

Effects of a growth mindset and reinvesting in South African Small Businesses

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DECLARATION

I, Siphon Kunene declare that:

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- I have checked this dissertation to ensure that it contains no instances of plagiarism;
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Abstract

Background: It is generally acknowledged that thoughts are the foundation of physical materials, that action tends to be trailed by intent. If this be true, it is bias to account to only the extrinsic factors as sole causality for the inadequacy of SMMEs, while retreating all individual accountability, responsibility from the owners of businesses. For a long time, studies have overly emphasised extrinsic factors primary referable to the crippling failure rate or lack of growth in the SMMEs sector. Nonetheless, there is no question as to the high rate of failure in SMMEs due to external factors, but there is a grave question as to the amount of actual failure contributed by the “mindset” possessed by owners, managers, and inventors of SMMEs, here-forth to be will be referred to businesspersons.

Objective: The purpose of this study is to understand what personal virtues affect the growth mindset of businesspersons relating to the performance of SMMEs.

Methods: This research is exploratory in nature, using qualitative methods to collect and analyse data, which gave this research an interpretative character/attitude. Online Survey and in-depth open interviews were used. Using a stratified purposeful and convenience sampling, nine SMMEs participated in this study. Interviews were carried out with six businesspersons and analysed using the thematic analysis.

Findings: The interpretative analysis of this exploratory study revealed that personal virtues of SMMEs businesspersons does affect the performance of SMMEs.

Conclusion: Based on the findings of the study, the entire subject matter is, it is proper to educe from the mind-set the attitude to grow businesses. The South African Government from primarily schooling, communities from early childhood should educe the attitude of entrepreneurial character to its citizens. Support in dealing with the psychological entrepreneurial growth mental attitude first, could help to create an external atmosphere that support an already ready mindset responding to the demand to improve SMMEs performance.

Key words: *Business, intrinsic, extrinsic, tenets, entrepreneurial, growth mindset, reinvesting, ethics & integrity, customer service*

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List of Abbreviations	
Abbreviation	Abbreviation stands for
SMMEs	Small, Micro and Medium Enterprises
SMEs	Small and medium-sized enterprises
CSR	Corporate Social Responsibility
GW	Growing Businesses
FGB	Fully Grown Businesses
GDP	Gross Domestic Product
JSE	Johannesburg Stock Exchange
SEDA	Small Enterprise Development Agency

1.1 Background

It is difficult to say exactly when and where the first integrated idea on business arose. It is reasonable to state, however, that the first sophisticated concepts can be attributed in the 14th century from the word “bisignes: bisig, concerned with diligent. In the 17th century, it was transformed to busyness, to keep engaged or make busy. The contemporary spelling of business denotes an activity by individual/s where goods and services are exchanged for one another or with the intention to maximise profits through maximising productivity and improvement. Whatever the definition of business is, the desire is common. With reason from ancient and contemporary, it seems sufficient to introduce “business” as a diligent discipline established by a person or a group of people engaged to raise efficiency and advancement through rendering goods and services in exchange for themselves or profits as ***proof that the services have been rendered, or goods have been provided***. The more diligent these goods and services are rendered; the rise is evidenced by maximum productivity. Profits, therefore, become the symbol of productivity which signifies growth. Growth then becomes the certificate of performance-based on proven records of past services. The terms business/businesses, enterprise/enterprises, will be used interchangeably in this paper, at times organisation/organisations.

Within the field of business, the interest in the growth of small businesses has been reflected in a number of academic and business debates. A growing number of studies have been presented on the role of small businesses in job formation, recently on the roundtable discussion on ‘Productive Employment’ in Africa (Hollander and Dekker, 2017). The role of small businesses in an economy (EdinburghGroup, 2012, MCEE, 2008, OECD, 2017). Small businesses operate in both supportive and discouraging business conditions (Muriithi, 2017). The interest in the subject of SMMEs with special reference to developing countries has, during the past decade increased, due to its power to advance economic freedom. Moreover, there have been several studies attempting to conceptually make better this sector

that has shown potential to any economy Nxaba (2014), yet it has not fully realised its full ability nor its true measure as a true reflection of its significance (Pandya, 2018).

Many scholars (Hollander and Dekker, 2017, Jili et al., 2017, KESKGN et al., 2010) have dedicated their studies in understanding the performance of SMMEs. While a series of previous studies have investigated the lack of growth and high failure rates in this sector, despite the widely acknowledged positive contributions to economic growth, there is a context in which the subject has not been fully addressed. One of these contexts is the little evidence of documented studies that critically examine the habits of thinking, the standard of living by businesspersons as determinants to the lack of growth or high failure rate as a contributing factor to the performance of SMMEs, globally, and in South Africa. This study is hereby taking the liberty to explore the role of the past and present experiences, practices, beliefs, or opinions of businesspersons in the context of small businesses. Hence, it is important and right in time to highlight the opportunity to consider studying the relevant role that intrinsic factors play in the context of SMME's performance with specific reference to the growth mindset.

1.2 Definition of Key Concepts

At the very onset, in order that this research is free from miss-interpretations and to make the writing easily understandable, it may be reasonable, and rightly, to define key concepts. Chavez (2016), it is necessary for a researcher to first provide a conceptual framework and put some boundaries around it. The concepts from which the materials of this study were derived are:

- (1) **Intrinsic and Extrinsic** – the terms most commonly used by the study, **Intrinsic** means deep-rooted natural essentials within a person, therefore implies controllable and cultivatable, thus avoidable. **Extrinsic** means having an outside origin, therefore implies limited control, and arguably unavoidable. The terms are best described by Ryan and Deci (1999) as thinking habits, living norms, inherent impetus or inspiration to act that emanate from one's sense of self – and consecutively, extrinsic are those that are not of one's self-representative

accompanied by experiences of outside pressure. Thus, intrinsic contrasts extrinsic.

- (2) **Tenets** - relates to factors and forces that engender norms and beliefs.
- (3) **Growth Mindset**- development set of thinking habits and living standards pertain to the ability to attain or create any desirable circumstances.
- (4) **Business** – people or group of people coming together and form an institution that intends to trade off goods and services for one another or for profits.
- (5) **Service Supremacy** - deliberate focus in creating exceeding value for customers.
- (6) **Discipline** – Self-imposed controls for the sake of desirable circumstances
- (7) **Stakeholders** – Customers, employees, investors, partners, authorities, regulators, and societies where the business operates.
- (8) **Gearing** the ratio of a business's debt to the value of capital.
- (9) **Educe** – Bring out or draw out from within.

1.3 Motivation of the Study

In general, small business tenets in South Africa – it is okay to start a small business and remain small. It is okay to run a small business for generations after generations. It is okay to run a business just to serve the theory of physiologically basic human needs or just for a mere service of extravagance lifestyles. For instance, the tenet that the delay of temporal gratification and reinvestment to grow your business is considered worthless in life hence the coined phrase “life is too short”.

History is engraved with extrinsic casualties of failure or lack of growth within SMMEs (Chimucheka and Rungani, 2013). Similar conclusions are drowned from the study conducted by Edinburgh Group EdinburghGroup (2012), with that, is a series of conclusions and recommendations to reduce the crippling failure rate of SMMEs. Yet again, early research has shown of the positive economic contribution of SMMEs in the global spectrum, with special emphases to developing countries, such as South Africa (Isaksson and Kirkpatrick, 2004, KESKGN et al., 2010). Then again, literature has shown that, in South Africa for example, an alarming 75 percent, which was the

chief failure rates of SMMEs across the world at that point in time, according to a report by the Seda (SEDA, 2014).

Another interesting phenomena being reported is that despite the alarming failure rate or lack of growth chiefly owing to extrinsic factors, notwithstanding, the overly emphasised recommendations such as: adequate financial access, infrastructure developments, accommodating corporate laws lifting the constraints that seem to paralyse this sector (Bryson, 1978, Chimucheka and Rungani, 2013, EdinburghGroup, 2012). All aiming to turn down the small business dilemma. Recent studies still report on the overwhelming failure rate. Friedrich (2016), reports 70 to 80 percent of small businesses fail prematurely in South Africa within the first five years of their operations. The current whole picture is one that, the external environment has created this dilemma outside individual responsibility and accountability.

Equally interesting, is that much of these undesirable statistics are **not** owing to the underexplored or unknown habits of thinking and living standards that businesspersons might predominantly have about business. To examine the subject more critically is to explore into the deepest mysteries of the contemplative businessperson's life. Somebody had to be the first human being to come up with the concept of business before any notable activities in practice, it's true origin could have been influenced by external observations, a need or problem to solve. Nevertheless, its true origin was from the mind with an attempt to influence what so ever external environment at that time. The question then arises, and, if the foregoing be just, the supposition is that, its true antidote to all problems faced by the concept of business with emphasizes to SMMEs is accountable to the true source, the mind, and that is an intrinsic affair. Psychologically speaking, it is acknowledged that, it is outside because it was inside first. This suggests that mastering the intrinsic influential factors first, moulds the extrinsic factors accordingly.

The ultimate challenge for developing counties such as South Africa would be: To be able to fully understand what are the intrinsic influential factors in deciding to start a

business? What are the tenets within the businesspersons that necessitates venturing into business? What are the individual characteristics? How all these effects the performance and growth of small businesses? Then, by means of this knowledge, SMMEs can contribute and support in the development and optimisation of developing the economy, with which it is possible to generate wealth (Nxaba, 2014). Muyengwa et al. (2013) as cited by Jili et al. (2017) ascertain that, a fully realised growth potential of small business is closely related to the recreation of improved standards of living to humanity.

1.4 Research Problem Formulation

In the economic world, the contribution of SMMEs to societies is widely acknowledged globally. In South Africa, the small business sector already makes a noticeable contribution to the Gross Domestic Product (GDP). A study conducted by Peter and Ebo (2010), suggests that the contribution of SMMEs is between 52 to 57 percent to GDP from an estimate of 91 percent pool of formal SMMEs businesses. A brief recent study by Muriithi (2017) that figure is between 50 to 60 percent. Nxaba (2014) note the potential that comes with SMMEs to provide basic necessities to humanity, to wealth generation. However, that potential does not seem to be consummated. Forces contributing to this lack of growth or high failure rate are highlighted in Petrakis (1995) and Smallbone (1990), they include extrinsic environmental forces such as: market conditions, regulatory laws, and incentives. Bryson (1978) point to a combination of intrinsic and extrinsic forces such as: managerial skills, access to finance, information, and, market demand as the key forces influencing small businesses growth. Similarly, Gadenne (1999) however, found no correlates between the performance of small business to owners personal character towards business.

A recent case study by Jili et al. (2017) found out that SMMEs are a major source of income and a necessary strategy to alleviate poverty in local economic development. They are adventurous than big business in local communities, this too does not seem to be consummated owing to political and policy instability, legal policies, lack of

supporting working capital, inadequate infrastructure, unsuitable economic and volatile business conditions, according to (Chimucheka and Rungani, 2010, EdinburghGroup, 2012). The argument for these causalities of choice is the absence of intrinsic forces (i.e. growth mindset, reinventing, fear of failure, ethical behaviour, skills, cultural norms, and values of societies) of businesspersons as a uniting tool to approach the problem analytically, and benefit contemporary small enterprises relatively to the undeniable fact that seem to collapse this sector. That of inadequate growth and high failure rate.

As a matter of fact, there seem to exist an avoidance of intrinsic accountability in literature while, at the same time, it appears there is always more emphasis on extrinsic outside origin impetus that results in the lack of growth and high failure rate of SMMEs in literature. In Gadenne (1999) this is seen in his work, he reports that business tenets of owners do not explain the relevance of performance of their businesses. In agreement to Gardena, previous work by Reid (1996) suggests that, to a large degree, extrinsic factors affect business performance, owners attitudes play a **minor** important role. Nonetheless, the external environment happens all business, the same difficulty in the economy happens to all businesses, the same corporate laws apply to all businesses, the markets conditions are symmetrical across all business. The changing seasons, progressions to recessions. Excessive worry nor complaining about the external environment is unlikely to stop what has an outside origin. It comes irrespective, owing to the world collective attitudes and characters. History is engraved with a trail of evidence depicting exponential growth in other SMMEs in the same field of operation given the same external conditions that are presumed to explain the high failure rate and lack of growth in small business.

Hence, no systematic evidence is to be found on the habits of thinking and living standards of businesspersons of SMMEs in connection to the almost insuperable failure rate or lack of growth it seems in this sector. Therefore, it is for this reason this study is being undertaken. To this extent, the research problem is briefly formulated as follows: Validate personal virtues in which it is possible to investigate the

coloration, where the ability exists to qualify them equality or even largely to the high failure rate or lack of growth in small businesses as to external environmental forces. Try to explain with observations and, if possible, interpretatively formulate apparent correlation between personal tenets and business performance. Finally, compare the results from respondents, and in more detail, compare their stability state of mind with different views from businesspersons in the literature on this subject.

1.5 Research Objectives

The review from the previous discussions, the objective of this study is to:

- 1) To identify whether the growth mindset virtues of businesspersons affect the performance of SMMEs.
- 2) To investigate and measure the challenges relating to the growth mindset and reinvesting to the performance of SMMEs
- 3) To provide recommendations on how to enhance the performance of SMMEs.

1.6 Research Questions

The research objectives are concretised in these following research questions in the order of their importance:

- 1) What personal virtues affect the growth mindset of businesspersons relating to the performance of SMMEs?
- 2) What are the challenges affecting the growth mindset and reinvesting in SMMEs?
- 3) What recommendations can enhance the growth mindset in SMMEs?

1.7 Potential Value of the Study

Not so many studies in literature validate intrinsic tenets as a substantial influence on the failure or lack of growth in SMMEs. With no systematic evidence in the literature as to the contribution of the habits of thinking and living standards of businesspersons to the performance of SMMEs in South Africa.

The study intends to demonstrate the least, that intrinsic factors are qualitatively important to the growth of SMMEs, and they warrant more attention both on a theoretical level, as well as in terms of investigational study. The study further examines the determinants of failure or lack of growth, including the factors encouraging earnings reinvestment as relevant factors for growth, the influence of sound agency, and the considerations on the financial management in the sector of SMMEs. Thus, this study aims to contribute in literature to better understand why so many small businesses still fail or show stagnation in growth outside the vigorously debated extrinsic environmental factors.

1.8 Limitation and Scope

There is no question that the success of a business venture is not only dependent on the intrinsic characteristics of the businessperson but other vast extrinsic aspects. However, this research mainly focuses on personal virtues that affect the growth mindset of businesspersons relating to the performance of SMMEs.

1.9 Research Methodology

The study adopted an exploratory research. This study used a stratified purposeful and convenience sampling to participants for the study. Participants responded to an online survey, taking an average of 36 minutes to complete. To obtain a variety of rich data, open ended face-to-face interviews were conducted with businesspersons. During the face to face interview, an in-depth and semi-structured interview guide was used. Each interview lasting about 20 to minutes to an hour. Interviews were digitally recorded and later transcribed verbatim by computer software, then corrected where necessary before data analysis.

The study adopted a thematic analysis to identify any frequent patterns reflecting the effects of a growth mindset and reinventing in small business.

1.10 Research Structure

The outline of this study is organised as follows. Chapter one introduced the potential contribution of the deprived personal characteristics of businesspersons to alarming failure rate and lack of growth in SMMEs, the issue under investigation, aims to explore the prime subject of the study, the effects of a mindset and reinventing to the performance of SMMEs. It also provided a brief overview of the methodology used.

An extensive review of literature on the role of SMMEs in societies is evident from the literature channelled towards developing intrinsic character as a substantial influence to improve the poor growth rate and reduce the crippling failure rate of SMMEs, from which the results in the literature are presented in Chapter 2. By means of critical discussion, showing insight and an awareness of the purpose of business, the role of SMMEs in creating value to societies. Besides that, the mode of big and small businesses is reviewed and compared. The effects of profit reinvestments is covered, debates for and against corporate social responsibility (CSR) and its possible impact in creating value, or its criticism as an unjust diversion of company's resources from rightful custodians to communities always seeking for the next philanthropic hand without labour. Finally, in Section 2.7 the growth mindset is reviewed followed by the summary of the chapter.

Chapter 3 is devoted to the research design, methodology, and approach methods used in this study. First, in section 3.1 the introduction of reach methods is presented which resulted in the philosophy and strategy considered throughout this dissertation in section 3.2 and 3.3. Thereafter, the whole section 3.4 is devoted to explaining the research methodology that the research exhibits, i.e. research participants, materials and data collection. The remainder of this section is devoted to data codification procedure. Moreover, special attention is paid to this chapter's limitation in section 3.5. Following in section 3.6 is the consideration of ethics, concerning the informed consent and confidentiality of the data collected. Data disposal is also specified in detail. In closing, again, the chapter's summary.

In chapter 4, the study introduces the results and discussions setup with which the thematic content analysis is conveyed. Included is factual reporting of the study in four main themes with their subthemes are identified descriptively.

Chapter 5 – Discussions section aims to link relevant literature to the finding of this study. Finally, in Chapter 6, the conclusion of this study is provided, and some recommendations were presented for future research.

1.11 Chapter Summary

Within the first chapter, the reason for undertaking this study, the objectives to review and the construction thereof is outlined.

The next chapter, the study focuses on the literature review of how SMMEs create value to societies, what has been established regarding growth mindset in business and how personal virtues can assist businesspersons to avoid the high failure rate or lack of growth in their businesses?

In an economy, business appears to be connected in large networks which, for instance, in the case of the human standard of living, contains a number of interdependency of services rendered from one person to another to make the whole trade within this vast network. It is easy to understand that trade in such a network can become very complex. Studies have revealed the difficulty in which individually cannot produce all goods and services they consume, because of the value of business, big or small in an economy, people are able to enjoy benefits from their productions, and in that, springs the desire of all civilisation (MCEE, 2008, p. 493).

In this chapter, a well thought out and organised search of literature on this topic is reviewed. Evidences or lack of it thereof, found in books, journals, scholarly publications, government documents and internet are being presented that covers the main topics concerning, the purpose of business, habits of thinking and living standards of businesspersons, in connection to high failure rate and lack of growth in this sector. Finally, in section 2.8 a summary of this chapter is given.

2.1 Introduction – Purpose of Business

Arguably, the father of modern philanthropy, Andrew Carnegie (1933) argued that the chief purpose of business is to maximum profits, through profits reinvesting to create a surplus wealth. The only proper mode of great wealth becomes the obedience which is destined to help solve problems for both the rich and the poor in societies, and to bring “peace on earth, among men goodwill”.

In his sermon on the use of money, Wesley (1826) said “. . . *first, cater needful necessities for yourself; the basic human needs, whatever nature moderately requires, Secondly, cater for your family, your servants, or any others who pertain to your household. If this is done there should be a surplus left, then “do good*

to them that are of the household of faith.” If there be a surplus still, “as you have the opportunity, do good unto all men....”.

The position is similar to the working group, Norén et al. (2004), according to the group, the ability to produce goods and services to meet demands, either made by customers, other businesses or public societies, in such way that allow profits, this kind of adding value is the basic prerequisite for business, to that end, it is also the basis for prosperity in societies. On goods and services, MCEE (2008) state that, it is because of the presence of business in the economy, that humanity is able to consume and enjoy many more than otherwise could if all produce consumed is parallel/direct consequence to our own production. Clearly, consumers of goods and services are better off because of the surplus/ maximisation and enhancement disciplines of business.

Neoclassical economics champions the idea that economic growth is maximisation: At the top, governments aim to maximise social welfare, organisations aim to maximise profits, and lastly, individuals aim to maximise satisfaction of utilities. These are the most presented domains of neoclassical economics (Lawson, 2013, Zafirovski, 1999) . Maximisation in the business sector, therefore, implies creating a surplus. This is what business does better than any other sector (Norén et al., 2004).

The American Business Steel tycoon Andrew Carnegie once stated the following about Surplus: *“The surplus wealth is the secret trust to be managed for the good of others, at its best sense, it is the property of the many, ..., administered for the common good unto all men”.*

This, then, in the future, should be held to be the true duty of small and large businesses in an economy, to maximize profits, to provide moderately to the recreation of improved standards of living, by better understanding: First, the purpose of business; secondly, role of small and large business; thirdly, the importance of self-imposed controls for the benefits of the business; fourthly, profits reinvesting in

relationship with the Business networks; finally, the role of the growth mindset in business.

2.2 The Role of Small Business

A lot of attention is already devoted to the purpose and role of business in an economy. The positive economic contribution of small, medium and micro-enterprises (SMMEs) also referred to as small business, in the global economy cannot be overlooked. The challenges facing sustainable operational and growth of these enterprises, likewise, cannot be overlooked. Firstly, the disparity of SMMEs definition across the world is staggering, however, for standardising purposes, globally, numerous researchers have come to a common classification for SMMEs, to avoid the remarkable disparity of SMMEs definitions worldwide. Nevertheless, researches have reached a common classification, for SMMEs — SMEs are those with less than 250 employees, very small businesses 10 to 50 employees while micro-enterprises have between 1 and 10 employees (EuropeanCommission, 2003, Muriithi, 2017, OEDC, 2005, Page and Söderbom, 2015). The introduction summed the primary duty of business. Next, in this section on literature, are the key features and contributions of small business in the economy as one of the focus points of this study.

2.2.1 Educing Globalisation by making use of Innovation and Technology

Innovation and technology has forced a reality globalisation of markets and economics of these enterprises in both high and low-income countries by sustaining employment and contributing to GDP (EdinburghGroup, 2012). According to OECD (2017), Innovation and Technology by SMMEs is not a direct product of SMMEs, but a direct bearing from knowledge spill-overs from: (1) close access to their networks, (2) opportunities from partnerships, mostly owing to bigger enterprises. This is due to the ability that large enterprises have: firstly, finance and managing R&D, secondly, production of sales, thirdly, ease to enter new markets through their already established marketing channels, and, moreover, given market structure that larger enterprises operate, such atmosphere is likely for greater incentives to innovate

reports Edmiston (2007). OECD holds a similar view to that of EdinburghGroup (2012), globalisation has increased the spiders-web collaboration in Innovation and Technology – both in gaining inputs for innovation in various means of business (goods and services, patents, licenses, etc.).

However, given the dependency in Technology and Innovation ascertained above, mainly from large enterprises, it is interesting to note that, according to the latest report of the State Council of China, estimates by the Ministry of Industry believes that SMMEs creates nearly 65 percent of patented invention, and more than 75 percent of Enterprise in Technology and Innovation and plus enjoy more than 80 percent of new product development, reports (Xiao, 2017). This implies that SMMEs in China have become the main driving forces of China's market economy, promoting employment increment, social stability and independent innovation and technology connecting to the world's spider-web of globalisation.

The reality of globalisation within the innovation and technology sphere, however, is not without challenges. These challenges according to the conclusions drawn by Chimucheka and Rungani (2010) and EdinburghGroup (2012), are limited to the second to third-party constraint causalities as a descriptive explanation to account for the high failure rate and lack of growth in small businesses. They include policymakers, lack of supporting working capital, inability to financial access, inadequate infrastructure. Oneself challenges include lack of elementary skills, and being in business for the wrong reasons, they added.

