



**Exploring how leadership of small, medium, and micro enterprises affect  
the volatility, uncertainty, complexity and ambiguity environment**

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degree of**

**MASTER OF COMMERCE IN LEADERSHIP**

**Supervisor**

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## ABSTRACT

The purpose of this dissertation is to investigate how SMME leaders in KwaZulu-Natal can cultivate the agility and adaptability required to affect the challenges posed by an environment of volatility, uncertainty, complexity, and ambiguity. The report offers valuable insights into strategies that SMMEs might employ to address the complexities of modern business. This is achieved by examining the experiences of leaders in the KwaZulu-Natal Province. The study employed a qualitative research methodology and used a non-probability sampling approach, namely the purposive sampling technique. Ten Small, medium and micro enterprises located in the KwaZulu-Natal province were purposively sampled. The research used semi-structured interviews to collect data from the participants and thematic analysis to analyse the findings.

The research uncovered key insights into the leadership approaches and practices that enable enterprises to flourish despite the VUCA environment. The findings highlighted the significance of fostering a culture of continuous learning within SMMEs. It was revealed that agile leaders in Kwa-Zulu Natal who actively pursued knowledge expansion and encouraged their teams to do the same were better equipped to anticipate market shifts and swiftly respond to changing environment. Furthermore, the study revealed that effective communication plays a pivotal role in enhancing agility. Leaders who were collaborative and encouraged dialogues within their organisations were able to harness collective intelligence and make informed decisions promptly.

Moreover, the study underlined the significance of emotional intelligence in leadership. Leaders who displayed empathy and a keen understanding of their employees' needs were better poised to foster a resilient workforce, capable of navigating uncertainty. This human-centric approach not only nurtured loyalty but also empowered employees to contribute creatively to problem-solving efforts. The findings of this qualitative research emphasize the critical need for leadership flexibility and adaptation for SMME performance in a VUCA environment. These results add to the body of knowledge on successful leadership in a VUCA environment and have application for SMME executives who want to guide their companies toward sustainability and development.

**Keywords:** SMMEs, Leadership, VUCA, Organisational Agility, Adaptability

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## **LIST OF ACRONOMYS**

|       |                                                       |
|-------|-------------------------------------------------------|
| GDP   | Gross Domestic Product                                |
| KZN   | KwaZulu-Natal                                         |
| OCED  | Organization for Economic Cooperation and Development |
| RBV   | Resource-based view                                   |
| SEDA  | Small Enterprise Development Agency                   |
| SMMEs | Small, medium and micro enterprises                   |
| SMEs  | Small and medium-size enterprises                     |
| VUCA  | Volatility, Uncertainty, Complexity and Ambiguity     |

## **CHAPTER ONE: INTRODUCTION AND BACKGROUND TO THE STUDY**

### **1.1. Chapter Overview**

This chapter sets the stage for the research study exploring how the leadership of Small, medium and micro enterprises affect the VUCA environment. It provides an overview of the research context, including the problem the research is trying to address. It states the purpose of the study, outlines the research aims and objectives, and presents the research questions that were studied. Furthermore, it highlights the significance of the research in the broader academic or practical context.

### **1.2. Introduction**

Within the domain of Small, Medium and Micro Enterprises (SMMEs), agility pertains to the leadership's capacity to skilfully navigate the dynamic business landscape, leveraging technology as a catalyst for transformation. Additionally, leadership agility entails the capacity to swiftly anticipate and respond to external changes, a crucial factor for both survival and competitiveness in today's dynamic business environment. According to Gray (2016), the current landscape is characterised by rapid technological advancements and the pervasive influence of digitalisation. This necessitates that leadership in SMMEs possess the ability to respond promptly or risk the organisation's competitive advantage.

The existing body of research examining the competencies that facilitate leadership agility in volatile, uncertain, complex, and ambiguous (VUCA) situations is limited, especially in the context of SMMEs. This highlights an important gap for a comprehensive research study that will investigate how leadership in SMMEs can effectively navigate the challenges posed by the VUCA environment. This will aid in assessing leadership agility and identifying the determinants that facilitate enhanced competitiveness. SMMEs, particularly, are very susceptible in hypercompetitive business contexts. This dissertation is structured into five chapters to study: introduction, literature review, research methodology, results and discussions of primary data, discussion and conclusions.

### **1.3. Background Information**

Globally, SMMEs are acknowledged as integral components of economies. These enterprises possess a crucial function inside the economy by serving as catalysts for mitigating unemployment. SMMEs are a vital component of all economies and are essential drivers of economic growth, dynamism and adaptability in both developed and developing countries (Woodward, 2009, 34). According to Norcini et al., (2018), SMMEs constitute approximately 90% of the worldwide business landscape and account for over 50% of total employment globally. SMMEs in developing countries provide a substantial contribution of up to 40% to the national income, as measured by the Gross Domestic Product (GDP). SMMEs also provide a substantial contribution to the South African economy, accounting for around 34% of the Gross Domestic Product (GDP).

In South Africa, SMMEs are regarded as essential to promoting equitable economic growth and development. The National Development Plan places a strong focus on the role that SMMEs play in innovation, competitiveness, and job creation. By 2030, it is anticipated that SMMEs would produce 90% of all new jobs. (Bhorat, Asmal, Lilenstein & Van Der Zee, 2018, 2). In the South African construction industry, these SMMEs are not only a basis of local support to construction companies, but are also a source of local employment, both in the short-term and in the long-term. These small, medium and micro enterprises also play a notable role in advancing construction companies in meeting the requirements of a Government gazetted minimum local expenditure from the Preferential Procurement Policy Framework Act (PPPFA, 2017, 11).

The context of South Africa's economic landscape is critical to understanding the challenges faced by SMMEs (Herbst & Gills, 2015). The quality of leadership significantly shapes the success of SMMEs in South Africa. KwaZulu-Natal, the second largest economy in the nation, hosts a diverse range of businesses, including SMMEs that contribute significantly to economic growth and employment generation.

However, their operations are significantly affected by the VUCA environment (Hejazi, Malei & Naeiji, 2021). The impact of the COVID-19 pandemic is a prime example of a socio-economic shock that exacerbated the need for SMME leaders to effectively manage uncertainty and complexity. The events of the 2020 pandemic starkly demonstrated the rapid and extensive nature of economic shifts that organisations can undergo.

The acronym VUCA, which stands for "volatility, uncertainty, complexity, as well as ambiguity," is frequently used to describe this kind of situation (Aranda et al., 2019). There has never been a time in history when the economy has been so unstable and the pace of change as rapid as in 2020. Working practices including organisational structures that are fluid and quick to respond to economic changes brought on by factors like as shifting consumer preferences, technology advances, and even societal lockdowns are one response to VUCA (Gangly et al., 2019).

SMMEs agility is becoming more of a requirement than a luxury because to the rapid pace at which the economy is changing, but scientific evidence also suggests that it has a favourable effect on a company's bottom line (Ravichandran, 2018). Yet, the transition from hierarchical to collaborative work inside an organisation is impacted by factors such as the firm's age, size, and industry (Ravichandran, 2018). It will be easier for a company to become flexible if it is already operating in a highly dynamic and technologically fast-developing industry, as the market itself will provide a driving force. Yet, as COVID-19 so eloquently illuminated, all firm leaders should dive into agile concepts in order to be ready for significant economic changes. Even more stable and expanding sectors like aviation and hospitality still saw the full force of the shifts described by VUCA (Wageeh & Nafei, 2016).

One of the goals of this study is to develop a new model for elucidating the connections between agile practices and VUCA. Also, it needs to be accessible to those outside of the scientific community and, ideally, can be used as a tool in advisory for the establishment of a company culture that places an emphasis on adaptability and the handling of economically volatile situations (Nijssen & Paauwe, 2012).

Research in the field of leadership, particularly in VUCA contexts, has predominantly focused on larger corporations, leaving a gap in comprehending how leadership in SMMEs operates within these dynamics. Therefore, this study seeks to explore the

strategies and approaches adopted by leaders of SMMEs in KwaZulu-Natal to navigate the VUCA environment. By investigating this aspect, the study aims to contribute to the understanding of effective leadership practices that can aid SMMEs in their efforts to not only survive but also thrive amidst volatility and ambiguity. Due to the change in the business environment, the research explored how SMME leaders can develop the agility and adaptability required to lead in a VUCA environment.

#### **1.4. Research Problem**

In the dynamic business landscape of South Africa, SMMEs in the province of KwaZulu-Natal face multifaceted challenges arising from the VUCA environment. Research shows that these challenges present a substantial trial for the leadership of these enterprises as they endeavour to ensure sustainability and foster growth. The VUCA environment is marked by rapid market shifts, technological advancements, regulatory fluctuations, and unpredictable economic conditions. Studies further demonstrate that implementing change has proven to be very challenging for some SMME leaders in South Africa who face resistance from the VUCA environment and in some instances lack the interpersonal skills needed to align with the evolving landscape. This, in turn, has had a ripple effect on the performance of SMMEs, leading to closures in some cases.

Despite this, little is known about the interplay between SMMEs and the VUCA environment, specifically, studies are limited that demonstrate how leaders in such enterprises can cultivate improved agility necessary to thrive in the VUCA context. Although some research exists which demonstrates that agility is still at the early developmental stages for most SMMEs (Denning, 2016), this research does not necessarily highlight the driving forces for the improved agility or describe the factors that could drive improved performance. Thus, it is essential to investigate the antecedents of leadership agility in SMMEs and to find the variables that enable them to compete more effectively. SMMEs are more vulnerable in hypercompetitive business environments and leadership agility has been researched less in this context. The study examines three antecedents of agility, namely digital technologies capability, relational capability, and innovation capability, as well as the effects of agility.

### **1.5. Study Aim**

The aim of the study is to investigate the influence of leadership within Small, medium and micro enterprises on the VUCA environment.

### **1.6. Study Objectives**

The research objectives of the proposed study are as follows.

1. To explore how SMME leadership can develop the agility and adaptability required to lead in a VUCA environment.
2. To establish the link between leadership agility and the VUCA environment.
3. To determine the challenges of leadership related to context of SMMEs within a VUCA environment.
4. To provide recommendations that can be offered for SMMEs to navigate the challenges of the VUCA environment.

### **1.7. Study questions**

1. What measures can SMME leadership undertake to cultivate agility and adaptability essential for leading in a VUCA environment?
2. What is the link between leadership agility and the VUCA environment?
3. What challenges do leaders face in the context of SMMEs within a VUCA environment?
4. What recommendations can be offered for SMMEs to navigate the challenges of the VUCA environment?

### **1.8. Research Methods**

The term "research methods" is used to describe the techniques and procedures that are employed during the research process to answer the research questions of the study (Sekaran & Bougie, 2013). This research employed qualitative research

methods to extract themes related to the agility and adaptability of leadership in SMMEs. Target population entails to people who are going to be studied and from whom conclusions will be drawn. This group of SMMEs was selected because of their extensive background working in a volatile business environment. Sample Size According to Marshall and Rossman (2016), a sample size refers to the number of observations or participants in a study that are being investigated. The sample size is crucial in research as it determines the accuracy of any conclusions made about the broader population from which the sample was drawn. For this research, a sample size of 10 SMMEs were chosen purposively. Purposive sampling was picked as the method for the sampling. The researcher chose this method because he or she wants to get information from a certain group of people. In this method of sampling, the sample is limited.

### **1.9. Contribution of the study**

The investigation into how SMME leaders can cultivate the necessary agility and adaptability for effective leadership in a VUCA environment is crucial due to the limited comprehensive research on the topic. Consequently, this research paper aims to contribute significantly to both academic literature and the understanding of leadership practices within SMMEs. The study holds implications for both theoretical frameworks and practical applications, lending credibility to both universalistic and configurationally-based perspectives. The literature review in this study enhances the existing body of knowledge by conducting a thorough examination of the definition and quantification of management practices.

### **1.10. Format of the dissertation**

The following is the brief outline of the structure of the dissertation:

#### **Chapter 1: Introduction**

This chapter sets the stage for the research study exploring how the leadership of Small, medium and micro enterprises affect the VUCA environment. It provides an overview of the research context, including the problem the research is trying to address. It states the purpose of the study, outlines the research aims and objectives, and presents the research questions that were studied. Furthermore, it highlights the significance of the research in the broader academic or practical context.

## **Chapter 2: Literature Review**

In this chapter, the researcher delves into existing literature related to how the leadership of Small, medium and micro enterprises can affect the VUCA environment. It compares, argues and provides an empirical review by summarising and critically analysing the relevant studies, theories, and concepts in this area. This review helps to establish the foundation for research on the impact of the VUCA environment by showcasing what has already been explored on the topic and what gaps the study aims to fill.

## **Chapter 3: Research Methodology**

This chapter describes the research methodology that was employed, the geographical area where the study was conducted, the research philosophy, and the approach and the design adopted in the study. These informed the research design, data collection methods, sampling strategy, and data analysis techniques used. The chapter further justifies the reasons why an interpretivism philosophy was chosen.

## **Chapter 4: Results and discussion**

This section presents the results of the research on the study. The research described how the data was collected and processed into themes. The emphasis here is on the actual data and its analysis. The discussion will include both primary and secondary data analysis to corroborate the findings.

## **Chapter 5: Conclusion and Recommendations**

This chapter concludes the research by summarising the findings. In this section conclusions will be made regarding the primary findings. The chapter will also provide recommendations for further research.

### **1.11. Conclusion**

It is well recognised that in the current international corporate landscape, the integration of contemporary technology and strategic partnerships is essential for businesses to achieve operational efficiency. Therefore, it is essential for the managers of SMMEs in South Africa to reassess and enhance their relational skill in order to successfully foster cooperation that yields advantageous resources for

improved performance. Furthermore, it is imperative for leaders in these enterprises to review their strategic planning in the realm of technological development. This is necessary in order to cultivate a sense of dedication that promotes learning within the organisation. To achieve this, leaders must allocate adequate resources and employ qualified technicians who are capable of embracing experimentation, taking risks, engaging in dialogues, facilitating interaction, and encouraging participatory activities.

The subsequent chapter will provide an in-depth exploration of the literature review, guided by the research questions posed in this study.

## **CHAPTER TWO: LEADERSHIP OF THE SMALL, MEDIUM AND MICRO ENTERPRISES IN THE VUCA ENVIRONMENT**

### **2.1. Literature Review**

This chapter will examine the literature on the factors that guide the leadership of the Small, medium and micro enterprises in navigating the VUCA environment. In the current era characterized by ongoing development, organizations, communities, and people are not only required to withstand, but also to thrive in the face of turbulent shifts. The literature additionally discusses leadership approaches within the context of VUCA environment. The chapter will also embark on a scholarly journey to explore the depths of the VUCA phenomenon, uncover its challenges, and reveal its hidden opportunities. The commencement of the chapter will include a comprehensive elucidation of the concepts of "agility" and "adaptability".

### **2.2. Defining the Key terms**

#### **2.2.1 Agility**

As per the definition provided by Morrish and Jones (2020), agility refers to the capacity of employees or leaders to effectively and efficiently rejuvenate, adjust, and promptly respond to prevailing circumstances, thereby achieving success in a dynamic, uncertain, and volatile context. Zhang, Long and von Schaewen (2021) define, leadership agility as the capacity of an organisation to effectively respond to the challenges posed by a rapidly changing and unpredictable business environment. Morrish and Jones (2020) further purport that the ability to function effectively in a dynamic and unpredictable setting is characterized not only by prompt response to alterations, but equally being able to proactively predict and capitalise on favourable circumstances. Achieving team and organisational agility is notably influenced by the valuable contributions of key personnel. This notion holds particular relevance in a world characterised by escalating levels of volatility, uncertainty, complexity, and ambiguity.

The notion that agility and stability are contradictory is, in fact, incorrect. On the contrary, they can coexist harmoniously (Kothari, 2020). In reality, most firms actually

rely on stability to effectively demonstrate agility. Agility necessitates the presence of two essential components which are dynamic capability and stability. Dynamic capability refers to the capacity to exhibit rapid movement, characterized by speed, agility, and reactivity (Zhang et al., 2021). Agility necessitates stability, which is predicated upon a steadfast and unchanging base. Stability provides a foundation and a sense of order, allowing organisations to respond and adapt more efficiently when faced with changes or challenges. It acts as a solid platform from which agility can be demonstrated, enabling organisations to navigate uncertainties and seize opportunities effectively. The combination of stability and agility creates a balanced and resilient approach to managing the complexities of the business environment.

### **2.2.2. Adaptability**

Adaptability requires leaders to consistently evaluate their activities, acknowledging the need for ongoing iteration and adaptation of interventions in light of the evolving understanding of decision consequences (Zhang et al., 2021). An adaptable leader is as an individual who has the ability to modify their behaviour in accordance with alterations in a given environment. Individuals that possess adaptability also have a remarkable ability to remain resilient in the face of unexpected circumstances and setbacks. Rather than being deterred by failure, they see it as a valuable chance for personal growth and learning (Morrish & Jones, 2020). Other key attributes of adaptive leadership are interpersonal skills, organisational justice, growth, and character. Adaptive leadership encompasses a collection of beliefs and methods that aid leaders in effectively navigating their organisations and personnel through periods of difficulty.

### **2.2.3 VUCA**

The acronym VUCA represents the four elements of volatility, uncertainty, complexity, and ambiguity (Morrish & Jones, 2020). This expression elucidates the prevailing condition in certain industries and sectors of the business realm, characterized by a state of perpetual and unforeseeable change. The concept of VUCA requires a departure from conventional and antiquated methods in the realms of management, leadership, and daily operational practices. VUCA also encompasses a collection of issues that are encountered by people, teams, managers, and organisations operating within sectors that are impacted by these challenges (Guba & Lincoln, 2019). Individually, these obstacles may possess a

notable degree of significance; yet, their collective amalgamation renders them much more daunting

## 2.3 Conceptual Framework

To examine the theoretical and practical solutions for addressing challenges in the VUCA world, a review of existing frameworks in literature was undertaken. This review aimed to explore various ideas, models, and frameworks that explain how businesses can adapt to changing economic conditions. The ensuing discussion serves to inform the conceptual framework of this paper, with the figure below illustrating the VUCA framework.

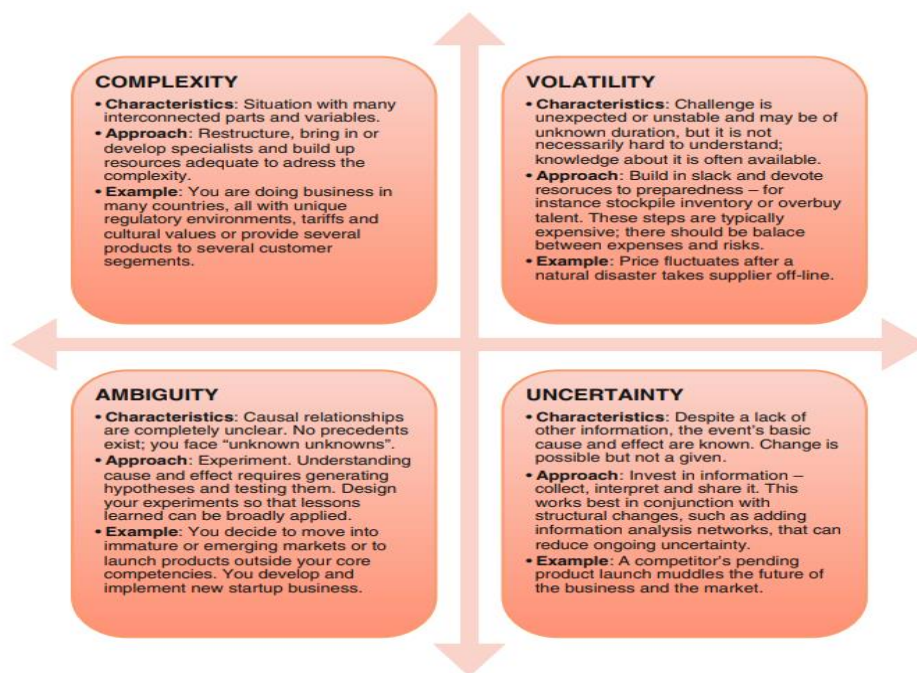


Figure 1: VUCA challenges and responses

Source: Bennet & Lemoine (2014).

