the government depends on SMMEs in achieving socio-economic growth in South Africa. Overall, the findings indicated that several SMME activities took place in the Umkhumbane Entrepreneurial Support Centre, namely branding, dressmaking, glazing, furniture making, welding, woodworking, aluminum work, and chemical preparation, and that local communities were employed there.

Poverty Alleviation

Although South Africa has formulated numerous programmes and made a massive transformation since attaining democracy in 1994, almost half of its people still live in poverty, and inequality continues to escalate. According to Mubangizi (2021), about 55.5 per cent of South Africans are chronically poor, and South Africa remains amongst the nations in the world with significant inequality. As a result, South Africa is among the nations with high levels of inequalities in the world. Mahembe and Odhiambo (2018) advised that poverty is a global phenomenon, not only South African and Leboea (2017) stated that the high occurrence of poverty is a common challenge in low-income countries. SMMEs are considered the mainstay for reducing poverty in developing countries like South Africa (Chiromo & Nani, 2019), as

they contribute to the national economic growth which results in the improved welfare of society in these countries (Nxaba, 2014). Nxaba (2014) further stated that the SMME sector has tremendous potential to contribute to generating wealth and supporting needy communities, as the income generated by running them or being employed by them provides access to basic services such as food, clothing, shelter, education, health care services, a clean water supply, sanitation.

The government of the day has introduced various programmes to facilitate the promotion and development of SMMEs to address the alarming unemployment and poverty rate in South Africa (Lekhanya, 2015). KZN is a poverty-stricken province in South Africa, and the majority of people are dependent on social grants as an anti-poverty strategy (Ngumbela, 2021). Unfortunately, alleviating poverty and inequalities in South Africa is still a mirage (Mautjana & Makombe, 2018). The *White Paper for Social Welfare* was adopted in 1997 to combat poverty and inequalities, but from a practical standpoint, policies can address poverty but they cannot eradicate poverty, and unemployment is the biggest cause of poverty in Southern Africa (Brynard, 2011). The alarming unemployment rate and poverty are the major causes of the numerous societal problems such as crime, violence, diseases, unsatisfactory living conditions, the high mortality rate, teenage pregnancies, and illiteracy in South Africa. The study by Ramphoma (2014) confirmed that unemployment and poverty lead to illnesses, uneducated people, informal dwellings, lack of access to basic services, prostitution, malnutrition, and child labour. The high levels of unemployment also mean that citizens cannot afford basic government services such as running water, electricity, sanitation, housing, and education (Zulu, Nyawo & Mashau, 2017).

Out of 11,065,24 million people living in KZN (Stats SA, 2019), 3.2 million people are chronically poor (Khumalo, Ntuli, Lutge & Mashamba-Thompson, 2022). Govender, Pillay, Siwela, Modi & Mabhaudhi (2016) revealed that KZN is the third-poorest province in the country. Moreover, in KZN, the majority of people live in rural areas and there is a high prevalence of infectious diseases (Zuma, Simbayi, Zungu, Moyo, Marinda, Jooste, North, Nadol, Aynalem & Igumbor, 2022). The KwaZulu Natal provincial government is, however, striving to improve the quality of living of its citizens through various programmes to attain the NDP's goals of eliminating poverty and reducing inequality. SMMES have contributed immensely to poverty reduction in developing countries.

Since 1994, the democratic government has implemented various legislative frameworks and policies to address unemployment and poverty. However, these policies and frameworks have not attained the desired objectives. The eThekweni Metropolitan Municipality consequently still experiences many socio-economic challenges, predominantly unemployment and poverty. The municipality's high poverty rate, crime rate, and unemployment level are worsened by poor service delivery by the municipality and numerous factors that inhibit the development of SMMEs. The impoverished citizens in the municipality are thus dependent on free basic services for livelihoods. The purpose of every municipality as a local sphere of government is to reduce poverty and improve the general welfare of its communities.

A study by Pillay & Mutereko (2022) investigated the factors undermining the effective implementation of indigent policies in the eThekweni Metropolitan Municipality and found that indigent households do not have permanent employment and lack services such as water, basic sanitation, electricity, and refuse collection, among others. They further found that poor households are unable to afford basic services like food, water, electricity, and shelter. Carbonell, Hofmann, Srikissoon, Campos, Mbatha, Lakhanpaul, Mabeer, Steenmans & Parikh (2023, p. 1) similarly pointed out that “*significant strides have been made in eThekweni Municipality, Durban, towards achieving Sustainable Development Goal 6 (SDG6), but with 27% of households lacking access to basic sanitation in 2020, challenges remain*”. A study by Mkhize & Mutereko (2022) explored the nature of multiple stakeholders' engagement on LED projects in the eThekweni Metropolitan Municipality, and they also discovered that the municipality is still characterised by high levels of illiteracy, unemployment and poverty, due to the inadequacy of the multi-stakeholder engagement.

Fostering SMMEs and entrepreneurship have been proven to reduce poverty and create employment, and Ayandibu & Houghton (2017) reported that in most countries, SMMEs are the largest employers and they contribute immensely to national economic growth. In fact, in Europe almost two-thirds of the total working population is employed by private sector SMMEs (Odei & Novak, 2020). Iwu & Opute (2019) also posited that SMMEs contribute to reducing unemployment and poverty. In addition, the South African Cities Network (2021) announced that SMME development is a key tool with which to tackle poverty through job creation and inclusive wealth generation.

Regarding poverty alleviation, many of the people in Umkhumbane are chronically poor. Umkhumbane is an informal settlement and partial township area on the outskirts of Durban, KwaZulu-Natal. The majority of the people in Umkhumbane are unemployed and lack basic services such as electricity, clean running water and sanitation, health care centres and have to deal with an excessively high crime rate. Below is the response from the participants regarding the role of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre in terms of poverty reduction. One participant indicated that:

The centre was designed specifically to house small manufacturing businesses, with a view to giving a platform where they can actually focus on handcraft without worrying about finding premises, and there is training happening on furniture making and manufacturing and it does also contribute in upskilling the local area and addressing unemployment and poverty.

There is clear indication from the findings above that SMMEs contribute heavily to combating unemployment and poverty. Therefore, it is significant to note that employment creation and an improved standard of living for citizens result in poverty reduction. The findings of the study have revealed that the government that SMMEs play a crucial role in combating unemployment and poverty. Therefore, it is significant to that employment creation and an improved standard of living for citizens result in poverty reduction. The study has revealed that the government has given attention to SMMEs because they are a tool for unemployment and poverty reduction. In summary, the interviewees have highlighted the various activities and roles of the Umkhumbane Entrepreneurial Support Centre in the eThekweni Metropolitan Municipality. First and foremost, the centre was designed by the municipality in conjunction with the EU to support manufacturing sector SMMEs with a working space to address unemployment, poverty, and inequality.

The participants were not clear on the role that the SMMEs in the Umkhumbane Entrepreneurial Support Centre had in terms of poverty reduction. This indicates that poverty is still rampant in Umkhumbane location and, by extension, in South Africa, because they had not personally seen a reduction in it in their area because of the activities taking place in this centre. Bila & Biyase (2021, p. 3) reported that “*the national poverty rate in South Africa has remained stubbornly high regardless of the commitment and efforts by the policymakers to combat it*”. The South African poverty level is relatively high compared to that in other

developing economies. By definition, poverty is a lack of necessities such as shelter, food, health care, water, and safety (Mdluli & Dunga, 2022). This definition provides a clear description of the conditions in the Umkhumbane area, and the eThekweni Metropolitan Municipality therefore has a mandate to support and promote SMMEs in the Umkhumbane Entrepreneurial Support Centre to a greater degree so that the surrounding poverty can be noticeably reduced. The local and national spheres of government need to create a more favourable business environment for entrepreneurial activities, as SMMEs have been proven to have the potential to address high unemployment and poverty levels - something that is desperately needed in the eThekweni Metropolitan Municipality.

Question two: To what extent do internal and external factors influence the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre?

Matrix 6.2: Summary of the findings on the factors affecting the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre.

Factors affecting the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre	
Internal Factors	External Factors
<i>Financial literacy (6).</i>	<i>Access to finance (10).</i>
SMMEs must learn how to save their profits because they lack financial literacy. Respondents 1, 6, 9, 11, 12, and 15.	SMMEs cannot access credit. Respondents 2, 3, 5, 6, 9, 10, 11, 12, 13, and 14.
<i>Training and development (9).</i>	<i>Inconsistent power supply (7).</i>
There are things like training that black businesses need. Respondents 1, 2, 5, 6, 8, 11, 12, 13, and 15.	Load shedding has a negative impact on production as it disrupts production, for instance, people who work on machines cannot operate them without power. The government must pay attention to the erratic power supply as most businesses are negatively affected by the power

	interruptions. Respondents 1, 2, 8, 9, 10, 11, and 13.
<i>Lack of information and research (5).</i>	<i>Stiff competition (6).</i>
There is a lack of information from SMME-owner-managers. Respondents 1, 5, 8, 11, and 15.	The biggest challenges are the influx of Chinese products and factories in Durban and elsewhere. These have led to the closure of many factories, especially in the clothing and textile industries. Respondents 1, 3, 4, 9, 12, and 13.
<i>Lack of marketing skills (2).</i>	<i>Red tape (6).</i>
In terms of selling products, entrepreneurs must market themselves and their products on social media. Respondents 8 and 13.	There red tape is prevalent when applying for funding. Respondents 2, 3, 6, 8, 9, and 12.
<i>Access to technology (4).</i>	<i>Inadequate support from government (4).</i>
They were not taught to use technology and everything is going digital now. They still operate their businesses in the old, traditional way. Although technology is good, it is not necessary for South African SMMEs to rush into using complex technology. Respondents 8, 11, 12, and 13.	There is inadequate support from the government and supporting institutions in terms of SMME development. There is a lack of coordination between supporting institutions and SMMEs in informal places like Umkhumbane. Support from the government is key. Respondents 1, 2, 10, and 12.
<i>Poor record keeping (4).</i>	<i>COVID-19 pandemic (8).</i>
SMME owners and managers are not skilled at record keeping. Respondents 3, 5, 6, and 15.	95% of the SMMEs were hard-hit by the COVID-19 pandemic. Respondents 1, 3, 5, 6, 8, 9, 11, and 14.
<i>Lack of customer care (2).</i>	<i>Lack of working space (3).</i>
Black businesses do not how to treat their customers. Managers and employees lack the skills to do so and do not understand why it is so important. Respondents 6 and 8.	Lack of premises is the biggest challenge that SMMEs face. Respondents 3, 8, and 9.
<i>Lack of compliance (7).</i>	<i>Crime and corruption (1).</i>

Too many policies for the SMMEs to comply with. Respondents 1, 2, 3, 4, 8, 9, and 13.	Crime and corruption affect the performance of the SMMEs. Respondent 8.
	<i>Looting (5)</i>
	Looting devastated small businesses and affected them more than the COVID-19 pandemic did, especially in Umkhumbane. Respondents 1, 3, 8, 9, and 12.

Researcher (2023)

Matrix 6.2 provides a summary of the findings on the factors that affected the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The factors affected the performance of SMMEs worldwide were elucidated in Chapter Three. It was highlighted that most countries were affected by similar factors, but the factors had more of a negative impact on the countries of the global south. In Chapter Three, it was highlighted that in spite of government programmes to develop policies and supporting institutions to promote SMMEs, the failure rate of SMMEs is still alarming. Indeed, the SMME failure rate remains high at 70-80 per cent (Mazanai & Fatoki, 2012; Fatoki, 2014d), despite the government's initiatives to provide support. The study by Fatoki (2014a) indicates that the failure of SMMEs led to unemployment, crime, poverty, inadequate living conditions, and high levels of morbidity. All in all, South African SMMEs faced innumerable problems that hinder their growth (Moos & Sambo, 2018; Bushe, 2019; Khoza et al., 2022). Statistically, about 75 per cent of new SMMEs in South Africa fail dismally within the first five years existence and close down, according to Bruwer & van Den Berg (2017); and Madzimure & Tau (2021). Mukwarami, Mukwarami and Tengeh (2020) also commented that the high failure rate of the SMMEs exacerbated the already chronic unemployment levels in South Africa, and Donga, Ngirande & Shumba (2016) stated that this further weakened the economy. The nation is faced with an unacceptably high level of unemployment, and the unemployment rate was measured at 32.5 per cent in the last quarter of 2020 (Nwosu, Kollamparambil & Oyenubi, 2022).

Rambe & Mosweunyane (2017) have queried whether small businesses are actually the pillar for employment generation and poverty alleviation that they are purported to be, given their

ongoing high failure rate. Their failure is attributed to a combination of factors or challenges in their internal and external business environments that influence their performance (Zondi, 2017). Zondi (2017, p. 622) pointed out that:

External challenges are those challenges that could be extremely difficult for the small business enterprise to solve within a short space of time because they are out of its control; and on the other hand, internal challenges are those challenges that can be solved more easily within the small business enterprise itself.

The number and scale of the challenges facing SMMEs imply that the unemployment rate and poverty level in South Africa will continue to increase unless drastic and realistic steps are taken to address their failure. The establishment of new SMMEs and the sustainability of the existing SMMEs are essential for the country's economic growth, as the SMME sector does have the potential to create jobs and grow the economy; it just needs better support and interventions in order to perform better. The government and supporting institutions must therefore look at ways to better support the growth of SMME development.

The several factors affecting the performance of the SMMEs in eThekweni Metropolitan Municipality are discussed below. These are their inability to access finance, financial illiteracy, lack of information and research, outdated technology, lack of training and development, lack of marketing skills, lack of customer care, lack of support from the government, poor financial recordkeeping, stiff competition from competitors, the COVID-19 pandemic, the inconsistent power supply, crime and corruption, red tape, and the lack of working space.

Lack of access to credit

In Chapter Three, this study outlined that the SMMES located in the Umkhumbane Entrepreneurial Support Centre were unable to access credit from government institutions and commercial banks. The government has established numerous supporting institutions to stimulate the growth of the SMMEs, but credit access has remained a major obstacle facing SMMEs. Indeed, the research revealed that the inability to access credit is a major challenge to the growth of enterprises, particularly small businesses. Ogoi (2017); and Asiedu, Asare-Ennin

& Shi (2022) confirmed that SMMEs in Africa and other emerging economies find it more difficult to access credit compared to their counterparts in well-established economies, and it is their biggest impediment.

SMME owner-managers participated in this study indicated that they were unable to loans to start and expand their enterprises due to the stringent collateral requirements prescribed by the financial institutions. Elahi, Ahmed, Majid & Asif (2021) observed that only a limited number of applications by SMMEs to formal moneylending institutions like banks have any chance of success, and about two-thirds of the loan applications made by SMMEs are likely to be rejected. Mole & Namusonge (2016) also noted that the majority of SMMEs are denied access to finance from financial institutions due to their inadequate collateral to secure loans. Some of the other SMME owner-managers who participated in this study pointed out that they had had preferred to borrow money from family members, relatives, and friends for starting capital, while others had to rely on their personal savings to start their businesses.

Ngcobo & Sukdeo (2015) investigated the possible challenges that SMMEs in the eThekweni region experienced during their inception stage. The survey questionnaire was to collect data from 107 registered SMME owners in Durban, KwaZulu-Natal. The study results have shown that obtaining loans from banks was a major constraint for the growth and prosperity of SMMEs. Therefore, getting loans from financial institutions by SMMEs is thus still problematic. Aliero & Yusuf (2017); and Onyeiwu, Muoneke & Nkoyo (2020) stressed that the inability to access credit affects the growth and prosperity of small businesses. Quartey et al. (2017); and Galadanchi & Abubakar (2022) claimed that the majority of business owners get start-up capital through personal savings or loans from family members, relatives, friends, and informal credit schemes due to the stringent requirements imposed by the big financial institutions. However, such capital is inadequate to procure resources and to expand the business. Bhorat et al. (2018) stated that access to credit is critical in order for SMMEs to access the physical assets and other resources that they need to have.

The interviewees were asked whether credit had an impact on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre, and one SMME owner stated the following:

So, the commercial banks are reluctant to finance SMMEs because they don't trust us that we can be able to do repayment. So, that is the major challenge. To be honest, the commercial banks, they can borrow money if you have money, but if you don't, it is not easy to get financial support. The more you get funding, it opens many doors; you can expand, you can employ more people.

Another interviewee added that the key, stringent requirements to secure funding from the formal financial institutions were collateral security, a good business plan, and good business records. The interviewee had this to say:

Ithala, it is a bank like other banks. They present themselves as they have different... but only thing that they have is vernacular name and most of shareholders are local people who in KwaZulu-Natal. But the reality is that when you make an application to Ithala, it is similar to the one in other commercial banks. They will tell you, 'I went to Ithala for a loan to buy a truck. I had with a contract to start the business. Unfortunately, they told me that I need to have an asset'.

One official also added the following:

The SMMEs don't have access to collateral, that's point number one.... So already from the bank perspective, that is a big risk, because that means an unsecured loan that you are providing to this particular business.

When asked if the inability to access credit was a major constraint for a business' growth and prosperity, all of the participants agreed that external financing was crucial for starting and sustaining a business. Financial institutions and investors were hesitant to finance SMMEs as their credit-risk profile was too high and they lacked collateral, creditworthiness, and accurate business records. The credit rationing theory of Stiglitz and Weiss emphasises the necessity of all three when applying for and granting credit (Amadasun & Mutezo, 2022). Countries like South Africa, it is very difficult for SMMEs to secure business loans from banks, and Mazanai & Fatoki (2012) confirmed that this is the SMMEs' biggest challenge. SMMEs are considered too risky to lend money to as it is anticipated that many will not be able to repay the loans, and large firms that have a better chance of repaying the loans are more likely to be given credit.

Obtaining credit is thus highly problematic for locally owned SMMEs in South Africa, but credit is essential for the prosperity of any enterprise within the economy. Fatoki (2021a) agreed that access to credit enhances the prosperity of small businesses and is vital for the initial creation and productivity of small businesses as well. In conclusion, SMME owners who have access to credit are more likely to maximise the profitability and growth of their business than those who fail to access credit. The inability to access credit has thus had a negative impact on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre as they have not been able to prosper and grow.

Training and Development and Financial Literacy

In the 21st century, SMMEs are expected to possess a set of skills and knowledge needed to run their establishments efficiently and economically. This is because educated and well-trained human capital is crucial for firms' competitive advantage and productivity in the global market. Small businesses are traditionally heavily reliant on an unskilled and semi-skilled workforce, and this is particularly unique for South Africa where the large proportion of the population is still unskilled and semi-skilled. The body of knowledge has argued that South Africa has an immense skills attrition in all sectors of the economy due to lack of education, low-skilled human capital, insufficient training and development, brain drain, and skills mismatches (Mateus et al., 2014; Kalitanyi & Visser, 2014; Plaatjies & Mitrovic, 2014; Arends, Visser, Powell, Bhorat & Reddy, 2016; Balwanz & Ngcwangu, 2016; Shava & Maramura, 2017; Owusu-Sekyere, Wentzel, Viljoen, Kanyane & Pophiwa, 2019; Allen, Bhorat, Hill, Monnakgotla, Oosthuizen & Rooney, 2021).