On the other hand, OECD (2017) ascertain that the key challenges for many SMMEs are to identify and connect to right and suitable knowledge spill-overs within the spider's web networks: local, national, and at global levels. In addition to that, the know-how skills, management practices to coordinate and integrate knowledge inherited from partnerships, mostly bigger enterprises, with their internal right and proper skill sets, practices to fully engage and leverage in the international collaboration for innovation and technology.

2.2.2 Employment Contribution

In an average year, evident reports from different countries suggest that small businesses create a considerable majority of net new jobs. Edmiston (2007) reports that in the United States, the U.S. Census Bureau report from 1990 to 2003 confirmed that the combination of small, medium and micro-enterprises accounted for 79.5 percent, and 13.2 percent respectively of the net new jobs, despite employing the least population, whereas larger enterprises accounted for the remaining bracket. To elaborate, in recent reports, in most Organisations for Economic Co-operation and Development, 34 countries (OECD, 2017) show that approximately 99 percent of all firms are formed by the SMEs network. Likewise, the overwhelming predominate SMEs network also dominates in net job creating, averaging on 70 percent.

In 2002 China began a third phase of reform and opening-up in the SME Sector. This promoting law was a strategic intent which is in line with China's industrial policy, established to help meet the needs of society to promote employment, advocates (Xiao, 2017). By 2006, from the Journal of Small Business and Enterprise Development Chen (2006) report that “ Chinese SMEs have gained a fast growth ever since the reform and opening-up, measured in terms of size, number, financial status, or profitability”. At that time, the Chinese SMEs in terms of employment expansion accounted for 79 percent of new jobs nationwide. A year later, China's SMEs employment opportunities were up by more than 3 percent to over 82 percent reports (Liu, 2008). According to this trend, it can be forecasted that the Chinese SMEs will maintain the trend of prosperous growth, still enjoying a significant considerable employment contribution. Xiao (2017) reported the recent report from the Chinese State Council on SMEs. The findings indicated that SMEs in China have maintained the trend of prosperous growth, still enjoying a significant considerable employment contribution of nearly 80 percent of urban job chances. Therefore, the subsequent implications of these trends observed over the years, suggest that SMEs in China have become a driving force behind the economy of China, the engine that contributes to employment upraise.

According to research done on the Middle East and North Africa (MENA), Nasr and Pearce (2012) report, the lowest contribution to employment contribution, typically accounting for 20 percent to 40 percent. This figure is likely to be significantly lower than what is reported by the official records due to imprecise records on the informal sector. Among the major challenges, key constraints in this region include, interestingly, the habits of living, i.e. a larger informal payment to officials have become a common habit “to get things done”, reports (Nasr and Pearce, 2012, Nasr and Rostom, 2013). That is not surprising given constraints such as a weak judicial and legal system, creditworthiness, infrastructure, information irregularity, make it to the list of SMEs causalities of failure and lack of growth. A group of authors, Page and Söderbom (2015), took a similar position to that of Nasr and Pearce, and have drawn similar conclusions that events post the Arab Spring have put at risk: job creation, prospects of development assistance, and a potential mindset for future growth in this region.

However, on the African continent (South Africa included), researchers of SMMEs recognise the potential role of SMMEs in its contribution of employment creation, Harper (1984, cited in Luiz (2002) generalise that small business carry more labour per unit on capital and require less capital per unit output, when compared to larger businesses. This position is also noted by Muriithi (2017), SMMEs are the engine of founding new ventures, income generator and to employment to Millions of Africans, without them, African policymakers will be in the abyss of financial contrails, poor development, all which would only worsen the standards of living of low income people often served by this sector Santrelli and Vivarelli (2017, cited in Murrithi). The employment contribution appears to be strongly correlated with developing countries. In 2012, The European Union stated, “For developing countries, the expansion of the private sector, especially SMMEs is a powerful engine of economic growth and the main source of job creation” (EuropeanUnion, 2012). More recently, CNBCAfrica (2017) reports, Africa as a whole, “the world’s second-fastest growing economies behind South Asia”.

Despite the evidence presented in favour of SMMEs centred on their role in creating jobs, there are also problems that complicate the intent of doing well by creating job opportunities from the sector. The discovery of Page and Söderbom (2015), in their study primarily focusing on SMMEs Aid and Employment in Africa. Their study revealed striking results, “the exit rates were significantly higher for small, young enterprises”. Therefore, implies limited contribution in their role in creating sustainable new jobs. In addition, they reported, “small enterprises everywhere have both higher birth and death rates than larger enterprises”.

Another aspect to consider was the same conclusion drawn by Biggs (2002), in his study on African countries. Biggs declared that, considering the very high proportion of small enterprises exit rates, the assumption that small enterprises are sustainable net job creators in Africa may not be valid. The hypothesis to high exit rate is that, small enterprise consistently trails large enterprises in wages, the relationship between wages and Enterprises size is positively strong. The subsequent implication is that, given a little experience, and acquiring of new skills from the working environment, small enterprise employees are likely to join larger enterprises for better wages. On the other hand, the explaining put forward by Edmiston (2007), is that, small enterprise employees grow to a point beyond maximum number of employees, and thus, join larger enterprise class. This implies that the SMMEs sector seems to prepare employees for larger enterprise at some point in time. That is a symbol of a growth mindset. Other problems facing SMMEs in Africa, according to the literature point to external forces: such as difficulty to access finance, inadequate support from government and large businesses.

In contrast, Muriithi (2017), adds corruption to the list of problems facing SMMEs in Africa in particular. It can be argued that corruption is a direct bearing from both intrinsic and extrinsic causalities to a high failure rate and lack of growth. To, illustrate, (Muriithi, 2017), Nasr and Rostom (2013), hold the view that well intend practices by SMMEs businesspersons would to divert to corruption tenderness to service bad habits from officials expecting larger informal payment “to get things

done”, or retain operations. Therefore, becomes an extinctic influence. Ill practice becomes intrinsic if SMMEs businesspersons deliberately cut cost to reduce the quality of goods and services with an intent to maximise profits and use that surplus to bribe officials. Such will eventually lead to an additional challenge, noted by Murrithi, inadequate quality and negative perception. Due to inadequate quality goods and services rendered, both existing and potential customers will divert their demand for goods and services to larger Businesses. Therefore, everywhere the positive potential contribution by this sector to GDP is in danger of collapsing if these ill unethical practices continue.

2.2.3 GDP Contribution

It is noticeable that SMMEs are even more significant given their role of creating employment. It has been already established that SMMEs’ contribution to employment creation helps to improve the standard of living of societies, a potential wealth generator. Therefore, a further enormous potential for SMMEs’ is its potential contribution to the wealth of countries. Their role in employment creation is noted by Benzing and Chu (2012, cited in Muriithi 2017) that it boosts countries’ wealth and the GDP. A wealth of countries and better GDP is increased because saved resources increase productivity that can be used to produce more goods and services, and that is a great reflection of SMMEs contribution to the national economy, (Harris and Gibson, 2006; Sauser, 2005, cited in Muriithi).

About a century ago, the work of Stanley and Morse (1965) derived one of the first conceptual frameworks. Their work demonstrated policies and organised strategic intent necessary to promote SMMEs. The framework supports the role of small business in the economic development.

It is argued that, there is significant interest in SMMEs in developing countries. Two main reasons are probable for this. Two groups of authors separated by miles of seas (Jili et al., 2017), KESKGN et al. (2010) holds a similar view that: (1) SMMEs development may prove to be an effective strategy for poverty alleviation, (2) the

development of SMMEs is one of the key foundations in innovation and sustainable economic growth. These views complement each other. Intercontinental evidence suggests that growth and real poverty reduction are closely related. If this is globally acknowledged, it is reasonable therefore, to consider that growth is the evidence of service rendered and is likely to have a direct bearing on real employment, more than it is likely to reduce poverty.

Kachembere (2011) focused his attention in his study on “SMMEs hold key to economic growth”. He points out that economic growth and adequate sustainable development is formed from a pivotal role played by SMMEs.

KESKGN et al. (2010) in their study analysed the contribution to GDP by nature of the economy. SMME 's contribute to over 70 percent of GDP in middle-income countries from 95 percent total employment occupies a high place. Following in contribution is over 60 percent to GDP from 70 percent of total employment in low-income countries. The contribution by high-income countries to GDP is over 55 percent from over 65 percent of total employment. In South Africa, a study conducted by Peter and Ebo (2010), suggest that the contribution of SMMEs to GDP is between 52 to 57 percent from approximately 91 percent pool of formal SMEs. A brief recent study by Muriithi (2017) revealed that the figure is between 50 to 60 percent of its contribution to GDP from the same estimate of the formal business entities in South Africa.

A rise in SMMEs contribution level would rise employment creation contribution to societies as noted above by literature, which in turn increase disposable income, potential reduction in poverty, real wealth is inflated. This, in turn, shifts the SMME contribution curve upwards from $SMME_0$ to $SMME_1$. It increases real GDP from G_0 to G_1 . The SMME contribution level changes, change the standard of living and consumption for societies and that is called the wealth effect. The illustration is given below in figure 2.1.

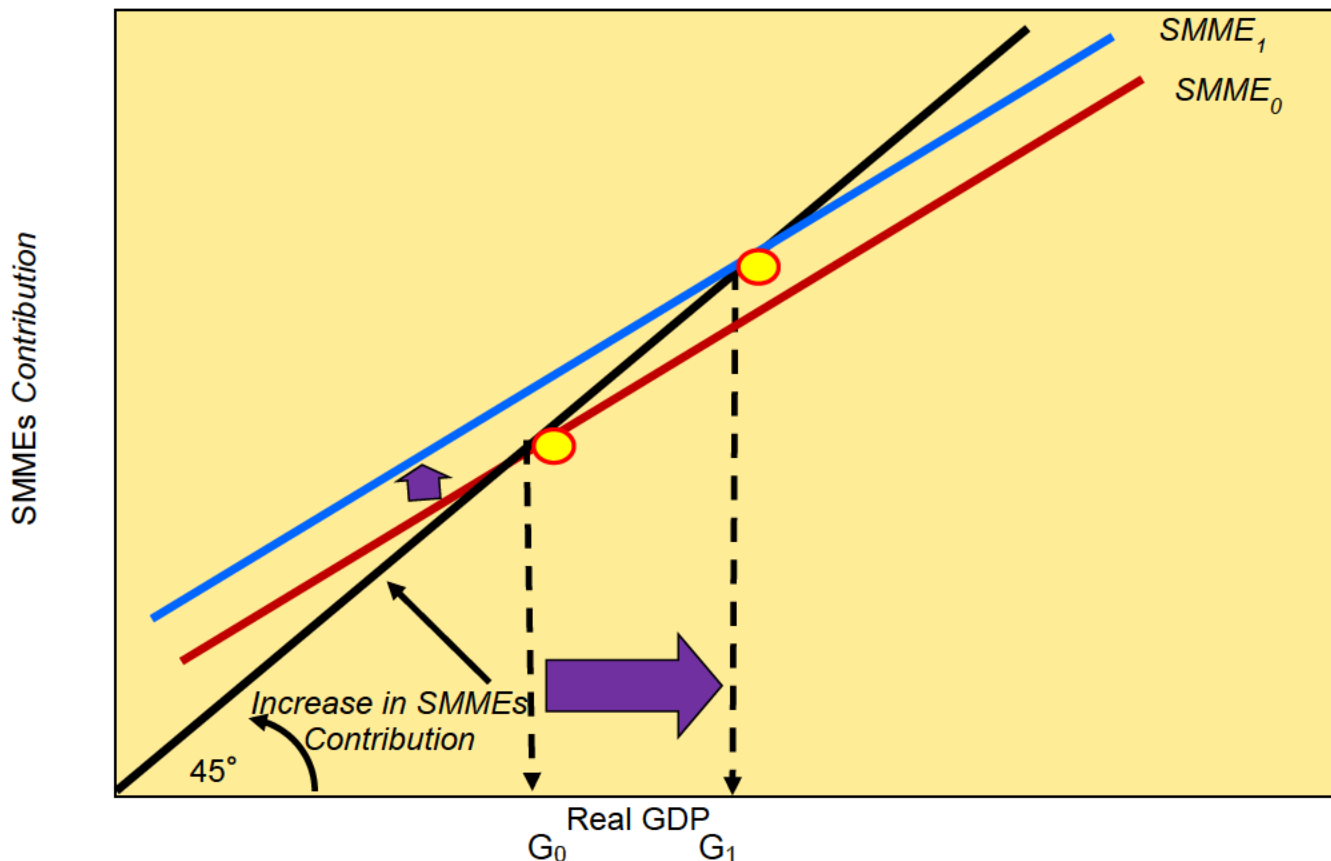


Figure 2.1: The effect of SMMEs contribution to GDP

Adapted: (Brue (2015))

In nutshell, SMMEs' contribution to countries' GDP is inextricably linked to increasing the standard of living of people in communities. Following a lucrative GDP, the appetite supply of private funds investment is likely to increase. Making it possible for government to provide adequate health care and social services, likewise, give its citizens a **choice** to preferred healthcare and social services. A wide variety of choices such as quality of education, preferred literacy, preferred choice of healthy foods, good arts, physical activities, a **choice** to safety and security, more needful necessities and leisure activities. It is obviously difficult to quantify accurately the value by venture of other positive externalities to the society. However, (OECD, 2005 cited in (Pandya, 2018)) reports that SMMEs are generally under-counted in the world trade official records. A deliberate true measure is necessary to be taken to make it's share a true reflection of their significance.

Norén et al. (2004) further, observed that though all businesses remained inextricably linked to GDP (SMMEs included), they face several challenges due to ethical, social and environmental responsibility, what is known as CSR. Their report suggests that it is much in the interest of any business to be a “good cooperate citizen”.

2.2.4 Corporate Social Responsibility

So far, there has been no internationally common definition for CRS. Nevertheless, the following initial definition of CSR is put forward by this study: a deliberate act to adequately meet demands of goods and services rendered by businesses to maximise shareholders’ wealth, if not transcending to welfare of the environments in which businesses operates, minimise any harm to the environment in which the businesses operate.

Norén et al. (2004), studied the role of business in society, had stated that CSR is a voluntary responsibility that exceeds the demands of national legislation and encompasses human rights, environmental, and social issues”. Besides, this voluntary activity, there is no question about the sincerity of benefits to the society and to enterprises in CSR activities, but there is burning question if the objective is to reduce overall cooperate tax payment liability or gain some tax incentives as part of CSR activities to maximize economic benefits for its shareholders’ wealth and welfare, as to welfare of general societies. Narotzki (2017) points out that in a contemporary business environment, a fair share of income cooperate tax is a necessity after considering further CSR activities. The present literature has a voluminous debate around CSR in relation to tax obligations. Nevertheless, this again falls outside the scope of this study, but it is an interesting form of literature concerning tax incentives or tax rebates to the value of CSR in business.

The next definition is presented as follows: CRS is mainly about philanthropy with exceeding potential market benefits. According to studies by a group of authors (Hamidu, 2015, Karagiorgos, 2010), Margolis and Walsh (2003), (Rajput et al., 2012)

revealed an imperial direct bearing to CSR and organisations financial performance. In addition, according to authors, many other studies have shown a positive relationship by stating that CSR leads to an increase in financial business benefits in the long run. Therefore, this means that societies are raising expectation of business in terms of their safety, health, social welfare, and the environment Laszlo (2008), in exchange for their loyalty to consume or use goods and services rendered by those businesses. This is a very important aspect to stay in business for all enterprises especially SMMEs. This importance is further enhanced by the ability of information flow to the degree that time, and distance is no longer a limiting factor, everyone who seeks across the globe could have vast and ease to information almost instantaneously about enterprises. Good or bad publicity, the flow of information makes it a necessity for enterprises to keep the publics' expectations in good grounds. On one hand Friedman (1970, cited in Margolis and Walsh ,2003) is of a view that CSR is theft and political subversion that divert company resources from rightful custodians that is; owners, employees, and customers. Frankly, it is a difficulty to image the existence Businesses without the environment, which is the people and the planet. However, in his view, Friedman does acknowledge the existential social problems, but only to be addressed by governments through taxes.

Finally, the last definition is presented as follows: CSR is an effort to provide a coherence set of answers to the existential problems that confront businesses, all human beings, environment, and nature alike, using surplus or other available resources back to the environment that produced excess proceeds, thus maintaining in good order the environment in which businesses are privileged to operate within. Laszlo (2008) studied how the world's leading companies are doing well in food production. In his book, he revealed that if a company's footprint is close to zero, that company becomes restorative, such organisations are energised because of that strategy, the feeling of positive contribution. In which according to Carnegie (2009) is driven by growth, opportunity, challenge and feeling of; accomplishment, establishment and importance, according to him, Carnegie that is the deepest desire that all of the civilisation springs. It is this feeling that the world owns all its wonders.

That feeling is inexhaustible in humanity. Their views, Laszlo and Carnegie suggests that, such organisations are poised for huge growth, and profitability, as it meets both surging demands of the market while answers to the existential situation to the world's growing environmental and social challenges. Even more interesting is that, CSR is included when validating an enterprise in corporate finance. That is, the business can be sold, including in the sale is the price of CSR activities. This further strengthens the value of CRS in creating shareholder value even though according to Bonini et al. (2009) the value is considered long turn and indirect to measure.

Frederick (2006, cited in Hamidu,2015) summarised CSR under three basic issues;

- 1) Corporate managers are the product of the public, appointed by the public to be trustees for the public
- 2) There is a necessity to balance possibly conflicting actives to that of shareholder's chief aim to maximise profits with corporate resources to non-economic activities, philanthropy which has a potential to expand shareholders' wealth in future; and
- 3) There is a need to accept the act of goodwill as just and necessary service rendered back to the environment that at first is the source of all surplus produce as a discipline of the organisation

Although the ambiguity of this term CSR is struggling, just like ethics, it means something to another and something else to everyone. However, its value is increasingly viewed as "the way" for businesses across the globe, including SMMEs. SMMEs can contribute to a sustainable and inclusive developments, particularly at the local level where they are rooted the most, if they can commit to just labour and harmless environmental practices and good community relations. It further has the potential to enhance their capacity to attract new markets, provide a sense of pride to stakeholders as their organisation participates in the welfare of the societies in which their businesses operate, and retain qualified and motivated labour force. That could be interpreted as, a business value system, where excessive profits have to go back to the societies where the business operates. Already noted to have exceedingly

major positive externalities in a long run— CSR has a potential to lead to profitability, which in turn will lead to the growth of SMMEs, and to some degree, decrease the failure rate in this sector. On another hand, a potential mindset for growth for the future of SMMEs.

2.4 Self-imposed Controls

The problem of modern times is the proper administration of controls. The conditions of this discipline often do not point to the source of the problem where it originated. It is natural to see all of the misfortunes to have uncontrollable circumstances, yet all fortunes are a direct bearing to self-toil. If this all apply to individual self, it applies to all combination of human business endeavours. As noted in the introduction of the first chapter, by definition that businesses and the people in business are one.

Han-yu Shen (2011) evaluated the importance of self-control, sometimes referred to as self-regulation. It was detected through the evaluation that self-control has a significant correlation to success and general improvements in life outcomes.

Rossouw and Vuuren (2003) explained the realisation of the cost associated with immorality to businesses. If business cannot control their production mechanisms of goods and services, such that they impact negatively to the societies and environment in which they operate, the cost associated with that lack of control can no longer be ignored, it can extremely hurt that business's reputation, which may, in turn, be extremely costly to the growth of that business. They also gave an overview of the competitive advantage afforded to organisations by their just ethical activities. This translate into loyalty, which may, advantageous to customer's loyalty to the business and regulators and thus, beneficial to the growth of that business. This implies that if organisations consider trust to be of strategic importance, they need to commit to certain standards of control that will educe trust. Likewise, if their production mechanisms of goods and services seem to be harmful, instead of being valuable, they have no option but device controls to omits such activities in order to attain their organisational goals.

Hoepli (2012) explored the role of continuous learning, training and education in businesses to ensure that skills sets remain relevant, and discussed the prudence to ascertain different considerations for implementing controls to encourage skills development within the structures of the business and its partners for both current goals and future relevance. The discussions indicated a positive trend in skills developments and businesses need to commit and promote continuous skills development through formal and informal education which will help them to improve service delivery and quality of their goods to customers and to create a prosperous competitive advantage in the future.

Clason (2002), described several cures for a lean purse, the second cure refers to the control of expenditure. The author examined the necessity to study thoughtfully accustomed habits of living. Herein, he ascertains that a number of accepted expenses can be reduced or eliminated. Only those that are necessary to grow the purse, that it, has a possibility to earn more must be satisfied, Therefore, it is necessary for drivers of businesses to commit to controlling expenditures that pay for enjoyments and gratifying purposes. But satisfy those expenditures that will benefit the business.

2.5 The Value of Reinvesting profits in Business

Increasingly, the world is of the view that the key to successful growth for any business, large or small is to get the policies right. Evidence increasingly suggests that the correct approach is to generally focus on developing a supportive environment that can support any business, whether small or large, to grow, and to allow a ready atmosphere to the ever-changing and ever complex markets conditions. Reinvesting is no stranger to this view. Reinvesting in the context of this study means the ability to hold back some of the business's profits to the business, with the intent to grow it reserved as standby for specific objectives concerning the success of the business. It is worth stating that reinvesting is not limited to capital, but people, time,

skill, and experience are also extremely valuable, however, for the purpose of this section, capital takes president. This is because the other later valuables are a direct bearing of intrinsic or personal attributes. While capital can stem from both extrinsic and intrinsic sphere. The extrinsic sphere includes capital injection from external investments, government subsidy in order to help a business, and those are more than likely to correspond with favourable economic conditions. The intrinsic sphere pertains to the control to save business profits back into the business to expand the business, improves production mechanisms, and for the business's own future relevance – by itself.

Based on almost all observers, both in business and in academic research, the view that small business typically fails to recognise the needs of future cash flows. Instead, they prefer the “NOW” comfort from current profits, the safety of viable current businesses, and the luxury that it brings with it, and the hope/dream that it will be carried off to infinity. When it comes to the future, they choose to believe that today's successes are tomorrows triumphant. Instead of reinventing today's surplus into the Business in order to; grow it, defer consumptions now in order to consume more in the future or create leverage for the business to remain viable for some time without profits. By the time when markets are unavailable, the business is not viable to be sustainable during turbulence markets conditions. Slowly but surely, by extravagance past appetites, those businesses risk failure or stagnate growth. This is more common to SMMEs because they lack self-sustaining financial resources of large businesses Edmiston (2007). Such, that a portion of small businesses profits, in particular, might be beneficial to be reinvested back into the business to consider own business future proficiency by setting controls in the business policies. Anything outside that should be a taboo. For instance, consider the following evidence from literature. Morden Business tycoon and philanthropist Warren Buffet quoted by Hayden (December 29, 2014) once stated the following about reinvestment:

“Reinvesting is the best way to build wealth. If you are a business owner, reinvesting is crucial to your company’s continued growth and success. It’s worth keeping in mind that it does not have to be all profits...”.