### 2.3.1 Volatility

A volatile environment is characterised by unstable and unpredictable changes. It is certain that change constantly occurs, but there is limited information about the point of time, magnitude, and direction in which the environment is adjusting. Examples include shifts in the intensity of competition, changing customer requirements or substantial social transformations (Mthabela, 2018). In response to the various changes, organisations need to take precautions to be capable of reacting with varied resource fluidity (Xing et al., 2020). One enabling factor is the presence of

slack resources, or at least a plan outlining how resources and capacities can quickly be re-aligned to the new situation through a fast scalable workforce (Baškarada & Koronios, 2018; Bennett & Lemoine, 2014; Nijssen & Paauwe, 2012; Appelbaum et al., 2017b). Latter certainly is less cost intensive than constantly carrying a surplus of resources. That way agility is kept during volatile changes in the economic surrounding.

The organisational structure needs to be aligned to respond flexibly and promptly to the inevitable change. Nevertheless, it is important to note that a volatile situation does not inherently possess a significant level of difficulty in terms of comprehension (Morrish & Jones, 2020). This is because volatility does not always include a complicated framework, a substantial lack of information, or ambiguity about the outcomes of crucial events. The fundamental importance of managing volatility is in comprehending the potential advantages and risks that are present within the given circumstances.

According to Bennett and Lemoine (2014), the effectiveness of prior experiences and best practices as reliable indications for discovering solutions in the present or future has diminished. Moreover, the presence of high volatility underscores the potential risks associated with obsolete information, sluggish reaction times, and risk-averse behaviour (Sinha & Sinha, 2020). According to Zimmermann (2016), it is recommended to allocate resources towards adopting an agile approach in order to effectively prepare for unpredictable changes. Additional evidence is provided by Baran and Woznyj (2020), who argue more broadly that agility may facilitate the emergence of adaptable operational strategies in the face of increased volatility.

### **2.3.2. Uncertainty**

Uncertainty is a lack of knowledge among the leadership regarding what changes will occur. It is distinct from volatility because it describes what and how significant changes will happen, whereas volatility is concerned with the magnitude and direction of change (Bennett & Lemoine, 2014). The primary goal in tackling uncertainty is to gather as much realtime information and knowledge as possible by sensing all parts of the environment for external changes (Zitkiene & Deksnys, 2018). This knowledge has to be compressed so that it can be rapidly assimilated necessitating information technology and data processing capabilities (Cepeda & Arias-Pérez, 2019; Felipe et al., 2016; Ravichandran, 2018). Given that uncertainty

can stem from different sources, all aspects of the environment have to be taken into consideration. This includes governmental decisions, competitors, or customer strategies, as well as financial or environmental impacts which an organisation must constantly monitor for future developments. Termed as organisational mindfulness, this approach awareness, attention and acceptance (King & Badham, 2019).

The issue with uncertainty lies in the fact that although the source and effect of an occurrence may be understood, the final consequences or importance of the resulting shift remain unpredictable. There is a potential danger of encountering insufficient information and relying on previously successful approaches (Sinha & Sinha, 2020). In contrast to volatility, which encompasses quick and variable changes in size, uncertainty does not include the element of volatility. The potential for change exists, but it is not guaranteed.

Uncertainty arises as a result of inadequate knowledge, and addressing it may be resolved by acquiring relevant information. Investment in this domain includes tactics aimed at acquiring, analysing, and distributing information (Cegarra-Navarro & Martelo-Landroguez, 2020). One potential approach to addressing uncertainty at its core is to allocate more resources towards activities that bridge boundaries. This might include extending outside current networks, data sources, as well as analytical procedures in order to receive evidence from new partners and analyse it in novel ways. Numerous sources, both internal and external to the organisation, play a significant role in the establishment of information networks (Bennett & Lemoine, 2014).

### **2.3.3 Complexity**

A complex universe contains many interrelated elements. Leaders in SMMEs can successfully deal with complexity by adopting a structure that is reflective of their surroundings (Bennett and Lemoine, 2014). Notwithstanding this paradox, businesses should strive to streamline their operations and IT infrastructure in order to avoid adding proprietary complexity to already intricate ecosystems (Sherehiy et al., 2007). Therefore, leaders within an organisation, or even better, agile team structures that are constantly adapting to the changing external systems through cross-enterprise collaboration, should mirror the market or customer structure (Bakarada & Koronios, 2018; Wageeh, 2016; Wiraeus & Creelman, 2019). In the same way, workflows and procedures should always be analysed to see whether

they can be simplified. Taking baby steps in the right direction is essential when dealing with complex materials or situations, and an iterative working approach can help (Baran & Woznyj, 2020; King & Badham, 2019; Nurdiani et al., 2019). The method used here is consistent with an organisation-wide strategy of learning and adaptation (Appelbaum et al., 2017b).

The presence of complexity may lead to analysis paralysis when businesses choose for short-term solutions and immediate victories instead of accurately comprehending and describing the difficulties faced by the company (Sinha & Sinha, 2020). While resource storage might be beneficial under unstable times, its effectiveness is limited if a corporation fails to properly allocate these resources within a complicated operational framework. In a similar vein, the establishment of supplementary information networks, as is advisable for companies operating in uncertain circumstances, has the potential of exacerbating information overload, hence inducing organisational paralysis and decision-making inertia (Herbst & Gills, 2015).

On the other hand, a viable strategy for addressing complexity is to enhance clarity by implementing a framework that aligns with the context (Denning, 2016). The existing body of research consistently demonstrates that businesses that engage in adaptive behaviours to align themselves with external dynamics exhibit considerably higher levels of operational performance compared to organisations that maintain their previous structures and processes in the face of a changing business environment. Various models, such as CYNEFIN, have been proposed in order to enable leadership in SMMEs to ascertain the characteristics of their operational environment or scenario and afterwards choose an appropriate operating model that aligns with the external dynamics (Sinha & Sinha, 2020). It is recommended that organisations be structured in a manner that embraces and leverages environmental complexity, rather than opposing it.

#### **2.3.4 Ambiguity**

It might be difficult to deduce the causes and effects in unclear situations. New technology, market structures, and goods sometimes create ambiguous circumstances (Moen, Madse & Aspelund, 2018). An organisation is not equipped to deal with ambiguous challenges if it responds by gathering knowledge or having spare resources to such situations. Instead, uncertainty calls for responsiveness to external change that alters the organisation's circumstance (Wageeh, 2016; Zitkiene

& Deksnys, 2018). An experimental frame of mind should be adopted when introducing new products or technology to customers (Herbst & Gills, 2015). This is similar to the Scrum technique in that it emphasizes a tight relationship with the client and an iterative approach to the delivery of work, with frequent opportunities for discussion and reflection. In this way, ambiguity is reduced thanks to unambiguous user stories, also known as client requirements and preferences (Nurdiani et al., 2019).

## **2.4. Empirical Reviews**

A study by Norcini et al. (2018) investigated a small firm known as Dr. Rant's 'The Edit Clinic'. It established that entrepreneurs encountered several problems pertaining to marketing, procurement of raw materials, recruitment of skilled personnel, financial management, access to reliable power supply, acquisition of equipment, and most significantly, adapting to changes arising from unpredictable and volatile circumstances while navigating through ambiguous environmental conditions. In another study by Denning (2016), it was revealed that there is currently no existing cultural model that effectively integrates both national culture and organisational culture, while also accounting for the many kinds of SMEs and the VUCA features of the business environment. The assessment of the cultural models in terms of their appropriateness reveals that the organisational culture models under consideration provide a more acceptable approach in addressing VUCA concerns.

## **2.5. Defining leadership**

Leadership is the capacity of an individual or a group of individuals to guide and influence followers or other members of an organization. Without influence, leadership does not exist (Northouse 2018). Kesting, Ulhøi, Song, and Niu (2016) defines leadership as the act of influencing people's behavior and attitudes within a group to achieve specific objectives is what is commonly understood as leadership. The Merriam-Webster (2018) dictionary defines leadership to mean the ability or power to direct other individuals towards a shared vision or goal while Vicky and Martin (2018) maintain that there are four (4) different methods of defining leadership to include; leadership as a position, leadership as a person, leadership as the result, and leadership as the process.

Ndalamba, Caldwell and Anderson (2018) suggest that the definition of leadership must be based on the individual (character). Curiosity, courage, passion, integrity,

and the director's vision are the five (5) essential elements of an effective leader. Leadership is the exercise of social influence that optimizes the efforts of others to achieve a goal. According to this research, a leader is a process, a person, or a change agent whose actions influence other people not the other way around.

## **2.6. Critically review of leadership and leadership style**

When they encourage and uplift their people, they typically demonstrate a certain type of leadership. Therefore, a leader's chosen way of directing and interacting with their followers is referred to as their leadership styles reflects the leader's behaviors, attitudes, and actions in influencing and directing others (Joosse, 2017). The way a leader takes choices, conveys expectations, inspires followers, and establishes a work atmosphere is greatly influenced by their leadership style. Bwalya (2023) maintains that a leader's approach to leadership is reflected in their style of leadership. It reveals the interests, principles, and convictions of the leader toward motivating and guiding others. There are various leadership philosophies, and these viewpoints can have varying effects on the behavior, output, and culture of an organization or group.

### **2.6.1. Transactional leadership style**

Transactional leadership is an approach that focuses on the exchange relationship between leaders and followers (Northouse, 2018). In this leadership style, the leader maintains stability and achieves goals through a system of rewards and punishment. For any good performance, the leader provides rewards (such as bonuses, improved salaries, promotions, and recognition) while poor performance receives punishments (like demotions, warning letters, reprimands, salary cuts and terminations) (Bwalya, 2023). Transformational leadership is more suited for radical innovations, while transactional leadership is suitable for small-scale advancements. The fact that followers may perceive a leader as ineffective and maybe lose their position is one of the disadvantages of transactional leadership.

### **2.6.2. Transformational Leadership style**

In 1978, James MacGregor initiated the transformational leadership concept (Anderson, 2017). Transformational leadership occurs when a person or two engage others in a manner such that the followers and leaders uplift each other to advanced ethics and motivation levels. Giddens (2018) maintains that the goal of such leadership is factually to transform people and organizations, and to improve

awareness, understanding and vision. Transformational leadership is a leadership style in which the leader motivates and persuade his/her followers to accomplish outstanding performance by crafting a vision, setting high expectations, and challenging the followers to surpass their own self-interests for the benefit of the organization or society at large (Collins, 2014). Transformational leaders focus on transforming individuals and organizations by encouraging creativity and promoting personal growth. Transformational leadership has the following advantages: Transformational leaders inspire their followers to go above and beyond, resulting in higher levels of motivation and commitment (Bass and Riggo, 2006). By setting high prospects and inspiring innovation, transformational leaders can drive their teams or organizations to achieve outstanding results (Kouzes and Posner, 2017). Transformational leaders create a positive and supportive work environment that encourages collaboration, creativity, and a sense of purpose (Northouse, 2018). They are known to create an all-inclusive work environment. Transformational leaders are change leaders, they lead and drive change in organisations or societies. (Collins, 2014). Bass and Riggo (2006), observed that transformational leadership is best suited for environments that require innovation, adaptability and a strong focus on personal growth. It is suited for environments that are undergoing change such as in mergers, acquisitions or restructuring of organisations.

### **2.6.3. Charismatic leadership style**

Charismatic leadership is an approach in which leaders inspire and motivate their followers through their personal charm and appeal, qualities, vision, and persuasive communication (Conger and Kanungo, 1998). Charismatic leaders often have a compelling presence and possess exceptional charm and charisma, and the ability which influences, attracts and mobilizes followers. Charismatic leaders create motivation atmospheres based on the emotional identity and commitment they have to the philosophy, style, and vision of their followers (Kesting, Ulhøi, Song & Niu, 2016).

### **2.6.4. Resonant leadership**

An effective leader must first understand and control their emotions by focusing them on a single, well-defined objective. To fulfill this prerequisite and positively impact the work environment, a leader needs to utilize an emotionally intelligent approach. Chawla and Lenka (2018) assert that a resonant style of leadership will do well in a

VUCA environment and has a favorable and predictive relationship with a learning organization. If a leader maintains emotional intelligence through mindfulness, hope, and compassion, they will be successful in implementing changes into the pattern of resonant leadership. Resonant Leadership is a style of leadership that takes emotional intelligence into account and places special focus on a leader's capacity to comprehend their own emotions, limitations, and frailties. Moreover, resonant leaders are able to control their emotions, flexible and able to adjust to the social environment to have empathy, interest in the components of the organization, work together and have a responsible attitude (Bwayla, 2023).

## **2.7. An overview on SMMEs in South Africa**

Post-apartheid like other emerging nations, South Africa suffers significant socio-economic challenges that require action. Chimucheka (2013) states that difficulties include a high rate of unemployment, a lack of skilled workers, an elevated level of illiteracy, a rising crime rate, and rural poverty that these issues are particularly common in rural areas. SMMEs should be strengthened to be able to help solve some of these challenges in South Africa (Chimucheka, 2013). Similar to many other countries, President Ramaphosa has confirmed that “the growth of our economy will be prolonged by small businesses” (The Small Business Institute, 2019). South African SMMEs are broadened and function in different entities, including retailing, wholesaling, tourism, mining, farming, manufacturing, construction and service. In South Africa, an estimated 1 080 000 fast-moving consumer goods (FMCG) in the form of small medium and micro enterprises (SMMEs) operated in 2003 (Bruwer & Watkins, 2010). In South Africa, SMMEs make a huge portion of the corporate environment, and they play an imperative role given their significant impact towards employment and economic output (Beneke, Mbuyu & Wickham, 2016).

## **2.8. Defining SMMEs**

According to the National Small Enterprise Act, 1996 (Act No. 102 of 1996) as modified, the definition of a small enterprise in South Africa takes into account the combined number of full-time equivalent paid workers and annual turnover categories. The definition of a small enterprise, as stated in the act, refers to an independent business entity, along with its branches or subsidiaries, if applicable (Henbane, 2021). This definition encompasses cooperative enterprises and is primarily characterized by entities that are managed by one or more owners. Furthermore, the small enterprise is overwhelmingly engaged in any sector or

subsector of the economy specified in column 1 of the table provided. In 2019, an amendment was made to the National Small Enterprise Act in order to integrate updated turnover threshold numbers that account for inflation (Guba & Lincoln, 2019). Additionally, the definition of small enterprise was revised to use two proxies, as opposed to the prior utilization of three proxies. The revised definitions and categories for SMMEs are highlighted in the table below.

**Table 2.1:** Categories of SMMEs South Africa

| Column 1                                | Column 2                    | Column 3                                     | Column 4              |
|-----------------------------------------|-----------------------------|----------------------------------------------|-----------------------|
| Sectors                                 | Size or class of enterprise | Total full-time equivalent of paid employees | Total annual turnover |
| Agriculture                             | Medium                      | 51-250                                       | < 35.0 million        |
|                                         | Small                       | 11-50                                        | <17.0 million         |
|                                         | Micro                       | 0-10                                         | <7.0 million          |
| Mining and Quarrying                    | Medium                      | 51-250                                       | <210.0 million        |
|                                         | Small                       | 11-50                                        | <50.0 million         |
|                                         | Micro                       | 0-10                                         | <15.0 million         |
| Manufacturing                           | Medium                      | 51-250                                       | <170.0 million        |
|                                         | Small                       | 11-50                                        | <50.0 million         |
|                                         | Micro                       | 0-10                                         | <10.0 million         |
| Electricity, Gas and Water              | Medium                      | 51-250                                       | <180.0 million        |
|                                         | Small                       | 11-50                                        | <60.0 million         |
|                                         | Micro                       | 0-10                                         | <10.0 million         |
| Construction                            | Medium                      | 51-250                                       | <170.0 million        |
|                                         | Small                       | 11-50                                        | <75.0 million         |
|                                         | Micro                       | 0-10                                         | <10.0 million         |
| Retail, motor trade and repair services | Medium                      | 51-250                                       | <80.0 million         |
|                                         | Small                       | 11-50                                        | <25.0 million         |
|                                         | Micro                       | 0-10                                         | <7.5 million          |
| Wholesale                               | Medium                      | 51-250                                       | <220.0 million        |
|                                         | Small                       | 11-50                                        | <80.0 million         |
|                                         | Micro                       | 0-10                                         | <20.0 million         |
| Catering, Accommodation and other Trade | Medium                      | 51-250                                       | <40.0 million         |
|                                         | Small                       | 11-50                                        | <15.0 million         |
|                                         | Micro                       | 0-10                                         | <5.0 million          |
| Transport, Storage and Communications   | Medium                      | 51-250                                       | <140.0 million        |
|                                         | Small                       | 11-50                                        | <45.0 million         |
|                                         | Micro                       | 0-10                                         | <7.5 million          |
| Finance and Business Services           | Medium                      | 51-250                                       | <85.0 million         |
|                                         | Small                       | 11-50                                        | <35.0 million         |
|                                         | Micro                       | 0-10                                         | <7.5 million          |
| Community, Social and Personal Services | Medium                      | 51-250                                       | <70.0 million         |
|                                         | Small                       | 11-50                                        | <22.0 million         |
|                                         | Micro                       | 0-10                                         | <5.0 million          |

Source: Zimmermann (2016)

The definitions for the various enterprise categories for the purpose of this study are listed below:

1. Survivalist enterprises: Operates in the informal sector of the economy. It is generally dominated by people that are not employed. This kind of an enterprise generate income that is way below the line of poverty. Income generated is only meant to provide the least means of survival to the unemployed and their families. Capital invested is very insignificant and not much of assets is involved. Training requirements are not that much. Chances of this business growing are significantly minimal.
2. Micro enterprises: Can only cater for one employee to a maximum of five, and the employees generally include the owner and his/her family. Micro enterprises usually operate informally and there are no licensing requirements, formal operating business property, labour legislation; and

revenue is lower than the required Value Added Tax (VAT) registration threshold of R300 000 per annum. Requirement for this kind of enterprise include basic business skills and training as this can potentially aid the transition of the business.

3. Very Small enterprises: It is included in the formal economy and is advanced as utilises technology. Is comprised of less than 10 employees which receive income, and includes self-sustainable skilled workers (such as electricians, plumbers) and professionals.
4. Small enterprises: This category is comprised of less than 100 employees. It is more established than very small enterprises. It is a formally registered enterprise and is registered with fixed business premises. Small enterprises are managed by owners, but have more complex management structure.
5. Medium enterprises: Medium enterprises are made up of up to 200 employees. These enterprises are primarily managed by the owner; however they are constituted by a decentralised management structure with a division of labour and they operate from premises with all formal requirements (National Small Business Amendment Act (26 of 2003)).

## **2.9. Overview of SMMEs by provinces in South Africa**

In 2017, a third quarterly update released by the Small Enterprise Development Agency (SEDA) on SMMEs, reported the state of SMMEs in the various provinces of South Africa. It was reported that SMMEs operating in Gauteng were just above 30%, while both KwaZulu-Natal and Limpopo had approximately 14% of the SMME share. Additionally, due to the growth observed in the past four quarters, a year on year growth of 20% and 21%, in the stake of SMMEs was observed at Limpopo and Mpumalanga, respectively (SEDA, 2017). According to the Provincial Treasury (2017), KZN is the country's second largest province by both population and economic output. According to Provincial Treasury (2017), KZN is the second-biggest province in the country in terms of both GDP and population. The province is ranked second after Gauteng, accounting for more than 60% of the province's economic production and more than 21% of the value added in manufacturing in the country (Small Enterprise Development Agency, 2012). It is home to just one metropolitan municipality, eThekweni, which serves as the province's economic hub and accounts for more than 60% to the provincial economic production (COGTA 2018).

## **2.10. COVID-19 and its impact on SMMEs in SA**

The continuing COVID-19 pandemic is resulting in significant human suffering across Africa and SMMEs across the continent are expected to experience its lasting effects in the medium to long term. SMMEs are defined as autonomous business entities, together with their associated branches or subsidiaries, if applicable, including cooperative firms (Abdelkafi & Täuscher, 2015). These entities are primarily operated by one or more owners and are engaged in various sectors or subsectors. Our primary area of interest is enterprises that have a turnover above R10m but fall short of R220m. These enterprises have a significant impact on economies and are responsible for employing over 80 percent of the workforce in Africa, including both the official and informal sectors (Herbst & Gills, 2015). Despite their impact, they do however tend to exhibit lower levels of resilience during times of crisis. This is due to the fact that smaller enterprises often possess less financial resources, smaller customer bases, and a reduced ability to effectively handle the demands of the business environment in comparison to bigger corporations.