According to Shava & Maramura (2017), one of the challenges in South Africa is the mismatch between the jobs available and the skills possessed by the youth. The skills shortage is a global phenomenon, and South Africa is not immune. Mateus et al. (2014, p. 63) asserted that *“evidence of the skills shortage in Central Europe is linked to faster labour relocation and convergence to affluent EU countries”*. In the same vein, Owusu-Sekyere et al. (2019) also asserted that skill attrition is very prominent in developing countries around the world, and South Africa is not immune to this challenge. These authors posited that most countries have a limited number of personnel with critical skills that contribute to their economies. In addition, the growing body of knowledge has shown that South Africa has an alarming problem of skills attrition in various sectors of the economy (Balwanz & Ngcwangu, 2016; Powell, Reddy &

Juan, 2016; Takawira, 2019). These scholars state that South Africa has limited skilled human capital that can contribute massively to the economy. This has consequently led to the ineffectiveness of the responses by the government to the citizenry's needs.

Moreover, the lack of financial literacy among SMMEs is tantamount to failure to manage their financial resources, and this leaves the SMMEs in financial crisis. The inadequacy of their financial understanding, as denoted by Rabie et al. (2016), is another major cause leading to the SMMEs' failure in South Africa. In today's world, training and development is essential for either small and big institutions by having individuals with relevant skills and competencies to deliver optimally. Eresia-Eke & Raath (2013, p. 397) explain that financial literacy is regarded as "*the ability of an SMME owner to make appropriate financial decisions and plan for future financial needs*". The SMME owner with financial literacy can manage the financial affairs of the company and become productive and profitable in his or her business. The lack of financial management skills, however, might lead to wrong decision-making and, consequently, a loss of profitability.

According to Phago, Mohlala & Mpehle (2014), the *Skills Development Act No. 97 of 1998* was created to motivate employees to engage in capacity-building to acquire new skills and knowledge. The Act aimed at improving the skills of people, and this involves learnerships, apprenticeships, internships, and secondment. Dladla & Mutambara (2018) believe that the growth and prosperity of enterprises depends on acquisition and development of basic business skills to achieve the desired objectives. This view is further reiterated by Ferreira & Velinças (2016), when they state that investing in training and development (T&D) benefits companies as they can find new and convenient ways to increase their competitiveness and be more effective. The development of basic business skills for South African SMMEs may have a positive impact in attaining their key business goals. One official said:

So, if you are not skilled enough [human capital], then people would make wrong decisions which could result in the business going bankrupt and ultimately shutting down. So, acquiring critical skills in running a business cannot be undermined.

The lack of financial literacy and poor record-keeping are the chief reasons why SMMEs cannot secure financial support from formal financial institutions. A study by Agwa-Ejon & Mbohwa (2015) on the financial problems faced by the SMMEs in Gauteng, South Africa.

They found that the majority of the SMMEs were not sufficiently capacitated in the areas of financial management skills and expertise. They recommended that the government host workshops for SMME owners and managers to provide training on financial matters. Another official corroborated this finding when they stated the following:

Most SMMEs are not skilled with regard to financial management, so they don't record their daily monetary activities. There is no bookkeeping which is proper; that is why the banks are reluctant to give loans to small businesses in South Africa.

The findings indicated there was a symbiotic relationship between the lack of T&D and financial illiteracy and the poor performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The study has shown that it is necessary for the SMME owners to have access to training programmes that will coach them and their employees so that they can grow the enterprises, improve their financial management skills, and run their businesses prosperously. Education and T&D are imperative for any organisation that is striving for superior performance. In the matrix above, the majority of the participants were of the view that training and development and financial literacy were integral parts of businesses. Therefore, failure to provide such services made the firms prone to being unproductive and unprofitable. Wassem, Baig, Abrar, Hashim, Zia-Ur-Rehman, Awan, Amjad & Nawab (2019) suggested that capacity-building improved the performance of employees and increased their productivity and profitability.

T&D facilitates a common awareness of fundamental values, provides individuals with an opportunity to acquire new skills or expertise, and provides a neutral forum for trainees to address the challenges they face (NPC, 2012, p. 420). Some of these training programmes are in-house, and some are outsourced. Exposure to T&D is vital as it enhances the level of competency in managing the financial matters of the firm effectively. Investing in T&D could thus be beneficial for the development and profitability of the SMMEs in the eThekweni Metropolitan Municipality and South Africa as a whole. During this epoch, the competent managers and workers are essential for the survival, growth, and prosperity of SMMEs. In today's world of business, competencies and skills of owner-managers and staff members are vital for the survival, productivity and prosperity of any enterprises.

Lastly, there was a clear indication that the majority of the SMME operators in the Umkhumbane Entrepreneurial Support Centre lacked the skills required to run and grow their businesses. T&D will improve the competency of the employees and the overall organisational performance. Specific T&D programmes with agendas focussed on the critical areas that need attention in the SMME sector need to be implemented. In the globalised world, T&D has become a critical component for stimulating institutional and personal performance.

Tax non-compliance

SMMEs are the backbone of the world's economies both developed and developing (Alberti, Ferrario & Pizzurno, 2018). There has been increasing scholarly attention paid to studies evaluating the impact of tax compliance on the performance of SMMEs. Taxation plays a pivotal role in helping government deliver basic services to citizens. A study by Koranteng, Osei-Bonsu, Ameyaw, Ameyaw, Agyeman & Dankwa (2017) on the reasons behind SMMEs' lack of compliance with tax laws in Ghana revealed that the issue of taxation is problematic in developing countries. The authors indicated that taxes served as a source of government revenue, but the majority of the SMMEs were unfortunately not tax-compliant. Most taxpayers, including SMME owners, have negative attitudes towards taxes and opt not to comply with tax laws by paying taxes. The issue of taxation is challenging as a result, particularly in developing economies, and this has a negative effect on countries' revenue generation.

The study findings have shown that most small businesses avoided paying taxes without considering the consequences of avoiding the tax payments. Strangely enough, the SMME owners viewed paying tax as a burden and as posing a threat to their day-to-day operational activities. The SMMEs' non-compliance with tax laws was not due to a high taxation rate imposed by the government and stemmed rather from their illiteracy. The payment of tax is not an option, and it is mandatory for any well-established business. Therefore, the payment of tax is unavoidable. Koranteng et al. (2017) recommended that SMMEs be educated on tax regulatory systems. Tax officials need to clarify the procedures in the tax regulatory systems so that SMME owners can understand the tax system. Additionally, "*appropriate technology should be introduced in the filing and payment of taxes to ease the cumbersome process one needs to go through in the payment of taxes*" (Koranteng et al., 2017, p. 242). Furthermore, tax legislative frameworks should be revised in relation to the current economic landscape in order to understand the SMMEs' tax burdens within the various economic contexts.

Another scholarly work that looked at tax non-compliance in developing countries was that of Dlamini (2017). The author looked at the major determinants of tax non-compliance among the SMMEs in the Zimbabwean economy. Dlamini (2017, p. 242) stated that “*SMEs have a high tax non-compliance rate which hinders the development they bring to many economies*”. Dlamini (2017) showcased that SMMEs played an integral role in the development and growth of the Zimbabwean national economy, but their contribution to the GDP was impeded by the non-compliant tax practices of the SMME operators. Despite the role of SMMEs as the mainstay of the Zimbabwean economy, the study indicated that most small firms did not pay taxes to the Zimbabwe Revenue Authority. This was largely attributable to the SMMEs’ lack of training on the importance of tax compliance, the lack of monitoring and evaluation strategies to monitor the tax authorities, maladministration of the government’s financial resources, and high taxes.

Dlamini (2017) revealed that the government used tax revenue for the general welfare of the country, and this benefitted SMMEs as well. For example, tax payments helped the government provide basic services to citizens namely, such as water, sanitation, education, electricity, housing, road rehabilitation, health facilities, and recreational facilities. Dlamini (2017) concluded his study by highlighting that there was a need to create awareness of the significance of paying tax among taxpayers. He further argued that the government should modernise the tax administration system, strengthen their tax collection strategies, and follow up on SMMEs to check their compliance. The additional introduction of educational campaigns against tax evasion and avoidance of taxes would also be beneficial. Moreover, the government should provide tax incentives to increase the SMMEs’ tax compliance and reduce tax avoidance.

Drawing from the South African experience, Naicker & Rajaram (2019) looked at how tax non-compliance has adversely impacted firms’ growth, which is contrary to the national strategic goals of creating millions of new jobs and halving unemployment by year 2030. Using KwaZulu-Natal Province as their case study, Naicker & Rajaram (2019) examined the factors that influence tax compliance by the SMME operators in South Africa argued that most SMMEs perceive tax compliance as a costly, challenging, and time-consuming process. The authors maintain that the growth and prosperity of SMME are essential for employment creation to address poverty. Naicker & Rajaram (2019) portrayed tax compliance as a cumbersome regulatory expense and burden that discourages the growth of firms; hence,

SMMEs are hesitant to pay taxes. In addition, the time and red tape associated with tax compliance issues have resulted in most small businesses outsourcing their bookkeeping and tax-related matters to external service providers. They also claimed that tax is the main source of the government's revenue to be used for improving infrastructure, providing goods and services, and most significantly, creating jobs.

Non-compliance with tax law incurs serious penalties for taxpayers. Naicker & Rajaram (2019) further noted that failing to comply with taxation by SMMEs undermines the government tax collection system hampers the growth of the country's economy. Naicker & Rajaram (2019) went on to identify strategies that are efficient and effective for both the government and the business owners. Some of these strategies include reforming the tax policies that govern the SMME sector to provide a breeding ground in order to fulfil the NDP's objectives. The narratives revealed that tax compliance is essential for any business, whether they are small or big enterprises.

The participants in the current study revealed that they had witnessed businesses closing down because of tax non-compliance.

For me, because I have been in an industry for a while, I think... well, no one is paying tax willingly. However, compliance is very important.

I have witnessed a few businesses that really closed down just because of compliance, and the tax man comes in or SARS comes in, and the whole business comes crumbling down... just because the compliance was not done.

The most striking finding that emerged from the study was that the participants acknowledged the importance of tax compliance and paying taxes. They indicated that no-one paid tax willingly, but that they did so to comply with the government's requirements so as to keep their businesses running. Both informants viewed the lack of compliance with the tax law as detrimental to the growth of the businesses and to the growth and prosperity of the national economy at large. The government will not survive without collecting taxes, and taxpayers need to pay what is due to the government in order to receive basic services.

Stiff competition for the SMMEs

Competition is a factor that influences businesses in any sector or industry, and competition is inevitable in almost every business environment. Félix & Maggi (2019) described competition as a fundamental driver of productivity and growth. In the globalised economy, every profit-orientated enterprise has to face competition in the market (Kaunyangi, 2014). The free trade and globalisation of economic activities without boundaries have led to a competitive global business environment. Nowadays, most lucrative industries attract new entrants who want to have a slice of the profit, and the creation and sustainability of new enterprises contributes to the national economy development and creates additional employment opportunities.

The emergence of countries like Japan, China, India, and Brazil in the global market has increased domestic and international competition and challenged monopolistic business enterprises to cut costs and increase their efficiency in order to remain viable (Lamaj, 2015). This has resulted in lower prices for consumers and prevented monopolies from charging ridiculous prices. In addition, competition has led to superior productivity. However, SMMEs in developing countries have limited resources with which to outcompete large firms and other competitors in the global market (Chipangura & Kaseke, 2012). Over the years, the competition among SMMEs in the global market has grown drastically. As a result, the well-established firms have penetrated the market, along with their abundant resources and expertise, and made it difficult for existing SMMEs to prosper (Masroor & Asim, 2019). This has resulted in the closing down of many new enterprises due to stiff competition and an oversaturated market. Those micro enterprises that manage to survive must face a highly competitive environment, and this limits their growth. A prolonged hostile environment for domestic businesses consequently gradually restricts local industries and ultimately affects the country's economy in the long run. Most of the participants agreed that stiff competition caused by the influx of Chinese businesses has affected the growth and prosperity of country's local enterprises. They also lamented the invasion of the Chinese market in the clothing and textile industries because they continuously threaten local firms, and many have shut down as a result. A participant revealed the following:

Another issue is the influx of the Chinese market in textile and clothing industry. There is stiff competition since local businesses, they cannot match with the Chinese pricing.

It has been highlighted that we are living in a globalised world where there is free trading and multilateral agreements among many economies across the globe, such as the BRICS economies. However, it is advisable to buy local products to support local businesses, as that will assist in employment creation and boost the country's GDP. Another participant stated the following:

For me, I'm definitely the kind of person who always wants to buy local, if possible, but I understand why this lot of imported, particularly Chinese, goods come in. Just ultimately, they are able to sell much cheaper than often local productions are and then I think my view of that is we live in the globalised world.

An official also added that:

There are certain realities that we must also accept. One of which is that we live in the globalised environment. However, we need to create a greater sense of pride as a country in terms of adopting local manufacturing products. I know 'proudly South African' tends to grow a huge deal in terms of promoting it.

From the findings above, it could be deduced that stiff competition did have an impact as it restricted the growth of domestic firms, made it impossible for local firms to survive, and led to the closure of many small businesses. With the evolution of globalisation, foreign companies are posing a serious threat to local companies by intensifying the stiff competition for SMMEs. Most small domestic firms are underdeveloped, and it is evident that these foreign companies' resources, expertise, and large sales volumes outcompete the local businesses in South Africa. The respondents in this study pointed out that Chinese goods were priced very cheaply in comparison to the goods sold by local businesses. Their recommendations were to support local businesses by buying local products and many products are labelled as "proudly South African" to promote this course of action.

Inadequate support from the government

Chapter Three outlined the government departments and entities that play a role in promoting and facilitating SMMEs' growth in South Africa. Over the years, SMMEs have been identified as a vehicle with which to accomplish the government's goals of improved employment

generation, reduction of poverty, and creation of inclusive wealth distribution. The role and contribution of the SMME sector have been recognised by the government through its various agencies set up to develop various programmes to promote and improve the sector (Maloka & Dlamini, 2016). Since 1994, in South Africa there are numerous initiatives that have been implemented by the government to support SMMEs. As a result, more attention has been paid in creating business friendly environment for SMMEs since 1994.

The chapter demonstrated that the democratic government has introduced a variety of initiatives to enable the SMME sector over the past two decades. Some of the strategies that support SMMEs include the development of SMME policy frameworks and business support programmes. Mathibe & van Zyl (2011) succinctly highlighted that the 1995 *White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa* was the policy document aimed at promoting SMMEs in South Africa. A study by Mathibe & van Zyl (2011) on business support programmes that promote South African small enterprises indicated that these programmes aim at supporting SMMEs and increase the contribution of the sector to the country's economic growth. In contrast, Mathibe & van Zyl (2011) indicated that one of the challenges with these programmes and policies is that many SMMEs are not *aware* of the products and services offered by government agencies. They concluded that the government should also implement these policies and programmes; and provide long-term monitoring and evaluation systems that foster the growth and development of SMMEs. Government institutions also need to adhere to the SMME policy with respect to empowering SMMEs in South Africa.

A study by Sambo (2015) on the factors that influenced the development of youth entrepreneurship in the eThekweni Metropolitan Municipality revealed that there are several government entities that target youth-owned enterprises, such as the SEFA, SEDA, NYDA, and the IDC. Further, there are also non-governmental initiatives such as the Branson School of Entrepreneurship, Raizcorp, the SAB Kick Start Mentorship Programme, the Raymond Ackerman Academy of Entrepreneurial Development, and Business Partners established to support youth-owned businesses (Sambo, 2015). Nonetheless, the study revealed that lack of access to finance and failure to use the business development services impact negatively on the development of youth entrepreneurship (p, 159). As a result, youth unemployment in South Africa has increased drastically. Sambo (2015) also suggested that the government should

create partnerships with other actors to design multi-pronged tools aimed at helping young entrepreneurs.

Despite the existence of government agencies, there is growing concern about the lethargic performance of South African SMMEs as they have not alleviated the high levels of unemployment and poverty. These, together with the other socio-economic problems, call for government interventions. Ngcobo & Sukdeo's (2015, p. 510) study that investigated the challenges affecting SMMEs in KZN also revealed that even though many government programmes are available, the level responsiveness and utilisation of government supporting agencies is extremely very low.

A common theme among this study's participants was how effective the government was at supporting the SMMEs, and their view was based on the government's role outlined in the White Paper on growth of SMMEs. Therefore, this study investigated the role of government support on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The following informants gave eloquent descriptions of the role of the various government institutions that provide business support in terms of their impact on the performance of the SMMEs in this business support centre.

Is to support the SMMEs to start the business, and also to support SMMEs that have existing businesses... to assist them with expansion and growth. Then the proper programmes that they have are on their websites, for sure, but the main idea is to assist them with the set-up of their businesses and also expansion, sustainability, and growth.

This was further alluded to by one of the officials when he said the following:

Our role is to help businesses to grow and flourish. Our role is to try and assist SMMEs in every way we can to run and own their sustainable and profitable businesses. Our role is to make sure that we guide. We provide information dissemination, and we do business with those businesses. Linkages, we link business with the market as well.

Despite the statement by the government official, one informant pointed out that there was a disconnection between the government and the SMMEs. This led to the SMMEs' high failure rate, which result in sluggish economic growth and stubborn unemployment and poverty in

South Africa. The extensive body of literature has, however, indicated that the government remains committed to the growth and prosperity of the SMMEs (Ladzani, 2010; Mahambehlala, 2019; Zhou, 2021; Mmbengeni, Mavhungu & John, 2021).

I think, for me, there is a disconnection between government and small businesses on the ground. It seems as if government doesn't truly understand the struggle of small businesses in South Africa. So, I think there is a need for a real connection between the two.

It was apparent that despite some of the participants' disillusionment with the assistance provided by the government to the SMMEs, many participants still felt that the government was fulfilling its mandate because of the various government support that are in place. The participants also generally agreed that there was a disconnection between the government and small businesses. This was indicative of the informants' biases and the playing of the blame game. That is because the officials from the government institutions were likely to defend the government on this subject, while the SMME owners on the receiving end of the assistance and support were not satisfied.