Lundan (2006) suggests that reinvestment is both quantitatively important, as well as being variable in its determinants across countries. In her study, she also observed that reinvestment opportunities are parallel with the rate of growth in countries’ GDP. Which implies that the appetite to reinvest is likely to be higher in relation to countries’ GDP and vice versa. Lundan also suggests that *“favourable economic conditions would encourage reinvestment, thus forester growth potential, while unfavourable conditions in the economy would encourage disinvestment, while that will reduce the risk of reinvestment it certainly will limit business growth”*. The most obvious determinant to this claim is that, Firstly, investors find confidence that the business has the potential to grow given the growth of GDP in the country. Secondly, already noted that SMMEs contributes a significant portion to countries GDP, this gives comfort to SMMEs owner or investor alike to reinvest some of their profits portion back to their own business. In the long run, growth in size of the business compound potential future profits in the business, it grows the value of their shares or ownership role and thus, financial stake in the business.

Lundan’s observation is akin to historical support, Kopits (1972, cited by a group of authors Caves (1996), (Dunning and Lundan, 2008, Lundan, 2006), argued that the desired level of capital accumulation through reinvestment, is, in turn, determines the level of potential future dividends to be issued in the future.

Similarly, in “The richest man in Babylon”, Clason (2002), the author echo sentiments to reinvest the earnings instead of spending it on luxuries, is similar to ploughing ahead, it improves levels of savings and investments for one’s “business”, for economic objectives, it “make gold work for you” he adds.

Reinvesting also help businesses with tax exemption according to (Lundan, 2006). Tax exemption has a strong historical and contemporary support. Historically, Kopits (1972, cited in Lundan, 2006), argued that capital accumulation through reinvestment turn to finance partnership expansion through intra-dividends while cutting tax obligation. Similar works dealing on self-financing and tax exemptions is credited to Penrose (1959 cited in a group of authors e.g. (Y. Korl et al., 2016). Contemporary, rolling over profits keep money in the business, increase expresses, which eat on net profits that pay off taxes. The extra rollover profits are additional investments to produce more in the future potential high profits. Besides, reinvesting activities, according to Ajunwa and Leyira Christian (2018), has some incentives such as: low cooperate taxes, presence of tax holidays, and as well as other tax concessions. Jamie Golombek, managing director of tax and estate planning with CIBC Private Wealth Management cited in Johnson (May 13, 2016) advocate the necessity to leave excess profits into the business, if they do not need to live on it. The implication of this approach is especially logical for SMMEs, so they can make use of retained profits to expand their business or kept as a reserve for unfavourable economic conditions to avoid business closer due to lack of capital in such times. During unfavourable economic conditions, the cost of debt turn to be exceedingly unfordable.

Noteworthy banks' or financial sector's appetite for risk vary, within a South African context, based on own experience and observations — over a decade in the banking sector, for instance, one has observed that most of the bank's policies when granting credit to a business, that business need to invest between 60 to 80 percent of their own money and the bank covers reminder when contemplating debt to run or grow business. Nor does it end there, with-it, is a series of credit conditions that make it cumbersome and totally unfordable for SMMEs owners to run their business independently. In addition to that, leading monthly fees, together with insurance fees. The logic is simple, this is done so that the borrower will guide their investment with care as they have more to lose than the financial provider. It also appears that financial providers are still in an ongoing learning process, reflecting the complexity of SMMEs leading. The report jointly produced by the World Bank, Ghana office and

The African Centre for Economic Transformation on access to Finance for SMEs in Africa is akin to aforementioned observation within South African context, indicated in figure 2.2 below.

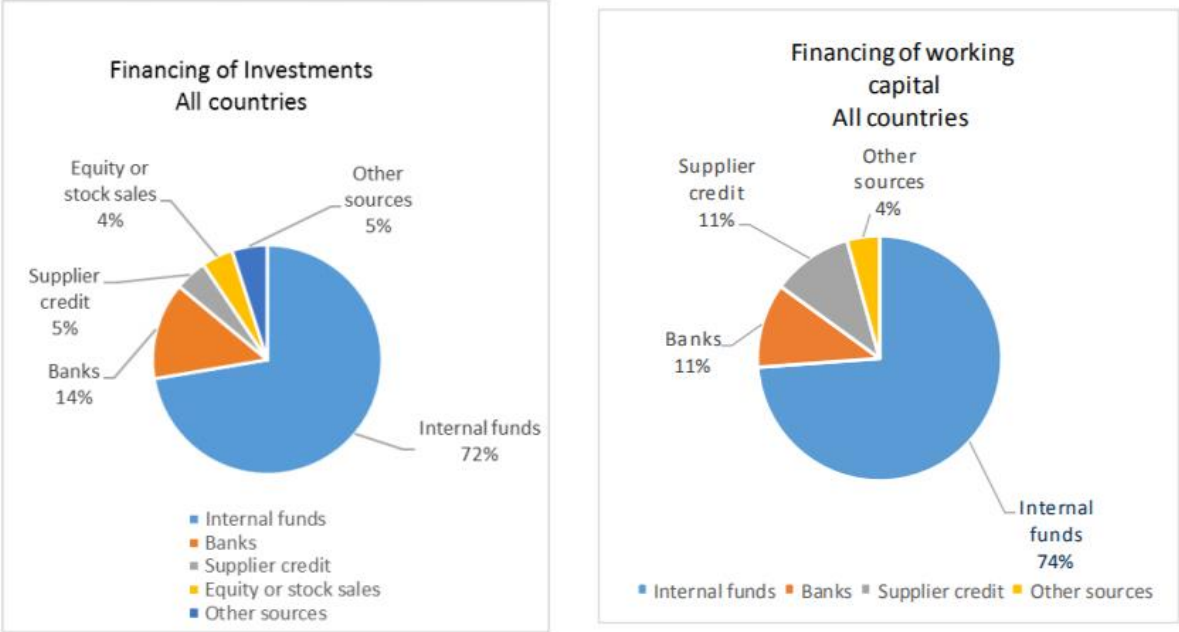


Figure 2.2: Global Funding Sources for SMEs

Source: WorldBank and Acet (2016)

In additional, the necessity for the high ratio in financing capital to SMMEs, according to Binks and Ennew (1996) is because of their inability to service debt, lack of collateral, and the perceived risks associated with SMMEs. In closing remarks from literature, concerning the value of profits reinvesting back into the business, is to give SMMEs in particular the ability to avoid debt to grow their business but necessary or beneficial for them to device self-financing controls that gives capital marcel when necessary or during economic turmoil to keep their production mechanisms of goods and services running, and to expand on their operations.

2.6 The Mode of Small and Large Businesses

Some of the necessary conditions that are given in the previous section do possess some advantages and disadvantages which worthwhile mentioning here. For the advantages of SMMEs, not only is it widely acknowledged that economic growth contributes to economic and social development and poverty reduction. However, the quality of growth is paramount. Hence the quality of growth becomes important in realising certain objectives like rapid development of ancillary industries, adequate infrastructure, and efficient transportation which aid to a further potential contribution to the economy by the SMMEs sector (Isaksson and Kirkpatrick, 2004, KESKGN et al., 2010). Although the noticeable significances in international economic transformation, growth and sustainability remain a threatening impediment.

Besides that, some of the disadvantages to growth and survival of SMMEs are threats by impediments that may exist in the macro diverse levels of environmental forces of business. A global inclusive view of studies has amongst many identified factors such as: (1) passion is not a substitute of experience in the field of business; (2) lack of financial literacy and poor money management; (3) inability to secure funding and high-interest rate on borrowed money; (4) poor leadership skills, lack of vision and direction lack of innovations, insufficient research and development (R&D); (5) insatiability of economic resources of the country; (6) unequal distribution of income and assets of the country; and lastly, (7) insatiability in political endeavours, are the main challenges hindering the success of SMMEs (Brown, 2017, Mboniyane and Ladzani, 2011, Nemaenzhe, 2010, Verma, 2012).

Studies about success and failure of small firms in China conclude that success and growth of small enterprises in China depend on cultural and social factors such as hard-working, family responsibility, and other (Chow and Tsang, 1995). Above this, certain SMMEs researchers and authors conclude that the success of a business depends on both extrinsic and intrinsic influences.

In the Mid of the 17th Century, from small to big, around the Village of Jobra, with only \$27 needed by a group of only 42 clients at that time when the idea was born out of the need to serve, reports Covey (2004) in his book, “The 8th Habit: From Effectiveness to Greatness”. The idea grew, so was the business, from one village to another. Greemen Bank as is known today has expanded from then small business rendering micro-credit to economically disadvantaged villagers. However, the idea behind the founder, Mohammad Yunus was not consummated until 1983 when the bank was formally created.

Once called Amazon dot toast with about 150 employees, an SMME by definition then. By 2010, the Amazon dot com was the biggest online retailer with over 30 000 employees and doing well financially, to that the CEO, Jeff Bezos claims is the outcome of customer obsession as to competitor focus EPCGroup.net (2013) Amazon is among the biggest online retailers in the world, their mode of business can be employed by any business, big or small, it’s business model to focus on the customer has seen the enterprise from being a toast SMME to one on of the largest online retailer in the world, the argument is that, note the competition but obsess on the cutometer, seem to account to the then small Amazon dot toast to the large Amazon as we know it today.

In contemporary 4th industrial revolution, the key findings in revenue indicate that small businesses are big businesses. Small is going to be beautiful and small is going to be powerful, according to Ma (2018), in the next few years, special attention to small business with less than 35 employees cannot be overlooked, especially, from a digital sector standpoint.

Chris Rhodes (2017) studied business statistics in the UK, recently reported that, large businesses accounted for 49 percent of annual turnover, as opposed to 51 percent by small business. A recent study in South Africa, Axxess in Port Elizabeth has an estimated annual revenue of about R 250 million with less than 100 employees (Writer, 2017). Opposed to, 4Sight Holdings, a JSE listed business

reported a little higher turnover to that of Axxes by 73 million with 6 times more the number of permanent employees serving a larger customer base across several countries (Ginindza, 2018). Certainly, that is not small, small could be big and big could be small. These SMMEs already make up 95 percent of total employment and about 70 percent of GDP in developing countries such as South Africa (Isaksson and Kirkpatrick, 2004, KESKGN et al., 2010).

Meanwhile, within the context of South Africa, The Global Entrepreneurship Monitor's Annual Survey on Global Entrepreneurship (Bosma et al., 2011-2012), South Africa estimated over 5 and half million small business owners, of which almost 80 percent were retailers while 20 percent and above were service providers. These businesses accounted for nearly 12 million jobs in In South Africa. Which implies that the crippling failure or lack of growth is no stranger in South Africa in the SMME sector.

These research findings customize the failure of SMMEs in South African to the country's poor ratings on government programmers, education system, restricted and inhibiting regulatory environment and restrictive labor laws, a considerable number entrepreneurs have a slanted impression of entrepreneurship and in most cases these individuals want to pursue business endeavors for all the wrong reasons; such as temporal gratifications, feeding on their insatiability for luxuries lifestyles with little commitment to due diligence but rather an attitude of entailment and tender self-indulgences. Other reasons point to the country's most expensive funding rates which in turn reduce investment inflows, low levels of research and development (R&D), and lack of required skills by entrepreneurial aspirations (Burger, 2013, SEDA, 2016, Thembekwayo, 2016).

In an interview with Fin24 (2010) Jacobs head of Absa Small Business reason close to the purpose of this study. He point the failure or lack of growth SMMEs causalities to the difficulty to build cultural norms of entrepreneurship. He added, thus, South Africa as a country is facing challenges creating employment.

Within the South African townships, for example, consider these two township fast food businesses, Tibo Kotas in Alexandra South Africa started in 2005, in 2014 their annual turnover was over R 53 000. Interestingly Kota Joe is a listed South African franchise that started in 2013, 8 years after Tibo Kotas doing the same fast food business reported R 20 Million in turn over in 2014 (Thembekeyo, 2016). Here is the point, the end business product is the same. Kota Joe delayed temporal gratifications and reinvested its profit capital to grow the business until JSE listed.

Consider another known polar business in townships, Stokvels. Stokvel is a group of communities collecting money for short to medium term saving or investments scheme. The aim is to meet both tragic and entertainment future goals. In townships, Stokvels are considered “local banks”. SiyaNqoba Stokvel operating in the Eastern Cape started theirs in 1995, they collected a turnover of R 300 000 in 2015 (Thembekeyo, 2016). Larger competitive enterprise such as banks, are in the same saving investment scheme. Consider, Capitec Bank, started in 2001. As of February 2017, the bank was a third largest retail bank in South Africa, based on a number of customers, turnover of R2.5 billion for the year ended 28 February 2015 (Capitec, 2015). Stokvels generally withdraw their investments yearly during festival seasons to serve various celebrations or luxurious leisure endeavours or use it to serve luxuries tragic events such as funerals. This kind of behaviour orbits year after year hence their investment shows little or no growth. On the other hand, banks use the same model, but withdrawal is priced at a premium to generate more income that is then reinvested back to the business for other financial endeavours that further stimulate growth.

Locally within eThekweni Municipal area, the international luxury travel and lifestyle magazine, Condé Naste Traveller accolade Umlazi based Max’s Lifestyle SMME owner as one of the best 207 globally recognised restaurant write (Khanyile, 2016, Pillay, 2016). The recognition is an indication of the progress of businesses around Umlazi Township. This restaurant dines people from overseas, those from eThekweni high-income earners dwellings in areas such as from Kloof, Hillcrest and Umhlanga.

Weekends are associated with high crowds, with that, concerns of safety and security of people and their belongings due to a high reported incident of theft and harm to people in and around the restaurant. Max's Lifestyle is clearly demanding internationally and locally however this treaty can only be found at Umlazi Township only. The same treaty among some of the county's most popular restaurants that include Sakhumzi on the famous Vilakazi Street in Soweto, Mzoli's place in Gugulethu township in Cape Town. Eyadini Lodge in Umlazi. It remains regrettable that these nationally to internationally demanded treats are only located at their place of origin only writes (Tsele, 2017). Immediate access to them is not an option for devotees dwelling far.

On the other hand, consider another South African restaurant by origin, "Chesa Nyama". Chesa Nyama is considered one of the fastest growing fast-food franchises with 300 stores across South Africa and ingrowing. Chesa Nyama's business model is similar to that of Max's Lifestyle, Mzoli's, Sakhumzi, Eyadini Lodge, and others, opened their first international store in Tennessee, the United State of America in October 2016 (Koza, 2016). The restaurant whose business parent is Gold Brands has not limited its footprint in Johannesburg alone at its origin location but have extended its business endeavours to the whole of South Africa, to international existence. Chesa Nyama's business venture international is evident that SMMEs have the capacity to grow known beyond bounders such as most gruelling economic circumstances, lack of finances, inadequate infrastructure and many more extrinsic forces only if the mindset to grow is a deepest desire to the drivers of the business. Nevertheless, extrinsic forces occur to all businesses, big and SMMEs.

Drawing from the current reality, the observation is that the revenues of small and large businesses in an economy seem to know no size. Both small and big have the capacity to express identity in profits generation. Therefore, it may be helpful at this point to review that, if SMMEs are so economically important, why the sensitive in-depth tenets of SMME's businesspersons have not been fully explored? Tenets such as not aiming to grow, fear of failure, business just to administer basic human needs

only or to indulge the appetite of luxuries lifestyles. These causalities of failure or lack of growth talks to the intrinsic persona of businesspersons of SMMEs, outside extrinsic causalities of failure or lack of growth.

The last section from the sources of literature will attempt to unveil beneficent of a growth mindset in business, with special reference on SMMEs businesspersons.

2.7 The Value of a Growth Mindset in Business

The consideration of growth mindset discipline begins with a definition of terms. The primary source of the growth mindset discipline is contracted from two words, growth and mindset: By growth, in this study, it means **development** and by mindset, it means **a set of thinking habits and living standards assured to the ability to attain or create any desirable circumstances**. Having established the meaning of the words, the study then proceed with the meaning of this discipline. In context, of this study, the phrase “**inevitably development**” is used to explain a **Growth Mindset**.

Portance with food for thoughts, Branson (2006) argues that businesses are merely a group of people working together to achieve a common goal, adds (Branson, 2011). Since businesses are formed by people, Dweck (2014) research has found that people with a growth mindsets believes that:

- People are trustworthy
- Have a keen sense of ownership and commitment to their organization
- Likely to supports risk-taking initiatives
- More likely foster innovation in their organizations
- Sees effort as necessity

Promoting a growth mindset, (Dweck, 2014), Estafanous (2013), (Kray, 2016, Lloyd, 2018, Miller, 2016, Mould, 2015, Thembekwayo, 2016), according to them, these are several key disciplines for developing a growth mindset:

- Value passion, dedication, growth, and continuous learning, not genius

- Relinquish any expectation of being fully pedigreed
- Care more and be ready to learn
- Expect to be stretched beyond boundaries and take reasonable risks (control of risk appetites)
- Value process and reward process (taking on big but control unreasonable challenges)
- Reward tenacity and grit
- Collaboration is deeply rooted on mindsets, value collaboration instead of dictatorship, then reward teamwork
- Hire people who love challenges and want to grow and collaborate
- Caution from the danger of entitlement (it undermines everything worthwhile; thinking, logic and partnership)
- Uncompromised ethical standards
- Creating a culture of delayed gratification (Control of luxuries appetites)
- Reinvesting of money; time, skill, and experience

A growth mindset is key to high performance and resilience because it is about intrinsic factors (Estafanous, 2013).

Benjamin Barbers had this to say: *“success is divided into learners and non-learners”*, a likely explanation to what the group of authors have said about a growth mindset, that is continues learning.

Interestingly that is, from literature no relation is pointing to extrinsic supporters to success and growth which include: favourable policies, adequate supporting working capital, and financial access, adequate infrastructure and more. There could be but two main reasons to this silence in literatures. Positive extrinsic factors were not considered in their study or regardless to that, intrinsic factors in the main, are to have something to with the outcome of the external environment.

2.8 Chapter Summary

Drawing from the literature analyses, indications have been seen conserving challenges facing SMMEs despite the widely-acknowledged contributions to societies is very complex. We have seen that the mode of business is identical for both small and larger enterprises. We have seen the value of CSR's potential role to brand loyalty, SMMEs growth, and profitability. We have also seen the value of profits reinvestment inextricably aiding to the performance of SMMEs. We have seen the value of a growth mindset developing businesses particular SMMEs. Beyond a growth mindset, there is opportunity to grow, opportunity to serve, and moreover, challenge. There is the feeling of: achievement, establishment and most importantly, the feeling of positive contribution, and that is according to Carnegie (2009), that the deepest desire that all of civilisation springs, solving existential social problems of the rich and the poor, through contribution of small and big enterprises alike and to bring "Peace on earth, among men Good-Will" (Carnegie, 1933). Hitherto, the failure rates remain high, growth seems stagnates, but it does not mean that there are no solutions. Often, once the attitude is ready, the skill almost comes effortlessly.

In conclusion, it is evident from literature that in order for SMMEs to act as an "engine of growth" and advance the development process, it is necessary attitude is for them to survive, so to realize their full growth potential, equality necessary is their true measure to reflect accurately their significance to societies at large. However, there is no parallel it would seem, between problems to the existential external factors commonly faced by SMMEs and to those that are habitual self-faced by SMMEs businesspersons. The **intrinsic factors**, in the main, are to have something from the self within to transform the external environment; the **extrinsic factors**. Therefore, it is suggested, to be evident of transformation from the individual self within. It is rather difficult to describe an object's growth with evident of something outside that object that grows. Likewise, it would be difficult to describe the failure or lack of growth in the SMME sector without knowing what triggers within the individual self to form the outside consequence. The fable then, becomes a discipline from within at first. In his

first letter on “Disciplines of Meditation and Realization”, Hall (1940) eloquence put it so well when he wrote:

“Regardless of how deeply a man studies and improves himself outwardly”, and adding to that, even how marvellous supportive is the outside environment, “..., he is not complete until he has perfected his inner disposition”.

If this be acknowledged, it applies the same to businesspersons of SMMEs.

It is then that this study proposed the effect of a growth mindset as an initial proper mode of administering the crippling high failure rate and lack of growth in the SMMEs sector. Within that, the literature presented have shown that a growth mindset, set levels for growth. At first; individually, and certainly in business. Nevertheless, so far in literature, no systematic information or mapping is to be found on the role of the habits of thinking and living to businessperson’s disposition in connection to failure or lack of growth in the SMEs sector.

The next chapter discusses the methodical approach of the study and all the procedures and techniques the researcher selected to answer the research question.

3.1 Introduction

First of all, for evident to be accepted in the field of science it should have undergone some form of scrutiny, quality assurance. It should follow an established chronological process, a tool acknowledged by the scientific society to develop on existing, to the least create new knowledge. That tool is methodologically, and it should attempt to answer these questions maintains (Lynch, 2014): *How did you go about your research? What overall strategy did you adopt and why? What design and techniques did you use? Why those and not others?*

The next sections of this chapter present the research methodology. Research strategy takes the chief place, followed by methods of data collection, within it, information on data gathering and research procedures given (participants, materials and data collection and analysis. Next, limitation of the methodology used. That is followed by the research ethical consideration. Finally, in section 3.7 of this chapter, is devoted to the chapter's summary.

3.2 Research Paradigm

The underpinning paradigm for this paper is the interpretivism with belief that reality is best contracted by making accounts of the world around us and gaining impressions based on culturally defined and historically situated interpretations and individual experiences. This means what people perceive as reality is multiple and relative that roots internally from what they constructed through experiences and interpretations (Berger and Luckman, 1967, Lincoln and Guba, 1985). Referring to them, they admit that the criteria widely acknowledged in research philosophical views are positivist and interpretivist paradigms.

Refereeing to Gill and Johnson (2010), a positivistic paradigm is a structured and measurable scientific method of data collection, widely used to test existing theories

or create new ones. The criteria to gather data corresponds with traditional ways of data collection i.e. from theories. Credibility is comparable with the validity of current internal data being investigated. The principle of association and its connection concepts, observations, and transferability with generalisation is generally thought to be of major importance to the positivist philosophy.

The interpretative research paradigm pertains to the importance of validity and relevance, the criteria requires judgment to be made for meaning. This paradigm is characterised by multiple realities; more profoundly, it is perception developed of individuals, more concerned with complicated insights distinctive to their respective experiences, suitable for small samples to access information-rich data about tenets doctrine guiding cultural norms, and values of individuals into subjective meaning of reality (Graneheima et al., 2017, Malterud, 2001). For this reasoning, the interpretivist philosophy was followed to gain in-depth insight into businesspersons of SMMEs in relation to their growth mindset and reinvestments in their businesses.