South African SMMEs are now facing the challenge of navigating a declining economy, compounded by the added impact of the COVID-19 pandemic, which is exerting more strain on their operational capacities (Mhlanga, 2021). The implementation of lockdown measures has resulted in a significant decline in income for several SMMEs, leading the majority of them to reduce their company expenditures as a means of ensuring their survival. SMMEs within this nation exhibit a wide range of variations and distinctions, and are present throughout all sectors of the economy. These entities are characterized by their workforce size or their yearly revenue in South African currency. In relation to this matter, SMMEs may be defined as businesses that have an annual revenue of no more than R220 million or employ a maximum of 250 full-time individuals (Department of Small Business Development, 2019). SMMEs encounter notable obstacles due to their inherent characteristics, including their small size, intense competition from larger corporations, limited financial resources, restricted ability to work remotely, inadequate access to technology (such as high data costs), limited availability of credit, insufficient skills base, unsupportive policy and legal frameworks, restricted entry into external markets, and limited access to essential infrastructure such as physical space and electricity.

### **2.11. SMMEs Entrepreneurship Leadership**

The concept of entrepreneurial leadership involves overseeing and directing a business or organisation with a mind-set and approach informed by entrepreneurship. Leadership is a crucial talent in the realm of entrepreneurship due to its ability to effectively guide and lead actions towards achieving desired goals. The identification of effective leadership has been recognized as a crucial determinant in the achievement of success for small, micro, and medium-sized enterprises (Madanchia et al., 2016b). Abdelkafi and Täuscher (2015) assert that leadership is a fundamental element or approach that serves to inspire and guide collectives of individuals towards the attainment of a shared goal. Nevertheless, the primary reason of SMME failure may be attributed to insufficient and below-average leadership capabilities.

The absence of effective leadership skills has been identified as a prominent challenge faced by SMMEs in relation to their management and technical expertise (Mhlongo, 2021). The absence of a long-term vision for business success, specifically in the context of sustainable initiatives, in small, medium, and micro enterprises has been linked to poor management abilities resulting from inadequate training and education, as well as a deficiency in business sustainability skills (Ngibe & Lekhanya, 2019). According to Singh and Wasdani (2016), there is a prevailing notion that SMMEs face challenges in terms of their limited expertise and resources when it comes to implementing essential organisational changes.

As per the findings of Hashim, Ahmad, and Zakaria (2012), CEOs are facing increasing challenges in effectively managing their organisations in the contemporary day. The significance of leadership as an entrepreneurial behaviour lies in its capacity to facilitate the recognition of one's worth inside the entrepreneurial process. Therefore, it is important to cultivate innovation and effectively respond to changing circumstances (Mamun, Fazal, & Muniady, 2019). Due to the intricate and non-linear characteristics inherent in organisational structures, the attainment of a singular, pragmatic theory pertaining to leadership or leadership efficacy is unattainable.

The use of leadership in the context of entrepreneurship, specifically in driving business success, has been recognized as a crucial competency that company proprietors may employ to foster sustainable and competitive development for their organisations (Lubis, 2017). Leitch and Volery (2017) further highlight the need of taking into account the cognitive, interpersonal, and social intricacies of leadership

within SMMEs, as well as the imperative to comprehend the underlying processes that elucidate outcomes. They argue that a comprehensive examination of entrepreneurial leadership is crucial for advancing the understanding of small firms within the sector. According to Mhlongo (2021), the four primary techniques for entrepreneurial leadership success are awareness via vision, significance through communication, trust through placement, and confidence through respect. These models are intrinsically linked to leadership behaviour, aiming to amalgamate suitable leadership ideologies with suitable levels of personal growth to attain certain objectives.

## **2.12. The challenges of leadership related to SMMEs in a VUCA environment**

Small, Medium, and Micro Enterprises play a significant role in driving economic growth and job creation. However, leading an SMME in a VUCA environment presents unique challenges for leaders. Below are some of the challenges of leadership specifically related to SMMEs operating in a VUCA environment.

### **2.12.1. Limited Resources and Financial Constraints**

SMMEs often face resource limitations and financial constraints, which are exacerbated in a VUCA environment (Ahmad and Zakaria, 2017). Leaders must navigate the challenges of managing scarce resources, securing funding, and making strategic investment decisions amidst uncertainty and market volatility.

### **2.12.2. Rapid Adaptation and Decision-Making**

VUCA environments demand leaders of SMMEs to make quick decisions and adapt rapidly to changing circumstances (Morrish & Jones, 2020). The ability to assess situations, analyse risks, and seize opportunities becomes crucial in order to stay competitive. Leaders must possess a high level of agility and be comfortable with making decisions without complete information.

### **2.12.3. Uncertain Market Dynamics and Competitive Landscape**

SMMEs in a VUCA environment face unpredictable market dynamics and intense competition (Besant & Caffyn, 2017). Leaders must continuously monitor industry trends, customer preferences, and emerging technologies to identify market

opportunities and remain relevant. They need to develop effective marketing strategies, differentiate their offerings, and adapt to changing customer demands.

#### **2.12.4. Talent Acquisition and Retention**

Attracting and retaining talented employees is a challenge for SMMEs operating in a VUCA environment (Teece & Pisano, 2014). Larger organisations often have more resources and established employer brands, making it difficult for SMMEs to compete for top talent. Leaders must develop strategies to build a strong employer brand, provide growth opportunities, and create a positive work culture to attract and retain skilled employees.

#### **2.12.5. Technological Disruptions and Innovation**

Technological advancements and disruptions are prevalent in VUCA environments. SMME leaders need to embrace innovation, leverage emerging technologies, and adapt their business models to remain competitive (Denning, 2016). However, limited resources and expertise may pose challenges in adopting and integrating new technologies effectively.

### **2.13. The agility and adaptability required to lead in a VUCA environment**

According to Aranda et al. (2019), the agility and adaptability required to lead in a VUCA environment can be categorised into three capabilities: digital technologies capability, relational capability, and innovation capability.

#### **2.13.1 Digital technologies capability**

To succeed in the modern world, both leaders and businesses require what we call "digital competence," a collection of abilities and perspectives related to digital technologies (Denning, 2016). A leader's digital capabilities are those that allow them to function successfully in today's information-based culture. In order to provide better service to their clients, businesses can now take advantage of the many channels of communication made possible by technological advancements (Teece & Pisano, 2014). Customized or automated customer communications, data collection for optimizing customer experiences, and always-on digital support are all ways in which 19

businesses can better serve their clientele. Companies value employees with experience in document, presentation, and spread sheet creation as well as email and social media communication (Besant & Caffyn, 2017).

Hashim, Ahmad and Zakaria (2017) posit that prior research has shown that dynamic skills play a significant role in efficiently addressing difficulties related to digital transformation. The process of digital transformation necessitates a distinct array of proficiencies and capabilities, including computer literacy, information security, automation, cloud computing, agile methodologies, and adeptness in both internal and external communication. Hence, digital capabilities include the adept use of information and communication technology in a manner that is both creative and important, while also ensuring safety (Bessant & Caffyn, 2017).

Empirical research demonstrates that the possession of digital skills yields favourable outcomes in terms of digital innovation and organisational performance (Morrish & Jones, 2020). In response to the aforementioned statement, our understanding of digital capabilities encompasses the use of digital technology in conjunction with a transformation in the business model. This research achieves its objective by enhancing understanding of client requirements, establishing novel avenues for product and service sales and promotion, and facilitating effective communication with customers (Kamara, 2017).

Digital capabilities, as defined in this manner, encompass the incorporation of technological advancements and their implementation within the business context (Gray, 2016). The primary objective is to foster sustainable development and bring about significant alterations in customer behaviours. These changes are driven by the widespread utilization of various digital technologies on a daily basis, with a particular emphasis on digital capabilities serving as the foundation for transformative processes based on digitalisation (Kamara, 2017). The competitiveness of traditional company models is progressively diminishing as they are being supplanted by novel models that facilitate digital transformation.

### **2.13.2. Relational capability**

Connecting with other businesses for the purpose of gaining access to resources and expertise, especially those that are complimentary to the firm's activity, is an example of a dynamic capability. The ability to form alliances, often known as a relational capability, is widely recognized as a unique form of dynamic capabilities

(Teece & Pisano, 2014). Notwithstanding its novelty, the concept of dynamic capacities provides valuable insights into organisations' long-term ability to create above-average earnings. SMMEs in emerging markets have struggled to succeed due to intense competition as they have sought to broaden their operations and target wider customer bases (Bessant & Caffyn, 2017). According to Martins (2016), small and medium-sized enterprises may enhance their capacity to establish collaborative relationships, which in turn enables them to effectively learn new methods, expertise, and information. This is particularly crucial for business enterprises originating from less developed and emerging economies, as they face challenges in competing on a global scale. Merely possessing a local advantage may not be sufficient to successfully enter and navigate the global markets (Zimmermann, 2016).

Nevertheless, various impediments, including a lack of commitment to adopting new technologies, a lack of technical and networking skills, insufficient human capital, and the improper choice of technology have all hampered the ability of Small, medium and micro enterprises to keep pace with the development in the global technological business environment. For SMMEs to successfully expand internationally and weather the effects of globalization, they must develop distinctive capabilities and product. There exists however, a lack of open standards which hinders their progress (Rugraff, 2012). Decades of research from the resource-based view (RBV) and the dynamic capability perspective show the vital importance of capabilities in raising a company's competitive advantage and performance.

According to Hejazi et al. (2021), the relational capability which is the capacity to establish and maintain relationships is a crucial strategic talent for businesses. This competence allows companies to successfully discover, access, and acquire technologies, information, and skills that are beyond their own capabilities. Small, medium and micro enterprises who are able to effectively build their relational capability are able to establish productive collaborations, therefore improving their competitive position. The impact of collaborating with strategic partners on the resilience, agility, and robustness of SMMEs is a factor that contributes to the improvement of service delivery (Appelbaum et al., 2017). Incorporating pertinent stakeholders into the new product development process is a tactically prudent approach, as it allows for the use of specialized knowledge and resources that may be beyond the firm's own capabilities.

It may however be challenging for a company to effectively use these strategic advantages without possessing the necessary relationship capabilities. Nevertheless, the establishment of a dynamic and strategic alliance with partners has significant value when it results in the generation of enhanced advantages for the organisation. Hence, in order to produce enough rental income from collaborations with external partners, it is essential for the business to possess a proficient capacity for generative learning and integration, hence enabling the creation of value (Albort-Morant, Leal-Rodríguez, & De Marchi, 2018).

Small, medium and micro enterprises purposefully engage in the intentional creation and establishment of strategic collaborative relationships in order to enhance their competitive advantage (Monat & Gannon, 2017). The capacity to form and maintain relationships with other firms allows SMMEs to establish a competitive edge that is difficult to replicate. This advantage is achieved by effectively cultivating and using collaborative partnerships with other firms, resulting in mutually beneficial outcomes. According to the findings of Luvison and de Man (2015), it was suggested that SMMEs may get enhanced performance in their alliance portfolio by effectively using their active relational capabilities.

The enhancement of relational values and performance in Small, medium and micro enterprises is considered a crucial capacity (Moen et al., 2018). This capability has a major impact on the integration of internal quality suppliers and customers, ultimately leading to improved performance (Yu & Huo, 2018). The operational success of a corporation is greatly influenced by its relational competence (Mthabela, 2018). Additionally, it has been shown that it has a good influence on a firm's financial performance. According to Pham et al. (2017), relational competence has been shown to have a favourable impact on performance, namely in the areas of marketing intelligence, pricing, and communication performance.

### **2.13.3. Innovation capability**

The ability to "continuously turn information and concepts into new products, processes, and systems for the benefit of the firm and its stakeholders" (Saunila & Ukko, 2012) is what is meant by an organisation's innovation capability (Denning, 2016). Higher-order capabilities, or "the ability to shape and control many skills," have been proposed as the basis for innovative problem-solving (King et al., 2019).

Corporations with these traits "integrate important capabilities and resources of their organisation to successfully stimulate innovation". As a result, the theory of dynamic capabilities has become intertwined with efforts to define innovation capability.

Moreover, Herbst & Gills (2015) posit that the concept of innovation capability incorporates the idea that capability is related to renewal and performance of a firm over time, particularly in light of fluctuating markets and the concept that it is necessary for a firm to be adaptable and modify the services and products it provides. In addition, the ability to innovate includes the consolidation and coordination of assets to preserve health despite environmental shifts. Again, this definition seems to overlap with that of dynamic innovations, however, whereas the latter places more emphasis on environmental fitness as an indicator of performance, the former places more emphasis on the firm's ability to adapt its offerings (Ritual, Hallikas & Sissonen, 2018).

By "innovation capability," we mean an organisation's potential to recognize promising new ideas and develop them into commercially viable goods, services, or processes. It is not easy to tell the difference between innovation capabilities and dynamic capabilities as they are currently described (Ganguly et al., 2019). The concept of dynamic capacities is widely used in the study of strategic management. Ritala et al. (2018) first used the phrase "dynamic capability" to describe a company's aptitude to "integrate, build, and reconfigure internal and external competences to handle dynamically changing contexts". Barreto's (2010) comprehensive analysis of the literature revealed however, that there exists a number of different commonly-cited formulations of the idea, leading him to the conclusion that the conceptual foundations of dynamic capacities are inadequate.

#### **2.13.4. Interpersonal skills**

Interpersonal skills as discussed in academic discourse, encompasses abilities related to people skills, social skills, or social intelligence within academic discourse (Kamara, 2017). The skill entails the comprehension and proper interpretation of signals sent by individuals, enabling the formulation of efficient replies. Interpersonal skills are consistently shown by individuals via their regular interactions with others. In a VUCA environment, leaders must possess the ability to build and foster relationships, communicate effectively, and demonstrate empathy (Hashim et al.,

2017). The interpersonal abilities of a leader are of considerable importance in establishing and sustaining connections within a VUCA environment. Proficient leaders comprehend the need of establishing trust and rapport with their team members in order to cultivate an environment conducive to open communication and cooperation (Hejazi et al., 2021). Leaders have the ability to foster healthy connections, which in turn may facilitate the sharing of ideas, thereby promoting creativity and innovation among team members. The possession of robust interpersonal abilities enables leaders to cultivate a feeling of inclusivity and dedication among individuals, resulting in heightened levels of employee involvement and allegiance towards the objectives of the firm.

Morrish and Jones (2020) further reiterate that the ability to communicate effectively is a crucial interpersonal skill that leaders must possess in VUCA circumstances. In order to effectively lead, people must have the capacity to effectively convey a well-defined vision and plan to their team members, while also demonstrating adaptability in their communication approach to accommodate various circumstances and personalities. Active listening is an essential component in comprehending the worries and requirements of team members, therefore establishing an atmosphere that fosters a sense of being heard and appreciated by all those involved (Monat & Gannon, 2017). Through the implementation of successful communication strategies, leaders possess the ability to mitigate misconceptions, reduce disputes, and ultimately foster the development of a unified and high-achieving team.

In VUCA circumstances, it is essential for leaders to exhibit empathy towards their team members (Mthabela, 2018). Empathy enables leaders to comprehend the emotions and viewpoints of others, therefore creating a work atmosphere that is characterized by support and inclusivity. Leaders that exhibit empathy have the ability to successfully navigate disagreements, give support, and provide constructive criticism to their team members (Norcini et al., 2018). This particular interpersonal talent further assists leaders in comprehending the consequences of their actions on people and the collective dynamics of the team, this enhances their decision-making abilities and fosters more robust partnerships.

#### **2.14. The Link between leadership Agility and the VUCA environment**

The term "agile strategy" is shorthand for the organisation-wide decision to adopt agile practices (Aranda, Rata & Duarte, 2019). Strategic moves run counter to swift

reactions in certain respects, but leaders and managers still need to think strategically about their brands, their customers, and the industries in which they operate. According to the views of Herbst & Gills (2015), leadership agility encompasses the capacity of leaders to promptly and proficiently engage in cognitive processes, take appropriate actions, and provide timely responses under contexts characterized by uncertainty and fast fluctuations. Academic engagement necessitates a disposition to critically examine and question one's own preconceived notions, adopt a broad range of viewpoints, and arrive at well-informed judgments even when confronted with uncertain circumstances.

Gray (2016) reiterates that an agile leader demonstrates the ability to adapt tactics, change course, and motivate teams in the face of disruptive forces. Agile and sustainable leadership in SMMEs concerned with volatility is also part of a strategic approach, together with supply chain agility and IT agility against uncertainty (Shams et al., 2020). As a result, the adoption of agile methods and structures is not considered a separate component of the agile model but rather an essential one. The outlined enablers, behaviours, and solutions will never become important parts of the corporate culture if this course of action is not supported and the value of dealing with VUCA is not seen. Hence, leadership must initially endorse this course of action.

The approach used to evaluate agility does not include leadership as a separate factor. What gives here? An "agile mind-set" among leaders is essential, as it is a necessary condition for both strategy and execution. It entails swapping out a hierarchical structure characterized by a lack of communication between management, customers, and employees for a more flat organisational structure characterized by frequent and open dialogue between these three groups (Denning, 2016). Mindfulness in leadership fosters an inclusive but pragmatic work attitude, which reinforces employee identification in the face of ambiguity and unpredictability (King & Badham, 2019). Managers must make significant adjustments to successfully agile transform their organisations. As a result, cohesive leadership toward a shared objective is crucial for maintaining productivity while adapting to changing circumstances (Xing et al., 2020). Ambidexterity in leadership will thus allow the business to be experimental, innovative, and even have spare resources by ensuring profitability via the exploitation of strategically placed products and

services (Du and Chen, 2018). The transfer of power and responsibility to employees is a hallmark of agile work methods.

Morrish and Jones (2020) posit that leadership agility and the VUCA environment are closely intertwined due to the demands and dynamics of today's business ecosystem. Several key connections highlight how leadership agility is essential in navigating a VUCA world:

- 1) Adaptive Decision-making** - In a VUCA environment, traditional decision-making models may prove inadequate. According to Mthabela (2018), agile leaders excel in making decisions promptly, even with incomplete information. They are open to revising choices based on new data, market shifts, or emerging opportunities.
- 2) Flexibility and Resilience** - The agility of leaders is evident in their capacity to flexibly adjust strategies and goals as circumstances change (Norcini et al., 2018). This adaptability enables them to ride the waves of volatility and remain resilient in the face of setbacks.
- 3) Embracing Innovation** - The rapid pace of change demands a culture of innovation. Agile leaders foster an environment where creativity and experimentation are encouraged (OECD, 2018). They recognize that innovation is not solely about products and services but also about processes and ways of thinking.
- 4) Empowerment and Collaboration** - In a VUCA environment, no single individual can possess all the answers. Agile leaders empower their teams by promoting collaboration and shared decision-making (Monat & Gannon, 2017). This approach harnesses diverse expertise and generates more robust solutions.
- 5) Learning Orientation** - Leadership agility is closely linked to a continuous learning mind-set (Miles, 2019). Agile leaders recognize that they must continuously evolve and acquire new skills to remain effective in navigating the complexities of a VUCA world.
- 6) Effective Communication** - Ambiguity in a VUCA environment can lead to misunderstandings. Agile leaders excel in communication, translating complex

concepts into clear messages and aligning teams toward a shared understanding of goals and strategies (Zimmermann, 2016).

- 7) Customer-Centricity** - Agile leaders remain attuned to customer needs, leveraging their agility to swiftly respond to changing preferences and demands. This customer-centric approach enhances competitiveness in an unpredictable landscape (Moen et al., 2018).

The correlation between leadership agility and the volatile, uncertain, complex, and ambiguous environment emphasizes the indispensability of this skillset for leaders to effectively navigate and prosper in the contemporary dynamic corporate landscape. In the face of future problems, the ability to adapt and respond quickly will continue to be a fundamental aspect of successful leadership for businesses.