The study by Moise et al. (2020) argued that the development of SMMEs has been a priority since 1995 the attention has been given to SMMEs and cited the *White Paper on the National Strategy for the Development and Promotion of Small Business* in South Africa to defend their argument. Mathibe & van Zyl (2021) argued that SMMEs operating in South Africa have been given enough support by the government since the demise of apartheid. And Phillips et al. (2014, p. 86) concluded that the "*Department of Trade and Industry (DTI) was entrusted to coordinate the implementation of government's support strategy for SMMEs through support initiatives for entrepreneurs (including female entrepreneurs) such as SEDA, Khula, NYDA, SAMAF, the NEF, and IDC*".

It is important to state, though, that the mere existence of the White Paper and the policies and programmes is not sufficient proof that the government is fully committed to this endeavour and is actually following through and providing assistance on the ground. It is essential for the government and its supporting agencies to ensure that these businesses can run properly. They can achieve this by providing financial and non-financial assistance. The financial assistance will allow SMMEs to start up, and those already running will be able to remain sustainable and

possibly even expand, and in doing so, employ more people. The non-financial support such as training on how to run a business properly, manage the business' accounts, set targets and objectives, expand the client base, network, etc., is equally vital as all of this will help the businesses to run smoothly. This will ensure the longevity of these small businesses so that the socio-economic benefits can be more widespread and long-lasting.

Municipalities should invest in local businesses, for example, by entering into business agreements with them and utilising their services, where possible. The establishment of more business incubators will also assist as they will provide more premises for small businesses and help them get established. The facilitation of business workshops and the promotion of the services that the municipality can provide to assist the SMMEs are also examples of further types of investment. Such types of investments will lead to improved and sustained local economic development. The municipality should thus start investing in local economic programmes to achieve sustainable livelihoods and independence for the SMMEs. The local government must also create various platforms and forums that are accessible to the SMMEs. By doing so, the government institutions will fulfil their role to facilitate the promotion and growth of the SMMEs, and more jobs will be created. This indicates just how important the role of the supporting institutions is in the development and growth of SMMEs, and it cannot be underestimated.

Adoption of Technology

Another factor that has affected the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre is the total lack of or insufficient adoption of technology by their owners. The use of technological innovations and advancements has been phenomenal in many industries, like the manufacturing industry, over the years. These innovations have had an immense impact on some of the SMMEs in the manufacturing sector because they have increased their competitiveness, efficiency, flexibility, and growth, and all of this has contributed to economic growth.

According to Charles, Amankwaa & Owusu (2015), however, most SMME owner-managers in South Africa lack requisite managerial skills and experience; and as a result they are also hesitant to use technology in their businesses. The authors revealed that most SMME owner-managers utilise dated technology and machinery, which has proved to be ineffective and

inconvenient in today's world of business. There is evidence that the SMME owner-managers lack information communication and technology skills and instead make use of external ICT service providers and companies for their organisational needs.

Rozmi, Nohuddin, Hadi, Razak, Bakar, Izhar & Nordin (2020) have posited that the main reasons for the low level of technology adoption are a lack of capital, insufficient knowledge about ICT and how to use it, the high cost of ICT equipment, and doubt about the usefulness and benefits of ICT for business purposes. Gono, Harindranath & Özcan (2013) investigated the impact of ICT adoption and usage among manufacturing and logistics SMMEs in South Africa and also concluded that most SMME owners and managers lacked adequate ICT skills, and very few were in a position to invest in technology due to a scarcity of resources (finance), the cost of the technology, and their lack of ICT knowledge.

Another seminal study by Tarr (2021) added that South African entities lack sufficient knowledge of the potential of new technology and have thus been reluctant to adopt technological innovations. Bvuma (2020) examined the factors affecting ICT adoption by township SMME owners and managers in Soweto, South Africa. The study revealed that township SMME owners and managers are reluctant to adopt and use ICT. Some of the reasons for this included their lack of skills and knowledge, funding, support from the state, absence of infrastructure, poor technological skills, and the lack of managers and owners training collaboration between government stakeholders. The study recommended the provision of essential guidelines to stimulate the adoption of ICT by township SMMEs.

The adoption and utilisation of emerging technology will play a major role in improving the SMMEs' competitive advantage over their competitors. These new technologies include artificial intelligence, the internet of things, e-commerce, e-procurement, online marketing, online transactions, and 3D printing, which will enable the enterprises to stay competitive and grow their businesses. The participants in this study stated that the adoption of technology would improve their businesses, especially during hard times such as the COVID-19 pandemic, and it could be efficient and effective for communicating with customers, online marketing, and doing research about new trends on the global market. One official stated:

Training on the technology, but very often they are not even aware of what technology is available or how it might support the growth of their business. So, lot of the business practices in South Africa, you know, are still maybe termed 'old school'.

The above-mentioned statement was also supported by another interviewee, who stated that technology is key for the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre.

One would say all these factors are critical for SMMEs to grow their businesses. The element of innovation and technology as well because these people there are in the manufacturing space.

On the other hand, one official, when asked about whether the adoption and usage of new technology would influence the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre, agreed that it would, but highlighted the fact that SMME owners and managers must not be rushed into using complex and advanced technologies. He gave reasons for why this was the case:

Technology sometimes is good, but I would say that as South Africa, in SMMEs, I don't think we should be rushing much to complex technology. I think basic technology, just to make sure that you are able to keep up with your business requirements should suffice, but it is not advisable to go and bombard the business with latest technologies that is not ready for it.

This study has shown quite clearly that one of the challenges that influences the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre is their hesitation to adopt technology in their day-to-day operations. New technology is designed to equip SMMEs to grow and expand their establishments in the fast-moving world economy. However, manufacturing sector SMMEs should adopt emerging technologies as they will increase their productivity, innovation, effectiveness, and efficiency (Ntuli, 2022). The study also revealed that the owners and managers of the SMMEs in the Umkhumbane Entrepreneurial Support Centre struggled with the adoption and utilisation of new technology due to their low level of education. Training workshops should therefore be conducted to equip SMMEs owners and managers with knowledge and skills of the emerging technology, as competition is rising

drastically in the industry. There is a need for SMMEs to switch from conventional ways of doing business to new technology that could lead to better productivity and profitability, considering that not being innovative could lead to failure since the world of manufacturing is changing to using emerging technologies (Manda & Ben Dhaou, 2019). While most of the participants acknowledged the importance of technology for the performance of SMMEs, a few claimed that small businesses should not be forced to adopt complex new technologies that are not user-friendly to them. In conclusion, it is unquestionable that the adoption of ICT can provide numerous benefits for SMMEs in all sectors of the economy.

Inconsistent Power Supply

A consistent and uninterrupted supply of electricity is vital for any economy to prosper. Power outages have recently become a critical issue for entire societies and business communities on the African continent. South Africa has encountered a shortage of the supply of electricity since 2008, which has resulted in the implementation of load shedding by Eskom (Schoeman & Saunders, 2018). The unstable power supply experienced in South Africa has had a negative impact on the performance of SMMEs in the country. The majority of SMMEs do not have the financial means to procure an alternative power supply, such as generators, generator sets, or solar panels. The irregular power supply has caused numerous problems, such as unforeseen work stoppages, which have affected productivity and profitability and ultimately resulted in the closing down of many small enterprises.

Moreover, dealing with load shedding has incurred additional costs for businesses. The unreliable power supply has had adverse implications as the quality and capacity of the goods and services offered by SMMEs have been compromised, leading to customer dissatisfaction. Essay (2016) investigated the impact of load shedding on SMMEs in the City of Johannesburg to get a better understanding of how load shedding impacted the day-to-day running of business activities. He found that load shedding had a more severe adverse impact on the SMME sector than on well-established, larger businesses and negatively impacted their turnover and service delivery. Other notable findings on the impact of constant load shedding were the inability to manufacture and produce, missed deadlines, undue delays, damaged equipment, the inability to communicate with customers, the negative impact on sales, and retrenchment of the workforce.

Further, downsizing of staff has rapidly increased the country's unemployment rate. In addressing the problem of load shedding, some SMMEs have adopted alternative energy sources by purchasing generators, generator sets, and solar panels to ensure they remain operational during the scheduled power outages. This has incurred additional costs. With reference to the inconsistent power supply, most of the participants acknowledged that load shedding has had a negative impact on the performance of SMMEs. Some even added that the load shedding has led to undue delays due to work stoppages, decreased sales, loss of customers, loss of revenue, and laying off of employees.

So obviously, without electricity, there is work stoppages. You cannot meet your deadlines, and ultimately, profitability is affected due to power outages.

Another SMME operator added the following:

Hey, load shedding affects us negatively because, for instance, you have a deadline for the job. Its affects us badly.

One of the local leaders accepted the fact that load shedding is a challenge for businesses in the manufacturing sector since the sector dependent of the consistent power and highlighted the introduction of contingent means in the form of generators to ensure that businesses in the Umkhumbane Entrepreneurial Support Centre are not disrupted that much.

Due to load shedding, it is true that the businesses cannot operate without power, but even myself as councillor, I have not yet liaised with the Cato Manor Area Based Management with regard to a backup system like generators to assist them.

These accounts clearly demonstrated that the unreliable power supply makes it difficult to run businesses and to plan and execute growth strategies. From the findings above, the major impacts of the constant load shedding were the loss of turnover, followed by failure to meet deadlines, the negative impact on sales, the inability to communicate with clients, poor staff morale, and the temporary closing of their operations. This indicates that a poor energy supply affects businesses both large and small and results in them having to procure an alternate power supply such as generators, generator sets, and solar panels that incur a lot of costs for the

enterprises. This in turn affects their business operations, leading to a downsizing of employee numbers, which then contributes to the high unemployment rate. These findings highlight the need for the government to address the dilemma of load shedding facing small businesses by providing incentives to SMMEs to procure alternate energy supplies to ensure their operations continue to preserve businesses and people's jobs.

Crime and Corruption

A growing body of knowledge has documented the consequences of crime and corruption on global, regional, and local levels. Less is known about the effect of commercial crime on survival and development of SMMEs in developing countries. Businesses serve a significant socio-economic role by providing employment to local communities, fighting poverty and inequalities, as well as improving the livelihoods of many people in society. In general, communities prefer to work close to home, so the presence of nearby industrial and commercial places is vital for their day-to-day living (Lee et al., 2010; Schimer, 2014). In South Africa, the level of corruption is very high compared to that of other emerging economies (Sitharam & Hoque, 2016).

Mthimkhulu & Aziakpono (2015) investigated the key limiting factors to the growth South African SMMEs using World Bank Enterprises Surveys of 2003 and 2007. Their study indicated that crime and corruption are serious challenges that hinder the development and prosperity of South African SMMEs. Moreover, a recent study by Matekenya & Moyo (2022) indicated that over 50 per cent of SMMEs reported credit access challenges and high levels of crime. Another study by Ayandibu & Houghton (2017) on the external factors affecting SMMEs in South Africa has shown that one of the challenges facing SMMEs is the granting of tenders to unqualified people and organisations due to corruption and favouritism committed by public officials. According to Cant, Wiid & Hung (2013b, p. 239), "*many small businesses tolerate corruption and fraud as normal acceptable practices and justify it as a means of getting something done quicker, despite knowing it is illegal and unethical*". As a result, South Africa is among the most unsafe countries around the globe (Jeke, Chitenderu & Moyo, 2021).

Moreover, there is no universally accepted definition for crime and corruption or fraud and corruption, and some scholars use the terms interchangeably. Such crimes typically encompass

the following offences committed mainly by corporations, their owners, executives, or employees, as well as by government or municipal officials: fraud, corruption, embezzlement, misappropriation, malfeasance, tax fraud, intellectual property theft, insider trading, money laundering, Ponzi schemes, misrepresentation of financial statements, price-fixing, illegal cartels, collusion, as well as the breach of environmental, health, and safety regulations (Berghoff & Spiekermann, 2018). In South Africa, more than a quarter of all businesses are involved in or influenced by various forms of crime, such as money laundering, corruption, procurement fraud, and asset misappropriation, as they are the most prevalent occupational fraud risk items (Bruwer & Petersen, 2022). This indicates that the majority of government officials are often involved in various unethical practices and fraudulent schemes.

Hipp, Williams, Kim & Kim (2019) stated that the high prevalence of crime and disorder may lead to the loss of customers, less profitability, and cause businesses to leave their locations. Mahofa, Sundaram & Edwards (2016) revealed that the creation of new firms contributes massively to the general welfare of the country and healthy economic growth, given the low economic growth and high unemployment rates. They further stated that “*the creation of new firms, however, depends on the business environment and on strong institutions, which can lower the costs of registering and conducting a business*” (Mahofa et al., 2016, p. 2).

A notable study by Charman & Piper (2012) has revealed another form of crime towards foreign business operators in South Africa, called xenophobia. Xenophobia is derived from two Greek words, “xenos” (foreign) and “phobos” (fear). Located in the context of South Africa, foreign-run businesses have been attacked, assaulted, robbed, and had malicious damage caused to their property, and shop owners have been hurt and killed.

The presence of crime and corruption incurs more costs, inhibits production and profits, and sometimes unfortunately leads to the loss of lives. Firms thus have to spend more to implement safety measures such as insurance, alarms, trackers on motor vehicles, and armed security guards to keep their property and workers protected. Unfortunately, small businesses have limited resources and capabilities to mitigate fraud and corruption. The high crime statistics in townships like Umkhumbane Township may severely impact the townships’ economies and municipal LED strategies, especially as investors and customers may declare centres like the Umkhumbane Entrepreneurial Support Centre as unsafe locations for businesses. Crime and corruption consequently pose a threat to small businesses as they lead to the closure and

relocation of these enterprises to better regions. The goal of advancing township economies may be a mirage if government officials and entrepreneurs are unethical and businesses are attacked.

Hence, initiatives are needed to revitalise townships by reducing the occurrence of social ills such as poverty, unemployment, substance abuse, illiteracy, violence, and crime. The government needs to improve the business environment, specifically by combating crime and corruption, which hinder the growth and expansion of the economy. Moreover, the government needs to create forums where all stakeholders and communities can be educated about the consequences of crime and corruption. Multi-stakeholder engagement is needed to tackle corruption, and strategies that promote zero tolerance for corruption must be designed. This can be achieved by addressing the flaws within government organisations, including Chapter Nine institutions. This will improve the quality of governance and increase the capacity of the institutions by recruiting and retaining a more ethical and competent workforce. Furthermore, whistle-blowers identity should be safeguarded as a way of protecting them from becoming victims, but this practice would require careful monitoring and evaluation measures.

Several of the interviewees felt that crime and corruption negatively impacted the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. One interviewee had this to say:

First and foremost, it is high rate of crime. The issue, it is a vicious circle that is corruption.

The participants in this study agreed that crime and corruption have a negative impact, both socially and economically. Furthermore, most of the participants highlighted the recent event of civil unrest or looting that took place in July 2021 in KZN and some parts of Gauteng and destroyed many businesses and resulted in many people being injured. Some even lost their lives. The Umkhumbane Entrepreneurial Support Centre was unfortunately heavily impacted by the July 2021 civil unrest. The centre was severely vandalised and the SMME operators lost almost all of their resources during the looting. Some of the businesses closed in the aftermath of the looting, as did many others, and the economic growth of the eThekweni Metropolitan Municipality was severely affected.

Another catastrophe was looting. This area was looted and cleared, and everything you see here is new.

The centre was badly impacted because the entire premises were in a rampant technically last year. The organisation had to start afresh to try repurchasing and restocking. It was, quite badly.

So, the looting had adverse impact and leads to alarming rate of unemployment. Many people lost their jobs.

The unrest was a serious downfall in the economy of KZN and we saw most of businesses never coming back again after that.

A unanimously negative response arose from the participants during the interviews regarding the matter of the impact of crime and corruption on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The participants unanimously agreed that crime and corruption affect the performance of SMMEs negatively, and numerous studies have shown that corruption impedes the economic growth and development of many countries (Williams, Martinez-Perez & Kedir, 2016; Agale-Kolgo, 2018; Zakaria, Jun & Ahmed, 2019; Gouvea, Li & Vora, 2019; Gründler & Potrafke, 2019; Linda & Nzama, 2020; Adomako, Ahsan, Amankwah-Amoah, Danso, Kesse & Frimpong, 2021; Jeke et al., 2021; Spyromitros & Panagiotidis, 2022). The most common problem is that crime and corruption lead to the closure of firms, relocation, and, in some instances, even result in injury and loss of life.

Some of the business operators in the province were able to secure support from supporting institutions and resume their operations following the looting in July 2021. Some of the companies relocated to other safer places more conducive to business operations, but many of them downsized or shut down altogether, which increased the levels of unemployment and poverty. The majority of participants in study has shown that UESC adversely affected by this civil unrest, and most of the operators had had to close their operations and/or retrench employees. To conclude, a fair analysis of the findings has revealed that crime and corruption have had an adverse impact on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. Furthermore, more of the government's budget is being spent on crime and corruption programmes instead of employing those funds to improve service delivery.

COVID-19 Pandemic

One of the most devastating catastrophes of the 21st century has been the outbreak of the COVID-19 pandemic, which has had an enormous adverse socio-economic impact on all the economies around the world. South Africa was no exception to the COVID-19 pandemic, like all other countries around the world. The pandemic resulted in the implementation of trade and travel restrictions, disruption of transportation, temporary and even permanent closure of some firms, laying off of some of the workforce, and closed air and land borders that affected all of the economies across the globe. SMMEs were hit harder by the COVID-19 pandemic compared to large firms, as they did not possess the same resources and expertise to navigate the crisis (Bartik, Bertrand, Cullen, Glaeser, Luca & Stanton, 2020). The SMMEs were highly dependent on their limited finances and limited customer base (Williams & Schaefer, 2013). He, Chang, Qing & Lin (2021) studied the effects of the COVID-19 pandemic in China and the United States of America (USA). Their scholarly work revealed that the rampant spread of the virus in developed countries imposed uncertainties on the world's economy. The authors further indicated that imports and exports were greatly affected once the pandemic broke out. The pandemic negatively affected business activities in developed territories such as Europe, the USA, and China, as well as in developing territories.

Another study by Shafi, Liu & Ren (2020) assessed the impact of the COVID-19 pandemic on Pakistani SMMEs. The study was carried out by administering an online questionnaire. They found out that both natural and man-made disasters have a considerable effect on society, economies, and SMMEs. Moreover, these catastrophes lead to economic crises and create a long-lasting adverse impact on business growth. Shafi et al. (2020) further highlighted that many SMMEs were severely affected by the stringent measures introduced to curb the outbreak, such as lockdowns. The SMMEs faced numerous challenges, such as a lack of finance, supply chain disruptions, a decrease in demand for their goods, and a reduction in sales and profits, among others.