3.3 Research Strategy

The study adopted an exploratory qualitative research design due to nature of the study. According to Wyk (2012), an exploratory research design is appropriate in which the degree of uncertainty is steep and ignorance exists about a subject. Typically represented by a high degree of incoherence and elasticity. Where very little or no systemically evident has been produced nor done by previous research Brown (2006), i.e. problem has not been fully explored. As an exploratory study, a predefined estimating model is challenged by the nature of this study, neither the data input nor the data output is predetermined. They rely entirely on the spontaneous flow of interaction between the researcher and participates of the informant sample. Thus, a great deal of effort is anticipated to analyse and interpret the data collection. To improve validity, credibility, and relevance, follow-up interviews were held. Already noted that, so far in literature, no systematic information or mapping is to be found on the role of the habits of thinking and living to businessperson's disposition in connection to failure or lack of growth in the SMMEs

Sector. Thus, on the basis of the above, the research design was a strategy of choice appropriate for the intended qualitative inquiry in this the research problem or question.

3.4 Research Methodology

3.4.1 Research Participants

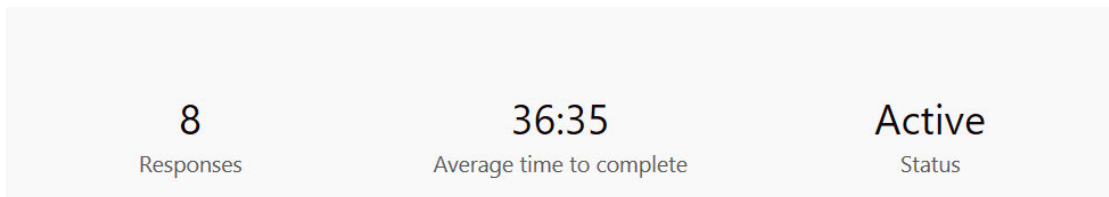
To satisfy the objectives of the research, guided by main characteristic of a qualitative research, that is largely appropriate for small samples. According, Domegan and Fleming (2007) a “qualitative research aims to explore and to discover issues about the problem on hand, because very little is known about the problem”. Qualitative research is used to gain deep rich sensitive understanding of fundamental reasons, opinions and motivations. On that note, in an attempt to obtain deep-rooted variety of data, the criteria for informant selection were determined through Stratified purposeful and convenience sampling (Babbie and Mouton, 2001).

This form of sampling the researcher picks participants based on criteria which makes one most suitable and relevant to a study based on distinctive characteristics such as experience, attitudes or perception (Cooper and Shinder, 2012). Two selection criteria were used in this study. Firstly, the business had to be in operation at least 5 years, and (2) had to have less than 250 number of paid full-time employees -- excluding contract workers the business has, was the second criterion. It is worth noting that included outside the sample criteria was businesses’ present generation and sector of the businesses.

Based on the mode of the study it was estimated that between 8 and 12 responds would be appropriate based on their distinctive characteristics such as experience, attitudes or perceptions – growth or lack of growth in the past five years. From that estimates, a total of nine SMMEs participated on this study. Participated businesses sectors were from distinctive business ventures to give the study an unbiased review. Participants were from: Retail, Hospitality and Entertainment, Service and Construction, those easily accessible and

convenience for the study. Eight SMMEs responded to the online survey. Face to face interviews were carried out with six businesspersons from distinctive business sectors, two businesspersons were from same business occupying distinct roles. Two respondents from different SMMEs participated to additional interviews; the first participated into second face to face interview and one telephonic interview. The second businessperson participated to additional follow up questions via email corresponds and mobile application WhatsApp texts. On average, the online survey took respondents just under 37 minutes to complete without interruptions. Figure 3.1 illustrates. Each face to face interview lasted 40 minutes to an hour. All face to face interviews were digitally recorded and transcribed verbatim using a software application called **Temi**. They were then listened to several times to check and correct potential errors and misinterpretations, in that way always familiarise with the content of the interviews.

The State of SMMEs Growth Mindset in South Africa



Eight SMMEs participated to an online Survey - averaging 36:35 minutes to complete the survey.

25. Please indicate your role in this Business

Owner	5
Investor	1
Director	3
Manager	4
Other	0



The different roles of participants in their businesses. Some participants play multiple roles in their businesses.

Figure 3.1: Online Participants

3.4.2 Research Materials

To ensure data saturation, it was decided that an online survey and in-depth or open-ended interviews were the best possible means of collecting the data. It has been noted that survey method is an appropriate technique for data collection, especially in behavioural sciences, while in-depth interviews are an appropriate method to use when exploring practitioner's sensitive in-depth tenets and they are characterised by low reliability of information (Mack et al., 2005). The value is that they are no yes or no questions, suitable for this exploratory research.

The online survey consisted of five sections. The first section included general information about the SMME, if it met the stratified purposeful sampling and definition of SMMEs and number of years in operation, the particulars continue to next section else exit the survey. The next section adopted current financial indicators of the business's growth, followed by growth expectation of the business in the coming two years. The third section, which is the hallmark of distinction in this survey was inspired by Barrett Model which is updated from Maslow's hierarchy of needs, participants were to reflect on their personal tenets about business, and essential tenets on the grounds of business growth respectively (Barrett, 1997). Firth section participants responded to the estimates of their mental habits and sufficiency-o their mindset to conduct business endeavours. That aimed to ascertain their self-imposed-controls to omit or to commit to the benefit of the business, Lastly, participants responded to questions regarding their own experience and opinions in connection to failure or lack of growth in the SMMEs sector. Included were their comments and opinions that can aid in reducing the lack of growth or failure rate in the SMMEs sector (see Appendix 2).

3.4.3 Data Collection Procedure

Initially, to gather primary data, an email was sent to all participants detailing what needs to be done and included a web link which will give participants

access to the questionnaires via a computer or mobile. All participants were encouraged to complete the survey in two weeks. Due to time constraints and availability of businesspersons, the period took even longer almost two months. The survey had a total of twenty-five questions. The first reminder was sent after five working days of the initial email followed by a final email reminder and follow up calls three days before the expiry date of the survey seems to have had some positive response rate. However, as already stated above, the survey had to be extended. Some of the companies were very helpful and distributed the questionnaires to other businesspersons of SMMEs. To those extended invites, telephone calls were used to explain the nature of the study and assurance that the data provided will solely be used for academic purposes. Given that the questionnaires were web-based, some mandatory questions probing to be answered **before the next one** (*Required). All mandatory questions were fully filled. The study kept no count of abandoned surveys deliberately so to maintain confidentiality of the respondents. Thus, with the unconditional assistance of various associates, data was collected comfortably from the respondents working in the different SMMEs companies. Initial information was then gathered through an online survey and prepared for face to face interviews.

In order to validate collected data, the first of data from round survey was briefly analysed, subsequently, it was clear that the plan for a second-round data gathering in form of face to face interviews to clarify the first-round responses and to gather additional data was necessary. Interviews were scheduled on participant's availability within their comfortable space. As a result, all face to face interviews took place in their organisation's premises and some took place in the comfort of the businessperson's homes. On arrival, participants completed a consent form, they were reminded of the value of their participation in this study. Participants were welcomed to the interview, introduced the topic, and the aim of the study. They were given written guidelines, also supported orally. Ground rules were set to facilitate an atmosphere of openness with respect to the context of the study. Participants

were reminded that they could abandon the interview at any time and that the interviews are recorded.

The opening questions in the interviews were intended to break the ice, warm up. They asked about the respondent: "could you tell me about yourself and your brief background?" After this, open-ended questions were asked encouraging the participant to reach deep within themselves about the most influential factors in their decision to go to business. Their experiences and observations: "are you happy with that and why....?", "how was that....", "when....", "What is your understanding?", "Could you elaborate more on that.....? or please mention few examples and why.....?" Aiming to elicit rich, spontaneous, specific and relevant thinking and living habits in their business appetites. Follow up question was the order of the session to prompt experiential, and general observations especially the character of SMMEs businesspersons' aspirations, neutral probing the foregoing deep intrinsic information-rich about tenets doctrine guiding cultural norms, and values of societies in business. Thus, increasing data quality and richness. Conclusion questions focused on participant's opinions and comments about contemporary issues facing SMMEs and viable solutions with special reference about thinking habits, living norms of businesspersons of SMMEs. The participants had an opportunity to ask voice their concerns and ask any questions they had about the study. Finally, participants had two to three minutes to give feedback based on the results of the interview. To same, that time probe some additional questions, which they were happy to answer. So same degree that naturally increased the average time of the interviews.

In the end, participants were reminded that their comments featuring in this study are anonymous and advised of the possibility of follow up a telephonic interview if and when necessary at their suitable time.

Follow up interviews were conducted when clarity arose during data analysis and result in interpretation write-ups. Already highlighted above that a total of two participants took part.

As already stated, the interviews were recorded beside the follow up telephonic interviews. Drawing from the businesspersons' respective roles to their businesses. Question, please indicate your role in this business?

Prompting Multiple selection

- Owner
- Investor
- Director
- Manager

In the results section, quotations from the interviews are labelled O, I, D, M — - numbers 1 to 9 where applicable and quotes from online respondents are labelled R (1-8).

3.4.4 Data Codification

In the process of analysing data for the meeting, a search for meaning was carried out as follows: answers from online web survey were scored and scores summed to obtain an overall measure of the attitudes and opinions of the respondents. Data was captured in a survey analysis software programme for the purpose of analysis and control, making use of computer software **NVivo 12** in the coding processes and **Power BI** for sorting data for presentation. Text responses describing businessperson's own experience and opinions were gathered into four main themes with their subthemes were identified. Some quoted as is, presented on to the next chapter on findings. Interviewers followed a thematic coding approach after transcription word for word using a computer software **Temi** and corrected verbatim where necessary, manually rectifying spellings errors and misinterpreted audio. In their guide in "Doing thematic analysis", (Braun & Clarke 2006; Clarke & Braun, 2013 cited in Maguire and Delahunt 2017), advocate that thematic analysis parties the process of spotting important or interesting patterns within qualitative data classification and use those patterns to address the research

objectives. A thematic coding approach is a very flexible method, arguably the most dominant approach used in science at least. It offers a transparent, usable, and diverse framework in learning and teaching, according to Maguire and Delahunt Maguire and Delahunt (2017).

Doing the data analysis, a six phase approach was used (see Table 3.1).

Table 3.1: Braun & Clarke’s six-phase framework for doing a thematic analysis

Order	Actions	Order	Actions
Step 1	<i>Familiarize with Data</i>	Step 4	<i>Review patterns/themes</i>
Step 2	<i>Generate initial codes</i>	Step 5	<i>Defining and naming themes</i>
Step 3	<i>Search for patterns/themes</i>	Step 6	<i>Writing up</i>

Adapted from: Braun and Clarke (2013)

3.5 Limitation of the Methodology

The challenge in conducting the methodology is due to difficulty to schedule time with the businesspersons. The information needed from interviews was personal, it pertains to the thinking habits, living standards, experiences, and opinions. Seriously consideration had to be taken not to induce emotional harm in terms of their both possible successes and failures in business. The proper balance had to be taken to ensure that all necessary answers received were intended for the study and to make an effort to reach data saturation. Taken into account was how questions were asked to ensure that they did not harm the interviewees nor make them uncomfortable. Furthermore, given the unstructured nature of the interview it was a little difficult to control the scope of the interview even though initial guidelines were stipulated. Noting that each participant had a distinctive style in answering to questions, storytelling seemed to be the order of the interviews with was appetizing and interesting at the same time. It appears to be valuable to get the informant to

elaborate further on their storytelling. Notwithstanding, theme coding was a little difficulty and consumed much time.

3.6 Ethical Considerations

The study adheres to laws and regulation of the UKZN Research Ethics Policy concerning concert voluntary participation, with a choice to withdraw participation at will. Ethical clearance granted. Given the deep intrinsic demands of this study, participants were assured that their indemnity was concealed, their thinking habits, and living standards concerning the way they view and conduct their businesses endeavours, and that their responses will be impossible to be traced back to participation.

Emails containing a link to survey reminded participants on the purpose and nature of the research. Emphasis was done to assure voluntary participation, and at any time with no negative consequence, they could withdraw their participation. Participants in the interview were also briefed on the purpose and conduct of the research. Participation was once again communicated to be free from coercion and has no incentives that will lure participants to give data that is perceived to impress the researcher. The motivation to undertake this study was explained. Data collection and analysis was clearly explained. Participants were asked to give their consent to participate in this study by signing a written consent once agreed that they understood everything about the intent of the study. Furthermore, sensitive questions which could probe any discomforts and open blocked memories and overly excitements to the participants were avoided. Basically, according to the methods of this study, the atmosphere of tranquillity was promoted instead of harm, or dignity sabotage. Thus, maximum benefits and minimum risk and harm.

Despite interview being taped, to ensure anonymity after verbatim transcription, the recording was transferred into USB storage, Voice recordings were disposed of by formatting – audited by Supervisor. To ensure total disposal, the recorder was overwritten with new data not related to the study. USB encrypted then handed over

to Supervisor. Transcribed notes, together with respondents' answers to questions were handed over and they are maintained by the University for the minimum allocated time, which regard to security against unauthorised access and use, prevention of accidental loss or damage, and eventual disposal.

3.7 Chapter Summary

This chapter discussed the research design, giving extensively the research methodology used. First of all, some historical notes are given about scientific methodology to drive derive specific equations this study attempt to answer, included was research paradigm and research strategy. The details of the research methodology choose, questionnaire design, interview procedure, and administration of data thereof was covered. The aim of the questions was to gather the philosophical view of business etiquettes possessed by SMMEs businesspersons and their mindset toward business.

After these scientific processes of data collection, an important chapter 4 is devoted to findings and interpretations for the validity of intrinsic factors in SMMEs performance.

4.1 Introduction

This part of the study comprises of the interpretative findings on the effects of a growth mindset and reinventing in South African small businesses. In line with the tenets of businesspersons, in their views about business, cleared expressed by the study is the view that challenges in SMMEs sector will be about the same; government subsidies will be about the same, cooperate taxes will be about the same, interest rates about the same, inadequate infrastructure will about the same, economic growth as well, will be about the same. All these happen to all businesses; small and big, stagnant and growing. The growth of businesses is the consequences of the SMME's businessperson's choices. The businessperson's own responsibility was the theme when reflecting upon the pursuit of their business endeavours. These were not only first-hand experiences taking place in studied businesspersons and their staff, but also as observant encountering with other fellow businesspersons in their own capacities. To be attentive to the numbers and records of the business, and not to blame the society that raised these businesspersons or the external business environment that is not biased to no one was described as part of taking responsibility for one 's business growth.

In presenting the result, this chapter is divided into two sections. The first section deals with the drive to pursue business. This is followed by possible indications and suggestions believed by the businesspersons to have a direct bearing to casualties of high failure rate and lack of growth in SMMEs, with special emphases to businessperson's thinking habits and living standards. In the second section, the different mental attitudes that have a positive influence on the growth of SMMEs are discussed chiefly, focusing on the businesspersons' mindset in their business venture. Followed by a mode of doing business between SMMEs and big businesses.

4.2 Drive to pursue business

Concisely, this part of the study intended to explore the drive to pursue business in relation to heartfelt past, present experiences, practices, beliefs, and opinions about business.

While assessing the drive to venture into business, the initial intent, this part of the interviews show that businesspersons see themselves as valuable assets for improving the standard of their life's, profoundly the lives of their families and loved ones.

There are several reasons why people would do business, it can be social pressure and all sorts of all reasons, but in most cases is to make more money than the alternative, which is employment. [D4]

The underlying tenet can, therefore, be interpreted as an indication to improve the standard of living. The five most noted drives to venture into business are: (1) compensate salary from day to day job, (2) retreatment, (3) source of income, (4) financial freedom, and lastly (5) economic growth.

Compensating salary includes involvements: to religions, the sciences, the love of arts, the desire for learned professions, and fine foods. It pertains all those finer things in life that cannot be covered by salary, and a live something for children not because of dispersion but a little extra for comforts of life. The drive into business venture goes as far as to meet those needs.

I'm doing a business not because I'm desperate, I'm doing a business because I want to supplement my lifestyle, and when I die, I want to leave something little more for my kids. So, more of it must come with enjoyment. The salary is

not enough to sustain the lifestyle that I want to live. Business will support the life that I want to live but at the same time grow it slowly. [O3]

I will grow by business moderately because in It's like a salary. So, when you get a fixed salary every year, you know, everything goes up and if your salary is still the same, it is going to be a problem that is why you need to grow, so to basically sustain living and to create wealth. [D1]

Retreatment pertains leadership, taking a leadership position, the struggle to take hold of the life once lived while employed, out of desperation to feed the family and loved ones. It also pertains circumstances beyond their control, like downsizing, discomfort at work, and includes the attitude and the imaginative power that technology is swiftly replacing today's jobs. Once that struggle to feed a family has been balanced, the fear of technology has been replaced by steady income from some small business venture, the business drive has a potential to maintain a no-growth sphere, for the fundament desire is met and businessperson is now comfortable on that leadership role.

One can see that in this economic lifestyle, things are very challenging. So, I can't rely on salary only. You need to substantiate your salary so that you know, you'll get something else because salary is never enough, for example, you look at technology and everything that's coming into play, the chances are sooner or later, all of us will be out of our jobs, technology is coming to replace us. [O3]

Source of income pertains security, the administrative sphere of the basic human needs, whatever nature moderately requires, the struggle for survival in the world of competitive ambitions, impulses and emotions.

You see the challenge is, especially with small businesses is that, people use business for their security. I am talking about your shelter, your food, etc. so, they depend on it, for them, emotions are going to be there because immediately if things don't go right in the business, what do they think of? How and where I'm going to sleep, what I'm going to eat, how I'm going to support my family. Sometimes they can see that they are making a loss but at that very moment, they are thinking, I can't go back now to my family and say, I'm stopping this business because it what support the family. So, when you start a business, you need to separate the two, this is my business, this is my life. I'm only going to take so much from a business to support my lifestyle that's it. If the business doesn't work, this is my second option, then you can sustain it. With emotions, if you start taking a loss, it's unlikely that you will see it, only when the business is completely corrupt, then you will only admit and by then it will be too late. [03]

The respondents started the importance to separate business ventures to lifestyles. This point out the challenge that most SMMEs start on the mode of desperation, they want to make an income, to provide moderately the necessitates of human nature, but they don't have the right background nor the right skills, they are in business to sustain whatever nature moderately requires, impulses and emotions crisp in. Such concept is more likely destined to failure or lack of growth, for the intent is hand to month concept. One respondent even described the possible consequence of running a business with emotions.

That is why most SMMEs sometimes fail in business, some of them ended up committing suicide and all those things because they're running the business with emotions, they are putting emotions first. They start having egos and all those things, so if it doesn't work, then they look at themselves as failures not the business idea, but the right attitude is that, if the business doesn't work, it's

me who is the failure. It's the business idea that I have that failed, as, for me I can go and start another business. [O3]

This description suggests that, even on past failure when emotions are separated from the business, it is likely that another business venture can be born, another change to start something else unlike if emotions are involved.

Now if you saying this is me who is failing- you might not have a change to start another business. [14]

Financial freedom is that of materialism. It involves luxurious life styles, and includes social status, temporal gratification - "life is too short" as referred to by one of the respondents. In some cases, they see that everyone is doing business and they believe that they can make more money rather than being employed. More profoundly, it is perception of the responsibility to maintain the highest social order, the man's place in society which can only sustain him only if he grows his estate in business, but all who labour in admiration of this life expectations are likely to see their drive into business short lived.

I started businesses because of pride and glory, life is too short. [O3]

Those who venture into business in respond to social pressure or of envy of the lifestyles of those already in business, the pressure that ignited that envy is the same pressure that will extinguish their business dream, virtue flows from understating, venturing into business because everyone is doing business lacks vision, adequate skills or the inclination to understand what is happening in the business.

*I think it's the mindset, that is the beginning, what is business? people must understand what business all about is, business is **work**. It is not the glossy kind of situation that some people fantasise to be, people must understand that business will be different from normal skills, some of them have to be developed, vision need to be there. If you don't know why you started the business in the first place, except than that my neighbour is in business, you won't see an end of what this business is supposed to do or to be or get to be. You're not working towards anything; the copycat will lead nowhere. [O4]*

Economic growth corresponds to the 4th industrial estate of modern business. It intends to break local trade barriers and extend services beyond the horizon; more profoundly, it is the perception of the responsibility to share trades and opportunities with others beyond local markets. It also entails personal growth.

If South Africa is a developing country, possibly better than maybe 90 percent of the countries in Africa, even in South Africa alone we still got so much challenges with providing technical service to clean water to people and waste water to industries, what is happening into other countries in Africa? Possibly more challenges, so which means I can start my business here and grow across African continents... More than that, I want to see my business listed into the JSE, growing and becoming one of the biggest companies in the country providing technical service to clean water to people and waste water to industry. [O3]

This suggest growth beyond local trade, it suggest economic growth that extend services beyond the horizon, that facilitate global trade in the stock markets.

That's the ultimate growth, to be listed into the JSE. What it means is that I am confident enough to say that the business can go public because I can demonstrate to everyone that the business is growing, and the business is sustainable, so, people would have interest in my business because who would have interest in a business that's not growing, that has no hope? [O4]

Complementary....

Being listed on the JSE will symbolize that what the directors of the company have built is worthy of sharing with other members of the public and this will mean immense success and having built a lasting legacy and inter-generational wealth for generations to come. [R5]

Passion and independence. I opened my business because I needed to see the world through my own eyes. Not to be governed by bureaucracy. My passion for marketing and events played a very big role in my decision. I am able to do more of what I love now, and I am growing. [R7]

Interestingly, through from the five drives, the narratives from the respondents connect the study to the statements that the drive to venture into business suggest that the growth of SMMEs is relative to the mindset of the businessperson's needs, the intent to venture into business. To that end, it further suggests a correlation between the performance of SMMEs to businessperson's personal character, thinking habits and living standards.

To sum up, the importance of the intent to venture into business is expressed so eloquences in these statements:

The success of any business rest on the drives of the business, this represents a large portion...There is a direct relationship between the performance of the business and what drives the business. The business can reach a level that is set and worked to towards by the directors and owners. [R5]

The day I wanted to start business, I told myself that I am going to run a business not a Spaza shop. [02]

Next, the focus of findings is on the possible indications and suggestions believed by the businesspersons to have a direct bearing to casualties of failure and lack of growth in SMMEs.

4.3 Casualties of failure and lack of growth in SMMEs

Concisely, this part of the study intended to explore casualties of failure and lack of growth in SMMEs experienced by businessperson in their businesses or by their observations in business ventures, and how it has impacted them over the years. In this regard, the respondents identified five casualties. Among the concertation of their experiences include: (1) *lack of capital injection and cash flow*, (2) *lack of vison and focus*, (3) *lack of structure*, (4) *lack of right fit skills*, and lastly, (5) *lack of discipline* were held in the highest veneration.