## **2.15. Managing in VUCA World**

Within a global context characterized by perpetual transformation, indeterminacy, complicated interdependencies, and indistinct boundaries, the acronym VUCA, denoting Volatility, Uncertainty, Complexity, and Ambiguity, succinctly captures the fundamental nature of our contemporary existence (Hashim et al., 2017). In order to achieve effective management in this particular context, it is essential to go beyond mere adaptation. Instead, a successful strategy necessitates innovation, which not only thrives in situations characterized by ambiguity but also capitalizes on complexity as a means to seize opportunities. The notion of VUCA has evolved beyond a theoretical framework and has now become a transformative paradigm shift (Kothari, 2020). This novel viewpoint recognizes that achieving success is contingent upon the ability to adapt and respond quickly, rather than relying only on precise forecasts. This article examines many tactics that leaders may use to thrive in a changing setting, including encouraging adaptation, promoting teamwork, and advocating for innovation. The process of harnessing the potential of VUCA has the ability to convert obstacles into drivers for organisational development (Zimmermann, 2016). By adopting the fundamental tenets of this approach, individuals may effectively navigate intricate circumstances with assurance and establish a trajectory towards resilience and success in a constantly changing global landscape.

| Managing in a VUCA | Advantages | Disadvantages |
|--------------------|------------|---------------|
|--------------------|------------|---------------|

| World                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                               |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1. Embrace agility</b> - The attributes of adaptability and flexibility enable individuals to promptly and effectively respond to alterations or modifications.</p> | <p>Rapid adaptations to changes in the market.</p> <p>The capacity to capitalize on nascent possibilities.</p> <p>The concept of enhanced innovation refers to the process of improving and advancing the development of new ideas, products, or processes.</p> <p>It involves implementing strategies and techniques that foster creativity.</p> | <p>The continuous need for recalibration may be mentally and physically draining.</p> <p>One potential concern is the possibility of deviating from long-term objectives.</p> |
| <p><b>2. Foster continuous Learning</b> - Promote the adoption of a growth mindset and foster a learning-oriented culture.</p>                                            | <p>Enhanced proficiency and information acquisition.</p> <p>Augmented problem-solving aptitude.</p> <p>Heightened readiness</p>                                                                                                                                                                                                                   | <p>The issue of balancing operational responsibilities with the pursuit of learning may provide a significant challenge.</p>                                                  |

| Managing in a VUCA World                                                                                                                              | Advantages                                                                                                                                                                                           | Disadvantages                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                       | for dynamic challenges.                                                                                                                                                                              | One possible challenge that may arise while implementing change is the potential opposition that might be encountered from existing norms.                                                                                           |
| <b>3. Collaborate and Network</b> - Utilize a range of various views in order to enhance the strength and effectiveness of decision-making processes. | <p>The incorporation of many perspectives enhances the effectiveness of problem-solving processes.</p> <p>Increased levels of creativity and ingenuity.</p> <p>Enhanced stakeholder involvement.</p> | <p>The topic of discussion is to the difficulties encountered in managing coordination among teams that consist of individuals from varied backgrounds.</p> <p>The handling of conflicts may often provide intricate challenges.</p> |
| <b>4. Develop Resilience</b> - Develop the ability to endure and recuperate from disturbances.                                                        | <p>Rapid recovery from adversities.</p> <p>The mitigation of adverse consequences resulting from unforeseen circumstances has been minimized.</p> <p>Enhanced stress management techniques.</p>      | <p>Prolonged exposure to uncertainty has the potential to result in burnout.</p> <p>Achieving a harmonious equilibrium between resilience and risk-taking requires a delicate and skilful approach.</p>                              |

| Managing in a VUCA World                                                                                                                                     | Advantages                                                                                                                                                                                                        | Disadvantages                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>5. Focus on scenario Planning</b> - It is vital to engage in the process of anticipating prospective outcomes and formulating tactics accordingly.        | Enhanced readiness for various situations may be achieved via the use of improved risk assessment and mitigation strategies                                                                                       | The procedure under consideration is characterized by a high demand for resources. Scenarios may not comprehensively include all potentialities.                               |
| <b>6. Enhance Communication</b> - It is important to ensure that stakeholders are consistently updated and actively involved in the decision-making process. | The implementation of measures to decrease ambiguity and uncertainty.<br>Enhanced convergence towards shared objectives.<br>Enhanced decision-making via the use of collective knowledge.                         | Ensuring transparency in circumstances characterized by uncertainty might provide difficulties. Excessive amounts of information might result in the misunderstanding of data. |
| <b>7. Encourage Innovation</b> - Embrace the practice of experimenting and engage in innovative problem-solving techniques.                                  | Novel approaches to intricate issues.<br>Gaining a competitive advantage via distinctive offers.<br>Continuous improvement in processes is a key aspect of enhancing organisational efficiency and effectiveness. | Not all inventive endeavours always generate favourable outcomes. There is a potential risk associated with shifting resources away from established and validated methods.    |

Source: (Zimmermann, 2016).

## **2.16. Recommendations on how SMMEs can navigate the VUCA environment**

Volatility, uncertainty, complexity, and ambiguity are at unprecedented levels in today's organisational environments due to the rapid pace of technological breakthroughs and the ever-increasing amount of information available today (Ganguly et al., 2019). We have access to more information than any generation before us, and yet it can be difficult to keep up with the sheer volume and speed of it all. Those who cannot adapt to the ever-increasing speed of change, however, run the risk of slipping behind the pack (Gray, 2016). To be a high-performing company in today's market, innovation is not merely a nice-to-have but a need. In light of this dynamic environment, the question for business leaders is how to best position their organisations to thrive (Bessant & Caffyn, 2017). Being quick-thinking and flexible is the key. To establish organisations that can endure and flourish in a VUCA setting, the four concepts outlined below should be considered.

### **2.16.1 Adopt the process of collaborative planning**

Collaborative planning is a strategy that entails the active participation of many stakeholders in the decision-making processes. The use of this approach offers several advantages for SMMEs operating within a VUCA environment. Collaborative planning enables small, medium, and micro enterprises leaders to access and use the combined knowledge and skills of diverse stakeholders (Miles, 2019). In a VUCA environment, the acquisition of comprehensive knowledge and solutions by a person or corporate entity is a formidable task. Furthermore, the inclusion of stakeholders with diverse backgrounds and experiences facilitates the identification and effective mitigation of possible risks, hence enhancing the proactive and resilient nature of SMMEs.

The team's ability to quickly adapt and keep its competitive advantage in the face of change and uncertainty will be greatly enhanced by the knowledge baseline created by a methodical collaborative planning approach (Gray, 2016). Collaborative planning

helps organisations address volatility because it allows for quick adaptability. When teams work collaboratively, they can regularly assess the external environment, identify changes, and make necessary adjustments to their plans in real-time. This agility is vital in volatile situations where circumstances can change rapidly. By

involving all relevant stakeholders in the planning process, organisations can tap into a diverse range of expertise, which improves their ability to anticipate and respond to potential disruptions effectively (Zimmermann, 2016). In order to establish a framework for agility in SMME organisations, leader should pay attention to:

- 1. Leader's guidance** - Disempowering staff, stifling creativity, and selecting less-than-ideal solutions are the results when leaders lay out step-by-step instructions for doing tasks (Baran et al., 2020). Instead, leaders should explain what must be done, why, and how success will be measured. Finally, SMME leaders should be provided space to work out problems on their own.
- 2. Courses of action** - In a VUCA setting, problem solving can take many forms. Leadership in SMMEs should have many groups so that they can examine an issue from various angles, receive a variety of suggestions, and settle on the best course of action (Aranda et al., 2019). The only stipulation is that the proposed solutions are distinct from one another and are technically doable. Leaders should conduct a thorough assessment to identify potential risks and disruptions that could impact the organisation. This includes both internal and external factors such as economic downturns, supply chain disruptions, regulatory changes, natural disasters, and technological failures.
- 3. Contingency planning** - Leadership in SMMEs should have contingency planning to be able to survive in a VUCA world (Wageeh & Nafei, 2016). Contingency planning is a crucial aspect for establishing an agile framework in Small, Medium, and Micro Enterprises. According to Mthabela (2018), contingency planning involves preparing for unexpected events and disruptions that may impact the business, ensuring that the organisation can respond effectively, and maintaining operations even in the face of uncertainty. This is crucial to support business strategies to withstand the initial onslaught of customers, other firms, or random chance. The best way to keep ahead of the competition is to always be prepared for any eventuality by developing and practicing a set of backup plans.

### 2.16.2. Foster an innovative culture

Organisational culture plays a significant role in driving innovation, with the most creative groups flourishing in settings that emphasize:

- a) **Psychological safety** - According to Wageeh and Nafei (2016) from Creativity Inc., breakthrough ideas don't just happen by chance but are the outcome of a disciplined procedure requiring open communication, mutual trust, and frank discussion in an emotionally secure setting. Business executives are encouraged to open communication channels in their team to foster the safe voicing of their opinions and the sharing of constructive criticism.
- b) **Teamwork** - The practice of teamwork facilitates the consolidation of the unique talents and abilities possessed by individuals, thereby empowering the team to progress cohesively towards mutually agreed-upon objectives (Gray, 2016). Effective leadership requires the capacity to cultivate cooperation and trust within teams, with the establishment of unambiguous channels for communication. Denning (2016) reiterates that a lone wolf, or creative genius, is the typical person we picture when we think of an innovator. Yet in reality, it is a team activity. Leadership in SMMEs should be able to create an environment that values the results of teamwork more than individual success, and encourages and celebrates unique perspectives.
- c) **A willingness to embrace risk and failure** - Teams that are prepared to embrace risk as well as capitalize on failure's lessons are better positioned to invent new techniques and maintain competitiveness (Nijssen & Paauwe, 2012). Nevertheless, it is important to acknowledge that innovation is often accompanied by inherent risks, and it is crucial to recognize that not all novel concepts or endeavours will attain success. Leaders may foster a culture that encourages people to take chances and engage in innovative thinking by adopting a mind-set that embraces failure as a valuable opportunity for learning and personal development (Kamara, 2017). Teams should be reminded that failure is an inevitable part of the process, so long as they fail swiftly and learn from their errors.

To top it all off, a culture of open communication, teamwork, and fearlessness should be promoted by making sure every team member is working towards the same goals.

### **2.16.3 Build an adaptable team**

Several factors need to be considered in an effort to build an adaptable team.

- 1. Volatile environments require adaptability** - After a disruption occurs, whether minor or major, leaders should conduct a post-event analysis (Morrish & Jones, 2020). This involves evaluating how well the contingency plan worked and identifying areas for improvement. This learning and adaptation process ensures that the organisation becomes more resilient with each experience. Focusing on these three areas will create a flexible organisation in addition to building an inter-organisational information environment through collaborative planning (King et al., 2019).
- 2. Organisational agility** - Organisational agility refers to the ability of a corporation to swiftly and effectively respond to and accommodate changes in its business environment (Mthabela, 2018). The concept of agility is an organisation's ability to adeptly modify its plans in response to dynamic market conditions, emerging technology, and competitive forces. Creating task-organised, cross-functional teams rather than just rigid, hierarchical structures will support companies to get the job done.
- 3. Decentralised decision-making** - Decentralised decision-making refers to a procedural framework in which the power to make decisions is dispersed across a broader collective. Furthermore, it implies the delegation of greater power to those occupying lower hierarchical positions, including functionaries, executives, and employees. If the leader in SMMEs is only concerned with the here and now, they cannot possibly lead a team effectively in times of uncertainty (Denning, 2016). Leaders should delegate authority and decision-making to the lowest level possible teams continue to run make adjustments.

4. **A culture of trust** - Trust is the glue that holds together a group of people with different skill sets and viewpoints so that they can accomplish anything (Ganguly et al., 2019). If a leader wants the team to respect him, there is need to demonstrate that he or she is committed to leading with integrity, developing your skills, and maintaining composure under pressure. As individuals in positions of leadership, it is imperative that we give due consideration to the manner in which we cultivate an environment characterized by trust within our own teams, workplaces, and organisations (Zimmermann, 2016). A high-trust work culture offers several advantages. Employee retention is influenced by the level of confidence that workers have in their colleagues, supervisors, and senior leaders inside the business. When this trust is there, employees are more inclined to remain with the organisation and less likely to seek opportunities elsewhere.

#### **2.16.4. Align communication to drive change**

According the view of OECD (2018), it is human nature to avoid change; that's why it is crucial to implement measures that encourage growth and development. Aligning communication with leadership is essential to ensure that change initiatives are understood, embraced, and successfully implemented across all levels of the organisation. Leaders should communicate the plan clearly too all staff members and provide training on their respective roles and responsibilities during disruptions. Aligning communication at all three levels is essential for creating and maintaining a culture of change.

1. **Company leadership** - Effective communication is the backbone of organisational success, particularly when it comes to driving change. To help employees adjust to the new normal, top management should explain the benefits of the shift (Baran et al., 2020). To get the most out of any change initiative, one needs to craft a compelling change vision that transmits the reason for the endeavour and success criteria. Furthermore, SMMEs leaders should take on the role of communication champions. They should personally deliver key messages, emphasizing the importance of change, its benefits, and the organisation's commitment to its successful implementation (Hejazi et al., 2021).

- 2. Mid-level influencers** - Mid-level influencers refer to persons who occupy positions within an organisation that are neither at the top echelons of leadership nor at the entry-level positions (Miles, 2019). Frequently, individuals in this role possess a comprehensive comprehension of the strategic choices made by top-level executives as well as the daily encounters encountered by personnel at the operational level. As a result of their position, mid-level influencers possess the trust of their peers and possess the necessary credibility to successfully communicate and facilitate change (Aranda et al., 2019). Get the most reliable people in your organisation on your change team so they can help shape the strategy, offer input on potential solutions, and win over the sceptics at the middle management level (Sock & O'Cass, 2018). Mid-level influencers serve as conduits for two-way communication. They can gather feedback, questions, and concerns from frontline employees and relay this information to upper management. This feedback loop ensures that the change implementation process remains responsive and adaptive
- 3. Frontline workers** - A frontline personnel has direct understanding of operational difficulties and consumer demands (Hashim et al., 2017). Leaders in SMMEs may harness a rich reservoir of thoughts and solutions by actively engaging individuals in the process of transformation. Enable frontline employees to assume the role of change advocates, possessing a comprehensive comprehension of the change and actively advocating for its advantages within their respective peer groups (Bessant and Caffyn, 2017). The establishment of transparent communication is a crucial element in fostering trust and collaboration among frontline employees. The presence of ambiguity fosters a tendency for individuals to exhibit reluctance towards change. It is essential for organisations to provide comprehensive elucidations of the rationales for every proposed change, the anticipated results thereof, and the extent to which it harmonizes with the organisation's overarching vision and values (Gray, 2016). Create grassroots champions by helping frontline staff comprehend the significance of the change initiative and, most crucially, what is in it for them. In addition to disseminating the change vision to the front lines, the leaders in SMMEs will require reporting methods to keep senior leadership informed and to integrate the changes into the organisational systems (Aranda et al., 2019). The current VUCA atmosphere

is not likely to calm down anytime soon. So rather than reacting to crises as they arise or scrambling to stay ahead, the most effective leaders in SMMEs will establish business cultures that are collaborative, imaginative, flexible, and change-oriented.

## **2.17 Conclusion**

The research will explore how SMME leaders can develop the agility and adaptability required to lead in a VUCA environment. Thus, the proposal study on the agility and adaptability of SMME executives is fresh research that will provide key advice that organisations may employ to effectively navigate the VUCA. In addition to providing a thorough analysis of the VUCA landscape, the current effort would illustrate the alterations made in the corporate environment in response to the new conditions and expand theoretical understanding of rapid adaption processes.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1. Introduction**

This chapter provides an overview of the methods and procedures that were used to collect and analyse the data for the study. It also explains the rationale behind the chosen approach and the steps that were taken to ensure the study's validity and reliability. The chapter will delve into and elucidate the research approach, design, philosophy, strategy and the sampling strategy employed. Finally, it will detail the research ethics adhered to at every stage of the research process.

### **3.2. Research Philosophy**

Research Philosophy is a set of beliefs that conveys an approach to the study of research (Kothari, 2020). The two most prevalent ideologies are phenomenology and positivist. Quantitative research is consistent with the mathematical and statistical analysis of information as well as positivist philosophy. In contrast, phenomenological philosophy involves an evaluation of human experiences and understanding of natural landscapes (Gray, 2016). The study adopted phenomenological approaches in order to get a diverse conclusion on how SMMEs are navigating the VUCA environment. In this context, the researcher was interested in gaining insights into how SMMEs are experiencing and dealing with the VUCA (Volatile, Uncertain, Complex, and (Nieman & Nieuwenhuizen, 2014). Ambiguous) environment. The use of phenomenology facilitates the advancement of novel theoretical frameworks and the collection of evidence that is seen as authentic rather than contrived.

### **3.3. Research Approach**

Creswell (2019) describes a research methodology as a systematic approach for conducting research. There are two primary techniques to doing a research study: quantitative and qualitative research. A qualitative approach is a social method that seeks to participant and their social environments (Fouché, Strydom & Roestenburg, 2021). Using interviews, the method also allows for the capture of participants' facial expressions. According to Fouché, Strydom, and Roestenburg (2021), the quantitative approach utilizes a large sample size and a statistical and numerical perspective. The proposed study will employ a qualitative methodology, which permits social scientists to analyse information thematically using many data sets.

### **3.4. Combined Research Strategies**

Researchers often have a tendency to incorporate research approaches from many paradigms into a cohesive study design (Miles & Huberman, 2022). Mixed methods research is a comprehensive technique that combines both quantitative and qualitative research methodologies in order to effectively investigate and answer research queries. The use of mixed methods research has the potential to provide a more thorough comprehension when compared to doing just quantitative or qualitative investigations in isolation, since it amalgamates the inherent benefits of both methodologies. Mixed methods research is often used in the fields of social, behavioural, as well as wellness sciences, especially in multidisciplinary settings, to explore complex situational or societal phenomena (Glaser & Strauss, 2023).

### **3.5. Research Strategy**

The research approach facilitates research planning, execution, and tracking (Glaser & Strauss, 2023). Interviews, focus groups, and case studies are all qualitative research methodologies. Infrequently employed research methods include ethnography, action research, and grounded theory. Interviews permit data collection from participants via one-on-one dialogue. A focus group requires a platform or forum in which participants are interviewed (Kothari, 2020). A case study is a circumstance in which a specialized study is undertaken on the basis of an incident or a case. In action research, the researcher assesses an action while it is occurring. The study collected data through interviews from 10 SMMEs in KwaZulu-Natal to ascertain how they are navigating the VUCA environment. As opposed to questionnaires, interviews permit the investigation of managerial practices and their impact on organisational performance through the collection of various responses.

#### **3.5.1. Phenomenological Research Strategy**

Phenomenological research is a qualitative research approach that seeks to understand and communicate the essential essence of occurrences in a universally applicable way (Saunders, 2019). This approach adheres to the qualitative research methodology, which emphasizes the investigation of a particular phenomenon in order to generate knowledge in that specific domain (Kothari, 2020). There are a variety of phenomenological methodologies, including action research, case study, action research, grounded theory, as well as ethnography. The study used a phenomenological research strategy. The justification for using the

phenomenological research methodology arises from its unique ability to explore and understand the real-life experiences and subjective perceptions of leaders in SMMEs in relation to the VUCA environment (Creswell, 2017). A research study was conducted to examine the case of small, medium, and micro enterprises in the KwaZulu-Natal province. The use of case studies enabled the researcher to examine genuine situations inside their VUCA (volatile, uncertain, complex, and ambiguous) surroundings, thereby providing a significant reservoir of data that can be analysed from several perspectives and methodologies. According to Glaser and Strauss (2023), using a case study as a research technique is considered appropriate when the aim is to get a thorough, contextualized, and in-depth comprehension of a specific topic within a real-world setting. This tool enables the analysis of the core characteristics, interpretations, and outcomes of the case. Case studies are often regarded as a favourable choice when determining research approaches for a thesis or dissertation (Miles & Huberman, 2022). Moreover, the use of case studies enables the examination of contextual factors and the evaluation of several dimensions that might potentially influence the outcomes of a certain case.

### **3.6. The Research Design and Methods**

The research design functions as a structural framework that imparts coherence to the study and enables the exploration of research inquiries in a way that is appropriate, efficient, and influential (Saunders et al., 2019). The research design is the manner in which a study is carried out to investigate a problem, in order to reach a particular conclusion and/or determine new concepts (Sekaran and Bougie, 2016). Research designs may also be classified according to their intended purpose. There are several prominent approaches for research design. Research design can be broken down into descriptive, exploratory, and explanatory, casual-comparative and correlational research designs (Miles & Huberman, 2022). Exploratory research is a research approach used to investigate a subject of study that is characterized by a lack of precise description or thorough comprehension (Glaser & Strauss, 2023). A preliminary inquiry provides researchers with a deeper understanding of a research subject and its contextual background before embarking on further research activities. Exploratory research studies are a kind of inquiry that seeks to examine and acquire an initial comprehension of a certain subject or phenomena (Miles & Huberman, 2022). The present phase represents an initial stage in the process of obtaining a more accurate and thorough comprehension of the subject matter under consideration. The study used an exploratory research approach to investigate the

ways in which leadership in SMMEs can effectively navigate the VUCA environment. This specific study employs interpretive research methodology, which is used to investigate questions related to the "what", "where", and "how" aspects. The exploratory research design is distinguished by its intrinsic absence of structure, hence affording it a considerable level of adaptability (Sekaran & Bougie, 2019).

### **3.7 Limitations**

A study's limitations are its defects or weaknesses (Fouché et al., 2021). Due to constraints on research design, methodology, resources, study limitations can exist, and these factors may influence the conclusions of your study. The study will be qualitative in nature as such only a few samples of SMMEs will be sampled. This may affect the outcome of the results as only small sample will be used. The inability to detect meaningful patterns in the data because of a lack of statistical power results from using too small a sample.