Shafi et al. (2020) suggested that policymakers and practitioners put effective measures in place to ease the burden on SMMEs by protecting employees, providing accurate information on the spread of the disease, planning, building the capacity for resilience, creating positive social relations to boost the economy, and providing revenue and employment support for enterprises. The study by Erero & Makananisa (2021) on the impact of the COVID-19 pandemic in South

Africa found that the spread of the virus had negative consequences for the economies of developing countries. In this same discourse, the emergence of this pandemic was shown to have had a negative impact on the South African economy because many business activities were disrupted. This global disease outbreak compelled the South African government to impose innumerable stringent measures swiftly, including the closure of air, rail, and land borders, the temporary closure of government institutions such as universities and schools and many businesses, and restrictions on public gatherings in March 2020. South Africans were also forced to work remotely to combat the spread of the virus, and all of these restrictive regulations to control the spread of the virus had a significant impact on all sectors of the economy, principally economic development, employment, and households' earnings (Erero & Makananisa, 2021).

Many firms closed, and staff complements were downsized. The unemployment rate increased, and the economic growth rate shrank severely as a result. As expected, the country's GDP dropped drastically by 16 per cent between March and June of 2020 due to the COVID-19 pandemic (Stats SA, 2020), and many sectors and industries were drastically affected by it. Businesses were prompted to introduce innovative rather than conventional ways of doing business, and those that had the capability and means adopted digital means to deal with the crisis. This allowed them to continue functioning without risking their employees' health and helped to curb the spread of the virus. So institutions, public and private, and small and large firms introduced new technologies so that they could continue to perform their day-to-day operations (Lyng, Ree, Wibe & Wiig, 2021).

The researcher sought to probe whether the COVID-19 pandemic had affected the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre during the interviews. The responses are recorded below:

Lot of local businesses, not just the ones at UESC. Lot of businesses we have here struggled during COVID-19 pandemic. Lot of them shut down, particularly those that were more survivalist kinds of businesses. They won't be able to continue running their own businesses.

I think there was a report that we did after COVID-19, where we discovered some of them have retrenched employees and some of them have problems in maintaining their machines, and therefore, people lost their jobs.

In addition, the participants outlined the impact of the COVID-19 pandemic on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. Some sectors and industries were undoubtedly more vulnerable than others, and that led to the decline in GDP and employment. This interviewee highlighted the sectors of the economy that were unfortunately worst-hit by the outbreak:

COVID-19, my brother, had negative impact to other businesses and positive impact to others. You see, businesses that were making sanitisers and detergents benefited during COVID-19, and those who were making masks also generated huge sums of money, and they also created employment during COVID-19. Unfortunately, those who were doing other businesses - tourism and hospitality, they were heavily affected.

In summary, all the participants expressed the sentiment that businesses were severely hit by the spread of the COVID-19 pandemic, and scholars have a great responsibility to conduct studies to mitigate the negative effects of both natural and man-made disasters on businesses in developing economies around the world. This study has confirmed that the COVID-19 pandemic had a negative impact on the South African economy, and while many sectors of the economy were hit hard, a few did benefit from it. The findings from the interviews revealed that those businesses that were manufacturing sanitisers, masks, and personal protective equipment (PPE) generated income during the pandemic, while the tourism and hospitality sectors were heavily affected. Over the years, tourism has become one of the major contributors to national growth and employment in many countries, but it was undeniably one of the worst-hit sectors of the economy during the pandemic. For example, a report by the World Tourism Organisation (UNWTO) stated that the international tourism rate slumped by 73 per cent in 2020 (Rodousakis & Soklis, 2022). The government and investors must focus their efforts on the sustainable recovery of the SMME sector by restoring the manufacturing sector SMMEs (and all others) to bring about employment creation and equitable wealth distribution. All the participants reported that most small businesses were severely affected by the COVID-19 pandemic, to the extent that some closed their businesses while others had to downsize significantly in order to survive.

Working Space

Access to well-equipped infrastructure, such as good road networks, clean water, sanitation, electricity, telecommunications, and buildings, is extremely significant for the development and prosperity of SMMEs across the globe. SMMEs are likely to be productive and profitable when operating in areas with such infrastructure. According to Dithebe, Aigbavboa, Oke & Muyambu (2018, p. 1873), “*the growth of any economy is measured by the rate of physical infrastructure development such as roads, bridges, harbours and buildings*”. Infrastructural development thus plays an essential role for the general welfare of citizens, economic growth, and the development of any nation. The study by Nyakala, Vermeulen & Pretorius (2022) looked at the factors influencing the SMMEs’ development in the Mopani District Municipality, Limpopo Province, South Africa. The study used a qualitative approach by employing interviews to gather data on the development of the SMMEs. The study showed that the provision of good-quality physical resources is tantamount to good governance and responsiveness to citizens’ needs, and that results in the provision of good-quality services, business development, and citizens’ and customers’ satisfaction. The findings also showed that poor infrastructure may, conversely, have a negative impact on businesses’ performance and income. These researchers also highlighted that another serious challenge to service delivery in developing countries is their inability to adopt or adapt established practices already working in other countries (Nyakala et al., 2022). They suggested that all stakeholders should be aware of the roles and responsibilities of SMMEs in socio-economic development.

In the case of the Umkhumbane Entrepreneurial Support Centre, it is situated in Umkhumbane township, which is characterised by inadequate service provision, a lack of proper housing and a water supply, a poor sanitation system, deterioration of roads, land degradation, illegal electricity connections, a high number of indigent settlers, and overpopulation. South African Townships are usually characterised by insufficient basic services such as tarred roads, electricity, health, and educational facilities, water, sanitation (Howell, 2019; Ingwani, Thynell, Gurure, Ekelund, Gumbo, Schubert & Nel, 2023). The participants clearly described that sufficient and adequate working space is a factor that plays a significant role in the survival and growth of SMMEs developing economies. A handful of the interviewees highlighted the importance of rental or working space and listed it as a factor that affects the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre. These are some of the responses received:

Remember, Umkhumbane is subsidised and all the rentals from the municipality - we do not charge. And currently, there is high cost of rental spaces in eThekwin Municipality, and some businesses ended up working in their backyards.

It assists people to provide working space. Employment obviously, because if the business is from Umkhumbane, there is local employment. Secondly, the rental is subsidised. You get big premises at a subsidised rate. It is affordable rate.

The findings showed that some of the participants considered the inadequacy of the working space as a limiting factor for the development and growth of SMMEs in the Umkhumbane Entrepreneurial Support Centre. In numerous instances, the study showed that rental spaces in the municipality are very costly, which led to some of the small businesses setting up in their backyards. They added that the Umkhumbane Entrepreneurial Support Centre’s business rental fees are subsidised by the municipality, so their rent is affordable. This enables the SMMEs to have the space required to operate their businesses at cost-effective rental prices that enable them to make profit and create employment for the local people in Umkhumbane and its surroundings. There is currently a paucity of literature on working space as a factor that influences the performance of SMMEs around the world.

Question three: What role do the institutions that support the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre have and how does this impact the performance of these manufacturing sector SMMEs?

Matrix 6.3: Role of supporting institutions on the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre

<i>Advisory role and information (1).</i>	We share information that will empower the SMMEs in a way that is sustainable. Respondent 14.
<i>Growth and expansion (3).</i>	Assist SMMEs to start their businesses and also assist them with growth and expansion. Respondents 5, 8, and 15.

<i>Marketing and linkages (2).</i>	We create linkages for SMMEs. Respondents 8 and 14.

Researcher (2023)

Matrix 6.3 provides a summary of the findings on the effects of the roles of the supporting institutions on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The SMMEs in South Africa have been identified as potential instruments for employment creation, poverty reduction, and inclusive wealth distribution. The importance of SMMEs has been highlighted by many studies (Bushe, 2019; Chiromo & Nani, 2019; van Staden, 2022). SMMEs continue to be one of the main catalysts for every economy, according to Ngibe and Lekhanya (2020), so the government must provide an enabling environment to facilitate the promotion and development of SMMEs. Bruwer (2020a, p. 148) posited that “*South African SMMEs are essential to the economy, because they contribute significantly towards the socio-economic objectives and they can be key drivers of economic growth, innovation, and job creation*”. Further, Musara & Nieuwenhuizen (2021) noted that the SMMEs play a vital role in reducing unemployment, poverty, and inequality and stimulating economic growth.

Since the demise of apartheid, the government and several agencies have introduced various interventions and strategies to support small businesses by providing a conducive environment for the development and prosperity of SMMEs in South Africa. Over the years, agencies like the DTI, SEDA, SEFA, NYDA, NEF, IDC, and others have played a role in promoting SMMEs in South Africa (Refiloe, Derera, McArthur & Ndayizigamiye, 2020). The Ministry of Small Business Development was established in 2014 to support South African SMMEs. Van Staden (2022) has confirmed that the aim of the ministry is to facilitate the promotion and development of small businesses in South Africa.

However, despite the government’s support and various interventions over the decades, SMMEs are still failing to contribute to the economy as expected. The failure of SMMEs has consequently exacerbated the prevalence of the chronic socio-economic challenges of unemployment, poverty, inequality, and social deprivation that are ruining the country. A number of researchers have reported that many SMMEs fail during an early stages of existence

(Masama & Bruwer, 2018; Krüger, Dickason & Meyer, 2020; Fatoki, 2021b). Some of the challenges responsible for this include lack of access to finance (Sophocleous, 2019), managerial incompetency (Ncube & Chimucheka, 2019), inadequate government support (Kelly, Shumba, Zindiye & Donga, 2021), financial illiteracy (Munyuki & Jonah, 2022), lack of ICT adoption (Mpofu, Milne & Watkins-Mathys, 2013), fierce competition (Msomi, Yearwood & Msomi, 2022), lack of innovation (Furawo & Scheepers, 2018), tax non-compliance (Naicker & Rajaram, 2019), and an unfavourable legislative framework (Nieuwenhuizen, 2019). Lose, Tengeh, Maziriri and Madinga (2016); and Mukwarami et al. (2020) add that their failure due to inadequate government support is because of the government's failure to provide start-up and operational finance.

Despite this lack of direct finance provision, there are numerous important government support programmes for SMMEs. These are the NYDA, SEDA, NEF, KHULA, SEFA, and DTI. The government has implemented various strategies to promote and stimulate SMME growth, as it has recognised that this is essential for economic development. These interventions and initiatives are intended to help the SMME sector develop and prosper. Some of this study's participants stated that the role of the government's supporting institutions was to help businesses with the provision of guidance, capacity-building, information, and business links or networking opportunities. Those participants acknowledged that by helping SMMEs grow, these businesses could become sustainable and profitable. The following extracts illustrate the views of some of the participants on this issue:

Our role is to help businesses to grow and flourish. Ours is to try and assist SMMEs in every way we can to run and own their sustainable and profitable businesses. Our role is to make sure that we guide, we provide information dissemination, and we do business with those businesses – linkages. We link business with market as well.

Is to support the SMMEs to start the business, and also to support SMMEs that have existing businesses, to assist them with expansion and growth. Then the proper programmes that they have is in their websites for sure, but the main idea is to assist them with the set up their businesses and also expansion, sustainability, and growth.

Another participant explained:

The role of SEDA is to formalise the informal. NYDA is simple, is supporting youth with businesses. Durban Chamber of Commerce, their co-function is more or less same with eThekweni Business Support. They have capacity-building, training, and workshops... mostly registered businesses or members.

On the other hand, some participants in the study mentioned that the government support was inadequate, as in some instances the SMMEs did not benefit from the programmes and institutions at all:

All in all, there is inadequate support from government and supporting institutions on SMME development. There is lack of coordination between supporting institutions and SMMEs in informal places like Umkhumbane.

To tell you the truth, small businesses, they do not benefit from these institutions at all.

Some participants described the role of the government's supporting institutions and the role they play in business performance as 'huge'. This shows that some supporting institutions are a crucial component that the participants deem valuable. The literature does inform us that there are several viable supportive government initiatives for SMMEs in South Africa, such as SEDA, SEFA, NEF, and the NYDA, aimed at facilitating the promotion and development of SMMEs in the country (van Staden, 2022). These supporting agencies provide financial and non-financial assistance to SMMEs in South Africa. Rabie et al. (2016) indicated that the government's supporting also play a major role in providing the training and workshops needed by SMMEs to flourish and expand. This is supported by Zizile & Tendai (2018), who stated that SMMEs can benefit from training and capacity-building to acquire the necessary knowledge, skills, expertise and competencies to run their enterprises efficiently and effectively.

Evidence reveals that one of the factors that leads to the high failure rate of SMMEs is the lack of sufficient education and business skills among the SMMEs' owners and managers. This could create the perception among these less educated SMME owners that the government did not provide assistance, as they did not know about it or did not understand how the programmes

worked. This was possibly why some of the participants in this study felt that SMMEs did not benefit from the government’s supporting institutions at all, that there was inadequate support from the government, and that they had not yet received support from the government.

The lack of coordination between the government’s supporting institutions and small businesses was identified as another challenge that led to the inability of small businesses to access help from the government. This implies that the lack of coordination between the groups is due to the government’s supporting institutions being ineffective. This finding in this study corroborated Gopaul & Manley’s (2015) finding that the government’s supporting institutions do not assist SMMEs adequately. Gopaul & Manley (2015) argued that the government’s support initiatives are unhelpful, hence the high failure rate of the SMMEs in South Africa.

Nonetheless, this study has shown that the existing agencies that support the government include the NYDA, SEDA, NEF, KHULA, SEFA, and the DTI, and that they are aimed at creating a conducive environment for SMMEs. These entities were established by the government specifically for the development of SMMEs, and this indicates that these institutions do have a role to fulfil in ensuring the growth and development of SMMEs in the eThekweni Metropolitan Municipality and South Africa. To conclude, although the government’s support programmes are helpful towards improving the growth of enterprises to a certain extent, they need to improve the manner in which they render their services in facilitating the promotion and development of SMMEs.

Question four: What impact do the legislative frameworks and policies have on the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre?

Matrix 6.4: Impact of the legislative frameworks and policies on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre.

Impact	Interview responses by the participants
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<i>Guidance</i> (2).	Obviously, they provide guidance for the business community on how to conduct themselves. Respondents 3 and 5.
<i>Compliance</i> (5).	Compliance is key for SMMEs. Respondents 4, 8, and 9. We comply with some of these policies and not with others. Respondents 3 and 6.
<i>Protection</i> (1)	They minimise employee exploitation. Respondent 3.

Researcher (2023)

Matrix 6.4 provides a summary of the findings on the impact of the legislative frameworks and policies on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. Since 1994, one of the priorities of the democratic government has been the introduction and implementation of various legislative frameworks and policies aimed at economic reformation and specifically to give effect to the goals of addressing the economic disparities and unevenness within South Africa's borders. The enactment and passing of specific laws and policies related to SMMEs is an essential mechanism for supporting and developing SMMEs in South Africa. The new democratic dispensation came into being to address the socio-economic imbalances of the apartheid regime that were characterised by deprivation and the unequal distribution of basic resources to select groups of society. During the apartheid era, some race and gender groups had more access to opportunities compared to the other groups in society.

The government has passed several policies and promulgated numerous legislative frameworks in response to the previous economic imbalances. These include the *White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa*, the *National Small Business Act 102 of 1996*, the *Preferential Procurement Policy Act 5 of 2000*

the Preferential Procurement Policy Framework Act (PPPFA), and the Broad-Based Black Economic Empowerment Act 53 of 2003. In addition, other Acts were also implemented to guide and govern human resources, such as the Labour Relations Act 66 of 1996, the Skills Development Levy Act 9 of 1999, and the Unemployment Insurance Fund Act 63 of 2001.

The promulgation of the White Paper and these Acts on enterprise development have clearly played a significant role in transforming the SMME sector and benefitting the previously disadvantaged groups in society. According to Makgoe (2008), “*all these Acts and other related policies underpin in some way both the Bill of Rights and the obligation of the government to redress and address the socio-economic imbalances as enshrined in the Constitution of the Republic of South Africa, Act 108 of 1996 (Constitution)*”. In March 1995, the government adopted the *White Paper on the Strategy for the Development and Promotion of Small Business* in South Africa. This was primary policy intervention to support the SMME sector. A year later, the implementation of the *National Small Business Act 102 of 1996* facilitated the support, development, and growth and prosperity of SMMEs in South Africa.

The government introduced the *National Small Business Amendment Act No. 29 of 2004* in 2004 as part of its continuous efforts to improve support for the SMME sector (Mahadea & Khumalo, 2020). This Act resulted in the establishment of SEDA as part of the DTI. SEDA arose from the amalgamation of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre Trust, and community public-private partnerships to assist SMMEs in growing. The adoption of these regulations and policies is aimed at promoting and increasing the number of SMMEs with the view to improving the economy and innovation in the sector. According to the National Development Plan that “South Africa needs faster growth and more inclusive growth” which can be achieved by “reducing regulatory burden on small businesses” amongst other things (NPC, 2012 p. 109).

Idem, Ikpeze, Anwana, Olipede & Ogundele (2022) examined the role of the existing legal and regulatory frameworks that governed establishment and promotion of SMMEs in Nigeria, utilising secondary and tertiary data. They found that the SMMEs in Nigeria suffered from a high failure rate due to high taxes and a cumbersome legal environment. Alabi, David and Aderinto (2019) found that the existing government policies were an important mechanism for the growth and development of SMEs operating in southwestern Nigeria. Alabi et al. (2019)

suggested that in order for SMMEs to thrive and flourish, the Nigerian government needed to reform its existing legal and regulatory frameworks to meet acceptable global standards.

The study conducted by Nyarku & Oduro (2018) on the effect of the legislative frameworks on SMMEs' growth in Ghana revealed that bureaucracy, excessive red tape, maladministration, an unfriendly policy environment, complex customs, labour policies, trade policies, complex multiple taxes, and credit policies impacted adversely on SMMEs' growth. According to their findings, the inflexibility of the labour laws also imposed a burden on SMMEs. As a result, SMME owners and managers could become hesitant to capacitate employees through training and development, and this could lead to poor productivity and organisational profitability.

Musabayana, Mutambara & Ngwenya (2022) assessed the influence of Zimbabwe's policies on the performance of SMMEs in Zimbabwe and found that government had designed good policies to stimulate the SMMEs' performance, but the problem lay in communication and implementation of the policies; hence, their impact was very insignificant. The poor performance of the Zimbabwean SMMEs also stemmed from the lack of government support for the policies that encouraged the advancement of SMMEs.

Nieuwenhuizen (2019, p. 665) conducted a study on the effect of regulations and legislation on small, micro, and medium enterprises in South Africa and revealed that *"the regulatory environment and related legislation and compliance were identified as primary inhibitors of business start-up and growth"*. The findings indicated that excessive red tape regarding compliance with most of the regulations is a key obstacle to the growth and prosperity of SMMEs. Nieuwenhuizen's (2019) study also demonstrated that existing policies and regulations benefit the government and have less impact on employment generation and economic growth. The study further suggested that in order to tackle the high failure rate of enterprises, the government should create a favourable business environment that encourages SMMEs' growth and development without political intervention.