4.3.1 Lack of Capital and Cash Flow

Not surprisingly, the respondents clearly expressed that the 4th industrial revolution environment is volatile, and it needs a lot of money. However, what was interesting about this finding is that the casualties to these hinderers have an intrinsic origin. It implies controllable and avoidable to some degree. The magnitude to that control appears to be a little complex for small businesses to administer while their main goal

is to grow customer base, retain a customer, at the same time keep the business afloat.

There is limited funding and it is hurting business continuation so if that can be addressed so much will change. Sometimes we do not get paid on time and that affect our small business, and it causes a huge struggle when we have to hire skilful labour. [R6].

*I believe the chain reaction action is quite expensive. **I have done the work.** ... If my client has not received their money, they will not pay me.... and that is an external and an internal thing. So, it becomes a repo effect all the way down to me..., because most people do use us as SMMEs because they can get away without paying us on time. It's a very sad reality. [O6]*

Harmonising...

We are living in very evolving markets. Look at this year, I didn't get much work this year, even if I did get work. People are paying very late. So, what was happening is that I get in work, I can't pay the suppliers. So, even if another client comes to me and says I need work done for me, I can't at times due to late payments. ..., The service that I supply depends on the mindsets of the clients per-se, because of how people look at marketing. People have a distorted idea of marketing. They don't prioritise it, nor will they prioritise marketing payment for marketing service already rendered. [O7]

This part of analysis suggest that the SMMEs businessperson need to decide to either: (1) offer the service upfront and expect payment some light years to come, so to keep the customer and potentially grow the customer base but potentially run the business to ground to lack of cash flow; (2) Strategies a payment method of X

amount paid parallel with the service rendered to save the business from sinking and bleed Number of customers, and lastly, (3) require payment immediately after service has been rendered and bleed even more customers. Each decision has its intellectual equivalent. To understand it, and to practice it calls for right experience, skill and knowledge. All these are intrinsic, thus, controllable, cultivatable, and avoidable.

4.3.2 Lack of Vision and Focus

The study revealed that SMMEs are not growing much because there is no purpose-driven brand statement set by the business as to the direction of the organisation i.e. where is it going, what is the focal point of services to render, products to prioritise? Besides that, they are in business and they will take everything that comes their way. The respondents thus, related their differences in experience to personality rather than lack of external support. They specifically stressed that they needed to be selective as businesspersons and primarily not take any job available. Some respondents even claimed this to be one of the negative aspects that hinders growth. They stated that taking everything that comes their way makes growing the business not easy.

The main causes of failure or lack of growth in my business is lack of good business sense and vision. [R1]

In an attempt to qualify the difficulties that can arise due to lack of vision and focus, the respondents had this to say:

I am, dealing with tenders and all those things, so, in tenders you get something today, tomorrow you get something else, which might not be related to what you were doing yesterday, not easy to grow business like that. So, now it's about me sitting down and looking at the past, maybe 20 or 30 jobs that I

have done and say out of all these jobs, which ones can I grow the business and then focus on those and communicate my business profile based on those. It will depend how many I select, but I would like to cut it down to five and market my business according to those five. [O3]

Business has decreased. The focus on the business has declined from the owner. I think the products are adequate. I don't believe that our products are necessarily new, or that the products will change things, it is just the focus on the business that will change things. Maybe the strategy must change, mostly, the sales or marketing strategy that much change. For example, maybe the distribution channels much change, because this is a commodity product, it's more distribution channels that must be more efficient. [O4]

The implication inexperience to personality as a prevailing challenge to grow the business was expressed apparent by the following interviews extracts:

I have a basic idea of what to do to grow my business. It involves marketing myself because what happens is, I'm good in marketing other people, but I am not good at marketing myself. You know that saying that says "an accountant books are all upside down". A builder doesn't have a house". It's the same with marketers and events people. We don't take care of ourselves." We take care of everybody else. Right now, I'm stagnant and that's why I need to stop procrastinating and start implementing. The Indifference of a human being, knowing what to do but actually never do it. [O7]

Mentally. I think I'm more prepared, because is more about being prepared as well but one of the things that I need to do to grow the business is to first make sure that the business has a proper structure, I need to formulate a strategy, right now the business doesn't have the structure, it what comes on the table

... At the moment **NO**, I have not set up actual direction as to where the business must go. [O3]

This suggests that the importance of focused vision statement can't be overstated. The indifference of the businesspersons, however, seems to counter that importance, knowing what needs to be done and do it not become the net which catches own growth potential. **Vision**, defined as the all "Seeing Eye" of the business, those who have not the eye to see, no amount of skill is adequate to use to direct the business, the purpose for growth, and framework for the success of any business. Out of all the skills to learn, a focused business vision and a proper structure in place is the one to master. This is often considered to be effective if communicated well. What use is a great vision and definite structure if fewer people will know about it? The analysis further suggests that in order to grow the business, definitely, first, a focused vision with structured processes need to be formulated, and overly communicated to all relevant stakeholders.

4.3.3 Lack of Structure

Respondents portrayed discomfort on inconsistency in structures and processes in their businesses in the sense that they felt that time and resources are being wasted. Sharing of vital information is limited while a proper structure meant, from their point of view save of resources and time. I also meant an opportunity to focus on really pressing matters of the business like, expand the business, improve on quality, and study the client. Throwing weight around is not management, capital will not buy structure, only vision with intent will provide structure to serve client. To that, the statement theme, *money does not buy structure and consistency in borne out*. One respondent explained a certain event as follows:

Let me put it this way. Currently, I am doing what I call business analysis and growing through marketing for this specific client, so I'm marketing person but

more so, as an office manager because of too many loopholes in the business. We intend to grow. We make a minimum of R5 millions a month gross! But we have not grown. We are standing still. The quality of work is amazing. Our food is amazing. We do catering and events coordination. We are amazing in what we do, but unfortunately, the brand is stagnant now, nobody is able to hire us because of the inconsistency in how everything is done. Staff is not skilled properly., for instance, a client comes to the office looking for a quote. You get a quote in three days because all the prices are in your head. The quotation comes in three days because all pricing travel with one person in their head, we wait until they return before the quote can be drafted then issued, by then the client would have sought service elsewhere irrespective of how good we are at our work. Everything stops If the boss is not there, the boss run the whole company in the head. [M7]

Furthermore, reflected on how lack of structure remains a sailor limitation to other vital spheres of business management is expressed by these responses:

Communication is very limited, freedom of expression is limited, the relationship between superiors or supervisors and normal employees needs to improve. [R 6]

Having based a large portion of the client base on government tenders which can be unstable at times. [R5]

It has been pointed out by other respondents that lack of structure has a negative influence on the management of the business. To the busy, time management is sacred. The un-resourceful finds comfort in resource leveraging. It is, therefore,

necessary to choose, a structure and process that will save the most time and use the least resources.

You know, the fact that you are not able to manage your business because they've gone to Makro five times because the first time you went you buy meat and vegetables, but when you are buying vegetables you forgot onions, now you're going back there. ...by the time you finish, you've come to Makro five times instead of once,, the fact that you are able to go to the shop three or four times even five times. You don't have to do that, waste of resources! [M7]

Some respondents even described the experiences of their poor upbringing, the problems of their today, disempowering.

When you grow up poor, you have this mentality that I want to have more. That when the money is there, you are so caught up in the money that you forget that you're running a business. You are so worried about making a profit. You're not worried about what are you giving to the client. I feel like that's the biggest problem. I also believe that a lot of people aren't willing to change, especially when you are older in the business. [O7]

These narratives suggest that having capital is not a determining factor to grow. Most of the time is spent running unnecessary errands that can be done all at once but because there is capital to do the up and down the need to structure and plan events has the potential to eat on the profits because of the running around, unwillingness to change, instead of organising to save on time and resources.

4.3.4 Lack of Right-fit Skills

The analysis from businesspersons' perspectives on right-fit skills highlighted the cost magnitude associated with the wrong hire. In this case, it was possible from the data to detect a clear pattern where the wrong hire was a major point of reflection for businessperson towards skills audit. It seems to be even more probable with SMMEs as they are the major source of income in family members, friends, and local communities. This on itself can easily become a large non-effective and time-consuming function to SMMEs which later demands a lot of both people and process management, plus lot of capital which is not likely to be overly available in this sector. Even though the initial intent is to alleviate poverty and reduce unemployment in local communities i.e. An act of ineffective goodwill to the community was described as a major causality to failure or lack of growth to SMMEs. The interview extract below shares views in this matter:

...You see in 2015, I was booming. I think I made, about R3 million gross, to me that was a lot. I think I even made more, but what did I do? I didn't employ properly? I employed a friend of mine. I employed a cousin because I knew she was not doing well...., at that time I was engaged, and I put one of my sister in-law because she was not doing well. I did all that out of good will and I needed the help. I did not do a skills audit when they walked into my company and said, this person is skilled to work on reception, this person is skilled to do admin etc. All I said was that, they need a job, and I need some hands but those we not the right hands for business. ..., So, from that I learnt the fact that as much as fast as you can make it, is as fast as you can lose it, without a structure and right hire... They stole from me because they were family. [O 7]

Emphasizing the challenges on employment, a delegation of other tasks to qualified people and control of enthusiasms was clearly expressed in this interview.

You know, my biggest mistake then was employment. That all it was. I over-employed. So, the overheads were very high. Secondly, I moved into big offices before I was big enough. I couldn't fill the shoes that I was in. Thirdly, I needed a board of directors for major decisions and I did not. I made all the decisions myself. Those were the three most important things with an emphasis on employment. [O7]

In addition to right hire, quite a few stories from the businesspersons include tales of skills development deficientness in their businesses. Data from the respondent point to neglect the need to develop their staff, presumably to the uneasiness to let go of certain tasks, delegation become a problem yet, the owners do not have enough capacity on their own to meets all the demands of their businesses.

Not so many, managers, directors, owners, investors on SMMEs and their teams cultivate relevant training and technical expertise to manage different areas of their businesses. [R1].

On delegation....

You never made the right decisions by yourself, especially when you start growing, in the start-up of the business, it's fine. The minute you start becoming a medium enterprise, you cannot because more often, an owner always makes decisions with their heart, not their mind. I've seen it every single day. I see it with the company that I'm with right now, so it becomes very hectic. Even if you are a small business, you have to have a board of some sorts for big decisions, but like employment, you don't have to make that decision by yourself. [O7]

4.3.5 Lack of Discipline

Discipline, in its efforts to capture from the under-shadowing influence of business, has served to be useful in its self-imposed standards for the sake of the vision or higher goal. Those who have control of appetites, control of enthusiasm has sufficiency managed to save their businesses from liquidations. This subtheme presents examples of what controls means to suitability. The crucialness of controls in business was mentioned by most of the respondents as very important for their business experiences. This included controls of spending habits, controls of excitements, controls of risk appetites, controls of stock replenishments, and capital. In other words, they emphasised the importance to know your business and to be accountable for your business, to adequately manage these different controls. The lack of controls is expressed in these interviews:

On control of spending appetites...

*The business can be successful, but then what happens is the owner tends to want to live a better lifestyle. So, what he starts eating into the cashflow of the business. By eating into their cashflow, the business slowly will lack enough money to replenish stocks, and this is cyclic, it has a **snowball** effect, because slowly but surely the snowball is going to get bigger and bigger. This problem is going to get bigger and bigger. It might not be seen or not even felt initially, but slowly, it starts feeding off the business and eventually most of the stock to sustain the business is depleted. Then, not enough stock to sell, can't sustain both the business and the lifestyle anymore. So, businesses are going to close, and the life lifestyle is going to change to worse. [D1]*

Harmonising...

We destroy our business thinking that we are doing well whereas we are destroying it. For instance, if a person can take money from the business to

spend on something else with the hope that maybe they are going to get another job, then recover it, that is not good business ethics because that money you took, will never be recovered. The money that you took out from the business is gone, any new job becomes new money for the business, not what you took. [O4]

On control of enthusiasm...

When I was booming. I know what I did wrong then due of excitements, my biggest mistake then was employment. [O7]

On control of risk appetites

You have to take risk. Otherwise, you never run another business. In order to control risk appetite, you must understand numbers of your business, and must be able to take the loss. Most people don't want to take the loss, when they lose, they want to keep going until the loss is too big.... Then, it's unlikely that you will have any courage left in you to start another business, for the previous loses left you demotivated. [O3]

On knowing your business...

Besides extravagant spending, basically controls can be, you must know what to buy, how much to buy, when to replenish it. For example, say if are buying like 10 litters of milk per day, tomorrow don't go buy 20 litters of milk, if you only you are selling 9 litters per day. So, you need to control your expenses in the business. You need to control the electricity, you need to control water, you need to control labour, and you need to control everything that's using money

from the business because the profit that you make has to pay for those things before you can see the end result of profit. [M1]

On reinvestment, it includes; skills reinvestment, community reinvestment and capital reinvestment expressed in in sorrowful tones in this interview:

... exaggerated life styles, it's very hard not to be like that, especially, when you grew up poor and you saw what money can do. You need to look at this from a psychological point and be very careful about this ... the sad reality is that we come from poverty, majority of us. So, all you grow up knowing that other people have more, and you want more. When you get more, instead of you feeding back into your own community or even personal development, all you think of, I have the money now. I need to spend that because anyway, it's going to go. Remember, when you're poor, what happens is, when it's here, you use it, I need to do this, and that, hand to mouth, but because there's lots of money, you forget to save, to reinvent back to the business, to service the client because the mentality of poverty is still there. [O7]

Harmonising, emphatically from observations, one respondent had this to say...

I deserve that car. It's I who was living in poverty, it is I that for years I was penniless to even put food on the table, and so, I deserve that car. [O7]

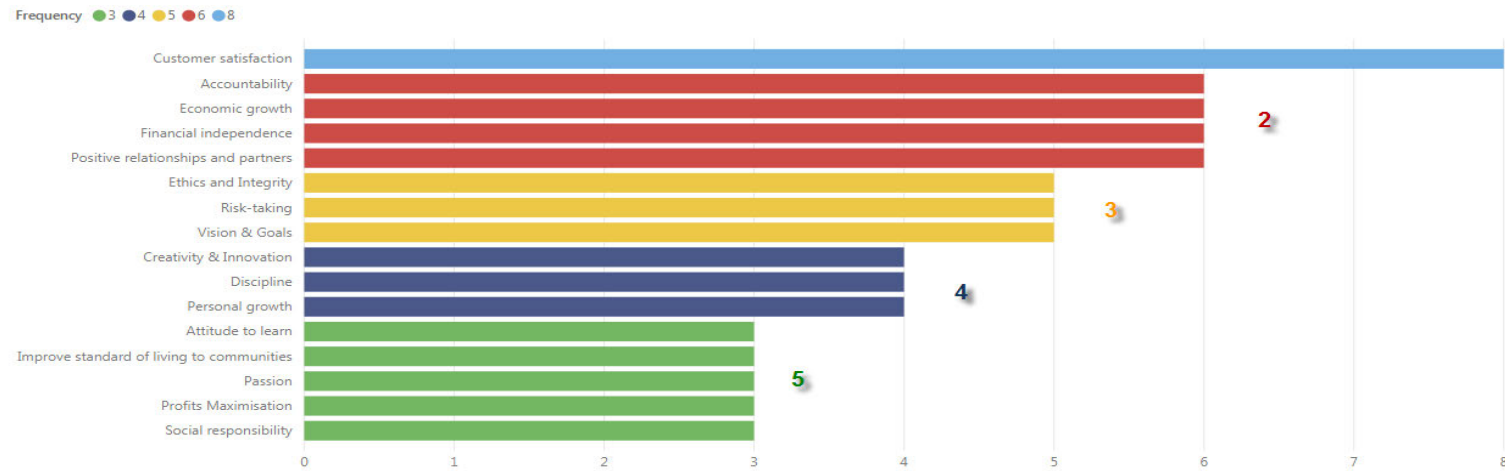
In sum, although the study has anticipated the mentioning of the external factors to have a notable impact on the growth and success of SMMEs, clearly expressed was a lack of financial resources to sustain the business, cash-flow issues. However, some business succeeds in the most gruelling of these circumstances because of the manner in which they respond to the situations that are presented to them, while others succumb to the external factors. Moreover, the study has explicitly revealed

that lack of knowledge and skills of running a business - this includes starting a business without a proper business plan or a vision, misapprehension drives to venture into business. Unrealistic expectations on what the business can deliver financially. Failure to satisfy customer expectations. Lastly, lack of discipline as ascribed to be a barrier to growth or causation to failure in SMMEs was interpreted in relation to the businesspersons, past and present experiences that seems to detect their present attitudes towards their business venture. This suggest that controls for the sake of the business are crucial, irrespective of the past experiences.

The business and its owners are one person. The reputation of a director or partner can affect the business in a good or bad way. The controlling parties of the businesses are the agents of the business. [R8]

4.4 Essential beliefs to grow business

In line with essential beliefs to business growth, the following were grouped the top 5 highest frequency identified tenets by the businesspersons, presented below in details in figure 4.1. Question 16 in Appendix 1 details the selection criteria.



TENETS AND FREQUENCY

Tenets	3	4	5	6	8
Customer satisfaction					8
Accountability				6	
Economic growth				6	
Financial independence				6	
Positive relationships and partners				6	
Ethics and Integrity			5		
Risk-taking			5		
Vision & Goals			5		
Creativity & Innovation		4			
Discipline		4			
Personal growth		4			
Attitude to learn	3				
Improve standard of living to communities	3				
Passion	3				
Profits Maximisation	3				
Social responsibility	3				

Figure 4.1: Essential beliefs to grow business

It is proper, therefore, that, of all the tenets detected by respondents in the essential bodily of growth in their businesses, should be presented in their true reflection either by observation and experiences as recognised by the respondents. They are not entirely presented accordingly to their frequency but in an attempt to blend the flow of the findings.

4.4.1 Focus on the Customer

As shown in figure 4.1 customer satisfactions reflects the most important measure in business growth, that is, all respondents in their respective business sectors offering different products and services agree that the survival of their businesses rely on customers. In the interview parts regarding this subtheme, customer satisfaction appears to dominate their respective personal attitudes towards the existence of their businesses, and the initial intent that influenced their venture into business, was the gap to serve the customer.

...Remember when you are talking about customer satisfaction, for a business to be successful the business needs a customer. You can't run a business without customers. So, in as much as you can have the best business model existing, but if you can't make your customers happy your business model is a good as dead. [03]

The satisfaction and excitement with the client mostly encourage us to produce even better quality and increase our standards of work and delivery. [R6]

..., so, every customer that came to us. We knew them personally and we have a relationship with these customers..., people get a shock because you this owner of the business and yet, you are willing to go and assist, they don't

realize that, this is important to you, because It's for your customers benefits, you appreciate your customers and the customer enjoys that. [M1]

One of the respondents gave an instance of how he interacted with a customer to create an atmosphere of appreciation.

There was a lady that came here maybe, two years ago, she was an elderly nun, she came to the store, she bought some stuff, when saw her, I took trolley for her, push it to the car and offloaded everything and put into her car. And she looked at me astonishingly, and then she said, thank you, my son. You're so kind and May God bless you and your business. You know, she actually felt what I did for was like a lot not because she was old. That was my heart, and it was normal for me to help her. She looks for me every time when she comes to the shop just to greet. [O1]

The interpretation of the above interview extract is paramount to saying, the act of customer centric has created a customer for life, it was not the goods bought but the service that keep the customer coming back to the same shop to buy merchandises long after that act of customer centric was rendered.

Similarly, ...

You want a situation where the customer prefers to buy from you than anywhere else. Not because you cheap. Not because of anything else, just they want, and they prefer buying from based on the service. [D4]

The findings on customer satisfaction are interesting in light that, they go beyond customer satisfaction. They appear to be a deliberate act to pay attention to the customer, then alignment of internal structures and processes to meet that need. It pertains a conciseness study of the customer's habits, busying traits, their appetites towards certain products or the services, then align that with the business process in

an attempt to meet that needs accurately. This was further demonstrated in these interviews:

In customer satisfaction, we make an effort to pay attention to our clients, in an attempt to identify their needs accurately. With that we have quality customers. Quality customers are those that are loyal to our supreme service, we delight on resales and referrals through them. [D6]

We put you ear on the ground especially when you have rendered the service, So, basically at this time of age, we use a lot of social media because we find that everything goes faster through social media and we can reach more people through it, we learn a lot about our customers, about their experiences with us through social media, for us we are connected with international people. That is just a start, the grander part of it is in their friend's comments on their pots. That is where we make an effort to improve on what we do to be great, and leverage on that. [M2]

*Business should focus more on customer satisfaction, this boast the business because once the people are happy with the service, they return to you at all times, even when **the economy status is growing slow**, but you still have your regular customers. Be creative too, and cater for different types of people, which helps in attracting more and new customers. [R2]*

It seems like taking the liberty to ask the customer what they want to give them the satisfaction that they demand matters, to them it shows that they are valued. Going even an extra mile to study about their experiences in common places like social media seems to be a more convenience way to learn about the customer and then, simply serve that need. Yet again from the analysis, it was interesting that though

being entirely dedicate to the customer's well-being, the financial gains that comes with it appears to be prioritised secondary. That is portrayed in this attitude.

Coming from a hospitality background. It's not just a business to make money. The passion comes from servicing other people and making other people happy. So, from our side, if a customer comes in, we basically look at what do people need, how can we provide it and how can we have an ongoing relationship with them. So, we keep up with their daily demands. [M2]

Although, at some instances contrasting, neglect of this overly highlighted sphere seems to be overshadowed by chasing of money, the attitude portrayed by the respondents that when serving the customer forget entirely any financial considering. That is expressed sorrowfully in this following interview extract.

We need to teach our own people that when money comes along, there is no need to try to fill the gap of all the years that you were poor... but because there's lots of money, you forget to save, to reinvent back to the business. To service the client so it can come back. [07]

Furthermore, the important to distinctively note your competitors but still obsess with customer's satisfaction held the highest veneration from the respondents as expressed by these interviews:

No one has to fail for us to succeed.... my business is customer focus, because your competitor is not going to pay or contributes to your profits..., when I do business, I don't worry about what the guy is selling next door, I worry about myself because as long as my customers are happy to shop here, and my pricing is fair, they are going to shop with me. [D1]

There's not much competition in my business, remember, this is a business that requires a certain type of skills, but your reputation is what count to the most. So, you need to treat your customers such that they are satisfied with your service. Then you can continue getting the business. [03]

In addition, the importance of customer satisfaction focus as to the competition is recognized by one respondent as a no-go area, least the consequences have a potential bearing towards quality of the product or service rendered due to competition race.

One of the reasons my business was not growing, it was more competitor focus. When focusing on the customer you will understand what your customer actually wants, so you need to spend more time understanding and developing a plan as to how to satisfy the customer than the competitor, when you only focus on the competitor, in most cases you end up looking at prices and looking at products like this is what the competition is offering the customer, so I must offer the same thing, at same price the competition is giving. Most of the time that compromise quality of the product or service. [D6]

The respondents understood that competition focus growth of the business is directly proportional to that of the competitor and probable trails the growth of the competitor. If it happens that the competitor meets with difficulties and fail, that business is next in line, possible at a bigger scale than that of the competitor.