### **3.8 Target Population**

Probability sampling method was adopted to categories possible participants to interview without using a sample frame because a wide-ranging list of all contributors of the total population is not available (Saunders & Lewis, 2012). For the purposes of this study a purposive sampling method was employed as it is a regularly used form of non-probability sampling to collect qualitative data. The target population refers to the specific population from whom the sample will be selected (Glaser & Strauss, 2023). A population can be outlined as a whole group of attention, where a unit is a single member of the population that the researcher wishes to investigate and make inferences about (Sekaran and Bougie, 2010). The population of interest in this study consists of SMMEs in eThekweni municipality that are registered with the Durban Chamber of Commerce. A non- person eligible to engage in the doctorate project or dissertation-in-practice are those who fulfil the necessary traits, as defined by the inclusion criteria. The study used an exploratory research approach to investigate the ways in which leadership in small, medium, and micro enterprises can effectively navigate the volatile, uncertain, complex, and ambiguous environment. This specific study employs interpretive research methodology, which is used to investigate questions related to the "what", "where", and "how" aspects. The exploratory research design is distinguished by its intrinsic absence of structure, hence affording it a considerable level of adaptability (Fouché et al., 2021). The population that was accessible to us to better understand how

leadership of small, medium, and micro enterprises affect the volatility, uncertainty, complexity and ambiguity environment, under study, was made up of 10 SMMEs. This decision was also made in light of the variables in the financial performance of SMMEs (revenue, rate of expansion, profit, market share, etc.) as well as the slight but significant increase in the employment indicator. On the other hand, notwithstanding the differences in their workforce size and composition, the profile of the managers interviewed were also considered.

Ten face-to-face interviews were conducted over a period of five weeks. Saunders and Lewis (2012) suggested that the researcher establishes the number of interviews required inductively, and then conducts interviews until data saturation is reached. The researcher selected consistent classes of participants across the SMME sector in the sample to maintain uniformity thus improving the validity of the research areas. Data saturation was reached.

**Table: 3-8 Sample description of participants**

| <b>Number of Participants</b> | <b>Role / Qualification</b>                         | <b>Years of experience</b> |
|-------------------------------|-----------------------------------------------------|----------------------------|
| Participant 1                 | Manager / Director / MBA                            | 5.5                        |
| Participant 2                 | Manager / Director / BTECH: Construction Management | 5                          |
| Participant 3                 | Manager / Director / MBA                            | 5                          |
| Participant 4                 | Senior Manager / ND Civil Engineering               | 10.5                       |
| Participant 5                 | Manager / Director / BTECH: Architecture            | 10                         |
| Participant 6                 | Manager / Director / MBA                            | 10                         |
| Participant 7                 | Manager / Director / ND: Electrical                 | 10                         |
| Participant 8                 | Manager / Director / BTECH Mechatronics             | 21                         |
| Participant 9                 | Manager / Director / ND: Operations Management      | 16                         |
| Participant 10                | Manager / Director / MBA                            | 13                         |

Source: Adapted by researcher

### **3.9 Sampling Strategy**

The sampling strategy refers to the systematic approach used to choose a representative sample from a broader population for the purpose of conducting

research (Miles & Huberman, 2022). A range of sampling methodologies exists, including non-probability as well as probability sampling techniques. Creswell (2017) posits that probability sampling entails the random selection of a sample, so assuring that every member of the number of people has an equal opportunity to be chosen. Qualitative researchers usually make sampling choices that enable them to deepen their understanding of whatever phenomenon it is that they are studying. The study implemented a convenience and purposeful non-probability sampling strategies in the recruitment of participants (Etikan, Musa and Alkassim, 2016). This is a sampling technique that qualitative researchers use to recruit participants who are easily accessible to participate in the study, with purposeful and convenient elements pertaining to inclusivity in the study participation. This methodology ensures that the sample is devoid of bias and accurately reflects the characteristics of the broader community. In contrast, non-probability sampling does not need the use of selection at random and is often employed in situations when the size or accessibility of the population is uncertain or unattainable (Fouché et al., 2021). Probability sampling is typically considered to be more representative of the population compared to this approach. Sample Size According to Marshall and Rossman (2016), a sample size refers to the number of observations or participants in a study that are being investigated. The sample size is crucial in research as it determines the accuracy of any conclusions made about the broader population from which the sample was drawn. For this research, a sample size of 10 SMMEs was chosen conveniently.

### **3.10. Data Collection Method**

As stated by Creswell (2017), a data collecting instrument pertains to the many techniques used by a researcher to elicit information from participants. This study employs questionnaires, surveys, as well as interviews. Questionnaires and surveys are predominantly used in quantitative research. Nevertheless, the study used interviews as the primary method for data collecting. According to Tavakol and Sanders (2020), interviews are often conducted via direct interpersonal interactions, when individuals engage in face-to-face dialogues to exchange and communicate ideas. The optimal approach for data collection in this research is the use of semi-structured interviews, facilitated by an interview guide. Interviews play a crucial role in the research methodology as they provide researchers with a valuable avenue to collect comprehensive data from participants on their lived experiences, beliefs, attitudes, and perceptions (Patton, 2020). An interview may be described as a

structured interaction or conversation that occurs between a job applicant and a potential employer. The selection process has been designed with the explicit purpose of aiding employers in understanding an individual's skill set, doing a comprehensive evaluation of their character and personality traits, and assessing their competence in a certain subject matter. Saunders et al. (2019) identified three distinct categories of interviews namely structured, unstructured and semi-structured interviews. For this study, a semi structured interview was used. Semi structured in-depth interviews are a prevalent method used in qualitative research, particularly in the field of health services research, serving as the primary source of qualitative data. Semi-structured interviews include components from both structured and unstructured methodologies (Glaser & Strauss, 2023). The interviewer has a series of pre-set questions, whereas is also flexibility for extra, unscripted inquiries to explore themes in greater detail. The primary emphasis is on maintaining a conversational as well as adaptable style, while still assuring comprehensive coverage of essential subjects (Miles & Huberman, 2022). Semi-structured interviews provide a middle ground by combining the rigidity of standardized questions with the adaptability of unstructured discussion. The conventional approach involves a researcher engaging in a discourse with a participant, using a flexible interview technique and including additional follow-up questions, probes, and remarks. This methodology enables researchers to gather qualitative data in an open-ended format, facilitating an in-depth exploration of participants' ideas, emotions, and opinions pertaining to a certain subject matter, including potentially sensitive and personal topics.

### **3.11. Pilot Study**

A pilot study is a preliminary, small-scale study conducted to evaluate the feasibility and effectiveness of a larger study (Glaser & Strauss, 2023). It is designed to identify potential problems and limitations that may occur during the main research project. The objectives of a pilot study include testing the reliability and validity of measurement tools, assessing the feasibility of the study's procedures, determining the appropriate sample size, and designing the study's statistical analysis plan (Hussey & Hussey, 2017). Two participants from our intended audience were chosen conveniently for the pilot study. They were not included in the primary study. The interview questions for this study were developed with the help of participant feedback. No changes were made to the final interview guide as the pilot study results showed the feasibility of the research.

### **3.12. Administration of interviews**

The study used face-to-face interviews as a means to foster a personal connection between the interviewer and the interviewee. The participants were provided with interview guidelines. This methodology demonstrates significant benefits when analysing sensitive topics or scenarios where nonverbal cues and physical gestures are essential in understanding participants' responses. Moreover, it expedites the timely elucidation of enquiries, cultivates a sense of connection, and instils a sense of assurance. The interviewer issued interview guides to each participant, and these guides were afterwards retrieved from the participants after duration of 30 minutes. The participants were addressed at designated periods of rest and meal breaks. The researcher used a methodology including in-person interviews, enabling the observation of participants' facial expressions in relation to the difficulties confronting the organisation.

### **3.13. Data Analysis**

The process of data analysis involves the examination of data in order to extract significant insights and develop conclusions from it (Patton, 2020). The identification of developing trends, patterns, and correlations is a crucial component of the research study process, as it enables the researcher to make educated judgments based on the gathered information. The use of statistical analysis is a crucial component in achieving effective data analysis (Kothari, 2020). The study used thematic analysis as a methodological approach. Thematic analysis is a research approach often used in the social and behavioural sciences. It entails the identification, analysis, and reporting of themes, patterns, and categories that arise from the data being examined (Creswell, 2017). The qualitative technique enables researchers to investigate and comprehend the significance and influence of a phenomena or idea via the lens of participants' experiences and perceptions. The following procedures shall be adhered to (Hussey & Hussey, 2017).

- 1) *Data Familiarization* - Engaging in a thorough examination of the data via repeated readings of interview transcripts, notes, or other qualitative data that have been gathered. Engaging in this activity facilitates the development of familiarity with both the subject matter and its surrounding circumstances.

2) *The first coding process* involves the generation of codes that encapsulate distinct concepts, ideas, or words within the data pertaining to issues in procurement management. Codes refer to concise designations that encapsulate the fundamental aspects of the given material.

3) *Implementation of Code*: Utilize the original codes to apply them to the appropriate areas of the data. The process may be executed either by human means, such as utilizing paper or digital tools, or by using qualitative analysis software.

4) *Code Comparison and Grouping*: The codes will be thoroughly examined and organised into prospective thematic groups based on their commonalities. The researcher should do an analysis to identify reoccurring patterns, themes, or concerns that are consistently cited across several interviews or data sources.

5) *The process of theme development* involves the refinement and further development of themes via the grouping of similar codes. It is essential that each theme has a cohesive pattern or notion that arises from the collected data.

In this section, we will discuss the process of defining and naming themes. Please provide a concise definition for each subject. This exercise facilitates the expression of the content and essence of each subject. Select names that effectively encapsulate the core concept or motif.

### **3.14. Trustworthiness**

There are four discrete categories of validity, and it is advisable for the researcher to establish each of these categories for the research instrument prior to its use in the actual study. Trust is assessed in this qualitative study via the examination of the following attributes.

#### **3.14.1. Credibility**

The establishment of credibility is of utmost importance in the field of research, as it plays a crucial role in maintaining the trust and confidence of both other researchers and the wider public (Saunders et al., 2019). It is crucial that all research endeavours adhere to the utmost standards of ethical behaviour, including principles of openness, accuracy, respect honesty. Both people and organisations have a responsibility to emphasize the maintenance of research quality by adhering to

rigorous norms. The study effectively delineated its research aims and hypotheses, while also ensuring the reliability and validity of its investigation procedures.

### **3.14.2. Transferability**

The extent to which the findings of qualitative research may be applied to other contexts or situations with different participants. The researcher aids in the assessment of transferability by a prospective user by the provision of detailed and comprehensive descriptions (Saunders et al., 2019). To establish the transferability of findings in qualitative research, researchers use the technique of thick description. This entails providing comprehensive information on the research site, individuals, and the techniques or processes employed to gather data over the course of the study.

### **3.14.3. Reliability**

Creswell (2017) defined reliability as the consistency and stability of the data obtained. When an investigation delivers consistent findings when repeated, it is considered to be trustworthy. Trustworthy research ensures that the measured variables are constant and are not influenced by random error in measurement as well as systematic factors that might cause differences in the findings over time (Eisenhardt, 2019). For example, if the same survey is presented to the same set of participants at various times in time, the findings should be extremely consistent if the survey is credible.

### **3.14.4 Consistency**

The maintenance of consistency in the results of a study is of utmost importance in order to maintain the validity and reliability of the research (Hussey & Hussey, 2017). The adherence to a basic concept in scientific study is of paramount significance, as it serves to guarantee the legitimacy of the outcomes acquired. A consistent study is characterized by the replication of same outcomes upon doing the research on several occasions. This indicates that the research has a high degree of reliability, and the conclusions drawn from it may be considered accurate. The research was checked with existing literature in order to maintain consistency.

### **3.15 Limitations of the study**

The presence of constraints in research investigations might have implications for the reliability and accuracy of the results (Tavakol & Sanders, 2020). A notable constraint of this research pertained to the size of the sample. The use of a limited sample size has the potential to provide partial outcomes and broad assertions, so compromising the credibility and reliability of the study outcomes. One further constraint of research investigations is to the presence of sample bias. The concept of sample bias pertains to the deliberate or unintentional non-random choosing participants that constitute the sample population in a research study (Saunders et al., 2019). Sample bias occurs when the sample is not fully representative, leading to findings that lack generalizability to the broader population. Delimitations pertain to deliberate constraints imposed by the person conducting the study on the study's design, as outlined by Creswell (2017). The present study included delimitations that introduced restrictions on the extent to which the results may be generalized. The scope of this study was restricted to a sample of 10 small, medium, and micro enterprises located in the KwaZulu-Natal province.

### **3.16 Elimination of Bias**

Bias is defined as a systematic tendency or deviation from truthfulness that may occur at any stage of the data collection, analysis, interpretation, and dissemination process. This can result in inaccurate conclusions being drawn. Creswell (2017) asserts that in order to maintain the ongoing legitimacy of academic research, it is essential to conduct studies that are devoid of prejudice and inaccuracies. The researcher refrained from making any presumptions about the genders of the participants by abstaining from the use of terminology that is gender-specific. The selection of basic terms was conducted with the purpose of circumventing the use of language that reinforces biased attitudes and beliefs.

### **3.17 Ethical Considerations**

According to Sekaran and Bougie (2019), ethics may be seen as a set of established principles that guide individuals in discerning between morally acceptable and unacceptable behaviour. Based on the discovered results, the researcher intends to include the following ethical issues into the ongoing study:

#### **3.17.1. Informed consent**

The acquisition of informed consent has significant importance within the realm of research studies, as it serves to protect the rights of participants by guaranteeing that they possess comprehensive knowledge about the study's objectives, methodologies, possible hazards and advantages, as well as their entitlement to withdraw from participation at any given point (Eisenhardt, 2019). The concept of informed consent encompasses the responsibility of guaranteeing that participants possess knowledge about their entitlements and the preservation of their medical data and personal identification. The researcher presented a thorough account of the study, including the process of obtaining permission and the goal of data collection. This was done to enable participants to make informed choices and be aware of their right to reject participation, while also understanding the potential advantages of taking part. The participants were provided with a Consent form to complete, indicating their agreement to participate in the study (Sekaran & Bougie, 2019). The following was included as an annex in the appendices section.

### **3.17.2. Ensuring No harm comes to the participant**

It is incumbent upon researchers to conduct themselves in a manner that mitigates any possible adverse consequences on the participants participating in their investigation. The achievement of a successful event is contingent upon the simultaneous consideration of both physical and mental well-being (Hussey & Hussey, 2017). In this survey, no participants will be subjected to insults or coerced into responding to questions. The study guide will be developed using language that is devoid of any emotional impact on the participants.

### **3.17.3. Confidentiality and anonymity**

The fundamental essence of research is in the process of collecting data, doing analysis, and afterwards presenting the findings (Hussey & Hussey, 2017). Participants' personally identifiable information will not be collected or used in any manner that might potentially lead to their identification. This measure guarantees the protection of privacy while also enabling the use of judgment. Moreover, in alignment with the code of ethics outlined by the Protection of Personal Information Act (POPIA), it is imperative that the collection, storage, and sharing of individuals' personal data refrain from taking place without their express agreement.

#### **3.17.4. Ensuring Permission**

In order to start their investigations, researchers are required to get authorisation from the appropriate authorities. The initiation of the study necessitates obtaining prior consent from small, medium, and micro enterprises located in the KwaZulu-Natal province. In order to conduct this study, ethical clearance was sought from SMMEs located in the KwaZulu-Natal province.

#### **3.18. Conclusion**

The current chapter elucidated the research approach used in the present investigation. The chosen research approach is qualitative in nature. The qualitative research approach, while acknowledging its inherent subjectivity, explores and provides deeper insights into real-world phenomena. In contrast to qualitative investigation, quantitative investigation does not include the gathering of numerical data points or the application of treatments or therapies. In this particular instance, conducting interviews with participants in a real-world setting facilitated the researcher's comprehension of the procurement issues that are currently being encountered. Moreover, the study was carried out in a way consistent with ethical guidelines. The subsequent chapter will provide the research results derived from this investigation.

## CHAPTER FOUR: RESULTS AND DISCUSSION

### 4.1. Introduction

The results of the primary research exploring how the leadership of the Small, medium and micro enterprises navigate the VUCA environment in KZN are outlined below. The research employed semi-structured interviews to collect data from the participants. This data has been summarised and presented in tables and figures which follow a thematic organisation that is based on the research questions and objectives of the study.

### 4.2. SMMEs' Demographic Information

This section presents the study's findings regarding the backgrounds of the 10 SMMEs. Ten small and medium-sized enterprises located in KZN province were purposively sampled. The demographic information on the industry, years of operation and size of the SMMEs is provided below.

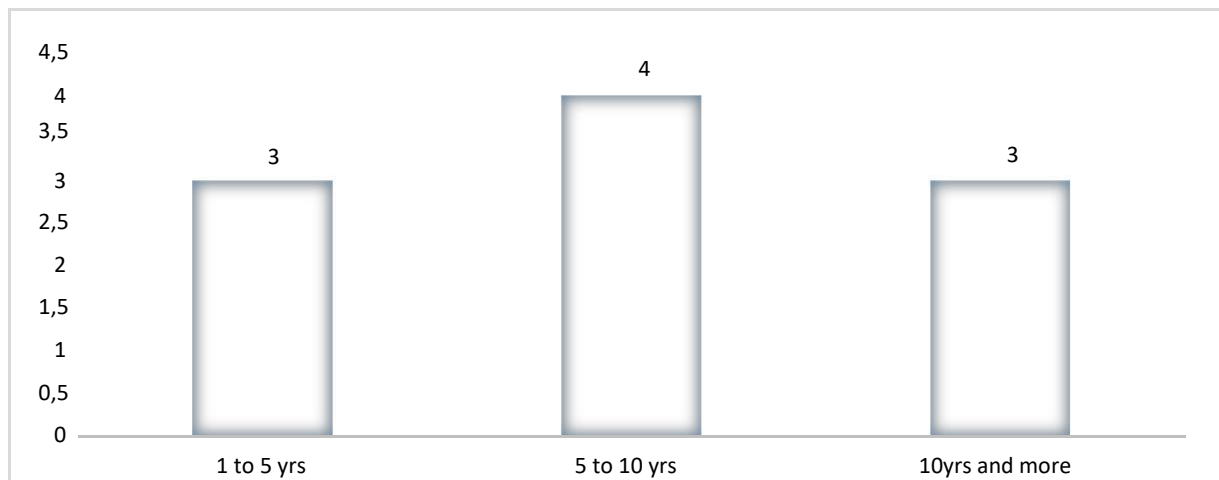
#### 4.2.1 Sector of operation

The data in Table 4.1 below indicates that the construction sector had the highest level of participation, with 60% of participants operating in this field. This might suggest a higher level of interest or engagement from SMMEs in the construction industry in comparison to the other sectors. The applied thermodynamics sector had the lowest participation rate, with only one participant, which could indicate a lower level of interest, awareness, or relevance of the survey within this particular field. The manufacturing sector falls in between the two others, with three participants, indicating a moderate level of participation.