During data collection, this study revealed that one of the challenges is that most SMMEs fail to comply with policies and that there is a problem with the government imposing stringent policies. This lack of compliance has curtailed the growth and development of SMMEs and resulted in a high SMME failure rate. The government has created and adopted various policies to guide, govern, and support the growth and development of small enterprises South Africa.

All SMMEs therefore need to adhere to and comply with the government's policies for development, expansion, profitability, and competitiveness. However, some of this study's participants indicated that the regulatory environment and policies have adverse impact on the performance the SMMEs operating Umkhumbane Entrepreneurial Support Centre. Below are some of the responses from the participants related to their about impact of the policies and regulatory frameworks on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre:

They are there obviously to try to be a guide for businesses; how to conduct themselves, how to follow proper processes and procedures. At the same time, policies are there to minimise or protect employees from exploitation.

Other interviewees alluded to the notion of failing to comply with regulations, which led to many businesses in the Umkhumbane Entrepreneurial Support Centre being closed down. For example:

Most SMMEs, they do not comply with legal frameworks. Nonetheless, policies are the backbone of governing the sector.

Sometimes these legislations... .. sometimes are a hinderance, but they are necessary to be there to regulate SMMEs.

In reality, for SMMEs, it is very difficult to comply with those industry regulations. As result, you find out in the manufacturing sector [textile factories] here in Durban are being closed down by bargaining council because they are they not complying with industry regulations. So that really hinders the growth of businesses.

Some of the polices we do comply, but some not. Whether you like it or not you cannot comply fully with some of the legal frameworks. The problem with government is imposing stringent policies [UIF] that also hinder SMMEs.

The SMME sector is universally recognised as an effective tool for improving the national economy through job creation, poverty reduction, and addressing income inequalities. The

government, through the Department of Trade and Industry, has thus put numerous policy interventions and strategies in place to support small businesses. These include the introduction of the White Paper in 1995 on the national strategy for the development of small businesses and the *Small Business Act No. 102 of 1996*, which provide a conducive environment for the development and prosperity of SMMEs in South Africa.

The SMME sector is universally recognised as an effective tool for the national economy through employment, poverty reduction, and addressing income inequality. South African government, through DTI, has thus put numerous policy interventions and strategies in place to support small businesses. These include the enactment of *National Small Business Act 102 of 1999*, which provide a conducive environment for promotion and prosperity of the country's SMMEs.

Notwithstanding the shortfalls identified in the SMMEs in this study, the government has also failed to attain its own goals of creating a favourable business environment for the sector (Botha et al., 2021). This has exacerbated the fact that SMMEs have been unable to create jobs and economic growth as expected. There have been numerous government interventions over the years, but the SMMEs have failed to achieve their full potential for socio-economic growth and development. Douglas & Pejaska (2017) indicated that regulation has hampered business growth in the sector as the various policies have actually stifled the South African SMMEs. The findings of this study therefore corroborated those of Nyarku & Oduro (2018), who found that the legal and regulatory frameworks have hindered SMMEs' growth and prosperity. Eniola & Entebang's (2015, p. 238) findings regarding the relationship between government policies and small, micro, and medium enterprises' performance in Nigeria also showed that "*SMMEs face many challenges, such as government policy, which affect their performance in Nigeria*".

The findings of this study thus corroborated previous studies that found that government policies are sometimes unfriendly towards SMMEs' growth and development and that such unfriendliness does not create a conducive environment for enterprises to flourish. Moreover, these findings showed that most of the SMMEs do not comply with the government's legal frameworks, especially the labour-related policies such as the Unemployment Insurance Fund Act and the Skills Development Act.

6.7 Chapter Summary

This Chapter has presented, analysis, and interpretation of the data collected during the fieldwork. The data collected was analysed using thematic analysis, and themes and sub-themes were created. During the course of the fieldwork, the researcher discovered that most of the SMMEs located in and supported by the Umkhumbane Entrepreneurial Support Centre were survivalists. Most of them employed a few low-skilled people, the majority of whom were women and youths from Umkhumbane Township and the neighbouring areas.

In addition, the study discovered that numerous factors affected the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. It was noted that insufficient access to credit from money-lending institution, technical know-how of doing business, and inadequate support from government supporting agencies were significant factors that impacted the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. However, the most significant obstacle faced by the majority of the SMMEs was their inability to access external funding from moneylending institutions. This contributed immensely to the alarming failure rate of SMMEs located in the Umkhumbane Entrepreneurial Support Centre in particular and in South Africa in general.

This study further revealed that despite the alarming failure rate of many of the SMMEs in the Umkhumbane Entrepreneurial Support Centre, SMMEs still had the potential to contribute to the country's economy as they did create employment, reduce poverty and inequity, and create inclusive and equitable wealth distribution. The following chapter provides the study's conclusion, recommendations are provided based on data presented. These are discussed and analysed in the chapter

CHAPTER SEVEN: GENERAL CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

This chapter presents the conclusion and recommendations following the findings and the discussions postulated at the beginning of the study on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. The conclusions and recommendations are derived from the literature reviewed, and findings from the study which was guided by research objectives, and qualitative exploratory research approach. This chapter provides a brief synopsis of all previous chapters.

The South African government has introduced policies such as the *White Paper on the National Strategy for the Development and Promotion of SMMEs in South Africa* in 1995 and the *National Small Business Act 102 of 1996* to serve as instruments to support the development and growth of SMMEs. This is because the SMME sector is seen as an engine for employment creation, poverty reduction, and inclusive wealth distribution. However, numerous factors have limited the growth and prosperity of SMME in the Umkhumbane Entrepreneurial Support Centre. Insufficient access to credit, financial illiteracy among SMME owner-managers, lack of training and capacity building, inadequate government support, an unfriendly legal frameworks, lack of ICT adoption, crime, the COVID-19 pandemic and inconsistent power supply have been identified as the factors responsible.

It is important to highlight that the conclusions drawn in this study are based on the objectives of the study, which were detailed in the preceding chapters, and semi-structured interviews responses, which sought to achieve the objectives of the study. The limitations of the study are presented, with the purpose of coming up with recommendations for future research. The chapter also makes recommendations that have relevance as they are applicable to SMME practitioners and policymakers.

The main aim of the study was to evaluate the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. The study was conducted under the jurisdiction of eThekweni Metropolitan Municipality in KwaZulu Natal. Thus, it should be noted that as the study focused on Cator Manor Area Based Management Unit (ABM) in the eThekweni

Metropolitan Municipality. The researcher conducted fifteen (15) interviews with various stakeholders. As mentioned previously, semi-structured interviews were employed in data collection. The collected data was audio-recorded, transcribed, coded, and then analysed using qualitative thematic data analysis.

7.2 Restatement of the Research Objectives and Research Questions

The main objective of the study was to evaluate the performance of the SMMEs located Umkhumbane Entrepreneurial Support Centre using the constructs from the Penrose resource-based view theory as well as the experiences and perceptions of the participants on the subject under investigation. Thus, the research questions and research objectives were stipulated in Chapter One. Table 7.1 below restates the research questions and research objectives of this study.

Table 7.1: Restatement of the research questions and research objectives

	Research Questions	Research Objectives
1	What are the activities of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre and how do they contribute to the economy ?	To evaluate the various activities and contributions made to the economy by the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre.
2	To what extent do internal and external factors influence the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre?	To examine the extent to which both internal and external factors influence the performance of the manufacturing sector SMMEs in Umkhumbane Entrepreneurial Support Centre.
3	What role do the institutions that support the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre have and how does this impact the performance of these manufacturing sector SMMEs?	To investigate the role of the institutions that support the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre and the effect they have on the performance of these SMMEs.
4	What impact do the legislative frameworks and policies have on the performance of the manufacturing sector SMMEs located in the Umkhumbane Entrepreneurial Support Centre?	To identify and assess the impact of the legislative frameworks and policies on the manufacturing sector SMMEs in the the Umkhumbane Entrepreneurial Support Centre.

7.3 Summary of the Chapters

Chapter One: This chapter provided an overview of the study and emphasised the significance and contribution of SMMEs to the economic development of South Africa. The chapter noted that, although South Africa has numerous legislative frameworks and programmes that provide a favourable business environment to facilitate the development and promotion of SMMEs, the SMMEs have not yielded the expected results, and this requires urgent attention from all stakeholders. The chapter showcased the challenges and difficulties faced by these SMMEs as a result of the persistently high rate of unemployment, poverty, and socio-economic inequalities.

The chapter provided the cornerstone for the study with the provision of the research problem and the formulation of research questions with which to achieve the study objectives. The chapter provided the research questions and objectives. The study's first research objective was to evaluate the various activities and contributions made to the economy by the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre. The second research objective was to examine the extent to which both internal and external factors influenced the performance of the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre. Research objective three was to investigate the role of the institutions that support the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre and the effect they have on the performance of these SMMEs. The fourth research objective was to identify and assess the impact of the legislative frameworks and policies on the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre.

Chapter Two: This chapter started with an elucidation of the theoretical framework that underpins this study. The study was guided by the Penrose resource-based view (RBV) theory and evaluated the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. The RBV theory argues that the success of an organisation is based on its capacity to identify new ways of doing business, adopt and exploit new technologies, and offer superior products and services in the market in comparison to its competitors. The RBV theory (the source of the competitive advantage concept) was presented in detail, looking at the genesis of the theory, seminal studies on RBV, and the tenets of the theory. A critical analysis of the theory and justification for the selection of this theory were provided.

The chapter also presented a global overview of the SMME sector in both developed and developing economies. The chapter provided the international definition and classification of SMMEs and described the role and contribution of SMMEs in developed and developing countries. Lastly, the chapter highlighted the role of SMMEs in various nations, which included job creation, poverty alleviation, innovation, and the reduction of spatial disparities, all of which led to the improvement of communities' livelihoods.

Chapter Three: The third chapter presented a contextual perspective on the SMMEs in South Africa. It began by providing a brief overview of the development of small businesses in South Africa. It has also looked at the role and contribution of SMMEs to country's economy. Furthermore, it identified and examined the factors affecting the performance of SMMEs in the country. The literature has shown that SMMEs are the cornerstone in addressing socio-economic challenges such as unemployment, poverty poverty. However, the challenges lead to high failure rate of SMMEs which alarming unemployment, poverty as a result. The chapter also looked at the government's supporting institutions that play a crucial role in facilitating the promotion and development of SMMEs in South Africa.

Chapter Four: The fourth chapter provided the legislative frameworks and policies that govern and regulate SMME sector in South Africa. The chapter outlined several relevant directives that were adopted by the government to facilitate the promotion and growth of SMMEs in the country.

Chapter Five: This chapter explained the research methodology in detail as well as the paradigm employed in this study. This study used a qualitative research methodology and research strategy where the case study approach was adopted; hence, the study was exploratory and inductive in nature. The Umkhumbane Entrepreneurial Support Centre was selected as the case study, with a population of informed stakeholders targeted to answer the research questions. The chapter went on detail the data collection technique and instruments employed in the study, and the researcher conducted 15 semi-structured interviews with informed participants to achieve the objectives of the study. Lastly, the chapter concluded by highlighting the ethical considerations for the study.

Chapter Six: The chapter presented a well-narrated discourse of the different themes that emerged from the data. The chapter also employed tables and matrices to present the data. Data

was collected from various informed participants to evaluate the experiences and perceptions of the population on the performance of the manufacturing sector SMMEs based in the Umkhumbane Entrepreneurial Support Centre. The findings of the study indicated that the sector had the potential to address the challenges of unemployment and poverty, but it needed the government to create a more enabling environment for SMMEs. SMMEs could contribute immensely to the economic development of the nation (indeed, any country), and to individual prosperity.

However, various challenges continued to serve as obstacles to the SMMEs in the eThekweni Metropolitan Municipality, despite the legislative frameworks and programmes already established by the government to facilitate the growth and prosperity of the sector. These challenges included a lack of funding, financial illiteracy, a lack of information, a lack of access to research to improve operations, a lack of access to technology, a lack of training and development, customer service, a lack of support from the government, poor financial recordkeeping, stiff competition, the COVID-19 pandemic, an inconsistent power supply, crime, corruption, an excess of legal red tape, and a lack of working space. As result, the high failure rate of the SMMEs in business incubator as a result of these challenges has exacerbated the persistent unemployment, poverty, and inequality in the surrounding community.

Additionally, the poor performance of these SMMEs has led to slow economic growth and numerous socio-economic development challenges. Despite considerable interventions by the government and other actors to facilitate the promotion and development of SMMEs, the growth and prosperity of the SMMEs in Umkhumbane Entrepreneurial Support Centre were still threatened. It was also noted that the stiff competition posed by the influx of Chinese goods, particularly in the textile and clothing industries, contributed to the failure of the locally owned SMMEs in South Africa.

The frameworks and policies are not necessarily being implemented at the local level and the councillors not working effectively to help the SMMEs; and this make it very burdensome and hostile towards the growth of SMMEs. To make matters worse, current legislative provisions have failed to provide conducive environment for SMMEs and startups. The DSBD and other entities whose role it was to support small businesses and cooperatives were compromised due to the inability of the SMME sector to grow and develop, and South Africa was consequently characterised by a high business failure rate.

Chapter Seven: The current chapter outlined the summary of the findings and conclusion of the study. The chapter began with an introduction and re-statement of the research objectives and research questions of the study. This was then followed by a summary of the chapters for the entire thesis. This chapter provided the conclusion based on the study findings and the presented the recommendations. In addition, the researcher discussed the study limitations, and suggestions for further were made thereafter.

7.4 Summary of the Findings and Conclusions

The section discusses the research findings and draws conclusions. The study had four research questions and objectives which aimed to unpack and ascertain the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. The findings responded to The research questions and achieved the research objectives of the study. The data collected presented as per the main themes that emerged following thematic analysis. Detailed discussions were provided on each theme that emerged, and these included references to the existing literature review and the document analysis that was conducted. These discussions are summarised below and conclusions are drawn.

7.4.1 Research question and objective one: Evaluation of the activities and contributions made to the economy by the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre

The first question sought to ascertain the activities and roles of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre. The study demonstrated that this entrepreneurial support centre is a manufacturing sector business incubator aimed at providing a space for branding, furniture making, aluminum, welding, glazing, chemical, dressmaking, and clothing businesses. It was observed that SMMEs have the potential to provide economic growth, jobs, innovation, and reduce poverty in the surrounding community. The participants were aware that SMMEs play a major role in creating jobs and that that improves the standard of living in the surrounding community.

One of the most significant findings to emerge from this study was that communities are able to buy basic needs to support their households to some extent because of the existence of these SMMEs. The Umkhumbane area is, however, characterised by high levels of unemployment, poverty, inequality, and illiteracy. There is thus a need for the development and promotion of

small businesses by eThekweni Metropolitan Municipality. The main benefit of the promotion and development of SMMEs will be the creation of more employment opportunities and the transfer of skills to reduce unemployment and poverty and improve the welfare of the local communities.

Research Findings

The study provided insight into understanding the role and contribution of SMMEs in the eThekweni Metropolitan Municipality. It has been concluded that there is general consensus among the participants that the existence of small businesses is the key economic development of the city, and they play a vital role in improving the livelihoods of the local communities by creating employment and reducing poverty. They also feel that the Umkhumbane Entrepreneurial Support Centre cannot contribute significantly to the city's 2030 objectives because of the municipality's inconsistent support of SMMEs. The participants feel that there is an urgent need to address the high levels of unemployment and poverty in the eThekweni Metropolitan Municipality. The findings contributed to a similar understanding of the role and contribution of small businesses around the world in the body of existing literature. The study also suggested that the full involvement of all relevant stakeholders is crucial in facilitating the promotion and development of SMMEs in the eThekweni Metropolitan Municipality. Thus, the best remedy for economic development, employment, and poverty eradication in any nation is the promotion of more entrepreneurial activities and the expansion of the existing SMMEs.

Table 7.2: Summary of research question and objective one, emergent themes, and the literature

Research Question One	Emergent Themes	Interaction with the Literature	Sources
<p>What are the activities and role of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre (UESC) and how do they contribute to the economy?</p>	<ul style="list-style-type: none"> • The centre helped the local community by teaching them skills such as upholstery work, welding, printing, sewing, and woodwork to earn a living. • SMMEs contributed immensely to the economic development of the eThekweni Metropolitan Municipality and South Africa. • The UESC was a municipal business incubator that provided access to working space and capacity-building in terms of skills provision for SMME owners and staff located in Umkhumbane and the surrounding areas. It focused mainly on the manufacturing sector. • A lot of the businesses operating there employed local people and addressed poverty and unemployment by bringing in people who were unskilled and poorly skilled and equipping them with skills. 	<ul style="list-style-type: none"> • The manufacturing sector was one of the fastest-growing industries and included chemical production, furniture making, glazing, textiles and clothing, printing, welding, paper, and pulp. • The manufacturing sector was one of the leading employers and contributed significantly by employing unskilled and low-skilled workers to reduce unemployment and inequality. • The manufacturing sector SMMEs were a major source of employment, contributed significantly towards the country's GDP, minimised societal inequalities, and was a major source of innovation and new products. • The manufacturing sector SMMEs contributed significantly by employing an unskilled and low-skilled workforce. • Manufacturing sector SMMEs contributed significantly to the GDP in most economies and 	<ul style="list-style-type: none"> • Mdlalose (2019) • National Development Plan Vision 2030 (RSA, 2012) • Allen, Asmal, Borhat, Hill, Monnakgotla, Oosthuizen & Rooney (2021). • Borhat, Asmal, Lilenstein & Van der Zee (2018) • Revised Strategic Plan of the Small Business Department (Department of Small Business, 2017) • Herrington & Kew (2016) • Zhou & Gumbo (2021) • Natrass & Seekings (2013) • Hoque & Koali (2021) • Economic survey report, (OECD, 2013) • Ayindibu & Houghton (2017) • Schirmer & Visser (2021) • Ngibe & Lekhanya (2019) • Leisegang (2021)

	<ul style="list-style-type: none"> • The role of this centre was the creation of a conducive environment for production of locally based products and job creation. • SMMEs were the cornerstone of employment creation. • The centre played a critical role by providing training in various trades and thus addressed unemployment and poverty. 	<p>were usually a major source of employment.</p> <ul style="list-style-type: none"> • Manufacturing sector SMMEs (mostly in the textile and clothing industries) were labour-intensive and the largest employer of youth and women. 	
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Researcher's perspective (2023)

7.4.2 Research objective and question two: Factors affecting the performance of SMMEs Umkhumbane Entrepreneurial Support Centre

The second research question examined the factors affecting the the performance of SMMEs in Umkhumbane Entrepreneurial Support Centre. The findings of the current that there are various factors affecting the performance of small businesses in this entrepreneurial support centre in particular and in South Africa in general. This objective, as indicated by the findings, has been achieved. The study indicated that there are various internal and external factors impacting the performance of the SMMEs, namely: credit inaccessibility; financial illiteracy; lack of information; research capabilities; access to technology; training and development; marketing skills; customer care; support from the government; and the presence of stiff competition from market competitors; the COVID-19 pandemic; an inconsistent power supply; crime and corruption; and a lack of working space.