... but if you deal with the customer needs, sometimes what the competitor does is irrelevant because what you end up doing is focusing on your

customer. You can even make the customer pay more. Anyways the competitor does not pay, the customer does. [D6]

In line with this initial first subtheme, the conclusions drawn from the data is that, the accomplishment of any greatest good is the fundamental purpose of business and it lies within service supremacy to the customer. Rendering service or providing goods equivale or greater in value in exchange to trust that customers gives to the business soon meets the customers' needs while it equally meets the business's needs. It can also be interpreted as such, every product and service rendered should be designed with the customer in mind, the price, the packaging and the after-service experience. The customer is the sovereignty centre of the business and everything else should operate in honour of its sovereignty. The moment that a business becomes capable of serving the customer diligently, then the business can make competition irreverent and *delight on resales and referrals – and therefore, can also delight on the loyalty of the customer for life.*

4.4.2 Positive Relationships and Partners

Accordinging to the respondents, all relationships are based open intent. On one instance it was clear from one respondent that a businessperson who is not willing to strengthen whichever businesses qualities that seems the weakest is destined to run the business down. That is credited with this saying:

...I think I'm failing now to support my business based on one, two, and three effects. Come and partner with me. I'll give you this percentage out of this business. I want you to balance on these three points, so this business can be a success. People don't do that. A person will continue making a lose every month, until the business falls completely. [04]

The universalizing of attachment to the business and impersonalising of the sense on possesses free the businessperson from the greatly body of common sorrow. Delegation of authority, trusting others to do tasks that seems the weakest in capacity with no or minimum interference to the entrusted individual to deliver the task benefit the business.

Realizing that the person you are paying every month can execute more for you and is an advantage to business. You need an accountant in your business. You need an HR manager in the business. You need an administrator in the business. You need an operations manager in the business. All of these job descriptions that huge companies have, and they are able to maximize their profits. It's because they have these people in these positions. They do not do well in their businesses because they are doing everything themselves. [M7]

Focusing not just on relationships, but also on the effects on positive relationships, formed in a spirit of cooperation and harmony one respondent had this to say:

Positive relationships and partnership are important. I think without those the business is not going to be sustained and it is not going to grow. The reason why we still buy from trustworthy suppliers is just that they are trustworthy, if something goes wrong, they will tell you and you can something about it in time. [D4]

The supposition is that when working with others in a spirit of harmony, and it benefits of all involved. Without any secrets, then the business is conducted according to the founding principles of most successful societies.

4.4.3 Financial Independence

At first, there was no clear indication from the importance of financial independence in business growth. On follow up interviews, it became apparent that, the habits of saving and capital reinvestment into the business is the financial independence that is necessary for business growth as expressed by the respondents. That is revealed by the following responses:

Returned earnings gives you an opportunity to save on potential interest on loans when meeting with sudden opportunity, so that when the opportunity come to expand, the money or skill, we have that already in place, it saves you time in looking for capital, this increase your chances of shortening return time value which is good for business's soundness. [M2]

... there are things in life that you have to put back into business that clients cannot give you on a daily base, some of them is profits reinvestment and skills reinvestment. [O7]

This suggests that, with capital from profits reinvestment on hand, the opportunity to shorten return value becomes apparent. It also points to the closest route to growth, and to create wealth for the businesses outside independent financial injection that require their share from the proceeds.

4.4.4 Economic Growth

There must be a certain adequate foundation upon to build a business with a potential to grow. When assessing the effects of economic growth, the respondents sang with a same tune. This subtheme can therefore be interpreted as an indication that in an economic world, economic continuity of purpose appears to be a greatest assurance of SMMEs growth. Economic growth creates an advantage, and it

facilitates each entity's ability to be an effective agent in service delivery, expressed as follows:

The service that I supply, it also depends on the economy, because if the economy is doing well, people are able to market. If the economy is not doing well, they don't market, because all they are trying to do is to sustain themselves. Getting more business for most people is very hard when they also know the economy is bad. [O7]

Contrasting...

You can't run a business and still look outside, the business is the one stop shop, and accountability must be there. Anything that happens you must be able to give reasons, you must be able to fix each and every problem that is or challenge that is within the business, is for the owner to respond to, there is nobody else that has to respond to that, irrespective of the markets and economy. [O4]

In view of the above interview extracts, the respondents thus related their differences in experience to the effects of economic growth in their SMMEs. These narratives connect the study to the statement put forward in the beginning of this study acknowledging that unfavourable external forces like unfavourable economic times does have a negative effect to the high failure rate or lack of growth in the SMME sector. The first narrative qualifies that acknowledgement. On the other hand, coming to the venerate of this study, the second narrative likewise qualifies the aspect of intrinsic factors i.e. accountability and responsibility were brought forward as possible avoidable and cultivatable, thus controllable essentials that can benefit business, at the same time lack of it thereof can sink the business. To that, it can be

interpreted that the merits to grow SMMEs in line with a favourable or favourable economic condition is a shared responsibility of the drivers of SMMEs that carry with it the duly accountability to their ideas and decisions.

This is further emphasised from these next interview extracts:

External factors do have an impact on the growth and success of the business. Some businesses succeed in the most gruelling circumstances because of the manner in which they respond to the situations that are presented to them, while others succumb to the external factors. I believe it is how the business responds ..., around these circumstances, determines their success. [D4]

Success of any business rest on the drivers of the business, this represents a large portion, not only external environmental forces. There is a direct relationship between the performance of the business and the drivers of the business. The business can reach a level that is set and worked towards by the directors and owners. [R5]

4.4.5 Accountability

The findings from Economic growth, the recently analysed subtheme, talk directly to this current subtheme on accountability. Some respondents even claimed this to be one of the positive aspects in growing the business. They championed that accountability is necessary in business and everyone can be accountable. Accountability free the business owner from entitlements said one respondent “Hhayi Uhulumende udlala ngathi – akasinikeni imali” which can be translated to “the government is paying dice with SMMEs, the government funding is not adequate etc. It was clear from some of the respondents that, it is necessary to try sincerely to strengthen accountability if it seems to be weak for the benefit of the business.

...Business is different from just normal interactions. In business you have to wear different hats ... just like being accountable, sometimes to people who don't even know you. You are expected to behave professionally.... You have to develop accountability even if you are a naturally unaccountable person, you have to for the business to grow else the business will fail. [D4]

We as individuals are also very suck in self-pity and entitlement... the government is not giving us money, but don't realize the negative aspect of it, entitlement. [O7]

4.4.6 Vision and Goals

To explore the subtheme on vision and goals more critically is to explore into one of the deepest tenets of the businessperson's drive to venture into business. Already highlighted previously that out of all the skills to learn, a focus business vision is the one that need to be clear. It was evident in the context of this subtheme that as the realisation of the vision increases, the structure of the business undergoes definite changes and modifications destined to reach the goals envisioned.

...Every business that I have, I see myself taking it to another level that is where I'd like to take it. [D1]

... So, especially with the people here at township, people who doesn't know our business will probably think that, Um, it's just another small shop. Just a shisa "nyama nyana" – (translated tiny). They don't know exactly all the services that we provide. We are not a spaza shop. Our business started small, and then it grew from through the owner's vision, now it is an international tourisms destination, we expanded so much that we focus on

hospitality. It's a restaurant residing in the township - providing people the same service and style that you would get in areas such as Umhlanga. [M2]

In this case it was possible to detect a clear attitude from these narratives where focus and vision was a major point of gratitude for respondents when they reflected their journey from starting small to their current growth status.

It was of great interest that the findings under this subtheme also highlighted the element of a good outlook about the future as a necessity when creating a vision of the organisation. It appears that **optimism** is a very vital and important consideration motive.

In our business we tend to predict growth, more business, we work as though the next day will produce more clients, that is the main reason we invest in quality tools, we buy the latest picture and video captures before they are demanded by clients.... I am starting to think that it is our attitude towards good outlook of the future that we seem to be overwhelmed by new clients everywhere. We have already cornered all areas on KwaZulu-Natal, can you imagine that is what we aimed to do when we started? Now we have moved to other provinces and we continue to grow and expanding across the county. [D9]

Contrasting...

... as an individual, you probably have to believe that tomorrow will be better and prepare, you have to. If you don't believe that, then it's not going to happen but optimism on his own in a naked form is not going to help because sometimes optimism is also a hindrance in the growth of the business... There

must be a balance between optimism and pessimism. There must be something in between that is realistic because some optimistic people even when things are falling apart, the person is still optimistic that things are going to change somehow without making some effort to change them. So, optimism, must be supported by action. Optimism is a good trait, but on its own, it might not be very valuable. [D4]

The narratives highlighted in this subtheme can, therefore, be interpreted as an indication that no businessperson becomes good through hoping, nor can a business grow without subjecting itself to discipline. Working towards proficiency is a sacred proven business principle with proven record for growth. Mere desire/optimism without a trail of deliberate efforts to achieve what so ever is desired through a vision guided by proper a structure and processes is by itself idleness. *“No one can describe growth without reference to a description of something that grows”*.

4.4.7 Attitude to Learn

In line with other studies focusing on attitude to learn, this part of the interviews suggests that continues leaning solidifies specialisation. An educated workforce adopts cotemporally skills and value-added products and services with easy. They have high appetite to adopt to new contemporary skills, often necessary to solve current problems and have the same capacity to perceive future problems and thus avoid them. It is on this reason that education institutions need to produce more specialised individuals such as entrepreneurs who can contribute to these high versatile markets at a very tender age.

There must be more training for entrepreneurs at an early age. Entrepreneurship should be encouraged as a career choice. The incubator programmes should make a more meaningful contribution to the success of

smaller businesses. More mentorship would make a positive impact on the growth of SMMEs. [R4]

Firstly, we hire people for the job. They must understand about us and understand the service that we provide. And then we also do ongoing training. There are different types of training within the hospitality. We will do beverage services, we do food services, and we do health and safety. Those are ways that our staff can keep up and they can continue doing what they do for the customer and aid to their personal growth. [M2]

Remember when you talk about business you are talking about three things, that is (1) education, (2) skills, and lastly (3) experience, so if you don't have those three or even if it is not balanced, the chances of your business being successful is very slim because you can have the right experience in the field, but if you don't have the education, then the management of the business might be a challenge. [O3]

This almost conceivably suggest that it may prove to be beneficial to consider personal proficiency in three capabilities: (1) education, (2) skills, and lastly (3) experience, yet it is common experience that growth has great capacity in one of the three qualifications than all three. Therefore, it is paramount for businessperson to try sincerely to strengthen whichever of these qualities seems the weakest. From the data, it was clear to detect that the least is to train, partner or delegate the quality that seems the weakest in capacity to compound the balance of the weakest, for the lack of one will unbalance the others and the result is an imperfect business approach and management. Thus, aid to this crippling high failure or stagnate growth and induce the capacity to delight the client.

4.4.8 Personal growth

The previous subtheme is in line with what the respondents ascribe to be important for their business growth and their personal growth. Continues training aid to their personal growth and that to their businesses.

I have grown both personally and businesswise. Personally, I've actually gone to school to try and study so that I can get better understanding in terms of how I can manage my business... even now that I'm doing my MBA, it is going to benefit the organization that I'm working for on the side, but more of those skills I'll be able to apply them directly to my business. [D3]

In line with the interpretation of this subtheme, it appears there is no external transformation without individual transformation, personal-development to the drives of SMMEs to necessitate the growth of their businesses, it can only ignite from within, that will potentially have influence to the outside.

4.4.9 Creativity and Innovation

The need to adapt to the changes of information and technology to maintain a competitive advantage was highlighted by the respondents. A concrete example was when a director of one SMME put forward that it is necessary to be equipped with necessary basic tools on technology, so that less work can be outsourced, and the time it takes to coordinates outsourced duties with contractors can be reduced – saving both time and operational costs.

I'm in a position right now of which I'm learning, simple graphic design, learning photoshop, and others. So, I'm equipping myself so, I'm able to

handle more work and not subcontract it, so, equipping myself is important.
[07]

The respondents stated the value that can accrue to the business through creativity and innovation. Another director specifically pointed out they conduct interviews with the client before they take the job.

“Before we take a job, we interview our clients to draw out their desired event. Not obviously explained to our client, the interview is the initial step for the event. Although the focus is to delight the event owner, but we also shift our focus to delight all those present at the event, they are potential future customers. We make use of technology. We have drones to capture sky moment. [D9]

From the last narrative we can observe that the initial interview is an innovative tactic to develop a final product that will amaze the customer, strategically crafted to attract even more customers present during the event. From the narrative prior, it can be observed that basic skills in technology or software programs can induce creativity that can save the business money, not only that, but the most value commodity, time.

Contrasting, six from the eight SMMEs that responded to the online survey, answered that they are not making appropriate investment in R&D, infrastructure and technology to maintain competitive advantage in the future.

4.4.10 Risk-taking

The first is to close out all contrary phenomenon that there can be a venture into business without risk. The second is to prevent the scattering of the risk. These were

two frequency mentioned gestures by the respondents as principal factors for venturing into business in this context of risk taking.

You need to calculate the risk. A business is a business by taking risks, because remember you are exploring, say, a new market. You don't know what the outcome of that market would be, so, risk is not replaceable, it's there. You have to take risk. Otherwise, you never run a business. [D4]

It is extremely difficult to explain, access and qualify risk-taking place within any business adventure. It is evident that business controls are necessary to manage any form of risk. Controls such as; manage fear, control of worry, control of tendency to venture into unknow territory of trades, control of enthusiasms, and control of spending appetites. From the perspective of controlling the risk, the respondents illustrated the advantages of knowing about the industry of interest, realistic expectations on what the business can deliver as a service first, then the financial part of it.

You must know what is going on in your business, and you must be accountable for what is going on in your business and you must be honest enough to say no, I'm not doing well. Maybe I need to do something else or pull the plug. The passion for that business will always be there, but maybe it must be in a different form for you to grow. [D4]

The narratives from the subtheme taking risks suggests that risk and business cannot coexist without each other. Risk is a necessary component for progress, however risk appetites need to be managed closely. The opportunity to grow seems to be linked with the moderate appetite to take calculated risks. It also suggests that, the knowledge and skills of running a business are necessary controls to manage any

form of risk for any hope of growth. Risk is, however, the only route to business growth, managing of it thereof, is of an essence. This, therefore, can be further be interpreted as such, in risk we gain the opportunity to succeed, and the opportunity to succeed is in turn bestows the courage and the integrity necessary to manage the risk to high accomplishments.

4.4.11 Passion

The subtheme on risk-taking has already laid foundation for general practise of discipline. The respondents highlighted that although passion for the business is essential, the discipline of passion is necessary to control risk. To reiterate what the respondents ascribed, control of passion is needful if the business cannot deliver financially its projections after a set period of time or a set limit of investment- which could be caused by lack of due diligence done about the industry or unrealistic business capabilities.

In business you need to be prepared for lose, you should say, this is my risk and I cannot fall below this line. If I go below this line, the business is not working.... irrespective of the passion. ... you can't fit and put emotions in business because emotions cannot be calculated and controlled... so in time you would still have the passion to start another one. [O4]

Focusing not only on the scale of controlling passion, but also its potential to direct the effects of the business to high accomplishments, is illustrated in this interview extract:

I am very passionate about who I am and what I am and what I do and there's nothing more important for me than being able to see the world through my own eyes, which I can't say they are pure eyes, but I can say that they're more

of passion which have given me a vision for my business to be able to give the client a marketing strategy that will work... that is how I aspire to grow my business. [O7]

4.4.12 Discipline

Self-imposed controls, a core aspect to attract admiration, was specifically discussed by the respondents as they mentioned that, it is proper to do what is pleasurable at times, however, it must be delayed until such time it has been earned. The least it must be structured. Under these subtheme, control of risk appetites, controls of enthusiasm - “*Know your business*”, detachment from results were some of the controls highlighted. The value of profits reinvestments was again the highest veneration that the respondents dwelled on at length. They emphasized the importance to focus and the patience which appears to be the attitude that develops the realization that in time, discipline or controls will bring to pass that which is right.

Basically, you know what you want in life and you try not to follow other things that you don't need, so you have self-discipline and not just taking the money and investing into the wrong things. You just wait until you see that opportunity that you wanted, and you grab it. So, that goes with focus as well. [M1]

Some specifically, championed a structured approach to discipline in this narrative.

Success need to be celebrated. In many incidents you'll find people who think that whenever you're doing business, you need to focus on the business only until you reach a certain age. My concept is that, if I'm making a R 100 000 profit, I can take maybe five percent from my profit as my salary and use it for my luxurious life style. Take it as salary, get paid like a normal job. If you understand why most businesses fail, it's either people don't consider lifestyle

or don't factor it into the business, they overwork themselves and when they try to celebrate, they celebrate more and then take too much from the business to try and cover. [O3]

While probing for intactness that will symbolise such time the celebrations are considered earned.

When we have reached our set target, we plan to keep aside a percentage to celebrate our success, we still want to keep our staff motivated and delighted to delight our client. But that % is minimal. As much as we enjoy pleasurable things, we discipline ourselves to act for benefit of the growing the organisation. [O3]

The need to adopt a discipline character was once more emphasized. A concrete example was when the respondents put forward that business's owners should be acquainted with financial numbers of their business to measure the growth of the business and also to mitigate risk.

I reinvest as often as I can to build stock, to make the business better, to replace equipment, to replace equipment and to try and keep the store going on smoothly. That discipline is important. [D1]

Some people would believe they're making money when they actually not making money. They don't look into the reality of the business, how the business is actually working. You'll find somebody running a business, but they have no clue as to the numbers... The fact that there's a lot of money being handled in business, that money being handled doesn't mean it's all your

money. Money has to be allocated into right places. Some people lack that sort of knowledge, that discipline, and that sort of experience. [D4]

I'm only going to invest R 50,000 and I'm unprepared to lose R20,000. If I lose more than R20 000, it's not working. You are cutting your losses and you go.... It's like gambling its takes discipline. [O3]

In this context, it appears to be proper to deduce that growth becomes natural to the business whose drivers have developed a specific direction, and self-imposed personal controls for the benefit of their businesses. Equality appearing, the necessary skills to keep records of what the business is doing and what it has done, as a barometer of the business's journey. The records are important as what the business does how is it doing.

4.4.13 Ethnics and Integrity

The analysis of the businessperson's perspectives on ethics and integrity highlighted the significance of respect to the regulated environment in which they operate, with the aim to be admired by their customers. In addition, to providing a safe and healthy environment, a vital part of the trade is transparency. Thus, securing trust with customers and regulators.

If you have good ethics as a human being, I believe that also helps you, interacting with other people. One example is that have cameras, if anything happens to our customers, they know that when they follow the right procedures, we can also help them in any problem that they may have occurred in our establishment. So, they do trust us, and they also trust our staff that will take care of them. In term of the food, its safe, our parking, everything

is done proper. That has helped us in terms of business growth and customer satisfaction. [M2]

Without ethics and integrity your business is in trouble, business is reputation ... Most people don't buy products, they buy the service that comes with it. It is the relationships that you create that make it easy for people to trust the product that you are giving them. Particularly, if it's a commodity product, people must believe that whatever you are giving them is genuine and safe, and it's going to do what it's supposed to do. I think without ethics; the business is not going to be sustained and it not going to grow. [D4]

With emphasise, one owner blended transparency, creating realistic expectations to the customer at the same time as protective shield to the business if things backfire. That is expressed in this interview:

We provide service; customer satisfaction is so important for ...a service is hectic because it's something that you need to see in your business being able to utilize the service and seeing a bit of comfort from it. If that is not being provided accurately, a bad service is never reversible, but a product, you're able to take it back, for a service is very difficult...., If you don't have integrity, if you cannot make a promise and deliver it, you won't be able to go anyway. You've lost the client, and potential clients. So, that for me is very important. Transparency too, is very important. I have some certain beliefs that I have.... if I cannot be transparent to the client and say I can do this, and I cannot do this, I have a problem when things backfire, so I have to be ethical about everything I do, I don't over promise anybody. [O7]

Despite the positive effects arising from securing trust from customers and regulators, the respondents alluded personal character as other necessity to grow and sustain

the business. That included self-imposed standards to administer certain processes in the business, overly expressed, finances. It also included fair trade, care and concern for fellow businesspersons.

I don't like to go to my neighbour's door and see what price he is selling and then go undercut his prices. That's one thing I never do. So, I like to do business as I know and what I believe to be. I don't like to take away business from other people, especially people that are trying hard, I try not to put them down. [M1]

The interpretations of these narratives; good deeds leave no reputation risk, accountable actions induce transparency, thus promote caution. Hence, a business conducted on moral ethical standards lay comfort as convince to the customer and the customers' close constituents and them to others, it inspires trust, sense of loyalty, an obligation to continuously demand services and products, and with that, grow and suitability of the business is imminent.

4.4.14 Profits Maximisation

In this case, it was not clear as to sincerity of the respondents from the data the support of profits maximization as an essential to grow their business apart from literature, but there was no question to their preference to serve the client first then profits.

You see, my one business in Bellair, I was thinking about doing something on that property, putting up a fuel station, but at the same time I said if we demolished the store, I still want to put up a superette for the community because the people don't have vehicles. There's no shops nearby. So, I want

to be able, at least service those people because I feel it's my responsibility to have a place where they can go and buy what they need. [O1]

In another rather interesting story, one respondent had this to say:

*I don't know if should be saying this, okay. Most of my clients were clients who were also trying to hide their own money. So, they use a lot of cash, they prefer cash.... It came a time where that did not sit well with me, so, I had to cut those clients. That means I am really not focusing on profits maximizing, its **ethics** and **customer service**. It very important. [O7]*

4.4.15 Improve Standard of Living to Communities and CSR

Expanding from the already laid foundation from the previous subtheme, other respondents expressed their views as follows:

We are investing in other things than just the business, obviously we invest a lot in the community as well, it's not just about helping the community, it's also helps us in growing. [M2]

One particular respondent opposing the value of CSR as a strategy to win brand loyalty from the community in order to grow the business, expressed the concept in this following interview:

Do not get me wrong, CSR is important to grow the business, but for me, I don't think it's ever been about me growing the business, it all about being able to look back and say somebody has been able to benefit from me, it has nothing to do with my business. Where I come from, it's very important that I

give back, no matter how little I have, reason being we need to mould the future and if we cannot mould the future ourselves who will? I have a theory, in the present we are the future because somebody saw something in me 10 years ago in my past. So, I'm somebody's future. Somebody looked at me and said, I can make something out of this person. So, I became, at that time their future. So, in my current state right now, I am somebody's future. So, that is why I give back. [O7]

In sum, the importance ascribed to being customer focus, **ethical consciousness** and **improving the standard on living in the community and CSR** appears to resonate with the respondents as to profit maximization. The drive, the satisfaction and excitement that comes with serving the client seemed to truly encourage these businesspersons to venture into their respected businesses as to maximum their profit share. The grave question, is the attitude to serve the client first as to maximise profits bestowed by businesspersons in this study necessary to grow the SMME sector? The current data does not permit any supposition in an attempt to answer this question.