**Table 4.1:** The distribution of SMMEs by sector of operation

| Operation Sector       | Number Of Participants | Percentage  |
|------------------------|------------------------|-------------|
| Construction           | 6                      | 60%         |
| Applied thermodynamics | 1                      | 10%         |
| Manufacturing          | 3                      | 30%         |
|                        | <b>Total</b>           | <b>100%</b> |

### 4.2.2 Years of Experience

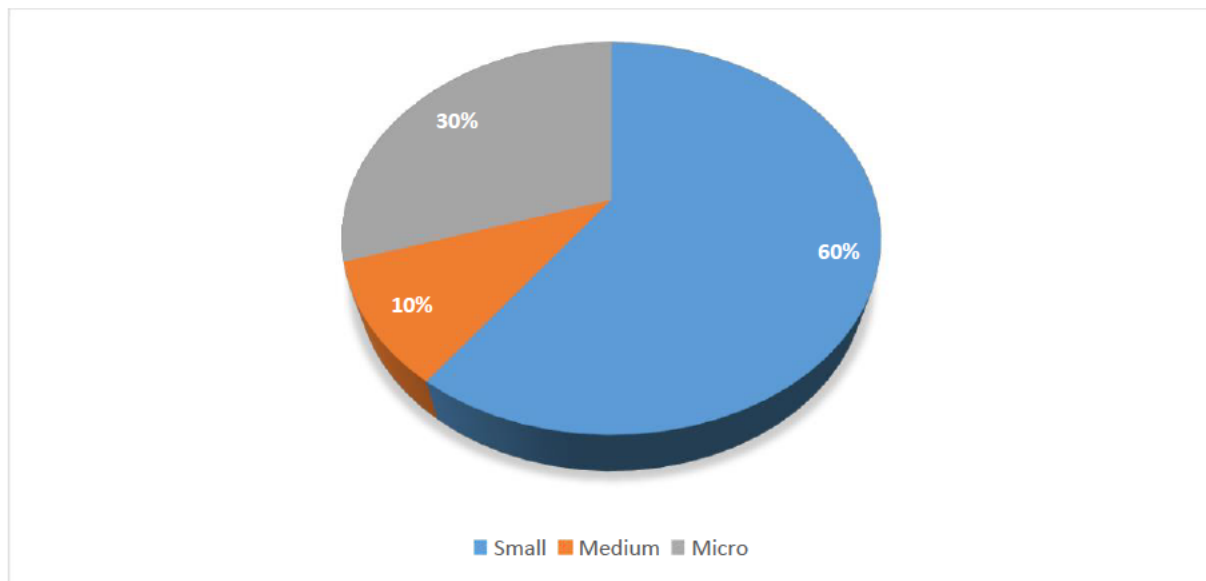


**Figure 4.1: SMMEs Years of Experience**

There are three participants (30%) who have one to five years of experience as SMMEs. This indicates that there is a relatively small proportion of participants who are new to the industry. Secondly, there are four participants (40%) who have five to 10 years of experience. This suggests that a significant portion of the participants have gained more experience and likely have a deeper understanding of the SMME dynamics. There are also three participants (30%) who have 10 or more years of experience. This group represents highly experienced professionals who have been in the industry for a long time and are likely to have a comprehensive understanding of the dynamics and challenges of SMMEs.

The data above suggests that there is a fairly even distribution of experience levels among the participants. There is participation from both recently established individuals and more seasoned experts. The presence of participants with 10 or more years of experience implies the existence of individuals possessing extensive institutional knowledge as SMMEs. This collective has the potential to offer valuable insights and perspectives on the industry. The participants who have accumulated five to 10 years of experience constitute the most prominent cohort, suggesting a substantial portion of individuals who have spent a considerable amount of time in the industry and have acquired significant knowledge and expertise.

### 4.2.3 SMMEs Size



**Figure 4.2: Distribution of SMMEs by size**

Figure 4.2 above illustrates the distribution of small, medium, and micro enterprises by size across the different sectors. Small enterprises dominate the SMME industry with a 60% proportion while medium enterprises only account for 10% of the industry. Micro enterprises comprise a notable proportion at 30%. From the sample selected, the Thermodynamics sector is dominated by small enterprises, as the study found no representation of the sector within medium and micro enterprises. This shows that the Applied Thermodynamics sector is dominated by small businesses. Small enterprises typically employ within the range of 11 to 50 employees. The findings also indicate a potential lack of diversity in business sizes in this sector.

On the other hand, the findings do show that the construction sector is well represented across the small, medium and micro-enterprise categories. A micro-enterprise employs zero to 10 people, while medium enterprises employ 51-250 employees. Interestingly, the manufacturing sector is heavily skewed towards the category of small enterprises.

### 4.3 Data Analysis and Interpretation of Findings

The data is organised into topics and subthemes that correspond to the study's objectives and goals. The following figure shows the themes that emerged in the study.

## Themes

|                                                              |
|--------------------------------------------------------------|
| SMME leadership                                              |
| Continuous learning and adaptation                           |
| Access to capital and financial resources                    |
| Leadership challenges                                        |
| Resource constraints                                         |
| Continuity of responses to changes                           |
| Financial vulnerability and operational challenges           |
| Measurement of organisational agility                        |
| Strategies for thriving in a VUCA environment                |
| Building an adaptable and diverse team through collaboration |
| Technological adoption for VUCA adaptation                   |
|                                                              |

**Figure: 4.3 Themes**

### **4.3.1 The development of agility and adaptability by SMME leadership required in a VUCA environment.**

The first objective was to explore how SMME leadership can develop the agility and adaptability required to lead in a VUCA environment. A discernible theme surfaced from participant responses. Under this objective, three sub-questions were asked of the participants. The first question posed to the participants was what their understanding of SMME leadership was. Several responses were given with the below theme emerging.

#### **4.3.1.1. Theme 1: Roles and qualities of SMME leadership**

The theme that emerged from the responses given by the participants is that a combination of skills and qualities, including entrepreneurial abilities are necessary to lead and manage an organisation well. Below is the exact transcription of the participants' responses to the question.

**Participant 1:** *“SMME leadership consists of vast responsibilities that provide the organisation direction and vision. It can consist of owners, directors and*

*senior management. It is my view that SMME leaders should possess some entrepreneurial qualities.”*

**Participant 3:** *“Making business decisions, finding new customers and retaining current customers and training and development of workforce.”*

**Participant 5:** *“SMME leaders should be persuading, inspiring, and assigning tasks to others. Identifying client needs, technical or market opportunities, and seizing opportunities are all aspects of entrepreneurship. Technical expertise, which includes the ability to create solutions that are better technically.”*

An analysis of the statements above shows that SMME leadership necessitates a combination of skills and qualities, including entrepreneurial abilities, to effectively lead and manage a growing organisation. The findings from participant one and three do not align with the views of Abdelkafi and Täuscher (2015) who assert that leadership is a fundamental element or approach that serves to inspire and guide collectives of individuals towards the attainment of a shared goal. Their argument is more aligned with the views of Participant five who provides a more nuanced view, portraying SMME leadership as a role that also involves motivating and inspiring team members.

Leitch and Volery (2017) highlight the need for SMME leaders to take account for the cognitive, interpersonal, and social intricacies of leadership within small, medium, and micro enterprises, as well as the imperative to comprehend the underlying processes that elucidate outcomes. Overall, the participants' responses collectively convey that leadership in SMMEs encompasses a diverse set of responsibilities, including strategic direction-setting, decision-making, customer relations, and workforce development. Additionally, the responses highlight the entrepreneurial spirit and technical proficiency as valuable qualities for SMME leaders. This theme emphasizes the multifaceted nature of leadership in the context of small and medium-sized enterprises. According to Mhlongo (2021), the four primary techniques for entrepreneurial leadership success are awareness via vision, significance through communication, trust through placement, and confidence through respect.

#### **4.3.1.2. Theme 2: Continuous Learning and Adaptation**

Participants were further asked how SMME leadership can develop the agility and adaptability required to lead in a VUCA environment. Several responses were given by the ten participants. However, only four favourable responses were chosen for

this study. The major theme that emerged from the provided answers is the emphasis on continuous learning, adaptation, and proactive response to challenges in a VUCA environment. Each participant highlighted different aspects of how SMME leadership can foster agility and adaptability. The verbatim comments are quoted below.

**Participant 2:** *“By boosting their capacity for situational awareness and adaptation in challenging circumstances with frequent changes.”*

**Participant 4:** *“Through continuous exposure to relevant projects, consistency, continuity of similar projects so that learning curve can assist in overall growth of the enterprise.”*

**Participant 7:** *“I think by managing to predict the future events and reacting swiftly to resolve issues pertaining business.”*

**Participant 9:** *“Continuous training employees on technology and creating an environment where skills and responsibilities can be shared effectively.”*

The common thread in all responses is the recognition that in a VUCA environment, SMME leadership must be proactive and forward-looking. The analysis points to the theme of adaptability which emphasizes a dynamic process that requires ongoing effort and engagement from leaders. According to the literature review findings, adaptability includes the leadership's ability to consistently evaluate their activities, acknowledge the necessity of ongoing iteration and adapt interventions in light of the evolving understanding of decision consequences (Zhang et al., 2021).

An adaptable leader may be characterized as an individual who has the ability to modify their behaviour in accordance with alterations in a given environment. They should prioritize continuous learning, whether through exposure to projects, training, or the ability to predict and respond to future events. Individuals who possess adaptability have a remarkable ability to remain resilient in the face of unexpected circumstances and setbacks. Rather than being deterred by failure, they see it as a valuable chance for personal growth and learning (Morrish & Jones, 2020). It also underscores the importance of creating an organisational culture that values learning and quick response to changes in the business landscape.

#### **4.3.1.3. Theme 3: Access to Capital and Financial Resources:**

Participants were also asked what challenges face SMME leadership in developing agility and adaptability. The major theme that emerged is access to capital and financial resources so that they can be able to build technological and innovative capabilities. The following statements accentuate the theme that emerged.

**Participant 3:** *“Some of the biggest issues facing small enterprises in South Africa are access to capital, regulatory compliance, limited market access, a lack of skilled labour, and infrastructure limitations.”*

**Participant 7:** *“Capital is the major challenge facing small businesses among other challenges such as instability in politics, late payments from government departments, training of employees and outdated technology also impacts us.”*

**Participant 10:** *“Late payment from customers (Public and Private) and ongoing budget cuts from the Department of Defence affect us so much. At the end of the day, we have no financial resources.”*

From the analysis of the above statements, the major theme that emerges from the responses of the participants is the significant challenge of access to capital and financial resources by SMME leaders in their efforts to develop agility and adaptability. According to the statements, SMMEs face difficulties in securing the necessary financial resources to support their operations and growth. This has also culminated in budget cuts. Zimmermann (2016) highlights several challenges, such as a lack of commitment to acquire the new technologies, lack of technical and networking skills, and insufficient capital, which have hampered the ability of small, medium and micro enterprises to keep up with the development in the global technological business environment.

Norcini et al. (2018), established that smaller enterprises often possess less financial resources, smaller customer bases, and a reduced ability to effectively handle the demands of the business environment in comparison to bigger corporations. However, further analysis of the statements also shows significant challenges which encompass various aspects of the business environment. The political instability is a significant challenge as the one witnessed in KZN where businesses were looted. This implies that uncertain political conditions can create difficulties for SMMEs in terms of planning and decision-making. Overall, the responses highlight a range of

challenges that SMME leadership encounters in their efforts to cultivate agility and adaptability. These challenges encompass financial, regulatory, market-related, political, and workforce-related aspects, among others. Addressing these obstacles is crucial for SMMEs to thrive in a dynamic business environment.

#### **4.3. The challenges of leadership related to SMMEs in a VUCA environment**

##### **4.4.1. Theme 4: Leadership Challenges in VUCA Environments for SMMEs**

###### **Sub-theme: Implications**

The third objective was to ascertain the challenges that the SMME leadership encounters in a VUCA environment. Participants were asked what specific challenges are faced by SMME leaders when operating in a VUCA environment. They were further asked how these challenges differ from those experienced in more stable business environments. The main theme that emerged from the responses shows that numerous challenges exist. The below statements were made by the participants and demonstrate the implications of such challenges.

**Participant 1:** *"Managing an SMME in a VUCA environment is like walking a tightrope with limited resources. The constant struggle to secure funding, make strategic decisions, and stay afloat in the face of market uncertainties is incredibly challenging."*

**Participant 4:** *"In a VUCA world, leaders of SMMEs need to be quick on their feet. The pressure to adapt rapidly, make decisions on the fly, and analyse risks in real time is immense. It's a constant juggling act to ensure our business not only survives but thrives in this unpredictable landscape."*

**Participant 6:** *"Attracting and retaining talent in the face of larger competitors is a real hurdle. SMMEs operate in an environment where the war for skilled employees is fierce. Leaders must be innovative in building a compelling employer brand, fostering a positive work culture, and offering growth opportunities to keep our team motivated and committed."*

An analysis of the statements above culminated into the main theme which encapsulates the overarching challenges of leading SMMEs in VUCA environments. The subthemes delve into the specific aspects and implications of these challenges. Each subtheme represents a distinct facet of the complex landscape of challenges

SMME leaders navigate, offering insights into the multifaceted nature of business leadership in this environment. The findings above also demonstrate that SMME leaders need to embrace innovation, leverage emerging technologies, and adapt their business models to remain competitive, despite limited resources and expertise posing challenges in adopting and integrating new technologies effectively.

#### **4.4.2 Theme 5: Resource allocation and constraints**

Resource allocation and constraints also emerged as one of the challenges that organisations are facing. The below statements were shared by participants.

**Participant 4:** *"One unique leadership challenge for SMMEs in a VUCA environment is the difficulty in allocating limited resources effectively. With resource constraints, leaders must make tough decisions when it comes to budgeting, hiring, and investing in technology or infrastructure."*

**Participant 7:** *"In a VUCA environment, SMME leaders face the challenge of balancing short-term survival with long-term strategic planning. The volatility and uncertainty in the market require leaders to make quick decisions to address immediate threats while also considering the long-term sustainability of the organisation."*

**Participant 10:** *"The unpredictable nature of the market can lead to frequent changes in customer preferences, market dynamics, and competitive landscape. Decision-making becomes challenging as leaders need to gather and analyse information from various sources to make informed choices."*

The findings above show that limited resources pose a unique leadership challenge for SMMEs in volatile, uncertain, complex, and ambiguous environments. The difficulty lies in effectively allocating resources, requiring leaders to make tough decisions regarding budgeting, hiring, and technology or infrastructure investments. The unpredictable nature of the market in a VUCA environment leads to frequent changes in customer preferences, market dynamics, and the competitive landscape. This volatility makes decision-making challenging as leaders must gather and analyse information from various sources to make informed choices.

Overall, the theme highlights the multifaceted challenges that SMME leaders face in navigating VUCA environments, encompassing resource constraints, the delicate balance between short- and long-term priorities, and the need for adaptability in the face of unpredictable market dynamics. SMMEs often face resource limitations and financial constraints, which are exacerbated in a VUCA environment (Ahmad & Zakaria, 2017). Leaders must navigate the challenges of managing scarce resources, securing funding, and making strategic investment decisions amidst uncertainty and market volatility.

#### **4.5. The Link between Leadership Agility and the VUCA environment**

The second objective was to determine the link between leadership agility and the VUCA environment. The major theme that emerges which links leadership agility and the VUCA environment was identified as the continuity of response to changes.

##### **4.5.1 Theme 6: Continuity of response to changes**

The following statements were made by the participants as follows.

**Participant 1 noted:** *“Consistency encourages the ability for the organisation to gain confidence to adapt and grow thus not be scared to take risks and exploring different ways and means to improve and increase knowledge or production.”*

**Participant 3 revealed:** *“Continuity of response to the changing environment will involve the ability to handle complexity and performance in addressing problems.”*

**Participant 5 mentioned:** *“In my view there is a direct link based on the fact that SMMEs are small in nature which causes a huge impact when there are obstacles, it takes a long to run a smooth production line.”*

The major theme from the participants' responses is that organisational agility in a VUCA environment is crucial for the ability to adapt, grow, and respond effectively to challenges and changes. The notion of VUCA has evolved beyond a theoretical framework and has now become a transformative paradigm shift (Kothari, 2020). This novel viewpoint recognizes that achieving success is contingent upon the ability to adapt and respond quickly, rather than relying only on precise forecasts. Even participant 3: Identifies key elements of organisational agility, including continuity of

response, the capacity to handle complexity, performance in problem-solving, and the acceleration of learning. These factors collectively contribute to an organisation's agility in a VUCA environment.

Dynamics capability refers to the capacity to exhibit rapid movement, characterized by speed, agility, and reactivity (Zhang et al., 2021). Agility necessitates stability, which is predicated upon a steadfast and unchanging base. This foundation may be likened to a platform, serving as a basis for the many elements that comprise agility. Overall, the participants collectively underscore the significance of organisational agility in navigating a VUCA environment. They emphasize the need for consistent responses, the ability to handle complexity, collaborative efforts, and a proactive approach to learning and problem-solving. Additionally, the context of SMMEs brings attention to the specific challenges and importance of agility for smaller enterprises.

#### **4.5.2 Theme 7: Financial Vulnerability and Operational Challenge**

The other challenge that emerged as a theme financial vulnerability and operational challenge. This theme was deduced from the data provided by the participants in answer to the following question: "How was the COVID-19 impact on SMMEs in SA? The following statements were made by the participants.

**Participant 2:** *"Obviously the imposed lockdowns meant we had no income. Most of our businesses provide hand to mouth income."*

**Participant 6:** *"The Covid-19 lockdown had a direct effect on our businesses; we lost revenue and had no remaining capital to purchase goods, as we had exhausted all available funds. Here, it was necessary to lay off employees."*

**Participant 8:** *"The impact of the COVID -19 on to our operation, tested our agility. Unfortunately, we lack the financial strength to cope with lock downs as most of our business do not have reserve capital. This has resulted in reduced income."*

The major theme that emerges from the responses is the significant financial vulnerability faced by SMMEs in South Africa due to the COVID-19 pandemic. This vulnerability is exacerbated by the imposed lockdowns, which resulted in a severe loss of income for these businesses. Participant 2 highlights that the lockdowns led

to a complete halt in income generation for their business. The phrase "hand to mouth income" underscores the precarious financial situation faced by many SMMEs, where they rely on immediate revenue to sustain their operations. Participant 6 echoes this sentiment, emphasizing that the lockdowns not only caused a loss of revenue but also depleted any remaining capital.

The findings above are in agreement to what the Department of Small Business Development (2019) who assert that Small and Medium Enterprises (SMEs) encounter notable obstacles due to their inherent characteristics, including their small size, limited financial resources and limited availability of credit, restricted entry into external markets, and limited access to essential infrastructure such as physical space and electricity. Therefore, the findings collectively depict a dire situation for SMMEs in South Africa during the COVID-19 pandemic. The imposed lockdowns, intended to curb the spread of the virus, had a profound impact on these businesses. The loss of income and depletion of capital left them financially vulnerable and struggling to sustain their operations (Mhlanga, 2021). Additionally, the lack of financial reserves and reduced income highlight the challenges faced by SMMEs in adapting to unexpected and prolonged disruptions. This theme underscores the need for targeted support and resources to help these businesses recover and build resilience in the face of future challenges.

#### **4.5.3 Theme 8: Measurement of Organisational Agility**

The predominant theme that arises from the responses pertains to the diverse methodologies and viewpoints concerning the assessment of organisational agility. Every participant contributes a unique perspective:

**Participant 1:** *"I think due to the fact that organisational agility is context-dependent, goal-specific, and industry-specific, there is no single method for measuring it. I think we can resort to feedback from employees, customers, partners, and stakeholders regarding the organisation's strengths and weaknesses can be gathered via interviews and surveys."*

**Participant 3:** *"In the south African construction industry is through specialization that is measure by CIDB and growing the grades."*

**Participant 10:** *“Agility at scale starts with agile leadership and in spreading an agile culture, developing necessary behaviour changes.”*

Analysis of these responses highlights the importance of agile leadership and fostering a culture of agility throughout the organisation. This implies that leadership behaviour and organisational culture play a vital role in determining the level of agility within an organisation. According to the view of OECD (2018), it is human nature to avoid change; that's why it is crucial to implement measures that encourage growth and development. Aligning communication with leadership is essential to ensure that change initiatives are understood, embraced, and successfully implemented across all levels of the organisation. Zhang, Long and von Schaewen (2021) assert the measurement of agility as the capacity of a leader to effectively respond to the challenges posed by a rapidly changing and unpredictable business environment. Participant 3 specifically relates organisational agility to the South African construction industry, where it is measured through specialization as assessed by the Construction Industry Development Board (CIDB) and the growth of grades. This indicates that industry-specific metrics and standards can be used to gauge agility. Overall, these responses underscore the multidimensional nature of organisational agility, and they provide valuable insights into different approaches for measuring it. It is evident that agility is not a one-size-fits-all concept, and its assessment requires consideration of industry-specific factors, leadership behaviour, cultural aspects, and feedback from various stakeholders.

#### **4.6 Recommendations on how SMMEs can navigate the VUCA environment**

The research also required to provide strategies on how SMMEs can navigate the VUCA environment and remain competitive. This was the last objective after discovering the challenges that the SMMEs are facing. Several Recommendations were provided as below. The first question asked participants to recommend specific strategies or tactics can be recommended for SMMEs to adapt and thrive in a VUCA (Volatile, Uncertain, Complex, and Ambiguous) business environment.

##### **4.6.1 Theme 9: Strategies for Thriving in a VUCA Environment**

The major theme emerging from the responses is the need for specific strategies and tactics for SMMEs to not only adapt but also thrive in a VUCA (Volatile, Uncertain, Complex, and Ambiguous) environment. Participants provided various

viewpoints with regards to how SMME s can navigate the VUCA. The key strategies highlighted by the participants are as follows.