This study also found that the inability to access credit and a lack of training and failing to get loans as a capital and lack of training/capaity-bilding prgrammes are major obstacles to the development and prosperity. The majority of SMMEs are unable to survive and expand at an early stages because of these obstacles. Here, most of the study participants indicated that there is too much government red tape when establishing SMMEs and too many stipulations when they try to approach banks for credit. They have to have collateral as security for loans, proper financial records, proper business plans, and provide accurate information on the size of their business. The owners and managers lack the know-how to prepare these records, so essentially, the findings show that the SMMEs in the Umkhumbane Entrepreneurial Support Centre are unable to obtain funding support from money lending institutions. This has had a negative effect on the city's efforts to achieve its 2030 vision of being the most caring and liveable city in Africa. These findings also corroborated the findings of other scholars. Importantly, the elevated unsuccess rate of SMMEs has increased unemployment, poverty, and inequality to alarming levels in the eThekweni Metropolitan Municipality.

Research Findings

The study has provided insight into the factors affecting the performance of SMMEs in the into

Into the factors affecting the performance of SMME in Umkhumbane Entrepreneurial Support Centre. The research findings have shown that the poor performance of these SMMEs is caused by several factors, namely: their inability to access credit; financial illiteracy; lack of information; lack of research capabilities; lack of access to technology; lack of training and development; lack of marketing skills; lack of customer care; lack of support from the government; stiff competition from market competitors; the COVID-19 pandemic; an inconsistent power supply; crime and corruption; and a lack of working space. The majority of the participants revealed that the inability to access credit and the lack of training and development are the major factors affecting the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. Examination of the factors affecting the performance of SMMEs in the Umkhumbane Entrepreneurial Support Centre has shown that banks and other financial institutions lack the desire to provide meaningful support to small enterprises.

The narratives indicated that as most of the SMMEs are survivalist, they are unable to meet the stringent requirements for collateral, business plans, and adequate business records required to secure loans. Moreover, mistrust of the SMMEs is prevalent and the banks are more trusting of large firms that are more likely to meet their stringent loan requirements. This mistrust means that the banks do not want to assist small businesses as they pose too much of a financial risk. The situation is characterised by intolerance, bureaucracy, prejudice, and partnership through fear, which makes it difficult for the promotion and development of SMMEs to occur. A policy document should, therefore, be formulated and introduced to relax some of the burdensome regulations applied by the banks to the SMMEs. The red tape involved in applying for credit should be reduced and running of the financial institutions should be devolved in order for start-ups to feel free to apply for finance without fear of being considered as risky or rejected. Furthermore, there should be mechanisms to monitor and regulate the sector to eliminate the challenges that lead to the high failure rate of the SMMEs.

Table 7.3: Summary of the research question and objective two, emergent themes and the literature

Research Question Two	Emergent Themes	Interaction with the Literature	Sources
<p>To what extent do internal and external factors influence the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre?</p>	<ul style="list-style-type: none"> • SMMEs cannot access credit. • Training is key in enhancing the skills of owner and manager • The lack of proper market research and proper costing to ensure that the businesses can operate profitably. • Government red tape is a limiting factor that hinders the establishment, progress, and growth of SMMEs. • Most SMMEs lack technological skills. • Some businesses have not been able to recover from the COVID-19 pandemic. • Banks need good financial recordkeeping, business plans, and collateral in order to give you a loan. • The issue of poor power supply is one of the major issues affecting small businesses. • Government needs to relax some of the regulations and red tape that hinder the 	<ul style="list-style-type: none"> • Training plays a crucial role towards the development and growth of enterprises. • Lack of access to finance and credit is the biggest challenge for small businesses. • SMMEs still face problems in accessing credit due to their inability to provide collateral for loans. • The advent of the COVID-19 pandemic curtailed all businesses, irrespective of their size. • The government policies in South Africa hinder SMMEs. • The government should provide clear guidelines and criteria for SMMEs in order for them to access various services from supporting agencies. • Inability to access the market is a major factor threatens the growth and sustainability of SMMEs • An increase in the number of immigrants' businesses has 	<p>Dladla & Mutambara (2018) Ndayizigamiye & Khoase (2018) Njiro & Compagnoni (2010) Nxele & Hoque (2023) Mazanai & Fatoki (2012) Bhorat, Asmal, Lilenstein, & van der Zee, (2018)</p> <p>Selelo, Madigele, Ntaka & Moetedi (2017).</p> <p>Nieuwenhuizen (2019) Khoase, Derera, McArthur & Ndayizigamiye (2020) Bimha & Bimha (2021) Rajagopaul, Magwentshu & Kalidas (2020) Kunene, Mashau & Nyawo (2022) Small Business Institute (2018). Herrington & Coduras (2019); Williams, Martinez-Perez & Kedir (2016). Gebre, Maharaj & Pillay (2010) Chimucheka & Mandipaka (2015) Nyathi (2021)</p>

	<p>establishment and growth of small businesses.</p> <ul style="list-style-type: none"> • More investment is needed in research and development. • More innovation and technology are needed because everything nowadays is technologically driven. • Working space is vital because businesses can be productive and compete with other businesses in the market. • Many businesses were really badly affected by the looting. • Chinese imports in the textile and clothing industries have created stiff competition for local businesses. 	<p>adversely impacted on local businesses.</p> <ul style="list-style-type: none"> • Business regulations need to be reviewed and reformed frequently to create a conducive environment for SMMEs. • Various forms of crime hinder entrepreneurial activities and slow business development and economic growth down. • High-quality infrastructure such as a transport system, telecommunications, a water supply, working space, and an electricity supply leads to SMEs' growth. • Businesses incur additional costs to fight crime and corruption due to the cost of insurance and security measures. 	
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Researcher's perspective (2023)

7.4.3 Research question and objective three: Supporting institutions' role and impact in assisting SMMEs in the Umkhumbane Entrepreneurial Support Centre

The aim of this research question and objective was to assess the role of the supporting institutions and their impact on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. The government has established various institutions, such as the Department of Small Business Development, the Small Enterprise Development Agency, the Small Enterprise Finance Agency, the National Empowerment Fund, the National Youth Development Agency, and the Department of Trade and Industry, since the demise of apartheid, with the aim of facilitating the promotion and growth of SMMEs in South Africa (van Staden, 2022). The role of these institutions is to support existing businesses as they grow and expand.

However, this study has shown that although there are supporting agencies in South Africa with the aim of supporting SMMEs, there is a lack of coordination between these governmental supporting institutions and small businesses. This was witnessed as another challenge leading to the inability of small businesses to access governmental support. There is a disconnection between the government institutions and the SMMEs, and this has resulted in incessant conflict, mistrust between the relevant stakeholders, and a stalling of development. Some of the participants revealed that some of the challenges emanated from incompetent government officials, red tape, and a lack of political will among the stakeholders. As a result, the majority of the participants highlighted that SMMEs are not benefitting from these institutions at all. Taken together, these findings suggest that there are government institutions and agencies aimed at supporting and facilitating the promotion and development of SMMEs; however, small enterprises are unable obtain support from them.

Research Findings

Overall, this study assessed the role of supporting agencies and the impact of their support on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre and concluded that their support is inadequate. It was noted that there is a disconnection between government institutions and small businesses. The impression of the support provided by these supporting institutions to the SMMEs in the Umkhumbane Entrepreneurial Support Centre is thus that it is a mirage. The general feeling among the stakeholders is that small businesses do

not benefit from these institutions at all. The government needs to implement monitoring and evaluation mechanisms that can assess the effectiveness of its supporting institutions and how they actually assist the SMMEs. Without monitoring, the government's supporting institutions will have excess red tape, duplication of programmes, support from the government will remain non-existent, public officials will remain corrupt, and the SMMEs will remain hampered by administrative burdens.

The general finding of the study was that appropriate monitoring and evaluation of the government's supporting institutions could significantly improve the performance of small businesses. It was revealed that the government also needs to employ ethical, competent, and determined officials in these agencies. The study thus recommends that these supporting institutions efficiently and effectively design human resource capacity-building programmes aimed at achieving the desired organisational goals and enhancing employees' performance. The study suggests that capacity-building programmes for the employees be vigorously pursued. There is also a great need for continuous capacity-building programmes that take cognisance of the significance of skills development in public sector institutions. Additionally, all of the government's supporting institutions need to work together to ensure a concerted effort to support SMMEs. The government needs to intervene and provide adequate support to SMMEs in partnership with the private sector. This will increase the growth and productivity of the sector and help the SMMEs to contribute profoundly to economic growth.

Table 7.4: Summary of the research question and objective three, emergent themes, and the literature

Research Question	Emergent Themes	Interaction with the Literature	Sources
<p>What role do the institutions that support the SMMEs located in the Umkhumbane Entrepreneurial Support Centre have and how does this impact the performance of these SMMEs?</p>	<ul style="list-style-type: none"> • The Umkhumbane Entrepreneurial Support Centre falls under the auspices of the eThekweni Business Support, Tourism, and Markets Unit. • TIKZN, SEDA, and SEFA provide training for start-up businesses. • The core mandate of the IDC is to fund businesses. • The NYDA assists SMMEs in terms of understanding the basics of how to run their businesses. • There is much red tape when making an application for funding. • The DTI focuses on foreign direct investment and domestic investment. • There is a disconnection between the government and 	<ul style="list-style-type: none"> • Government has taken various measures to support SMMEs in South Africa. • Failure and closure rate of SMMEs are still high despite the availability and existence of numerous government support institutions. • Both public and private supporting institutions offer a variety of services to SMMEs. • The government should understand each sector and industry and the specific challenges that entrepreneurs face in the different sectors and industries. • The establishment of various agencies and programmes shows that the government is fulfilling its mandate to promote SMMEs. • Inadequate support from the government and the reluctance of financial institutions to grant loans and 	<p>Ndayizigamiye & Khoase (2018)</p> <p>Kelly (2018)</p> <p>Nxele & Hoque (2023)</p> <p>Cant (2016)</p> <p>Rungani (2022)</p> <p>Mbinda (2016)</p> <p>SEDA (2020)</p> <p>DTI (2014)</p>

	<p>small businesses on the ground.</p> <ul style="list-style-type: none"> • Small businesses do not receive any support from the government institutions. • Small business owners did not receive any help with creating business linkages and networking. 	<p>aid to businesses are further challenges to SMMEs' growth.</p>	
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Researcher's perspective (2023)

7.4.4 Research question and objective four: The impact of the legislative frameworks on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre

One of the most important events of the 1990s was the advent of a democratic government in South Africa. The democratic government has various formulated and implemented regulations and policies to stimulate SMMEs. Legislation such as the *White Paper on the National Strategy for the Development and Promotion of Small Business* and the *National Small Business Act 102 of 1996* have been proclaimed for the promotion and development of SMMEs in South Africa. The purpose of these policies and Acts is to offer a breeding ground for SMME development. Moreover, these Acts aim to provide guidelines for the monitoring, coordination, and review of SMMEs. They provide a framework for policies, principles, norms, and standards for the promotion and growth of SMMEs. In addition, these Acts also aim to address the past imbalances of the apartheid regime and foster inclusivity and uniformity in the application procedures and decision-making bodies responsible for small businesses. The *National Small Business Act 102 of 1996* aims to achieve three main socio-economic goals, namely, the reduction of unemployment, the mitigation of poverty, and the equal distribution of wealth.

The majority of the participants in this study have, however, revealed that enforcement of this legislation has yielded lower results than what is envisaged. The study has shown that the participants have different views on the impact of the legislative frameworks on the performance of the SMMEs situated in the Umkhumbane Entrepreneurial Support Centre. The study has demonstrated that although there are policies that provide guidance and support for the development of SMMEs, the sector is unable to fulfil its obligation to combat the unemployment and poverty in South Africa. As a result, the majority of participants concur that government's policies are unfriendly towards SMMEs and that such unfriendliness does not create a business friendly environment for enterprises to flourish.

Although the legislative frameworks and programmes are aimed at economic reform and specifically to give effect to the goals of addressing the economic disparities within the South African borders, some of the participants in the study have highlighted that policy and tax compliance are major challenges. This is a result of the fact that most SMMEs do not comply

with the policies, and the problem is that the government has imposed stringent policies. Overall, these findings support the assertion of Nieuwenhuizen (2019); that compliance and legal frameworks curtail the establishment and prosperity of SMMEs. Furthermore, the study has indicated that numerous policy interventions and programmes have been implemented by government to assist SMMEs since 1994. However, the SMMEs have yielded lower results than expected.

Research Findings

Upon examination of the impact of the legislative frameworks on the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre, this study established that there are indeed specific policies and Acts aimed at providing a conducive environment for small enterprises. It was revealed that although the policies play a major role in guiding and governing SMMEs, there has been continuous concern by the business owner-managers that these policies actually affect negatively the performance of SMMEs due to their non-compliance with the policies.

The majority of the participants revealed that most SMMEs are unable to comply with these unfriendly policies. The government has therefore failed to achieve its obligation to support, stimulate, and empower SMMEs. The findings generally suggest that there is an urgent need for the collective engagement of various stakeholders to remodel or relook at these policies in order to provide a conducive environment for the development and promotion of SMMEs. Lastly, the government should focus on reducing the onerous process (red tape) that hinders SMMEs' growth and development.

Table 7.5: Summary of the research question and objective four, emergent themes, and the literature

Research Question	Emergent Themes	Interaction with the Literature	Sources
<p>What impact do the legislative frameworks and policies have on the performance of the SMMEs located in the Umkhumbane Entrepreneurial Support Centre?</p>	<ul style="list-style-type: none"> • The policies and legal frameworks aimed at supporting small businesses. • Some of the policies are complied with but others are not. • Lots of the policies in place are detrimental to small businesses. • These policies play a critical role because they protect and regulate the communities. • Most SMME owners and managers do not understand the policies that are in place and compliance is a challenge. 	<ul style="list-style-type: none"> • The <i>White Paper on the National Strategy for the Development and Promotion of Small Business in South Africa</i> is aimed at addressing the barriers faced by South African SMMEs. • The regulations and policies are aimed at supporting business creation and growth. • An enabling legal and regulatory environment should be encouraged. • South African labour laws are regarded as a limiting factor for business growth. • Regulatory reforms are needed to reduce the red tape and promote support for entrepreneurship in South Africa. • Compliance is very cumbersome and costly for emerging businesses. • The government needs to ease the taxation and tax 	<p>DTI (1995)</p> <p>OECD (2015)</p> <p>Musara & Gwaindepi (2014)</p> <p>Herrington, Kew, & Kew (2014)</p> <p>Meyer (2015)</p> <p>Nieuwenhuizen (2019)</p> <p>Bhorat, Asmal, Lilenstein, & van der Zee, (2018)</p> <p>Khoase, Derera, McArthur & Ndayizigamiye, (2020)</p> <p>Herrington & Coduras (2019);</p> <p>Sibiya & Kele (2019)</p>

		<p>compliance burden on SMMEs.</p> <ul style="list-style-type: none">• The significance of government regulations for SMME development is acknowledged worldwide.	
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Researcher's perspective (2023)

7.5 Significance of the to the Body of Knowledge

This study has provided a deeper understanding of the South Africa small business environment has elaborated on the significance of stimulating the development of SMMEs. The study utilised the case study of the Umkhumbane Entrepreneurial Support Centre in the eThekweni Metropolitan Municipality, South Africa. The data collected has revealed that the SMME sector has not produced the expected contribution to the country's economy, so the government's legislative framework has not has the desired effect. This dilemma has exacerbated the three longstanding problems in South Africa such as unemployment, poverty, and inequality. The study has therefore proposed that the governemnt modify its policies and programmes in support of the SMME sector. All relevant stakeholders should be engaged in all of the policy-making processes to strengthen the planning, formulation, execution, monitoring, and evaluation of the policies for the SMME sector to ensure its long-term sustainability. This will ensure the long-term sustainability of the Umkhumbane Entrepreneurial Support Centre as well as all other public and privately owned incubation centres in South Africa.

In terms of the socio-economic benefits of the sector for the country, the study has shown that SMMEs have the potential to improve the livelihoods of communities. They can achieve this by creating employment, reducing poverty, transferring skills, embracing and adopting innovative technology, and providing equitable and inclusive economic benefits for the country. Sadly, the findings have revealed that this has not been achieved in Umkhumbane Township, which hosts the Umkhumbane Entrepreneurial Support Centre, and by extension, it has not been achieved in the country as a whole.

Theoritically, the study has contributed to the accomplishment of some of the key priorities of the government, as articulated in the *National Small Business Act 102 of 1996* that facilitates the promotion and development of SMMEs and cooperatives as potential drivers of economic growth, job creation, equality, and innovation in South Africa. However, the sustainability of the sector is problematic, and the government's initiatives show no signs of being effective, sustainable, or beneficial for future generations. This study has contributed towards modifying the government's strategies, particularly those aimed at promoting and developing SMMEs in Southern Africa. It is hoped that the findings of this study will have a positive influence on the policymakers and practitioners involved in policy planning for the SMME sector and the

execution and evaluation of the policies. This study hopes to benefit policymakers and scholars to pay a close look to entrepreneurial development across all spheres of government, as it provides them with knowledge that will equip them to improve the legislation, policies, and programmes for the SMME sector. It is also hoped that this study will prompt the government to make an effort to ensure that all relevant government officials comply with the policies and programmes and provide SMME owners and managers with the support that they need to improve the livelihoods of communities and contribute to the country's GDP.

7.6 Recommendations

The study evaluated the performance of the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre and established that these SMMEs have performed poorly and not contributed to the upliftment of the surrounding community as expected of the SMME sector. Their poor performance is due to various factors. The following recommendations were proposed based on findings supported by literature used for this study:

Strengthening of multi-stakeholder involvement among different parties

First and foremost, the provision of a common understanding of the role and contribution of SMMEs across the globe, namely, job creation, provision of innovation, poverty and inequality reduction, and inclusive and equitable wealth distribution. This study has shown that the SMMEs are not achieving these desired outcomes, and it is therefore suggested that all relevant parties involved in the programmes that promote and develop SMMEs, including local communities, be helped to understand the government's initiatives that are already in place.