4.5 Mode of Business

Moving from the drive that drove SMMEs businesspersons to venture into business, to possible causalities to high failure rate or lack of growth, followed by possible essentials necessities to reduce the crippling failure rate and support growth in this sector, to the situational response to the conduct of small and big businesses. In this situational response, both small and big have the capacity to express an identity in profits generation expressed respondents.

I have the desire to take the business to the JSE. There is a difference in which the business at these two levels is conducted, but the core of the

business (values) would be identical. There is a correlation. Lack of business skills as to big businesses affect the performance of small business. [R4]

At a more attitudinal level, traditional heartfelt past and present experiences, practices, beliefs, or opinions about small business was once emphasized. A concrete example was when a respondent put forward selflessly that, from the onset the name **small business** is consequential to the psychological mind of the businessperson. The degree that the business can expand is directly linked to the mental attitude of “starting a small business”.

Number one, I always say the word small business kills people's minds, immediately you say it's a small business. If you start a business today and say, I want to have a small business on the side, then that business is death already, it is not going to go anyway because your vision is diminished to a small business from the beginning. Somebody else is going to come in and do exactly the same business, but on the larger landscape, where are you with your small scale? You are gone? That is the attitude of small business. [O3]

Akin to the above narrative, another respondent specifically pointed out to the fact that it is **not** the administration of the business per-se, but the lack of vision and skills that seems to be a detriment factor. SMMEs seems to lack vision, even though big businesses might be delivering good services, but small companies can even do better and vice versa, the mode of the principle of doing business is similar but the how to might be distinct. That is recorded in this interview:

Business is the same because even the big businesses started of being small. Every big business that you see, it didn't start as a big business. Somebody was an entrepreneur and then they created the business, but because they had the skills and the vision, and they were able to change what was small to

be big ... It's just that one is at the smaller scale, the other one is at a bigger scale, but if you treat a small business as a big business, the likelihood of the business growing is higher than somebody who says I am small. [D4]

The findings from this theme implies that, if words appear to be a consciousness to our actions, they are necessary to be practised sparingly, or be thoughts of as a compensation for action or inaction. The naming of the word small business has possibly limited the vision to grow for many SMMEs. From inception, the drive is to start a small business, and thus, remain small, maybe to have an extra comfort in life than what the alternative which is employment can provide, or just to survive. Perhaps to aid to the bigger spectrum - economic growth, to improve standard of living for self and community, to create wealth, the reasons are abundant, but the basic reason is to make a better living presumably by identifying a need to serve or make better the lives of your target market. Because of the name, **small**, it seems we are blissful to it course, it seems to determine what sort of business one builds. To this end, perhaps getting the language right could be the next best necessity to alter the physiological mindset. Growing-businesses (GW) and Fully-Grown Businesses (FGB) would be a great start to tag this misplaced language into a physiological impetus that put no limit to the growth mindset of SMMEs businesspersons from the onset of their business ventures than the coming of language **Small Business**.

The day I wanted to start a business, I told myself that I am going to run a business not a spaza shop. [O2]

Focusing not just on the similarity administration of both GBs and FGBs to the promptness of making decisions, which is ascribed by the respondent to be a probable advantage for GBs as to FGBs, is expressed in this interview:

The advantage of a small business is that decisions can be made much quicker, faster, but those decisions must be made to satisfy the customer needs. It must be decisions for the benefits of business needs, so, it can only be an advantage if the decisions that are made quicker in terms of meeting the customer needs as opposed to making a decision just make the business easy. [D4]

This indicate that small is good for its promptness - good and bad is often sported early. Ineffectiveness, customer dissatisfaction is rather identified faster, then the opportunity to satisfaction the customer if often near. Reason being, the hierarchy of decisions making is not long compared to big businesses with are often susceptible to complex reporting structures. Bad decisions often revised in speed, unlike in big organisation, even the smallest decision, action is analysed until the intended opportunity has been used up, no longer to monopolised. The capacity for SMMEs to act fast has a potential to meet their customer satisfaction promptly. Beyond customer satisfaction, there exist value, and in value that is where the profits margins grow exponentially. Customers find the need to quench their satisfaction at the service of SMMEs much quicker. This too, was mentioned as something that can created value both for the client and the SMMEs.

4.5 Chapter Summary

Concluding from the findings, the analysis of the businesspersons' perspectives on their experiences on failure or lack of growth in their SMMEs highlighted the significant of external environmental forces with special reference on lack of supporting working capital and volatile economic conditions. However, there are serval areas in which they differ from the highlighted external force, they were:

Vision and self-controls standards for the common good of the business were the highest veneration to delight the client. Included was training and technical expertise

to manage different areas of the business resonated with respondents to the proper administration of the business to the delight of the customer. Hiring for the need of the business was clearly expressed for the magnitude consequences of wrong hire due to goodwill seems to demand more capital than necessary, management of it thereof becomes a burden as to liberate SMMEs for success. Control of appetites and enthusiasms indicated to be another vital role to manage risk.

The analysis represents intrinsic factors i.e. thinking habits and living standards as a contributing factor to the success or failure and lack of growth in small businesses. The fact that there is evident a few SMMEs that start small, yet capable of thriving under the most gruelling extrinsic circumstances and growing into big businesses evinces that there is something special that should be done for small businesses to grow. Businesses are run by people, which indicate that their actions will have an impact on the outcomes to their businesses. This includes starting a business without a vision and proper appropriate business structures. Unrealistic expectations on what the business can deliver financially-which could be caused by lack of intelligence about the industry and realistic business capabilities. Failure to satisfy customer expectations. Lack of financial resources as austerity to run and sustain SMMEs - cash-flow issues, more often due to ostentatious living. Self-controls virtues in business appear to be crucial more so when it comes to the director or owner of the business. Some businesses are inadvertently failed by owners whose habits are not congruent with the business's vision. Businesspersons are advised not to deplete the business's cash flow to enhance ostentatious living. This implies controllable and avoidable to some degree.

Moreover, there seems to exist an identity in the core principles and values in conduction business by still growing businesses and fully-grown businesses, one is operating at smaller scale, one might be rendering same services or products while the other might be doing the same operations but at a bigger scale.

5.1 Introduction

This paper was written with the intention of providing an overview of the effects of both past and contemporary personal character, thinking habits and living standards of SMMEs businesspersons regarding the performance of SMMEs. Nonetheless, in chapter 2, the literature review reveals that there is still deep-rooted silence in the field of behavioural attitude with relevance to performance of SMMEs. The findings of this research indicate that the high failure rate and lack of growth in SMMEs can be attributed to certain behavioural conducts and lack of self-imposed controls in attitudes and actions by business owners. This part of the research discusses the findings from the research.

As noted in figure 4.1 *customer service* is commended first by the respondents. The discussion section will commence with discussions with regards to business's vision followed by the *customer to be satisfied* by that vision. Next to it, *self-imposed controls* of commission and omission for the benefits of the business, in a sense that delight the customer. This is to make the reader familiar that the highlighted controls and conditions regarded important from the findings are necessary building up to delight the master that any business venture relies on, the major finding – customer satisfaction. Then, the similarity between small and big businesses. Lastly, the growth mental attitude.

5.2 Findings

5.2.1 Personal virtues affecting the growth mindset

Everything starts with intent, purpose for growth, and framework/structure for the business's existence. Getting clear on what direction to take, what to achieve by setting goals that are actionable, measurable, and support the overall vision and mission of the business. Thereafter, the next order of business from the vision was obvious from the respondents in different ways from the themes and subthemes identified in the analysis: that once, the reason to venture into business has been defined, the vision have been established, the need to delight the customer was the next necessary mission. The customer is at the centre and all the controls activities operate to delight the customer, intending to benefit the business. In this study, the results link up with statements regarding a customer experience vision of the organisation being the probable structured and measurable approach to customer satisfaction Boyarsky et al. (2016), which in addition is consistence with the conclusion drawn by Nwachukwu and Zufan (2017) that stress that customer satisfaction has a strong positively correlation to the focused vision and mission statements crafted to delight the customer. Their studies recommend that businesses that want to survive and grow while making their competitors irreverent should formulate their vision and mission statements to the customers' delight. This is a clear indication given the great value the businesspersons attached to the value of a satisfied customer to grow their small businesses. We are remained of biblical statement that the importance of a focused vision to recognise the customer in the business is like "a seed in itself". This implies that a satisfied customer consumes or uses products or services, then tell others, who tells others close to them and them to others, and they all soon come back for more products or services. "A service or product is something that gives the business comfort to see being utilized to the enjoyment of the customer".

As concluded on the finings section, the studied drivers of SMMEs emphasized customer satisfaction to grow business. However, it is important to note that one cannot craft and render a meaningful product or service unless one knows the actual

void to fill for the customer. This point of view was further articulated, as Laszlo (2008) expresses below: It is proper for business to assess probable future expectation of the customers, in order to create value, and asks; “what might change”. He adds that the intent is to access and understand possible expectation of the customer on how they may evolve and what would that mean in terms of opportunities and risks to the business. Its assessment is to be traceable and measurable. Business Dictionary (2017) explains, it is the consumer's positive association of a product's or service's (or a brand's) ability that satisfy the customer's anticipations. Cited in Kehinde et al. (2016), Peter Drucker is of the view that “the ultimate goal is to know and understand the customer so well that the product or service would accurately fit the customer and therefore sells itself”.

With reference or in addition to the findings of this study, what these citations suggests is that, knowing the demands of your customers, yet oblivious or indifference to meet them is a moral choice, outside economic difficulties. Action tend to be trailed by intent. Ignorance is no skill but a self-inflicting malice to businesses' bottom line. That is an internal choice by the business drivers. It is outside because it was inside first – the attitude towards products and services to be rendered to the customer base is a prime contributor to SMMEs performance. It contributes to resales and referrals. On another hand, a potential mindset for growth for the future of SMMEs. Thus, it necessary to assess probable current and future expectation of the buyer as means to delight the buyer.

Lovering and Media (2013) studied the importance on quality customer services. Their results seem to ring true to the findings of the study in their remarks that “customer retention is directly linked to a satisfied customer”. On the basis of their results, they concluded that: (1) Happy customers contribute to resales and referrals because they share their experiences with all those they associate with, friends, colleagues and them to others, the domino ripple effect, which expand the business over time. (2) They reported that customer satisfaction can create a niche advantage for SMMEs when customers are looking for ongoing relationship, the quality of service or product rendered is an opportunity to counter against fully larger business

who can afford to under-price SMMEs by offering same products based on volumes and larger selections of goods and services. Lastly (3), they further explained that deliberate attention to the customer ultimately gives the opportunity to change model goods or services to satisfy the customer before they shift in favour to the next competitor.

The above cited conclusions seem to back up the findings of this study, the businesspersons revealed that customers are likely to spend their funds to the business whose attitude is directed to serve the customer's needs, for that is the attitude that affects the training necessary to keep the customer happy. It further suggests that if SMMEs keep their ears on the ground to the demands of their customers, in turn the same customers will directly tell them what they want.

Making an effort to meet the demands yet fall short due to hyperinflation in the economy as an example, can become a just extrinsic factor imputing to the failure and of lack of growth of SMMES, perhaps after a series of traceable actions to meet those demands. It cannot, by default a reason to the failure and lack of growth without traceable evidence of attempt within the business. Therefore, it cannot be enough to know what the customer wants, it is enough though to know what the customer wants and do what the customer wants to achieve what you want, which is the ultimate goal is to appeal to new customers and retain current clientele. The moment they know the demands of the customers, oblivious or indifference to meet their demands becomes in severable, the capacity of serving the customer diligently increases, and with that attitude, growth becomes inevitable too.

In summing the discussions on customer satisfaction and introducing the next discussion, self-imposed standards, and/or controls: without a deliberate attention to the customer's needs, retention is compromised, so is the growth of the business. With the obsession to delight the customer comes the necessity to cultivate self-imposed controls necessary for the benefit of growing the business.

In terms of the research objectives, it is suggested from the findings that controls need to be more enabling than coercive by putting businesspersons in a position to

deal with the unavoidable external environment forces in their work. In this study, the following were the highest personal virtues that affect the growth mindset of businesspersons relating to the performance of SMMEs: (1) Optimisms, (2) discipline, (3) profits reinvestments, (4) CRS activities, (5) ethics and integrity, and (6) continues attitude to learn.

Optimisms pertains to proper preparation for good outlook for the future. Miller (2016) studies the growth Mindsets in Organizations seem to admit that optimistic people will welcome challenges and setbacks because they see them as opportunities to learn and grow. Optimisms fosters businessperson to a growth mindset through discipline with includes delaying temporal gratification, for the price it pays for cheap comforts and luxuries is great to the business's future opportunities. Therefore, **profits reinvestments** appear to play a key role in avoiding gearing thus leverage on opportunities that needs RIGHT-NOW Capital. Moreover, business tends to produce more than what has been reinvested if the business is administered properly. Profits seems to outweigh the investments "just as the harvest outweighs the planted seed". These derived statements from findings on this particular control of commission - Profits reinvestments, build precisely to the answer of the second sub question which looked at delayed temporal gratifications and profits reinvesting to aid to the growth of SMMEs. These findings are in harmony with those of Carnegie (1933), where he warns that businesses which does not earn at least interest upon its capital soon becomes liquidated. He continues to explain that capital reinvestment is a condition essential for successful operation mechanisms that it should be by far lucrative, and in addition, earns interest on capital, while making profits. He further emphasis that this control is certain, a peculiar talent for business affair of necessity, soon be in custodian of more revenue than can be logical expended upon itself, for compound interest is best when delayed.

Continues attitude to learn, omission of this control hinders opportunities, lack of it involves the problem of production mechanisms, and includes reluctance to adopt to contemporary skills and value-added products and services. These findings seems to

follow closely to work of Hall (2006), (Pettinger, 2017), which ascertain that lack of a continuous attitude to learn seems to form a shallow appetite to adopt to new innovations and technologies. Hoeppli (2012) suggests the key to any solutions regarding growth relies in education, he argues that in previous time's skills sets were timeless, but with us today, measures the change which has contributed to modern civilization. Those businesses' who relies on their first ideas, worn out skillsets and have since done very little to continuously reinvent to innovative and expand on their ideas and skillsets are discovering that they are becoming increasingly irrelevant in meeting the ever-changing demands of their customers. He continues to advise that only those business who accept the need to continuously renew their ideas and skillsets, equally from informal and formal education will prosper, whereas those who shun from skills development and training will stagnate, dwindle, and close doors. Continued learning adds to intelligence and talent (Moore, 2016). From the Physiological point of view, citing (Dutton, n.d.), explains that new neural solutions are formed—when mistakes are made by individuals with a mental attitude to learn. This suggest that their brains actually grow when meeting with temporal difficulties while seeking new knowledge. This implies intrinsic standards, thus, controllable and cultivatable.

The findings in Chapter 4, in the investigation of **ethical and integrity** conduct corresponds to compliance to the regulated environment in which businesses operates: More profoundly, integrity to service customers supreme, distinct from informal payment to officials “to get things done but to provide safe, healthy, and transparent atmosphere, thus secure trustworthy trading environment with customers and regulators where the business operates. The notions of spontaneous contributions of ethics and integrity in creating value for the customer, seems to echo Luu's (2015) notion on transparency, that in order for customers to protect their own consumer rights, they should be aware of unethical businesses. On trust, Luu (2015) ascertains that a good image to the public develop trusts from the regulators and customers. It has an advantage from potential customers and potential business partners. Lugman (2015) concludes that, ethics and integrity in business improves

employee and organizational morale, in a long run, it exposes the business to growth and profits. These statements seem to be borne out from the findings, the domino ripple result of a happy customer is contagion to those close to the customer and them to others. Earnest to maximise the welfare of customers' needs and minimise harm to the environment in which Businesses operate bestow growth in long run, thus sustainable success. Arguably the world's respected businessman and the world's most admired human right activist, Branson (2006), Gandhi (n/a) had it all worked out when they point to that, "a hearty service to better the lives of people than before is the way to find value, the special result effects of that is full abundance to communal good". Arguably the same can be said on business's abundance growth, if serving the customer supreme.

According to Bovee et al. (2005), customer satisfaction leads to an increase market share, profitability and shareholder value maximization. Arguably the world's respected businessmen and the world's most admired human right activist, Branson (2006) had it all worked out when they pointed out that, a hearty service to better the lives of people than before, is the way to find value, the special result to that is full abundance to communal good. Arguably the same can be said on business's abundance growth, if serving the customer supreme, the result to that is beneficial good to the business (Bovee et al., 2005).

The analysis of the data in relation to **CRS activities**, appears to necessitate brand loyalty. Laszlo (2008) presented findings in favor to communal good to the society and environment where the business operates. He pointed out that the act of CSR has financial benefits in the long run, in exchange for the communal good to the society and environment, customers will exchange their loyalty to consume or demand more goods and services rendered by the business. This implies that businesses should consider committing to CRS activities. Contrasting from the findings of the this study, Friedman (1970, cited in Margolis and Walsh (2003) disassociate these views on CSR as a benefactor of the business to be nothing but a

theft and political subversion that subdue resources from the rightful stakeholders of the business.

Drawing from the discussions on **self-imposed controls** of either commission or omission for the benefits of the business, it can be deduced that the same measure impact differently – the reason, to the pessimist there exists an array circumstances that the worst will happen owing to the outside environment such as lack of finance, inadequate skills in the country needed by the business, and more. To the optimist, is plenty of self-belief, a definite desire that make a deliberate effort to avoid ostentatious living, to fund the business through profits reinvestments, acquire or develop required skills to run and grow the business. Not all organizations have the strength to calm their desire for excessive economic profits through unethical activates. To the SMME that embrace ethics an integrity this is both an opportunity and strength to lead a competitive advantage by ethical business standard to avoid the judgement of law, and criticism of the public. Through CSR obtain favor to the customer. The economy goes up or down, some businesses don't seem to be impacted by that, they're doing well despite economic turmoil. These were vital hallmark of self-imposed controls that have been highlighted by the respondents. The proof of success despite the seemly uncontrollable external environment, storied told of preparedness to tame toxic behavioral and attitudinal appetites to the business becomes the motive to expand, to grow. Such will be a benefactor for SMMEs in creating harmony with all stakeholders, shaping employees who sole purpose is to create value added services or products closely aligned with that of the business, pioneering sound profitable opportunities, and that is the ultimate micro-economic success for SMMEs – self-imposed standards in the benefactor of the business.

According to the analysis from this study, there remains, but, only one mode of conducting business; in this mode there lies the true antidote for the crippling failure rate and lack of growth of SMMEs, the reconciliation of fully grown businesses and the growing businesses, an opportunity to bleed partnership, another ideal, similarity, indeed, from that of serving the customer, not the differing in scale that seems to determine success from failure but only to please the hand that will eventually

handover funds in exchange for goods or services. It is founded upon customer centric, and the contest to profits maximisation is in practice by the degree in which service is rendered, goods are at bare whenever required by the customer. Here, again the findings run counter to the widely expressed view that “small things can be as big as big things can be, and big things can be as small as small things can be”. These findings are in harmony with those of researchers such as Caner (2010), who argued that since early 80s, SMMEs started providing intermediate goods and services more efficiently than large businesses, because they started to become more innovative and flexible in reducing costs activities. Due to the increase in educational levels and continuously renew their ideas and skillsets Hoeppli (2012). Although, SMMEs are comparable to big businesses in terms of rendering services and providing goods, Caner explains this sector is criticized claiming the provisioning of their value-added products and services in not consistence to high standard and that it is also short lived.

Considering the relevant literature stated above, the findings of this study are to some extent at odds, in view that according to the data analyzed by this study, big businesses start small, and grew. Big businesses render same services and provide similar products to SMMEs, they differ on the scale of offering. The subsequent implications reveal that both small and big business may offer the same service using similar principles, yet literature has shown that small businesses rarely ‘seed exponential growth over extended periods. Majority face failure or the least remain small than large businesses (Friedrich, 2016). Therefore, if both small and big are using the same mode of business in the same ambiguous economic environment yet the size of the enterprise seems to have a direct bearing to lack of growth, failure rate, and longevity of the organisation.

Drawing on the findings of this study there are many reasons explaining why SMMEs are performing poorly than big enterprises, one of the overly highlighted from the findings of this study appears to have a negative contribution to this distinctive offering on the same mode of conduction business, point to consequential

psychological mindset of the businessperson. The degree that the business can expand is directly linked to the growth mental attitude of “starting and running a small business” instead of starting the business small and grow it. Likewise, the existence of the growth mental attitude seems to be confirmed by study done by Delmar and Wiklund (2008), which exhibits both motive to expand the business and effects of attitudes subjective to past and present beliefs, underlying norms that owners, managers, and inventors of SMMEs have about business. Interestingly, the aspect of criterion in their study, resonates to that of this study, a business proper growth can be assessed relatively over longer periods of time varying from 2 years up to 5 years to measure without bias the multiple activities, actions, and decisions that affect business growth process by business drives. This study considered from 5 years. The criterion followed by this study is then believed to be fair and a just sample to measure the efforts put into expanding the business over time. Observations suggests that the drive and attitude put forward in any endeavor seems to be inversely proportional during extended periods of time. Sustainable growth, therefore, would seem probable to be measured by unwavering attitude, a mindset destined to remain constant over time until the desired business vision is lived. That is the growth attitude destined to start a small business and grow it to a fully grown business or big enterprise.

5.3 Chapter Summary

It can be concluded that there exists no distinction between the business and drivers of the businesses, those are same people, this paper has shown that both growing business and fully-grown business are similar, one is operating at bigger scale and the other if focusing on small segment. Furthermore, this paper has shown that the problem of SMMEs, therefore, is obedience to the controls of omission and controls of commission alike to the betterment of the business. The size of the scale if any plays a trivial effect to the failure and lack of growth in this Sector. The verdict rests with the drivers of the business. Nevertheless, the customer will surely choose, and it choose will not often be wrong. The business that is obsessed with the customer’s need will seem to be in favor to the customer.

Moreover, this study has showed, that the growth mindset is indeed “an initiate”, the very spark of the human mind, the symbol of desire to expand. A group of authors seems to be pure, open and certainly have an elastic view on a growth mindset (Dweck, 2014, Kray, 2016, Lloyd, 2018, Miller, 2016), Rossouw and Vuuren (2003). Linking the findings of this study in relation to their work, we draw out that a growth mindset pertains thinking habits, living standards of attitudes and behaviors that echo the belief that no individual is susceptible to idleness. It is, therefore, safe to put forward the three disciplines: (1) education, (2) skills, and lastly (3) experience to be amongst strategic intent for growth mindset in the SMMEs sector.

Disciplines such as talents, intelligence can be fostered. Control of appetites, control of enthusiasms, can be refined. Continuity, perseverance, thoroughness can be endured. Creativity and innovation can become better. Ethics are attainable. Leadership can be developed. People hold potential. Dweck interprets this view as an atmosphere that creates the desire to learn and a resilience that is essential for great accomplishment. It also implies controllable and cultivatable. There is no united view upon which the authors agree. But many arises to the popularity uses of the term. Commonly, though amongst disciplines of a growth mindset, “growth” seems to be the dependent variable.