**Participant 4:** *“An organisation must comprehend its strengths and capabilities in a VUCA environment in order to capitalise on the environment's rapid change by capitalising on its strengths.” Furthermore, by soliciting input from diverse stakeholders, including customers and employees, leaders can effectively utilise alternative viewpoints.”*

**Participant 7:** *“By utilising the capabilities of modern technologies”*

**Participant 9:** *“In communications, strive for absolute clarity, and encourage teamwork and collaboration. This will encourage individuals to collaborate in order to solve complex problems by providing them with a clear goal. Confront ambiguity with dexterity. Maintain flexibility, even in times of uncertainty.”*

Analysis of the participants view indicate that participant 2 emphasizes the importance of understanding the organisation's strengths and capabilities to make the most of the rapidly changing environment. The views highlight that the organisation has to leverage on technology. Additionally, gathering feedback from various sources, including customers and employees, provides alternative perspectives for informed decision-making. Participant 6 underscores the significance of harnessing the capabilities of modern technologies. This suggests that incorporating advanced tools and technologies can enhance an SMME's ability to navigate the complexities of a VUCA environment. The findings aligns to recommendations made by Teece and Pisano (2014) who argue that leadership agility must have the capacity to predict or react swiftly to external changes, crucial for surviving and competing in today's volatile environment, through the use of technology breakthroughs and digitalisation. Moreover, digital capabilities include the adept use of information and communication technology in a manner that is both creative and important, while also ensuring safety (Bessant & Caffyn, 2017).

The findings also posit that the combination of skill development and technological advancement can position an SMME to effectively tackle volatility and uncertainty. Empirical research demonstrates that the possession of digital skills yields favourable outcomes in terms of digital innovation and organisational performance (Morrish & Jones, 2020). In summary, the strategies mentioned by the participants

encompass leveraging organisational strengths, incorporating modern technologies, investing in training and technology, fostering a culture of clear communication and collaboration, and maintaining adaptability in the face of uncertainty. These strategies collectively provide a comprehensive framework for SMMEs to not only survive but thrive in a VUCA environment.

#### **4.6.2. Themes 10: Building an Adaptable and Diverse Team through Collaboration**

The major theme that emerges from the responses is the emphasis on building an adaptable team through collaboration. Participants 6, 8, and 10 all stress the importance of teamwork in adapting and thriving in a VUCA environment. The following statements were made by the participants.

**Participant 6:** *“To navigate the VUCA environment, there is need to build an adaptable team. Regular and productive collaboration among team members can facilitate mutual adaptation and innovation.”*

**Participant 8:** *“To adapt to the VUCA world, there is need to build a team. The team should have diversified employees. Such diversity of thought will allow your team to collectively explore ideas that may otherwise not have been proposed or considered.”*

**Participant 10:** *“Team members can facilitate one another's adaptation and innovation through consistent and fruitful collaboration. Motivating your team to engage in collaborative efforts fosters an environment conducive to open and honest communication, knowledge exchange, inquiry, and mutual support.”*

The participants emphasise the criticality of assembling a group that possesses the ability to adjust to the difficulties presented by a VUCA setting. This necessitates the possession of adaptability, promptness in decision-making, and the capacity to modify tactics in light of evolving conditions. Participant 8 underscores the significance of diversity in the team in particular. In a VUCA environment, diverse viewpoints and modes of thought are regarded as invaluable assets for navigating the complexities. This implies that diverse perspectives have the potential to foster more holistic approaches to problem-solving and novel resolutions. The notion of

collaboration permeates every response. The importance of productive and consistent collaboration among team members in fostering mutual adaptation and innovation is emphasised by the participants. If the leader in SMMEs is only concerned with the here and now, they cannot possibly lead your team effectively in times of uncertainty (Denning, 2016).

Thus, collaboration and the utilisation of collective strengths are crucial for achieving success in a VUCA environment. Participant 10 emphasises the significance of motivation in cultivating an atmosphere that is favourable for candid and transparent dialogue, the sharing of knowledge, investigation, and reciprocal assistance. Trust is the glue that holds together a group of people with different skill sets and viewpoints so that they can accomplish anything (Ganguly et al., 2019). This implies that fostering a team environment characterised by trust and assistance is fundamental for facilitating productive collaboration and adjustment. In general, the opinion of the attendees is that SMMEs must implement a collaborative approach to construct a versatile and inclusive team in order to not only endure, but prosper in a VUCA setting. This methodology enables the utilisation of collective intelligence and facilitates the navigation of intricate and uncertain circumstances with enhanced efficacy.

#### **4.6.3. Theme 11: Technological Adoption for VUCA Adaptation**

The major theme from the responses is the emphasis on leveraging technology as a key strategy for SMMEs to adapt and thrive in a VUCA environment. Participants 5, 6, and 8 all highlight different aspects of technological adoption. The following sentiments were made by the participants as follows.

**Participant 5:** *“For the purpose of enhancing client service, enterprises can presently leverage the numerous communication channels enabled by technological adoption.”*

**Participant 6:** *“A unique set of competencies and capabilities are required for the digital transformation process. These include but are not limited to computer literacy, information security, automation, cloud computing, agile methodologies, and effective internal and external communication skills.”*

**Participant 8:** *“There is need to adapt to technology to operate in the VUCA. The workflow of virtually any business function, including finance, marketing,*

*operations, and workplace management, can be automated with the aid of technology.”*

Analysis of the findings show that the value of utilising technology can enable communication channels to improve client service. This implies that by utilising technology, customer interactions and satisfaction can be enhanced. Participant 6 stresses the significance of particular capabilities and competencies that are essential for the process of digital transformation. The aforementioned skills comprise effective communication, computer literacy, information security, automation, cloud computing, and agile methodologies. In a VUCA environment, the ability to utilise technology effectively requires these competencies.

In general, the participants support the strategic implementation of technology as a method for effectively managing the obstacles presented by a VUCA setting. This encompasses improving customer service, obtaining critical digital competencies, and automating diverse facets of organisational activities. This aligns with findings of Denning (2016) who assert that to succeed in the modern world, both leaders and businesses require what we call "digital competence," a collection of abilities and perspectives related to digital technologies. A leader's digital capabilities are those that allow them to function successfully in today's information-based culture. In order to provide better service to their clients, businesses can now take advantage of the many channels of communication made possible by technological advancements (Teece & Pisano, 2014). Customized or automated customer communications, data collection for optimizing customer experiences, and always-on digital support are all ways in which businesses can better serve their clientele. Companies value employees with experience in document, presentation, and spread sheet creation as well as email and social media communication (Besant & Caffyn, 2017).

#### **4.7. Discussion**

The findings show that 10% of the businesses involved in the study are classified as medium enterprises, 60% as small, and 30% as micro, according to the data. The composition of small enterprises is preponderant in the Applied Thermodynamics sector, whereas the construction industry exhibits a more equitable distribution among medium, small, and micro enterprises (Ganguly et al., 2019). The manufacturing sector exhibits a significant excess of small enterprises. The responses underscore the complex and diverse characteristics of leadership as it

pertains to small and medium-sized businesses. The leadership of SMMEs must be proactive and forward-thinking in a VUCA environment. Leadership agility is closely linked to a continuous learning mind-set (Miles, 2019). Agile leaders recognize that they must continuously evolve and acquire new skills to remain effective in navigating the complexities of a VUCA world.

Denning (2016) posit that it is a critical for leaders to adapt, learn, and forecast future events which can be known as innovation capabilities. The participants underscore the significance that SMME leaders place on ongoing education and adjustment. Herbst and Gills (2015) posit that the concept of innovation capability incorporates the idea that capability is related to renewal and performance of a firm over time, particularly in light of fluctuating markets and the concept that it is necessary for a firm to be adaptable and modify the services and products it provides.

However, Bessant and Caffyn (2017) argue that the acquisition of financial resources and access to capital is a substantial obstacle for the leadership effectiveness for SMMEs. This encompasses challenges such as financial resource constraints, delayed payments, and reductions in the budget. According to Zimmermann (2016), it is recommended to allocate resources towards adopting an agile approach in order to effectively prepare for unpredictable changes. Additional evidence is provided by Baran and Woznyj (2020), who argue more broadly that agility may facilitate the emergence of adaptable operational strategies in the face of increased volatility. These obstacles may impede the development of agility and adaptability. SMEs' financial vulnerability was further intensified by the COVID-19 pandemic. As a result of the severe income losses caused by the lockdowns, numerous businesses were rendered financially precarious (Cepeda & Arias-Pérez, 2019). This emphasises the need for resources and targeted assistance to assist SMMEs in their recovery and resilience building.

The findings reveal that in a VUCA environment, organisational agility is critical for effectively adapting to and responding to challenges and changes (Mthabela, 2018). The evaluation of organisational agility encompasses various dimensions. The process entails the examination of industry-specific variables, leadership conduct, cultural nuances, and input from diverse stakeholders. The concept of agility is not universally applicable, and its evaluation necessitates a customised methodology (Morrish & Jones, 2020). The importance of consistent responses, adaptability to complexity, collaborative endeavours, and a proactive mind-set towards learning and problem-solving are underscored by the participants.

From the research findings, it is advisable for SMMEs to employ particular strategies and tactics in order to not only endure but also prosper in a VUCA environment. Utilising organisational strengths, integrating contemporary technologies, allocating resources towards training and technology, cultivating an environment that promotes transparent communication and collaboration, and sustaining flexibility in the midst of unpredictability are some of these approaches (Bessant & Caffyn, 2017). As a key strategy, constructing an adaptable team via collaboration is emphasised. In a VUCA environment, diverse modes of thought and perspectives are regarded as invaluable assets for navigating the complexities. The establishment of trust and support among team members is critical for fostering effective collaboration and adaptation (Wiraeus & Creelman, 2019). It is determined that SMMEs must implement technological advancements in order to thrive and adapt in a VUCA environment. This encompasses enhancing customer service, acquiring essential digital competencies, and automating an extensive range of operational processes within the organisation.

#### **4.8. Conclusion**

In summary, the research outcomes offer significant perspectives on the strategies employed by SMME leadership in KZN to thrive in a VUCA environment. The themes and recommendations provide SMMEs with a comprehensive framework that enables them to not only endure but flourish in a volatile and ever-changing business environment. It is imperative for SMMEs to confront obstacles pertaining to leadership, ongoing education, resource accessibility, and organisational adaptability in order to achieve success and resilience. The next chapter will provide conclusions to the research.

## **CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS**

### **5.1. Introduction**

This chapter offers a concise overview of the most pertinent discoveries from both existing literature and original research for each study question. This chapter additionally encompasses a concise summary of the research findings and subsequent recommendations. The chapter culminates with a comprehensive summary of findings and proposes potential avenues for future investigation. The research inquiries are addressed in the discoveries and explanations that arise from the objectives of the study.

### **5.2. Findings from the Study**

Both the primary and secondary data obtained from the review were evaluated to assess their effectiveness in fulfilling the study's objectives.

#### **5.2.1. Findings from the Literature Review**

The secondary findings, which have been summarised, are presented in the section dedicated to the examination of pertinent literature. The validity of the results is developed by examining their relevance to the study's objectives through a comprehensive literature review.

##### **5.2.1.1. VUCA**

The research findings has revealed that in the dynamic landscape of Small and Medium-sized Enterprises, the ability to effectively manage four critical dimensions - volatility, uncertainty, complexity, and ambiguity - is paramount for sustained success. The research also reveal that volatility characterizes an environment marked by unstable and unpredictable change, encompassing shifts in competition intensity, customer requirements, and societal transformations (Mthabela, 2018). SMMEs must proactively prepare for these changes by ensuring resource fluidity and agility (Xing et al., 2020). Slack resources and scalable workforces emerge as enablers to swiftly adapt to new circumstances (Bennett & Lemoine, 2014; Nijssen & Paauwe, 2012; Appelbaum et al., 2017b; Baškarada & Koronios, 2018). It is crucial to recognize that volatility does not inherently imply complexity, as understanding the potential advantages and risks is key (Morrish & Jones, 2020).

The research reveal that uncertainty is characterized by a lack of knowledge about significant changes, focusing on whether change will occur rather than its timing or magnitude (Bennett and Lemoine, 2014). SMMEs combat uncertainty by gathering real-time information through comprehensive environmental sensing (Zitkiene and Deksnys, 2018). This necessitates robust information technology and data processing capabilities (Cepeda & Arias-Pérez, 2019; Felipe et al., 2016; Ravichandran, 2018). Organisational mindfulness, encompassing awareness, attention, and acceptance, is crucial in this context (King & Badham, 2019).

Complexity arises from interrelated elements within a business environment (Bennett and Lemoine, 2014). SMME leaders can navigate complexity by aligning their structures with the market or customer dynamics (Bakarada & Koronios, 2018). Streamlining operations and IT infrastructure is crucial to avoid adding proprietary complexity to already intricate ecosystems (Sherehiy et al., 2007). An agile team structure that adapts to external systems through collaboration mirrors the complexity of the market (Wageeh, 2016; Wiraeus & Creelman, 2019). Additionally, iterative approaches and a culture of learning are essential in dealing with complexity (Baran & Woznyj, 2020; King & Badham, 2019; Nurdiani et al., 2019). Clarity and alignment with the context can counteract analysis paralysis and improve operational performance (Denning, 2016). Embracing environmental complexity rather than resisting it is recommended for organisational success (Sinha & Sinha, 2020).

Ambiguity arises from situations where causes and effects are difficult to deduce (Moen, Madse & Aspelund, 2018). SMMEs must respond to ambiguity by fostering responsiveness to external changes (Wageeh, 2016; Zitkiene & Deksnys, 2018). An experimental mind-set and iterative approaches are crucial in dealing with ambiguous challenges (Herbst & Gills, 2015). Techniques like Scrum, emphasizing client relationships and iterative work, can enhance clarity in the face of ambiguity (Nurdiani et al., 2019).

#### **5.2.1.2. SMMEs Entrepreneurship Leadership**

The research found out that entrepreneurial leadership involves leading and managing a business with an entrepreneurial mind-set and approach. Effective leadership is crucial for guiding actions towards achieving goals, especially for small and medium-sized enterprises (SMEs) (Madanchia et al., 2016b). Leadership is

recognized as a fundamental element that inspires and guides groups towards shared goals (Abdelkafi and Täuscher, 2015). However, insufficient leadership capabilities are a primary reason for SMME failure. The absence of effective leadership skills is a significant challenge for SMMEs in terms of management and technical expertise (Mhlongo, 2021).

It was revealed that SMMEs often face challenges related to a lack of long-term vision, especially in sustainable initiatives, due to inadequate training and education in business sustainability skills (Ngibe & Lekhanya, 2019). Limited expertise and resources can hinder SMMEs from implementing essential organisational changes (Singh & Wasdani, 2016). CEOs face increasing challenges in effectively managing their organisations in the contemporary day (Hashim, Ahmad, & Zakaria, 2012).

The research also finds out that leadership plays a crucial role in entrepreneurial behaviour, helping individuals recognize their worth in the entrepreneurial process and adapt to changing circumstances (Mamun, Fazal, & Muniady, 2019). Due to the complex nature of organisational structures, a singular theory pertaining to leadership efficacy is unattainable (Hashim, Ahmad, and Zakaria, 2012). Employing leadership in entrepreneurship is crucial for driving business success and fostering sustainable and competitive development for organisations (Lubis, 2017). It is important to consider the cognitive, interpersonal, and social intricacies of leadership within SMMEs and understand the underlying processes that explain outcomes (Leitch and Volery, 2017). A comprehensive examination of entrepreneurial leadership is essential for advancing the understanding of small firms within the sector (Leitch and Volery, 2017).

#### **5.2.1.3. The Link between leadership Agility and VUCA environment**

The research found out that the organisation-wide adoption of agile practises is called "agile strategy" (Aranda, Rata & Duarte, 2019). Quick reactions are important, but leaders and managers must also think strategically about brands, customers, and industries (Aranda, Rata & Duarte, 2019). Leadership agility involves quick cognitive processes, appropriate actions, and timely responses in uncertain and fast-changing contexts (Herbst & Gills, 2015). In the face of disruptions, agile leaders can change tactics, course, and motivate teams, according to Grey (2016). Agile and sustainable leadership in SMMEs means managing volatility, supply chain, and IT

agility (Shams et al., 2020). The agile model requires agile methods and structures (Shams et al., 2020). This requires leadership approval.

Leaders must have an "agile mind-set" to move from hierarchical to flatter, open-communicating organisations (Denning, 2016). Mindfulness in leadership promotes inclusivity and pragmatism, helping employees identify in uncertain situations (King and Badham, 2019). Productivity during change requires cohesive leadership (Xing et al., 2020). Ambidextrous leadership enables innovation, experimentation, and resource optimisation (Du and Chen, 2018). Leadership agility and VUCA environments require adaptive decision-making, flexibility, resilience, innovation, empowerment, collaboration, learning orientation, effective communication, and customer-centricity (Morrish and Jones, 2020).

Agile leaders make quick decisions with incomplete information and are flexible based on new data and opportunities (Mthabela, 2018). They adapt strategies and goals to overcome setbacks (Norcini et al., 2018). Agile leaders promote innovation, creativity, and experimentation (OECD, 2018). Collaboration and shared decision-making enable teams to use diverse expertise for robust solutions (Monat & Gannon, 2017). Agile leaders recognise the need for skill development and are constantly learning (Miles, 2019). They communicate well and align teams towards goals (Zimmermann, 2016). They also adapt quickly to customer needs (Moen et al., 2018). Leadership agility's correlation with the VUCA environment emphasises its importance in modern corporate leadership. Successful leadership for businesses facing future challenges will require quick adaptation and response.

#### **5.2.1.4. Recommendations on how SMMEs can navigate the VUCA environment**

The research revealed that organisational environments are characterized by unprecedented levels of VUCA, driven by rapid technological advancements and information proliferation (Ganguly et al., 2019). To thrive in this dynamic landscape, innovation is no longer optional but imperative (Bessant & Caffyn, 2017). The literature review provided strategies to navigate the VUCA environment such as collaborative Planning. In VUCA environments, SMMEs benefit from involving diverse stakeholders in decision-making processes (Miles, 2019). This approach harnesses collective knowledge and skills, enhancing proactive risk mitigation and resilience (Miles, 2019). It also enables quick adaptability, critical in volatile situations (Gray, 2016).

It was discovered that an organisational culture emphasizing psychological safety, teamwork, and a willingness to embrace risk and failure drives innovation (Wageeh & Nafei, 2016; Nijssen & Paauwe, 2012). Leaders must encourage open communication, value teamwork, and embrace failure as a learning opportunity. There is also need to build an adaptable team in a volatile environment. Leaders should focus on organisational agility, decentralized decision-making, and a culture of trust (Mthabela, 2018; Denning, 2016). Task-organised, cross-functional teams and trust-building contribute to flexibility.

It was recommended that there is need to align Communication for Change. Effective communication is crucial for driving change (Baran et al., 2020). Company leadership, mid-level influencers, and frontline workers play distinct roles in ensuring successful change implementation (Sock & O'Cass, 2018; Hashim et al., 2017). Transparent communication fosters trust and collaboration, while clear rationales for change alleviate ambiguity (Gray, 2016). By embracing these strategies, leaders in SMMEs can establish collaborative, innovative, flexible, and change-oriented cultures to navigate the persistently turbulent VUCA environment.

## **5.2.2. Findings from the Primary Research**

This section presents the primary research findings, which are the factual outcomes of the study in relation to its objectives. The results were presented as indisputable evidence of the study's main conclusions.

### **5.2.2.1. How SMME leadership can develop the agility and adaptability required to lead in a VUCA environment**

The primary objective of the study was to evaluate how SMME leadership can develop the agility and adaptability required to lead in a VUCA environment. The findings show that the leadership of SMMEs are greatly responsible for providing direction and vision for the organisation. The composition may include proprietors, executives, and high-level administrators. The research also demonstrates that it is essential for SMME leaders to possess certain entrepreneurial qualities. Specifically, SMMEs leaders should be involved in persuading, inspiring, and delegating tasks to others. Entrepreneurship encompasses the identification of client needs, technical or market opportunities, and the subsequent exploitation of these opportunities. Technical expertise refers to proficiency in developing technical solutions that are superior.

Another finding which was a common thread in all participant responses is the recognition that in a VUCA environment, SMME leadership must be proactive and forward-looking. It was revealed that this can be achieved by enhancing their ability to perceive and comprehend their surroundings and adjust their behaviour accordingly in demanding situations characterised by frequent alterations. Leaders can also consistently engage in pertinent assignments, and ensure consistency and continuity across similar projects to facilitate the overall growth of the enterprise by leveraging the learning curve. A commitment to the training of employees in technology is absolutely necessary to fostering a collaborative environment for the effective sharing of skills and responsibilities.