The government should not be solely responsible for ensuring the sustainability and survival of the SMME sector, but it must make the issue of its sustainability and survival a priority. This must be done during the initial phase of the policymaking process and during agenda setting. The issue of the SMME sector's sustainability must be outlined and prioritised to increase the chances of SMMEs' survival. There must be proper engagement of businesses, the government, the private sector, the youth, and institutions of higher learning, and relationships must be strengthened in order to increase collaboration and partnerships to deal with a challenge of high failure rate of SMMEs. Such partnerships will yield more positive results and enable SMMEs to grow.

Institutional framework to overcome the high failure rate of the SMMEs in South Africa.

Secondly, the findings have shown that there are numerous factors that hinder the growth of SMMEs in Umkhumbane Entrepreneurial Support Centre. In South Africa, there are several institutions and programmes that are intended to equip SMMEs. However, in the midst of these initiatives, SMMEs still find it difficult to grow and thrive. The study has shown that there are innumerable factors affecting the performance of the SMMEs in the Umkhumbane Entrepreneurial Support Centre. These factors include the inability to access finance; a lack of financial literacy; a lack of information on how to operate a business and conduct market research; inability to access technology, insufficient training and development; outdated infrastructure; inadequate government support; poor financial recordkeeping; stiff competition; the COVID-19 pandemic; the inconsistent power supply; rampant crime and corruption; red tape; and the unavailability of adequate working space.

This study has demonstrated that the biggest challenge for the SMMEs in the Umkhumbane Entrepreneurial Support Centre is inadequate access to loans from banks and governmental organisations because they are regarded as financially risky. Most SMMEs therefore depend on informal financial support, such as their personal savings and borrowing money from friends and relatives as a starting capital. The existing government programmes and initiatives need to be reviewed, evaluated, and reinvigorated on a regular basis in order to check that they are actually working and being utilised by SMME operators. It is therefore recommended that the government's supporting institutions should fulfil their constitutional mandate and actually help SMMEs avoid failure.

A need for effective monitoring and evaluation mechanisms to monitor and evaluate the performance of the government's supporting institutions

Thirdly, a common understanding of the role of supporting institutions is the facilitation of the promotion and development of SMMEs. Officials should perform their functions in accordance with the prescribed policies and act ethically and responsibly. Their performance must be monitored regularly to ensure that they achieve the aims of their organisations and do actually help SMMEs to avoid failure. In addition, the appointment of officials should be based on merit

and be done using transparent processes. This study has indicated that the failure and closure rates of SMMEs are still high, despite the availability and existence of the government's numerous supporting institutions that should be preventing this from happening. Penalties should be imposed for non-compliance and non-performance by these institutions and officials, as they are responsible for the economic repercussions of these failures. If the performance of the supporting institutions is not evaluated, this raises questions about the extent to which the SMMEs are actually benefitting from the government's support and what the consequences are for these institutions if they do not provide the required support. The study therefore recommends that the government's supporting institutions implement viable monitoring and evaluation mechanisms to monitor the performance of supporting institutions and officials and hold them accountable for their actions and omissions. In essence, monitoring and evaluation of performance are crucial components of any organisation, programme, or project.

Amendment of government policies that promote SMMEs in South Africa

Lastly, the literature review of the study revealed that the National Small Business Act facilitates the promotion and development of SMMEs and cooperatives that contributes to inclusive economic growth, equitable wealth distribution, employment creation, and innovation. Parliament has amended this Act since 2003; however, the SMMEs are still failing dismally. Moreover, the study has revealed that most of the policies are burdensome and unfriendly, and that these policies are detrimental to the growth and development of SMMEs.

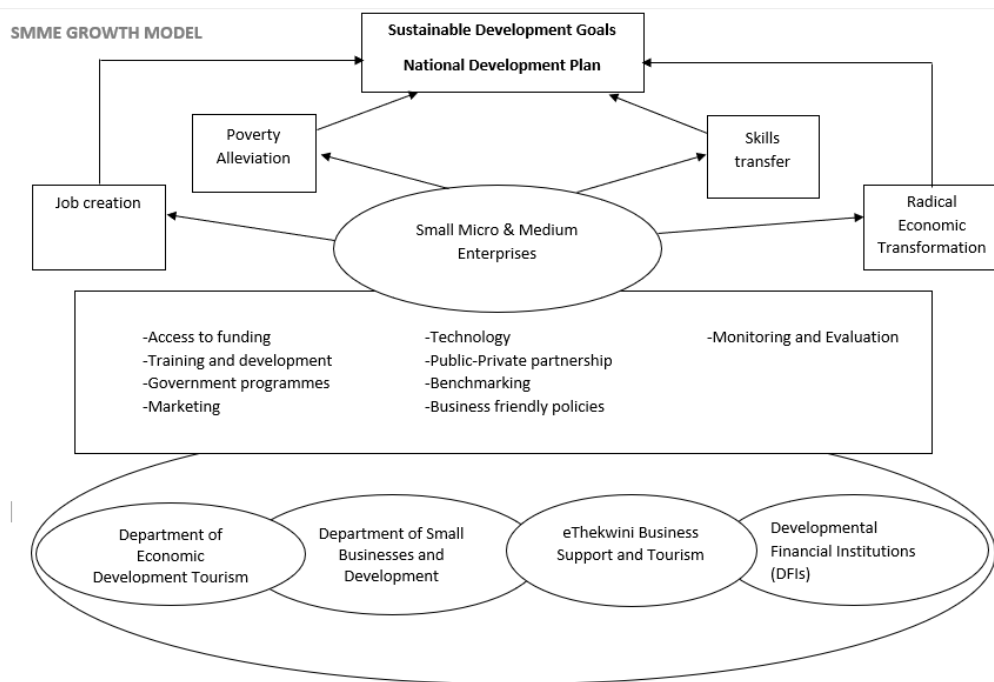
This study therefore suggests that some clauses in these documents be amended with a focus of providing conducive environment for SMMEs. In addition, the government should modify the legislative instruments and resolve any ambiguities. Furthermore, policymakers should focus on designing business-friendly policies to meet the needs of SMMEs. In essence, there is a need for a re-engineering of the legislative frameworks and policies.

7.7 Proposed Model for SMME Growth and Sustainability

This study developed and proposed a model for SMME growth and sustainability, nationally and globally. The proposed SMME growth model has been extracted from data collected in the study supported by an extensive literature. In Figure 7.1 below, key elements and

characteristics for SMME growth model have been identified and included in this proposed model.

Figure 7.1: Proposed model for SMME growth and sustainability



Researcher’s perspective (2023)

Since this was a doctoral study, it was necessary to develop a business growth model that will enhance SMMEs’ development and sustainability, not only in the eThekweni Metropolitan Municipality but also in other municipalities, both locally and globally. The proposed model stresses that a conducive and business-friendly environment is pivotal for the growth and development of SMMEs, for the general welfare of local communities, and for the national economy. SMMEs contribute to job opportunities, poverty reduction, innovation, and skills development. The lesson learned from this study is that the SMMEs in the eThekweni Metropolitan Municipality are struggling to survive, and most of them fail very early on. There is already an excessively high unemployment rate, extreme poverty, and inequality in the municipality. Some of it is historic, but more recently it is because the policies and programmes create employment and reduce poverty have failed and population’s growth has exceeded the government and private sector’s capacity to create employment opportunities in the country’s poor economic climate.

The study has shown that as much as the government is striving to facilitate the promotion of South African small businesses through the enactment and amendment of the *National Small Business Act of 1996*, and other directives, the establishment of various DFIs, and recently the launch of the DSBD in 2014, this has not materialised as the legal environment is too unfriendly and rigid for the SMME operators. Another major cause of the SMME sector's failure is the fragmented nature of the government's supporting agencies and departments that have the mandate to fund and support SMMEs. This has resulted in the staggering failure rate of the SMMEs, meaning that the NDP's goals of reducing poverty and inequality by 2030 by creation jobs will not be realised.

Business-friendly policies and strategies

Ideally, the Acts, policies, and strategies should aim to provide a conducive environment for SMMEs. It was established that policies play a crucial role in guiding and governing SMMEs and that this should contribute positively to the performance of SMMEs and allow them to achieve the desired goals of job creation, poverty reduction, and skills transfer. The Acts, policies, and strategies are unfriendly, though, and the majority of the SMMEs are unable to comply with them. The government must thus adapt its strategies to fulfil its obligation to provide an enabling environment for the development and promotion of SMMEs.

The study's literature review has revealed that the National Small Business Act is supposed to facilitate the promotion of SMMEs and cooperatives so that they can contribute inclusive economic growth, equitable wealth distribution, employment creation, and innovation. However, most of the policies are burdensome and unfriendly, and these policies are detrimental to the growth and development of SMMEs. Nieuwenhuizen (2019, p. 665) on the effect of the regulations and legislation on SMMEs in South Africa, confirmed this when he revealed that "*the regulatory environment and related legislation and compliance were identified as primary inhibitors of businesses start-up and growth*".

Based on the findings of the study, it is clear that the South African SMME sector is overregulated by numerous stringent policies and directives. SMMEs are governed by policies and strategies in all spheres of government, and the revitalisation and streamlining of the policies and strategies in each sphere of government to resolve the issues with them could

create national, provincial, and local government policies and strategies that are more likely to create a breeding ground for sustainability of the SMMEs in the country. Such re-engineering and streamlining could empower the SMMEs to participate more in the mainstream economy, create more job opportunities, and reduce poverty to a greater extent. Despite the current problems with the policies and strategies for enterprise development, it is clear that they have played a somewhat significant role in transforming the SMME sector and have benefitted the previously disadvantaged groups in society

Support from the government's agencies and development finance institutions (DFIs)

The role of the government's supporting agencies DFIs is to facilitate the promotion and development of SMMEs. Officials should perform their functions properly in accordance with the prescribed policies and act ethically. The appointment of officials should be based on merit and be done using transparent processes. The study has indicated that the failure and closure rates of SMMEs are still high, despite the availability and existence of numerous supporting government institutions. Penalties must be imposed on these institutions for non-compliance and non-performance by them and their officials, as their failure to perform has contributed to the failure of the sector.

Over the years, agencies like the DTI, SEDA, SEFA, NYDA, NEF, IDC, and others have played a role in promoting SMMEs in South Africa (Refiloe et al., 2020). The Ministry of Small Business Development came into being in 2014 to support South African SMMEs. According to van Staden (2022), the aim of the ministry is to facilitate the growth of SMMEs in South Africa. These institutions could contribute significantly in helping SMMEs by providing better guidance, capacity-building, information, and business networking opportunities. The model depicted in Figure 7.1 also indicates that the provision of various forms of assistance by DFIs help SMMEs become more sustainable and profitable.

SMME Drivers

SMMEs contribute immensely to national economic growth and to the general well-being of the citizens. However, the findings have revealed that SMMEs in South Africa are failing dismally. A recent study by Loury-Okoumba & Mafini (2021, p. 1) revealed that the *“failure rate of most small to medium enterprises (SMEs) in South Africa remains very high, with up to*

70% of such businesses closing down within the first 5 years of operations". As a result, South Africa is faced with excessive unemployment, poverty, and inequality. The promotion and development of SMMEs are supposed to create employment and transfer skills to combat unemployment and poverty, and improve the welfare of local communities. The study has thus suggested that full involvement of all relevant stakeholders is crucial in facilitating the growth of SMMEs in eThekweni Metropolitan Municipality and according to Ombati & Hirschsohn (2015, p. 277), *"the sustained survival and growth of a firm depends on how a firm relates with its stakeholders"*. To avoid the current challenge of poor performance by the DFIs, the government must employ officials who are actually knowledgeable about SMME development.

Moreover, the study has also suggested that appropriate monitoring and evaluation of the government's supporting institutions could significantly improve the performance of SMMEs. The existing programmes and initiatives need to be reviewed, evaluated, and reinvigorated on a regular basis to ensure that they are achieving their aims. It is therefore recommended that the various supporting government institutions work harder to fulfil their constitutional mandate to support SMMEs. Robust training and skills development programmes must also be implemented to upskill and capacitate the existing government officials, and their performance must be managed. The implementation of robust training and skills development programmes for SMME operators is also suggested.

This model also encourages public-private partnerships to play a pivotal role by empowering SMMEs to help poor local communities sustain and improve their livelihoods. Proper engagement of various stakeholders, such as businesspeople, the government, the private sector, the DFIs, and the higher institutions of learning is vital in order to address the problem of the SMMEs' failures. Such partnerships and engagement will yield more positive results and enable the SMMEs to flourish. The findings indicated that there is duplication or overlapping by supporting agencies when it comes to helping SMMEs in the eThekweni Metropolitan Municipality (and yet they are still not providing sufficient support). These agencies need to be examined, partnerships formed, and benchmarking performed to avoid this duplication of activities and programmes by the DFIs. Transparency regarding each entity's constitutional mandate will reduce the duplication and overlapping of activities. Meanwhile, the study has shown that there is minimal active engagement in policymaking processes in the SMME sector as decision-makers use a top-down approach as the government and imposes

what they think is needed on SMMEs. Therefore, in terms of policy implementation, it is recommended that those who design SMME policies promote information sharing platforms with all relevant stakeholders during the planning, formulation, implementation, monitoring, and evaluation processes. This includes holding meetings with communities, leaders, businesses, service providers, and research and policy institutions to design well-informed policy frameworks.

The RBV theory that underpins this study indicates that firms' growth and sustainability are dependent upon the availability of resources to perform better and gain a sustainable competitive advantage. According to Watiri & Kihara (2017, p. 465), "*these may include physical, financial, human, and organisational resources and confer competitive advantages based on their value, rareness, uniqueness (inimitability), and embeddedness in the organization's fabric*". Possessing adequate physical and financial resources is thus vital for SMMEs' productivity and profitability. Moreover, these will lead companies in the UESC to create better relations with their customers by improving their services and responding timeously to customer needs, which in turn will create their competitive advantage over their competitors. However, the RBV theory focuses on a distinct combination of assets, skills, capabilities, and intangibles in an organisation, hence, the SMME growth model proposes other capabilities and resources, such as access to credit, utilisation of modern technology, training and skills development programmes, benchmarking, marketing, government assistance, public-private partnerships, business-friendly policies, and monitoring and evaluation mechanisms.

7.8 Limitations of the Study

Several challenges were faced by the researcher during this study and ought to be documented. The study was limited to semi-structured interviews with SMME owners and managers with and officials from several institutions under the jurisdiction of the eThekweni Metropolitan Municipality, rather than the entire KZN province. The study sample did not all SMME sector in the eThekweni Metropolitan Municipality, and instead only focussed on the manufacturing sector SMMEs in the Umkhumbane Entrepreneurial Support Centre. This made it complicated for the generalisation of the study findings to entire population of SMMEs from different sectors in KZN. The study experienced time and financial constraints thus limiting the sample size.

The majority of the participants were bilingual and mixed IsiZulu and English during the interviews. Considerable time was required to translate some of the responses into English. Notwithstanding the limitations, the study has the potential to be applied to other municipalities across KwaZulu-Natal and the entire country. Furthermore, the study has made massive strides towards a deeper insight of the importance of SMMEs in the national economy and everyday lives of communities. Lastly, there is a need for future studies to develop further understanding of the performance of SMMEs across all sectors of the economy on various South African municipalities, as this study was only performed in one metropolitan municipality.

7.9 Contribution to the Body of Knowledge

This study makes a significant academic contribution to the body of existing knowledge about the performance of SMMEs in the global contexts, and more specifically in the township settings. To the best of the author's knowledge, no previous study in the context of emerging markets has examined the performance of manufacturing SMMEs in eThekweni Metropolitan Municipality. In addition, this study provides a deeper insight into how SMMEs are performing from the participants' own perspectives, amid turbulent factors affecting SMMEs in developing economies. This study has advanced SMME scholarship in three important ways: practically, theoretically, and methodologically.

The study has contributed in various ways to the research scholarship. Accordingly, this study bears multiple practical implications for managers and policymakers focused on improving the performance of SMMEs. To begin with, findings of the study showed that South African SMMEs in general, and specifically the UESC, have not been achieving the expected outcomes. Secondly, the study aims to alert SMME owner-managers to the need to thoroughly analyse the environment in order to address the factors impacting the performance of SMMEs. Thirdly, the research study is pertinent in terms of its academic value and its applicability to both the existing knowledge base and practical utilization of the findings. The study indicates that the SMMEs in the eThekweni Metropolitan Municipality make significant academic contributions to the socio-economic development. This is achieved through collaborative efforts between the Local Government and other relevant stakeholders to address the needs of various marginalized groups, including women, youth, individuals with disabilities, and other underprivileged communities. Thus, the study findings are relevant to the African continent and possibly to other emerging markets with a similar political and economic background to

South Africa. Fourthly, guided by the RBV theory, this study examined the SMME performance in eThekweni Metropolitan Municipality. Both tangible and intangible resources affect the SMME performance. The study has made a significant contribution to the existing body of knowledge by providing empirical evidence on the extent to which various resources, such as human capital, marketing, networking, information, technology, finance, and more, impact the subject matter. Despite this, the research has demonstrated that the RBV of the firm had certain drawbacks for small enterprises in developing economies. Furthermore, the RBV theory holds relevance and significance as research has shown that SMMEs in UESC lack essential resources to compete in the unpredictable market. Lastly, the study has shown that in order to achieve the sustainability and prosperity of SMMEs that can yield the desired results in terms of sustainable employment creation, poverty reduction, these resources and capabilities need to be possessed and exploited by SMMEs.

It should be noted that the study was conducted as a response to the appeal for greater qualitative research in the domain of SMME scholarship. In this context, qualitative research approach helps in exploring a deeper meaning about an economic or social issue from the perspective of individuals within the context studied (Thompson –Elliott, 2016, p. 3; Mhlongo & Daya, 2023, p. 5). Using the interpretivism approach with a single case study, this study has managed to understand the performance of SMMEs in emerging markets. Also, the in-depth single case study approach provided significant insights into the role of SMMEs in the township economy and how their performance is influenced by various factors. It also produced data that is rich in quality and provides a unique perspective (Heale & Twycross, 2018, p. 7). The studies conducted on this subject are extremely scarce, particularly in South Africa (O’Neil & Koekemoer, 2016). Employing a single case study approach was suitable and value-adding for settings like South African townships, where textual forms of data are largely used. It helped to elicit a text-rich interpretation that can deepen our understanding and produce a plausible explanation of the phenomenon under study (Aguis, 2013, p. 205).