This, then, is held to be the duty of the owner, director, investor or manager of SMMEs: First, to set direction of the business — Vision, and a proper structure to get to that Vision, then set an example of modest, excessive living or extravagance; to act with ethics and integrity to the customer and the regulators of the environment in which they operate in, and after doing so consider the value of profits reinvestment to be best administered to produce the most beneficial results for the all stakeholders of the business, and all these controls are independent of the extrinsic forces, those dependent upon the businessperson mental attitude or mindset.

5.4 Limitations of the Study

It should be noted that the study has been primarily concerned with mindset attitudes that businesspersons might possess due to their past, present experiences and beliefs about business, with special reference to their personal virtues that can affect the performance of their small businesses. One major limitation of this exploratory study was that, focusing on this sensitive topic, altruism of the businesspersons was a challenge to draw out sensitive data meaningful for this study. Mitigating factors such as to methods to collect primary data (online survey, and from the online data analysis, face to face interviews were scheduled to get clarity from the online response,) plus follow-up interviews and continuous conversation using a mobile application WhatsApp and email with the aim of seeking further clarity plus a point of reference to answered questions from the online survey.

It should be further noted that due to the nature of the volatility of the markets these entrepreneurial small businesses operate in, it was difficult to secure interviews, due to lack of availability, mostly time, of these businesspersons. Indeed, as I have pointed out, equality contributing to this difficulty to explore due to the sensitivity of this study – deep intrinsic factors that result to possible failure or lack of growth of their businesses, is not a topic which encourages willing volunteers. Due to this, maximum time on this study was spent seeking for face to face interviews, at times traveling longer distances to their firms only to find out that due to urgent business demand, they had to leave, and we had to reschedule another interview which was equally challenging. However, with patience and persistence follow up interviews to get deep rich data in this sensitive topic was done, that too was also a difficulty.

5.5 Value of the Study

In reference to the aim of the study, from the data collected, the exploratory interpretation of the data thereof does hint the relevance of the habits of thinking and living standards of the drivers of SMMEs to performance and growth of their business adventures. The findings of this study may be referenced to situations with similar characteristics. However, to elevate entrepreneurs of the future, first to set an

example of necessary self-imposed standards for the ultimate goal to expand their businesses, and after doing so, consider all surplus proceeds which come into the businesses has the highest veneration if reinjected into businesses which is to be administered in the manner which best procedure the most beneficent for the community, has a direct bearing to their mindset and character. Therefore, it is proper for a greater understanding of contextual factors covering some substantial extended periods of time investigating the likelihood changes in prioritizes, goals, and behaviours from a group of SMMEs before making any concrete generalisations and validate the effects of Mindset and reinstatement in SMMEs growth.

6.1 Introduction

A relatively extensive review has been made in the world of business as it is known today about the crippling failure rate or stagnate growth in small businesses. In retrospect, what can be deduced about the effects of personal character, thinking habits and living standards of small business owners? An initial observation does not have to go any further than the initiators of business with consideration to the research objectives of the study. This chapter provides a summary from what appeared to be the most important findings, including conclusions. Next, recommendations that hopefully would save current malaise within the SMME sector. Finally, some considerations for further research closes this paper.

6.2 Conclusion

At the highest veneration of it all, is not profits maximisation, pride and glory, financial freedom nor is personal growth. It is humanity, obsession with the customer's need, the satisfaction and excitement which comes with creating something from real beliefs that at the end it will fill a niche, making life a lot more pleasant and ease than before for the customer. Pointed out by the study is that, the customer that has the ability secure all the desires of the businessperson's, it is the customer's demand of goods and services that maximise profits, that ultimately expand the business from local to even international grounds. It is the customer that gives the satisfaction to be able to see *in your Business services being utilized, product being effective to what it supposed to do and finding a bit of comfort from it*. The successful businessperson is the one that serve the communal good. The competition provides it not, nor is the Governments with all the money it can print. This study has brightened the need to control and cultivate necessary business etiquettes to serve the customer, the profit-maximiser supreme.

It has been demonstrated throughout history that "*a man is what he thinks all day long*". The findings from the research have highlighted that "the business and its

owners are one person. *The reputation of a director or partner can affect the business in a good or bad way, the controlling drivers of the business are the Agents of the business*". "Success of any business rests on the drivers of that business, this represents a substantial portion". It is, therefore, reasonable to assume that there is correlation between the performance of small businesses to owner's character, thinking habits and living standards towards business. Given the above, it is evident from the literature, that mode for small and big Enterprises has been the same all along, the least, it has been borne out by the study. The study results also suggest that almost without distinction, success in these modes uncritically accept service above size, creating value above compromising quality, making a deliberate effort to identify client's needs accurately above the neglect to their call for dissatisfaction. The study also championed participation in CRS activities as strategy to plough ahead today above maximising profits today, and a sense of goodwill – give back to the community that provided it in the first place. A deliberate preference to prepare today through earnings reinvestment above temporal gratification. With that resales and referrals improves, attention to the client earn more client retention. It should be noted that these strategic intensions are all intrinsic yet, their relevance in this volatility, uncertainty, complexity and ambiguity business world are noticeable. They aid to the growth of both and small and big alike as pointed out by the results from the study.

The study has without bias acknowledged that the contemporary external environment is both complex and ambiguous, the risk factors associated with it are even more fragile in the Social Media Environment. The human brain is the only sphere with unchallengeable freedom, and anonymity by far complex – much like the external environment. By appreciation its complexity and power to influence the outside environment, noted already that," it is outside because it inside first", the findings, to the least have demonstrated the importance interplay between a growth mindset and performance of business with special reference to small business.

The whole-matter of this study takes the view that underperformance, is seldom relative to external tenets within the microeconomic conditions, chiefly, it points to deeper intrinsic individual tenets being responsible for the current dismay within the SMME sector. The analysis of the data in conjunction with existing literature used in this study also suggest an unsophisticated process to grow SMMEs. It is instead a process that puts vision and self-imposed standards or disciplines above any extrinsic forces. As we close, re-emphasising by this interview extract, the key note should be: *“the business and its owners are one person. The reputation of a director or partner can affect the business in a good or bad way, the controlling parties are the Agents of the business.”*

6.3 Recommendations

The grief of external forces contributing to failure or lack of growth is SMMEs requires advanced knowledge and ethical caring of self-imposed standards for the benefits of the business. Extrinsic problems are there, they are everywhere, and obstacles will come all the time and little if any can be done to control them. So, the necessity is to just learn how to dodge them and finds new ways of improving yourself – the businesspersons can address these extrinsic situations. The findings support recommendations for:

- a) In cultivating entrepreneurship attitude, the culture of entrepreneurship should be built into the South African economy using the education system from elementary and increase the intensity up to higher education level. Entrepreneurship should be encouraged as a career choice. The incubator programmes should make a more meaningful contribution to the success of smaller businesses.
- b) More mentorship would make a positive impact on the growth of SMMEs as well as how its services and products are delivered to customers, thus fill a niche, making life for customers a lot more pleasant and ease than before. This would further empower businesspersons to realise that they need less

dependency from what is outside themselves to do well in their business endeavours and begin to device controls within themselves that have proven to do wonders to the outside environment despite the uncontrollable external factors that happens to all businesspersons. Self-preparedness through mentorship can make positive impact on the growth of SMMEs. To that too mentorship is not seedlings of external environment but actioned that have been derived through experience by businesspersons already in business or proficient enough about business, it is not the volatile markets, inadequacy infrastructure, limiting and unable policies but a needful resource to take more SMMEs from growing businesses into fully grown businesses.

- c) In bestowing financial support, the main consideration by Government or Financial intuitions should be to help those who will help themselves. The aim is to provide means by which those who desire to venture into business or grow their business may do so, through firstly, **psychological readiness** to administer massive amounts of money; secondly, demonstrate knowledge and skills of the industry they are trading at or plan venture into. Thirdly, demonstrate realistic business capabilities of their business idea. Lastly, those who can sincerely quantity and qualify the need of the customer they trying to serve. Those will be worthy of assistance.
- d) Continuous self-imposed standards, set of non-negotiable values, anything outside becomes a taboo. Such as proper administration of financials, in the manner which best provide moderately for the most beneficial results of the business. Calm the desires of ostentatious living, shunning display or extravagance. This aim to challenge poor background experiences, attitudes, fear of failure, cultural norms, ethical behaviour, and social pressure and relate these this to both successful and non-successful stories without bias on the of growing SMMEs.
- e) Strengthen business administrative laws. The aim is to intensify obedience to regulators destined to correct the problems of reputation loss. Experience has demonstrated that no little reputation loss is worth even a rand in value, *“once lost not even a needy nor desperate customer can be sustained”*. One act of

omission can sabotage reputation of the businesses and other business in same sector, the fragility to make and break businesses in social media continue to intensity. In doing this, ensures ethical competences which has a potentially to create a long enduring presence in the market.

Developing some clear guidelines that will be enforced until they become a norm on timely payment once the service has been rendered will take care of the deficits that limit the profitability of SMMEs. This would further empower the businessperson to run their production mechanisms, while they dedicate their resources and capabilities is service supremacy and seeking innovative and creative ways that will add value and grow the business.

6.4 Beyond this Study

The results from this exploratory study, the least was able to point to existential effects underlying norms, past and present experiences, practices, beliefs, or opinions about business as an alternate to the causalities of failure and lack of growth in the SMMEs sector beside the overly explored external factors, yet the failure rate remains excruciatingly high in this sector.

It should, however, be noted that in order to qualify the under explored or unknown deeper intrinsic individualistic character and conducts in business, it is necessary for future research, that will hopefully encourage others to conduct similar studies to envision entrepreneurs of the future with advanced knowledge in the physiological attitude toward business endeavours. The future research should consider the motive to venture into businesses occupies the chief place. Next in importance, the mental readiness for possible failure, administer larger some of money, and control of appetites (enthusiasms, fear, worry and ostentatious living etc.). Following in importance, is how these behavioural attitudes and character affects the performance and growth of businesses.

A similar study should be carried out but this time looking at group of SMMEs over prolonged time intervals, covering experience of both successes and failures alike, gather leanings from both especially, the character it induces from those experiences. As initial intended on this study, but because of time contrails and availability of businesspersons at same time or under same roof, adding from survey and interviews data collection instruments should be focus group discussions for future research. This will help to expose on crucial information being concealed, due to the sensitive in-depth cultural tenets that owners, managers, and inventors of SMMEs that has influence to the high failure rate or lack of growth in SMMEs. At the same time expand and counter check their present experiences, practices, beliefs, or opinions about business. Collaboration of professionals both from the business sector and from the study of the human mindset would be of an essence.

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Appendix 1: Online Survey & Interview questionnaire

The State of SMMEs Growth Mindset in South Africa

Good day,

This survey contains 5 Sections, Section A questions 1- 10. Followed by the rest of the sections. Please answer all sections.

Your time is appreciated, thank you very much!

***Required**

1. On average, how many years has your business been fully operational?

Required to answer

Single choice

IF answer IS LESS THAN 5 years: we will not need to proceed with the survey. Thank you for your participation. Since this survey is for small and medium businesses operational for at least 5 years. IF answer IS 5 years and above: Please Continue

< 5yrs

≥ 5yrs

2. On average, how many full-time employees excluding contract workers did the business have during calendar year of 2017?

Required to answer

Single choice

IF answer IS MORE THAN 250: we will not need to proceed with the survey. Thank you for your participation. Since this survey is for small and medium businesses only. IF answer IS LESS THAN 250: Please Continue

≥ 250

< 250

3. Name of your enterprise

Single line text

4. Which industry most closely describes your business? (Select that Apply)

Required to answer

Multiple choice

Manufacturing/Construction

Service

Entertainment

5. Name of the product/service of your enterprise.

Required to answer

Multi Line Text

Key Debtors / Customers? Competitors/Substitutes if any?

6. Is your business registered?

Required to answer

Single choice

Yes

No

7. Place of business? (Select that Apply)

Required to answer

Multiple choice

CBD/Town

Township

8. Is your Business a family business?

Required to answer

Single choice

Yes

No

9. Current generation?

Single choice

If answered YES to the previous question, please answer this question else skip it.

3rd generation

2nd generation

1st generation

10. Is there a written succession plan/process available in your Business?

Required to answer

Single choice

Maybe/Don't Know

No

Yes

11. **Section B.** Growth about the SMME: Please indicate how much your business has grown on an average per year during last 5 years? (Select that Apply)

Required to answer

Likert

	1. Over 25%	2. 10-25%	3. Less than 10, %	4. No Growth	5. Became Smaller
Sales/Turnover	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profit Before Tax? If applicable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profit After Tax? If applicable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital Reinvestment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of full time employees.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. **Section B.** Expectation about the SMME: Please indicate what you plan to do with your business over the next two years? (Select that Apply)

Required to answer

Multiple choice

- Maintain the business at current level
- Grow the business significantly
- Grow the business modestly
- Reduce the business from current level

Sell/Transfer/close the business

13. **Section B.** Is your current mix of service and product positioned to react to changes in the evolving marketplace?

Required to answer

Single choice

Maybe/Don't Know

No

Yes

14. **Section B.** Is the business making appropriate investment in R&D, infrastructure and technology to maintain competitive advantage in the future?

Required to answer

Single choice

Maybe/Don't Know

Yes

No

15. **Section C.** Personal belief about Business: Please select only ten beliefs that most reflect to you about business? (Select that Apply).

Required to answer

Multiple choice

Profits Maximisation

Customer satisfaction

Reinvestment

Luxurious lifestyles

Financial independence

Risk-taking

Optimism

- Tax break/Evade taxes
- Creativity & Innovation
- Discipline
- Everyone is doing it
- Risky
- Social Responsibility
- Worry and anxiety
- Failure
- Ethics
- Positive relationships and partners
- Feed family
- Pride and self-glory - "life is too short"
- Status/Social views
- Personal growth
- Too Hard
- Power
- Connections
- Temporal gratification - "life is too short"
- Tender- entrepreneurship
- Accountability
- Vision & Goals
- Supreme Power/Applied faith

Economic growth

Passion

16. **Section C.** Essential belief about Business: Please select only ten beliefs that you believe are essential in business growth? (Select that Apply).

Required to answer

Multiple choice

Attitude to learn

Improve standard of living to our communities

Risk-taking

Tender- entrepreneurship

Luxurious lifestyles

Reinvestment

Temporal gratification

Informal payments "to get things done"

Profits Maximisation

Connections

Status/Social views

Everyone is doing it

Positive relationships and partners

Accountability

Customer satisfaction

Passion

- Creativity & Innovation
- Financial independence
- Supreme Power/Applied faith
- Social responsibility
- Evade taxes
- Failure
- Short cuts
- Vision & Goals
- Optimism
- Compromise quality/counterfeit goods
- Personal growth
- Discipline
- Power
- Ethics
- Economic growth
-

17. **Section D.** Mental sufficiency: Estimate your mental sufficiency by grading yourself according to these classifications. 1 to 6, Six should be regarded as well-developed and one least-developed.

Required to answer

Likert

1 2 3 4 5 6

1 2 3 4 5 6

Continuity

Perseverance

Thoroughness

Poise

Detachment for results

Control of fear

Control of appetites

Control of worry

Control of enthusiasms

Control of tendency to venture

18. **Section E.** Your Experience: Please answer these following questions.
Description of your own experience and opinions which best represents your view is encouraged.

Required to answer

Multi Line Text

What do you think drive people to start a business? and Please specify why you stated your own Business?



19. What are the main causes of failure or lack of growth in your business? (Please specify)

Required to answer

Multi Line Text

Section E

An empty multi-line text input field with a light gray background and a thin border. It features a vertical scrollbar on the right side and a horizontal scrollbar at the bottom.

20. Do you think only external environmental forces (i.e. policymakers, lack of supporting working capital, inability to financial access, inadequate infrastructure, economy) are the sole responsibility for failure or lack of growth in SMME's? (Please specify)

Required to answer

Multi Line Text

Section E

An empty multi-line text input field with a light gray background and a thin border. It features a vertical scrollbar on the right side and a horizontal scrollbar at the bottom.

21. Do you think there is or there is no correlation between the performance of small business to owners, managers, and inventors personal character, thinking habits and living standards towards business? (Please specify)

Required to answer

Multi Line Text

Section E.

An empty multi-line text input field with a light gray background and a thin border. It features a vertical scrollbar on the right side and a horizontal scrollbar at the bottom.

22. Do you think managers, directors, owners, investors on SMMEs and their teams cultivate relevant training/technical expertise to manage different areas of the business?

Required to answer

Multi Line Text

Section E.



23. Do you have a desire for your business to listed on a JSE stock exchange?
(Please elaborate)

Required to answer

Multi Line Text

Section E.



24. Do you have any suggestions or inputs that you think should be included in the growth of SMME'S in South Africa; Please Specify?

Required to answer

Multi Line Text

Section E.



25. Please indicate your role in this Business

Required to answer

Multiple choice

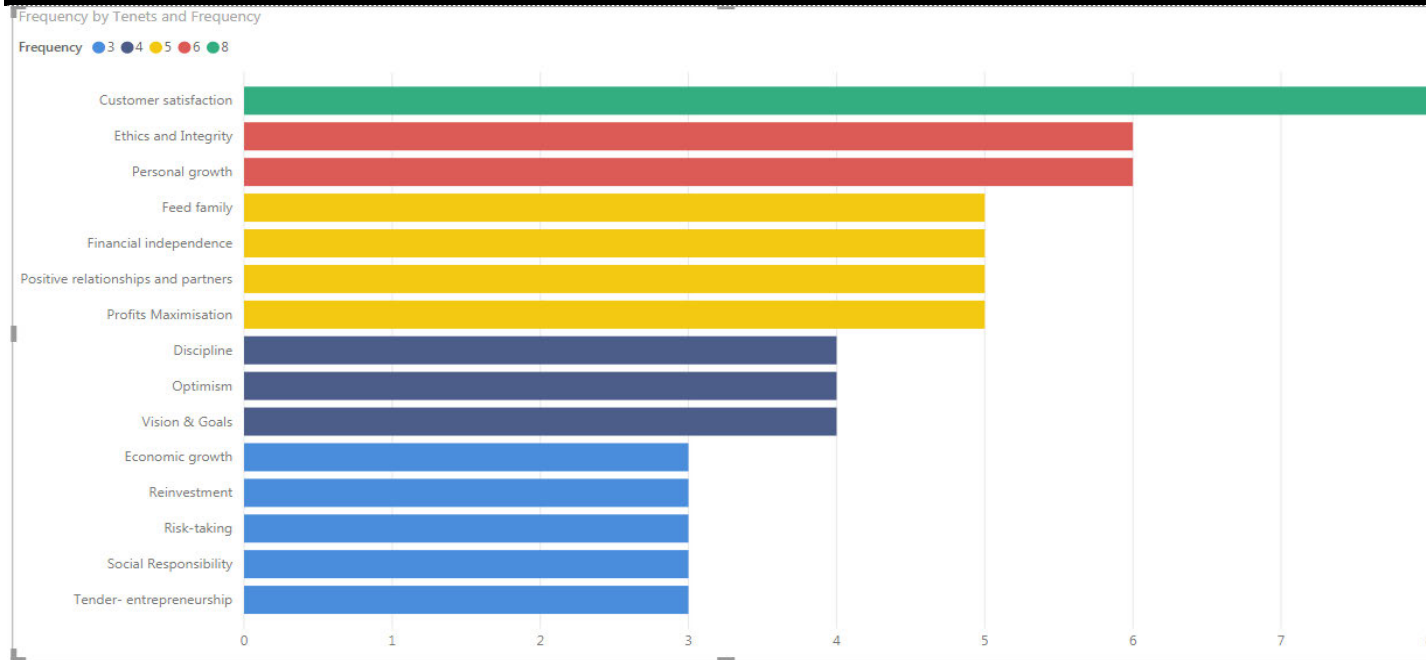
Section E.

- Owner
- Investor
- Director

Manager

Other

Appendix 2: Personal beliefs about business



Tenets	3	4	5	6	8
Customer satisfaction					8
Ethics and Integrity				6	
Personal growth				6	
Feed family			5		
Financial independence			5		
Positive relationships and partners			5		
Profits Maximisation			5		
Discipline		4			
Optimism		4			
Vision & Goals		4			
Economic growth	3				
Reinvestment	3				
Risk-taking	3				
Social Responsibility	3				
Tender- entrepreneurship	3				

Figure 7.1: Personal beliefs about business

Appendix 3: Informed Consent Letter



GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

MBA Research Project

Researcher: Siphon Kunene 0722265338

Supervisor: Dr. B Chummun 031 260 8943

Research Office: Ms P Ximba 031-2603587

I, **SIPHO MATTHEW KUNENE** an MBA student, at the Graduate School of Business and Leadership, of the University of KwaZulu Natal. You are invited to participate in a research project entitled ***Effects of a growth mindset and reinvesting in South African Small Businesses***. The aim of this study is to: **draw out a deeper understanding of the mind-set that owners, directors, managers, and inventors of small, medium and micro-enterprises (SMMEs) has in reference to enterprise growth.**

Through your participation, I hope to understand **the extent that the tenet mind-set of owners, managers, and inventors of SMMEs have to the performance of SMMEs. The results are intended to: contribute to current body of knowledge and lay a foundation to unlock the silence even the denial of the relevancy of intrinsic forces (mind-set) as a contributing influence on the performance of SMMEs.**

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey/interview. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey/interview should take about **40 to an hour** to complete. Thank you for your time!

Sincerely

Investigator's signature _____ Date _____

This page is to be retained by participant



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KWAZULU-NATAL

INYUVESI
YAKWAZULU-NATALI

GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

MBA Research Project

Researcher: Sipho Kunene 0722265338

Supervisor: Dr B Chummun 031 260 8943

Research Office: Ms P Ximba 031-2603587

CONSENT

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

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

SIGNATURE OF PARTICIPANT

DATE

.....

This page is to be retained by researcher

Appendix 4: Ethical Clearance



08 November 2018

Mr Sipho Matthew Kunene (217071043)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Kunene,

Protocol reference number: **HSS/1293/018M**

Project title: Effects of a growth mindset and reinventing in South African small business

Approval Notification – Expedited Application

In response to your application received 27 August 2018, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol has been granted **FULL APPROVAL**.

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

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

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

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

Yours faithfully

Dr Shamila Naidoo (Deputy Chair)

/ms

Cc Supervisor: Dr Bibi Zahreenah Chummun
Cc Academic Leader Research: Professor Muhammad Hoque
Cc School Administrator: Ms Zarina Bultraj

Humanities & Social Sciences Research Ethics Committee

Professor Sherruke Singh (Chair)

Westville Campus, Govan Mbeki Building

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Appendix 5: Turnitin Page

Effects of a growth mindset and reinventing in South African Small Businesses

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