The findings also revealed however that SMMEs in KZN face a challenge in the availability of funds and financial assets to enable the development of technological and innovative capacity. Key challenges confronting SMMEs in South Africa include limited access to capital, regulatory compliance, restricted market entry, scarcity of skilled labour, and infrastructure constraints. Lack of capital is the primary obstacle confronting SMMEs, alongside other challenges such as political instability. Moreover, they are affected by delayed payments from government departments, insufficient employee training, and the use of outdated technology. Enterprise representatives emphasised the significant impact caused by delayed payments from both public and private customers, as well as ongoing budget reductions from the Department of Defence. Ultimately, they lack many financial means.

#### **5.2.2.2. The challenges of leadership related to SMMEs in a VUCA environment**

One of the objectives of the study relates to the challenges of leadership faced in business operations. The research discovered that leaders often face challenges related to limited resources. Managing an SMME with limited resources in a VUCA environment has been compared to treading a tightrope. The challenge resides in the efficient distribution of resources, which necessitates leaders to confront formidable choices pertaining to expenditures, personnel, and investments in technology or infrastructure. This dynamic impacts decision-making by requiring leaders to weigh short-term gains against long-term investments. It also influences strategic planning as leaders must continuously reassess and adapt their plans to stay relevant in the rapidly changing environment. The research also found that it is extremely difficult to obtain financing, formulate strategic decisions, and remain viable in the face of market volatility. SMMEs face a distinct leadership challenge in

volatile, uncertain, complex, and ambiguous environments due to their constrained resources.

#### **5.2.2.3. The Link between Leadership Agility and VUCA environment**

The research revealed that The Covid-19 lockdown had a direct impact on SMMEs businesses, resulting in a loss of revenue and depletion of our capital reserves, leaving us unable to procure goods. It was imperative to terminate the employment of certain individuals here. The COVID-19 pandemic had a significant impact on our operations, putting our agility to the test. Regrettably, our financial capacity is insufficient to withstand lockdowns, as the majority of our businesses lack reserve capital. This has led to a decrease in revenue. The measurement of organisational agility is contingent upon the context, goals, and industry, making it impossible to establish a universal method. The research revealed that feedback on the organisation's strengths and weaknesses by conducting interviews and surveys with employees, customers, partners, and stakeholders. In the South African construction industry, growth in grades is achieved through specialisation, as measured by the Construction Industry Development Board (CIDB). Agility at scale commences with the presence of agile leadership and the dissemination of an agile culture, which involves fostering the required behavioural modifications.

#### **5.2.2.4 Strategies on how SMMEs can navigate the VUCA environment**

The findings provided strategies for excelling in a Volatile, Uncertain, Complex, and Ambiguous Environment. It is advised that an organisation should understand its strengths and capabilities in a VUCA (volatile, uncertain, complex, and ambiguous) environment in order to take advantage of the environment's rapid changes by leveraging its strengths. In addition, leaders can effectively harness alternative perspectives by seeking input from a wide range of stakeholders, such as customers and employees. When engaging in communication, aim for utmost lucidity, and foster a sense of teamwork and collaboration. By establishing a clearly defined objective, this will foster cooperation among individuals to address intricate challenges. Address ambiguity with skill and finesse. To preserve adaptability, even during periods of unpredictability, it was suggested that by harnessing the capabilities of contemporary technologies. For the purpose of enhancing client service, enterprises can presently leverage the numerous communication channels enabled by technological adoption.

It was suggested that in order to successfully navigate the volatile, uncertain, complex, and ambiguous environment, it is imperative to establish a team that is capable of adapting to changing circumstances. Efficient and fruitful collaboration among team members can promote mutual adjustment and creativity. In order to navigate the VUCA world, it is imperative to establish a cohesive team. The team ought to possess a workforce that is diverse in terms of its employees. The presence of diverse perspectives will enable your team to collectively delve into ideas that may otherwise have not been suggested or contemplated. Team members can enhance each other's ability to adjust and generate new ideas through ongoing and productive collaboration. Encouraging your team to participate in collaborative endeavours creates a setting that is favourable for transparent and sincere communication, sharing of knowledge, exploration, and reciprocal assistance. The digital transformation process necessitates a distinct combination of skills and abilities. These encompass various skills such as computer literacy, information security, automation, cloud computing, agile methodologies, and proficient internal and external communication abilities.

### **5.3 Conclusions**

This section presents the conclusions drawn from the answers to the research questions.

#### **5.3.1. VUCA Management is Crucial for SMME Success**

The ever-changing and unpredictable nature of the business environment, which is marked by volatility, uncertainty, complexity, and ambiguity requires the efficient handling of these factors in order to achieve long-term success for small, medium, and micro enterprises. SMMEs should take proactive measures to prepare for changes by ensuring that they have the ability to easily allocate resources, adapt quickly, and adjust their scale of operations. It is important for SMMEs to understand that volatility does not necessarily mean that things will become more complicated.

#### **5.3.2. Entrepreneurial Leadership is Paramount**

Proficient entrepreneurial leadership is essential for steering SMMEs towards their objectives, and inadequate leadership competencies can be a leading cause of SMME downfall. Effective leadership in small, medium, and micro enterprises

necessitates the adoption of an entrepreneurial mind-set and approach. This entails having a clear vision, being adaptable to changing circumstances, and possessing the capability to identify and capitalise on opportunities.

### **5.3.3. There are Challenges in Developing Leadership Agility**

SMME leaders in KZN encounter difficulties in cultivating the flexibility and resilience necessary to effectively lead in a VUCA (volatile, uncertain, complex, and ambiguous) environment. The challenges encompass various obstacles such as limited availability of funds, adherence to regulations, limited opportunities to enter the market, shortage of skilled workforce, and limitations in infrastructure.

### **5.3.4. Link between Leadership Agility and VUCA**

There is a clear correlation between leadership agility and thriving in a VUCA environment. Agile leaders can adapt strategies, promote innovation, and make quick decisions based on new data and opportunities.

### **5.3.5. Innovation is Imperative for Survival**

In the rapidly evolving landscape, innovation is not optional but imperative for SMMEs in KZN. This includes fostering an organisational culture that emphasizes psychological safety, teamwork, and a willingness to embrace risk and failure.

### **5.3.6. SMMEs face Financial Constraints**

Small, Medium, and Micro Enterprises in KwaZulu-Natal (KZN) encounter difficulties concerning the accessibility of funds and financial resources for the enhancement of their technological and innovative capabilities. Small businesses in the region face significant challenges such as restricted capital availability, payment delays, and reliance on obsolete technology.

## **5.4 Recommendations**

The research findings lead to the following recommendations:

The government of South Africa has to provide assistance to SMMEs to ensure that they bridge the digital divide. This will help towards implementation to E-commerce in SMMEs needed for survival in the VUCA environment. SEDA typically provides funding exclusively to businesses with an annual turnover below R50 million. Seventy percent of the employees must be South Africans. Non-South African

employees must possess valid work permits as determined by the Department of Home Affairs.

SMMEs should embrace collaborative planning, involving diverse stakeholders in decision-making processes to harness collective knowledge and skills. This includes encouraging cross-functional collaboration and learning opportunities can help team members develop a wider range of skills and knowledge, making them more adaptable to different situations. Engaging in stakeholder collaboration can enhance operational efficiency by leveraging the expertise, insights, assets, and competencies that expedite workflows. Moreover, it can assist SMMEs in recognising and eliminating potential obstacles that could have otherwise impeded the progress of their project. Building an adaptable team, emphasizing organisational agility and decentralized decision-making, is crucial for navigating the VUCA environment. To build an adaptable team, it is important to foster a culture of transparency and trust within the organisation. This means promoting open communication and collaboration, where team members feel comfortable sharing their ideas, concerns, and suggestions. When team members trust each other, they are more likely to be open to feedback and willing to take risks, which are essential for adaptability. Effective communication, transparency, and a culture of trust are essential for driving change and navigating ambiguity. Effective and transparent communication guarantees that all individuals within the organisation comprehend the modifications and their consequences. It facilitates the alignment of all individuals towards a shared objective and reduces the occurrence of misunderstandings or opposition to change. A culture of trust is fundamental for employees to feel safe expressing their concerns, ideas, and feedback. It creates an environment where employees are more willing to embrace change and take calculated risks. By incorporating these elements into their operations, SMMEs in KZN can enhance their adaptability and resilience in the face of a volatile, uncertain, complex, and ambiguous business environment. This, in turn, can contribute to their long-term success and sustainability.

SMME leaders must prioritize continuous learning and skill development to adapt to changing circumstances and enhance organisational agility. Continuous learning and skill development are vital components for personal and professional growth. In today's rapidly changing world, it is no longer enough to rely solely on education and skills acquired in the past. The skills and knowledge that leaders possess today may become obsolete tomorrow. Therefore, it is essential to adopt a growth mind-set and constantly seek learning opportunities to stay relevant and competitive.

## **5.5 Area/s for Further Research**

The potential areas for further research are identified based on the specific challenges and opportunities outlined in the research findings for SMMEs in KZN. Further research could delve deeper into how SMMEs in KZN can effectively manage VUCA elements and the specific impact on their overall performance and sustainability. Another study may be carried out on strategies and best practices for SMMEs to effectively navigate the digital transformation process, including building digital capabilities and leveraging technology for competitiveness.

## **5.6 Conclusion**

To ensure the success of SMMEs in KZN amidst the volatile, uncertain, complex, and ambiguous environment, it is crucial to prioritise the cultivation of entrepreneurial leadership, the adoption of innovation, the promotion of organisational agility, and the adept handling of challenges arising from volatility, uncertainty, complexity, and ambiguity. Furthermore, it is crucial to tackle financial limitations and give priority to ongoing education in order to achieve long-lasting success. Through the adoption of a growth mind-set, actively pursuing learning opportunities, and consistently honing our skills, we are able to cultivate adaptability, competitiveness, and achieve success as individuals. SMME leaders can thrive in an ever-changing world and continually advance their careers by engaging in continuous learning and skill development. It is hoped from this study, that SMMEs leaders in KZN can adopt some of the recommendations to be effective the continuous evolving business environment.

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## APPENDICES

### APPENDIX A GATEKEEPERS LETTER (ONE)

|                                                                                   |                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>Gauteng Office</b><br>242 Jean Ave, Die Hoewes, Centurion, 0157<br><b>KZN Office</b><br>9 Valley View Road, New Germany, 3610<br>T: +27 12 003 1560<br>E: info@sovereigntysovereignty.co.za |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Research Ethics Office  
Graduate School of Business and Leadership  
University Of KwaZulu-Natal  
Westville Campus  
Durban  
3630

Date: 07 June 2023

RE: PERMISSION TO CONDUCT RESEARCH

**Research Title:** Exploring how leadership of Small, Medium and Micro Enterprises affect the VUCA environment

This letter serves to confirm that I, Mr Madodana Mfana, [Chief Executive Officer (CEO) in Sovereignty Systems (PTY) Ltd], hereby acknowledge and approve the research of Mzukisi Mdunyelwa within the Company for the completion of his Master of Commerce in Leadership Studies (MCLS) degree.

Sincerely,

Your signature: 

Your name: Madodana Mfana

Your position: CEO

Your details: 031 719 5854 / 012 003 1576  

|                                                                                     |                         |             |
|-------------------------------------------------------------------------------------|-------------------------|-------------|
|  | Directors: Mr. M. Mfana | Page 1 of 1 |
|-------------------------------------------------------------------------------------|-------------------------|-------------|

## APPENDIX B : GATEKEEPERS LETTER (TWO)



|          |                                                                                   |                                     |                              |                                        |
|----------|-----------------------------------------------------------------------------------|-------------------------------------|------------------------------|----------------------------------------|
| TEL      | (031) 785 2141                                                                    | 3 Taylor Way East,<br>Umhlanga Road | 127 Johannes Nkosi<br>Street | P. O. Box 61754<br>BISHOPSGATE<br>4008 |
| FAX      | 0866855301                                                                        |                                     |                              |                                        |
| E-MAIL   | <a href="mailto:info@mnyandabe.co.za">info@mnyandabe.co.za</a>                    | CAMPERDOWN<br>3720                  | DURBAN<br>4000               |                                        |
| WEB      | <a href="http://www.mnyandabe.co.za">www.mnyandabe.co.za</a>                      |                                     |                              |                                        |
| SERVICES | Construction   Waste Removal   Landscaping   Grass Cutting   Cleaning<br>Services |                                     |                              |                                        |

Research Ethics Office  
Graduate School of Business and Leadership  
University Of KwaZulu-Natal  
Westville Campus  
Durban  
3630

Date: 07 June 2023

Dear Prof Bibi Zaheenah Chummun

RE: PERMISSION TO CONDUCT RESEARCH

**Research Title:** Exploring how leadership of Small, Medium and Micro Enterprises affect the VUCA environment.

This letter serves to confirm that I, Mrs Thembeke Nsimbi, [Member in Mnyanda Business Enterprise CC], hereby acknowledge and approve the research of Mzukisi Mdunyelwa within the Company for the completion of his Master of Commerce in Leadership Studies (MCLS) degree.

Sincerely,

\_\_\_\_\_  
Your signature .....

Your name: Thembeke Nsimbi  
Your position: Member  
Your details: 031 309 1427  
082 497 0559

MEMBERS | T NSIMBI; LM NSIMBI

1

REG No: 2002/020075/23 | VAT No: 4620218067

## APPENDIX C: INTERVIEW GUIDE

### 1. Demographic information

a. What is your Industry of operation?

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b. How many years have you been operating in this industry?

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c. How big is your SMME?

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**Objective One: To explore how SMME leadership can develop the agility and adaptability required to lead in a VUCA environment.**

a. What do you understand by SMME leadership?

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b. How can SMME leadership develop the agility and adaptability required to lead in a VUCA environment?

[illegible]

c. What are the challenges faced by SMME leadership to develop the agility and adaptability?

[illegible]

D

**Objective Two: To determine, the Link between Leadership Agility and VUCA environment**

How does leadership agility contribute to effectively leading and managing SMMEs in a VUCA environment?

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What specific leadership qualities and skills are necessary for leaders to demonstrate agility in navigating the challenges of a VUCA environment for SMMEs?

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How do leaders foster a culture of agility within their SMMEs to better respond to the dynamic and unpredictable nature of a VUCA environment?

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**Objective Three: To determine the challenges of leadership related to SMMEs in a VUCA environment**

- a. What are the challenges of leadership related to SMMEs in a VUCA environment?

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- b. Can you identify any unique leadership challenges specific to SMMEs operating in a VUCA environment, and how do these challenges impact decision-making, strategic planning, and overall organisational effectiveness within the context of limited resources and scale?

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- c. In your experience, what uncertainties do leaders of SMMEs commonly encounter, and how do these uncertainties affect leadership approaches?

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**Objective four: To provide solutions on how SMMEs can navigate the VUCA environment**

What recommendations can be given on SMMEs on how to navigate the VUCA environment?

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## INFORMATION SHEET AND INFORMED CONSENT

To whom it may concern

My name is Mzukisi Mdunyelwa from the University of KwaZulu-Natal's Graduate School of Business. I am currently pursuing a Masters of Commerce in Leadership degree at the institution.

You are being invited to consider participating in a study that explores how leadership of the Small, medium and micro Enterprises affect the VUCA environment. The aim and purpose of the research is to explore how leadership of the Small, medium and micro Enterprises affect the VUCA environment. The study is expected to enrol ten (10) SMMEs in the Ethekwini Metropolitan Municipality.

The study will involve an in-depth one-on-one interview via face-to-face, Zoom or Microsoft Teams where you will be asked questions relating to how SMME leadership can develop the agility and adaptability required to lead in a VUCA environment. The duration of your participation, if you choose to enrol and remain in the study, is expected to be no more than two hours (this includes finalising this informed consent form and the actual interview itself, which should not take more than sixty minutes). The study is self-funded.

There is no risk associated to your participation in this study as anonymity is guaranteed. Your name will not be mentioned anywhere in the research report. We hope that the study will provide solutions on how SMMEs can navigate the VUCA environment. The Small, medium and micro Enterprises sector is a significant contributor to South Africa's GDP and job creation.

In the event of any problems or concerns/questions you may contact the researcher at 221120377@stu.ukzn.ac.za or via [REDACTED] or the UKZN Humanities & Social Sciences Research Ethics Committee, contact details as follows:

## HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: [HSSREC@ukzn.ac.za](mailto:HSSREC@ukzn.ac.za)

Please be advised that participation in this research is voluntary. You may withdraw participation at any point. In the event of refusal/withdrawal of participation, you will not incur any penalties or lose any benefits to which you are normally entitled. Should you decide to withdraw, kindly email me at [221120377@stu.ukzn.ac.za](mailto:221120377@stu.ukzn.ac.za) as soon as possible so that I have time to source another participant to ensure there is sufficient data for analysis. Should the study be terminated for any reason, your participation will automatically cease.

There is no reimbursement for your participation in the study nor are you expected to incur any costs.

All information including your personal information will be kept strictly confidential. All transcripts and recordings of interviews, emails, and any other correspondence will be saved in the secure vault in my OneDrive folder. This is password protected and only my supervisor, Professor Bibi Chummun, and I will have access to the information. Any hard copy documents will be shredded, and electronic copies will be deleted from the OneDrive folder after the required storage time as per the university's policy has lapsed.

Kindly indicate your willingness to participate in the research study by completing and signing the section below.

H

Yours faithfully

---

Mzukisi Mdunyelwa

██████████

221120377@stu.ukzn.ac.za

## CONSENT

I..... (Name) have been informed about the study entitled Exploring how leadership of the Small, medium and micro Enterprises affect the VUCA environment by Mzukisi Mdunyelwa

I understand the purpose and procedures of the study.

I have been given an opportunity to ask questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits to which I usually am entitled to.

If I have any further questions/concerns or queries related to the study, I understand that I may contact the researcher at ██████████ or at 221120377@stu.ukzn.ac.za

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

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus

Govan Mbeki Building

Private Bag X 54001

Durban

4000

KwaZulu-Natal, SOUTH AFRICA

Tel: 27 31 2604557- Fax: 27 31 2604609

Email: HSSREC@ukzn.ac.za

I hereby provide consent to:

|                           |          |
|---------------------------|----------|
| Audio-record my interview | YES / NO |
|---------------------------|----------|

\_\_\_\_\_

Signature of Participant

\_\_\_\_\_

Date

## APPENIX E: ETHICAL CLEARANCE



04 October 2023

Mzukisi Mdunyelwa (221120377)  
Grad School of Bus & Leadership  
Westville Campus

Dear M Mdunyelwa,

Protocol reference number: HSSREC/00006096/2023

Project title: Exploring how leadership of small, medium and micro enterprise affect the volatility, uncertainty, complexity and ambiguity environment

Degree: Masters

### Approval Notification – Expedited Application

This letter serves to notify you that your application received on 23 August 2023 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 04 October 2024.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/dd

### Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: [hssrec@ukzn.ac.za](mailto:hssrec@ukzn.ac.za) Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

INSPIRING GREATNESS

## APPENDIX F: TURNITIN REPORT



|    |                                                                                                                                                                                                                                                  |      |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 20 | <a href="http://vital.seals.ac.za:8080">vital.seals.ac.za:8080</a><br>Internet Source                                                                                                                                                            | <1 % |
| 21 | <a href="http://www.indeed.com">www.indeed.com</a><br>Internet Source                                                                                                                                                                            | <1 % |
| 22 | <a href="http://researchspace.ukzn.ac.za">researchspace.ukzn.ac.za</a><br>Internet Source                                                                                                                                                        | <1 % |
| 23 | Ciro Troise, Vincenzo Corvello, Abby Ghobadian, Nicholas O'Regan. "How can SMEs successfully navigate VUCA environment: The role of agility in the digital transformation era", Technological Forecasting and Social Change, 2022<br>Publication | <1 % |
| 24 | <a href="http://central.bac-lac.gc.ca">central.bac-lac.gc.ca</a><br>Internet Source                                                                                                                                                              | <1 % |
| 25 | <a href="http://libdspace.ufh.ac.za">libdspace.ufh.ac.za</a><br>Internet Source                                                                                                                                                                  | <1 % |
| 26 | <a href="http://business.expertjournals.com">business.expertjournals.com</a><br>Internet Source                                                                                                                                                  | <1 % |
| 27 | <a href="http://resources.nu.edu">resources.nu.edu</a><br>Internet Source                                                                                                                                                                        | <1 % |
| 28 | <a href="http://iranarze.ir">iranarze.ir</a><br>Internet Source                                                                                                                                                                                  | <1 % |
| 29 | <a href="http://researchmethod.net">researchmethod.net</a><br>Internet Source                                                                                                                                                                    | <1 % |