The study has revealed that SMMEs have had positive effects on socio-economic development, particularly in terms of job creation, poverty reduction, skills empowerment, and innovation. However, the findings indicate that these impacts are not sustainable. It is worth mentioning that the study further contributes to the *National Small Business Act 102 of 1996* that facilitates the promotion and development of SMMEs and cooperatives as potential drivers of employment, equality, economic development and innovation in South Africa. More so,

according to National Development Plan, the promotion of viable SMMEs will lead to creation of 11 million job opportunities by 2030. Nonetheless, sustainability is a major concern and Local Government has no viable strategy to support South African SMMEs to prosper. Based on the study findings, the SMME growth model was designed to assist SMMEs in eThekweni Metropolitan Municipality. This model could serve as a strategic instrument for addressing poor performance of SMMEs. Therefore, future researchers could build on it. Also, the proposed model is open to scholars and practitioners for scrutiny and critical analysis. Scholars and practitioners are encouraged to scrutinise and critically analyse the proposed model for enhancing the performance of SMMEs in developing economies. Therefore, this study aims to provide substantial support to researchers and scholars in entrepreneurship, especially those focused on small businesses.

7.10 Chapter Summary

This is the last chapter of the study. This study aimed to evaluate the performance of the SMMEs supported by the Umkhumbane Entrepreneurial Support Centre. Methodologically, the study was underpinned by the interpretivism paradigm to achieve the research objectives. The study suggested that all the stakeholders make a concerted effort to provide a breeding ground to stimulate SMMEs in South Africa. There is also a need to modify the policy frameworks that guide the SMMEs and guide the implementation of the monitoring and evaluation mechanism used to monitor the performance supporting agencies. In terms of policy priority, those who design the SMME policy should promote the use of information sharing platforms with all relevant stakeholders during the planning, formulation, implementation, and monitoring and evaluation processes. This includes holding meetings with communities, leaders, businesses, service providers, and research and policy institutions to design well-informed policy frameworks. Furthermore, future studies should look on how fourth industrial revolution (4IR) affects informal economy in emerging markets.

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APPENDIX B: GATEKEEPERS LETTERS

M I L E

POD 7, GROUND FLOOR, INTUTHUKO JUNCTION, 750 MARY THIPHE STREET, UMKHUMBANE, CATO MANOR, DURBAN 4001
TEL: 031 322 4513, FAX: 031 261 3405, FAX TO EMAIL: 086 265 7160, EMAIL: MILE@DURBAN.GOV.ZA, WEBSITE: WWW.MILE.ORG.ZA

For attention:
Chair of Higher Degrees/ Research Ethics Committee
Discipline of Public Governance
School of Management, IT and Governance
College of Law and Management
University of Kwazulu Natal
Durban
4001

30 July 2021

RE: LETTER OF SUPPORT TO T.G.MKHIZE, STUDENT NUMBER 212500943 - GRANTING PERMISSION TO USE ETHEKWINI MUNICIPALITY AS A STUDY SITE

The Business Support, Markets and Tourism Unit and eThekweni Municipal Academy (EMA) in eThekweni Municipality, have considered a request from Thembinkosi Gervase Mkhize to use eThekweni Municipality as a research study site leading to the awarding of a Doctor of Administration degree and for the purposes of undertaking a research study entitled: **“Evaluating the performance of Small, Micro and Medium Enterprises (SMMEs) in the manufacturing sector in the case of uMkhumbane Entrepreneurial Support Centre in eThekweni Municipality, KwaZulu Natal.”**

We wish to inform you of the acceptance of his request and hereby assure his of our utmost cooperation towards achieving his academic goals; the outcome which we believe will help the municipality improve its services. The student is reminded of the ethical considerations and the Disaster Management Act, Act 2020 regulations when conducting the research. The student must take all necessary measures to ensure his/her personal safety during the research period as eThekweni Municipality indemnifies itself from any incidental claims that may arise. **In return, we stipulate as mandatory that the student contacts Dr Collin Pillay to present the preliminary results and recommendations of this study to the related unit/s.**

Wishing the student all the best in his studies.



Mr Oswald Nzama
Head: Business Support, Markets & Tourism Unit
eThekweni Municipality

Dr Collin Pillay
Program Manager: MILE
eThekweni Municipality

Ihereby accept as conditional that I will comply fully as per the conditions stipulated above.

Signed: Date:



KWAZULU-NATAL PROVINCE

**ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS**
REPUBLIC OF SOUTH AFRICA

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**MR. C. MTSHALI
CHIEF DIRECTOR: ENTREPRISE DEVELOPMENT**

DEAR SIR

**REQUEST TO PROVIDE ASSISTANCE TO MR.T.G.MKHIZE A STUDENT
PURSUING A DOCTOR OF ADMINISTRATION QUALIFICATION AT THE
UNIVERSITY OF KWAZULU-NATAL (UKZN), TO CONDUCT RESEARCH.**

This letter serves to confirm that the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) in the province of KwaZulu-Natal, has authorised Mr. T. G. Mkhize to undertake research titled "Evaluating the Performance of Small, Micro and Medium Enterprises (SMMEs) in the manufacturing sector in eThekweni Municipality. A case study of uMkhumbane Entrepreneurial Support Centre", in the Department.

Kindly provide Mr. T. G. Mkhize with your necessary guidance as required.

The output of the research may be used to improve strategy alignment in the Department.

Regards,

[Redacted Signature]

**MR. NHLAKANIPHO NKONTWANA
HEAD OF DEPARTMENT
ECONOMIC DEVELOPMENT, TOURISM
& ENVIRONMENTAL AFFAIRS (EDTEA)**

16/8/2021

DATE



**DURBAN CHAMBER
OF COMMERCE AND
INDUSTRY NPC**

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05 July 2021

Mr. Theminkosi Gervase Mkhize
University KwaZulu Natal,
Westville Campus,
Varsity Drive
3629
Durban, South Africa

Dear Mr. Mkhize

RE: PERMISSION TO CONDUCT RESEARCH

This letter serves to confirm that the Durban Chamber of Commerce and Industry hereby acknowledges and approves the research to be conducted through the Durban Chamber of Commerce and Industry for the completion of Doctoral studies, research to be performed on: **Evaluating the performance of Small, Micro and Medium Enterprises (SMME) in the manufacturing sector in the case of uMkhumbane Entrepreneurial Support Centre in eThekwin Municipality, KwaZulu Natal.**

Please note that the data collected must be treated with due confidentiality and anonymity. This information is also provided by the Durban Chamber of Commerce and Industry on the condition that a copy of the final research output will be given to the Durban Chamber of Commerce and Industry for information purposes.

Yours Sincerely



Yolan Nagoor
Manager: Policy and Advocacy
Durban Chamber of Commerce and Industry NPC
T: 031 335 1000

President: NG Word | Deputy President: TG Malsha | Immediate Past President: MJ Makhangwa
Non-Executive Directors: GM Langa, JO Bheha, LR Ngcobo, RD Curtis, FS Mkhize and PSS Mahasa

InBusinessForABetterWorld



Memorandum

TO: DE: HUMAN CAPITAL

FROM: HEAD: LEARNING & DEVELOPMENT DEPARTMENT

DATE: 19 July 2022

SUBJECT: PERMISSION TO ACCESS IDC RESOURCES FOR PERSONAL ACADEMIC RESEARCH PURPOSES

1. PURPOSE

To obtain approval for Mr Thembinkosi Mkhize, to conduct research on, "Evaluating the performance of Small, Micro and Medium Enterprises: A case of Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban". Thembinkosi is a PhD student at the University of KwaZulu Natal. As part of the fulfillment of his studies, he is required to carry out a Research Project.

2. BACKGROUND AND DISCUSSIONS

2.1 The policy on permission to access IDC Resources for Personal Research Purposes has been approved by Exco in January 2019 to encourage research productivity and knowledge development. This policy seeks to create a conducive environment and outline the guideline on how to obtain permission to conduct, collect and use data and information at IDC.

2.2 The primary aim of his study is to develop strategies needed to improve the performance and sustainability of manufacturing SMMEs in eThekweni Municipality. The researcher will need two participants from the IDC just to cover the baseline for strategies needed to improve performance of SMMEs.

2.3 This request follows a PAIA and POPIA approval by the Manager: Records Management
- Ms Thandiwe Vilakazi.

2.4 Both Records Management Department (PAIA & POPIA Process Owners) and L&D
(Knowledge Management) have put in place processes to ascertain that research
requests do not impact negatively on the IDC resources, its commercial interest and to
also ensure that the personal information and confidentiality are maintained.

3. RECOMMENDATION

It is recommended that the DE: Human Capital grants approval for Thembinkosi Mkhize
to conduct research on **“Evaluating the performance of Small, Micro and Medium
Enterprises: A case of Umkhumbane Entrepreneurial Support Centre in
Metropolitan Durban”**.

Prepared by Nomesa Mtinkulu	Vetted by Thandiwe Vilakazi	Researcher: Thembinkosi Mkhize
KM Specialist: Learning and Development	Manager: Records Management Department	University of KwaZulu Natal
Signature: [Redacted]	Signature: [Redacted]	Signature:
Date: 19 July 2022	Date: 19 July 2022	Date:

Learning and Development

Recommended by Thandeka Mobiyane	Recommended	Not Recommended
Head: Learning and Development		
Signature:		
Date:		

<u>Human Capital Division</u>		
Patience Mushungwa	Approved	Not Approved
DE: Human Capital		
Signature:		
Date:		



Bylsbridge Office Park
Building 14 | Block D | 11 Bylsbridge Boulevard | T +27 12 748 9600
Cnr Jean Ave and Olievenhoutbosch Road | F +27 12 748 9791
Centurion | 0157 | E helpline@sefa.org.za
PO Box 11011 | Zwartkop | 0051 | www.sefa.org.za

05 July 2023

The School of Management, IT and Governance
University of KwaZulu Natal

Dear Sir/Madam

On behalf of the Small Enterprise Finance Agency (**sefa**), I am writing to formally indicate our awareness of the research by Mr Thembinkosi Mkhize, a student at University of KwaZulu Natal. We hereby approve the request of Mr Thembinkosi Mkhize to conduct an interview with the **sefa** Branch Manager in the KwaZulu Natal office for his research titled "**Evaluating the performance of Small, Micro and Medium Enterprises: a case of Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban**".

We would like to confirm that the Branch Manager has permission to take part in the research interview for the purpose of the research.

We believe the above assertion will be sufficient to satisfy your requirements.

Kind regards

Boitumelo Nkaelang

Research
Analyst Tel: 012
748 9783
Cell: [REDACTED]

Small Enterprise Finance Agency (SoC) Ltd, Registration Number 1995/011258/06 is a Licensed Credit Provider • NCRC P 160

Directors • Dr MJ Gobo (Interim Chairperson) • Ms N Mankanda • Adv NG Khumalo • Ms TV Tobias • Ms C Motale • Mr MM Mfuleni • Mr BM Ramokhele • Ms ZF Ngcobo • Ms H Tsoadi • Mr MD Matshamba (Chief Executive Officer)
• Ms B Ndlovu (Company Secretary)



17 July 2023

Mr Thembinkosi Geluas Mkhize (212500943)
School of Management, IT and Governance
Westville Campus
Private Bag X54001
Durban

Dear Mr Mkhize,

**RE: REQUEST FOR PERMISSION TO CONDUCT RESEARCH STUDY WITHIN ITHALA
DEVELOPMENT FINANCE CORPORATION (IDFC)**

I acknowledge receipt of your letter requesting permission to conduct research study on "*Evaluating the performance of Small, Micro and Medium Enterprises (SMME): A case of Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban*" at IDFC.


Please be advised that permission is granted for you to undertake this study and interview our Divisional Manager: Investment Finance and Manager: Micro-Finance. Please present this letter when you engage with IDFC employees.

As you embark on this project, please note that IDFC cannot decree to its officials, customers, beneficiaries, and stakeholders whether or not to participate in your research study.

However, information that you will obtain from IDFC officials and beneficiaries should be treated with confidentiality whether in terms of the storage of data, analysis or during the publication process. It is advisable to remove identifiers such as names, vernacular terms and geographical hints when writing up your dissertation. Furthermore, please note that you will enter IDFC premises at your own risk. Please also note that IDFC does not promise you to fund your research study at any given stage.

I wish to thank you for choosing IDFC to collect data for your study and will request that you provide IDFC with two copies of the final approved dissertation. **Please also ensure that you provide an electronic copy of the PDF report.**

Kind Regards,


MS PEARL BENGU
GROUP CHIEF EXECUTIVE

PO Box 2801
Durban 4000, South Africa
Tel: (031) 907 8911, Fax: (031) 907 8380

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Directors
Mr Mkhize, I (Chairman)
Mr Gira, SC (Deputy Chairman)
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Ms Mbonambi, KG
Dr Ndlovu, GL
Mr Ngqobo, MC
Mr Ngqubo, BF
Dr Phokorani, LJ
Ms Sinye, PH
Ms Bengu, PG, (Group Chief Executive)
Ms Mahamba, LG (Group Company Secretary)

APPENDIX C: INFORMED CONSENT

UKZN HUMANITIES AND SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE (HSSREC)

APPLICATION FOR ETHICS APPROVAL

For research with human participants

Information Sheet and Consent to Participate in Research

Date:

Greetings, Dear Sir or Madam

My name is Thembinkosi Gervase Mkhize student number 212500943 from University of KwaZulu Natal. My contact information are: [REDACTED] and my email addresses are: [REDACTED] & 212500943@stu.ukzn.ac.za

You are being invited to consider participating in a study that titled: "Evaluating the performance of Small, Micro and Medium Enterprises: A case of Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban. The study is expected to enrol with 15 participants will be conducted at eThekweni Metropolitan Municipality. The study will involve collecting data through semi-structured interviews. The duration of the interviews if you choose to participate is 20 to 30 minutes. It is hope that the study will help eThekweni Metropolitan Municipality to ascertain the factors that influence the performance of Small, Micro and Medium Enterprises. The research does not include any risk to participants.

If the research could potentially involve risk, explain in full if compensation exists for this risk, what medical and/or psychosocial interventions are available as treatment, and where additional information can be obtained. The study is self-funded. Participating in the study does not include any risk to participants. The study is self-funded. Participating in this research is voluntary and you may withdraw at any given point and that in the event of refusal/ withdraw from participation from the study. No cost and benefit will be incurred by participating in the study. As result there is no incentive or reimbursements for participating in the study.

The research will avoid using participants name through using codes systems to identify the participants. Moreover, the participants' identity will remain anonymous to ensure anonymity and confidentiality. For an example can use number or symbol to identify participants. The research findings will be shared amongst participants by means of sending the final theses in the form of PDF document to all those that participated in the study. This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number_____)

In the event of any problems or concerns/questions you may contact the researcher at: Cell 0734846078; email address; 212500943@stu.ukzn.ac.za & tgmkhize1987@gmail.com or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

INFORMED CONSENT

I have been informed about the study entitled
“Evaluating the performance of Small, Micro and Medium Enterprises: A case of Umkhumbane
Entrepreneurial Support Centre in Metropolitan Durban by Thembinkosi Gervase Mkhize.

I understand the purpose and procedures of the study which are as follows.

-What are the activities and contributions of manufacturing SMMEs in Umkhumbane
Entrepreneurial Support Centre to the economy?

- To what extent does business environment factors influence the performance of
manufacturing SMMEs in Umkhumbane Entrepreneurial Support Centre?

- What is the role of supporting institutions in assisting the manufacturing SMMEs in
Umkhumbane Entrepreneurial Support Centre?

-To what extent does the legislative frameworks and economic strategies impact the
performance of manufacturing SMMEs in Umkhumbane Entrepreneurial Support Centre?

I have been given an opportunity to ask questions about the study and have had answers to my
satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time
without affecting any of the benefits that I usually am entitled to.

I have been informed about any available compensation or medical treatment if injury occurs to me as
a result of study-related procedures.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at (provide details).

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

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557 - Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

Additional consent, where applicable

I hereby provide consent to:

Audio-record my interview / focus group discussion YES / NO

Video-record my interview / focus group discussion YES / NO

Use of my photographs for research purposes YES / NO

Signature of Participant

Date

Signature of Witness

Date

(Where applicable)

Signature/Date of Witness (as applicable)
applicable)

Signature of the Researcher (as



APPENDIX D: INFORMED CONSENT

IMVUME YOKUBAMBA IQHAZA

Mina, ngingu..... ngichazeliwe ngocwaningo olusihloko sithi:

Ukubuyezwa kwemiphumela yamabhizinisi Amancane, Aphakathi nendawo kanye namancanyana: isibonelo (i-case study) ngoMkhumbane, indawo eyakhele iTheku.

Ngiyayiqonda inhloso kanye nezinhlalo zocwaningo.

Nginikeziwe ithuba lokubuza imibuzo ngocwaningo futhi ngizitholile izimpendulo ezingiculisayo.

Ngiyazibophezela ekutheni ngiyazikhethela ukuba ingxenye yami kulolu cwaningo futhi kungenzeka ngihoxe noma inini ngaphandle kokuphazamisa noma hlobo luni lwenzuzo engigunyazwe yona.

Uma nginemibuzo noma ukukhathazeka okuqondene nocwaningo ngiyaqonda ukuthi ngingaxhumana nomcwaningi uThembinkosi Gervase Mkhize. [REDACTED]

Mr. Premiall Mohun,

Humanities & Social Sciences Research Ethics Administration

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban, 4000

KwaZulu-Natal, SOUTH AFRICA

Ucingo: 27 31 2604557 - Ifeksi: 27 31 2604609

Ikheli le-Email: HSSREC@ukzn.ac.za

Ukungezwa kwemvume, lapho okunesidingo khona

Nginikeza imvume uku:

Ukuqoshwa/ukuthwetshulwa kwezwi lami/ iqoqo elikhethekile YEBO / CHA

Ukusayina kobambiqhaza

Usuku

Ukusayina/Usuku lukafakazi (lapho okunesidingo) Ukusayina komcwaningi (ngokwesidingo)

APPENDIX E: ENGLISH LANGUAGE EDITING LETTER



Pauline Fogg
54 Grundel Road
Carrington Heights
Durban
4001
[REDACTED]

24 November 2023

Letter of Editing

This report serves to state that the dissertation submitted by Thembinkosi Gervase Mkhize titled 'Evaluating the Performance of Small, Micro and Medium Enterprises: A Case of Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban' has been edited.

The dissertation was edited for errors in syntax, grammar, punctuation, and the in-text referencing system used.

The edit will be regarded as complete once the necessary changes have been effected, and all of the comments addressed.

Thank-you for your business.



Pauline Fogg



Thembinkosi Geluas Mkhize (212500943)
School Of Man Info Tech & Gov
Westville Campus

Dear TG Mkhize,

Protocol reference number: HSSREC/00004244/2022
Project title: Evaluating the performance of Small, Micro and Medium Enterprises: A case of Umkhumbane Entrepreneurial Support Centre in Metropolitan Durban.
Degree: PhD

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 26 May 2022 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 03 June 2023.

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.

All research conducted during the COVID-19 period must adhere to the national and UKZN guidelines.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,

Professor Dipane Hlalele (Chair)



Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville